

The Treasury Personal Individual Income
Tax Simulation Model

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1. AN INTRODUCTION TO THE INCOME TAX SIMULATION MODEL.

1.1. FEDERAL INCOME TAX.

THE FEDERAL INDIVIDUAL INCOME TAX IS HIGHLY COMPLEX WITH MANY INTERACTING VARIABLES. THIS MAKES ASSESSMENT OF THE EFFECTS OF PROPOSED CHANGES RATHER DIFFICULT. FOR EXAMPLE, IN CONNECTION WITH A PARTICULAR PROPOSED CHANGE IN THE TAX LAW, IT IS IMPERATIVE TO KNOW HOW THE CHANGE IS LIKELY TO AFFECT THE DISTRIBUTION OF INCOME AFTER TAX, HOW EFFICIENTLY THE CHANGE WILL OPERATE IN ACHIEVING ITS OBJECTIVE, WHAT EFFECT THE CHANGE IS LIKELY TO HAVE ON PRIVATE ECONOMIC DECISIONS AND WHAT THESE EFFECTS IMPLY AS TO THE LEVEL AND COMPOSITION OF GNP.

THE ANALYSIS OF THE YIELD OF STRUCTURAL CHARACTERISTICS OF MOST TAXES HAS BEEN BASED ON ESTIMATED RELATIONSHIPS AMONG CHANGES IN ECONOMIC AGGREGATES, SUCH AS GNP, PERSONAL INCOME, TOTAL CONSUMPTION, ADJUSTED GROSS INCOME, AND CORPORATE PROFITS. HOWEVER, CERTAIN TYPES OF PREDICTIONS BASED ON ESTIMATED RELATIONSHIPS AMONG SUCH ECONOMIC TIME SERIES HAVE NOT PROVED VERY SUCCESSFUL. IT IS WHEN ONE DESIRES TO ESTIMATE THE EFFECT OF A CHANGE IN THE TAX STRUCTURE AS OPPOSED TO A FORECAST UNDER A CONSTANT STRUCTURE THAT DIFFICULTIES ARISE. FIRST, THERE ARE NO TIME SERIES AVAILABLE UPON WHICH TO BASE A REGRESSION EQUATION BECAUSE THE STRUCTURAL CHANGE BEING INVESTIGATED USUALLY HAS NO HISTORY. SECOND, IF AN ATTEMPT IS MADE TO ADJUST PAST DATA SO THAT THEY REFLECT THE PROPOSED CHANGE, ONE USUALLY FINDS THAT THIS IS IMPOSSIBLE DUE TO THE COMPLEXITY OF THE INTERRELATIONS AMONG THE INCOME AND DEDUCTION VARIABLES OF THE INCOME TAX SYSTEM.

AS AN ILLUSTRATION OF THIS COMPLEX INTERRELATION CONSIDER AN INCOME TAX SIMPLIFICATION AND REFORM MEASURE WHERE IT HAS BEEN PROPOSED THAT THE LAW BE CHANGED FOR JOINT RETURNS AS FOLLOWS

- (A) INCREASE THE FLAT STANDARD DEDUCTION FROM \$3,200 TO \$3,800,
- (B) IMPOSE A FLOOR EQUAL TO 5 PERCENT OF AGI ON ITEMIZED DEDUCTIONS, AND
- (C) ELIMINATE GASOLINE TAXES AS AN ALLOWABLE DEDUCTION.

BEFORE PROCEEDING WITH OUR EXAMPLE, LET US ESTABLISH THE FOLLOWING ABBREVIATIONS:

- SD FOR THE STANDARD DEDUCTION
- AGI FOR ADJUSTED GROSS INCOME

ID(I) FOR THE I-TH ITEMIZED DEDUCTION CATEGORY
ID FOR TOTAL ITEMIZED DEDUCTIONS
TG FOR GASOLINE TAX EXPENSE

WITH THESE ABBREVIATIONS, WE CAN INITIALLY EXPRESS THE PRESENT TAX LAW AS SHOWN BELOW:

(1.1.1) $SD = \$3,200$

(1.1.2) $ID = \text{THE SUM OF } ID(I) \text{ AS } I=1, \dots, 5$

THE SYSTEM OF EQUATIONS, 1.1.1 THROUGH 1.1.2, REPRESENTS THE BASIC CALCULATIONS FOR EACH ITEM INDICATED TO THE LEFT OF THE EQUALS SIGN. THIS SYSTEM OF EQUATIONS IS, HOWEVER, INCOMPLETE BECAUSE THE PRESENT TAX LAW ALLOWS THE TAXPAYER TO CHOOSE THE LARGER OF HIS ITEMIZED DEDUCTIONS OR HIS STANDARD DEDUCTION. INCORPORATING THIS PROVISION OF THE PRESENT TAX LAW YIELDS THE FOLLOWING EQUATION NEEDED TO COMPLETE THE SYSTEM.

(1.1.3) $\text{TOTAL DED.} = \text{THE MAXIMUM OF } ID \text{ OR } SD$

TURNING NOW TO THE HYPOTHETICAL SIMPLIFICATION AND REFORM PROPOSAL DESCRIBED EARLIER, THE FIRST PROVISION, (A) CAN BE REPRESENTED BY MODIFYING EQUATION 1.1.1 AS SHOWN BELOW:

(1.1.4) $SD = \$3,800$

MODIFYING EQUATION 1.1.2, WE CAN INCORPORATE PROVISION (B) AND (C) AS

(1.1.5) $ID = \text{MAXIMUM OF } 0 \text{ OR THE SUM OF } ID(I) - TG - 0.05(AGI)$
 $\text{AS } I = 1, \dots, 5$

WITH EQUATION 1.1.3 REMAINING THE SAME.

FROM THE AGGREGATE DATA IT MAY BE POSSIBLE TO DERIVE A REASONABLE ESTIMATE OF EACH OF THESE CHANGES IN ISOLATION BUT ESTIMATING THEIR COMBINED EFFECT IS A PROBLEM OF MUCH GREATER DIFFICULTY. SINCE THE JOINT DISTRIBUTION OF GASOLINE TAXES AND OTHER ITEMIZED DEDUCTIONS BY ADJUSTED GROSS INCOME CLASS CANNOT BE INFERRED FROM THE AGGREGATE DATA CONTAINED IN THE "STATISTICS OF INCOME", IT IS IMPOSSIBLE TO GET EITHER A GOOD ESTIMATE OF THE NUMBER OF TAXPAYERS WHO WILL SWITCH FROM ITEMIZATION TO THE STANDARD DEDUCTION OR THE REVENUE CHANGE INVOLVED.

HENCE, IT IS APPARENT THAT A MICROANALYSIS IN THE SENSE OF A STUDY OF THE FUNDAMENTAL INTERACTING PARAMETERS AND DECISION RULES OF A TAX STRUCTURE APPLIED TO INDIVIDUAL TAXPAYERS IS NEEDED. THIS TYPE OF ANALYSIS HAS RECEIVED TREMENDOUS IMPETUS IN RECENT YEARS FROM THE DEVELOPMENT OF HIGH SPEED COMPUTING EQUIPMENT AND IS

OFTEN REFERRED TO AS SIMULATION.

THE OFFICE OF TAX ANALYSIS, OFFICE OF THE SECRETARY OF THE TREASURY HAS DEVELOPED A SIMULATION OF THE INDIVIDUAL INCOME TAX USING THE APPROACH OUTLINED ABOVE. THE ESSENTIAL CHARACTERISTICS OF THIS SIMULATION ARE THE REPRESENTATION OF A LARGE NUMBER OF MICRO-COMPONENTS (TAXPAYING UNITS) BY A PROBABILITY SAMPLE AND THE USE OF HIGH SPEED COMPUTING EQUIPMENT FOR EACH MANIPULATION OF THE SAMPLE REQUIRED BY ALTERNATIVE TAX FUNCTIONS AND PARAMETERS. THE PROBABILITY SAMPLE ALLOWS THE RESULTS OBTAINED FROM THE SIMULATION TO BE WEIGHTED TO REPRESENT THE UNIVERSE OF TAXPAYERS.

FROM A RESEARCH POINT OF VIEW, THIS SIMULATION HAS PROVED OF GREAT IMPORTANCE BECAUSE IT HAS INCREASED THE RANGE AND SCOPE OF FEASIBLE PREDICTIONS. IT THUS MAKES POSSIBLE MORE EXTENSIVE TESTING OF THE HYPOTHESIS AND THEORIES WHICH CAN BE EMBODIED IN THE SIMULATION. FROM A POLICY POINT OF VIEW, SIMULATION WAS ESSENTIAL BECAUSE POLICYMAKERS IN THE TAX AREA USUALLY REQUIRE PREDICTIONS ABOUT THE COMBINED EFFECT OF MANY INTERACTING CHANGES.

1.2. THE TAX MODEL.

THE TREASURY'S SIMULATION OF THE INDIVIDUAL INCOME TAX IS ACCOMPLISHED BY MEANS OF A SIMULATION MODEL. THIS MODEL CONSISTS OF THREE MAJOR COMPONENTS: A DATA FILE OF INDIVIDUAL INCOME TAX RETURNS, A SET OF INPUT PARAMETERS, AND A COMPUTER PROGRAM.

THE DATA FILE CURRENTLY IN USE REPRESENTS INDIVIDUALS WHO FILED FOR THE CALENDAR YEAR 1975 AND IS A STRATIFIED RANDOM SAMPLE OF 50,000 INCOME TAX RETURNS SELECTED FROM THE LARGER SAMPLE OF OVER 206,000 RETURNS USED TO PREPARE THE TABULATIONS PUBLISHED IN THE STATISTICS OF INCOME. EACH COMPUTATION IN THE SIMULATION IS BASED ON THIS DATA AND IS WEIGHTED TO YIELD RESULTS THAT ARE REPRESENTATIVE OF THE POPULATION FILING RETURNS IN THE YEAR THE SAMPLE WAS SELECTED. CHAPTER 2 OF THIS DOCUMENTATION PROVIDES A DESCRIPTION OF THE DATA IN THIS SAMPLE.

IT SHOULD BE APPARENT THAT THE RESULTS OF THE SIMULATION ARE BASED ON THE EXOGENOUSLY GIVEN LEVEL AND DISTRIBUTION OF INCOME AND DEDUCTIONS FOR THE CALENDAR YEAR 1975 AS PORTRAYED IN THE DATA FILE. THE TREASURY, HOWEVER, ALONG WITH MOST OTHER STUDENTS OF TAXATION AND FISCAL POLICY, IS CONSIDERABLY MORE INTERESTED IN THE FUTURE THAN IN THE PAST. WHENEVER SOME ACTION IS TAKEN, IT WILL AFFECT THE FUTURE AND ITS APPROPRIATENESS WILL BE INFLUENCED BY WHAT THE TAX SYSTEM AND THE ECONOMY WOULD OTHERWISE BE DOING IN THE FUTURE. SENSIBLE POLICIES CANNOT BE GEARED TO THE PRESENT FOR DOING SO IMPLIES THAT WE EXPECT THE FUTURE TO BE LIKE THE PRESENT AND THE NEEDS OF THE FUTURE TO BE THE SAME AS THOSE OF THE

PRESENT. MOREOVER, POLICYMAKING IS A RECURRENT PROCESS. IN ORDER TO EVALUATE A PARTICULAR POLICY'S PERFORMANCE OVER TIME, IT IS DESIRABLE TO HAVE A BENCHMARK THAT WOULD INDICATE HOW THE POLICY WAS INITIALLY EXPECTED TO PERFORM. TO ACCOMPLISH THESE OBJECTIVES, IT WAS NECESSARY TO DEVELOP A METHODOLOGY BY WHICH THE LEVEL AND DISTRIBUTION OF INCOME, DEDUCTIONS, ETC., COULD BE EXTRAPOLATED TO REPRESENT THE VALUES OF THESE ITEMS IN FUTURE YEARS. THIS HAS BEEN DONE AND TESTED WITH VERY GOOD RESULTS. THE EXTRAPOLATION METHODOLOGY IS DESCRIBED IN DETAIL IN CHAPTER 3.

IN ADDITION, SOME TAX PROPOSALS ARE CONCERNED WITH INCOME OR DEDUCTION ITEMS THAT ARE NOT PART OF THE PRESENT INCOME TAX STRUCTURE OR THAT DO NOT APPEAR ON THE RETURN FOR VARIOUS REASONS. SOME EXAMPLES ARE SOCIAL SECURITY BENEFITS, INTEREST INCOME FROM STATE AND LOCAL BONDS, THE EXCESS OF PERCENTAGE DEPLETION OVER COST, INTANGIBLE DRILLING EXPENSES, EXCESS OF DEPRECIATION OVER STRAIGHT LINE FOR REAL ESTATE, AND THE APPRECIATION OVER BASIS FOR GIFTS OF APPRECIATED PROPERTY. IF ANALYSIS OF TAX PROPOSALS CONCERNING THESE ITEMS IS TO BE UNDERTAKEN WITHIN THE MICRO-ANALYTIC FRAMEWORK OF OUR MODEL THEN SOME METHOD OF IMPUTING MISSING DATA TO INDIVIDUAL RETURNS IN THE SAMPLE MUST BE DEVELOPED. THIS HAS ALSO BEEN DONE AND IS THE SUBJECT OF CHAPTER 4.

THE SECOND COMPONENT OF THE MODEL, THE SET OF INPUT PARAMETERS, CONTAINS RATE SCHEDULES, VALUES FOR THE PERCENTAGE STANDARD DEDUCTION AND THE MINIMUM STANDARD DEDUCTION, VARIABLE FLOORS AND CEILINGS FOR DEDUCTIONS, PARAMETERS INVOLVED IN THE TREATMENT OF CAPITAL GAINS, DIVIDENDS, EXEMPTIONS, AND MANY OTHERS. SOME OF THESE PARAMETERS ARE DEFINED IN PRESENT LAW, OTHERS ARE NOT. IN THIS RESPECT, THE PARAMETER SET IS NOT A REFLECTION OF A SPECIFIC INCOME TAX BUT RATHER A GENERALIZED STRUCTURE SUCH THAT THE PRESENT LAW IS A PROPER SUBSET. A DOCUMENTATION OF THE INPUT PARAMETER SET IS PROVIDED IN CHAPTER 6.

THE LAST COMPONENT IN THE TAX MODEL IS THE COMPUTER PROGRAM. THE COMPUTER PROGRAM (DESCRIBED IN CHAPTER 5) CONSISTS OF THREE SETS OF INSTRUCTIONS. THE FIRST SET OF INSTRUCTIONS READS ALL OF THE TAX PARAMETERS AND EMPLOYS THEM TO DEFINE THE TAX FUNCTIONS CONTAINED IN THE SECOND SET OF INSTRUCTIONS. THE SECOND SET OF INSTRUCTIONS SEQUENTIALLY READS THE DATA FILE OF INCOME TAX RETURNS AND CALCULATES A SERIES OF OUTPUT VALUES FOR EACH RETURN. THESE VALUES ARE AGGREGATED AND RETAINED FOR THE THIRD SET OF INSTRUCTIONS WHICH PRINTS THE VALUES IN TABULAR FORM. EACH TABLE THAT MAY BE PRODUCED BY THE LAST SET OF INSTRUCTIONS IS DISCUSSED IN CHAPTER 7.

1.3. USE OF THE MODEL'S ESTIMATES.

SPACE COMPARISONS OF THE TABULATIONS PRODUCED BY THE TREASURY'S TAX MODEL WITH THE 'STATISTICS OF INCOME' SHOW AN EXCELLENT AGREEMENT. PERCENTAGE COMPARISONS FOR SOURCES OF INCOME AND ADJUSTMENTS, CREDITS, DEDUCTIONS AND EXEMPTIONS, RETURNS, TAXABLE INCOME, AGI, AND TAX AFTER CREDIT CLASSIFIED BY AGI CLASS, BY SCHEDULE AND BY TYPE OF DEDUCTION HAVE BEEN TABULATED AND SHOW AN ACCURACY OF PLUS OR MINUS 2 TENTHS OF 1 PERCENT. THIS LEADS US TO THE CONCLUSION THAT THE MODEL GIVES VERY ACCURATE ANSWERS REGARDING THE REVENUE AND DISTRIBUTIONAL EFFECTS OF STRUCTURAL CHANGES IN THE SYSTEM.

IT SHOULD BE NOTED THAT USE OF THE MODEL'S ESTIMATES IS INHERENTLY LIMITED BY THE AVAILABLE INFORMATION IN THE DATA FILE AND THAT ONE SHOULD BE CAREFUL TO DISTINGUISH BETWEEN APPLICABILITY OF RUNS MADE FOR THE YEAR IN WHICH THE SAMPLE WAS SELECTED VERSUS LATER YEARS. GIVEN THE REPRESENTATIVENESS OF THE SAMPLE, THE PREDICTED VALUES OF THE DEPENDENT VARIABLES MUST HOLD UNDER TWO ASSUMPTIONS, FIRST, THAT THE PROPOSAL UNDER ANALYSIS HAS NO SIGNIFICANT FEEDBACK EFFECTS ON IMPORTANT VARIABLES EXOGENOUS TO THE MODEL (THE LEVEL AND DISTRIBUTION OF INCOME) AND SECOND, THAT TAXPAYERS LEGALLY CHOOSE OPTIONS THAT MINIMIZE THEIR TAX LIABILITY. CLEARLY, THE DEGREE TO WHICH DATA CAN BE ASSUMED EXOGENOUS DEPENDS ON THE NATURE OF THE PROPOSAL, E.G., TAXATION OF ALL REALIZED CAPITAL GAINS AS ORDINARY INCOME IS MUCH MORE LIKELY TO HAVE FEEDBACK EFFECTS THAN CHANGES IN THE STANDARD DEDUCTION. EVEN WHEN FEEDBACK IS SUSPECTED, HOWEVER, IGNORING IT IS OFTEN THE MOST LOGICAL STARTING POINT.

2. A DESCRIPTION OF THE INCOME TAX RETURN SAMPLES.

2.1. INTRODUCTION

THE TREASURY CURRENTLY MAINTAINS VARIOUS SAMPLES OF INDIVIDUAL INCOME TAX RETURN DATA FROM WHICH THE USER MAY SELECT THOSE MOST SUITED TO HIS RESEARCH NEEDS. EACH TAX SAMPLE MAY BE EMPLOYED IN CONNECTION WITH THE TAX MODEL TO SIMULATE THE DISTRIBUTIONAL AND REVENUE IMPACT OF TAX LAW CHANGES AND/OR TO PRODUCE GENERAL STATISTICAL TABLES. THIS IS ACCOMPLISHED BY SPECIFYING THE DESIRED TAX SAMPLE AND BY PROVIDING THE TAX MODEL WITH INPUT CARDS THAT SPECIFY THE CHARACTERISTICS OF THE ALTERNATIVE TAX PLAN AND THE DESIRED TABULATIONS (SEE CHAPTER 6 AND 7). IN ADDITION, THE USER MAY DEVELOP HIS OWN COMPUTER PROGRAM AND PROCESS THE DATA IN THE TAX SAMPLE TO PRODUCE THE TABULATION HE REQUIRES.

EACH SECTION BELOW DOCUMENTS THE CURRENTLY ACTIVE TAX SAMPLES BY PROVIDING A SHORT DESCRIPTION OF THE TAX SAMPLE, THE SAMPLE COUNTS AND WEIGHTS, A SPECIFICATION OF THE DATA RECORD AND REFERENCES TO OTHER AVAILABLE INFORMATION OF A MORE DETAILED NATURE.

2.2. 1975 INCOME TAX RETURN 1/2 SAMPLE.

2.2.1. A SHORT DESCRIPTION.

THE 1975 INDIVIDUAL INCOME TAX RETURN SAMPLE CONSISTS OF 50,000 FEDERAL INCOME TAX RETURNS SUBSAMPLED BY THE TREASURY FROM THE STATISTICS OF INCOME SAMPLE OF OVER 206,000 FORMS 1040 AND 1040A FILED IN THE CALENDAR YEAR 1976 FOR THE 1975 CALENDAR YEAR TAX LIABILITY. THE INFORMATION CONTAINED IN THIS FILE INCLUDES THE MAJOR ENTRIES ON FORM 1040 AND AUXILIARY SCHEDULES. EACH DATA RECORD CONTAINS ALL THE INFORMATION NECESSARY FOR THE COMPUTATION OF 1975 TAX LIABILITY.

THIS SAMPLE CONTAINS IMPUTED ITEMIZED DEDUCTIONS FOR RETURNS THAT TOOK THE STANDARD DEDUCTION. THEREFORE, THE USER SHOULD BE CAREFUL WHEN TESTING ITEMIZED DEDUCTIONS FOR A POSITIVE ENTRY SINCE THIS COULD INTRODUCE NON-REPORTED FIGURES INTO THE RESULTS.

THIS SAMPLE ALSO CONTAINS SOCIAL SECURITY DATA ON AGE, RACE, SEX, AND BENEFIT STATUS OF THE TAXPAYER AND SPOUSE. THIS INFORMATION WAS APPENDED VIA A HARD LINK MERGE.

2.2.2. SAMPLE COUNTS AND WEIGHTS.

TABLE 2.2.1 PRESENTS THE SAMPLE CODES, SAMPLE STRATUM, AND THE NUMBER OF RETURNS IN EACH STRATUM FOR THE 1975 INDIVIDUAL INCOME TAX RETURN HALF-SAMPLE. UNLIKE PREVIOUS TAX RETURN SAMPLES USED BY THE OFFICE OF TAX ANALYSIS, THIS SAMPLE HAS DIFFERING WEIGHTS FOR EACH RETURN DUE TO THE SAMPLING METHODOLOGY EMPLOYED IN DRAWING THE SUBSAMPLE. HOWEVER, THE WEIGHTS STILL SUM TO PRODUCE NATIONAL ESTIMATES. THE WEIGHTS RANGE IN VALUE FROM 1.0 TO 5,148. ALTHOUGH IT IS POSSIBLE TO PRODUCE SUB-NATIONAL ESTIMATES BY STATE (OR DISTRICT), THIS IS NOT RECOMMENDED SINCE THE NUMBER OF RETURNS IN THE SAMPLE FOR EACH STATE (OR DISTRICT) IS NOT LARGE ENOUGH TO INSURE RELIABLE ESTIMATES FOR MOST ITEMS.

TABLE 2.2.1: CODES, STRATUM, AND NUMBER OF RETURNS FOR THE 1975 INDIVIDUAL INCOME TAX RETURN HALF-SAMPLE

| SAMPLE CODE | SAMPLE STRATUM | NUMBER OF RETURNS | COMMENTS |
|--|---------------------------|-------------------|--------------------|
| NON-BUSINESS AND FARM(SCHEDULE F ONLY) AGI, DEFICIT, OR LSII | | | |
| 11 | UNDER \$ 10,000 | 10,631 | |
| 12 | \$ 10,000 UNDER \$ 15,000 | 5,232 | |
| 13 | \$ 15,000 UNDER \$ 20,000 | 4,557 | |
| 14 | \$ 20,000 UNDER \$ 50,000 | 13,961 | |
| 15 | \$ 50,000 UNDER \$100,000 | 3,306 | |
| 16 | \$100,000 UNDER \$200,000 | 1,792 | |
| 17 | \$200,000 UNDER \$500,000 | 1,084 | (ONLY TAXABLE) |
| 18 | \$200,000 AND OVER | 149 | (ONLY NON-TAXABLE) |
| 19 | \$500,000 AND OVER | 1,649 | (ONLY TAXABLE) |
| BUSINESS(SCHEDULE C & F OR C ONLY) AGI, DEFICIT OR LSII | | | |
| 21 | UNDER \$ 10,000 | 467 | |
| 22 | \$ 10,000 UNDER \$ 15,000 | 598 | |
| 23 | \$ 15,000 UNDER \$ 20,000 | 651 | |
| 24 | \$ 20,000 UNDER \$ 30,000 | 1,005 | |
| 25 | \$ 30,000 UNDER \$ 50,000 | 1,131 | |
| 26 | \$ 50,000 UNDER \$100,000 | 1,320 | |
| 27 | \$100,000 UNDER \$200,000 | 699 | |
| 28 | \$200,000 UNDER \$500,000 | 539 | (ONLY TAXABLE) |
| 29 | \$200,000 AND OVER | 103 | (ONLY NON-TAXABLE) |
| 30 | \$500,000 AND OVER | 1,126 | (ONLY TAXABLE) |
| TOTAL | | 50,000 | |

2.2.3. DATA RECORD SPECIFICATION.

EVERY DATA RECORD IN THE TAX SAMPLE REPRESENTS ONE INDIVIDUAL INCOME TAX RETURN AND CONTAINS 200 DATA FIELDS. EACH DATA FIELD IS REFERENCED BY A FIELD SEQUENCE NUMBER AND STORED WITHIN THE DATA FIELD IS A NUMBER WHICH CORRESPONDS TO THE ENTRY MADE ON A

FORM 1040 OR AUXILIARY SCHEDULE FOR A PRESELECTED ITEM. SINCE ELECTRONIC COMPUTERS REQUIRE THAT EACH NUMBER BE CLASSIFIED AS ONE OF TWO MODES--INTEGER MODE (I) OR REAL MODE (R)-- A MODE SEQUENCE NUMBER IS DESIRABLE FOR REFERENCE PURPOSES. THUS, TABLE 2.2.2 PRESENTS THE FIELD SEQUENCE NUMBER, THE MODE SEQUENCE NUMBER, AND A BRIEF DESCRIPTION OF EACH PRE-SELECTED ITEM FROM THE INCOME TAX RETURN THAT CORRESPONDS TO THE NUMBER STORED IN THIS FIELD.

2.2.4. OTHER DOCUMENTATION.

A MORE DETAILED DESCRIPTION OF THIS TAX SAMPLE IS AVAILABLE IN THE DOCUMENT '550,000: EDP DATA FILE DESCRIPTION' BY PETER K. COOK OF THE OFFICE OF TAX ANALYSIS. THIS DOCUMENT CONTAINS TECHNICAL SPECIFICATIONS, THE CODES FOR CODED ITEMS, AND FACSIMILIES OF THE FEDERAL INCOME TAX FORMS THAT REFERENCE THE PRESELECTED ITEMS.

A BRIEF SUMMARY OF THE SAMPLING METHODOLOGY EMPLOYED BY THE OFFICE OF TAX ANALYSIS IS PRESENTED IN APPENDIX A OF THIS CHAPTER. THE SUMMARY OF THE SAMPLING METHODOLOGY WAS COMPILED FROM THE FOLLOWING WORKING PAPERS BY RALPH B BRISTOL JR:

- 'SAMPLING ASPECTS OF THE TAX MODEL,' OFFICE OF TAX ANALYSIS, MARCH 30, 1973.
- 'SELECTION OF THE TAX MODEL SAMPLE,' OFFICE OF TAX ANALYSIS, NOVEMBER 7, 1974.
- 'DRAWING A TAX MODEL SAMPLE FROM THE 1973 SCI - PART I,' OFFICE OF TAX ANALYSIS, JULY 11, 1975.
- 'DRAWING A TAX MODEL SAMPLE FROM THE 1973 SCI - PART II,' OFFICE OF TAX ANALYSIS, NOVEMBER 6, 1975.

TABLE 2.2.2: DATA RECORD SPECIFICATION FOR THE
1975 INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; UNMAPPED AND UNPACKED

| FIELD SEQ NOS | MODE SEQ NO | DATA ITEM DESCRIPTION | ---REFERENCE--- FORM OR SCHEDULE | LINE NUMBER |
|---------------------|-------------------|--|--|----------------|
| 36 | I 36 | PUNCHED SELECTION AMOUNT | | |
| 37 | I 37 | *****CONFIDENTIAL***** | | |
| 38 | I 38 | *****CONFIDENTIAL***** | | |
| 39 | I 39 | WAGES, SALARIES, ETC. | 1040 | 9 |
| 40 | I 40 | DIVIDENDS, TOTAL BEFORE EXCLUSION | 1040 | 10A |
| 41 | I 41 | DIVIDENDS, BALANCE IN AGI | 1040 | 10C |
| 42 | I 42 | INTEREST INCOME | 1040 | 11 |
| 43 | I 43 | TOTAL STATUTORY ADJUSTMENTS | 1040 | 14 |
| 44 | I 44 | + - ADJUSTED GROSS INCOME OR DEFICIT | 1040 | 15 |
| 45 | I 45 | INCOME TAX BEFORE CREDITS | 1040 | 16A |
| 46 | I 46 | PERSONAL EXEMPTION CREDIT (UNCORRECTED) | 1040 | 16B |
| 47 | I 47 | INCOME TAX AFTER CREDITS | 1040 | 16C |
| 48 | I 48 | TOTAL TAX LIABILITY | 1040 | 20 |
| 49 | I 49 | INCOME TAX WITHHELD | 1040 | 21A |
| 50 | I 50 | 1975 ESTIMATED TAX PAYMENTS | 1040 | 21B |
| 51 | I 51 | EARNED INCOME CREDIT (UNCORRECTED) | 1040 | 21C |
| 52 | I 52 | AMOUNT PAID WITH FORM 4868 | 1040 | 21D |
| 53 | I 53 | TAX DUE AT TIME OF FILING | 1040 | 23 |
| 54 | I 54 | OVERPAYMENT, REFUND | 1040 | 25 |
| 55 | I 55 | OVERPAYMENT, CREDIT TO 1976 ESTIMATED TAX | 1040 | 26 |
| 56 | I 56 | TAX PAID WITH RETURN | | |
| 57 | I 57 | + - BUSINESS INCOME OR LOSS | 1040 | 28 |
| 58 | I 58 | CAPITAL GAINS DISTRIBUTION* | 1040 | 29B |
| 59 | I 59 | + - SUPPLEMENTAL SCHEDULE, NET GAIN OR NET LOSS | 1040 | .30 |
| 60 | I 60 | + - PENSIONS, RENTS, ETC., INCOME OR LOSS | 1040 | .31A |
| 61 | I 61 | FULLY TAXABLE PENSIONS AND ANNUITIES | 1040 | .31B |
| 62 | I 62 | + - FARM INCOME OR LOSS | 1040 | .32 |
| 63 | I 63 | STATE INCOME TAX REFUNDS | 1040 | .33 |
| 64 | I 64 | ALIMONY | 1040 | .34 |

NOTES: COMP = COMPUTED * = INCLUDED IN FIELDS 123 & 126
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.2.2: DATA RECORD SPECIFICATION FOR THE
1975 INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; UNMAPPED AND UNPACKED

| FIELD MODE | | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|------------|--------|---|-------------------------|-------------|
| SEQ NOS | SEQ NO | | FORM OR SCHEDULE NUMBER | LINE NUMBER |
| 65 | I 65 | + - OTHER INCOME OR LOSS | 1040 | 35 |
| 66 | I 66 | ADJUSTMENTS TO INCOME, SICK PAY | 1040 | 37 |
| 67 | I 67 | ADJUSTMENTS TO INCOME, MOVING EXPENSES | 1038 | 40 |
| 68 | I 68 | ADJUSTMENTS TO INCOME, EMPLOYEE BUSINESS EXPENSES | 1040 | 39 |
| 69 | I 69 | ADJUSTMENTS TO INCOME, PAYMENTS TO A KEOGH RETIREMENT PLAN | 1040 | 40A |
| 70 | I 70 | ADJUSTMENTS TO INCOME, PAYMENTS TO A RETIREMENT PLAN | 1040 | 40B |
| 71 | I 71 | FORFEITED INTEREST PENALTY | 1040 | 41 |
| 72 | I 72 | TOTAL DEDUCTIONS | 1040 | 44 |
| 73 | I 73 | EXEMPTIONS AMOUNT | 1040 | 46 |
| 74 | I 74 | TAXABLE INCOME | 1040 | 47 |
| 75 | I 75 | CREDITS, RETIREMENT INCOME | 1040 | 48 |
| 76 | I 76 | CREDITS, INVESTMENT | 1040 | 49 |
| 77 | I 77 | CREDITS, FOREIGN TAX | 1040 | 50 |
| 78 | I 78 | CREDITS, CONTRIBUTIONS TO CANDIDATES | 1040 | 51 |
| 79 | I 79 | CREDITS, WORK INCENTIVE | 1040 | 52 |
| 80 | I 80 | CREDITS, PURCHASE OF NEW RESIDENCE | 1040 | 53 |
| 81 | I 81 | CREDITS, OTHER TAX CREDITS | 1040 | NA |
| 82 | I 82 | OTHER TAXES, RECOMPUTED PRIOR YEAR INVESTMENT TAX CREDIT | 1040 | 55 |
| 83 | I 83 | OTHER TAXES, RECOMPUTED PRIOR YEAR WIN CREDIT | 1040 | 56 |
| 84 | I 84 | OTHER TAXES, MINIMUM TAX | 1040 | 57 |
| 85 | I 85 | OTHER TAXES, TAX ON PREMATURE DISTRIBUTIONS (FORM 5329) | 1040 | 58 |
| 86 | I 86 | OTHER TAXES, SELF-EMPLOYMENT TAX | 1040 | 59 |
| 87 | I 87 | OTHER TAXES, SOCIAL SECURITY TAX ON TIPS, UNCOLLECTED TAX | 1040 | 60&61 |
| 88 | I 88 | OTHER TAXES, EXCESS CONTRIBUTIONS TO AN INDIVIDUAL RETIREMENT ACCOUNT | 1040 | 62 |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.2.2: DATA RECORD SPECIFICATION FOR THE
1975 INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; UNMAPPED AND UNPACKED

| FIELD MODE | | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|------------|-----------|---|---------------------|----------------|
| SEQ NOS | SEQ NO | | FORM OR SCHEDULE | LINE NUMBER |
| 89 | I 89 | OTHER TAXES, ALL OTHER TAXES | 1040 | N.A. |
| 90 | I 90 | OTHER TAX PAYMENTS, EXCESS FICA TAX WITHHELD | 1040 | 64 |
| 91 | I 91 | OTHER TAX PAYMENTS, CREDIT FOR FEDERAL TAX ON GASOLINE | 1040 | 65 |
| 92 | I 92 | OTHER TAX PAYMENTS, TOTAL OTHER PAYMENTS | 1040 | 67 |
| 93 | I 93 | MEDICAL AND DENTAL EXPENSES, 1/2 INSURANCE PREMIUMS | A | 1 |
| 94 | I 94 | MEDICAL AND DENTAL EXPENSES, MEDI- CINE AND DRUGS | A | 2 |
| 95 | I 95 | MEDICAL AND DENTAL EXPENSES, MEDI- CINE AND DRUGS IN EXCESS OF 1% | A | 4 |
| 96 | I 96 | MEDICAL AND DENTAL EXPENSES, BALANCE OF INSURANCE PREMIUMS | A | 5 |
| 97 | I 97 | MEDICAL AND DENTAL EXPENSES, TOTAL MEDICAL AND DENTAL EXPENSES | A | 7 |
| 98 | I 98 | MEDICAL AND DENTAL EXPENSES, MEDI- CAL AND DENTAL IN EXCESS OF .3% | A | 9 |
| 99 | I 99 | MEDICAL AND DENTAL EXPENSES, TOTAL (AFTER INCOME LIMIT) | A | 10 |
| 100 | I100 | TAXES, STATE AND LOCAL INCOME TAX | A | 11 |
| 101 | I101 | TAXES, REAL ESTATE | A | 12 |
| 102 | I102 | TAXES, STATE AND LOCAL GASOLINE | A | 13 |
| 103 | I103 | TAXES, GENERAL SALES | A | 14 |
| 104 | I104 | TAXES, PERSONAL PROPERTY | A | 15 |
| 105 | I105 | TAXES, TOTAL | A | 17 |
| 106 | I106 | INTEREST EXPENSE, HOME MORTGAGE | A | 18 |
| 107 | I107 | INTEREST EXPENSE, TOTAL | A | 20 |
| 108 | I108 | CONTRIBUTIONS, CASH | A | 21A&B |
| 109 | I109 | CONTRIBUTIONS, OTHER THAN CASH | A | 22 |
| 110 | I110 | CONTRIBUTIONS, CARRYOVER FROM PRIOR YEARS | A | 23 |
| 111 | I111 | CONTRIBUTIONS, TOTAL | A | 24 |
| 112 | I112 | NET CASUALTY OR THEFT LOSS | A | 29 |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.2.2: DATA RECORD SPECIFICATION FOR THE
1975 INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; UNMAPPED AND UNPACKED

| FIELD | | MODE | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|---------|--------|------|--|------------------|-------------|
| SEQ NOS | SEQ NO | | | FORM OR SCHEDULE | LINE NUMBER |
| 113 | I113 | | MISC. DEDUCTIONS, ALIMONY PAID | A | 30 |
| 114 | I114 | | MISC. DEDUCTIONS, UNION DUES | A | 31 |
| 115 | I115 | | MISC. DEDUCTIONS, CHILD AND DEPENDENT CARE | A | 32 |
| 116 | I116 | | MISC. DEDUCTIONS, POLITICAL CONTRIBUTIONS | A | 33 |
| 117 | I117 | | MISC. DEDUCTIONS, TOTAL | A | 34 |
| 118 | I118 | | SHORT-TERM CAPITAL GAINS OR LOSSES PRE-1970+POST-1969 ST CAPITAL LOSS CARRYOVERS | D | 4A&B |
| 119 | I119 | | + SHORT-TERM GAINS OR LOSSES, NET ST CAPITAL GAIN AFTER CARRYOVERS | D | 5 |
| 120 | I120 | | + SHORT-TERM GAINS OR LOSSES, NET ST CAPITAL LOSS AFTER CARRYOVERS | D | 5 |
| 121 | I121 | | LONG-TERM GAINS OR LOSSES, PRE- 1970 LONG-TERM CAPITAL LOSS CARRYOVERS | D | 12A |
| 122 | I122 | | LONG-TERM GAINS OR LOSSES, POST- 1969 LONG-TERM CAPITAL LOSS CARRYOVERS | D | 12B |
| 123 | I123 | | + LONG-TERM GAINS OR LOSSES, NET LONG-TERM GAIN AFTER CARRYOVERS | D | 13 |
| 124 | I124 | | + LONG-TERM GAINS OR LOSSES, NET LONG-TERM LOSS AFTER CARRYOVERS | D | 13 |
| 125 | I125 | | NET LOSS BEFORE LIMITATION | D | 14 |
| 126 | I126 | | + NET CAPITAL GAIN OR LOSS | D | 15&16 |
| 127 | I127 | | LONG-TERM GAINS FROM INSTALLMENT SALES | D | 48 |
| 128 | I128 | | ALTERNATIVE TAX | D | 57 |
| 129 | I129 | | PENSION AND ANNUITIES, INCOME THIS YEAR | E&R | 1.3 |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.2.2: DATA RECORD SPECIFICATION FOR THE
1975 INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; UNMAPPED AND UNPACKED

| FIELD MODE | | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|------------|-----------|--|---------------------|----------------|
| SEQ NUS | SEQ NO | | FORM OR SCHEDULE | LINE NUMBER |
| 130 | I130 | PENSIONS AND ANNUITIES (TAXABLE PORTION) | E&R | I.5 |
| 131 | I131 | + RENTS, NET INCOME OR NET LOSS | E&R | II.2 |
| 132 | I132 | + ROYALTIES, NET INCOME OR NET LOSS | E&R | II.2 |
| 133 | I133 | PARTNERSHIPS, TOTAL INCOME | E&R | D-E |
| 134 | I134 | PARTNERSHIPS, TOTAL LOSS | E&R | D+E |
| 135 | I135 | + PARTNERSHIPS, NET INCOME OR NET LOSS | E&R | III.2 |
| 136 | I136 | ESTATE OR TRUST, TOTAL INCOME | E&R | D(+) |
| 137 | I137 | ESTATE OR TRUST, TOTAL LOSS | E&R | D(-) |
| 138 | I138 | + ESTATE OR TRUST NET INCOME OR NET LOSS | E&R | III.2 |
| 139 | I139 | SMALL BUSINESS CORP., TOTAL INCOME | E&R | D(+) |
| 140 | I140 | SMALL BUSINESS CORP., TOTAL LOSS | E&R | D(-) |
| 141 | I141 | + SMALL BUSINESS CORPORATION NET INCOME OR NET LOSS | E&R | III.2 |
| 142 | I142 | SCHEDULE SE NET EARNINGS FROM SELF-EMPLOYMENT | SE | D3 |
| 143 | I143 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON LOW-INCOME RENTAL HOUSING | 4625 | 1-A-1 |
| 144 | I144 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON OTHER REAL PROPERTY | 4625 | 1-A-2 |
| 145 | I145 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON PERSONAL PROPERTY | 4625 | 1-B |
| 146 | I146 | COMPUTATION OF MIN. TAX, TOTAL AMORTIZATION | 4625 | 1C-F |
| 147 | I147 | COMPUTATION OF MIN. TAX, STOCK OPTIONS | 4625 | 1-G |
| 148 | I148 | COMPUTATION OF MIN. TAX, RESERVES FOR BAD DEBTS | 4625 | 1-H |
| 149 | I149 | COMPUTATION OF MIN. TAX, DEPLETION | 4625 | 1-I |
| 150 | I150 | COMPUTATION OF MIN. TAX, CAPITAL GAINS | 4625 | 1-J |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.2.2: DATA RECORD SPECIFICATION FOR THE
1975 INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; UNMAPPED AND UNPACKED

| FIELD MODE | | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|------------|--------|---|------------------|-------------|
| SEQ NOS | SEQ NO | | FORM OR SCHEDULE | LINE NUMBER |
| 151 | I151 | COMPUTATION OF MIN. TAX, TOTAL ITEMS OF TAX PREFERENCES | 4625 | 2 |
| 152 | I152 | COMPUTATION OF MIN. TAX, EXCLUSION | 4625 | 3 |
| 153 | I153 | COMPUTATION OF MIN. TAX, TAX FROM PREMATURE DISTRIBUTIONS (SE) | 4625 | 9 |
| 154 | I154 | COMPUTATION OF MIN. TAX, TAX CARRYOVER FROM PRIOR YEAR(S) | 4625 | 10 |
| 155 | I155 | COMPUTATION OF MIN. TAX, 1975 NET OPERATING LOSS CARRYOVER | 4625 | 14 |
| 156 | I156 | COMPUTATION OF MIN. TAX, MINIMUM TAX DEFERRED FROM PRIOR YEAR(S) | 4625 | 18 |
| 157 | I157 | COMPUTATION OF MIN. TAX, EXCESS CREDITS | 4625 | 20E |
| 158 | I158 | COMPUTATION OF MIN. TAX, MINIMUM TAX AFTER ADJUSTMENTS | 4625 | 21 |
| 159 | I159 | MAX. TAX ON EARNED INCOME, EARNED INCOME | 4726 | 1 |
| 160 | I160 | MAX. TAX ON EARNED INCOME, DEDUCTIONS | 4726 | 2 |
| 161 | I161 | MAX. TAX ON EARNED INCOME, EARNED NET INCOME | 4726 | 3 |
| 162 | I162 | MAX. TAX ON EARNED INCOME, TAX PREFERENCES OFFSET | 4726 | 8C |
| 163 | I163 | MAX. TAX ON EARNED INCOME, ADJUSTED EARNED TAXABLE INCOME | 4726 | 9 |
| 164 | I164 | MAX. TAX ON EARNED INCOME, MAXIMUM TAX | 4726 | 17OR34 |
| 165 | I165 | FORM 4952, INVESTMNT INTEREST, TOTAL | 4952 | 5 |
| 166 | I166 | FORM 4952, INVESTMNT INTEREST, TOTAL NON-BUSINESS | 4952 | 4A |
| 167 | I167 | FORM 4952, INVESTMENT INTEREST, INTEREST DEDUCTION DISALLOWED | 4952 | 20 |
| 168 | I168 | FORM 4972, SPECIAL LUMP-SUM INCOME AVG., ORDINARY INCOME PORTION | 4972 | 2CR2C |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.2.2: DATA RECORD SPECIFICATION FOR THE
1975 INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; UNMAPPED AND UNPACKED

| FIELD SEQ NUS | MODE SEQ NO | DATA ITEM DESCRIPTION | ---REFERENCE--- | FORM OR LINE SCHEDULE NUMBER |
|---------------------|-------------------|---|-----------------|------------------------------------|
| 169 | I169 | FORM 4972, SPECIAL LUMP-SUM INCOME AVG., 10-YEAR TOTAL | 4972 | 3CR3C |
| 170 | I170 | FORM 4972, SPECIAL LUMP-SUM INCOME AVG., TOTAL TAXABLE AMOUNT | 4972 | SCR5C |
| 171 | I171 | FORM 4972, SPECIAL LUMP-SUM INCOME AVG., ADJUSTED TOTAL TAXABLE AMOUNT | 4972 | 7 |
| 172 | I172 | FORM 4972, SPECIAL LUMP-SUM INCOME AVG., TAX ON ORDINARY INCOME | 4972 | 24OR26 |
| 173 | I173 | FORM 4972, SPECIAL LUMP-SUM INCOME* AVG., TAX FROM SPECIAL INCOME AVERAGING | 4972 | 24OR26 |
| 174 | I174 | FORM 5405, COST OF RESIDENCE | 5405 | 4 |
| 175 | I175 | FORM 5405, ADJUSTED BASIS | 5405 | 6 |
| 176 | I176 | FORM 4972, 1974 INVESTMENT INTEREST, ORDINARY INCOME PORTION | 4972 | 28 |
| 177 | I177 | FORM 4972, 1974 INVESTMENT INTEREST, TOTAL BEFORE EXCLUSION | 4972 | 38 |
| 178 | I178 | FORM 4972, 1974 INVESTMENT INTEREST, TOTAL TAXABLE PORTION | 4972 | 58 |
| 179 | I179 | TAX MODEL WEIGHT | N.A. | |
| 180 | I180 | *****CONFIDENTIAL***** CONFIDENTIAL | | |
| 181 | I181 | *****CONFIDENTIAL***** CONFIDENTIAL | | |
| 182 | I182 | *****CONFIDENTIAL***** | | |
| 183 | I183 | **CONFIDENTIAL** | | |
| 184 | I184 | ***CONFIDENTIAL*** | | |
| 185 | I185 | *****CONFIDENTIAL***** | | |
| 186 | I186 | *****CONFIDENTIAL***** | | |
| 187 | I187 | *****CONFIDENTIAL***** | | |
| 188 | I188 | *****CONFIDENTIAL***** | | |
| 189 | I189 | *****CONFIDENTIAL***** | | |
| 190 | I190 | *****CONFIDENTIAL***** | | |
| 191 | I191 | *****CONFIDENTIAL***** **CONFIDENTIAL** | | |

NOTES: COMP = COMPUTED * = SAME AS LINE 24 IF NO PART II
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.2.2: DATA RECORD SPECIFICATION FOR THE
 1975 INDIVIDUAL INCOME TAX RETURN
 HALF-SAMPLE; UNMAPPED AND UNPACKED

| FIELD | | MODE | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|-------|------|------------------------|-----------------------|-----------------|------|
| SEQ | SEQ | | | FORM OR | LINE |
| NUS | NO | | SCHEDULE NUMBER | | |
| 192 | I192 | **CONFIDENTIAL* | | | |
| 193 | I193 | **CONFIDENTIAL** | | | |
| 194 | I194 | ***CONFIDENTIAL***** | | | |
| 195 | I195 | ***CONFIDENTIAL***** | | | |
| 196 | I196 | ***CONFIDENTIAL***** | | | |
| 197 | I197 | ***CONFIDENTIAL***** | | | |
| 198 | I198 | *****CONFIDENTIAL***** | | | |
| 199 | I199 | *****CONFIDENTIAL***** | | | |
| 200 | I200 | *****CONFIDENTIAL***** | | | |
| | | **CONFIDENTIAL** | | | |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

2.3. 1975 INCOME TAX RETURN 1/2 SAMPLE: PACKED & MAPPED.

2.3.1. A SHORT DESCRIPTION.

THE 1975 INDIVIDUAL INCOME TAX RETURN HALF SAMPLE IN THE MAPPED AND PACKED FORMAT DIFFERS FROM THE HALF SAMPLE OF SECTION 2.2 IN THE FOLLOWING WAYS:

- (A) EACH DATA RECORD IN THE SAMPLE HAS BEEN 'MAPPED.' MAPPING MEANS THAT THE ORIGINAL SEQUENCING OF THE DATA ITEMS WITHIN A RECORD HAS BEEN REARRANGED TO PRODUCE A SEQUENCING THAT FACILITATES FASTER PROCESSING BY THE TAX MODEL. THE PROCESS OF RE-ARRANGING SPLITS THE DATA ITEMS INTO TWO GROUPS: (1) 'BASIC VARIABLES' WHICH ARE ABSOLUTELY NECESSARY TO THE EXECUTION OF THE TAX CALCULATOR AND (2) 'OTHER VARIABLES' WHICH ARE NOT ABSOLUTELY NECESSARY TO THE EXECUTION OF THE TAX CALCULATOR. THIS SPLIT WILL BE EMPLOYED WHEN THE IMPROVED INPUT/OUTPUT ROUTINE IS ADDED TO THE TAX MODEL PROGRAM.

THE PROCESS OF REARRANGEMENT ALSO LEAVES SPACE FOR THE INCLUSION OF COMPUTED DATA ITEMS AND IMPUTED DATA ITEMS.

- (B) EACH DATA RECORD IN THE SAMPLE HAS BEEN 'PACKED.' PACKING A DATA RECORD ACCOMPLISHES TWO THINGS: (1) IT REDUCES THE AMOUNT OF PHYSICAL SPACE NEEDED IN STORING THE DATA BY RETAINING ONLY NON-ZERO ENTRIES AND THEIR LOCATION IN THE ORIGINAL DATA RECORD AND (2) AS A BY-PRODUCT, IT REDUCES INPUT PROCESSING TIME SINCE THERE ARE FEWER DATA ITEMS TO INPUT. THIS MEANS THAT A DATA RECORD CONSISTING OF 234 ITEMS WHERE ONE-HALF OF THE ITEMS HAVE A ZERO ENTRY, CAN BE REDUCED TO A NEW DATA RECORD CONSISTING OF 117 NON-ZERO ENTRIES AND THEIR LOCATION IN THE ORIGINAL DATA RECORD. ALTHOUGH THE ADVANTAGES OF PACKING ARE OBVIOUS, IT INTRODUCES A PROGRAMMING CONSTRAINT BECAUSE EACH PACKED DATA RECORD MUST BE 'UNPACKED' TO RECREATE THE ORIGINAL DATA RECORD. INCORPORATED WITHIN THE TAX MODEL PROGRAM IS A SUBPROGRAM WHICH ACCOMPLISHES THE FUNCTION OF UNPACKING. IF, HOWEVER, THE USER DESIRES TO EMPLOY HIS OWN PROGRAM WITH THIS

SAMPLE, HE MUST EITHER WRITE HIS OWN SUBPROGRAM OR ACQUIRE A SUBPROGRAM TO UNPACK THE DATA RECORDS.

- (C) AS BEFORE, EACH DATA RECORD IN THE SAMPLE WHICH REFLECTS A RETURN THAT ELECTED THE STANDARD DEDUCTION HAS BEEN PROVIDED WITH IMPUTED ITEMIZED DEDUCTIONS. THEREFORE, THE USER SHOULD BE CAREFUL WHEN TESTING ITEMIZED DEDUCTIONS FOR A POSITIVE ENTRY SINCE THIS COULD INTRODUCE NON-REPORTED FIGURES INTO HIS RESULTS.

2.3.2. SAMPLE COUNTS AND WEIGHTS.

UNLIKE PREVIOUS TAX RETURN SAMPLES USED BY THE OFFICE OF TAX ANALYSIS, THIS SAMPLE HAS DIFFERING WEIGHTS FOR EACH RETURN DUE TO THE SAMPLING METHODOLOGY EMPLOYED IN DRAWING THE SUBSAMPLE. HOWEVER, THE WEIGHTS STILL SUM TO PRODUCE NATIONAL ESTIMATES. ALTHOUGH IT IS POSSIBLE TO PRODUCE SUB-NATIONAL ESTIMATES BY STATE (OR DISTRICT), THIS IS NOT RECOMMENDED SINCE THE NUMBER OF RETURNS IN THE SAMPLE FOR EACH STATE (OR DISTRICT) IS NOT LARGE ENOUGH TO INSURE RELIABLE ESTIMATES FOR MOST ITEMS.

2.3.3. DATA RECORD SPECIFICATION.

EVERY DATA RECORD IN THE TAX SAMPLE REPRESENTS ONE INDIVIDUAL INCOME TAX RETURN AND CONTAINS 234 DATA ITEMS (THE ORIGINAL 200 DATA ITEMS PLUS 34 NEW ITEMS). EACH DATA FIELD IS REFERENCED BY A FIELD SEQUENCE NUMBER AND STORED WITHIN THE DATA FIELD IS A NUMBER WHICH CORRESPONDS TO AN ENTRY MADE ON A FORM 1040 OR AUXILIARY SCHEDULE, A COMPUTED VARIABLE FROM THE TAX MODEL PROGRAM, OR AN IMPUTED VARIABLE EXOGENOUS TO THE TAX MODEL. THE FIRST 74 FIELD SEQUENCE NUMBERS IN TABLE 2.3.1 REFERENCE THE 'BASIC VARIABLES' AND THE REMAINING FIELD SEQUENCE NUMBERS REFERENCE THE 'OTHER VARIABLES.'

SINCE ELECTRONIC COMPUTERS REQUIRE THAT EACH NUMBER BE CLASSIFIED AS ONE OF TWO MODES--INTEGER MODE(I) OR REAL MODE(R)--THE ARRAY NAME AND SUBSCRIPT NUMBER EMPLOYED BY THE TAX MODEL FOR EACH DATA ITEM APPEARS IN TABLE 2.3.1.

TWO NEW COLUMN HEADINGS APPEAR AT THE RIGHT HAND SIDE OF TABLE 2.3.1 UNDER 'REFERENCE'. UNDER THE COLUMN HEADING 'UNMAPPED SOURCE' APPEARS THE FIELD SEQUENCE NUMBER IN TABLE 2.2.2 THAT CORRESPONDS TO THIS ITEM. THE TERMS 'COMP, RESV, AND IMPT' MAY ALSO BE FOUND UNDER THE HEADING 'UNMAPPED SOURCE' AND ARE EXPLAINED AT THE BOTTOM OF TABLE 2.3.1. BELOW THE COLUMN HEADING 'EQUIVALENT' IS THE SECONDARY NAME THAT IS ASSOCIATED WITH EACH

'BASIC VARIABLE' IN THE TAX MODEL PROGRAM.

2.3.4. OTHER DOCUMENTATION.

APPENDIX B OF THIS CHAPTER PRESENTS THE MAJOR ANOMALIES THAT WERE ENCOUNTERED ON THE 1975 TAX MODEL SAMPLE AND HOW THESE ANOMALIES WERE EDITED IN ORDER TO PRODUCE A CLEAN SAMPLE.

APPENDIX C OF THIS CHAPTER PRESENTS A COMPARISON OF THE 1975 TAX MODEL RESULTS AND THE PRELIMINARY 1975 STATISTICS OF INCOME.

TABLE 2.3.1: DATA RECORD SPECIFICATION FOR THE 1975
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|--------------|--|--------------------|-----------------|
| SEQ NUS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED SOURCE | EQUIV- ALENT |
| 1 | M | 1 CONSECUTIVE RETURN NUMBER | COMP | RETNO |
| 2 | M | 2 MARS MARITAL STATUS CODE | 15 | MARS |
| 3 | M | 3 FDED FORM OF DEDUCTION CODE | 10 | IDEDX |
| 4 | M | 4 CSAMP COMPUTED SAMPLE CODE | 3 | MCODE |
| 5 | M | 5 PRESENT LAW AGI CLASS CODE | COMP | JY |
| 6 | M | 6 F4972 FORM 4972 CODE | 13 | F4972 |
| 7 | C | 1 TAXPAYER EXEMPTIONS | 29 | TXPYE |
| 8 | D | 2 AGE EXEMPTIONS | 30 | AGEDE |
| 9 | D | 3 BLIND EXEMPTIONS | 31 | BLNDE |
| 10 | D | 4 DEPENDENT EXEMPTIONS | 32 | DEPNE |
| 11 | D | 5 CHILD AT HOME EXEMPTIONS | 33 | CAHE |
| 12 | D | 6 CHILD AWAY FROM HOME EXEMPTIONS | 34 | CAFHE |
| 13 | D | 7 WAGES, SALARIES, ETC. | 39 | WAS |
| 14 | D | 8 DIVIDENDS, GROSS DIVIDENDS | 40 | GD |
| 15 | D | 9 DIVIDEND EXCLUSION | COMP | DEXCL |
| 16 | D | 10 DIVIDENDS, BALANCE IN AGI | 41 | TAXD |
| 17 | D | 11 ALL INCOME OTHER THAN DIVIDENDS AND CAPITAL GAINS IN AGI | COMP | RESID |
| 18 | D | 12 ADJUSTMENTS TO INCOME, SICK PAY | 66 | SICKPY |
| 19 | D | 13 TOTAL STATUTORY ADJUSTMENTS | 43 | ADJUST |
| 20 | D | 14 +/- ADJUSTED GROSS INCOME OR DEFICIT | 44 | AGIX |
| 21 | D | 15 INCOME TAX BEFORE CREDITS | 45 | TAXB |
| 22 | D | 16 PERSONAL EXEMPTION CREDIT | 46 | EMCRX |
| 23 | D | 17 CREDITS, TOTAL | COMP | TXCRD |
| 24 | D | 18 TENTATIVE TAX AFTER CREDITS | COMP | TTAXA |
| 25 | D | 19 OTHER TAXES, MINIMUM TAX | 84 | MINTAX |
| 26 | D | 20 OTHER TAXES, SUBTOTAL EXCLUDING MINIMUM TAX | COMP | OTHERT |
| 27 | D | 21 INCOME TAX AFTER CREDITS | 47 | TAXAX |
| 28 | D | 22 EARNED INCOME CREDIT | 51 | EICX |
| 29 | D | 23 TOTAL DEDUCTIONS | 72 | DX |
| 30 | D | 24 EXEMPTIONS AMOUNT | 73 | EXEM |
| 31 | D | 25 TAXABLE INCOME | 74 | TINCX |
| 32 | D | 26 TAX SAVINGS FROM INCOME AVERAGING | COMP | AVESAV |
| 33 | D | 27 CAPITAL GAINS DISTRIBUTION | 58 | CGD50 |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.3.1: DATA RECORD SPECIFICATION FOR THE 1975
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|-----------|--|-----------------|-------------|
| SEQ NOS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED SOURCE | EQUIV-ALERT |
| 34 D | 28 | FULLY TAXABLE PENSIONS AND ANNUITIES | 61 | FTPEN |
| 35 D | 29 | PENSIONS AND ANNUITIES, TAXABLE PORTION | 130 | PTPEN |
| 36 D | 30 | MEDICAL AND DENTAL EXPENSES, BALANCE OF INSURANCE PREMIUMS | 96 | BMIP |
| 37 D | 31 | CONTRIBUTIONS, TOTAL | 111 | DN1 |
| 38 D | 32 | INTEREST EXPENSE, HOME MORTGAGE | 106 | HMIE |
| 39 D | 33 | INTEREST EXPENSE, OTHER | COMP | CIE |
| 40 D | 34 | INVESTMENT INCOME | COMP | INVY |
| 41 D | 35 | PERCENT NON-BUSINESS | COMP | PN8 |
| 42 D | 36 | INTEREST EXPENSE, TOTAL | 107 | DN2 |
| 43 D | 37 | TAXES, TOTAL | 105 | DN3 |
| 44 D | 38 | MEDICAL AND DENTAL EXPENSES, MEDICINE AND DRUGS | 94 | DN4 |
| 45 D | 39 | MEDICAL AND DENTAL EXPENSES, MEDICAL AND DENTAL | COMP | DN5 |
| 46 D | 40 | MEDICAL AND DENTAL EXPENSES, FULL MEDICAL INSURANCE PREMIUMS | COMP | DN6 |
| 47 D | 41 | MISC. DEDUCTIONS, ALIMONY PAID | 113 | ALIMNY |
| 48 D | 42 | MISC. DEDUCTIONS, CHILD AND DEPENDENT CARE | 115 | CHILDC |
| 49 D | 43 | MISC. DEDUCTIONS, TOTAL | 117 | DN7 |
| 50 D | 44 | NET CASUALTY OR THEFT LOSS | 112 | DN8 |
| 51 D | 45 | +SHORT-TERM GAINS OR LOSSES, NET ST GAIN OR LOSS BEFORE CARRYOVER | COMP | STGL |
| 52 D | 46 | SHORT-TERM GAINS OR LOSSES, PRE-1970 SHORT-TERM CAPITAL LOSS CARRYOVER | COMP | P70STC |
| 53 D | 47 | SHORT-TERM GAINS OR LOSSES, POST-1969 SHORT-TERM CAPITAL LOSS CARRYOVE | COMP | P69STC |
| 54 D | 48 | + SHORT-TERM GAINS OR LOSSES, NET ST CAPITAL GAIN OR LOSS AFTER CARRY | COMP | NSTGL |
| 55 D | 49 | LONG-TERM GAINS OR LOSSES, NET LT GAIN OR LOSS BEFORE CARRYOVER | COMP | LTGL |
| 56 D | 50 | LONG-TERM GAINS OR LOSSES, PRE-1970 | 121 | P70LTC |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.3.1: DATA RECORD SPECIFICATION FOR THE 1975
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|-------------|-----------|---|-----------------|-------------|
| SEQ NOS | NAME & NO | | UNMAPPED SOURCE | EQUIV-ALERT |
| | | LONG-TERM CAPITAL LOSS CARRYOVER | | |
| 57 D | 51 | LONG-TERM GAINS OR LOSSES, POST-1969 LONG-TERM CAPITAL LOSS CARRYOVER | 122 | P69LTC |
| 58 D | 52 | + LONG-TERM GAINS OR LOSSES, NET LONG-TERM GAIN OR LOSS AFTER CARRYOVER | COMP | NLTGL |
| 59 D | 53 | NET CAPITAL GAINS OR LOSSES | COMP | NGL |
| 60 D | 54 | EXCLUDED LONG TERM CAPITAL GAINS | COMP | EXLCG |
| 61 D | 55 | CAPITAL GAINS OR LOSSES IN AGI AFTER LIMITATION | COMP | CGAGIX |
| 62 D | 56 | TAX SAVINGS DUE TO ALTERNATIVE TAX | COMP | ALTTAX |
| 63 D | 57 | LONG-TERM GAINS FROM INSTALLMENT SALES | 127 | LTGIS |
| 64 D | 58 | LONG-TERM CAPITAL GAINS SHELTERED UNDER THE ALTERNATIVE TREATMENT | COMP | CGYAX |
| 65 D | 59 | COMPUTATION OF MIN. TAX, PREFERENCE INCOME NET OF CAPITAL GAINS | COMP | PREFI |
| 66 D | 60 | COMPUTATION OF MIN. TAX, TOTAL ITEMS OF TAX PREFERENCES | 152 | PREFX |
| 67 D | 61 | COMPUTATION OF MIN. TAX, OTHER TAXES REDUCTING PREFERENCE INCOME | COMP | GTRP |
| 68 D | 62 | COMPUTATION OF MIN. TAX, 1975 NET OPERATING LOSS CARRYOVER | 155 | NCL75 |
| 69 D | 63 | COMPUTATION OF MIN. TAX, MINIMUM TAX DEFERRED FROM PRIOR YEAR(S) | 156 | MTDPY |
| 70 D | 64 | COMPUTATION OF MIN. TAX, UNUSED CREDITS | 157 | UNCRS |
| 71 D | 65 | MAX TAX ON EARNED INCOME, TAX SAVINGS FROM MAXIMUM TAX | COMP | MAXTAX |
| 72 D | 66 | MAX. TAX ON EARNED INCOME, EARNED INCOME | 159 | EARN |
| 73 D | 67 | MAX. TAX ON EARNED INCOME, DEDUCTIONS | 160 | ADJEI |
| 74 D | 68 | WEIGHT | 28 | WT |
| 75 D | 69 | TOTAL EXEMPTIONS | 35 | |
| 76 D | 70 | INTEREST INCOME | 42 | |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.3.1: DATA RECORD SPECIFICATION FOR THE 1975
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD SEQ NOS | ARRAY NAME & NO | DATA ITEM DESCRIPTION | ---REFERENCE--- UNMAPPED EQUIV- SOURCE ALENT |
|---------------------|-----------------------|---|--|
| 77 D | 71 | INCOME TAX WITHHELD | 49 |
| 78 D | 72 | 1975 ESTIMATED TAX PAYMENTS | 50 |
| 79 D | 73 | AMOUNT PAID WITH FORM 4868 | 52 |
| 80 D | 74 | TAX DUE AT TIME OF FILING | 53 |
| 81 D | 75 | OVERPAYMENT, REFUND | 54 |
| 82 D | 76 | OVERPAYMENT, CREDIT TO 1976 ESTIMATED TAX | 55 |
| 83 D | 77 | TAX PAID WITH RETURN | 56 |
| 84 D | 78 | + - BUSINESS INCOME OR LOSS | 57 |
| 85 D | 79 | SUPPLEMENTAL SCHEDULE, NET GAIN OR NET LOSS | 59 |
| 86 D | 80 | PENSIONS, RENTS, ETC., INCOME OR LOSS | 60 |
| 87 D | 81 | + - FARM INCOME OR LOSS | 62 |
| 88 D | 82 | STATE INCOME TAX REFUNDS | 63 |
| 89 D | 83 | ALIMONY INCOME | 64 |
| 90 D | 84 | + - OTHER INCOME OR LOSS | 65 |
| 91 D | 85 | ADJUSTMENTS TO INCOME, MOVING EXPENSES | 67 |
| 92 D | 86 | ADJUSTMENTS TO INCOME, EMPLOYEE BUSINESS EXPENSES | 68 |
| 93 D | 87 | ADJUSTMENTS TO INCOME, PAYMENTS TO A KEOGH RETIREMENT PLAN | 69 |
| 94 D | 88 | ADJUSTMENTS TO INCOME, PAYMENTS TO INDIVIDUAL RETIREMENT ACCOUNT | 70 |
| 95 D | 89 | ADJUSTMENTS TO INCOME, FORFEITED INTEREST PENALTY | 71 |
| 96 D | 90 | CREDITS, RETIREMENT INCOME | 75 |
| 97 D | 91 | CREDITS, INVESTMENT | 76 |
| 98 D | 92 | CREDITS, FOREIGN TAX | 77 |
| 99 D | 93 | CREDITS, CONTRIBUTIONS TO CANDIDATE | 78 |
| 100 D | 94 | CREDITS, WORK INCENTIVE | 79 |
| 101 D | 95 | CREDITS, PURCHASE OF NEW RESIDENCE | 80 |
| 102 D | 96 | CREDITS, OTHER TAX CREDITS | 81 |
| 103 D | 97 | OTHER TAXES, RECOMPUTED PRIOR YEAR | 82 |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.3.1: DATA RECORD SPECIFICATION FOR THE 1975
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | --- | REFERENCE--- |
|-------------|-----------|---|------|---------------------------|
| SEQ NOS | NAME & NO | DATA ITEM DESCRIPTION | LN | MAPPED EQUIV-SOURCE ALENT |
| | | INVESTMENT TAX CREDIT | | |
| 104 | D 98 | OTHER TAXES, RECOMPUTED PRIOR YEAR WIN CREDIT | 83 | |
| 105 | D 99 | OTHER TAXES, TAX ON PREMATURE DISTRIBUTIONS (FORM 5329) | 85 | |
| 106 | D 100 | OTHER TAXES, SELF-EMPLOYMENT TAX | 86 | |
| 107 | D 101 | OTHER TAXES, SOCIAL SECURITY TAX ON TIPS, UNCOLLECTED TAX | 87 | |
| 108 | D 102 | OTHER TAXES, EXCESS CONTRIBUTIONS TO AN INDIVIDUAL RETIREMENT ACCOUNT | 88 | |
| 109 | D 103 | OTHER TAXES, ALL OTHER TAXES | 89 | |
| 110 | D 104 | OTHER TAX PAYMENTS, EXCESS FICA/RRTA TAX WITHHELD | 90 | |
| 111 | D 105 | OTHER TAX PAYMENTS, CREDIT FOR FEDERAL TAX ON GASOLINE | 91 | |
| 112 | D 106 | OTHER TAX PAYMENTS, TOTAL OTHER PAYMENTS | 92 | |
| 113 | D 107 | MEDICAL AND DENTAL EXPENSES, 1/2 INSURANCE PREMIUMS | 93 | |
| 114 | D 108 | MEDICAL AND DENTAL EXPENSES, MEDICINE AND DRUGS IN EXCESS OF 1% | 95 | |
| 115 | D 109 | MEDICAL AND DENTAL EXPENSES, MEDICAL AND DENTAL IN EXCESS OF .3% | 98 | |
| 116 | D 110 | MEDICAL AND DENTAL EXPENSES, TOTAL (AFTER INCOME LIMIT) | 99 | |
| 117 | D 111 | TAXES, STATE AND LOCAL INCOME TAX | 100 | |
| 118 | D 112 | TAXES, REAL ESTATE | 101 | |
| 119 | D 113 | TAXES, STATE AND LOCAL GASOLINE | 102 | |
| 120 | D 114 | TAXES, GENERAL SALES | 103 | |
| 121 | D 115 | TAXES, PERSONAL PROPERTY | 104 | |
| 122 | D 116 | TAXES, OTHER | COMP | |
| 123 | D 117 | CONTRIBUTIONS, CASH | 108 | |
| 124 | D 118 | CONTRIBUTIONS, OTHER THAN CASH | 109 | |
| 125 | D 119 | CONTRIBUTIONS, CARRYOVER FROM PRIOR YEAR | 110 | |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.3.1: DATA RECORD SPECIFICATION FOR THE 1975
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | --- | REFERENCE--- |
|-------------|-------|--|-----------------|--------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- | SOURCE ALERT |
| NUS | & NO | | SOURCE | |
| 126 | D 120 | CONTRIBUTIONS, OTHER | COMP | |
| 127 | D 121 | MISC. DEDUCTIONS, UNION DUES | 114 | |
| 128 | D 122 | MISC. DEDUCTIONS, POLITICAL CONTRIBUTIONS | 116 | |
| 129 | D 123 | MISC. DEDUCTIONS, OTHER | COMP | |
| 130 | D 124 | SHORT-TERM CAPITAL GAINS OR LOSSES, PRE-1970+POST-1969 ST CAPITAL LOSS | 118 | |
| 131 | D 125 | NET LOSS BEFORE LIMITATION | COMP | |
| 132 | D 126 | ALTERNATIVE TAX | COMP | |
| 133 | D 127 | PENSIONS AND ANNUITIES, INCOME THIS YEAR | 129 | |
| 134 | D 128 | + RENTS, NET INCOME OR NET LOSS | 131 | |
| 135 | D 129 | + ROYALTIES, NET INCOME OR NET LOSS | 132 | |
| 136 | D 130 | PARTNERSHIPS, TOTAL INCOME | 133 | |
| 137 | D 131 | PARTNERSHIPS, TOTAL LOSS | 134 | |
| 138 | D 132 | + PARTNERSHIPS, NET INCOME OR NET LOSS | 135 | |
| 139 | D 133 | ESTATE OR TRUST, TOTAL INCOME | 136 | |
| 140 | D 134 | ESTATE OR TRUST, TOTAL LOSS | 137 | |
| 141 | D 135 | + ESTATE OR TRUST NET INCOME OR NET LOSS | 138 | |
| 142 | D 136 | SMALL BUSINESS CORP., TOTAL INCOME | 139 | |
| 143 | D 137 | SMALL BUSINESS CORP., TOTAL LOSS | 140 | |
| 144 | D 138 | + SMALL BUSINESS CORPORATION NET INCOME OR NET LOSS | 141 | |
| 145 | D 139 | SCHEDULE SE NET EARNINGS FROM SELF-EMPLOYMENT | 142 | SEEARN |
| 146 | D 140 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON LOW-INCOME RENTAL HOUSING | 143 | |
| 147 | D 141 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON OTHER REAL PROPERTY | 144 | |
| 148 | D 142 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON PERSONAL PROPERTY | 145 | |
| 149 | D 143 | COMPUTATION OF MIN. TAX, TOTAL | 146 | |

NOTES: COMP = COMPUTED

RESV = RESERVED FOR FUTURE ADDITIONS

IMPT = IMPUTED ITEM

TABLE 2.3.1: DATA RECORD SPECIFICATION FOR THE 1975
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|-------|---|-----------------|--------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED EGUIV- | SCURCE ALENT |
| NUS | & NO | | | |
| | | AMORTIZATION | | |
| 150 | D 144 | COMPUTATION OF MIN. TAX, STOCK OPTIONS | 147 | |
| 151 | D 145 | COMPUTATION O MIN. TAX, RESERVES FOR BAD DEBTS | 148 | |
| 152 | D 146 | COMPUTATION OF MIN. TAX, DEPLETION | 149 | |
| 153 | D 147 | COMPUTATION OF MIN. TAX, CAPITAL GAINS | 150 | |
| 154 | D 148 | COMPUTATION OF MIN. TAX, EXCLUSION | 152 | |
| 155 | D 149 | COMPUTATION OF MIN. TAX, TAX FROM PREMATURE DISTRIBUTIONS(SEE RETIREMENT) | 153 | |
| 156 | D 150 | COMPUTATION OF MIN. TAX, TAX CARRY- OVER FROM PRIOR YEAR(S) | 154 | |
| 157 | D 151 | MAX. TAX ON EARNED INCOME, EARNED NET INCOME | COMP | |
| 158 | D 152 | MAX. TAX ON EARNED INCOME, TAX PREFERENCES IN EXCESS OF \$30,000 | COMP | |
| 159 | D 153 | MAX. TAX ON EARNED INCOME, ADJUSTED EARNED TAXABLE INCOME | COMP | |
| 160 | D 154 | MAX. TAX ON EARNED INCOME, MAXIMUM TAX | COMP | |
| 161 | D 155 | FORM 4952, INVESTMENT INTEREST, TOTAL | 165 | INVT |
| 162 | D 156 | FORM 4952, INVESTMENT INTEREST, TOTAL NON-BUSINESS | 166 | |
| 163 | D 157 | FORM 4952, INVESTMENT INTEREST, INTEREST DEDUCTION DISALLOWED | 167 | |
| 164 | D 158 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, ORDINARY INCOME PORTION | 168 | |
| 165 | D 159 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, 10-YEAR TOTAL | 169 | |
| 166 | D 160 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TOTAL TAXABLE AMOUNT | 170 | |
| 167 | D 161 | FORM 4972, SPECIAL LUMP-SUM INCOME. AVERAGING, ADJUSTED TOTAL TAXABLE AMOUNT | 171 | |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.3.1: DATA RECORD SPECIFICATION FOR THE 1975
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|-------|---|-----------------|--------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- | SOURCE ALENT |
| NUS | & NO | | SOURCE | |
| 168 | D 162 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TAX ON ORDINARY INCOME | 172 | |
| 169 | D 163 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TAX FROM SPECIAL INCOME | 173 | TLSLSIA |
| 170 | D 164 | FORM 4972, 1974 INVESTMENT INTEREST, ORDINARY INCOME PORTION | 176 | |
| 171 | D 165 | FORM 4972, 1974 INVESTMENT INTEREST, TOTAL BEFORE EXCLUSION | 177 | |
| 172 | D 166 | FORM 4972, 1974 INVESTMENT INTEREST, TOTAL TAXABLE AMOUNT | 178 | |
| 173 | D 167 | FORM 5405, COST OF RESIDENCE | 174 | |
| 174 | D 168 | FORM 5405, ADJUSTED BASIS | 175 | |
| 175 | D 169 | INVESTMENT INTEREST, INTEREST EXPENSE ALLOWED, NON-BUSINESS IMPUTATION, STATE & LOCAL BOND INTEREST | COMP | INVIA |
| 176 | D 170 | IMPUTATION, SHARE OF WAGE INCOME ATTRIBUTABLE TO SPOUSE | N.A. | |
| 177 | D 171 | IMPUTATION, SHARE OF WAGE INCOME NOT ATTRIBUTABLE TO HUSBAND'S 1ST JOB | N.A. | |
| 178 | D 172 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT | |
| 179 | D 173 | COMPUTATION MIN. TAX, 1/5 PREFERENCES FROM PREVIOUS 5 YEARS | COMP | FIFTH |
| 180 | D 174 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT | |
| 181 | D 175 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT | |
| 182 | D 176 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT | |
| 183 | D 177 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT | |
| 184 | D 178 | IMPUTATION, SOCIAL SECURITY & RR RETIRE. BENEFITS | IMPT | |
| 185 | D 179 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT | |
| 186 | D 180 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT | |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.3.1: DATA RECORD SPECIFICATION FOR THE 1975
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| ----- | | | |
|-------|-------|---|---------------------------------|
| FIELD | ARRAY | | --- |
| SEQ | NAME | DATA ITEM DESCRIPTION | REFERENCE--- |
| NQS | & NO | | UNMAPPED EQUIV- SOURCE ALENT |
| ----- | | | |
| | | ADDITIONS | |
| 187 | D 181 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT |
| 188 | MM 1 | BFI BUSINESS OR FARM INDICATOR | 1 |
| 189 | MM 2 | BUSIND BUSINESS INDICATOR | 2 |
| 190 | MM 3 | CSELI CORRECTED SELECTION ITEM CODE | 4 |
| 191 | MM 4 | DCIND DISTRICT OF COLUMBIA INDICATOR | 5 |
| 192 | MM 5 | DEPINC DEPENDENT WITH UNEARNED INCOME CODE | 6 |
| 193 | MM 6 | DGRoup GROUP CODE | 7 |
| 194 | MM 7 | DIST DISTRICT CODE | 8 |
| 195 | MM 8 | ELECT PRESIDENTIAL ELECTION FUND CODE | 9 |
| 196 | MM 9 | FLPD FILING PERIOD CODE | 11 |
| 197 | MM 10 | FORM FORM OF RETURN CODE | 12 |
| 198 | MM 11 | HINIX HIGH INCOME NON-TAXABLE RETURN CODE | 14 |
| 199 | MM 12 | PSAMP PUNCHED SAMPLE CODE | 16 |
| 200 | MM 13 | RESADJ RESIDENCE CREDIT ADJUSTMENT CODE | 17 |
| 201 | MM 14 | RECREV REVENUE SHARING RE-CODE | 18 |
| 202 | MM 15 | RSHARE REVENUE SHARING CODE | 19 |
| 203 | MM 16 | SCHCF SCHEDULE C OR F INDICATOR | 20 |
| 204 | MM 17 | SELI SELECTION ITEM CODE | 21 |
| 205 | MM 18 | STATE STATE CODE | 22 |
| 206 | MM 19 | TAXMOD TAX MODEL CODE | 23 |
| 207 | MM 20 | TNOCF TOTAL NUMBER OF PROPRIETOR- SHIP SCHEDULES | 24 |
| 208 | MM 21 | TSAMP TAX MODEL SAMPLE CODE | 25 |
| 209 | MM 22 | TXBAL TAX BALANCE CODE | 26 |
| 210 | MM 23 | TXST TAX STATUS CODE | 27 |
| 211 | MM 24 | PUNCHED SELECTION AMOUNT | 36 |
| 212 | MM 25 | *****CONFIDENTIAL***** | 37 |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.3.1: DATA RECORD SPECIFICATION FOR THE 1975
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | --- | REFERENCE--- |
|-------------|-------|------------------------|-----------------|--------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- | SOURCE ALERT |
| NUS | & NO | | SOURCE | |
| | | | ALERT | |
| 213 | MM 26 | *****CONFIDENTIAL***** | 38 | |
| 214 | MM 27 | *****CONFIDENTIAL***** | 180 | |
| | | CONFIDENTIAL | | |
| 215 | MM 28 | *****CONFIDENTIAL***** | 181 | |
| | | CONFIDENTIAL | | |
| 216 | MM 29 | *****CONFIDENTIAL***** | 182 | |
| 217 | MM 30 | **CONFIDENTIAL** | 183 | |
| 218 | MM 31 | ***CONFIDENTIAL*** | 184 | |
| 219 | MM 32 | *****CONFIDENTIAL***** | 185 | |
| 220 | MM 33 | *****CONFIDENTIAL***** | 186 | TAGE |
| 221 | MM 34 | *****CONFIDENTIAL***** | 187 | |
| 222 | MM 35 | *****CONFIDENTIAL***** | 188 | |
| 223 | MM 36 | *****CONFIDENTIAL***** | 189 | |
| 224 | MM 37 | *****CONFIDENTIAL***** | 190 | |
| | | ***** | | |
| 225 | MM 38 | *****CONFIDENTIAL***** | 191 | |
| | | **CONFIDENTIAL** | | |
| 226 | MM 39 | **CONFIDENTIAL* | 192 | |
| 227 | MM 40 | **CONFIDENTIAL** | 193 | |
| 228 | MM 41 | *****CONFIDENTIAL***** | 194 | |
| 229 | MM 42 | *****CONFIDENTIAL***** | 195 | SAGE |
| 230 | MM 43 | *****CONFIDENTIAL***** | 196 | |
| 231 | MM 44 | *****CONFIDENTIAL***** | 197 | |
| 232 | MM 45 | *****CONFIDENTIAL***** | 198 | |
| 233 | MM 46 | *****CONFIDENTIAL***** | 199 | |
| | | ***** | | |
| 234 | MM 47 | *****CONFIDENTIAL***** | 200 | |
| | | **CONFIDENTIAL** | | |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

2.4. 1978 INCOME TAX RETURN 1/2 SAMPLE: MAPPED & PACKED.

2.4.1. A SHORT DESCRIPTION.

THE 1978 INDIVIDUAL INCOME TAX RETURN HALF SAMPLE IN THE MAPPED AND PACKED FORMAT DIFFERS FROM THE 1975 HALF SAMPLE OF SECTION 2.3 IN THE FOLLOWING WAYS:

- (A) THE LEVELS OF THE INCOME ITEMS AND THE DEDUCTION ITEMS HAVE BEEN ADJUSTED TO REFLECT THE ESTIMATED 1978 CALENDAR YEAR TOTALS.
- (B) THE AGGREGATE NUMBER OF RETURNS AND EXEMPTIONS HAVE BEEN ADJUSTED--BY MODIFYING THE WEIGHT ON EACH RETURN--TO REFLECT THE ESTIMATED 1978 CALENDAR YEAR TOTALS (THE ADJUSTMENTS IN (A) AND (B) ABOVE ARE REFERRED TO AS THE EXTRAPOLATION PROCESS AND IS THE SUBJECT OF CHAPTER 3).
- (C) STATE AND LOCAL BOND INTEREST HAS BEEN IMPUTED TO EACH RECORD AND IS STORED IN D(170).
- (D) THE ORIGINAL VALUE OF REPORTED CHILD CARE HAS BEEN REPLACED WITH AN IMPUTED VALUE WHICH REFLECTS THE LIBERALIZATION OF THE CHILD CARE PROVISIONS SINCE 1975.
- (E) THE SHARE OF WAGE INCOME ATTRIBUTABLE TO THE SPOUSE ON JOINT RETURNS HAS BEEN IMPUTED. THIS IMPUTATION IS BASED ON TABULATIONS OF ALL JOINT RETURNS FOR WHICH WHICH FORMS W-2 WERE ATTACHED IN 1974. THE DATA WAS PROVIDED BY IRS. THIS ITEM IS STORED IN D(171).
- (F) LOCATION D(173) CONTAINS A FLAG FOR CONVERTING A PROPORTION OF THE 1975 LONG-TERM CAPITAL GAINS TO 1978 SHORT-TERM CAPITAL GAINS. THIS REFLECTS THE 12 MONTH HOLDING PERIOD FOR LONG TERM GAINS.
- (G) THE SOCIAL SECURITY PAYROLL TAX FOR TAXPAYER AND SPOUSE HAS BEEN IMPUTED TO THE 1978 FILE AND APPEARS IN D(175) AND D(176).
- (H) SOCIAL SECURITY & RAILROAD RETIREMENT BENEFITS HAVE BEEN TRANSFERRED FROM THE MERGE FILE (SEE SECTION 2.5) TO THE 1978 FILE AND ARE STORED IN D(178). THIS VARIABLE

SHOULD NOT BE USED EXCEPT IN THE CALCULATION OF THE ELDERLY CREDIT.

(I) LOCATION D(179) CONTAINS EXTRA EXEMPTIONS USED IN ESTIMATING 1978 WITHHOLDING. THESE EXEMPTIONS REPRESENT A DUMMY VARIABLE AND ARE NOT ACTUALLY REPORTED ON THE RETURN.

(J) THE DATA ITEMS MM34 & MM42, *****CONFIDENTIAL***** AND ****CONFIDENTIAL****, HAVE BEEN CONVERTED TO THE TAXPAYER'S AGE AND AND THE SPOUSE'S AGE. NOTE, THAT THE AGE MAY BE ZERO IF THERE IS NO TAXPAYER OR SPOUSE.

THIS SAMPLE CONTAINS IMPUTED ITEMIZED DEDUCTIONS FOR RETURNS THAT TOOK THE STANDARD DEDUCTION. THEREFORE, THE USER SHOULD BE CAREFUL WHEN TESTING ITEMIZED DEDUCTIONS FOR A POSITIVE ENTRY SINCE THIS COULD INTRODUCE NON-REPORTED FIGURES INTO THE RESULTS.

2.4.2. SAMPLE COUNTS AND WEIGHTS.

UNLIKE PREVIOUS TAX RETURN SAMPLES USED BY THE OFFICE OF TAX ANALYSIS, THIS SAMPLE HAS DIFFERING WEIGHTS FOR EACH RETURN DUE TO THE SAMPLING METHODOLOGY EMPLOYED IN DRAWING THE SUBSAMPLE. HOWEVER, THE WEIGHTS STILL SUM TO PRODUCE NATIONAL ESTIMATES. ALTHOUGH IT IS POSSIBLE TO PRODUCE SUB-NATIONAL ESTIMATES BY STATE (OR DISTRICT), THIS IS NOT RECOMMENDED SINCE THE NUMBER OF RETURNS IN THE SAMPLE FOR EACH STATE (OR DISTRICT) IS NOT LARGE ENOUGH TO INSURE RELIABLE ESTIMATES FOR MOST ITEMS.

2.4.3. DATA RECORD SPECIFICATION.

EVERY DATA RECORD IN THE TAX SAMPLE REPRESENTS ONE INDIVIDUAL INCOME TAX RETURN AND CONTAINS 234 DATA ITEMS (THE ORIGINAL 200 DATA ITEMS PLUS 34 NEW ITEMS). EACH DATA FIELD IS REFERENCED BY A FIELD SEQUENCE NUMBER AND STORED WITHIN THE DATA FIELD IS A NUMBER WHICH CORRESPONDS TO AN ENTRY MADE ON A FORM 1040 OR AUXILIARY SCHEDULE, A COMPUTED VARIABLE FROM THE TAX MODEL PROGRAM, OR AN IMPUTED VARIABLE EXOGGENOUS TO THE TAX MODEL. THE FIRST 74 FIELD SEQUENCE NUMBERS IN TABLE 2.5.1 REFERENCE THE 'BASIC VARIABLES' AND THE REMAINING FIELD SEQUENCE NUMBERS REFERENCE THE 'OTHER VARIABLES.'

SINCE ELECTRONIC COMPUTERS REQUIRE THAT EACH NUMBER BE CLASSIFIED AS ONE OF TWO MODES--INTEGER MODE(I) OR REAL MODE(R)--THE ARRAY NAME AND SUBSCRIPT NUMBER EMPLOYED BY THE TAX MODEL FOR EACH DATA ITEM APPEARS IN TABLE 2.5.1.

2.4.4. OTHER DOCUMENTATION.

NONE.

TABLE 2.4.1: DATA RECORD SPECIFICATION FOR THE 1978
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|-------------|--------------|--|--------------------|-----------------|
| SEQ NUS | NAME & NO | | UNMAPPED SOURCE | EQUIV- ALENT |
| 1 | M | 1 CONSECUTIVE RETURN NUMBER | COMP | RETNO |
| 2 | M | 2 MARS MARITAL STATUS CODE | 15 | MARS |
| 3 | M | 3 FDED FORM OF DEDUCTION CODE | 10 | IDEDX |
| 4 | M | 4 CSAMP COMPUTED SAMPLE CODE | 3 | MCODE |
| 5 | M | 5 PRESENT LAW AGI CLASS CODE | COMP | JY |
| 6 | M | 6 F4972 FORM 4972 CODE | 13 | F4972 |
| 7 | D | 1 TAXPAYER EXEMPTIONS | 29 | TXPYE |
| 8 | D | 2 AGE EXEMPTIONS | 30 | AGEDE |
| 9 | D | 3 BLIND EXEMPTIONS | 31 | BLNDE |
| 10 | D | 4 DEPENDENT EXEMPTIONS | 32 | DEPNE |
| 11 | D | 5 CHILD AT HOME EXEMPTIONS | 33 | CAHE |
| 12 | D | 6 CHILD AWAY FROM HOME EXEMPTIONS | 34 | CAFHE |
| 13 | D | 7 WAGES, SALARIES, ETC. | 39 | WAS |
| 14 | D | 8 DIVIDENDS, GROSS DIVIDENDS | 40 | GD |
| 15 | D | 9 DIVIDEXCLND EXCLUSION | COMP | DE |
| 16 | D | 10 DIVIDENDS, BALANCE IN AGI | 41 | TAXD |
| 17 | D | 11 ALL INCOME OTHER THAN DIVIDENDS AND CAPITAL GAINS IN AGI | COMP | RESID |
| 18 | D | 12 ADJUSTMENTS TO INCOME, SICK PAY | 66 | SICKPY |
| 19 | D | 13 TOTAL STATUTORY ADJUSTMENTS | 43 | ADJUST |
| 20 | D | 14 +/- ADJUSTED GROSS INCOME OR DEFICIT | 44 | AGIX |
| 21 | D | 15 INCOME TAX BEFORE CREDITS | 45 | TAXB |
| 22 | D | 16 PERSONAL EXEMPTION CREDIT | 46 | EMCRX |
| 23 | D | 17 CREDITS, TOTAL | COMP | TXCRD |
| 24 | D | 18 TENTATIVE TAX AFTER CREDITS | COMP | TTAXA |
| 25 | D | 19 OTHER TAXES, MINIMUM TAX | 84 | MINTAX |
| 26 | D | 20 OTHER TAXES, SUBTOTAL EXCLUDING MINIMUM TAX | COMP | CTHERT |
| 27 | D | 21 INCOME TAX AFTER CREDITS | 47 | TAXAX |
| 28 | D | 22 EARNED INCOME CREDIT | 51 | EICX |
| 29 | D | 23 TOTAL DEDUCTIONS | 72 | DX |
| 30 | D | 24 EXEMPTIONS AMOUNT | 73 | EXEM |
| 31 | D | 25 TAXABLE INCOME | 74 | TINCX |
| 32 | D | 26 TAX SAVINGS FROM INCOME AVERAGING | COMP | AVESAV |
| 33 | D | 27 CAPITAL GAINS DISTRIBUTION | 58 | CGD50 |

NOTES: COMP = COMPUTED
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IMPT = IMPUTED ITEM

TABLE 2.4.1: DATA RECORD SPECIFICATION FOR THE 1978
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|------|---|-----------------|--------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED | EQUIV- |
| NUS | & NO | | SOURCE | ALENT |
| 34 | D 28 | FULLY TAXABLE PENSIONS AND ANNUITIES | 61 | FTPEN |
| 35 | D 29 | PENSIONS AND ANNUITIES, TAXABLE PORTION | 130 | PTPEN |
| 36 | D 30 | MEDICAL AND DENTAL EXPENSES, BALANCE OF INSURANCE PREMIUMS | 96 | BMIP |
| 37 | D 31 | CONTRIBUTIONS, TOTAL | 111 | DN1 |
| 38 | D 32 | INTEREST EXPENSE, HOME MORTGAGE | 106 | HMIE |
| 39 | D 33 | INTEREST EXPENSE, OTHER | COMP | OIE |
| 40 | D 34 | INVESTMENT INCOME | COMP | INVY |
| 41 | D 35 | PERCENT NON-BUSINESS | COMP | PNB |
| 42 | D 36 | INTEREST EXPENSE, TOTAL | 107 | DN2 |
| 43 | D 37 | TAXES, TOTAL | 105 | DN3 |
| 44 | D 38 | MEDICAL AND DENTAL EXPENSES, MEDICINE AND DRUGS | 94 | DN4 |
| 45 | D 39 | MEDICAL AND DENTAL EXPENSES, MEDICAL AND DENTAL | COMP | DN5 |
| 46 | D 40 | MEDICAL AND DENTAL EXPENSES, FULL MEDICAL INSURANCE PREMIUMS | COMP | DN6 |
| 47 | D 41 | MISC. DEDUCTIONS, ALIMONY PAID | 113 | ALIMNY |
| 48 | D 42 | MISC. DEDUCTIONS, CHILD AND DEPENDENT CARE | 115 | CHILDC |
| 49 | D 43 | MISC. DEDUCTIONS, TOTAL | 117 | DN7 |
| 50 | D 44 | NET CASUALTY OR THEFT LOSS | 112 | DN8 |
| 51 | D 45 | +SHORT-TERM GAINS OR LOSSES, NET ST GAIN OR LOSS BEFORE CARRYOVER | COMP | STGL |
| 52 | D 46 | SHORT-TERM GAINS OR LOSSES, PRE-1970 SHORT-TERM CAPITAL LOSS CARRYOVER | COMP | P70STC |
| 53 | D 47 | SHORT-TERM GAINS OR LOSSES, POST-1969 SHORT-TERM CAPITAL LOSS CARRYOVER | COMP | P69STC |
| 54 | D 48 | + SHORT-TERM GAINS OR LOSSES, NET ST CAPITAL GAIN OR LOSS AFTER CARRY | COMP | NSTGL |
| 55 | D 49 | LONG-TERM GAINS OR LOSSES, NET LT GAIN OR LOSS BEFORE CARRYOVER | COMP | LTGL |
| 56 | D 50 | LONG-TERM GAINS OR LOSSES, PRE-1970 | 121 | P70LTC |

NOTES: COMP = COMPUTED
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TABLE 2.4.1: DATA RECORD SPECIFICATION FOR THE 1978
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|--------------|--|---------------------------|--------|
| SEQ NUS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- SOURCE | ALERT |
| | | LONG-TERM CAPITAL LOSS CARRYOVER | | |
| 57 D | 51 | LONG-TERM GAINS OR LOSSES, POST- 1969 LONG-TERM CAPITAL LOSS CARRYOVER | 122 | P69LTC |
| 58 D | 52 | + LONG-TERM GAINS OR LOSSES, NET LONG-TERM GAIN OR LOSS AFTER CARRYOVER | COMP | NLTGL |
| 59 D | 53 | NET CAPITAL GAINS OR LOSSES | COMP | NGL |
| 60 D | 54 | EXCLUDED LONG TERM CAPITAL GAINS | COMP | EXLCG |
| 61 D | 55 | CAPITAL GAINS OR LOSSES IN AGI AFTER LIMITATION | COMP | CGAGIX |
| 62 D | 56 | TAX SAVINGS DUE TO ALTERNATIVE TAX | COMP | ALTTAX |
| 63 D | 57 | LONG-TERM GAINS FROM INSTALLMENT SALES | 127 | LTGIS |
| 64 D | 58 | LONG-TERM CAPITAL GAINS SHELTERED UNDER THE ALTERNATIVE TREATMENT | COMP | CGYAX |
| 65 D | 59 | COMPUTATION OF MIN. TAX, PREFERENCE INCOME NET OF CAPITAL GAINS | COMP | PREFI |
| 66 D | 60 | COMPUTATION OF MIN. TAX, TOTAL ITEM S OF TAX PREFERENCES | 152 | PREFX |
| 67 D | 61 | COMPUTATION OF MIN. TAX, OTHER TAXES REDUCTING PREFERENCE INCOME | COMP | GTRP |
| 68 D | 62 | COMPUTATION OF MIN. TAX, 1975 NET OPERATING LOSS CARRYOVER | 155 | NCL75 |
| 69 D | 63 | COMPUTATION OF MIN. TAX, MINIMUM TAX DEFERRED FROM PRIOR YEAR(S) | 156 | MTDPY |
| 70 D | 64 | COMPUTATION OF MIN. TAX, UNUSED CREDITS | 157 | UNCRS |
| 71 D | 65 | MAX TAX ON EARNED INCOME, TAX SAVINGS FROM MAXIMUM TAX | COMP | MAXTAX |
| 72 D | 66 | MAX. TAX ON EARNED INCOME, EARNED INCOME | 159 | EARN |
| 73 D | 67 | MAX. TAX ON EARNED INCOME, DEDUCTIONS | 160 | ADJEI |
| 74 D | 68 | WEIGHT | 28 | WT |
| 75 D | 69 | TOTAL EXEMPTIONS | 35 | |
| 76 D | 70 | INTEREST INCOME | 42 | |

NOTES: COMP = COMPUTED
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IMPT = IMPUTED ITEM

TABLE 2.4.1: DATA RECORD SPECIFICATION FOR THE 1978
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | DATA ITEM DESCRIPTION | ---REFERENCE--- |
|-------------|-----------|---|-----------------------------|
| SEQ NOS | NAME & NO | | UNMAPPED EQUIV-SOURCE ALENT |
| 77 D | 71 | INCOME TAX WITHHELD | 49 |
| 78 D | 72 | 1975 ESTIMATED TAX PAYMENTS | 50 |
| 79 D | 73 | AMOUNT PAID WITH FORM 4868 | 52 |
| 80 D | 74 | TAX DUE AT TIME OF FILING | 53 |
| 81 D | 75 | OVERPAYMENT, REFUND | 54 |
| 82 D | 76 | OVERPAYMENT, CREDIT TO 1976 ESTIMATED TAX | 55 |
| 83 D | 77 | TAX PAID WITH RETURN | 56 |
| 84 D | 78 | + BUSINESS INCOME OR LOSS | 57 |
| 85 D | 79 | SUPPLEMENTAL SCHEDULE, NET GAIN OR NET LOSS | 59 |
| 86 D | 80 | PENSIONS, RENTS, ETC., INCOME OR LOSS | 60 |
| 87 D | 81 | + FARM INCOME OR LOSS | 62 |
| 88 D | 82 | STATE INCOME TAX REFUNDS | 63 |
| 89 D | 83 | ALIMONY INCOME | 64 |
| 90 D | 84 | + OTHER INCOME OR LOSS | 65 |
| 91 D | 85 | ADJUSTMENTS TO INCOME, MOVING EXPENSES | 67 |
| 92 D | 86 | ADJUSTMENTS TO INCOME, EMPLOYEE BUSINESS EXPENSES | 68 |
| 93 D | 87 | ADJUSTMENTS TO INCOME, PAYMENTS TO A KEOGH RETIREMENT PLAN | 69 |
| 94 D | 88 | ADJUSTMENTS TO INCOME, PAYMENTS TO INDIVIDUAL RETIREMENT ACCOUNT | 70 |
| 95 D | 89 | ADJUSTMENTS TO INCOME, FORFEITED INTEREST PENALTY | 71 |
| 96 D | 90 | CREDITS, RETIREMENT INCOME | 75 |
| 97 D | 91 | CREDITS, INVESTMENT | 76 |
| 98 D | 92 | CREDITS, FOREIGN TAX | 77 |
| 99 D | 93 | CREDITS, CONTRIBUTIONS TO CANDIDATE | 78 |
| 100 D | 94 | CREDITS, WORK INCENTIVE | 79 |
| 101 D | 95 | CREDITS, PURCHASE OF NEW RESIDENCE | 80 |
| 102 D | 96 | CREDITS, OTHER TAX CREDITS | 81 |
| 103 D | 97 | OTHER TAXES, RECOMPUTED PRIOR YEAR | 82 |

NOTES: COMP = COMPUTED

RESV = RESERVED FOR FUTURE ADDITIONS

IMPT = IMPUTED ITEM

TABLE 2.4.1: DATA RECORD SPECIFICATION FOR THE 1978
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | DATA ITEM DESCRIPTION | ---REFERENCE--- |
|-------------|--------------|--|---------------------------------|
| SEQ NUS | NAME & NO | | UNMAPPED EGUIV- SOURCE ALENT |
| | | INVESTMENT TAX CREDIT | |
| 104 | D 98 | OTHER TAXES, RECOMPUTED PRIOR YEAR WIN CREDIT | 83 |
| 105 | D 99 | OTHER TAXES, TAX ON PREMATURE DISTRIBUTIONS (FORM 5329) | 85 |
| 106 | D 100 | OTHER TAXES, SELF-EMPLOYMENT TAX | 86 |
| 107 | D 101 | OTHER TAXES, SOCIAL SECURITY TAX CN TIPS, UNCOLLECTED TAX | 87 |
| 108 | D 102 | OTHER TAXES, EXCESS CONTRIBUTIONS TO AN INDIVIDUAL RETIREMENT ACCOUNT | 88 |
| 109 | D 103 | OTHER TAXES, ALL OTHER TAXES | 89 |
| 110 | D 104 | OTHER TAX PAYMENTS, EXCESS FICA/RRT A TAX WITHHELD | 90 |
| 111 | D 105 | OTHER TAX PAYMENTS, CREDIT FOR FEDERAL TAX ON GASOLINE | 91 |
| 112 | D 106 | OTHER TAX PAYMENTS, TOTAL OTHER PAYMENTS | 92 |
| 113 | D 107 | MEDICAL AND DENTAL EXPENSES, 1/2 INSURANCE PREMIUMS | 93 |
| 114 | D 108 | MEDICAL AND DENTAL EXPENSES, MEDICINE AND DRUGS IN EXCESS OF 1% | 95 |
| 115 | D 109 | MEDICAL AND DENTAL EXPENSES, MEDICAL AND DENTAL IN EXCESS OF .3% | 98 |
| 116 | D 110 | MEDICAL AND DENTAL EXPENSES, TOTAL (AFTER INCOME LIMIT) | 99 |
| 117 | D 111 | TAXES, STATE AND LOCAL INCOME TAX | 100 |
| 118 | D 112 | TAXES, REAL ESTATE | 101 |
| 119 | D 113 | TAXES, STATE AND LOCAL GASOLINE | 102 |
| 120 | D 114 | TAXES, GENERAL SALES | 103 |
| 121 | D 115 | TAXES, PERSONAL PROPERTY | 104 |
| 122 | D 116 | TAXES, OTHER | COMP |
| 123 | D 117 | CONTRIBUTIONS, CASH | 108 |
| 124 | D 118 | CONTRIBUTIONS, OTHER THAN CASH | 109 |
| 125 | D 119 | CONTRIBUTIONS, CARRYOVER FROM PRIOR YEAR | 110 |

NOTES: COMP = COMPUTED
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TABLE 2.4.1: DATA RECORD SPECIFICATION FOR THE 1978
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD | ARRAY | SEQ | NAME | DATA ITEM DESCRIPTION | ---REFERENCE--- |
|-------|-------|-----|--|-----------------------|---------------------------------|
| NUS | & NO | | | | UNMAPPED EQUIV- SOURCE ALENT |
| 126 | D | 120 | CONTRIBUTIONS, OTHER | | COMP |
| 127 | D | 121 | MISC. DEDUCTIONS, UNION DUES | | 114 |
| 128 | D | 122 | MISC. DEDUCTIONS, POLITICAL CONTRIBUTIONS | | 116 |
| 129 | D | 123 | MISC. DEDUCTIONS, OTHER | | COMP |
| 130 | D | 124 | SHORT-TERM CAPITAL GAINS OR LOSSES, PRE-1970+POST-1969 ST CAPITAL LOSS | | 118 |
| 131 | D | 125 | NET LOSS BEFORE LIMITATION | | COMP |
| 132 | D | 126 | ALTERNATIVE TAX | | COMP |
| 133 | D | 127 | PENSIONS AND ANNUITIES, INCOME THIS YEAR | | 129 |
| 134 | D | 128 | + RENTS, NET INCOME OR NET LOSS | | 131 |
| 135 | D | 129 | + ROYALTIES, NET INCOME OR NET LOSS | | 132 |
| 136 | D | 130 | PARTNERSHIPS, TOTAL INCOME | | 133 |
| 137 | D | 131 | PARTNERSHIPS, TOTAL LOSS | | 134 |
| 138 | D | 132 | + PARTNERSHIPS, NET INCOME OR NET LOSS | | 135 |
| 139 | D | 133 | ESTATE OR TRUST, TOTAL INCOME | | 136 |
| 140 | D | 134 | ESTATE OR TRUST, TOTAL LOSS | | 137 |
| 141 | D | 135 | + ESTATE OR TRUST NET INCOME OR NET LOSS | | 138 |
| 142 | D | 136 | SMALL BUSINESS CORP., TOTAL INCOME | | 139 |
| 143 | D | 137 | SMALL BUSINESS CORP., TOTAL LOSS | | 140 |
| 144 | D | 138 | + SMALL BUSINESS CORPORATION NET INCOME OR NET LOSS | | 141 |
| 145 | D | 139 | SCHEDULE SE NET EARNINGS FROM SELF-EMPLOYMENT | | 142 SEEARN |
| 146 | D | 140 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON LOW-INCOME RENTAL HOUSING | | 143 |
| 147 | D | 141 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON OTHER REAL PROPERTY | | 144 |
| 148 | D | 142 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON PERSONAL PROPERTY | | 145 |
| 149 | D | 143 | COMPUTATION OF MIN. TAX, TOTAL | | 146 |

NOTES: COMP = COMPUTED
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TABLE 2.4.1: DATA RECORD SPECIFICATION FOR THE 1978
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|-------------|--------------|--|-----------------|--------------|
| SEQ NUS | NAME & NO | | UNMAPPED EQUIV- | SOURCE ALENT |
| | | AMORTIZATION | | |
| 150 | D 144 | COMPUTATION OF MIN. TAX, STOCK OPTIONS | 147 | |
| 151 | D 145 | COMPUTATION OF MIN. TAX, RESERVES FOR BAD DEBTS | F 148 | |
| 152 | D 146 | COMPUTATION OF MIN. TAX, DEPLETION | 149 | |
| 153 | D 147 | COMPUTATION OF MIN. TAX, CAPITAL GAINS | 150 | |
| 154 | D 148 | COMPUTATION OF MIN. TAX, EXCLUSION | 152 | |
| 155 | D 149 | COMPUTATION OF MIN. TAX, TAX FROM PREMATURE DISTRIBUTIONS(SEE RETIREMENT) | 153 | |
| 156 | D 150 | COMPUTATION OF MIN. TAX, TAX CARRY- OVER FROM PRIOR YEAR(S) | 154 | |
| 157 | D 151 | MAX. TAX ON EARNED INCOME, EARNED NET INCOME | COMP | |
| 158 | D 152 | MAX. TAX ON EARNED INCOME, TAX PREFERENCES IN EXCESS OF \$30,000 | COMP | |
| 159 | D 153 | MAX. TAX ON EARNED INCOME, ADJUSTED EARNED TAXABLE INCOME | COMP | |
| 160 | D 154 | MAX. TAX ON EARNED INCOME, MAXIMUM TAX | COMP | |
| 161 | D 155 | FORM 4952, INVESTMENT INTEREST, TOTAL | 165 | INVT |
| 162 | D 156 | FORM 4952, INVESTMENT INTEREST, TOTAL NON-BUSINESS | 166 | |
| 163 | D 157 | FORM 4952, INVESTMENT INTEREST, INTEREST DEDUCTION DISALLOWED | 167 | |
| 164 | D 158 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, ORDINARY INCOME PORTION | 168 | |
| 165 | D 159 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, 10-YEAR TOTAL | 169 | |
| 166 | D 160 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TOTAL TAXABLE AMOUNT | 170 | |
| 167 | D 161 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, ADJUSTED TOTAL TAXABLE AMOUNT | 171 | |

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TABLE 2.4.1: DATA RECORD SPECIFICATION FOR THE 1978
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|--------------|---|---------------------------|--------|
| SEQ NUS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- SOURCE | ALERT |
| 168 | D 162 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TAX ON ORDINARY INCOME | 172 | |
| 169 | D 163 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TAX FROM SPECIAL INCOME | 173 | TLSLIA |
| 170 | D 164 | FORM 4972, 1974 INVESTMENT INTEREST , ORDINARY INCOME PORTION | 176 | |
| 171 | D 165 | FORM 4972, 1974 INVESTMENT INTEREST , TOTAL BEFORE EXCLUSION | 177 | |
| 172 | D 166 | FORM 4972, 1974 INVESTMENT INTEREST , TOTAL TAXABLE AMOUNT | 178 | |
| 173 | D 167 | FORM 5405, COST OF RESIDENCE | 174 | |
| 174 | D 168 | FORM 5405, ADJUSTED BASIS | 175 | |
| 175 | D 169 | INVESTMENT INTEREST, INTEREST EXPENSE ALLOWED, NON-BUSINESS | COMP | INVIA |
| 176 | D 170 | IMPUTATION, STATE & LOCAL BOND INTEREST. | IMPT | |
| 177 | D 171 | IMPUTATION, SHARE OF WAGE INCOME ATTRIBUTABLE TO SPOUSE | IMPT | |
| 178 | D 172 | IMPUTATION, SHARE OF WAGE INCOME NOT ATTRIBUTABLE TO HUSBAND'S 1ST JOB | N.A. | |
| 179 | D 173 | IMPUTATION, FLAG FOR CONVERSION OF CAPITAL GAINS | IMPT | |
| 180 | D 174 | COMPUTATION MIN. TAX, 1/5 PREF- ERENCES FROM PREVIOUS 5 YEARS | COMP | FIFTH |
| 181 | D 175 | IMPUTATION, 1978 SOCIAL SECURITY PAYROLL TAX, TAXPAYER | IMPT | |
| 182 | D 176 | IMPUTATION, 1978 SOCIAL SECURITY PAYROLL TAX, SPOUSE | IMPT | |
| 183 | D 177 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS. | IMPT | |
| 184 | D 178 | IMPUTATION, SOCIAL SECURITY & RR,RETIR.BENEFITS | IMPT | |
| 185 | D 179 | IMPUTATION, EXTRA EXEMPTIONS FOR WITHHOLDING ESTIMATION | IMPT | |
| 186 | D 180 | IMPUTATION, RESERVED FOR FUTURE | IMPT | |

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TABLE 2.4.1: DATA RECORD SPECIFICATION FOR THE 1978
 INDIVIDUAL INCOME TAX RETURN
 HALF-SAMPLE; MAPPED AND PACKED

| ----- | | | |
|-------|-------|---|----------------------------------|
| FIELD | ARRAY | | --- |
| SEQ | NAME | DATA ITEM DESCRIPTION | REFERENCE--- |
| NUS | & NO | | UNMAPPED EGQUIV- SOURCE ALENT |
| ----- | | | |
| | | ADDITIONS | |
| 187 | D 181 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT |
| 188 | MM 1 | BFI BUSINESS OR FARM INDICATOR | 1 |
| 189 | MM 2 | BUSIND BUSINESS INDICATOR | 2 |
| 190 | MM 3 | CSELI CORRECTED SELECTION ITEM CODE | 4 |
| 191 | MM 4 | DCIND DISTRICT OF COLUMBIA INDICATOR | 5 |
| 192 | MM 5 | DEPINC DEPENDENT WITH UNEARNED INCOME CODE | 6 |
| 193 | MM 6 | DGROUP GROUP CODE | 7 |
| 194 | MM 7 | DIST DISTRICT CODE | 8 |
| 195 | MM 8 | ELECT PRESIDENTIAL ELECTION FUND CODE | 9 |
| 196 | MM 9 | FLPD FILING PERIOD CODE | 11 |
| 197 | MM 10 | FORM FORM OF RETURN CODE | 12 |
| 198 | MM 11 | HINTX HIGH INCOME NON-TAXABLE RETURN CODE | 14 |
| 199 | MM 12 | PSAMP PUNCHED SAMPLE CODE | 16 |
| 200 | MM 13 | RESADJ RESIDENCE CREDIT ADJUSTMENT CODE | 17 |
| 201 | MM 14 | RECREV REVENUE SHARING RE-CODE | 18 |
| 202 | MM 15 | RSHARE REVENUE SHARING CODE | 19 |
| 203 | MM 16 | SCHCF SCHEDULE C OR F INDICATOR | 20 |
| 204 | MM 17 | SELI SELECTION ITEM CODE | 21 |
| 205 | MM 18 | STATE STATE CODE | 22 |
| 206 | MM 19 | TAXMOD TAX MODEL CODE | 23 |
| 207 | MM 20 | TNOCF TOTAL NUMBER OF PROPRIETOR-SHIP SCHEDULES | 24 |
| 208 | MM 21 | TSAMP TAX MODEL SAMPLE CODE | 25 |
| 209 | MM 22 | TXBAL TAX BALANCE CODE | 26 |
| 210 | MM 23 | TXST TAX STATUS CODE | 27 |
| 211 | MM 24 | PUNCHED SELECTION AMOUNT | 36 |
| 212 | MM 25 | *****CONFIDENTIAL***** | 37 |

NOTES: COMP = COMPUTED
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 IMPT = IMPUTED ITEM

TABLE 2.4.1: DATA RECORD SPECIFICATION FOR THE 1978
INDIVIDUAL INCOME TAX RETURN
HALF-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | --- | REFERENCE--- |
|-------------|-------|--|-----------------|--------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- | |
| NUS | & NO | | SOURCE | ALENT |
| 213 | MM 26 | *****CONFIDENTIAL***** | 38 | |
| 214 | MM 27 | *****CONFIDENTIAL***** CONFIDENTIAL | 180 | |
| 215 | MM 28 | *****CONFIDENTIAL***** CONFIDENTIAL | 181 | |
| 216 | MM 29 | *****CONFIDENTIAL***** | 182 | |
| 217 | MM 30 | **CONFIDENTIAL** | 183 | |
| 218 | MM 31 | ***CONFIDENTIAL*** | 184 | |
| 219 | MM 32 | *****CONFIDENTIAL***** | 185 | |
| 220 | MM 33 | TAXPAYER'S AGE IN 1975 | 186 | TAGE |
| 221 | MM 34 | *****CONFIDENTIAL***** | 187 | |
| 222 | MM 35 | *****CONFIDENTIAL***** | 188 | |
| 223 | MM 36 | *****CONFIDENTIAL***** | 189 | |
| 224 | MM 37 | *****CONFIDENTIAL***** ***** | 190 | |
| 225 | MM 38 | *****CONFIDENTIAL***** **CONFIDENTIAL** | 191 | |
| 226 | MM 39 | **CONFIDENTIAL* | 192 | |
| 227 | MM 40 | **CONFIDENTIAL** | 193 | |
| 228 | MM 41 | ***CONFIDENTIAL*** | 194 | |
| 229 | MM 42 | SPOUSE'S AGE IN 1975 | 195 | SAGE |
| 230 | MM 43 | ***CONFIDENTIAL*** | 196 | |
| 231 | MM 44 | ***CONFIDENTIAL*** | 197 | |
| 232 | MM 45 | *****CONFIDENTIAL***** | 198 | |
| 233 | MM 46 | *****CONFIDENTIAL***** ***** | 199 | |
| 234 | MM 47 | *****CONFIDENTIAL***** **CONFIDENTIAL** | 200 | |

NOTES: COMP = COMPUTED
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2.5. 1975 MERGED SIE & SOI SAMPLE: MAPPED & PACKED.

2.5.1. A SHORT DESCRIPTION.

THE 1975 MERGED FILE WAS PRODUCED FROM THE 1975 TREASURY PERSONAL TAX MODEL AND A 'TRIM' PROCESSED VERSION OF THE 1975 SIE. THIS SAMPLE CONTAINS 126,663 RETURNS. THE MERGING METHODOLOGY WAS STATISTICAL RATHER THAN EXACT, AND THE PROBLEM WAS CONSTRAINED BY THE WEIGHTS AT THE RECORD LEVEL. THE PROBLEM WAS DIVIDED INTO SIX SUB-PROBLEMS BASED UPON GEOGRAPHICAL LOCATION SO THAT EACH SEPARATE PROBLEM WOULD EASILY FIT THE SIZING DIMENSIONS OF THE TREASURY SOFTWARE.

FACTORS USED FOR MERGING INCLUDED AGE, RACE, SEX, TAX SCHEDULE, NUMBER OF EXEMPTIONS, AGI, WAGES AND SALARIES, BUSINESS INCOME, AND PROPERTY INCOME. RECORDS IN THE SIE FILE WHICH WERE NOT LINKED TO SOI RECORDS WERE CLASSIFIED AS THE NON-FILING POPULATION. THE NON-FILING POPULATION WITH ONLY FEW EXCEPTIONS, CONSISTED OF POTENTIAL TAX RECORDS WITH LITTLE OR NO AGI AS DEFINED BY CURRENT LAW.

THE 1975 MERGED FILE PRODUCES STATISTICS IN CONFORMITY WITH SIE AND THE 1975 TAX MODEL. THE PREVIOUS PROBLEM OF TRUNCATION OF THE WEIGHTS ON INDIVIDUAL RETURNS HAS BEEN CORRECTED SO THAT ALL WEIGHTS ARE CARRIED TO A DECIMAL ACCURACY OF ONE THIRD.

DIFFERENT SAMPLING PROCEDURES WERE USED TO SELECT THE TAX MODEL AND THE SIE. AS A CONSEQUENCE, RECORD SPLITTING IS REQUIRED FOR THE MERGED FILE TO BE STATISTICALLY CONSISTENT WITH EACH OF THE FILES FROM WHICH IT CAME.

2.5.2. SAMPLE COUNTS AND WEIGHTS.

TABLE 2.5.1 PRESENTS THE SAMPLE CODES, SAMPLE STRATUM, AND THE NUMBER OF RETURNS IN EACH STRATUM FOR THE 1975 MERGE SAMPLE. UNLIKE THE EARLIER TAX RETURN SAMPLES, THIS SAMPLE HAS DIFFERING WEIGHTS FOR EACH RETURN DUE TO THE MERGE PROCESS EMPLOYED TO CREATE THE SAMPLE. HOWEVER, THE WEIGHTS STILL SUM TO PRODUCE THE SAME NATIONAL ESTIMATES THAT ARE PRODUCED BY THE 1975 SOI ALONE.

TABLE 2.5.1: CODES, STRATUM, AND NUMBER OF RETURNS FOR THE 1975 MERGED INDIVIDUAL INCOME TAX RETURN FULL-SAMPLE

| SAMPLE CODE | SAMPLE STRATUM | NUMBER OF RETURNS | COMMENTS |
|--|---------------------------|----------------------|--------------------|
| ----- | | | |
| NON-BUSINESS AND FARM(SCHEDULE F ONLY) AGI, DEFICIT, OR LSII | | | |
| 11 | UNDER \$ 10,000 | 38,861 | |
| 12 | \$ 10,000 UNDER \$ 15,000 | 13,170 | |
| 13 | \$ 15,000 UNDER \$ 20,000 | 10,077 | |
| 14 | \$ 20,000 UNDER \$ 50,000 | 24,188 | |
| 15 | \$ 50,000 UNDER \$100,000 | 4,508 | |
| 16 | \$100,000 UNDER \$200,000 | 2,021 | |
| 17 | \$200,000 UNDER \$500,000 | 1,131 | (ONLY TAXABLE) |
| 18 | \$200,000 AND OVER | 149 | (ONLY NON-TAXABLE) |
| 19 | \$500,000 AND OVER | 1,654 | (ONLY TAXABLE) |
| BUSINESS(SCHEDULE C & F OR C ONLY) AGI, DEFICIT OR LSII | | | |
| 21 | UNDER \$ 10,000 | 2,049 | |
| 22 | \$ 10,000 UNDER \$ 15,000 | 1,706 | |
| 23 | \$ 15,000 UNDER \$ 20,000 | 1,498 | |
| 24 | \$ 20,000 UNDER \$ 30,000 | 2,171 | |
| 25 | \$ 30,000 UNDER \$ 50,000 | 2,384 | |
| 26 | \$ 50,000 UNDER \$100,000 | 1,868 | |
| 27 | \$100,000 UNDER \$200,000 | 811 | |
| 28 | \$200,000 UNDER \$500,000 | 586 | (ONLY TAXABLE) |
| 29 | \$200,000 AND OVER | 103 | (ONLY NON-TAXABLE) |
| 30 | \$500,000 AND OVER | 1,130 | (ONLY TAXABLE) |
| 0 | NON-FILING RETURNS | 16,598 | |
| | TOTAL | 126,663 | |
| ----- | | | |

2.5.3. DATA RECORD SPECIFICATION.

EVERY DATA RECORD IN THE TAX SAMPLE REPRESENTS ONE INDIVIDUAL INCOME TAX RETURN THAT HAS BEEN MATCHED WITH ONE SIE RECORD

CONTAINING SOCIO-ECONOMIC DATA. EACH RECORD CONTAINS 265 DATA ITEMS (THE ORIGINAL 200 DATA ITEMS FROM THE SCI, THE 34 DATA ITEMS APPENDED TO THE SOI FOR USE BY THE TAX MODEL AND 31 SIE-'TRIM' GENERATED DATA ITEMS). TABLE 2.5.2 PROVIDES A COMPLETE RECORD SPECIFICATION OF ALL THE DATA ITEMS MENTIONED ABOVE.

THE USER WILL NOTE THAT THIS SAMPLE CONTAINS MORE THAN ONE WEIGHT. THE CORRECT WEIGHT TO EMPLOY IS DATA ITEM DD(1).

THE USER SHOULD ALSO NOTE THAT DATA ITEM MM(57) CONTAINS A 0 OR A 1 TO INDICATE THE FILING STATUS OF THE RETURN. IF MM(57) CONTAINS A 1, THE RETURN IS A FILING RETURN, OTHERWISE THE RETURN IS A NON-FILING RETURN.

2.5.4. OTHER DOCUMENTATION.

J. SCOTT TURNER & GARY B. GILLIAM, 'REDUCING AND MERGING FILES', U.S. TREASURY DEPARTMENT, OTA PAPER NO. 7, OCTOBER 1975.

ANNE BERGSMAN, 'DESCRIPTION OF TRIM SIE FILE AT TREASURY', MEMO OF NOVEMBER 7, 1977. (SUPPLY VERY LIMITED)

RICHARD BARR, 'COMPARITIVE STATISTICS FOR 1975 SOI AND SIE DATA FILES', DRAFT WORKING PAPER, APRIL 7, 1978.

TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|--------------|--|--------------------|-----------------|
| SEQ NUS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED SOURCE | EQUIV- ALENT |
| 1 | M | 1 CONSECUTIVE RETURN NUMBER | COMP | RETNO |
| 2 | M | 2 MARS MARITAL STATUS CODE | 15 | MARS |
| 3 | M | 3 FDED FORM OF DEDUCTION CODE | 10 | IDEDX |
| 4 | M | 4 CSAMP COMPUTED SAMPLE CODE | 3 | MCODE |
| 5 | M | 5 PRESENT LAW AGI CLASS CODE | COMP | JY |
| 6 | M | 6 F4972 FORM 4972 CODE | 13 | F4972 |
| 7 | D | 1 TAXPAYER EXEMPTIONS | 29 | TXPYE |
| 8 | D | 2 AGE EXEMPTIONS | 30 | AGEDE |
| 9 | D | 3 BLIND EXEMPTIONS | 31 | BLNDE |
| 10 | D | 4 DEPENDENT EXEMPTIONS | 32 | DEPNE |
| 11 | D | 5 CHILD AT HOME EXEMPTIONS | 33 | CAHE |
| 12 | D | 6 CHILD AWAY FROM HOME EXEMPTIONS | 34 | CAFHE |
| 13 | D | 7 WAGES, SALARIES, ETC. | 39 | WAS |
| 14 | D | 8 DIVIDENDS, GROSS DIVIDENDS | 40 | GD |
| 15 | D | 9 DIVIDEND EXCLUSION | COMP | DEXCL |
| 16 | D | 10 DIVIDENDS, BALANCE IN AGI | 41 | TAXD |
| 17 | D | 11 ALL INCOME OTHER THAN DIVIDENDS AND CAPITAL GAINS IN AGI | COMP | RESID |
| 18 | D | 12 ADJUSTMENTS TO INCOME, SICK PAY | 66 | SICKPY |
| 19 | D | 13 TOTAL STATUTORY ADJUSTMENTS | 43 | ADJUST |
| 20 | D | 14 +/- ADJUSTED GROSS INCOME OR DEFICIT | 44 | AGIX |
| 21 | D | 15 INCOME TAX BEFORE CREDITS | 45 | TAXB |
| 22 | D | 16 PERSONAL EXEMPTION CREDIT | 46 | EMCRX |
| 23 | D | 17 CREDITS, TOTAL | COMP | TXCRD |
| 24 | D | 18 TENTATIVE TAX AFTER CREDITS | COMP | TTAXA |
| 25 | D | 19 OTHER TAXES, MINIMUM TAX | 84 | MINTAX |
| 26 | D | 20 OTHER TAXES, SUBTOTAL EXCLUDING MINIMUM TAX | COMP | CTHERT |
| 27 | D | 21 INCOME TAX AFTER CREDITS | 47 | TAXAX |
| 28 | D | 22 EARNED INCOME CREDIT | 51 | EICX |
| 29 | D | 23 TOTAL DEDUCTIONS | 72 | DX |
| 30 | D | 24 EXEMPTIONS AMOUNT | 73 | EXEM |
| 31 | D | 25 TAXABLE INCOME | 74 | TINCX |
| 32 | D | 26 TAX SAVINGS FROM INCOME AVERAGING | COMP | AVESAV |
| 33 | D | 27 CAPITAL GAINS DISTRIBUTION | 58 | CGD50 |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|-------------|--------------|--|--------------------|-----------------|
| SEQ NUS | NAME & NO | | UNMAPPED SOURCE | EQUIV- ALENT |
| 34 | D 28 | FULLY TAXABLE PENSIONS AND ANNUITIES | 61 | FTPEN |
| 35 | D 29 | PENSIONS AND ANNUITIES, TAXABLE PORTION | 130 | PTPEN |
| 36 | D 30 | MEDICAL AND DENTAL EXPENSES, BALANCE OF INSURANCE PREMIUMS | 96 | BMIP |
| 37 | D 31 | CONTRIBUTIONS, TOTAL | 111 | DN1 |
| 38 | D 32 | INTEREST EXPENSE, HOME MORTGAGE | 106 | HMIE |
| 39 | D 33 | INTEREST EXPENSE, OTHER | COMP | CIE |
| 40 | D 34 | INVESTMENT INCOME | COMP | INVY |
| 41 | D 35 | PERCENT NON-BUSINESS | COMP | PNB |
| 42 | D 36 | INTEREST EXPENSE, TOTAL | 107 | CN2 |
| 43 | D 37 | TAXES, TOTAL | 105 | DN3 |
| 44 | D 38 | MEDICAL AND DENTAL EXPENSES, MEDICINE AND DRUGS | 94 | DN4 |
| 45 | D 39 | MEDICAL AND DENTAL EXPENSES, MEDICAL AND DENTAL | COMP | DN5 |
| 46 | D 40 | MEDICAL AND DENTAL EXPENSES, FULL MEDICAL INSURANCE PREMIUMS | COMP | DN6 |
| 47 | D 41 | MISC. DEDUCTIONS, ALIMONY PAID | 113 | ALIMNY |
| 48 | D 42 | MISC. DEDUCTIONS, CHILD AND DEPENDENT CARE | 115 | CHILDC |
| 49 | D 43 | MISC. DEDUCTIONS, TOTAL | 117 | DN7 |
| 50 | D 44 | NET CASUALTY OR THEFT LOSS | 112 | DN8 |
| 51 | D 45 | +SHORT-TERM GAINS OR LOSSES, NET ST GAIN OR LOSS BEFORE CARRYOVER | COMP | STGL |
| 52 | D 46 | SHORT-TERM GAINS OR LOSSES, PRE-1970 SHORT-TERM CAPITAL LOSS CARRYOVER | COMP | P70STC |
| 53 | D 47 | SHORT-TERM GAINS OR LOSSES, POST-1969 SHORT-TERM CAPITAL LOSS CARRYOVE | COMP | P69STC |
| 54 | D 48 | + SHORT-TERM GAINS OR LOSSES, NET ST CAPITAL GAIN OR LOSS AFTER CARRY | COMP | NSTGL |
| 55 | D 49 | LONG-TERM GAINS OR LOSSES, NET LT GAIN OR LOSS BEFORE CARRYOVER | COMP | LTGL |
| 56 | D 50 | LONG-TERM GAINS OR LOSSES, PRE-1970 | 121 | P70LTC |

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 IMPT = IMPUTED ITEM

TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|------|---|-----------------|--------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED | EQUIV- |
| NUS | & NO | | SOURCE | ALENT |
| | | LONG-TERM CAPITAL LOSS CARRYOVER | | |
| 57 | D 51 | LONG-TERM GAINS OR LOSSES, POST-1969 LONG-TERM CAPITAL LOSS CARRYOVER | 122 | P69LTC |
| 58 | D 52 | + LONG-TERM GAINS OR LOSSES, NET LONG-TERM GAIN OR LOSS AFTER CARRYOVER | COMP | NLTGL |
| 59 | D 53 | NET CAPITAL GAINS OR LOSSES | COMP | NGL |
| 60 | D 54 | EXCLUDED LONG TERM CAPITAL GAINS | COMP | EXLCG |
| 61 | D 55 | CAPITAL GAINS OR LOSSES IN AGI AFTER LIMITATION | COMP | CGAGIX |
| 62 | D 56 | TAX SAVINGS DUE TO ALTERNATIVE TAX | COMP | ALTTAX |
| 63 | D 57 | LONG-TERM GAINS FROM INSTALLMENT SALES | 127 | LTGIS |
| 64 | D 58 | LONG-TERM CAPITAL GAINS SHELTERED UNDER THE ALTERNATIVE TREATMENT | COMP | CGYAX |
| 65 | D 59 | COMPUTATION OF MIN. TAX, PREFERENCE INCOME NET OF CAPITAL GAINS | COMP | PREFI |
| 66 | D 60 | COMPUTATION OF MIN. TAX, TOTAL ITEMS OF TAX PREFERENCES | 152 | PREFX |
| 67 | D 61 | COMPUTATION OF MIN. TAX, OTHER TAXES REDUCTING PREFERENCE INCOME | COMP | CTRP |
| 68 | D 62 | COMPUTATION OF MIN. TAX, 1975 NET OPERATING LOSS CARRYOVER | 155 | NCL75 |
| 69 | D 63 | COMPUTATION OF MIN. TAX, MINIMUM TAX DEFERRED FROM PRIOR YEAR(S) | 156 | MTDPY |
| 70 | D 64 | COMPUTATION OF MIN. TAX, UNUSED CREDITS | 157 | UNCRS |
| 71 | D 65 | MAX TAX ON EARNED INCOME, TAX SAVINGS FROM MAXIMUM TAX | COMP | MAXTAX |
| 72 | D 66 | MAX. TAX ON EARNED INCOME, EARNED INCOME | 159 | EARN |
| 73 | D 67 | MAX. TAX ON EARNED INCOME, DEDUCTIONS | 160 | ADJEI |
| 74 | D 68 | WEIGHT | 28 | WT. |
| 75 | D 69 | TOTAL EXEMPTIONS | .35 | |
| 76 | D 70 | INTEREST INCOME | 42 | |

NOTES: COMP = COMPUTED
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 IMPT = IMPUTED ITEM

TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- |
|-------------|------|---|-----------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- |
| NUS | & NO | | SOURCE ALERT |
| 77 D | 71 | INCOME TAX WITHHELD | 49 |
| 78 D | 72 | 1975 ESTIMATED TAX PAYMENTS | 50 |
| 79 D | 73 | AMOUNT PAID WITH FORM 4868 | 52 |
| 80 D | 74 | TAX DUE AT TIME OF FILING | 53 |
| 81 D | 75 | OVERPAYMENT, REFUND | 54 |
| 82 D | 76 | OVERPAYMENT, CREDIT TO 1976 ESTIMATED TAX | 55 |
| 83 D | 77 | TAX PAID WITH RETURN | 56 |
| 84 D | 78 | + - BUSINESS INCOME OR LOSS | 57 |
| 85 D | 79 | SUPPLEMENTAL SCHEDULE, NET GAIN OR NET LOSS | 59 |
| 86 D | 80 | PENSIONS, RENTS, ETC., INCOME OR LOSS | 60 |
| 87 D | 81 | + - FARM INCOME OR LOSS | 62 |
| 88 D | 82 | STATE INCOME TAX REFUNDS | 63 |
| 89 D | 83 | ALIMONY INCOME | 64 |
| 90 D | 84 | + - OTHER INCOME OR LOSS | 65 |
| 91 D | 85 | ADJUSTMENTS TO INCOME, MOVING EXPENSES | 67 |
| 92 D | 86 | ADJUSTMENTS TO INCOME, EMPLOYEE BUSINESS EXPENSES | 68 |
| 93 D | 87 | ADJUSTMENTS TO INCOME, PAYMENTS TO A KEOGH RETIREMENT PLAN | 69 |
| 94 D | 88 | ADJUSTMENTS TO INCOME, PAYMENTS TO INDIVIDUAL RETIREMENT ACCOUNT | 70 |
| 95 D | 89 | ADJUSTMENTS TO INCOME, FORFEITED INTEREST PENALTY | 71 |
| 96 D | 90 | CREDITS, RETIREMENT INCOME | 75 |
| 97 D | 91 | CREDITS, INVESTMENT | 76 |
| 98 D | 92 | CREDITS, FOREIGN TAX | 77 |
| 99 D | 93 | CREDITS, CONTRIBUTIONS TO CANDIDATE | 78 |
| 100 D | 94 | CREDITS, WORK INCENTIVE | 79 |
| 101 D | 95 | CREDITS, PURCHASE OF NEW RESIDENCE | 80 |
| 102 D | 96 | CREDITS, OTHER TAX CREDITS | 81 |
| 103 D | 97 | OTHER TAXES, RECOMPUTED PRIOR YEAR | 82 |

NOTES: COMP = COMPUTED
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 IMPT = IMPUTED ITEM

TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | DATA ITEM DESCRIPTION | ---REFERENCE--- |
|-------------|--------------|--|---------------------------------|
| SEQ NUS | NAME & NO | | UNMAPPED EQUIV- SOURCE ALENT |
| | | INVESTMENT TAX CREDIT | |
| 104 | D 98 | OTHER TAXES, RECOMPUTED PRIOR YEAR WIN CREDIT | 83 |
| 105 | D 99 | OTHER TAXES, TAX ON PREMATURE DISTRIBUTIONS (FORM 5329) | 85 |
| 106 | D 100 | OTHER TAXES, SELF-EMPLOYMENT TAX | 86 |
| 107 | D 101 | OTHER TAXES, SOCIAL SECURITY TAX ON TIPS, UNCOLLECTED TAX | 87 |
| 108 | D 102 | OTHER TAXES, EXCESS CONTRIBUTIONS TO AN INDIVIDUAL RETIREMENT ACCOUNT | 88 |
| 109 | D 103 | OTHER TAXES, ALL OTHER TAXES | 89 |
| 110 | D 104 | OTHER TAX PAYMENTS, EXCESS FICA/RRT A TAX WITHHELD | 90 |
| 111 | D 105 | OTHER TAX PAYMENTS, CREDIT FOR FEDERAL TAX ON GASOLINE | 91 |
| 112 | D 106 | OTHER TAX PAYMENTS, TOTAL OTHER PAYMENTS | 92 |
| 113 | D 107 | MEDICAL AND DENTAL EXPENSES, 1/2 INSURANCE PREMIUMS | 93 |
| 114 | D 108 | MEDICAL AND DENTAL EXPENSES, MEDICINE AND DRUGS IN EXCESS OF 1% | 95 |
| 115 | D 109 | MEDICAL AND DENTAL EXPENSES, MEDICAL AND DENTAL IN EXCESS OF .3% | 98 |
| 116 | D 110 | MEDICAL AND DENTAL EXPENSES, TOTAL (AFTER INCOME LIMIT) | 99 |
| 117 | D 111 | TAXES, STATE AND LOCAL INCOME TAX | 100 |
| 118 | D 112 | TAXES, REAL ESTATE | 101 |
| 119 | D 113 | TAXES, STATE AND LOCAL GASOLINE | 102 |
| 120 | D 114 | TAXES, GENERAL SALES | 103 |
| 121 | D 115 | TAXES, PERSONAL PROPERTY | 104 |
| 122 | D 116 | TAXES, OTHER | COMP |
| 123 | D 117 | CONTRIBUTIONS, CASH | 108 |
| 124 | D 118 | CONTRIBUTIONS, OTHER THAN CASH | 109 |
| 125 | D 119 | CONTRIBUTIONS, CARRYOVER FROM PRIOR YEAR | 110 |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|-------------|--------------|---|-----------------|------------------------|
| SEQ NUS | NAME & NO | | UNMAPPED | EQUIV- SOURCE ALENT |
| 126 | D 120 | CONTRIBUTIONS, OTHER | COMP | |
| 127 | D 121 | MISC. DEDUCTIONS, UNION DUES | 114 | |
| 128 | D 122 | MISC. DEDUCTIONS, POLITICAL CONTRIBUTIONS | 116 | |
| 129 | D 123 | MISC. DEDUCTIONS, OTHER | COMP | |
| 130 | D 124 | SHORT-TERM CAPITAL GAINS OR LOSSES, PRE-1970+POST-1969 ST CAPITAL LOSS | 118 | |
| 131 | D 125 | NET LOSS BEFORE LIMITATION | COMP | |
| 132 | D 126 | ALTERNATIVE TAX | COMP | |
| 133 | D 127 | PENSIONS AND ANNUITIES, INCOME THIS YEAR | 129 | |
| 134 | D 128 | + RENTS, NET INCOME OR NET LOSS | 131 | |
| 135 | D 129 | + ROYALTIES, NET INCOME OR NET LOSS | 132 | |
| 136 | D 130 | PARTNERSHIPS, TOTAL INCOME | 133 | |
| 137 | D 131 | PARTNERSHIPS, TOTAL LOSS | 134 | |
| 138 | D 132 | + PARTNERSHIPS, NET INCOME OR NET LOSS | 135 | |
| 139 | D 133 | ESTATE OR TRUST, TOTAL INCOME | 136 | |
| 140 | D 134 | ESTATE OR TRUST, TOTAL LOSS | 137 | |
| 141 | D 135 | + ESTATE OR TRUST NET INCOME OR NET LOSS | 138 | |
| 142 | D 136 | SMALL BUSINESS CORP., TOTAL INCOME | 139 | |
| 143 | D 137 | SMALL BUSINESS CORP., TOTAL LOSS | 140 | |
| 144 | D 138 | + SMALL BUSINESS CORPORATION NET INCOME OR NET LOSS | 141 | |
| 145 | D 139 | SCHEDULE SE NET EARNINGS FROM SELF- EMPLOYMENT | 142 | SEEARN |
| 146 | D 140 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON LOW-INCOME RENTAL HOUSING | 143 | |
| 147 | D 141 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON OTHER REAL PROPERTY | 144 | |
| 148 | D 142 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON PERSONAL PROPERTY | 145 | |
| 149 | D 143 | COMPUTATION OF MIN. TAX, TOTAL | 146 | |

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 IMPT = IMPUTED ITEM

TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
MERGED INDIVIDUAL INCOME TAX RETURN
FULL-SAMPLE; MAPPED AND PACKED

| FIELD SEQ NOS | ARRAY NAME & NO | DATA ITEM DESCRIPTION | ---REFERENCE--- UNMAPPED EQUIV- SOURCE ALENT |
|---------------------|-----------------------|--|--|
| | | AMORTIZATION | |
| 150 | D 144 | COMPUTATION OF MIN. TAX, STOCK OPTIONS | 147 |
| 151 | D 145 | COMPUTATION OF MIN. TAX, RESERVES FOR BAD DEBTS | 148 |
| 152 | D 146 | COMPUTATION OF MIN. TAX, DEPLETION | 149 |
| 153 | D 147 | COMPUTATION OF MIN. TAX, CAPITAL GAINS | 150 |
| 154 | D 148 | COMPUTATION OF MIN. TAX, EXCLUSION | 152 |
| 155 | D 149 | COMPUTATION OF MIN. TAX, TAX FROM PREMATURE DISTRIBUTIONS(SEE RETIREMENT) | 153 |
| 156 | D 150 | COMPUTATION OF MIN. TAX, TAX CARRY- OVER FROM PRIOR YEAR(S) | 154 |
| 157 | D 151 | MAX. TAX ON EARNED INCOME, EARNED NET INCOME | COMP |
| 158 | D 152 | MAX. TAX ON EARNED INCOME, TAX PREFERENCES IN EXCESS OF \$30,000 | COMP |
| 159 | D 153 | MAX. TAX ON EARNED INCOME, ADJUSTED EARNED TAXABLE INCOME | COMP |
| 160 | D 154 | MAX. TAX ON EARNED INCOME, MAXIMUM TAX | COMP |
| 161 | D 155 | FORM 4952, INVESTMENT INTEREST, TOTAL | 165 INVIT |
| 162 | D 156 | FORM 4952, INVESTMENT INTEREST, TOTAL NON-BUSINESS | 166 |
| 163 | D 157 | FORM 4952, INVESTMENT INTEREST, INTEREST DEDUCTION DISALLOWED | 167 |
| 164 | D 158 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, ORDINARY INCOME PORTION | 168 |
| 165 | D 159 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, 10-YEAR TOTAL | 169 |
| 166 | D 160 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TOTAL TAXABLE AMOUNT | 170 |
| 167 | D 161 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, ADJUSTED TOTAL TAXABLE AMOUNT | 171 |

NOTES: COMP = COMPUTED

RESV = RESERVED FOR FUTURE ADDITIONS

IMPT = IMPUTED ITEM

TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|--------------|--|-----------------|--------------|
| SEQ NUS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- | SOURCE ALENT |
| 168 | D 162 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TAX ON ORDINARY INCOME | 172 | |
| 169 | D 163 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TAX FROM SPECIAL INCOME | 173 | TSLSIA |
| 170 | D 164 | FORM 4972, 1974 INVESTMENT INTEREST, ORDINARY INCOME PORTION | 176 | |
| 171 | D 165 | FORM 4972, 1974 INVESTMENT INTEREST, TOTAL BEFORE EXCLUSION | 177 | |
| 172 | D 166 | FORM 4972, 1974 INVESTMENT INTEREST, TOTAL TAXABLE AMOUNT | 178 | |
| 173 | D 167 | FORM 5405, COST OF RESIDENCE | 174 | |
| 174 | D 168 | FORM 5405, ADJUSTED BASIS | 175 | |
| 175 | D 169 | INVESTMENT INTEREST, INTEREST EXPENSE ALLOWED, NON-BUSINESS | COMP | INVIA |
| 176 | D 170 | IMPUTATION, STATE & LOCAL BOND INTEREST | N.A. | |
| 177 | D 171 | IMPUTATION, SHARE OF WAGE INCOME ATTRIBUTABLE TO HUSBAND | N.A. | |
| 178 | D 172 | IMPUTATION, SHARE OF WAGE INCOME NOT ATTRIBUTABLE TO HUSBAND'S 1ST JOB | N.A. | |
| 179 | D 173 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT | |
| 180 | D 174 | COMPUTATION MIN. TAX, 1/5 PREFERENCES FROM PREVIOUS 5 YEARS | COMP | FIFTH |
| 181 | D 175 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT | |
| 182 | D 176 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT | |
| 183 | D 177 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS. | IMPT | |
| 184 | D 178 | IMPUTATION, SOCIAL SECURITY & RR RETIRE BENEFITS | IMPT | |
| 185 | D 179 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT | |
| 186 | D 180 | IMPUTATION, RESERVED FOR FUTURE | IMPT | |

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TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | DATA ITEM DESCRIPTION | ---REFERENCE--- |
|-------------|-----------|--|-----------------------|-----------------------------|
| SEQ NOS | NAME & NO | | | UNMAPPED EQUIV-SOURCE ALENT |
| ----- | | | | |
| ADDITIONS | | | | |
| 187 | D 181 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | | IMPT |
| 188 | MM 1 | BFI BUSINESS OR FARM INDICATOR | | 1 |
| 189 | MM 2 | BUSIND BUSINESS INDICATOR | | 2 |
| 190 | MM 3 | CSELI CORRECTED SELECTION ITEM CODE | | 4 |
| 191 | MM 4 | DCIND DISTRICT OF COLUMBIA INDICATOR | | 5 |
| 192 | MM 5 | DEPINC DEPENDENT WITH UNEARNED INCCME CODE | | 6 |
| 193 | MM 6 | DGROUP GROUP CODE | | 7 |
| 194 | MM 7 | DIST DISTRICT CODE | | 8 |
| 195 | MM 8 | ELECT PRESIDENTIAL ELECTION FUND CODE | | 9 |
| 196 | MM 9 | FLPD FILING PERIOD CODE | | 11 |
| 197 | MM 10 | FORM FORM OF RETURN CODE | | 12 |
| 198 | MM 11 | HINTX HIGH INCOME NON-TAXABLE RETURN CODE | | 14 |
| 199 | MM 12 | PSAMP PUNCHED SAMPLE CODE | | 16 |
| 200 | MM 13 | RESADJ RESIDENCE CREDIT ADJUSTMENT CODE | | 17 |
| 201 | MM 14 | RECREV REVENUE SHARING RE-CODE | | 18 |
| 202 | MM 15 | RSHARE REVENUE SHARING CODE | | 19 |
| 203 | MM 16 | SCHCF SCHEDULE C OR F INDICATOR | | 20 |
| 204 | MM 17 | SELI SELECTION ITEM CODE | | 21 |
| 205 | MM 18 | STATE STATE CODE | | 22 |
| 206 | MM 19 | TAXMOD TAX MODEL CODE | | 23 |
| 207 | MM 20 | TNCCF TOTAL NUMBER OF PROPRIETORSHIP SCHEDULES | | 24 |
| 208 | MM 21 | TSAMP TAX MODEL SAMPLE CODE | | 25 |
| 209 | MM 22 | TXBAL TAX BALANCE CODE | | 26 |
| 210 | MM 23 | TXST TAX STATUS CODE | | 27 |
| 211 | MM 24 | PUNCHED SELECTION AMOUNT | | 36 |
| 212 | MM 25 | *****CONFIDENTIAL***** | | 37 |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | --- | REFERENCE--- |
|--------------------------------------|-----------|--|-----------------|--------------|
| SEQ NOS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- | SOURCE ALERT |
| 213 | MM 26 | *****CONFIDENTIAL***** | 138 | |
| 214 | MM 27 | *****CONFIDENTIAL***** CONFIDENTIAL | 180 | |
| 215 | MM 28 | *****CONFIDENTIAL***** CONFIDENTIAL | 181 | |
| 216 | MM 29 | *****CONFIDENTIAL***** | 182 | |
| 217 | MM 30 | **CONFIDENTIAL** | 183 | |
| 218 | MM 31 | **CONFIDENTIAL** | 184 | |
| 219 | MM 32 | *****CONFIDENTIAL***** | 185 | |
| 220 | MM 33 | *****CONFIDENTIAL***** | 186 | TAGE |
| 221 | MM 34 | *****CONFIDENTIAL***** | 187 | |
| 222 | MM 35 | *****CONFIDENTIAL***** | 188 | |
| 223 | MM 36 | *****CONFIDENTIAL***** | 189 | |
| 224 | MM 37 | *****CONFIDENTIAL***** ***** | 190 | |
| 225 | MM 38 | *****CONFIDENTIAL***** **CONFIDENTIAL** | 191 | |
| 226 | MM 39 | **CONFIDENTIAL* | 192 | |
| 227 | MM 40 | **CONFIDENTIAL** | 193 | |
| 228 | MM 41 | *****CONFIDENTIAL***** | 194 | |
| 229 | MM 42 | *****CONFIDENTIAL***** | 195 | SAGE |
| 230 | MM 43 | *****CONFIDENTIAL***** | 196 | |
| 231 | MM 44 | *****CONFIDENTIAL***** | 197 | |
| 232 | MM 45 | *****CONFIDENTIAL***** | 198 | |
| 233 | MM 46 | *****CONFIDENTIAL***** ***** | 199 | |
| 234 | MM 47 | *****CONFIDENTIAL***** **CONFIDENTIAL** | 200 | |
| ****SIE EXTRACT**** | | | | |
| 235 | MM 48 | TRIM RECORD SEQUENCE NUMBER | | KPSEQ |
| 236 | MM 49 | MATCHED TAX RECORD ID | | MTRID |
| 237 | MM 50 | MERGE WEIGHT, INTEGER | | MWT |
| NOTES: COMP = COMPUTED | | | | |
| RESV = RESERVED FOR FUTURE ADDITIONS | | | | |
| IMPT = IMPUTED ITEM | | | | |

TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | --- | REFERENCE--- |
|-------------|-------|--|-----------------|--------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- | SCURCE ALENT |
| NUS | & NO | | | |
| 238 | MM 51 | SIZE OF FAMILY TO WHICH TAX UNIT BELONGS | | FMSIZE |
| 239 | MM 52 | SIE STATE CODE | | STATE |
| 240 | MM 53 | TENURE | | HMSTAT |
| 241 | MM 54 | FILING UNIT SIZE | | FLGSZ |
| 242 | MM 55 | TRIM SCHEDULE CODE | | JSCHED |
| 243 | MM 56 | DEPENDENT STATUS CODE | | DPNTST |
| 244 | MM 57 | FILER/NON-FILER CODE | | FILCOD |
| 245 | DD 1 | MERGE WEIGHT FLOATING POINT | | WTMERG |
| 246 | DD 2 | ADJUSTED FAMILY TOTAL INCOME | | CFTINC |
| 247 | DD 3 | ADJUSTED HOUSEHOLD TOTAL INCOME | | CHTINC |
| 248 | DD 4 | YEARLY FOOD STAMP BONUS VALUE (FOR UNIT WITH HEAD OF HOUSEHOLD) | | FSYEAR |
| 249 | DD 5 | VETERANS BENEFITS | | VETB |
| 250 | DD 6 | ADJUSTED GOVERNMENT PENSIONS (SUMMED OVER TAX UNIT) | | GPNS2 |
| 251 | DD 7 | ADJUSTED PRIVATE PENSIONS (SUMMED OVER TAX UNIT) | | PPNS2 |
| 252 | DD 8 | ADJUSTED WORKMENS COMPENSATION (SUMMED OVER TAX UNIT) | | WRKC2 |
| 253 | DD 9 | ADJUSTED UNEMPLOYMENT COMPENSATION (SUMMED OVER TAX UNIT) | | UNMC2 |
| 254 | DD 10 | ADJUSTED SOCIAL SECURITY AND RAILROAD RETIREMENT INCOME | | SSEC2 |
| 255 | DD 11 | SIMULATED PUBLIC ASSISTANCE (SUMMED OVER TAX UNIT FOR PA PARTICIPANTS) | | WELF2 |
| 256 | DD 12 | FILING UNIT WAGES | | WAGES |
| 257 | DD 13 | HEAD'S SHARE OF WAGES | | HWAGES |
| 258 | DD 14 | FILING UNIT SELF-EMPLOYED NON-FARM | | SENF |
| 259 | DD 15 | HEADS SHARE OF SENF | | HSENF |
| 260 | DD 16 | FILING UNIT SELF-EMPLOYED FARM INCOME | | SEF |
| 261 | DD 17 | HEAD SHARE OF SEF | | HSEF |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

TABLE 2.5.2: DATA RECORD SPECIFICATION FOR THE 1975
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | --- | REFERENCE--- |
|-------------|-------|---|-----------------|--------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- | SOURCE ALENT |
| NUS | & NO | | SOURCE | |
| 262 | DD 18 | SOCIAL SECURITY AND RR RETIREMENT DISABILITY AND SURVIVOR EMPLOYEE TAX | | HOSDTX |
| 263 | DD 19 | CSDTX+RRTX FOR WIFE ONLY | | WOSDTX |
| 264 | DD 20 | SOCIAL SECURITY & RR RETIREMENT HEALTH INSURANCE EMPLOYEE TAX FOR HEAD ONLY | | HSSHTX |
| 265 | DD 21 | SSHTX+RRHTX, FOR WIFE ONLY | | WSSHTX |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

2.6. 1978 MERGED SIE & SOI SAMPLE: MAPPED AND PACKED.

2.6.1. A SHORT DESCRIPTION.

THE 1978 MERGED SIE & SOI SAMPLE IS A COMPOSITE FILE GENERATED FROM TWO INDEPENDENT SOURCES AS WAS THE CASE WITH THE 1975 MERGE FILE. THIS SAMPLE CONTAINS 126,663 RETURNS.

THE SOI PORTION OF EACH RETURN HAS BEEN EXTRAPOLATED TO 1978 LAW AND LEVELS IN THE SAME MANNER AS THE 1978 HALF-SAMPLE. IT IS THEREFORE, ESSENTIALLY THE 1978 HALF-SAMPLE BUT WITH SMALLER WEIGHTS THAT RESULT FROM RECORD SPLITTING DURING THE MERGE PROCESS.

THE SIE PORTION OF EACH RETURN HAS BEEN EXTRAPOLATED TO 1978 LAW AND LEVELS BY A SEPERATE METHODOLOGY. THIS METHODOLOGY EXTRAPOLATES THROUGH THE 'TRIM' MODEL IN ORDER TO ACCOMODATE CHANGES IN PROGRAMS THAT EFFECT TRANSFER PAYMENTS.

2.6.2. SAMPLE COUNTS AND WEIGHTS.

UNLIKE THE EARLIER TAX RETURN SAMPLES, THIS SAMPLE HAS DIFFERRING WEIGHTS FOR EACH RETURN DUE TO THE MERGE PROCESS EMPLOYED TO CREATE THE SAMPLE. HOWEVER, THE WEIGHTS STILL SUM TO PRODUCE THE SAME NATIONAL ESTIMATES THAT ARE PRODUCED BY THE 1978 SOI ALONE.

2.6.3. DATA RECORD SPECIFICATIONS.

EVERY DATA RECORD IN THE TAX SAMPLE REPRESENTS ONE INDIVIDUAL INCOME TAX RETURN THAT HAS BEEN MATCHED WITH ONE SIE RECORD CONTAINING SOCIO-ECONOMIC DATA. EACH RECORD CONTAINS 265 DATA ITEMS (THE ORIGINAL 200 DATA ITEMS FROM THE SOI, THE 34 DATA ITEMS APPENDED TO THE SOI FOR USE BY THE TAX MODEL AND 31 SIE-'TRIM' GENERATED DATA ITEMS. TABLE 2.6.1 PROVIDES A COMPLETE RECORD SPECIFICATION OF ALL THE DATA ITEMS MENTIONED ABOVE.

THE USER WILL NOTE THAT THIS SAMPLE CONTAINS MORE THAN ONE WEIGHT. THE CORRECT WEIGHT TO EMPLOY IS DATA ITEM DD(1).

THE USER SHOULD ALSO NOTE THAT DATA ITEM MM(57) CONTAINS A 0 OR A 1 TO INDICATE THE FILING STATUS OF THE RETURN. IF MM(57) CONTAINS

TREASURY PERSONAL INDIVIDUAL INCOME TAX MODEL. 27 JUN 78 2-56

AN 0, THE RETURN IS A FILING RETURN, OTHERWISE THE RETURN IS A
NON-FILING RETURN.

2.6.4. OTHER DOCUMENTATION.

NONE AT PRESENT.

TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
MERGED INDIVIDUAL INCOME TAX RETURN
FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|------|---|-----------------|-------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED SOURCE | EGUIV-ALERT |
| NUS | & NO | | | |
| 1 | M | 1 CONSECUTIVE RETURN NUMBER | COMP | RETNO |
| 2 | M | 2 MARS MARITAL STATUS CODE | 15 | MARS |
| 3 | M | 3 FDED FORM OF DEDUCTION CCDE | 10 | IDEDX |
| 4 | M | 4 CSAMP COMPUTED SAMPLE CODE | 3 | MCODE |
| 5 | M | 5 PRESENT LAW AGI CLASS CODE | COMP | JY |
| 6 | M | 6 F4972 FORM 4972 CODE | 13 | F4972 |
| 7 | D | 1 TAXPAYER EXEMPTIONS | 29 | TXPYE |
| 8 | D | 2 AGE EXEMPTIONS | 30 | AGEDE |
| 9 | D | 3 BLIND EXEMPTIONS | 31 | BLNDE |
| 10 | D | 4 DEPENDENT EXEMPTIONS | 32 | DEPNE |
| 11 | D | 5 CHILD AT HOME EXEMPTIONS | 33 | CAHE |
| 12 | D | 6 CHILD AWAY FROM HOME EXEMPTIONS | 34 | CAFHE |
| 13 | D | 7 WAGES, SALARIES, ETC. | 39 | WAS |
| 14 | D | 8 DIVIDENDS, GROSS DIVIDENDS | 40 | GD |
| 15 | D | 9 DIVIDEND EXCLUSION | COMP | DEXCL |
| 16 | D | 10 DIVIDENDS, BALANCE IN AGI | 41 | TAXD |
| 17 | D | 11 ALL INCOME OTHER THAN DIVIDENDS AND CAPITAL GAINS IN AGI | COMP | RESID |
| 18 | D | 12 ADJUSTMENTS TO INCOME, SICK PAY | 66 | SICKPY |
| 19 | D | 13 TOTAL STATUTORY ADJUSTMENTS | 43 | ADJUST |
| 20 | D | 14 +/- ADJUSTED GROSS INCOME OR DEFICIT | 44 | AGIX |
| 21 | D | 15 INCOME TAX BEFORE CREDITS | 45 | TAXB |
| 22 | D | 16 PERSONAL EXEMPTION CREDIT | 46 | EMCRX |
| 23 | D | 17 CREDITS, TOTAL | COMP | TXCRD |
| 24 | D | 18 TENTATIVE TAX AFTER CREDITS | COMP | TTAXA |
| 25 | D | 19 OTHER TAXES, MINIMUM TAX | 84 | MINTAX |
| 26 | D | 20 OTHER TAXES, SUBTOTAL EXCLUDING MINIMUM TAX | COMP | OTHTERT |
| 27 | D | 21 INCOME TAX AFTER CREDITS | 47 | TAXAX |
| 28 | D | 22 EARNED INCOME CREDIT | 51 | EICX |
| 29 | D | 23 TOTAL DEDUCTIONS | 72 | DX |
| 30 | D | 24 EXEMPTIONS AMOUNT | 73 | EXEM |
| 31 | D | 25 TAXABLE INCOME | 74 | TINCX |
| 32 | D | 26 TAX SAVINGS FROM INCOME AVERAGING | COMP | AVESAV |
| 33 | D | 27 CAPITAL GAINS DISTRIBUTION | 58 | CGO50 |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|-------------|-----------|---|-----------------|-------------|
| SEQ NOS | NAME & NO | | UNMAPPED SOURCE | EQUIV-ALERT |
| 34 | D 28 | FULLY TAXABLE PENSIONS AND ANNUITIES | 61 | FTPEN |
| 35 | D 29 | PENSIONS AND ANNUITIES, TAXABLE PORTION | 130 | PTPEN |
| 36 | D 30 | MEDICAL AND DENTAL EXPENSES, BALANCE OF INSURANCE PREMIUMS | 96 | BMIP |
| 37 | D 31 | CONTRIBUTIONS, TOTAL | 111 | DN1 |
| 38 | D 32 | INTEREST EXPENSE, HOME MORTGAGE | 106 | HMIE |
| 39 | D 33 | INTEREST EXPENSE, OTHER | COMP | CIE |
| 40 | D 34 | INVESTMENT INCOME | COMP | INVY |
| 41 | D 35 | PERCENT NON-BUSINESS | COMP | PN8 |
| 42 | D 36 | INTEREST EXPENSE, TOTAL | 107 | DN2 |
| 43 | D 37 | TAXES, TOTAL | 105 | DN3 |
| 44 | D 38 | MEDICAL AND DENTAL EXPENSES, MEDICINE AND DRUGS | 94 | DN4 |
| 45 | D 39 | MEDICAL AND DENTAL EXPENSES, MEDICAL AND DENTAL | COMP | DN5 |
| 46 | D 40 | MEDICAL AND DENTAL EXPENSES, FULL MEDICAL INSURANCE PREMIUMS | COMP | DN6 |
| 47 | D 41 | MISC. DEDUCTIONS, ALIMONY PAID | 113 | ALIMNY |
| 48 | D 42 | MISC. DEDUCTIONS, CHILD AND DEPENDENT CARE | 115 | CHILDC |
| 49 | D 43 | MISC. DEDUCTIONS, TOTAL | 117 | DN7 |
| 50 | D 44 | NET CASUALTY OR THEFT LOSS | 112 | DN8 |
| 51 | D 45 | +SHORT-TERM GAINS OR LOSSES, NET ST GAIN OR LOSS BEFORE CARRYOVER | COMP | STGL |
| 52 | D 46 | SHORT-TERM GAINS OR LOSSES, PRE-1970 SHORT-TERM CAPITAL LOSS CARRYOVER | COMP | P70STC |
| 53 | D 47 | SHORT-TERM GAINS OR LOSSES, POST-1969 SHORT-TERM CAPITAL LOSS CARRYOVER | COMP | P69STC |
| 54 | D 48 | + SHORT-TERM GAINS OR LOSSES, NET ST CAPITAL GAIN OR LOSS AFTER CARRY | COMP | NSTGL |
| 55 | D 49 | LONG-TERM GAINS OR LOSSES, NET LT GAIN OR LOSS BEFORE CARRYOVER | COMP | LTGL |
| 56 | D 50 | LONG-TERM GAINS OR LOSSES, PRE-1970 | 121 | P70LTC |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|------|---|-----------------|--------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED EQUIV. | SOURCE ALERT |
| NUS | & NO | | | |
| | | LONG-TERM CAPITAL LOSS CARRYOVER | | |
| 57 | D 51 | LONG-TERM GAINS OR LOSSES, POST-1969 LONG-TERM CAPITAL LOSS CARRYOVER | 122 | P69LTC |
| 58 | D 52 | + LONG-TERM GAINS OR LOSSES, NET LONG-TERM GAIN OR LOSS AFTER CARRYOVER | COMP | NLTGL |
| 59 | D 53 | NET CAPITAL GAINS OR LOSSES | COMP | NGL |
| 60 | D 54 | EXCLUDED LONG TERM CAPITAL GAINS | COMP | EXLCG |
| 61 | D 55 | CAPITAL GAINS OR LOSSES IN AGI AFTER LIMITATION | COMP | CGAGIX |
| 62 | D 56 | TAX SAVINGS DUE TO ALTERNATIVE TAX | COMP | ALTTAX |
| 63 | D 57 | LONG-TERM GAINS FROM INSTALLMENT SALES | 127 | LTGIS |
| 64 | D 58 | LONG-TERM CAPITAL GAINS SHELTERED UNDER THE ALTERNATIVE TREATMENT | COMP | CGYAX |
| 65 | D 59 | COMPUTATION OF MIN. TAX, PREFERENCE INCOME NET OF CAPITAL GAINS | COMP | PREFI |
| 66 | D 60 | COMPUTATION OF MIN. TAX, TOTAL ITEMS OF TAX PREFERENCES | 152 | PREFX |
| 67 | D 61 | COMPUTATION OF MIN. TAX, OTHER TAXES REDUCTING PREFERENCE INCOME | COMP | OTRP |
| 68 | D 62 | COMPUTATION OF MIN. TAX, 1975 NET OPERATING LOSS CARRYOVER | 155 | NOL75 |
| 69 | D 63 | COMPUTATION OF MIN. TAX, MINIMUM TAX DEFERRED FROM PRIOR YEAR(S) | 156 | MTDPY |
| 70 | D 64 | COMPUTATION OF MIN. TAX, UNUSED CREDITS | 157 | UNCRS |
| 71 | D 65 | MAX TAX ON EARNED INCOME, TAX SAVINGS FROM MAXIMUM TAX | COMP | MAXTAX |
| 72 | D 66 | MAX. TAX ON EARNED INCOME, EARNED INCOME | 159 | EARN |
| 73 | D 67 | MAX. TAX ON EARNED INCOME, DEDUCTIONS | 160 | ADJEI |
| 74 | D 68 | WEIGHT | 28 | WT |
| 75 | D 69 | TOTAL EXEMPTIONS | 35 | |
| 76 | D 70 | INTEREST INCOME | 42 | |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- |
|-------------|-----------|--|-----------------------------|
| SEQ NOS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED EQUIV-SOURCE ALENT |
| 77 D | 71 | INCOME TAX WITHHELD | 49 |
| 78 D | 72 | 1975 ESTIMATED TAX PAYMENTS | 50 |
| 79 D | 73 | AMOUNT PAID WITH FORM 4868 | 52 |
| 80 D | 74 | TAX DUE AT TIME OF FILING | 53 |
| 81 D | 75 | OVERPAYMENT, REFUND | 54 |
| 82 D | 76 | OVERPAYMENT, CREDIT TO 1976 ESTIMATED TAX | 55 |
| 83 D | 77 | TAX PAID WITH RETURN | 56 |
| 84 D | 78 | + BUSINESS INCOME OR LOSS | 57 |
| 85 D | 79 | SUPPLEMENTAL SCHEDULE, NET GAIN OR NET LOSS | 59 |
| 86 D | 80 | PENSIONS, RENTS, ETC., INCOME OR LOSS | 60 |
| 87 D | 81 | + FARM INCOME OR LOSS | 62 |
| 88 D | 82 | STATE INCOME TAX REFUNDS | 63 |
| 89 D | 83 | ALIMONY INCOME | 64 |
| 90 D | 84 | + OTHER INCOME OR LOSS | 65 |
| 91 D | 85 | ADJUSTMENTS TO INCOME, MOVING EXPENSES | 67 |
| 92 D | 86 | ADJUSTMENTS TO INCOME, EMPLOYEE BUSINESS EXPENSES | 68 |
| 93 D | 87 | ADJUSTMENTS TO INCOME, PAYMENTS TO A KEOGH RETIREMENT PLAN | 69 |
| 94 D | 88 | ADJUSTMENTS TO INCOME, PAYMENTS TO INDIVIDUAL RETIREMENT ACCOUNT | 70 |
| 95 D | 89 | ADJUSTMENTS TO INCOME, FORFEITED INTEREST PENALTY | 71 |
| 96 D | 90 | CREDITS, RETIREMENT INCOME | 75 |
| 97 D | 91 | CREDITS, INVESTMENT | 76 |
| 98 D | 92 | CREDITS, FOREIGN TAX | 77 |
| 99 D | 93 | CREDITS, CONTRIBUTIONS TO CANDIDATE | 78 |
| 100 D | 94 | CREDITS, WORK INCENTIVE | 79 |
| 101 D | 95 | CREDITS, PURCHASE OF NEW RESIDENCE | 80 |
| 102 D | 96 | CREDITS, OTHER TAX CREDITS | 81 |
| 103 D | 97 | OTHER TAXES, RECOMPUTED PRIOR YEAR | 82 |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
MERGED INDIVIDUAL INCOME TAX RETURN
FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | DATA ITEM DESCRIPTION | ---REFERENCE--- |
|-------------|--------------|--|---------------------------------|
| SEQ NUS | NAME & NO | | UNMAPPED EQUIV- SOURCE ALENT |
| | | INVESTMENT TAX CREDIT | |
| 104 | D 98 | OTHER TAXES, RECOMPUTED PRIOR YEAR WIN CREDIT | 83 |
| 105 | D 99 | OTHER TAXES, TAX ON PREMATURE DISTRIBUTIONS (FORM 5329) | 85 |
| 106 | D 100 | OTHER TAXES, SELF-EMPLOYMENT TAX | 86 |
| 107 | D 101 | OTHER TAXES, SOCIAL SECURITY TAX ON TIPS, UNCOLLECTED TAX | 87 |
| 108 | D 102 | OTHER TAXES, EXCESS CONTRIBUTIONS TO AN INDIVIDUAL RETIREMENT ACCOUNT | 88 |
| 109 | D 103 | OTHER TAXES, ALL OTHER TAXES | 89 |
| 110 | D 104 | OTHER TAX PAYMENTS, EXCESS FICA/RRT A TAX WITHHELD | 90 |
| 111 | D 105 | OTHER TAX PAYMENTS, CREDIT FOR FEDERAL TAX ON GASOLINE | 91 |
| 112 | D 106 | OTHER TAX PAYMENTS, TOTAL OTHER PAYMENTS | 92 |
| 113 | D 107 | MEDICAL AND DENTAL EXPENSES, 1/2 INSURANCE PREMIUMS | 93 |
| 114 | D 108 | MEDICAL AND DENTAL EXPENSES, MEDICINE AND DRUGS IN EXCESS OF 1% | 95 |
| 115 | D 109 | MEDICAL AND DENTAL EXPENSES, MEDICAL AND DENTAL IN EXCESS OF 3% | 98 |
| 116 | D 110 | MEDICAL AND DENTAL EXPENSES, TOTAL (AFTER INCOME LIMIT) | 99 |
| 117 | D 111 | TAXES, STATE AND LOCAL INCOME TAX | 100 |
| 118 | D 112 | TAXES, REAL ESTATE | 101 |
| 119 | D 113 | TAXES, STATE AND LOCAL GASOLINE | 102 |
| 120 | D 114 | TAXES, GENERAL SALES | 103 |
| 121 | D 115 | TAXES, PERSONAL PROPERTY | 104 |
| 122 | D 116 | TAXES, OTHER | COMP |
| 123 | D 117 | CONTRIBUTIONS, CASH | 108 |
| 124 | D 118 | CONTRIBUTIONS, OTHER THAN CASH | 109 |
| 125 | D 119 | CONTRIBUTIONS, CARRYOVER FROM PRIOR YEAR | 110 |

NOTES: COMP = COMPUTED

RESV = RESERVED FOR FUTURE ADDITIONS

IMPT = IMPUTED ITEM

TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|-----------|--|-----------------|-------------|
| SEQ NOS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED SOURCE | EQUIV-ALERT |
| 126 | D 120 | CONTRIBUTIONS, OTHER | COMP | |
| 127 | D 121 | MISC. DEDUCTIONS, UNION DUES | 114 | |
| 128 | D 122 | MISC. DEDUCTIONS, POLITICAL CONTRIBUTIONS | 116 | |
| 129 | D 123 | MISC. DEDUCTIONS, OTHER | COMP | |
| 130 | D 124 | SHORT-TERM CAPITAL GAINS OR LOSSES, PRE-1970+PCST-1969 ST CAPITAL LOSS | 118 | |
| 131 | D 125 | NET LOSS BEFORE LIMITATION | COMP | |
| 132 | D 126 | ALTERNATIVE TAX | COMP | |
| 133 | D 127 | PENSIONS AND ANNUITIES, INCOME THIS YEAR | 129 | |
| 134 | D 128 | + RENTS, NET INCOME OR NET LOSS | 131 | |
| 135 | D 129 | + ROYALTIES, NET INCOME OR NET LOSS | 132 | |
| 136 | D 130 | PARTNERSHIPS, TOTAL INCOME | 133 | |
| 137 | D 131 | PARTNERSHIPS, TOTAL LOSS | 134 | |
| 138 | D 132 | + PARTNERSHIPS, NET INCOME OR NET LOSS | 135 | |
| 139 | D 133 | ESTATE OR TRUST, TOTAL INCOME | 136 | |
| 140 | D 134 | ESTATE OR TRUST, TOTAL LOSS | 137 | |
| 141 | D 135 | + ESTATE OR TRUST NET INCOME OR NET LOSS | 138 | |
| 142 | D 136 | SMALL BUSINESS CORP., TOTAL INCOME | 139 | |
| 143 | D 137 | SMALL BUSINESS CORP., TOTAL LOSS | 140 | |
| 144 | D 138 | + SMALL BUSINESS CORPORATION NET INCOME OR NET LOSS | 141 | |
| 145 | D 139 | SCHEDULE SE NET EARNINGS FROM SELF-EMPLOYMENT | 142 | SEEARN |
| 146 | D 140 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON LOW-INCOME RENTAL HOUSING | 143 | |
| 147 | D 141 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON OTHER REAL PROPERTY | 144 | |
| 148 | D 142 | COMPUTATION OF MIN. TAX, ACCEL. DEPR. ON PERSONAL PROPERTY | 145 | |
| 149 | D 143 | COMPUTATION OF MIN. TAX, TOTAL | 146 | |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- | |
|-------------|--------------|--|---------------------------|-------|
| SEG NUS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- SOURCE | ALERT |
| ----- | | | | |
| | | AMORTIZATION | | |
| 150 | D 144 | COMPUTATION OF MIN. TAX, STOCK OPTIONS | 147 | |
| 151 | D 145 | COMPUTATION OF MIN. TAX, RESERVES FOR BAD DEBTS | 148 | |
| 152 | D 146 | COMPUTATION OF MIN. TAX, DEPLETION | 149 | |
| 153 | D 147 | COMPUTATION OF MIN. TAX, CAPITAL GAINS | 150 | |
| 154 | D 148 | COMPUTATION OF MIN. TAX, EXCLUSION | 152 | |
| 155 | D 149 | COMPUTATION OF MIN. TAX, TAX FROM PREMATURE DISTRIBUTIONS(SEE RETIREMENT) | 153 | |
| 156 | D 150 | COMPUTATION OF MIN. TAX, TAX CARRY- OVER FROM PRIOR YEAR(S) | 154 | |
| 157 | D 151 | MAX. TAX ON EARNED INCOME, EARNED NET INCOME | COMP | |
| 158 | D 152 | MAX. TAX ON EARNED INCOME, TAX PREFERENCES IN EXCESS OF \$30,000 | COMP | |
| 159 | D 153 | MAX. TAX ON EARNED INCOME, ADJUSTED EARNED TAXABLE INCOME | COMP | |
| 160 | D 154 | MAX. TAX ON EARNED INCOME, MAXIMUM TAX | COMP | |
| 161 | D 155 | FORM 4952, INVESTMENT INTEREST, TOTAL | 165 | INVIT |
| 162 | D 156 | FORM 4952, INVESTMENT INTEREST, TOTAL NON-BUSINESS | 166 | |
| 163 | D 157 | FORM 4952, INVESTMENT INTEREST, INTEREST DEDUCTION DISALLOWED | 167 | |
| 164 | D 158 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, ORDINARY INCOME PORTION | 168 | |
| 165 | D 159 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, 10-YEAR TOTAL | 169 | |
| 166 | D 160 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TOTAL TAXABLE AMOUNT | 170 | |
| 167 | D 161 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, ADJUSTED TOTAL TAXABLE AMOUNT | 171 | |

NOTES: COMP = COMPUTED
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TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | DATA ITEM DESCRIPTION | ---REFERENCE--- | |
|-------------|-----------|--|-----------------|-------------|
| SEQ NOS | NAME & NO | | UNMAPPED SOURCE | EQUIV-ALERT |
| 168 | D 162 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TAX ON ORDINARY INCOME | 172 | |
| 169 | D 163 | FORM 4972, SPECIAL LUMP-SUM INCOME AVERAGING, TAX FROM SPECIAL INCOME | 173 | TSLSIA |
| 170 | D 164 | FORM 4972, 1974 INVESTMENT INTEREST, ORDINARY INCOME PORTION | 176 | |
| 171 | D 165 | FORM 4972, 1974 INVESTMENT INTEREST, TOTAL BEFORE EXCLUSION | 177 | |
| 172 | D 166 | FORM 4972, 1974 INVESTMENT INTEREST, TOTAL TAXABLE AMOUNT | 178 | |
| 173 | D 167 | FORM 5405, COST OF RESIDENCE | 174 | |
| 174 | D 168 | FORM 5405, ADJUSTED BASIS | 175 | |
| 175 | D 169 | INVESTMENT INTEREST, INTEREST EXPENSE ALLOWED, NON-BUSINESS | COMP | IN VIA |
| 176 | D 170 | IMPUTATION, STATE & LOCAL BCND INTEREST | IMPT | |
| 177 | D 171 | IMPUTATION, SHARE OF WAGE INCOME ATTRIBUTABLE TO SPOUSE | IMPT | |
| 178 | D 172 | IMPUTATION, SHARE OF WAGE INCOME NOT ATTRIBUTABLE TO HUSBAND'S 1ST JOB | N.A. | |
| 179 | D 173 | IMPUTATION, FLAG FOR CONVERSION OF CAPITAL GAINS | IMPT | |
| 180 | D 174 | COMPUTATION MIN. TAX, 1/5 PREFERENCES FROM PREVIOUS 5 YEARS | COMP | FIFTH |
| 181 | D 175 | IMPUTATION, 1978 SOCIAL SECURITY PAYROLL TAX, TAXPAYER | IMPT | |
| 182 | D 176 | IMPUTATION, 1978 SOCIAL SECURITY PAYROLL TAX, SPOUSE | IMPT | |
| 183 | D 177 | IMPUTATION, UNEMPLOYMENT COMPENSATION | IMPT | |
| 184 | D 178 | IMPUTATION, SOCIAL SECURITY & RR, RETIR. BENEFITS | IMPT | |
| 185 | D 179 | IMPUTATION, EXTRA EXEMPTIONS FOR WITHHOLDING ESTIMATION | IMPT | |
| 186 | D 180 | IMPUTATION, RESERVED FOR FUTURE | IMPT | |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- |
|-------------|-----------|---|-----------------------------|
| SEQ NOS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED EQUIV-SOURCE ALERT |
| ----- | | | |
| ADDITIONS | | | |
| 187 | D 181 | IMPUTATION, RESERVED FOR FUTURE ADDITIONS | IMPT |
| 188 | MM 1 | BFI BUSINESS OR FARM INDICATOR | 1 |
| 189 | MM 2 | BUSIND BUSINESS INDICATOR | 2 |
| 190 | MM 3 | CSELI CORRECTED SELECTION ITEM CODE | 4 |
| 191 | MM 4 | DCIND DISTRICT OF COLUMBIA INDICATOR | 5 |
| 192 | MM 5 | DEPINC DEPENDENT WITH UNEARNED INCOME CODE | 6 |
| 193 | MM 6 | DGROUP GROUP CODE | 7 |
| 194 | MM 7 | DIST DISTRICT CODE | 8 |
| 195 | MM 8 | ELECT PRESIDENTIAL ELECTION FUND CODE | 9 |
| 196 | MM 9 | FLPD FILING PERIOD CODE | 11 |
| 197 | MM 10 | FORM FORM OF RETURN CODE | 12 |
| 198 | MM 11 | HINTX HIGH INCOME NON-TAXABLE RETURN CODE | 14 |
| 199 | MM 12 | PSAMP PUNCHED SAMPLE CODE | 16 |
| 200 | MM 13 | RESADJ RESIDENCE CREDIT ADJUSTMENT CODE | 17 |
| 201 | MM 14 | RECREV REVENUE SHARING RE-CODE | 18 |
| 202 | MM 15 | RSHARE REVENUE SHARING CODE | 19 |
| 203 | MM 16 | SCHCF SCHEDULE C OR F INDICATOR | 20 |
| 204 | MM 17 | SELI SELECTION ITEM CODE | 21 |
| 205 | MM 18 | STATE STATE CODE | 22 |
| 206 | MM 19 | TAXMOD TAX MODEL CODE | 23 |
| 207 | MM 20 | TNOCF TOTAL NUMBER OF PROPRIETOR-SHIP SCHEDULES | 24 |
| 208 | MM 21 | TSAMP TAX MODEL SAMPLE CODE | 25 |
| 209 | MM 22 | TXBAL TAX BALANCE CODE | 26 |
| 210 | MM 23 | TXST TAX STATUS CODE | 27 |
| 211 | MM 24 | PUNCHED SELECTION AMOUNT | 36 |
| 212 | MM 25 | *****CONFIDENTIAL***** | 37 |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | --- | REFERENCE--- |
|--------------------------------------|-------|-----------------------------|-----------------|---------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- | SCOURCE ALENT |
| NOS | & NO | | | |
| 213 | MM 26 | *****CONFIDENTIAL***** | 38 | |
| 214 | MM 27 | *****CONFIDENTIAL***** | 180 | |
| | | CONFIDENTIAL | | |
| 215 | MM 28 | *****CONFIDENTIAL***** | 181 | |
| | | CONFIDENTIAL | | |
| 216 | MM 29 | *****CONFIDENTIAL***** | 182 | |
| 217 | MM 30 | **CONFIDENTIAL** | 183 | |
| 218 | MM 31 | ***CONFIDENTIAL*** | 184 | |
| 219 | MM 32 | *****CONFIDENTIAL***** | 185 | |
| 220 | MM 33 | TAXPAYER'S AGE IN 1975 | 186 | TAGE |
| 221 | MM 34 | *****CONFIDENTIAL***** | 187 | |
| 222 | MM 35 | *****CONFIDENTIAL***** | 188 | |
| 223 | MM 36 | *****CONFIDENTIAL***** | 189 | |
| 224 | MM 37 | *****CONFIDENTIAL***** | 190 | |
| | | ***** | | |
| 225 | MM 38 | *****CONFIDENTIAL***** | 191 | |
| | | **CONFIDENTIAL** | | |
| 226 | MM 39 | **CONFIDENTIAL* | 192 | |
| 227 | MM 40 | **CONFIDENTIAL** | 193 | |
| 228 | MM 41 | ****CONFIDENTIAL***** | 194 | |
| 229 | MM 42 | SPOUSE'S AGE IN 1975 | 195 | SAGE |
| 230 | MM 43 | ****CONFIDENTIAL***** | 196 | |
| 231 | MM 44 | ****CONFIDENTIAL***** | 197 | |
| 232 | MM 45 | *****CONFIDENTIAL***** | 198 | |
| 233 | MM 46 | *****CONFIDENTIAL***** | 199 | |
| | | ***** | | |
| 234 | MM 47 | *****CONFIDENTIAL***** | 200 | |
| | | **CONFIDENTIAL** | | |
| | | ****SIE EXTRACT**** | | |
| 235 | MM 48 | TRIM RECORD SEQUENCE NUMBER | | KPSEQ |
| 236 | MM 49 | MATCHED TAX RECORD ID | | MTRID |
| 237 | MM 50 | MERGE WEIGHT, INTEGER | | MWT |
| NOTES: COMP = COMPUTED | | | | |
| RESV = RESERVED FOR FUTURE ADDITIONS | | | | |
| IMPT = IMPUTED ITEM | | | | |

TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
MERGED INDIVIDUAL INCOME TAX RETURN
FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | --- | REFERENCE--- |
|-------------|-----------|--|-----------------------|--------------|
| SEQ NOS | NAME & NO | DATA ITEM DESCRIPTION | UNMAPPED EQUIV-SOURCE | ALERT |
| 238 | MM 51 | SIZE OF FAMILY TO WHICH TAX UNIT BELONGS | | FMSIZE |
| 239 | MM 52 | SIE STATE CODE | | STATE |
| 240 | MM 53 | TENURE | | HMSTAT |
| 241 | MM 54 | FILING UNIT SIZE | | FLGSZ |
| 242 | MM 55 | TRIM SCHEDULE CODE | | JSCHED |
| 243 | MM 56 | DEPENDENT STATUS CODE | | DPNTST |
| 244 | MM 57 | FILER/NON-FILER CODE | | FILCOD |
| 245 | DD 1 | MERGE WEIGHT FLOATING POINT | | WTMERG |
| 246 | DD 2 | ADJUSTED FAMILY TOTAL INCOME | | CFTINC |
| 247 | DD 3 | ADJUSTED HOUSEHOLD TOTAL INCOME | | CHTINC |
| 248 | DD 4 | YEARLY FOOD STAMP BONUS VALUE (FOR UNIT WITH HEAD OF HOUSEHOLD) | | FSYEAR |
| 249 | DD 5 | VETERANS BENEFITS | | VETB |
| 250 | DD 6 | ADJUSTED GOVERNMENT PENSIONS (SUMMED OVER TAX UNIT) | | GPNS2 |
| 251 | DD 7 | ADJUSTED PRIVATE PENSIONS (SUMMED OVER TAX UNIT) | | PPNS2 |
| 252 | DD 8 | ADJUSTED WORKMENS COMPENSATION (SUMMED OVER TAX UNIT) | | WRKC2 |
| 253 | DD 9 | ADJUSTED UNEMPLOYMENT COMPENSATION (SUMMED OVER TAX UNIT) | | UNMC2 |
| 254 | DD 10 | ADJUSTED SOCIAL SECURITY AND RAILROAD RETIREMENT INCOME | | SSEC2 |
| 255 | DD 11 | SIMULATED PUBLIC ASSISTANCE (SUMMED OVER TAX UNIT FOR PA PARTICIPANTS) | | WELF2 |
| 256 | DD 12 | FILING UNIT WAGES | | WAGES |
| 257 | DD 13 | HEAD'S SHARE OF WAGES | | HWAGES |
| 258 | DD 14 | FILING UNIT SELF-EMPLOYED NON-FARM | | SENF |
| 259 | DD 15 | HEADS SHARE OF SENF | | HSENF |
| 260 | DD 16 | FILING UNIT SELF-EMPLOYED FARM INCOME | | SEF |
| 261 | DD 17 | HEAD SHARE OF SEF | | HSEF |

NOTES: COMP = COMPUTED
RESV = RESERVED FOR FUTURE ADDITIONS
IMPT = IMPUTED ITEM

TABLE 2.6.1: DATA RECORD SPECIFICATION FOR THE 1978
 MERGED INDIVIDUAL INCOME TAX RETURN
 FULL-SAMPLE; MAPPED AND PACKED

| FIELD ARRAY | | | ---REFERENCE--- |
|-------------|-------|---|-----------------|
| SEQ | NAME | DATA ITEM DESCRIPTION | UNMAPPED EQUIV- |
| NOS | & NO | | SOURCE ALENT |
| 262 | DD 18 | SOCIAL SECURITY AND RR RETIREMENT DISABILITY AND SURVIVOR EMPLOYEE TAX | HOSDTX |
| 263 | DD 19 | OSDTX+RRTX FOR WIFE ONLY | WOSDTX |
| 264 | DD 20 | SOCIAL SECURITY & RR RETIREMENT HEALTH INSURANCE EMPLOYEE TAX FOR HEAD ONLY | HSSHTX |
| 256 | DD 21 | SSHTX+RRHTX, FOR WIFE ONLY | WSSHTX |

NOTES: COMP = COMPUTED
 RESV = RESERVED FOR FUTURE ADDITIONS
 IMPT = IMPUTED ITEM

APPENDIX A

A. SUMMARY OF THE SAMPLING METHODOLOGY.

STEP I: UNSTRATIFYING THE REGIONAL GROUPS.

THE STATISTICS OF INCOME (SOI) SAMPLE WAS STRATIFIED BY MAPPING EACH STATE INTO ONE OF FIVE REGIONAL GROUPS ON THE BASIS OF STATE SIZE AND ASSIGNING DIFFERENT SAMPLING RATES TO EACH REGIONAL GROUP. THE TAX MODEL, AS EMPLOYED BY THE OFFICE OF TAX ANALYSIS (OTA), IS ALWAYS USED FOR NATIONAL ESTIMATES AND NEVER STATE OR REGIONAL ESTIMATES. THEREFORE, A SAMPLE IS NEEDED WHERE THE PROBABILITY THAT A RETURN IS INCLUDED IN THE SAMPLE IS INDEPENDENT OF ITS GEOGRAPHICAL LOCATION. THIS WOULD REQUIRE A CONSTANT SAMPLING RATE ACROSS THE REGIONAL GROUPS.

THE GENERAL METHODOLOGY FOR UNSTRATIFYING THE REGIONAL GROUPS IS AS FOLLOWS:

SAMPLE ACCORDING TO TABLE 2.A.1. THE WEIGHTS OF THE OBTAINED RETURNS ARE MULTIPLIED BY THE SAMPLING RATE OF THEIR CELLS.

THE FINAL RESULT OF UNSTRATIFYING THE REGIONAL GROUPS WAS TO REDUCE THE SOI SAMPLE FROM 206,263 RETURNS TO A SAMPLE OF 154,351 RETURNS.

TABLE 2.A.1: SAMPLING RATIOS BY REGIONAL GROUP AND SAMPLE CLASS

| CSAMP | R E G I O N S | | | | |
|-------|---------------|-------|------|------|------|
| | I | II | III | IV | V |
| 11 | 7.32 | 3.73 | 1.46 | 1.31 | 1.00 |
| 12 | 8.14 | 3.79 | 1.55 | 1.00 | 1.42 |
| 13 | 7.44 | 3.85 | 1.74 | 1.09 | 1.00 |
| 14 | 9.30 | 4.89 | 2.17 | 1.78 | 1.00 |
| 15 | 10.00 | 4.00 | 2.00 | 1.60 | 1.00 |
| 16 | 7.00 | 3.50 | 1.75 | 1.00 | 1.00 |
| 17 | 3.00 | 3.00 | 3.00 | 1.67 | 1.00 |
| 18 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 19 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 21 | 7.14 | 11.11 | 1.25 | 1.00 | 2.19 |
| 22 | 6.00 | 9.00 | 1.16 | 1.00 | 1.16 |
| 23 | 5.20 | 7.65 | 1.24 | 1.04 | 1.00 |
| 24 | 5.72 | 7.90 | 1.31 | 1.14 | 1.00 |
| 25 | 5.50 | 5.50 | 1.10 | 1.10 | 1.00 |
| 26 | 6.25 | 7.14 | 1.25 | 1.00 | 1.14 |
| 27 | 10.00 | 5.00 | 1.67 | 1.00 | 1.00 |
| 28 | 4.00 | 4.00 | 2.00 | 1.00 | 1.00 |
| 29 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 30 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

STEP II: RESTRATIFYING THE RETURNS.

THIS STEP CONSISTS OF CORRECTING FOR AN OVER-SAMPLING OF FARM RETURNS AND BUSINESS RETURNS FROM OTA'S POINT OF VIEW. THE STATISTICS DIVISION OF IRS IN THEIR SAMPLING STRATIFICATION EMPLOYS NOT ONLY AGI AND LARGEST SINGLE INCOME ITEM (LSII) BUT ALSO GROSS RECEIPTS. WHEN THESE GROSS RECEIPTS ARE DERIVED FROM FARM ACTIVITY, THE RETURN IS CLASSIFIED -- IN 1975 -- IN SAMPLE CODES 11 THROUGH 19, THE SO CALLED NON-BUSINESS CODES, WHILE THE RETURN IS PLACED IN SAMPLE CODES 21 THROUGH 30 IF THE RECEIPTS ARE FROM A BUSINESS. OTA, HOWEVER, DOES NOT CARE ABOUT STRATIFYING ON THE BASIS OF GROSS RECEIPTS BECAUSE THIS USUALLY LEADS TO AN OVERSAMPLING OF RETURNS, I.E. GROSS BUSINESS RECEIPTS CLASSIFIES A RETURN IN A SAMPLE CLASS WITH A HIGHER SAMPLING RATE THAN WOULD HAVE BEEN THE CASE USING OTHER INFORMATION THAT APPEARS ON THE TAX RETURN.

IN 1975, IRS FOR THE FIRST TIME (AND AT OTA'S REQUEST) PROVIDED FOR A SEPERATE STRATIFICATION IGNORING GROSS FARM & BUSINESS RECIEPTS. THESE SAMPLE CATEGORIES WERE LABELLED 'TSAMP' TO DISTINGUISH THEM FROM THE 'CSAMP' CODES USED IN THE SOI. WE MADE USE OF THESE TO REDUCE THE SOI'S OVERSAMPLING BY USING TABLE 2.A.2 WITH THE ATTACHED INSTRUCTIONS.

AS A RESULT OF RESTRATIFYING THE RETURNS, ABOUT 5 PERCENT OR SOME 8,000 RETURNS WERE ELIMINATED, LEAVING A SAMPLE OF 146,749 RETURNS. THE SAMPLING RATES AND RECIPRCCALS DO NOT WORK OUT PRECISELY: THE ORIGINAL SAMPLE REPRESENTED 82,230,256 RETURNS WHILE THE NEW SAMPLE REPRESENTS 82,226,223 RETURNS. THIS IS AN ERROR OF 0.005 PERCENT.

TABLE 2.A.2: SAMPLE RATES FOR REALLOCATED RETURNS

| | | T S A M P C O D E S | | | | | | | |
|-------|---------|---------------------|--------|--------|-------|-------|------|------|----|
| CSAMP | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 19 | |
| 12 | 1.78 | 1.00 | | | | | | | |
| 13 | 3.00 | 1.67 | 1.00 | | | | | | |
| 14 | 3.10 | 1.71 | 1.00 | 1.00 | | | | | |
| 15 | 50.34 | 27.85 | 16.50 | 15.60 | 1.00 | | | | |
| 16 | 281.44 | 155.70 | 92.21 | 87.17 | 5.50 | 1.00 | | | |
| 17 | 667.25 | 369.12 | 218.64 | 206.65 | 13.00 | 2.35 | 1.00 | | |
| 19 | 2015.11 | 1114.75 | 660.29 | 624.11 | 39.22 | 7.10 | 3.00 | 1.00 | |
| | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 30 |
| 22 | 1.12 | 1.00 | | | | | | | |
| 23 | 1.55 | 1.19 | 1.00 | | | | | | |
| 24 | 1.76 | 1.36 | 1.03 | 1.00 | | | | | |
| 25 | 3.67 | 2.82 | 2.15 | 1.77 | 1.00 | | | | |
| 26 | 8.00 | 6.18 | 4.70 | 3.89 | 1.80 | 1.00 | | | |
| 27 | 40.20 | 30.92 | 23.52 | 19.44 | 9.00 | 3.92 | 1.00 | | |
| 28 | 100.50 | 77.29 | 58.80 | 48.59 | 22.48 | 9.81 | 2.29 | 1.00 | |
| 30 | 402.04 | 309.17 | 235.21 | 194.35 | 89.91 | 39.25 | 9.15 | 3.86 | 1. |

A) FOR CSAMP CODES 11, 18, 21, & 29 KEEP ALL.
 B) FOR THE REST, SAMPLE ACCORDING TO TABLE 2.A.1, REWEIGHTING EACH SELECTED RETURN BY THE INVERSE OF ITS SAMPLING RATE.

E.G. THERE ARE 174 RETURNS WITH CSAMP = 25 AND TSAMP = 21. SAMPLE FROM THESE AT A RATE OF 1 IN 3.67. EITHER 47 OR 48 RETURNS WILL BE SELECTED AND THE WEIGHT OF EACH ONE SHOULD BE MULTIPLIED BY 3.67.

STEP III: SELECTING A SUBSAMPLE.

A TAX MODEL SAMPLE OF EVEN 147,000 RETURNS IS STILL FAR TOO LARGE FOR PRACTICAL PURPOSES WITHIN OTA. OTA MAKES OVER 1,200 TAX MODEL RUNS PER YEAR AND A SAMPLE OF 147,000 RETURNS WOULD ALMOST TRIPLE THE COMPUTER TIME NEEDED FOR EACH RUN. AS A PRACTICAL NECESSITY, A SMALLER SAMPLE IS REQUIRED. PAST EXPERIENCE WITHIN CTA HAS INDICATED THAT A SAMPLE SIZE OF APPROXIMATELY 50,000 (50K) RETURNS IS SUFFICIENT FOR MOST TAX MODEL SIMULATIONS.

GIVEN THE 21 STRATA INTO WHICH THE SOI SAMPLE IS DIVIDED, WHAT TECHNIQUE WILL PRODUCE A 50K SUBSAMPLE THAT IS "OPTIMAL"? IN OTHER WORDS, HOW SHOULD RETURNS FROM EACH OF THE 21 STRATA IN THE FULL SOI BE CHOSEN TO PRODUCE A 50K SUBSAMPLE WHERE THE ESTIMATE OF THE MEAN WILL HAVE THE SMALLEST POSSIBLE STANDARD ERROR? THIS CAN BE ACCOMPLISHED BY REQUIRING THAT THE SAMPLING RATE FOR EACH STRATUM BE PROPORTIONAL TO THE STANDARD DEVIATION OF THE VARIABLE IN THAT STRATUM. THIS IS INTUITIVELY APPEALING: IF ONE GROUP HAS TWICE AS MUCH VARIABILITY AS ANOTHER, IT SHOULD BE SAMPLED TWICE AS HEAVILY. HOWEVER, WHAT IS AN "OPTIMAL" STRATIFICATION FOR ONE VARIABLE MAY BE QUITE DIFFERENT FROM WHAT IS OPTIMAL FOR ANOTHER VARIABLE.

TABLE 2.A.3 PRESENTS EIGHT VARIABLES THAT WERE CONSIDERED AS STRATIFYING VARIABLES BY THE OFFICE OF TAX ANALYSIS. THE LAST COLUMN SHOWS THE STANDARD ERRORS OF THE 50K TAX MODEL SUBSAMPLE WHICH WAS DERIVED BY OPTIMIZING ON TAXES PAID. AS CAN BE SEEN, THE STANDARD ERRORS IN THE NEW TAX MODEL ARE LESS FOR EVERY VARIABLE EXCEPT PREFERENCE INCOME THAN IF OTA HAD FOLLOWED ITS' PAST PRACTICE OF NAIVELY SUBSAMPLING THE SOI SAMPLE.

TABLE 2.A.3: STANDARD ERRORS OF ESTIMATE IN DOLLARS FOR EIGHT VARIABLES CONSIDERED AS STRATIFYING VARIABLES FOR OPTIMIZATION OF THE TAX MODEL SUBSAMPLE.

| | MEAN VALUE | RANDCM SAMPLE | SOI SAMPLE | NAIVE TAX MODEL SAMPLE | OPTI- MIZED ON TAX |
|---------------------|---------------|------------------|---------------|---------------------------------|--------------------------|
| SAMPLE SIZE: | | 147K | 147K | 50K | 50K |
| WAGES & SALARIES | 9,683 | 22.7 | 15.7 | 26.0 | 22.3 |
| DIVIDENDS | 281 | 19.1 | 3.5 | 6.0 | 5.0 |
| INTEREST | 528 | 7.3 | 5.0 | 8.6 | 7.1 |
| AGI | 11,526 | 60.0 | 12.9 | 22.2 | 18.3 |
| TAXABLE INCOME | 7,242 | 35.7 | 10.6 | 18.1 | 14.5 |
| CAPITAL GAINS | 169 | 21.7 | 2.9 | 4.9 | 4.4 |
| PREFERENCE INCOME | 64 | 21.6 | 1.0 | 1.7 | 2.1 |
| TAX (AFTER CREDITS) | 1,513 | 18.5 | 2.6 | 4.7 | 3.7 |

AS TABLE 2.A.4 SHOWS, THE FINAL SAMPLE SELECTION INCLUDED ALL OF THE 252 RETURNS WITH THE CSAMP CODES 18 & 29. THESE RETURNS ALL HAD AGI'S OF OVER \$200,000 AND PAID ZERO TAX. WHILE THE STANDARD DEVIATION AND THE POPULATION NUMBERS INVOLVED WERE SO SMALL THAT NONE OF THE OPTIMIZING VARIABLES CALLED FOR INCLUSION OF THESE RETURNS IN THE FINAL SAMPLE, IT SEEMED A WASTE TO THROW THEM OUT AFTER IRS HAD SELECTED THEM.

IN ALL CASES, THE ORIGINAL WEIGHT OF THE RETURN WAS MULTIPLIED BY THE SAMPLING RATE. THE AVERAGE WEIGHT IN THE ORIGINAL 200,000 SOI SAMPLE WAS 399. IN THE FINAL 50K SUBSAMPLE, THE AVERAGE WEIGHT IS ABOUT 1,645 AND THE MAXIMUM WEIGHT IS 5,148.

TABLE 2.A.4: SAMPLING RATES FOR THE 50K SUBSAMPLE
OPTIMIZED ON TAXES PAID

| REALLOCATED CSAMP | SAMPLE RATE | SAMPLE SIZE |
|----------------------|----------------|----------------|
| 11 | 1.8680 | 10,698 |
| 12 | 2.3000 | 5,197 |
| 13 | 3.1050 | 4,539 |
| 14 | 1.0960 | 13,951 |
| 15 | 4.5810 | 3,311 |
| 16 | 9.9800 | 1,790 |
| 17 | 7.8160 | 1,082 |
| 18 | 1.0000 | 149 |
| 19 | 2.4530 | 1,644 |
| 21 | 10.2960 | 639 |
| 22 | 7.0800 | 585 |
| 23 | 7.1350 | 614 |
| 24 | 4.9350 | 957 |
| 25 | 4.7170 | 1,105 |
| 26 | 3.6050 | 1,339 |
| 27 | 6.6690 | 714 |
| 28 | 5.6050 | 468 |
| 29 | 1.0000 | 103 |
| 30 | 2.1410 | 1,115 |
| TOTAL | 2.935 | 50,000 |

APPENDIX B

B. ANOMALIES IN THE 1975 DATA BASE.

THIS SECTION LISTS THE MAJOR ANOMALIES THAT WERE ENCOUNTERED ON THE 1975 TAX MODEL SAMPLE AND HOW THESE ANOMALIES WERE EDITED IN ORDER TO PRODUCE A 'CLEAN' SAMPLE. THE TREATMENT OF EACH ANOMALY WAS DETERMINED BY ANSWERING THE FOLLOWING SERIES OF QUESTIONS:

(A) IS THE ANOMALY THE RESULT OF AN ERROR IN THE CODING OF THE MODEL'S TAX CALCULATOR? IF SO, THE MODEL WAS CORRECTED.

(B) IS THE ANOMALY THE RESULT OF AN INFREQUENTLY EXERCISED PROVISION OF THE TAX CODE? IF SO, WILL THE INCLUSION OF THIS PROVISION SUFFICIENTLY INCREASE THE ACCURACY OF THE TAX MODEL WITHOUT UNDULY COMPLICATING THE USE OF THE MODEL?

(C) IS THE ANOMALY THE RESULT OF AN ADMINISTRATIVE PRACTICE EMPLOYED BY THE INTERNAL REVENUE SERVICE? IF SO, WHAT ARE THE COSTS AND BENEFITS OF INCLUDING THIS PRACTICE IN THE TAX MODEL? IF THE COSTS ARE PROHIBITIVE, CAN PART OF THE BENEFITS BE CAPTURED AT A LOWER COST BY APPROXIMATING THE ADMINISTRATIVE PRACTICE?

(D) IS THE ANOMALY THE RESULT OF TAXPAYER IGNORANCE? IF SO, HOW WILL THE ASSUMPTION OF RATIONALITY AFFECT THE TAX REVENUES GENERATED BY THE MODEL?

(E) IS THE ANOMALY THE RESULT OF A MATHEMATICAL ERROR MADE BY THE TAXPAYER OR TAX PREPARER? IF SO, THESE WERE CORRECTED.

(F) IS THE ANOMALY DUE TO ROUNDING ERROR BY THE TAX MODEL, THE TAXPAYER, OR THE IRS? IF THE DISCREPANCY IN FINAL TAX LIABILITY WAS ONE DOLLAR OR LESS, THE TAX LIABILITY GENERATED BY THE TAX MODEL IS ASSUMED TO BE CORRECT.

(G) IS THE ANOMALY UNEXPLAINABLE BY ANY OTHER MEANS? IF SO, THE TAX MODEL RESULTS ARE ASSUMED TO BE TRUE AND CORRECT.

(1) CAPITAL LOSSES ARE LIMITED TO THE SMALLER OF THE ACTUAL CAPITAL LOSS, \$1000 (\$500 FOR MARRIED FILING SEPERATELY), OR TAXABLE INCOME. IF THE TAXABLE INCOME CONSTRAINT WERE INCORPORATED IN THE TAX CALCULATOR, THE TAX MDEL WOULD BECOME AN ITERATIVE PROGRAM RATHER THAN A SEQUENTIAL PROGRAM. THIS WOULD INCREASE THE COMPLEXITY OF THE TAX MDEL AND THE EXECUTION TIME FOR EACH TAX MODEL RUN. THE RESULTING BENEFIT WOULD BE A SMALL INCREASE IN THE ACCURACY OF THE ESTIMATES OF ADJUSTED GROSS INCOME. CONSEQUENTLY, THE TAXABLE INCOME CONSTRAINT WAS OMITTED FROM THE TAX CALCULATOR AND CAPITAL LOSSES ARE REFLECTED IN AGI WHEN TAXABLE INCOME IS ZERO. THUS, THE AGGREGATE AGI CALCULATED BY THE TAX MODEL IS SLIGHTLY LOWER THAN THE AGGREGATE AGI FOUND ON THE 1975 DATA BASE.

(2) ON SOME RETURNS, THE CAPITAL LOSS LIMITATION HAS NOT BEEN CORRECTLY APPLIED. ON THESE RETURNS, CAPITAL LOSSES IN ADJUSTED GROSS INCOME EXCEED THE \$1000 LIMITATION. EACH RETURN WAS CORRECTED TO REFLECT THE CURRENT TAX LAW.

(3) CAPITAL LOSSES BELOW THE LOSS LIMITATION HAVE BEEN CALCULATED INCORRECTLY ON SOME RETURNS. IN A FEW CASES, THERE WERE NO CAPITAL LOSSES IN AGI WHEN THERE SHGULD HAVE BEEN. BOTH SITUATIONS WERE CORRECTED IN ACCORDANCE WITH THE TAX LAW.

(4) ON SOME RETURNS, THE EXCLUDED PORTION OF LONG TERM GAINS IN EXCESS OF SHORT TERM LOSSES IS PROPERLY OMITTED FROM ADJUSTED GROSS INCOME BUT IS NOT PROPERLY INCLUDED ON FORM 4625 (MINIMUM TAX). IT WOULD APPEAR THAT THE OMISSION OF EXCLUDED LONG TERM CAPITAL GAINS FROM THE CALCULATION OF PREFERENCE INCOME IS DUE TO THE FACT THAT THESE RETURNS DID NOT BENEFIT FROM THE PREFERENTIAL TREATMENT OF CAPITAL GAINS SINCE THEIR LOSSES FROM OTHER SOURCES WERE LARGE ENOUGH TO MAKE THEIR ADJUSTED GROSS INCOME NEGATIVE IN THE ABSENCE OF THE CAPITAL GAINS PROVISIONS. REGULATION 1.57-4, LIMITATION ON AMOUNTS TREATED AS ITEMS OF TAX PREFERENCE, PROVIDES FOR A REDUCTION IN THE AMOUNT OF TAX PREFERENCE WHEN ALL OR PART OF ANY ITEM OF TAX PREFERENCE RESULTS IN NO TAX BENEFIT DUE TO MODIFICATIONS REQUIRED UNDER SECTION 172 (C) CR

(B)(2)--COMPUTATION OF NET OPERATING LOSS. SINCE THE DATA NECESSARY FOR THESE COMPUTATIONS ARE NOT AVAILABLE ON THE SAMPLE, REGULATION 1.57-4 WAS APPROXIMATED BY USING THE FOLLOWING TWO EQUATIONS--

$$NOBEN = -AMIN(0.0, TINC)$$

$$NOBEN = AMAX(0.0, NOBEN - NOL75)$$

$$PREF = PREFI + AMAX(0.0, EXLCG - NOBEN)$$

WHERE NOBEN IS THE EXCESS DEDUCTIONS, EXEMPTIONS, AND LOSSES OTHER THAN CAPITAL LOSSES, WHICH WERE NOT NEEDED

TO MAKE TAXABLE INCOME GO NEGATIVE.
NOL75 IS THE NET OPERATING LOSS FOR 1975.
TINC IS TAXABLE INCOME BEFORE BEING CCNSTRAINED TO ZERO.
PREF IS TCTAL PREFERENCE INCOME
PREFI IS TOTAL PREFERENCE INCOME NET OF EXCLUDED LONG TERM GAINS IN EXCESS OF SHORT TERM LOSSES.
EXLCG IS EXCLUDED LONG TERM GAINS IN EXCESS OF SHCRT TERM LOSSES.

(5) THERE EXIST SOME RETURNS WHERE THE EXCLUDED PORTION OF LONG TERM CAPITAL GAINS INCLUDED IN PREFERENCE INCCME IS LARGER THAN THE EXCLUDED PORTION OF LONG TERM CAPITAL GAINS OMITTED FROM ADJUSTED GROSS INCOME. SINCE THIS SITUATION IS IMPOSSIBLE, EACH RETURN WAS CORRECTED SO THAT THE CORRECT AMOUNT OF EXCLUDED LONG TERM CAPITAL GAINS ARE INCLUDED IN PREFERENCE INCOME.

(6) ON THE OTHER HAND, THE EXCLUDED PORTION OF LONG TERM CAPITAL GAINS INCLUDED IN PREFERENCE INCOME IS SMALLER THAN THE EXCLUDED PORTION OF LONG TERM CAPITAL GAINS OMITTED FROM ADJUSTED GROSS INCOME ON OTHER RETURNS. THIS ALSO THE IS RESULT OF REGULATION 1.57-4 AND WAS TREATED THE SAME AS ITEM 4 ABOVE.

(7) ON SOME RETURNS, THE CALCULATION OF THE MINIMUM TAX IS MATHERMATICALLY INCORRECT. ON OTHER RETURNS, THE MINIMUM TAX AS CALCULATED BY THE TAX MODEL IS PLUS OR MINUS ONE DOLLAR FROM THE MINIMUM TAX FOUND ON THE 1975 DATA BASE. THE TAX MODEL RESULTS WERE USED IN BCTH OF THESE CASES.

(8) ON SOME MINIMUM TAX RETURNS, THERE IS A FIGURE FOR TOTAL PREFERENCE INCOME BUT NO COMPONENTS FOR TOTAL PREFERENCE INCOME. CONSEQUENTLY, PREFERENCE INCOME NET OF EXCLUDED LONG TERM CAPITAL GAINS IN EXCESS OF SHORT TERM CAPITAL LOSSES WAS SET EQUAL TO TOTAL PREFERENCE INCOME. THIS FORCES THE TAX MODEL TO CALCULATE THE CORRECT MINIMUM TAX. HOWEVER, THESE RETURNS WILL BE UNRESPONSIVE TO ANY CHANGE IN THE DEFINITION OF PREFERENCE INCOME.

(9) ON OTHER MINIMUM TAX RETURNS, THE TOTAL FOR PREFERENCE INCOME DOES NOT EQUAL THE SUM OF ITS COMPCNENTS. THE TOTAL COMPUTED BY THE TAX MODEL REPLACED THE TOTAL FOUND ON THE 1973 DATA BASE.

(10) SCME RETURNS DID NOT BOTHER TO FILE A MINIMUM TAX RETURN ALTHOUGH THEIR EXCLUDED LONG TERM GAINS WERE WELL IN EXCESS OF \$30,000 AND THEIR TAX LIABILITIES WERE POSITIVE. APPARENTLY, THESE RETURNS HAVE NOT BEEN AUDITED AND WILL FILE A MINIMUM TAX RETURN WHEN AUDITED. THEREFORE, THE RESULTS OF THE TAX MODEL WERE USED.

(11) RETURNS WHICH HAVE NO FORM OF DEDUCTION, I.E. ADJUSTED GROSS INCOME IS LESS THAN OR EQUAL TO ZERO, ARE CLASSIFIED AS STANDARD

DEDUCTION RETURNS.

(12) THE 1975 DATA BASE APPARENTLY CONTAINS SOME LATE OR AMMENDED RETURNS FILED UNDER A TAX CODE OTHER THAN THE 1975 TAX CODE (THERE ARE DEFINITELY SOME RETURNS FILED UNDER THE 1973 TAX CODE). WHEN THESE RETURNS ARE PROCESSED BY THE TAX CALCULATOR, THEY SWITCH FROM THE PERCENTAGE STANDARD DEDUCTION OR THE LOW INCOME ALLOWANCE TO THE MINIMUM STANDARD DEDUCTION WITH AN ACCOMPANYING LOSS IN REVENUE AND THE NUMBER OF TAXABLE RETURNS. THE ALTERNATIVE, HOWEVER, WOULD BE TO INCLUDE A SEPERATE TAX CALCULATOR FOR THE LATE OR AMMENDED RETURNS. SINCE THIS ALTERNATIVE UNDULY COMPLICATES THE USE OF THE TAX MODEL, EACH LATE OR AMMENDED RETURN'S TAX LIABILITY WAS RECALCULATED UNDER THE 1975 TAX CODE.

(13) THERE ARE A NUMBER OF RETURNS WHICH HAD ZERO DEDUCTIONS AND A POSITIVE TAX. APPARENTLY, THE INDIVIDUALS FILING THESE RETURNS WERE IGNORANT OF THE DEDUCTIONS THEY COULD CLAIM. ALL RETURNS OF THIS VARIETY WERE IMPUTED A RATHER LARGE DOSE OF RATIONALITY IN SPITE OF THE FACT THAT IT IS PROBABLY NOT WARRANTED.

(14) SOME MARRIED FILING SEPERATE AND JOINT RETURNS TOOK THE PERCENTAGE STANDARD DEDUCTION WHEN IT WAS MORE ADVANTAGECUS FOR THEM TO TAKE THE MINIMUM STANDARD DEDUCTION. IN THESE CASES, THE MINIMUM STANDARD DEDUCTION WAS EMPLOYED.

(15) THERE ARE A FEW RETURNS WHOSE TOTAL ITEMIZED DEDUCTIONS HAVE BEEN SUMMED INCORRECTLY. THESE WERE THE RESULT OF SMALL MATHEMATICAL ERRORS IN CALCULATION OF MEDICAL DEDUCTIONS AND WERE EASILY CORRECTED BY THE TAX MODEL PROGRAM.

(16) IN SPITE OF THE FACT THAT THERE IS A LINE ITEM (5) ON SCHEDULE A FOR THE BALANCE OF MEDICAL INSURANCE PREMIUMS, A LARGE NUMBER OF TAXPAYERS HAVE PERTINACIOUSLY REFUSED TO TAKE ADVANTAGE OF THIS ITEM AND HAVE LEFT LINE 5 BLANK. THE BALANCE OF MEDICAL INSURANCE PREMIUMS WAS RECONSTRUCTED FOR THESE RETURNS. ON THE AVERAGE, THE TAX LIABILITY OF THESE RETURNS WAS DECREASED BY A SMALL AMOUNT.

(17) SOME RETURNS ELECTED TO ITEMIZE WITH DETAIL RATHER THAN CHOOSE THE STANDARD DEDUCTION WHICH WOULD HAVE YIELDED A LOWER TAX LIABILITY. THIS MAY BE DUE TO THE PARTICULAR INDIVIDUAL ATTEMPTING TO MINIMIZE HIS OVERALL TAX LIABILITY, I.E. FEDERAL, STATE AND LOCAL. IN SOME SITUTATIONS, STATE OR LOCAL TAX TREATMENT OF DEDUCTIONS IS MORE LIBERAL THAN THE FEDERAL GOVERNMENTS BUT TO TAKE ADVANTAGE OF THESE MORE LIBERAL TREATMENTS, THE INDIVIDUAL MAY BE REQUIRED BY THE STATE OR LOCAL GOVERNMENT TO ITEMIZE ON HIS FEDERAL TAX RETURN. IF THESE PROVISIONS ARE SUFFICIENTLY LIBERAL, THE INDIVIDUAL CAN MINIMIZE HIS OVERALL TAX LIABILITY BY PAYING SOME FEDERAL TAX IN ORDER TO ITEMIZE AT THE STATE OR LOCAL LEVEL AND THEREBY SAVE MORE AT THE

STATE OR LOCAL LEVEL THAN HE PAID IN TAXES AT THE FEDERAL LEVEL. IN ADDITION, THERE ARE TWO SITUATIONS WHERE THE FEDERAL TAX CODE FORCES AN INDIVIDUAL TO ITEMIZE EVEN IF IT IS NOT TO HIS ADVANTAGE.

(A) AN INDIVIDUAL WHO IS MARRIED FILING SEPERATELY MUST ITEMIZE IF HIS SPOUSE ITEMIZES, AND
(B) A MINOR CHILD WITH UNEARNED INCOME MAY NOT USE THE MINIMUM STANDARD DEDUCTION AND THEREFORE, MUST USE THE PERCENTAGE STANDARD DEDUCTION OR ITEMIZE. THERE ARE 91 SAMPLE RETURNS OF THIS TYPE. ALLOWING THEM TO CHANGE TO THE STANDARD DEDUCTION WOULD LOSE 24 MILLION DOLLARS OF TAX REVENUE. SINCE THERE ARE VALID EXPLANATIONS OF WHY THESE RETURNS ITEMIZED AND SINCE THE MAGNITUDE OF THE REVENUE LOSS IS SUBSTANTIAL, THESE RETURNS WERE RETAINED AS "PERMANENT" ITEMIZERS.

(18) SOME RETURNS ELECTED TO ITEMIZE WITHOUT DETAIL. THERE ARE 17 SAMPLE RETURNS OF THIS VARIETY IN THE 1975 TAX MODEL DATA BASE. THE 1975 TAX CALCULATOR WOULD AUTOMATICALLY CHANGE THESE RETURNS TO STANDARD DEDUCTORS WITH AN ACCOMPANYING 2 MILLION DOLLAR GAIN IN REVENUE. SINCE THESE RETURNS ARE ITEMIZERS AND SINCE THE REVENUE GAIN IS SUBSTANTIAL THESE RETURNS WERE RETAINED AS "PERMANENT" ITEMIZERS.

(19) RETURNS WHICH USED THE TAX TABLES TO CALCULATE THEIR TAX LIABILITY MAY HAVE A TAX LIABILITY CALCULATED BY THE TAX MODEL THAT DIFFERS BY AS MUCH AS PLUS OR MINUS \$6. SINCE THE USE OF TAX TABLES IS AN IMPRACTICAL COMPUTATIONAL METHOD OF DETERMINING TAX LIABILITY, THE TAX CALCULATED BY THE MODEL'S TAX SCHEDULES WAS USED IN LIEU OF THE TAX APPEARING ON THE 1975 DATA BASE.

(20) SOME RETURNS WHICH USED THE TAX TABLES PERFORMED A 'TABLE-LOOK-UP' ERROR. THIS RESULTED IN THEIR 1975 TAX LIABILITY BEING DIFFERENT THAN THAT CALCULATED BY THE TAX MODEL. THE SIZE OF THE ERROR HERE IS USUALLY GREATER THAN \$6. THESE ERRORS WERE CORRECTED BY THE TAX MODEL.

(21) LINE 31 ON FORM 1040, I.E. PENSIONS, ANNUITIES, RENTS, ROYALTIES, PARTNERSHIPS, ESTATES OR TRUSTS, ETC., DID NOT EQUAL THE SUM OF THE SAME COMPONENTS FROM SCHEDULE E. SUMMING THE COMPONENTS FROM SCHEDULE E ALWAYS PRODUCED THE CORRECT AGI, THEREFORE, LINE 31 WAS REPLACED WITH THIS SUM.

(22) THE MAXIMUM TAX REQUIRES THAT THE TAXPAYER OFFSET HIS EARNED TAXABLE INCOME WITH THE EXCESS OF THE LARGER OF HIS CURRENT YEAR PREFERENCES OR ONE-FIFTH OF HIS PREFERENCES OVER THE LAST 5 YEARS OVER \$30,000. THE ONE-FIFTH OF PREFERENCES OVER THE LAST 5 YEARS WAS RECONSTRUCTED FROM THE DATA FOR THE 1975 SAMPLE.

(23) SOME RETURNS WERE LIBERAL IN ROUNDING THE RATIO OF ADJUSTED EARNED INCOME TO ADJUSTED GROSS INCOME. FOR HIGH INCOME RETURNS,

THIS ROUNDING COULD SAVE THE TAXPAYER AS MUCH AS \$1000 IN TAXES. THE TAX MODEL'S RATIO, WHICH IS UNROUNDED WAS USED.

(24) THERE WERE ALSO SOME RETURNS THAT MADE MATHEMATICAL ERRORS IN CALCULATING THE MAXIMUM - ALTERNATIVE TAX. THE TAX MODEL RESULTS WERE EMPLOYED.

(25) THERE WERE AT LEAST FOUR RETURNS WHERE THE MAXIMUM-ALTERNATIVE TAX ON LINE 34 OF FORM 4726 DID NOT AGREE WITH THE TAX ON LINE 16A OF FORM 1040. THE TWO TAXES ARE CONCEPTUALLY IDENTICAL AND SHOULD BE IDENTICAL IN THE DATA AS WELL. SINCE THE TAX MODEL REPRODUCED LINE 34 OF FORM 4726 EXACTLY, THIS FIGURE WAS USED FOR LINE 16A OF FORM 1040.

(26) SOME RETURNS DID NOT ELECT THE SAVINGS FROM THE ALTERNATIVE TAX. IN THESE CASES, THE TAX SAVINGS WERE SMALL. EVIDENTLY, AN \$8 REDUCTION IN TAXES IS NOT WORTH THE EFFORT OF FILING AN ALTERNATIVE TAX WHEN YOUR AGI IS OVER \$100,000. NEVER-THE-LESS, THE MODEL'S RESULTS WERE EMPLOYED.

(27) SOME RETURNS DID NOT CLAIM THE EARNED INCOME CREDIT ALTHOUGH THEY QUALIFIED. ON OTHER RETURNS, THE EARNED INCOME CREDIT WAS NOT CALCULATED CORRECTLY. IN BOTH CASES, THE TAX MODEL RESULTS WERE USED.

(28) ON A NUMBER OF RETURNS THERE EXISTS A MATHEMATICAL ERROR IN SUBTRACTING THE CREDITS FROM TAX BEFORE CREDITS. SINCE THE FINAL TAX CALCULATED BY THE MODEL AGREES WITH THE DIFFERENCE BETWEEN INCOME TAX WITHHELD AND AMOUNT OF OVERPAYMENT, THE TAX CALCULATED BY THE MODEL WAS USED.

APPENDIX C

C. COMPARISON OF THE 1975 MODEL & SOI.

TABLES 2.C.1, 2.C.2, AND 2.C.3 PRESENT A COMPARISON OF THE 1975 TAX MODEL WITH THE PRELIMINARY 1975 STATISTICS OF INCOME FOR ALL RETURNS, TAXABLE RETURNS, AND NON-TAXABLE RETURNS. THE PERCENT ERRORS FOR AGI, TAXABLE INCOME, AND TAX LIABILITY INCLUDING MINIMUM TAX ARE AS FOLLOWS:

| | ALL RETURNS | TAXABLE RETURNS | NON-TAXABLE RETURNS |
|-----------------------|-------------|-----------------|---------------------|
| ADJUSTED GROSS INCOME | -0.19% | -0.33% | +2.5% |
| TAXABLE INCOME | -0.12% | -0.17% | 5.7% |
| TAX LIABILITY | -0.15% | -0.15% | 0.0% |

ALL RETURNS:

THE SOURCES OF INCOME TABULATED BY THE MODEL WERE WITHIN + OR - 2% OF THE 1975 SOI FIGURES EXCEPT FOR--

- (A) FARM INCOME, -19.4%: THIS IS A NET FIGURE.
- (B) RENT & ROYALTY INCOME, -4.4%: THIS IS A NET FIGURE.
- (C) PARTNERSHIP & SUB. S INCOME, -6.5%: THIS IS ALSO A NET FIGURE.
- (D) ESTATE & TRUSTS INCOME, +9.4%: THIS TOO IS A NET FIGURE.
- (E) OTHER SOURCES OF INCOME, -3% .

THE VALUE OF EXEMPTIONS TABULATED BY THE TAX MODEL WERE WITHIN LESS THAN 1% OF THE 1975 SOI FIGURES EXCEPT FOR BLIND EXEMPTIONS WHICH WERE 11.8% HIGH.

ITEMIZED DEDUCTIONS AS TABULATED BY THE MODEL WERE ALL WITHIN LESS THAN + OR - 1% OF THE 1975 SOI FIGURES EXCEPT FOR MEDICAL(+2.3%), CASUALTY AND THEFT(+2.6%), AND MISCELLANEOUS(-9.4%).

TAXABLE RETURNS:

THE RESULTS FOR TAXABLE RETURNS ARE, IN GENERAL, BETTER THAN THE RESULTS FOR ALL RETURNS. FARM INCOME IS ONLY 9.7% LOW AND PARTNERSHIP & SUB. S INCOME IS ONLY 1.7% LOW . RENT & ROYALTY INCOME (-2.5%) AND ESTATES & TRUSTS INCOME (+6.7%) ALSO HAVE SMALLER PERCENTAGE ERRORS THAN BEFORE. ONE ODDITY IS THAT OTHER SOURCES OF INCOME IS 37.5% LOW, IE. 1.3 BILLION DOLLARS. THIS IS

DUE TO PART TO THE FACT THAT ACCORDING TO THE 1975 PRELIMINARY SOI--TAXABLE RETURNS SHOW AN OTHER INCOME THAT IS 3 TIMES AS LARGE AS THE OTHER LOSS ON NON-TAXABLE RETURNS. THIS TREND IS NOT EXHIBITED IN THE DATA OBTAINED FROM THE SOI.

ITEMIZED DEDUCTIONS WERE ALL WITHIN LESS THAN + OR - 1% OF THE 1975 SOI FIGURES EXCEPT FOR CASUALTY AND THEFT (+2.8%), WHICH IS SOMEWHAT WORST, AND MISCELLANEOUS (-9.2%) WHICH IS SOMEWHAT BETTER. MEDICAL DEDUCTIONS IMPROVED DRASTICALLY BY DROPPING FROM +2.3% TO +.73%.

NON-TAXABLE RETURNS:

THE RESULTS FOR NON-TAXABLE RETURNS DIFFER DRASTICALLY FROM THE RESULTS FOR ALL RETURNS. NONE OF THE PERCENTAGE ERRORS WERE WITHIN + OR - 2% OF THE CORRESPONDING SOI FIGURES. THE PERCENTAGE ERRORS ARE AS FOLLOWS:

- (A) WAGES AND SALARIES, +5.3%.
- (B) INTEREST, +9.9%.
- (C) NON-FARM INCOME, -23%: THIS IS A NET FIGURE.
- (D) FARM INCOME, -19%: PROBABLY THE TCMP SAMPLING SCHEME.
- (E) RENT & ROYALTY INCOME, +258%: THIS IS A NET FIGURE.
- (F) PARTNERSHIP & SUB. S INCOME, -25%: THIS IS A NET FIGURE.
- (G) ESTATES & TRUSTS INCOME, +57%: THIS IS A NET FIGURE.
- (H) ALL OTHER INCOME, -114%.

THE STANDARD DEDUCTIONS TABULATED BY THE TAX MODEL WERE 6.8% LARGER THAN THE SOI FIGURES. HOWEVER, THE TAX MODEL CALCULATES A STANDARD DEDUCTION FOR "NO AGI" RETURNS EVEN THOUGH THE SOI DOES NOT.

THE PERCENTAGE ERRORS FOR ITEMIZED DEDUCTIONS WERE ALL LESS THAN 2% EXCEPT FOR--

- (A) TAX EXPENSE, -3.5%.
- (B) MEDICAL DEDUCTIONS, +9.5%.
- (C) MISCELLANEOUS DEDUCTIONS, -12.5%.

ANALYSIS OF THE NET PROFIT OR LOSS FIGURES:

DUE TO THE SIZEABLE PERCENTAGE ERRORS ON SOME OF THE NET PROFIT OR LOSS ITEMS, AN ATTEMPT WAS MADE TO TO COMPARE THE PROFIT AND LOSS FIGURES GENERATED BY THE TAX MODEL WITH THOSE PRESENTED IN THE PRELIMINARY 1975 STATISTICS OF INCOME. THIS COMPARISON IS PRESENTED IN TABLE 2.C.4. UNFORTUNATELY, THE PRELIMINARY 1975 SOI LACKS MORE THAN HALF OF THE PROFIT AND LOSS ITEMS THAT ARE NEEDED FOR THIS COMPARISON.

NON-FARM BUSINESS INCOME.

ALTHOUGH NET NON-FARM INCOME WAS 2.3% LOW FOR ALL RETURNS, TABLE 2.C.4 SHOWS THAT THE TAX MODEL IS 1.6% LOW ON PROFITS AND 3.9% HIGH ON LOSSES. TAXABLE RETURNS HAD A NET NON-FARM INCOME THAT WAS 1.6% LOW, HOWEVER, THE PROFIT AND LOSS FIGURES ARE 1.3% LOW AND 3.4% HIGH. NON-TAXABLE RETURNS FARE MUCH BETTER. NET NON-FARM INCOME OF NON-TAXABLE RETURNS WAS 23% LOW BUT THE PROFIT AND LOSS FIGURES ARE 4.9% LOW AND 4.3% HIGH RESPECTIVELY.

FARM INCOME.

FARM INCOME SHOWS SOME IMPROVEMENT WHEN THE PROFIT AND LOSS FIGURES ARE EXAMINED. THE NET FARM INCOME OF ALL RETURNS WAS 19.4% LOW. THE CORRESPONDING PROFIT AND LOSS FIGURES WERE 5.6% LOW AND 3.2% HIGH. TAXABLE RETURNS HAD A NET FARM INCOME THAT WAS 9.7% LOW, HOWEVER, THE PROFIT AND LOSS FIGURES ARE 6% LOW AND .3% LOW. NON-TAXABLE RETURNS HAD A NET FARM INCOME THAT WAS 19% LOW. THE PROFIT AND LOSS FIGURES WERE 3.4% LOW AND 6.8% HIGH. IN GENERAL, FARM LOSSES ARE CONSISTENTLY OVERSTATED ON THE TAX MODEL, WHILE FARM PROFITS ARE CONSISTENTLY UNDERSTATED ON THE TAX MODEL.

SUMMATION.

ALTHOUGH THE TAX MODEL YIELDS ACCEPTABLE RESULTS FOR AGI, MOST DEDUCTIONS, TAXABLE INCOME, AND TAX LIABILITY, THE PERCENTAGE ERRORS FOR THE NET INCOME FIGURES SEEM LARGER THAN ONE WOULD EXPECT. AT THIS TIME, IT IS NOT KNOWN WHETHER THIS IS A RESULT OF OTA'S SAMPLING TECHNIQUE, A PECULIARITY OF THE 1975 DATA BASE SUPPLIED BY IRS, OR THE TENTATIVE NATURE OF THE PRELIMINARY 1975 SOI FIGURES.

TABLE 2.C.1: COMPARISON OF THE 1975 TAX MODEL WITH THE PRELIMINARY 1975 SOI, ALL RETURNS

| ITEM | MODEL | SOI | DIFF |
|--------------------------|---------|---------|--------|
| NUMBER OF RETURNS | 82,221 | 82,177 | +44 |
| ITEMIZED | 25,954 | 26,056 | -102 |
| STANDARD | 56,267 | 56,121C | +146 |
| SOURCES OF INCOME | | | |
| WAGES & SALARIES | 795,488 | 795,213 | +275 |
| DIVIDENDS B.E. | 23,453 | 21,988* | N.A. |
| INTEREST | 43,585 | 43,322 | +263 |
| NON-FARM INCOME | 38,574 | 39,501 | -927 |
| FARM INCOME | 2,898 | 3,670 | -709 |
| RENT & ROYALTY | 5,034 | 5,268 | -234 |
| PARTNERSHIP & SUB. S | 12,297 | 13,148 | -851 |
| CAPITAL GAINS B.C. | 29,226 | N.A. | N.A. |
| ESTATES & TRUSTS | 2,780 | 2,542 | +238 |
| PENSIONS & ANNUITIES | 21,274 | 20,874* | +400 |
| ALL OTHER SOURCES | 2,265 | 2,337 | -72 |
| ADJUSTMENTS TO INCOME | 14,935 | 15,082 | -147 |
| ADJUSTED GROSS INCOME | 946,329 | 948,094 | -1,765 |
| EXEMPTIONS, TOTAL | 160,166 | 158,941 | +1,216 |
| TAXPAYER | 94,642 | 94,862C | -220 |
| AGED | 7,526 | 7,451C | +75 |
| BLIND | 181 | 160C | +19 |
| OTHER | 55,817 | 56,477C | -660 |
| STANDARD DEDUCTIONS | 102,555 | 100,922 | +1,633 |
| ITEMIZED DEDUCTIONS | 122,095 | 121,878 | +217 |
| CHARITABLE CONTRIBUTIONS | 15,382 | 15,426 | -44 |
| INTEREST PAID | 38,713 | 38,622 | +91 |
| TAX EXPENSE | 43,924 | 44,110 | -186 |
| MEDICAL DEDUCTIONS | 11,685 | 11,414 | +271 |
| CASUALTY OR THEFT | 1,241 | 1,209 | +32 |
| OTHER MISC DEDUCTIONS | 11,150 | 12,307 | -1,157 |
| TAXABLE INCOME | 594,901 | 595,626 | -725 |
| INCOME TAX AFTER CREDITS | 124,576 | 124,758 | -182 |

TABLE 2.C.2: COMPARISON OF THE 1975 TAX MODEL WITH THE PRELIMINARY 1975 SOI, TAXABLE RETURNS

| ITEM | MODEL | SOI | DIFF |
|--------------------------|---------|---------|--------|
| NUMBER OF RETURNS | 61,220 | 61,753 | -533 |
| ITEMIZED | 24,388 | 24,539 | -151 |
| STANDARD | 36,833 | 37,214 | -381 |
| SOURCES OF INCOME | | | |
| WAGES & SALARIES | 749,250 | 751,327 | -2,077 |
| DIVIDENDS B.E. | 22,031 | 20,736* | N.A. |
| INTEREST | 38,484 | 38,682 | -198 |
| NON-FARM INCOME | 37,530 | 38,145 | -615 |
| FARM INCOME | 4,613 | 5,111 | -498 |
| RENT & ROYALTY | 5,088 | 5,223 | -135 |
| PARTNERSHIP & SUB. S | 15,195 | 15,462 | -267 |
| CAPITAL GAINS B.C. | 24,250 | N.A. | N.A. |
| ESTATES & TRUSTS | 2,570 | 2,408 | +162 |
| PENSIONS & ANNUITIES | 18,861 | 18,649* | +212 |
| ALL OTHER SOURCES | 2,116 | 3,388 | -1,272 |
| ADJUSTMENTS TO INCOME | 13,201 | 13,440 | -239 |
| ADJUSTED GROSS INCOME | 896,748 | 899,723 | -2,975 |
| EXEMPTIONS, TOTAL | | | |
| TAXPAYER | 73,635 | N.A. | N.A. |
| AGED | 4,998 | N.A. | N.A. |
| BLIND | 108 | N.A. | N.A. |
| OTHER | 43,902 | N.A. | N.A. |
| STANDARD DEDUCTIONS | 70,008 | 70,467 | -459 |
| ITEMIZED DEDUCTIONS | | | |
| CHARITABLE CONTRIBUTIONS | 14,727 | 14,768 | -41 |
| INTEREST PAID | 36,242 | 36,113 | +129 |
| TAX EXPENSE | 42,404 | 42,534 | -130 |
| MEDICAL DEDUCTIONS | 9,343 | 9,275 | +68 |
| CASUALTY OR THEFT | 1,043 | 1,014 | +29 |
| OTHER MISC DEDUCTIONS | 10,457 | 11,517 | -1,060 |
| TAXABLE INCOME | 589,923 | 590,918 | -995 |
| INCOME TAX AFTER CREDITS | 124,576 | 124,758 | -182 |

TABLE 2.C.3: COMPARISON OF THE 1975 TAX MODEL WITH THE PRELIMINARY 1975 SOI, NON-TAXABLE RETURNS

| ITEM | MODEL | SOI | DIFF |
|--------------------------|--------|---------|---------|
| NUMBER OF RETURNS | 21,000 | 20,424 | +576 |
| ITEMIZED | 1,565 | 1,517 | +48 |
| STANDARD | 19,434 | 18,907C | +527 |
| SOURCES OF INCOME | | | |
| WAGES & SALARIES | 46,239 | 43,886 | +2,353 |
| DIVIDENDS B.E. | 1,421 | 1,251* | N.A. |
| INTEREST | 5,100 | 4,640 | +460 |
| NON-FARM INCOME | 1,044 | 1,356 | -312 |
| FARM INCOME | -1,716 | -1,440 | -276 |
| RENT & ROYALTY | -54 | .34 | +88 |
| PARTNERSHIP & SUB. S | -2,898 | -2,314 | -584 |
| CAPITAL GAINS B.C. | 1,976 | N.A. | N.A. |
| ESTATES & TRUSTS | 210 | 134 | +76 |
| PENSIONS & ANNUITIES | 2,413 | 2,225e | +188 |
| ALL OTHER SOURCES | 149 | -1,051 | -1200 |
| ADJUSTMENTS TO INCOME | 1,734 | 1,641 | +93 |
| ADJUSTED GROSS INCOME | 49,582 | 48,371 | +1,211 |
| EXEMPTIONS, TOTAL | 35,524 | 24,856 | -10,668 |
| TAXPAYER | 21,007 | N.A. | N.A. |
| AGED | 2,528 | N.A. | N.A. |
| BLIND | 74 | N.A. | N.A. |
| OTHER | 11,915 | N.A. | N.A. |
| STANDARD DEDUCTIONS | 32,547 | 30,455 | +2,092 |
| ITEMIZED DEDUCTIONS | 7,878 | 7,868 | +10 |
| CHARITABLE CONTRIBUTIONS | 656 | 658 | -2 |
| INTEREST PAID | 2,470 | 2,509 | -39 |
| TAX EXPENSE | 1,521 | 1,576 | -55 |
| MEDICAL DEDUCTIONS | 2,342 | 2,138 | +204 |
| CASUALTY OR THEFT | 197 | 196 | -1 |
| OTHER MISC DEDUCTIONS | 692 | 791 | -99 |
| TAXABLE INCOME | 4,978 | 4,708 | +270 |
| INCOME TAX AFTER CREDITS | 0 | 0 | 0 |

TABLE 2.C.4: COMPARISON OF THE 1975 TAX MODEL NET INCOME ITEMS WITH THE PRELIMINARY 1975 SOI NET INCOME ITEMS FOR ALL, TAXABLE, AND NON-TAXABLE RETURNS.

| | TAX MODEL | | SOI | | DIFFERENCE | |
|-----------------------------|-----------|-------|--------|-------|------------|------|
| | PROFIT | LOSS | PROFIT | LOSS | PROFIT | LOSS |
| ALL RETURNS: | | | | | | |
| BUSINESS | 44,010 | 5,436 | 44,733 | 5,231 | -723 | +205 |
| FARM | 9,540 | 6,641 | 10,103 | 6,433 | -563 | +208 |
| PARTNERSHIP | 17,635 | 7,576 | N.A. | N.A. | N.A. | N.A. |
| SUBCHAPTER S | 3,923 | 1,684 | N.A. | N.A. | N.A. | N.A. |
| RENT | 8,057 | 4,696 | 7,976 | 4,497 | +81 | +199 |
| ROYALTY | 1,726 | 54 | N.A. | N.A. | N.A. | N.A. |
| ESTATE & TRUSTS | 2,922 | 143 | N.A. | N.A. | N.A. | N.A. |
| TAXABLE RETURNS: | | | | | | |
| BUSINESS | 40,221 | 2,691 | 40,748 | 2,602 | -527 | +89 |
| FARM | 7,850 | 3,236 | 8,355 | 3,245 | -505 | -9 |
| PARTNERSHIP | 16,975 | 4,730 | N.A. | N.A. | N.A. | N.A. |
| SUBCHAPTER S | 3,693 | 743 | N.A. | N.A. | N.A. | N.A. |
| RENT | 7,038 | 3,496 | 7,022 | 3,476 | +16 | +20 |
| ROYALTY | 1,599 | 52 | N.A. | N.A. | N.A. | N.A. |
| ESTATE & TRUSTS | 2,681 | 111 | N.A. | N.A. | N.A. | N.A. |
| NON-TAXABLE RETURNS: | | | | | | |
| BUSINESS | 3,788 | 2,744 | 3,985 | 2,629 | -197 | +115 |
| FARM | 1,689 | 3,404 | 1,748 | 3,188 | -59 | +216 |
| PARTNERSHIP | 660 | 2,845 | N.A. | N.A. | N.A. | N.A. |
| SUBCHAPTER S | 230 | 941 | N.A. | N.A. | N.A. | N.A. |
| RENT | 1020 | 1,199 | 954 | 1,022 | +66 | +177 |
| ROYALTY | 127 | 1 | N.A. | N.A. | N.A. | N.A. |
| ESTATE & TRUSTS | 241 | 32 | N.A. | N.A. | N.A. | N.A. |

NOTE: N.A. = NOT AVAILABLE

• = AFTER EXCLUSION

• = TAXABLE PORTION ONLY

C = COMPUTED

3. EXTRAPOLATION OF THE INCOME TAX DATA.

3.1. EXTRAPOLATION OF THE DATA BASE TO 1978 LEVELS

THE TREASURY INDIVIDUAL INCOME TAX MODEL USES A FILE OF 50,000 TAX RETURNS FOR THE LIABILITY YEAR 1975. THE RETURNS ARE DRAWN FROM THE LARGER 'STATISTICS OF INCOME' FILE, WHICH IS ITSELF A STRATIFIED SAMPLE BASED ON VARIOUS INCOME, GEOGRAPHICAL, AND OTHER CLASSIFICATIONS. AS A RESULT, THE 50,000 RETURNS IN THE TREASURY MODEL HAVE VARYING SAMPLE WEIGHTS, MOST OF WHICH ARE NOT INTEGERS, AND WHICH RANGE FROM 1 TO ABOUT 30,000. WITH THESE WEIGHTS, THE SAMPLE REFLECTS A 1975 POPULATION OF 82.221 MILLION RETURNS, WITH A TOTAL ADJUSTED INCOME OF \$946.348 BILLION.

THIS SECTION DESCRIBES THE PROCESS BY WHICH TREASURY CREATED, FROM THE 1975 FILE, A SIMILAR FILE REFLECTING 1978 LEVELS OF INCOME AND 1978 LAW. SINCE MAY 1978, THE 1978 FILE HAS PROVIDED THE DATA FOR MOST OF OUR ROUTINE USES OF THE TAX MODEL.

THE PROCESS WAS ESSENTIALLY THE SAME AS THAT USED TO PRODUCE THE 1976 AND 1977 TAX MODEL FILES.

3.1.1. TARGETS

FOR THE LIABILITY YEAR 1978, WE EXPECT 88.5 MILLION RETURNS WITH TOTAL ADJUSTED GROSS INCOME OF \$1,250 BILLION. THE 1978 FILE REFLECTS THESE ESTIMATES. WE HAVE ALSO DEVELOPED PROJECTIONS OF SEVERAL SOURCES OF INCOME AND OTHER AGGREGATES, WHICH ARE ALSO REFLECTED IN THE 1978 FILE. THESE ESTIMATES ARE CALLED 'TARGETS.' THERE ARE 11 OF THEM AND THEY ARE LISTED IN TABLE 3.1.1.

THE TARGETS WERE DEVELOPED BY MEMBERS OF THE REVENUE ESTIMATING STAFF IN THE OFFICE OF TAX ANALYSIS. THE TARGETS WERE DEVELOPED MAINLY BY TIME SERIES TECHNIQUES, INCLUDING REGRESSIONS OF 'STATISTICS OF INCOME' DATA AGAINST NATIONAL INCOME ACCOUNTS, AND WERE INTENDED TO BE CONSISTENT WITH THE SHORT-RANGE ECONOMIC FORECASTS UNDERLYING THE FEDERAL BUDGET FOR FISCAL 1979. THE TARGETS WERE NOT ESPECIALLY SENSITIVE TO THE CHOICE OF ECONOMIC FORECASTS USED SINCE ONLY A FEW MONTHS OF PROJECTIONS WERE REQUIRED.

IN CHOOSING THE ITEMS FOR WHICH TARGETS WERE NEEDED, WE RELIED ON INTUITION AND EXPERIENCE. OUR FIRST RULE WAS THAT AN ITEM SHOULD NOT BE TARGETED UNLESS OUR TIME SERIES TECHNIQUES SEEMED LIKELY TO

TABLE 3.1.1
 TARGETS USED IN EXTRAPOLATING THE TAX MODEL TO 1978 LEVELS*

| NUMBER | TAX MODEL OF VARIABLE NO. | DESCRIPTION | TARGET (MILLIONS, MILLIONS \$) |
|--------|------------------------------|---|--------------------------------------|
| 1 | | NUMBER OF SINGLE RETURNS | 35.5 |
| 2 | | NUMBER OF JOINT RETURNS | 45.0 |
| 3 | | NUMBER OF MARRIED-SEPARATE OR SURVIVING-SPOUSE RETURNS | 2.0 |
| 4 | | NUMBER OF HEAD-OF-HOUSEHOLD RETURNS | 6.0 |
| 5 | | NUMBER OF TAXPAYER AND DEPENDENT EXEMPTIONS | 209.0 |
| 6 | | NUMBER OF AGED AND BLIND EXEMPTIONS | 11.3 |
| 7 | 14 | ADJUSTED GROSS INCOME (LESS DEFICIT) | 1,250,000 |
| 8 | 28+29 | PENSIONS IN ADJUSTED GROSS INCOME | 36,000 |
| 9 | 55 | NET CAPITAL GAINS IN ADJUSTED GROSS INCOME | 20,223 |
| 10 | 82 | INVESTMENT CREDIT | 2625.0 |
| 11 | 170 | EARNED INCOME CREDIT | 1106.0 |

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GIVE A BETTER PROJECTION THAN THE FIRST-STAGE EXTRAPOLATION DESCRIBED BELOW. IN OTHER WORDS, WE SHOULD KNOW MORE THAN THE COMPUTER. ON THIS PRINCIPLE, FOR EXAMPLE, WE DID NOT TARGET ANY ITEMIZED DEDUCTIONS.

MORE TARGETS MIGHT HAVE BEEN DESIRABLE, POSSIBLY INVOLVING FARM INCOME, PREFERENCES, OR NUMBER OF TWO-EARNER FAMILIES.

3.1.2. FIRST-STAGE EXTRAPOLATION

THE FIRST STEP IN THE EXTRAPOLATION PROCESS WAS DESIGNED TO REACH THE TARGETS FOR NUMBER OF RETURNS BY FILING STATUS, AND TOTAL ADJUSTED GROSS INCOME. THIS CONSISTED OF SIMPLY MULTIPLYING THE SAMPLE WEIGHT OF EACH RETURN BY A FACTOR BASED ON FILING STATUS AND MULTIPLYING EVERY DOLLAR AMOUNT ON EACH RETURN BY A SECOND FACTOR WHICH WAS THE SAME FOR ALL RETURNS. THE WEIGHT FACTORS WERE CHOSEN TO REACH TARGETS FOR NUMBER OF RETURNS BY FILING STATUS, AND ONCE THESE FACTORS WERE KNOWN, THE DOLLAR-AMOUNT FACTOR WAS CHOSEN TO REACH THE TARGET FOR TOTAL ADJ. GROSS INCOME. THE FACTORS WERE:

| | |
|-------------------|--------|
| WEIGHT FACTORS: | |
| SINGLE | 1.1313 |
| JOINT | 1.0271 |
| MFS AND SS | 1.0000 |
| HEAD OF HOUSEHOLD | 1.1921 |
| DOLLAR-AMOUNT: | |
| FACTOR | 1.2534 |

THESE CHANGES NOT ONLY ACHIEVED THE FIRST FEW TARGETS, BUT ALSO BROUGHT ALL OTHER AGGREGATES INTO A MORE PLAUSIBLE RANGE, SO THAT THERE WOULD BE LESS STRAIN ON THE SECOND STAGE OF THE EXTRAPOLATION PROCESS.

THIS VERSION OF THE FIRST-STAGE REPRESENTS AN IMPROVEMENT OVER THE 1976 METHOD. IN 1976, A SINGLE WEIGHT FACTOR WAS USED FOR ALL FILING STATUSES, AND ONLY THE TOTAL NUMBER-OF-RETURNS TARGET WAS HIT AT THIS STAGE.

NEXT, THE TAX MODEL RECALCULATED ALL THOSE ITEMS ON THE RETURNS THAT CAN BE CALCULATED: THAT IS, MAINLY, TAX. TAX WAS COMPUTED UNDER 1978 LAW AS OF MAY 1978.

RECALCULATING TAX INVOLVES A TRAP: SOME RETURNS WHICH USED THE STANDARD DEDUCTION IN THE 1975 FILE USE ITEMIZED DEDUCTIONS IN THE 1978 FILE. FOR THESE RETURNS, THE EXTRAPOLATION RELIES HEAVILY ON

THE IMPUTATION OF ITEMIZED DEDUCTIONS TO STANDARD-DEDUCTION RETURNS, WHICH IS DOCUMENTED IN CHAPTER 4.

TO SIMPLIFY THE REST OF THIS TASK, ALL OF THE RESULTS OF THE FIRST STAGE OF THE EXTRAPOLATION WERE INCORPORATED IN AN INTERMEDIATE FILE. THERE ARE NO DIFFERENCES BETWEEN THIS FILE AND THE FINAL 1978 FILE EXCEPT IN THE SAMPLE WEIGHTS.

3.1.3. THE SECOND STAGE

THE PURPOSE OF THE SECOND STAGE OF THE EXTRAPOLATION WAS TO CHANGE THE SAMPLE WEIGHTS IN THE PRESAMPLE IN SUCH A WAY AS TO REACH ALL OF THE TARGETS IN TABLE 3.1.1. THIS IS CERTAINLY POSSIBLE, SINCE IT AMOUNTS TO SOLVING 11 LINEAR EQUATIONS IN 50,000 VARIABLES. ALL THAT IS REQUIRED IS TO FIND A CRITERION BY WHICH TO CHOOSE ONE OF THE MANY SOLUTIONS.

OUR CRITERION IS STATED IN TERMS OF AN OBJECTIVE FUNCTION, WHOSE ARGUMENTS INCLUDE THE NEW SAMPLE WEIGHTS. SIMPLY STATED, IT IS DESIRABLE TO SELECT THE NEW WEIGHTS IN SUCH A WAY AS TO HIT THE TARGETS, AND MINIMIZE THE OBJECTIVE FUNCTION.

OUR OBJECTIVE FUNCTION IS BASED ON AN ARBITRARY MEASURE OF THE DISTORTION CAUSED BY CHANGING THE WEIGHT ON ANY RETURN. THIS DEPENDS ON THE RATIO OF THE NEW WEIGHT TO THE OLD WEIGHT: IF THE RATIO IS CLOSE TO 1.0, THERE IS NOT MUCH DISTORTION IF THE RATIO IS CLOSER TO ZERO OR EXTREMELY LARGE, THE DISTORTION IS LARGE. AS THE RATIO APPROACHES ZERO, THE DISTORTION APPROACHES INFINITY. IF X REPRESENTS THE RATIO OF NEW TO OLD WEIGHT FOR A PARTICULAR RETURN, WE WILL USE PHI(X) TO REPRESENT THE ASSOCIATED DISTORTION (BY OUR ARBITRARY MEASURE).

THE COMPLETE OBJECTIVE FUNCTION IS OBTAINED BY CALCULATING THE DISTORTION PHI(X) FOR EACH SAMPLE RETURN AND TAKING THE SUM, WEIGHTING BY THE ORIGINAL WEIGHTS.

FOR THE DISTORTION FUNCTION PHI, WE HAVE CHOSEN THE FOLLOWING:

$$(3.1.1) \text{ PHI}(X) = X^4 + X^{-4}$$

THIS CHOICE IS ARBITRARY AND CAN ONLY BE JUSTIFIED BY THE RESULTS AND BY THESE DESIRABLE FEATURES:

$$(3.1.2) \text{ PHI}(1) = 0$$

SO THERE IS NO DISTORTION WHEN THE WEIGHT IS NOT CHANGED.

$$(3.1.3) \lim_{x \rightarrow 0} \Phi(x) = \lim_{x \rightarrow +\infty} \Phi(x) = +\infty$$

SO WEIGHTS TOO FAR FROM 1 ARE NOT TOLERATED.

$$(3.1.4) \Phi(x) = \Phi(1/x)$$

SO, FOR EXAMPLE, IT IS AS DISTORTING TO MULTIPLY A WEIGHT BY 4 AS TO DIVIDE IT BY 4.

ANY FUNCTION HAVING THESE PROPERTIES MUST BE OF THE FORM:

$$(3.1.5) \lim_{x \rightarrow 0} \lim_{x \rightarrow +\infty} \Phi(x) > B \left(x^I + x^{-I} - 2 \right)$$

IT WAS DECIDED TO CHOOSE $B(4)=1$ AND ALL OTHER $B(I)=0$. THE GRAPH OF Φ IS SHOWN IN FIGURE 3.1.1.

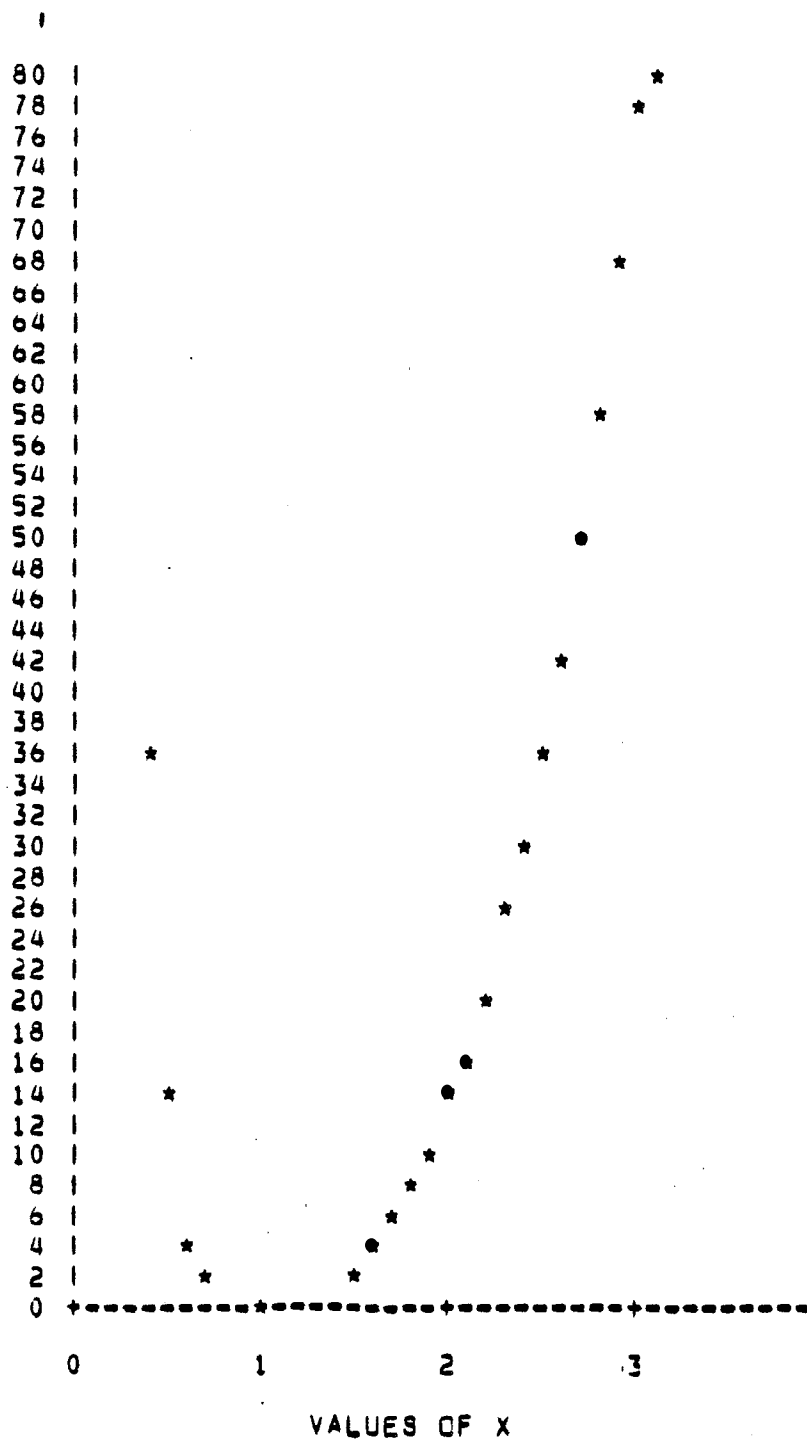


FIG. 3.1.1 GRAPH OF $\Phi(X)$

3.1.4. RESULTS OF THE EXTRAPOLATION

ALL OF THE TARGETS WERE ACHIEVED IN STAGE II WITH A TOTAL VALUE FOR THE OBJECTIVE FUNCTION OF 6,400,000., THE LOWEST POSSIBLE. THIS IS AN AVERAGE DISTORTION OF 0.072 PER POPULATION RETURN. THIS IS THE AMOUNT OF DISTORTION CAUSED BY MULTIPLYING (OR DIVIDING) A SAMPLE WEIGHT BY 1.069.

SOME OF THE WEIGHT CHANGES, HOWEVER, WERE EXTREME. THE GREATEST RATIO OF NEW TO OLD WEIGHT WAS 6.53, THE SMALLEST, 0.57. TABLE 3.1.2 SHOWS THE DISTRIBUTION OF SAMPLE RETURNS, AND POPULATION RETURNS, BY THIS RATIO.

INCREASING THE EXPONENT (THAT IS, THE POWER 4) IN OUR OBJECTIVE FUNCTION WOULD HAVE FORCED THE EXTREME VALUES CLOSER TO 1, WITH, OF COURSE, SLIGHTLY MORE DISTORTION AMONG THE LESS EXTREME RETURNS. DECREASING THE EXPONENT WOULD HAVE ALLOWED THE EXTREME VALUES TO BE MORE EXTREME. WHEN THE EXPONENT 2 WAS USED IN A TRIAL RUN, THE LARGEST FACTOR BY WHICH A WEIGHT WAS INCREASED WAS ABOUT 30.

TABLE 3.1.2
 RESULTS OF STAGE II:
 DISTRIBUTION OF RETURNS BY RATIO OF NEW TO OLD WEIGHTS
 FOR 1978

| RATIO TO NEW WEIGHT TO OLD WEIGHT | NUMBER OF SAMPLE RETURNS | WEIGHTED RETURNS | |
|---|--------------------------------|----------------------|----------------------|
| | | USING OLD WEIGHTS | USING NEW WEIGHTS |
| LESS THAN .25 | 0 | 0 | 0 |
| .25 - .5 | 0 | 0 | 0 |
| .5 - .7 | 1 | .002 | .001 |
| .7 - .8 | 3 | .19 | .145 |
| .8 - .9 | 652 | 901 | 795 |
| .9 - 1.0 | 33,641 | 65,661 | 64,252 |
| 1.0 - 1.1 | 11,276 | 16,689 | 17,026 |
| 1.1 - 1.2 | 1,547 | 2,750 | 3,157 |
| 1.2 - 1.3 | 875 | 1,628 | 2,025 |
| 1.3 - 1.5 | 832 | 656 | 895 |
| 1.5 - 1.8 | 529 | 170 | 273 |
| 1.8 - 2.0 | 186 | 23 | 43 |
| 2.0 - 4.0 | 432 | 13 | 28 |
| 4.0 AND ABOVE | 26 | 0.06 | 0.29 |
| TOTAL | 50,000 | 88,500 | 88,500 |

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3.1.5. POST-ADJUSTMENTS.

AN ANALYSIS OF THE EXTRAPOLATED SAMPLE REVEALED THAT CERTAIN DATA ITEMS DID NOT CORRESPOND TO OUR NORMATIVE PRE-CONCEPTIONS OF WHAT ONE WOULD EXPECT THESE DATA ITEMS TO BE IN 1978. SINCE IT WAS NOT POSSIBLE TO ACHIEVE THESE LEVELS BY TARGETING THEM, THEY WERE ADJUSTED AFTER-THE-FACT. THE FOLLOWING SUMMARIZES THESE ADJUSTMENTS:

3.1.5.1. TAX EXPENSE DEDUCTIONS.

- (A) STATE & LOCAL GAS TAX EXPENSE WAS LOWERED BY 5%.
- (B) GENERAL SALES TAX EXPENSE WAS LOWERED BY 6%.
- (C) PERSONAL PROPERTY TAX EXPENSE WAS LOWERED BY 20%.
- (D) OTHER TAX EXPENSE WAS LOWERED BY 20%.

3.1.5.2. MEDICAL EXPENSE DEDUCTION.

- (A) FOR ALL ITEMIZED RETURNS WITH ADJUSTED GROSS INCOME GREATER THAN ZERO.
- (B) IF THE RATIO OF MEDICINE & DRUGS PLUS MEDICAL & DENTAL TO AGI IS LESS THAN 10%, DECREASE BOTH MEDICINE & DRUGS AND MEDICAL & DENTAL BY 10%; OTHERWISE INCREASE BOTH BY 3.5%.

3.1.5.3. CORRECT IMPUTED ITEMIZED DEDUCTIONS.

- (A) FOR STANDARD DEDUCTION RETURNS ONLY.
- (B) FOR RETURNS WITH TOTAL CHARITABLE LESS THAN \$550.
- (C) INCREASE THE IMPUTED CHARITABLE CONTRIBUTIONS EXPENSE BY 43%.
- (D) DECREASE ALL OTHER IMPUTED ITEMIZED DEDUCTIONS BY THEIR PRO-RATA SHARE OF THE TOTAL SC AS TO MAKE UP THE 43% INCREASE IN CHARITABLE CONTRIBUTIONS.

APPENDIX A

A. MATHEMATICS OF STAGE II FOR 1978.

THE PROBLEM IN STAGE II IS TO ASSIGN NEW WEIGHTS TO RETURNS SO AS TO REACH THE GIVEN TARGETS, WHILE MINIMIZING THE VALUE OF A GIVEN OBJECTIVE FUNCTION.

LET THE TARGETS BE REPRESENTED BY T(J) (J=1,...,N), WHERE N IS THE NUMBER OF TARGETS. FOR EACH I-TH RETURN, LET W(I) BE THE ORIGINAL SAMPLE WEIGHT LET S(I,J) BE THE AMOUNT OF THE J-TH TARGETED ITEM ON THE I-TH RETURN AND LET (X(I)*W(I)) BE THE NEW WEIGHT. THUS X IS THE RATIO OF THE NEW WEIGHT TO THE OLD WEIGHT.

OUR PROBLEM IS, THEN TO MINIMIZE, BY CHOICE OF THE X(I)'S, THE OBJECTIVE FUNCTION

$$(3.A.1) \quad \sum_I W(I) * PHI(X(I))$$

SUBJECT TO THE CONSTRAINTS

$$(3.A.2) \quad \sum_I X(I) * W(I) * S(I,J) = T(J)$$

FOR EACH TARGET T(J) (J=1,...,N).

THIS IS ACHIEVED BY INTRODUCING LAGRANGE MULTIPLIERS LAMBDA(J) (J=1,...,N) AND SEEKING AN EXTREMUM FOR THE LAGRANGIAN

$$(3.A.3) \quad P = \sum_I W(I) * PHI(X(I)) - \sum_J LAMBDA(J) * (Z)$$

$$\text{WHERE } Z = \sum_I X(I) * W(I) * S(I,J) - T(J)$$

THE PARTIAL DERIVATIVES OF P ARE:

$$(3.A.4) \frac{\partial P}{\partial \lambda(J)} = \sum_I X(I) * W(I) * S(I,J) - T(J) \quad (\text{FOR EACH } J)$$

$$(3.A.5) \frac{\partial P}{\partial X(I)} = W(I) * P_{JI}'(X(I)) - \sum_J \lambda(J) * W(I) * S(I,J)$$

$$(3.A.6) \frac{\partial P}{\partial X(I)} = W(I) * (\text{PHI}'(X(I)) - \sum_J \lambda(J) * S(I,J))$$

(FOR EACH J), NOTE THE '&' IS A SUBSTITUTE FOR THE PARTIAL DERIVATIVE SIGN.

SETTING THESE EQUAL TO ZERO GIVES A SET OF SIMULTANEOUS NONLINEAR EQUATIONS -- ONE FOR EACH TARGET AND ONE FOR EACH RETURN -- WHICH WE CAN SOLVE FOR THE X(I)'S AND LAMBDA(J)'S.

THE FIRST STEP IN THE SOLUTION IS TO USE THE GROUP OF EQUATIONS LABELED (2) TO EXPRESS THE X(I)'S IN TERMS OF THE LAMBDA(J)'S. FOR EACH I:

$$(3.A.6) \frac{\partial P}{\partial X(I)} = W(I) * (\text{PHI}'(X(I)) - \sum_J \lambda(J) * S(I,J))$$

SETTING THE PARTIAL EQUAL TO ZERO IMPLIES:

$$(3.A.7) \text{PHI}'(X(I)) - \sum_J \lambda(J) * S(I,J) = 0$$

$$(3.A.8) X(I) = (\text{PHI}')^{-1} * (\sum_J \lambda(J) * S(I,J))$$

IF WE SET THE PARTIALS IN EQUATIONS (3.A.4) EQUAL TO ZERO AND SUBSTITUTE THE ABOVE VALUES FOR THE X(I)'S, WE GET:

$$(3.A.9) \quad \sum_I \left(\text{PHI}' \right)^{-1} * \left(\sum_J \text{LAMBDA}(J) * S(I,J) \right) * W(I) * S(I,J) = T$$

$$T(J) = 0 \quad (\text{FOR EACH } J)$$

THIS IS A SET OF N EQUATIONS WHICH WE CAN SOLVE FOR LAMBDA(J) (J=1,...,N). THEN, WE CAN DETERMINE THE X(I)'S FROM EQUATIONS (3.A.8).

THIS MUCH OF THE THEORY WOULD APPLY, WHATEVER OUR CHOICE FOR THE DISTORTION FUNCTION, PHI. UNFORTUNATELY THE SYSTEM (3.A.9) IS, IN GENERAL, NONLINEAR AND CANNOT BE SOLVED EXPLICITLY. FOR OUR PARTICULAR CHOICE OF PHI, THE SYSTEM CANNOT EVEN BE WRITTEN EXPLICITLY, SINCE (PHI') INVERSE CANNOT BE EXPRESSED IN TERMS OF SIMPLE FUNCTIONS.

STILL, WE HAVE WRITTEN AND APPLIED A FAIRLY GENERAL ALGORITHM FOR COMPUTER SOLUTION OF THE SYSTEM (3.A.9). THE USER SPECIFIES THE FUNCTION PHI, WHEREUPON THE MACHINE CONSTRUCTS TABLES OF VALUES FOR PHI, PHI', & (PHI') INVERSE. ANY FURTHER REFERENCE TO PHI IS INTERPRETED IN TERMS OF THE TABLES OF VALUES.

THE ALGORITHM BEGINS WITH A SET OF INITIAL GUESSES FOR THE LAMBDA(J)'S. THESE MAY BE INPUT BY THE USER -- FOR EXAMPLE, IF A NEARLY IDENTICAL SYSTEM HAS BEEN SOLVED PREVIOUSLY OTHERWISE, THE INITIAL VALUE OF EACH LAMBDA(J) IS 1.0. THEN THE LEFT SIDES OF THE EQUATIONS IN (3.A.9) ARE COMPUTED, WHICH REQUIRES ONE PASS THROUGH THE FILE OF RETURNS AND AT THE SAME TIME, A JACOBIAN MATRIX IS COMPUTED WHICH SHOWS THE EFFECTS OF SMALL CHANGES IN THE LAMBDA(J)'S ON THE VALUES OF THE LEFT SIDES OF THE EQUATIONS. WITH THIS INFORMATION IT IS POSSIBLE TO SELECT AN IMPROVED GUESS FOR THE LAMBDA(J)'S FOR USE IN THE NEXT PASS. WE FOUND THAT FIVE TO TEN ITERATIONS WERE SUFFICIENT TO REACH 28 TARGETS WITHIN THE LIMIT OF ACCURACY OF THE MACHINE.

THIS METHOD FOR SOLVING THE SYSTEM (3.A.9) IS APPARENTLY CALLED THE GAUSS-NEWTON METHOD. THIS PARTICULAR APPLICATION PRESENTS NO DIFFICULTIES.

THE PROCESS OF CONVERGENCE IS INTERESTING TO WATCH, SINCE THE LEFT SIDES OF THE EQUATIONS IN (3.A.9) REPRESENT THE AMOUNTS BY WHICH THE TARGETS WILL BE MISSED IF WE STOP WITH THE CURRENT VALUES OF THE LAMBDA(J)'S. THUS, WHILE THE LAMBDA(J)'S CONVERGE ON THEIR CORRECT VALUES, WE CAN WATCH THE ENTIRE FILE CONVERGE ON ITS TARGETS.

WE HAD NO CONVERGENCE PROBLEMS OF ANY SORT, EXCEPT ONCE WHEN WE ATTEMPTED A TRIAL RUN WITH INCONSISTENT TARGETS. IN GENERAL, IF

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CONVERGENCE PROBLEMS ARE ENCOUNTERED IN APPLYING THIS ALGORITHM,
IT IS PROBABLY BETTER TO SELECT MORE REASONABLE TARGETS THAN TO
USE A MORE POWERFUL SOLUTION PROCEDURE.

APPENDIX B

B. DUPLICATING THE TREASURY PROCEDURE FOR 1977.

IF YOU HAVE BEEN USING A FILE OF 1975 TAX RETURNS DERIVED FROM, OR SIMILAR TO, THE 1975 'STATISTICS OF INCOME' FILE, YOU CAN CREATE A 1978 FILE USING THE TREASURY METHOD WITHOUT CALCULATING THE LAGRANGE MULTIPLIERS YOURSELF. THE REQUIREMENTS ARE: (1) YOUR FILE MUST CONTAIN ENOUGH INFORMATION FROM EACH RETURN TO CALCULATE THE 11 TARGETED ITEMS (TABLE 3.1.1, PAGE 1A) WITH NO EXCEPTIONS (2) YOU MUST BE ABLE TO CALCULATE 1978 LAW TAX FOR EACH RETURN (1975 LAW TAX IS NOT USABLE, EVEN AS A HALF-WAY MEASURE, SEE PAGE 3A). IF YOU BEGIN WITH A COPY OF THE OFFICE OF TAX ANALYSIS 1975 TAX MODEL FILE, YOUR RESULTING 1978 FILE WILL REFLECT THE 11 TARGETS EXACTLY. IF YOU BEGIN WITH THE INTERNAL REVENUE SERVICE 1975 TAX MODEL OR ANOTHER SUBSAMPLE, YOU WILL MISS THE TARGETS BY THE COMBINED SAMPLING ERRORS OF OUR SUBSAMPLE AND YOURS.

TO CREATE YOUR 1978 FILE, REVISE EACH 1975 RETURN AS FOLLOWS:

1. MULTIPLY THE SAMPLE WEIGHT BY:

| | |
|----------------------|--------|
| (FOR SINGLE RETURNS) | 1.1313 |
| (FOR JOINT RETURNS) | 1.0271 |
| (MFS AND SS) | 1.0000 |
| (HEADS OF HOUSEHOLD) | 1.1921 |
2. MULTIPLY EACH DOLLAR AMOUNT ON THE RETURN BY 1.2534.
3. CALCULATE TAX UNDER 1978 LAW. (THIS IS DIFFICULT. IT CAN BE POSTPONED UNTIL THE CONCLUSION OF THE EXTRAPOLATION, AND ERRORS IN CALCULATING TAX WILL NOT AFFECT THE EXTRAPOLATION ITSELF.)
4. IDENTIFY THE 11 NUMBERS WHICH REPRESENT THE UNWEIGHTED AMOUNTS OF THE TARGETED ITEMS ON THE RETURN. SEE TABLE 3.1.1. NOTES:
 - (A) ITEMS SUCH AS #1, ARE EITHER 1 OR 0.
 - (B) ITEM 10 (PENSIONS) IS THE SUM OF FULLY TAXABLE PENSIONS AND THE TAXABLE PORTION OF PARTIALLY TAXABLE PENSIONS.
5. MULTIPLY EACH OF THE 11 NUMBERS DETERMINED ABOVE BY THE CORRESPONDING MULTIPLIER (TABLE 3.8.1), ADD THE RESULTS, AND CALL THE TOTAL Y.

TABLE 3.8.1
MULTIPLIERS USED FOR THE 1978 EXTRAPOLATION

| TARGET NUMBER | MULTIPLIER | TARGET NUMBER | MULTIPLIER |
|---------------|-----------------------------|---------------|-----------------------------|
| 1 | +.829732 | 10 | +.022676 x 10 ⁻⁶ |
| 2 | +1.970475 | 11 | +1941.06 x 10 ⁻⁶ |
| 3 | +1.489393 | | |
| 4 | +.150923 | | |
| 5 | -.757532 | | |
| 6 | -.759515 | | |
| 7 | +834.018 x 10 ⁻⁶ | | |
| 8 | +.44961 x 10 ⁻⁶ | | |
| 9 | +4.69762 x 10 ⁻⁶ | | |

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6. FIND X SUCH THAT

$$3 \quad -5$$

$$4x - 4x = Y$$

7. MULTIPLY THE SAMPLE WEIGHT BY X.

8. THE POST-ADJUSTMENTS ARE ACCOMPLISHED BY EMPLOYING THE SOURCE CODING SHOWN BELOW (REFER TO CHAPTER 2 FOR THE INTERPRETATION OF THE VARIABLE NAMES).

 CORRECT TAX EXPENSE DEDUCTIONS PER VASQUEZ FACTORS

D(113)=D(113)*0.95
 D(114)=D(114)*0.94
 D(115)=D(115)*0.80
 D(116)=D(116)*0.80
 DN3=D(111)+D(112)+D(113)+D(114)+D(115)+D(116)

 CORRECT MEDICAL EXPENSE PER VASQUEZ FACTORS

IF(IDIDX .EQ. 2)GO TO 444
 TEST=DN4+DN5
 IF(AGIX .GT. 0.0)GO TO 445
 GO TO 444
 445 TEST=TEST/AGIX
 IF(TEST .GT. 0.10)GO TO 446
 DN4=DN4*0.90
 DN5=DN5*0.90
 GO TO 444
 446 DN4=DN4*1.035
 DN5=DN5*1.035
 444 CONTINUE

 CORRECT IMPUTED ITEMIZED DEDUCTIONS FOR STANDARDS

IF(IDIDX .NE. 2)GO TO 888
 IF(DN1 .GE. 550.0)GO TO 888
 TOTAL=DN8+D(121)+D(122)+D(123)+DN3+HMIE+CIE
 DEL=DN1*0.43
 IF(TOTAL .LT. DEL)GO TO 888
 IF(TOTAL .LE. 0.0)GO TO 888
 DN8=AMAX1(0.0, DN8-(DN8/TOTAL)*DEL)
 D(121)=AMAX1(0.0, D(121)-(D(121)/TOTAL)*DEL)
 D(122)=AMAX1(0.0, D(122)-(D(122)/TOTAL)*DEL)
 D(123)=AMAX1(0.0, D(123)-(D(123)/TOTAL)*DEL)
 DN7=D(121)+D(122)+D(123)+CHILDC+ALIMNY
 D(111)=AMAX1(0.0, D(111)-(D(111)/TOTAL)*DEL)
 D(112)=AMAX1(0.0, D(112)-(D(112)/TOTAL)*DEL)
 D(113)=AMAX1(0.0, D(113)-(D(113)/TOTAL)*DEL)
 D(114)=AMAX1(0.0, D(114)-(D(114)/TOTAL)*DEL)
 D(115)=AMAX1(0.0, D(115)-(D(115)/TOTAL)*DEL)
 D(116)=AMAX1(0.0, D(116)-(D(116)/TOTAL)*DEL)
 DN3=D(111)+D(112)+D(113)+D(114)+D(115)+D(116)
 HMIE=AMAX1(0.0, HMIE-(HMIE/TOTAL)*DEL)
 CIE=AMAX1(0.0, CIE-(CIE/TOTAL)*DEL)
 D(117)=D(117)*1.43
 D(118)=D(118)*1.43
 D(119)=D(119)*1.43
 D(120)=D(120)*1.43

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DN1=D(117)+D(118)+D(119)+D(120)
888 CONTINUE

4. IMPUTATION METHODOLOGIES.

4.1. IMPUTING DEDUCTIONS TO STANDARD DEDUCTION RETURNS.

4.1.1. RATIONALE FOR IMPUTATION.

IF ONE ENCOUNTERS A TAX PROPOSAL THAT TREATS ITEMIZED DEDUCTIONS DIFFERENTLY THAN THE PRESENT LAW, IT IS POSSIBLE THAT THE NEW TREATMENT MAY RESULT IN SOME INDIVIDUALS ELECTING TO FILE AN ITEMIZED RETURN RATHER THAN A STANDARD DEDUCTION RETURN. THIS EFFECT, HOWEVER, CANNOT BE CAPTURED IN AN ANALYSIS UNLESS THE DATA BASE CONTAINS DOLLAR AMOUNTS FOR EACH DEDUCTIBLE ITEM ON A STANDARD DEDUCTION RETURN. SINCE THE TAX SAMPLE, IN ITS ORIGINAL FORM DOES NOT CONTAIN THESE DATA, IT WOULD BE DESIRABLE TO ASSIGN SOME ESTIMATE TO EACH DEDUCTIBLE ITEM ON A STANDARD RETURN; THEREBY ALLOWING ONE TO ESTIMATE THE EFFECT OF SWITCHING FROM A STANDARD TO AN ITEMIZED RETURN.

4.1.2. GENERAL METHODOLOGY.

TWENTY-FIVE ATTRIBUTES (ITEMS 93 THROUGH 117 IN THE 1975 SOI ARCHIVAL DATA BASE) ARE AVAILABLE FOR RETURNS WHICH ARE 'ITEMIZING WITH DETAIL.' THESE ATTRIBUTES ARE ORIGINALLY MISSING, HOWEVER, IN ALL OTHER RETURNS AND HAVE THEREFORE BEEN IMPUTED TO STANDARD DEDUCTOR RETURNS WITH 'FORM OF DEDUCTION CODE (FDED) EQUAL TO 3 AND 4. THE IMPUTATIONS ARE ESTIMATES BASED MAINLY UPON DATA PATTERNS IN ITEMIZING RETURNS. THE INFORMATION TRANSFER FROM ITEMIZER RETURNS TO STANDARD DEDUCTOR RETURNS WAS ACCOMPLISHED BY A MATCHING PROCEDURE, WHICH LINKS EACH RECIPIENT (STANDARD DEDUCTOR) RETURN WITH A SUITABLE DONOR (ITEMIZER) RETURN.

IMPLICITLY, EACH TAX RETURN POSSESSES A NUMERICAL THRESHOLD BASED ON ITS MARITAL STATUS AND ON ITS ADJUSTED GROSS INCOME. A TAXABLE UNIT SHOULD RATIONALLY ELECT STANDARD DEDUCTOR STATUS IF ITS TOTAL ITEMIZED DEDUCTIONS FALL BELOW THIS THRESHOLD; AND - CONVERSELY IT SHOULD CHOOSE TO ITEMIZE IF ITS TOTAL DEDUCTIONS FROM AGI EXCEED THE THRESHOLD. IN COMPLIANCE WITH THIS RATIONALE, THE IMPUTATION METHODOLOGY LIMITS TOTAL DEDUCTIONS PER RETURN TO VALUES BELOW THE THRESHOLD.

ANOTHER PROPERTY, WHICH THE IMPUTATIONS HAVE, IS THAT THEY ARE

RANDOMIZED IN ACCORDANCE WITH UNDERLYING NATURAL DISTRIBUTIONS AND WITHIN PROPER BOUNDS. THUS, TWO RETURNS WITH IDENTICAL AGI'S WILL NOT IN GENERAL EXHIBIT IDENTICAL VALUES FOR ANY OF THE IMPUTED ATTRIBUTES.

4.1.3. OTHER DOCUMENTATION.

FOR THE TAX MODEL BASES BUILT UPON 1975 SOI DATA, THESE IMPUTATIONS HAVE BEEN PERFORMED IN ACCORDANCE WITH THE FOLLOWING THREE MEMORANDA BY PETER K. COOK:

1. THE TURNER SOFT-LINK METHOD, NOVEMBER 18, 1976.
2. IMPUTATION OF ITEMIZED DEDUCTIONS TO PERSONAL INCOME TAX RETURNS OF STANDARD DEDUCTORS IN THE 50,160 RETURN 1973 SOI SAMPLE, REVISED, DECEMBER 27, 1976.
3. TRANSFORMATION FUNCTIONS FOR IMPUTATIONS, JANUARY 13, 1977.

4.2. WIFE'S SHARE OF WAGES & SALARIES IMPUTATION.

4.2.1. RATIONALE FOR IMPUTATION.

CALCULATION OF WITHHOLDING OR SOCIAL SECURITY TAX FOR A TWO-EARNER COUPLE REQUIRES KNOWLEDGE OF THEIR SEPARATE WAGES. IN ADDITION, MANY RECENT INCOME-TAX PROPOSALS WOULD PROVIDE SPECIAL TREATMENT FOR A SECOND-EARNER'S WAGES. THEREFORE AN IMPUTATION HAS BEEN MADE IN THE TAX MODEL TO INDICATE WHAT SHARE OF THE COMBINED WAGES ON A JOINT RETURN IS ATTRIBUTABLE TO EACH SPOUSE.

THE IMPUTATION APPEARS ON EACH RETURN AS SHARES, OR D(171), AND REPRESENTS THE SHARE OF TOTAL WAGE AND SALARY INCOME ATTRIBUTABLE TO THE WIFE. THE VALUE OF SHARES RANGES FROM 0.0 TO 1.0. THE USER WHO PREFERS TO USE >SECOND-EARNER'S SHARE,> THUS AVOIDING A DISTINCTION BASED ON SEX, SHOULD USE AMIN1(SHARES,1.-SHARES), WHICH RANGES FROM 0.0 TO 0.5.

THE IMPUTATION REFERS ONLY TO WAGE AND SALARY INCOME. HOWEVER, SOME USERS MAY WISH TO USE IT AS A PROXY FOR THE DISTRIBUTION OF NON-WAGE INCOME OR OTHER ITEMS, AND FOR THEIR CONVENIENCE THE IMPUTATION HAS BEEN CALCULATED FOR ALL JOINT RETURNS, INCLUDING THOSE WITHOUT WAGE INCOME. FOR NON-JOINT RETURNS, INCLUDING SURVIVING-SPOUSE AND MARRIED-SEPARATE RETURNS, SHARES EQUALS 0.0.

4.2.2. GENERAL METHODOLOGY.

THE IMPUTATION IS BASED ON INFORMATION FROM A SAMPLE OF 1974 TAX RETURNS WITH THEIR ACCOMPANYING W-2 FORMS, WHICH WAS PREPARED BY THE I.R.S. FOR THEIR SPECIAL STUDY. A COPY OF THE SAMPLE TAPE IS NOW IN THE CUSTODY OF O.C.S. THIS TAPE WAS USED TO PRODUCE TABLE 4.2.1, BELOW. THE ORIGINAL TABULATION IS ATTACHED TO A MEMO FROM STROMQUIST TO GALPER AND WILKINS, DATED AUGUST 30, 1977, AND KEPT IN THE REVENUE ESTIMATING FILES.

TO PRODUCE TABLE 4.2.1, THE 1974 JOINT RETURNS WERE DIVIDED INTO 30 GROUPS BASED ON ADJUSTED GROSS INCOME AND NUMBER OF DEPENDENT EXEMPTIONS. EACH ROW OF TABLE 4.2.1 DESCRIBES ONE GROUP. WITHIN EACH GROUP, THE RETURNS WERE DIVIDED INTO CELLS ACCORDING TO THE WIFE'S SHARE OF TOTAL W-2 WAGES. (THE DISCREPANCIES BETWEEN W-2 WAGES AND TOTAL WAGES REPORTED ON THE RETURNS WAS SMALL.) THERE

IS ONE CELL FOR A SHARE OF EXACTLY 0.0, AND ONE FOR EXACTLY 1.0. EACH ROW IN TABLE 4.2.1 IS CUMULATIVE.

TO MAKE THE IMPUTATION IN THE 1975 TAX MODEL, EACH 1975 RETURN WAS ASSIGNED TO ONE OF THE SAME 30 GROUPS, AND WAS THEN ASSIGNED TO A CELL IN THAT GROUP AT RANDOM (WITH THE APPROPRIATE PROBABILITIES). THIS WAS ENOUGH TO SPECIFY SHARES WITHIN A RANGE OF 0.1. AN EXACT VALUE WAS THEN CHOSEN WITHIN THE RANGE AT RANDOM (UNIFORM DISTRIBUTION). OF COURSE, IN THE EXTREME CELLS THERE WAS NO RANGE, AND SHARES WAS LEFT AT EXACTLY 0.0 OR 1.0.

THE IMPUTATION WAS MADE IN THE 1975 TAX MODEL, AND CARRIED OVER WITHOUT CHANGE TO THE 1978 MODEL. THE 1978 MODEL, HOWEVER, SHOULD SHOW A SLIGHTLY HIGHER PERCENTAGE OF TWO-EARNER COUPLES, SINCE THERE ARE MORE CHILDLESS COUPLES IN 1978 AND THE 1978 MODEL REFLECTS THIS WITH HIGHER SAMPLE WEIGHTS ON THE SAME SAMPLE RETURNS.

THE IMPUTATION COULD BE IMPROVED BY A BETTER SELECTION OF THE 30 GROUPS. IT IS DESIRABLE TO KEEP THE NUMBER OF GROUPS RELATIVELY LOW, SO THAT THE TABULATION CAN BE REVIEWED EXPLICITLY, AND TO ASSURE A REASONABLE SAMPLE WITHIN EACH GROUP. STILL, A BETTER CHOICE COULD BE MADE. FOR EXAMPLE, OTHER TABULATIONS FROM THE 1974 STUDY SHOW THAT RETURNS WITH AGED EXEMPTIONS ARE LESS LIKELY TO REPRESENT TWO-EARNER COUPLES THAN SIMILAR RETURNS WITHOUT AGE EXEMPTIONS, BUT THIS INFORMATION HAS DISAPPEARED FROM TABLE 4.2.1 AND FROM THE TAX MODEL. IT IS PROBABLY POSSIBLE (SINCE BOTH FILES CONTAIN HARD-MATCHED SOCIAL-SECURITY DATA) TO DEFINE THE GROUPS USING AGE OF TAXPAYERS (BUT NOT AGE OF CHILDREN).

TABLE 4.2.1: WIFE'S SHARE OF TOTAL WAGES & SALARIES IN 1972

| | | WIFE'S SHARE OF TOTAL WAGES (PERCENT, ROWS CUMULATIVE) | | | | | | | | | |
|--|------|--|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| A.G.I. CLASS (\$000) | 0.0 | 0 TO 10 | 10 TO 20 | 20 TO 30 | 30 TO 40 | 40 TO 50 | 50 TO 60 | 60 TO 70 | 70 TO 80 | 80 TO 90 | 90 TO 100 |
| RETURNS WITH NO DEPENDENT EXEMPTIONS | | | | | | | | | | | |
| UP TO 0 | 50.9 | 61.2 | 61.9 | 63.4 | 63.8 | 64.0 | 65.8 | 65.8 | 66.9 | 72.9 | 73.2 |
| 0- 5 | 49.1 | 51.9 | 53.8 | 57.1 | 59.2 | 61.5 | 64.3 | 65.8 | 67.1 | 69.1 | 70.4 |
| 5- 10 | 43.2 | 49.4 | 55.5 | 61.2 | 68.7 | 72.6 | 76.3 | 79.3 | 82.6 | 84.2 | 86.6 |
| 10- 15 | 37.1 | 44.0 | 51.1 | 59.5 | 69.5 | 80.3 | 86.0 | 87.6 | 89.5 | 90.9 | 91.9 |
| 15- 20 | 31.0 | 36.0 | 42.0 | 54.1 | 71.6 | 86.7 | 91.8 | 93.8 | 95.1 | 95.7 | 96.0 |
| 20- 30 | 26.4 | 31.0 | 37.9 | 48.0 | 67.4 | 87.0 | 92.6 | 94.9 | 95.5 | 95.7 | 96.1 |
| 30- 50 | 36.9 | 41.8 | 48.5 | 59.9 | 71.9 | 82.5 | 88.0 | 89.5 | 89.7 | 91.1 | 91.5 |
| 50-100 | 58.9 | 67.1 | 73.4 | 81.0 | 85.4 | 88.5 | 90.5 | 91.2 | 91.7 | 92.2 | 92.6 |
| 100-200 | 69.8 | 79.9 | 85.4 | 89.0 | 91.8 | 93.2 | 94.7 | 95.0 | 95.4 | 95.6 | 95.7 |
| 200--- | 74.8 | 84.9 | 88.8 | 91.8 | 93.9 | 94.9 | 95.8 | 96.3 | 96.5 | 96.6 | 96.9 |
| RETURNS WITH ONE DEPENDENT EXEMPTION | | | | | | | | | | | |
| UP TO 0 | 33.1 | 33.9 | 36.0 | 37.5 | 37.6 | 42.4 | 42.6 | 44.1 | 46.3 | 47.8 | 48.1 |
| 0- 5 | 62.4 | 67.5 | 71.0 | 75.2 | 76.7 | 78.0 | 78.3 | 78.9 | 81.4 | 81.4 | 81.8 |
| 5- 10 | 55.5 | 65.7 | 72.8 | 76.0 | 78.5 | 84.0 | 85.9 | 87.7 | 88.6 | 89.5 | 92.1 |
| 10- 15 | 43.6 | 55.0 | 63.8 | 72.9 | 82.2 | 90.8 | 93.3 | 94.4 | 95.2 | 95.7 | 96.6 |
| 15- 20 | 34.9 | 44.0 | 54.4 | 64.7 | 78.5 | 90.4 | 94.9 | 95.6 | 97.3 | 97.5 | 97.7 |
| 20- 30 | 24.9 | 32.4 | 41.3 | 58.2 | 79.2 | 90.8 | 94.9 | 95.7 | 95.8 | 95.9 | 96.3 |
| 30- 50 | 41.7 | 49.2 | 55.6 | 66.5 | 80.4 | 88.3 | 93.0 | 93.3 | 93.5 | 93.6 | 93.8 |
| 50-100 | 61.9 | 72.4 | 77.8 | 84.3 | 87.5 | 89.3 | 90.7 | 91.1 | 91.8 | 92.2 | 92.4 |
| 100-200 | 70.5 | 80.0 | 86.5 | 90.1 | 91.6 | 92.6 | 93.7 | 94.0 | 94.4 | 94.6 | 94.8 |
| 200--- | 77.3 | 87.1 | 91.3 | 93.6 | 95.2 | 96.1 | 96.3 | 96.4 | 96.7 | 96.9 | 97.0 |
| RETURNS WITH TWO OR MORE DEPENDENT EXEMPTIONS | | | | | | | | | | | |
| UP TO 0 | 46.2 | 49.0 | 51.9 | 52.8 | 53.9 | 59.2 | 62.3 | 63.3 | 63.5 | 64.0 | 64.3 |
| 0- 5 | 56.7 | 63.0 | 67.2 | 71.1 | 76.5 | 79.5 | 81.0 | 85.6 | 85.7 | 86.7 | 87.0 |
| 5- 10 | 60.3 | 69.8 | 76.7 | 82.2 | 84.4 | 87.1 | 88.6 | 90.2 | 91.7 | 92.4 | 93.5 |
| 10- 15 | 55.0 | 67.5 | 75.8 | 82.8 | 89.4 | 93.7 | 95.6 | 96.5 | 97.0 | 97.2 | 97.5 |
| 15- 20 | 42.0 | 54.6 | 66.1 | 76.3 | 86.7 | 95.0 | 96.9 | 97.7 | 97.9 | 97.9 | 98.1 |
| 20- 30 | 39.5 | 51.3 | 62.2 | 72.1 | 86.3 | 93.9 | 96.4 | 97.2 | 97.4 | 97.4 | 97.5 |
| 30- 50 | 51.3 | 60.7 | 68.6 | 75.2 | 85.3 | 91.5 | 94.1 | 94.7 | 94.9 | 95.3 | 95.7 |
| 50-100 | 70.5 | 80.7 | 86.4 | 90.1 | 91.9 | 93.2 | 94.0 | 94.3 | 94.6 | 94.7 | 94.8 |
| 100-200 | 73.3 | 85.5 | 90.5 | 92.2 | 93.7 | 94.5 | 94.8 | 95.0 | 95.2 | 95.3 | 95.5 |
| 200--- | 77.3 | 88.9 | 92.5 | 94.5 | 95.5 | 96.1 | 96.7 | 96.9 | 97.2 | 97.4 | 97.5 |

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4.2.3. OTHER DOCUMENTATION.

OTA MEMO OF AUGUST 30, 1977.

4.3. CHILD-CARE CREDIT IMPUTATION.

4.3.1. RATIONALE FOR IMPUTATION.

THIS IMPUTATION WAS MADE SO THAT THE CALCULATIONS OF TAXES UNDER CURRENT LAW WILL REFLECT THE MAJOR CHANGES IN THE CHILDCARE PROVISIONS INTRODUCED BETWEEN 1975 AND 1978. IN 1975 THERE WAS A DEDUCTION FOR CHILD-CARE, BUT IT COULD ONLY BE CLAIMED BY TAXPAYERS WHO ITEMIZED THEIR DEDUCTIONS. IT WAS ALSO SUBJECT TO A CEILING AMOUNT AND A SEVERE INCOME LIMITATION. THE TOTAL AMOUNT DEDUCTED WAS ABOUT \$1.3 BILLION. BY CONTRAST, IN 1978, A CREDIT EQUAL TO 20% OF DEPENDENT-CARE EXPENSE WILL BE ALLOWED WITHOUT REGARD TO INCOME OR FORM OF DEDUCTIONS. SINCE THE COVERAGE OF THE 1975 DEDUCTION DATA WAS SO NARROW, THOSE DATA WERE DISCARDED AND AN INDEPENDENT IMPUTATION WAS EMPLOYED FOR 1978.

4.3.2. GENERAL METHODOLOGY.

THE TWO MOST IMPORTANT CRITERIA FOR CLAIMING THE CHILD-CARE CREDIT, ARE TO BE GAINFULLY EMPLOYED AND TO HAVE ONE OR MORE DEPENDENTS LIVING AT HOME FOR WHOM IT IS NECESSARY TO INCUR COSTS IN ORDER TO WORK.

THE CREDIT IS AVAILABLE TO THOSE FILING SINGLE RETURNS, JOINT RETURNS WITH DEPENDENTS LIVING AT HOME AND HEAD OF HOUSEHOLD RETURNS WITH DEPENDENTS LIVING AT HOME. IN THE CASE OF A JOINT RETURN, ONLY THOSE RETURNS WITH A WORKING SPOUSE ARE INCLUDED IN THE ELIGIBLE POPULATION (WHERE A WORKING SPOUSE IS DEFINED ON THE BASIS OF THE W-2 RETURN). APPLYING THESE RULES LITERALLY YIELDS FAR TOO MANY QUALIFYING RETURNS. THEREFORE, THE IMPUTATION METHODOLOGY ASSUMES THAT 89% OF ALL OF THE RETURNS THAT WOULD NORMALLY QUALIFY, DO NOT USE THE CREDIT (I.E. 11% OF THE RETURNS ACTUALLY QUALIFY). THIS METHODOLOGY PRODUCES ABOUT 3 MILLION RETURNS USING THE CHILD-CARE CREDIT AND IS CONSISTENT WITH OUR IN-HOUSE REVENUE ESTIMATES.

THE IMPUTATION METHODOLOGY ASSUMES THAT THE TAXPAYER'S EMPLOYMENT RELATED EXPENSES ARE 10% OF EARNED INCOME (WHERE EARNED INCOME IS DEFINED AS WAGES AND SALARIES PLUS 30% OF POSITIVE SELF-EMPLOYMENT FARM AND NON-FARM INCOME).

HAVING OBTAINED AN ESTIMATE OF THE TAXPAYER'S EMPLOYMENT RELATED

EXPENSES, THE CREDIT PER RETURN IS EQUAL TO 20% OF THESE EXPENSES. THE CHILD-CARE CREDIT IS LIMITED TO \$2,000 FOR RETURNS WITH ONE QUALIFYING DEPENDENT AND TO \$4,000 FOR THOSE FOR TWO OR MORE DEPENDENTS AND IS NONREFUNDABLE.

BASED ON PRELIMINARY 1976 DATA FROM THE IRS, ABOUT 2.7% OF RETURNS CLAIMED THE CREDIT. THE TAX EXPENDITURE ESTIMATE FOR 1976 WAS \$458 MILLION (THIS WAS OBTAINED FROM FLOYD REEVES AND IS QUITE A BIT LOWER THAN THE PUBLISHED AMOUNT; REEVES THINKS IT TOO HIGH). BASED ON THE EXPECTED 86.6 MILLION RETURNS FOR 1978, AND AN ANNUAL GROWTH RATE OF 10%, IT IS EXPECTED THAT 3 TO 3.5 MILLION RETURNS WILL USE THE CREDIT IN 1978. A ROUGH ESTIMATE WOULD YIELD A COST OF ABOUT \$550 BILLION.

4.3.3. OTHER DOCUMENTATION.

NONE.

4.4. STATE-LOCAL BOND INTEREST

4.4.1. RATIONALE FOR IMPUTATION.

ONE OF THE NON-TAXABLE SOURCES OF INCOME THAT VARIOUS TAX PROPOSALS HAVE RECENTLY CONSIDERED IS THE TAXATION OF TAX-EXEMPT STATE AND LOCAL BOND INTEREST. SINCE THIS SOURCE OF INCOME IS NON-TAXABLE, IT DOES NOT APPEAR AS A DATA ITEM ON THE TAX MODEL SAMPLE AND THEREFORE, MUST BE IMPUTED.

4.4.2. GENERAL METHODOLOGY

THE 1978 ESTIMATE FOR THE TOTAL AMOUNT OF BONDS OUTSTANDING IS ABOUT \$254.3 BILLION. INDIVIDUALS IN THE HOUSEHOLD SECTOR WILL HOLD ABOUT \$73 BILLION OF THE TOTAL. THE AVERAGE INTEREST RATE ON SUCH OBLIGATIONS IN 1978 IS ESTIMATED TO BE ABOUT 5.5 PERCENT AND INDIVIDUALS WILL, THEREFORE, RECEIVE TAX-EXEMPT STATE AND LOCAL BOND INTEREST OF \$4.0 BILLION DOLLARS.

THE MOST RECENT DATA ON THE DISTRIBUTION OF STATE AND LOCAL INTEREST IS THE 1962 PROJECTOR AND WEISS STUDY FOR THE FEDERAL RESERVE. SINCE THE 1962 FIGURES ARE THE MOST RECENT, IT WAS DECIDED TO BASE THIS IMPUTATION ON THESE DATA AND KEEP THE RELATIVE DISTRIBUTION OF INTEREST INCOME UNCHANGED.

THE FIRST STEP IN THE IMPUTATION PROCEDURE IS TO DETERMINE THE ABSOLUTE INCOME CLASSES IN 1978 WHICH WOULD CONTAIN THE SAME RELATIVE PROPORTION OF UNITS AS REPRESENTED BY THE 1962 INCOME BREAKPOINTS. THIS WAS DONE BY INFLATING THE 1962 INCOME CLASSES TO 1978 LEVELS. SMOOTHING THE RESULTS YIELDS THE DISTRIBUTIONS PRESENTED IN TABLE 4.4.1.

TABLE 4.4.2: DERIVATION OF NUMBER OF RETURNS WITH STATE-LOCAL BOND INTEREST AND MEAN AMOUNT TO BE IMPUTED TO SELECTED RETURNS, 1978

| INCOME CLASS | PERCENT RETURNS | | | NO. OF RTNS | | INT. INCOME | | |
|--------------|-----------------|--------------|--------|-------------|-----------------|-------------|--------|----------|
| | WITH NO INT INC | WITH INT INC | TOTAL | TOTAL | WITH INT INCOME | TOTAL | MEAN | STD DEV. |
| | | | | (THOUSANDS) | (\$MILLS) | | | |
| < 50 | 99.72 | 0.28 | 100.00 | 87,860 | 242.72 | 204 | 840 | 420 |
| 50- 75 | 98.33 | 1.67 | 100.00 | 3,185 | 18.15 | 108 | 5,950 | 2975 |
| 75-100 | 93.73 | 6.27 | 100.00 | 794 | 21.44 | 388 | 18,097 | 9,048 |
| 100-175 | 76.46 | 23.54 | 100.00 | 323 | 63.32 | 1,456 | 22,994 | 11,497 |
| 175&UP | 33.15 | 66.85 | 100.00 | 166 | 72.20 | 1,844 | 25,540 | 12,770 |
| | | | | 92,328 | 417.83 | 4,000 | 9,573 | |

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4.4.3. OTHER DOCUMENTATION.

NONE.

4.5. IMPUTATION FOR 1978 SOCIAL SECURITY PAYROLL TAX

4.5.1. RATIONALE FOR IMPUTATION

RECENTLY, IT HAS BEEN DESIRABLE TO ANALYZE PROPOSED TAX LEGISLATION IN TERMS OF TOTAL TAX LIABILITY WHERE TOTAL TAX LIABILITY IS DEFINED AS THE FEDERAL INDIVIDUAL INCOME TAX LIABILITY PLUS THE SOCIAL SECURITY TAX LIABILITY. SINCE SOCIAL SECURITY TAXES ARE NOT INCLUDED IN THE INDIVIDUAL INCOME TAX RETURN SAMPLE, SOCIAL SECURITY TAXES MUST BE IMPUTED TO THE SAMPLE.

4.5.2. GENERAL METHODOLOGY.

IN 1978, EACH EMPLOYEE AND EMPLOYER WILL PAY CASDHI, SOCIAL SECURITY PAYROLL TAX, AT A RATE OF .0605 ON THE 1ST \$17,700 OF TAXABLE EARNINGS. (IN 1978 THE SELF-EMPLOYMENT TAX RATE WILL BE .0810 AND THE TAX BASE WILL ALSO BE \$17,700.) SOCIAL SECURITY TAX IS PAID ON TAXABLE EARNINGS -- EVEN IF THERE IS NO INCOME TAX LIABILITY. SINCE THE TAX IS LEVIED ON A PER-EARNER BASIS, A LARGE PROPORTION OF JOINT RETURNS WILL HAVE TWO SOCIAL SECURITY TAX AMOUNTS.

THE FIRST STEP IN THE IMPUTATION METHODOLOGY REQUIRES THAT THE IMPUTATION OF THE WAGE AND SALARY SHARE OF THE LESSER EARNER BE COMPLETED. ONCE THIS IS DONE, THE SHARE OF THE LESSER EARNER IS MULTIPLIED TIMES TOTAL WAGES AND SALARIES TO OBTAIN THE LESSER EARNERS' WAGES (AND BY SUBTRACTION THE WAGES OF THE LARGER EARNER). ASSUMING THAT ALL WAGES AND SALARIES REPRESENT TAXABLE EARNINGS, SOCIAL SECURITY TAXES FOR 1978 ARE CALCULATED AT A RATE OF 0.0605 SUBJECT TO THE EARNINGS LIMITATION OF \$17,700 FOR EACH INDIVIDUAL (MARRIED COUPLES FILING JOINTLY CAN HAVE A MAXIMUM OF TWO CALCULATIONS, WHILE ALL OTHER RETURNS HAVE ONLY ONE CALCULATION). FINALLY, ANY SELF-EMPLOYMENT TAX REPORTED ON THE RETURN, AFTER EXTRAPOLATION TO 1978 INCOME LEVELS, IS ADDED TO THE CALCULATED SOCIAL SECURITY TAX. IF THERE ARE TWO EARNERS, THE SELF-EMPLOYMENT TAX IS APORTIONED BETWEEN THE LARGER AND LESSER EARNER IN THE SAME PROPORTION AS THE WAGE AND SALARY SHARE OF THE LESSER EARNER.

TABLE 4.5.1 BELOW PRESENTS THE MAXIMUM TAXABLE EARNINGS AND THE TAX RATES FOR THE FICA TAX AND THE SECA TAX FROM 1976 PRESENT LAW

THROUGH 1981 PROPOSED LAW.

TABEL 4.5.1: FICA TAX AND SE TAX FROM 1976
P.L. THRU 1981 PROPOSED LAW

| PLANS | MAXIMUM TAXABLE EARNINGS | FICA (%) | | | SECA (%) | | |
|---------|--------------------------------|----------|------|------|----------|--------|------|
| | | OASI | DI | HI | OASI | DI | HI |
| PL 1976 | 315,300 | 4.375 | .575 | .9 | 6.7625 | .815 | .9 |
| PL 1977 | 16,500 | 4.375 | .575 | .9 | 6.185 | .815 | .9 |
| PL 1978 | 17,700 | 4.375 | .6 | 1.1 | 6.15 | .85 | 1.1 |
| PL 1981 | 22,200 | 4.3 | .65 | 1.35 | 6.08 | .92 | 1.35 |
| ADM1981 | 23,400 | 4.35 | .8 | 1.15 | 6.5 | 1.2 | 1.15 |
| WAM1981 | 29,700 | 4.45 | .8 | 1.3 | 6.7 | 1.2 | 1.3 |
| SFC1981 | 23,100 | 4.525 | .825 | 1.25 | 6.7625 | 1.2375 | 1.25 |

PL = PRESENT LAW
ADM = ADMINISTRATION
WAM = WAYS & MEANS
SFC = SENATE FINANCE

4.5.3. OTHER DOCUMENTATION.

NONE.

5. A GENERAL DESCRIPTION OF THE TAX MODEL PROGRAM.

5.1. INTRODUCTION.

THE COMPUTER PROGRAM COMPONENT OF THE TREASURY'S INCOME TAX SIMULATION MODEL CONSISTS OF APPROXIMATELY 6,000 FORTRAN V STATEMENTS AND 270 CONTROL STREAM INSTRUCTIONS. THE FORTRAN PROGRAM CONTAINS 58 SUBPROGRAMS WHICH ARE GROUPED TO FORM 3 PARTS OR PHASES. EACH PHASE IS EXECUTED SEPERATELY AFTER OVERLAYING THE PREVICUS PHASE.

SINCE JUNE 1968, THE TREASURY TAX MODEL HAS BEEN IMPLEMENTED ON A UNIVAC 1108 COMPUTER. ON THIS SYSTEM, THE PROGRAM'S EXECUTION TIME VARIES WITH THE SIZE OF THE TAX SAMPLE AND WITH THE COMPLEXITY OF THE TAX PROPOSAL UNDER ANALYSIS. A SIMULATION ON A TAX SAMPLE OF 100,000 RETURNS REQUIRES APPROXIMATELY 12 MINUTES OF CPU TIME WHILE THE SMALLER TAX SAMPLE OF 50,000 REQUIRES APPROXIMATELY 6 MINUTES OF CPU TIME.

IN EACH OF THE SECTIONS THAT FOLLOW, A GENERAL DESCRIPTION OF THE MAJOR ASPECTS AND COMPONENTS OF THE TREASURY'S TAX MODEL IS PRESENTED. ALL OF THE COMPONENTS OF THE TAX MODEL ARE DOCUMENTED IN THE PROGRAM SOURCE LISTING BUT SOME COMPONENTS REQUIRE ADDITIONAL DOCUMENTATION WHICH COULD NOT BE INCLUDED IN THE PROGRAM SOURCE LISTING. THIS ADDITIONAL DOCUMENTATION IS PRESENTED IN THE APPENDICES TO THIS CHAPTER.

5.2. DESIGN PHILOSOPHY OF THE TAX MODEL.

DURING ANY YEAR IN WHICH TAX REFORMS MAY BE PROPOSED, AN EXISTING TAX LAW IS OPERATIVE AND MAY BE DENOTED AS THE PRESENT TAX LAW. THE PRESENT TAX LAW IS DEFINED BY VARIOUS TAX PARAMETERS WHICH COLLECTIVELY ARE CALLED THE STANDARD PLAN X OR SIMPLY PLAN X. SIMILARLY, THE SET OF TAX PARAMETERS WHICH DEFINE THE PROPOSED TAX LAW MAY BE REFERRED TO AS PLAN Y. IF ONE WERE TO COMPARE EACH TAX PARAMETER IN PLAN X (PRESENT LAW) WITH EACH TAX PARAMETER IN PLAN Y (PROPOSED LAW), HE WOULD NORMALLY FIND THAT IN MOST CASES, THE NUMBER OF DIFFERENCES BETWEEN PLAN X AND PLAN Y ARE SMALL IN RELATION TO THE TOTAL NUMBER OF TAX PARAMETERS IN PLAN X. HENCE, THE DESIGN OF THE TAX MODEL PROGRAM INCORPORATES THIS FEATURE BY INITIALLY ASSUMING THAT NO DIFFERENCES EXIST BETWEEN PLAN X (PRESENT LAW) AND PLAN Y (PROPOSED LAW), I.E. PLAN X = PLAN Y. THIS DESIGN SIMPLIFIES DATA PREPARATION FOR THE USER SINCE HE HAS ONLY TO SPECIFY HOW PLAN Y (PROPOSED LAW) DIFFERS FROM PLAN X

(PRESENT LAW) IN ORDER TO COMPLETELY DEFINE THE PROPOSED TAX LAW.

ANOTHER DESIGN FEATURE OF THE TAX MODEL PROGRAM IS ITS CAPABILITY OF COMPARING TWO ALTERNATIVE TAX PROPOSALS WITH PLAN X. NORMALLY, A USER WILL WANT TO COMPARE PLAN Y WITH PLAN X AND ANALYZE THE RESULTS. IN SOME CASES, HOWEVER, THE USER MAY WANT TO COMPARE ONE TAX PROPOSAL, PLAN Y, AND A SECOND TAX PROPOSAL, PLAN Z, WITH PLAN X IN THE SAME SIMULATION TO DETERMINE WHICH PROPOSAL INDIVIDUAL TAXPAYERS WOULD SELECT.

FINALLY, IT WAS DESIRABLE TO HAVE A TAX MODEL PROGRAM THAT COULD PRODUCE SUMMARY RESULTS, DETAILED RESULTS, OR BOTH WHILE MINIMIZING EXECUTION TIME. CONSEQUENTLY, ALL OF THE STATISTICAL TABLES--EXCEPT TABLE 1A AND 5--ARE OPTIONAL AND MUST BE SPECIFICALLY REQUESTED.

5.3. PHASE I.

PHASE I OF THE SIMULATION IS BASICALLY AN INITIALIZATION AND PREPARATION STAGE. IT BEGINS BY INPUTTING OPERATIONAL DATA ON THE DESIRED OUTPUT TABLES, TITLES, ETC. NEXT, IT EQUATES ALL TAX PARAMETERS IN PLAN Z TO THOSE OF PLAN X IF PLAN Z WAS REQUESTED. (PLAN X AND PLAN Y ARE ALREADY EQUATED TO EACH OTHER UNLESS SPECIFIED OTHERWISE). THE REMAINING DATA CARDS ARE INPUTTED AND THE DATA USED TO MODIFY THE TAX PARAMETERS IN ONE OR MORE OF THE TAX PLANS SUCH THAT PLAN X DOES NOT EQUAL PLAN Y WHICH DOES NOT EQUAL PLAN Z. THE REMAINING EXECUTION OF PHASE I PRINTS THE TAX PARAMETERS UNDER THE ALTERNATIVE PLANS AND PREPARES THE STUBS FOR TABLE 6 OUTPUT (IF TABLE 6 WAS REQUESTED).

TABLE 5.3.1 PRESENTS THE SUBPROGRAMS AND CONTROL STREAM ELEMENTS GROUPED IN PHASE I. SOME OF THESE ARE NOT SPECIFICALLY INCLUDED IN THE CURRENT PROGRAM AND ARE MARKED WITH AN ASTERIK (*) TO INDICATE THAT THEY ARE INACTIVE.

TABLE 5.3.1: SUBPROGRAMS AND CONTROL
STREAM ELEMENTS IN PHASE I

| ELEMENT NAME | FUNCTION |
|------------------|--|
| CUMPILE1 | CONTROL STREAM INSTRUCTIONS FOR COMPILING PHASE I. |
| CSAVE1 | PROCEDURE FILE WHICH DEFINES THE STORAGE AREA FOR PHASE I. |
| CONTRL | EXECUTIVE PROGRAM FOR ALL 3 PHASES. |
| MAIN1 | EXECUTIVE PROGRAM FOR PHASE I. |
| INPUT1 | INPUTS PART 1 DATA CARDS. |
| INPUT2 | INPUTS TITLE CARDS, TAX PARAMETERS, TAX RATES AND CONSTRUCTS THE TAX SCHEDULES |
| DELDUP | DELETES DUPLICATE MARGINAL RATES IN ANY ONE SCHEDULE. |
| *BLKDATA/71 | INITIALIZES PLAN X AND PLAN Y TO 1971 TAX LAW. |
| *BLKDATA/72 | INITIALIZES PLAN X AND PLAN Y TO 1972 TAX LAW. |
| *BLKDATA/73 | INITIALIZES PLAN X AND PLAN Y TO 1973 TAX LAW. |
| BLKDATA/75 | INITIALIZES PLAN X AND PLAN Y TO 1975 TAX LAW. |
| BLKDATA/76 | INITIALIZES PLAN X AND PLAN Y TO 1976 TAX LAW. |
| BLKDATA/77 | INITIALIZES PLAN X AND PLAN Y TO 1977 TAX LAW. |
| BLKDATA/78 | INITIALIZES PLAN X AND PLAN Y TO 1978 TAX LAW. |
| LSWCUT SCHED | PRINTS THE VALUE OF THE LOGIC SWITCHES GENERATES NEW TAX SCHEDULES FROM EXISTING TAX SCHEDULES. |
| MRATES SRATES | HANDLES THE INPUT OF TAX RATE DATA GENERATES A RATE SCHEDULE FOR SINGLE RETURNS FROM A RATE SCHEDULE FOR JOINT RETURNS |
| TAXTAB PRGOUT | PRINTS TAX RATE SCHEDULES. PRINTS ALL TAX PARAMETERS IN A PLAN EXCEPT THE TAX RATE SCHEDULES. |
| SWEEP | GENERATES THE STUBS FOR TABLE 6. |

* CURRENTLY INACTIVE

5.4. PHASE II.

THE PRIMARY FUNCTION OF PHASE II IS TO PROCESS THE DATA FROM THE SAMPLE OF INDIVIDUAL INCOME TAX RETURNS UNDER EACH TAX PLAN THAT WAS SPECIFIED IN PHASE I. UPON ENTRY INTO PHASE II THE PROGRAM CALCULATES THE AMOUNT OF STORAGE SPACE NEEDED TO PRODUCE EACH OF THE TABLES REQUESTED BY THE USER. IF THE STORAGE ALLOCATION IS INSUFFICIENT, THEN ADDITIONAL CORE IS DYNAMICALLY ALLOCATED. FOLLOWING THE ABOVE, EACH DATA RECORD IS INPUTTED AND UNPACKED. USING THE INCOME TAX DATA IN EACH RECORD, TAX LIABILITY IS CALCULATED IN ACCORDANCE WITH THE TAX PLANS FROM PHASE I AND THE REQUESTED STATISTICAL TABLES UPDATED. AFTER ALL RETURNS HAVE BEEN PROCESSED, OPERATIONAL STATISTICS ARE PRINTED AND THE STATISTICAL TABLES ARE OUTPUTTED TO A TEMPORARY DATA FILE.

IN TABLE 5.4.1, EACH SUBPROGRAM AND CONTROL STREAM ELEMENT GROUPEC UNDER PHASE II IS PRESENTED.

TABLE 5.4.1: SUBPROGRAMS AND CONTROL
STREAM ELEMENTS IN PHASE II

| ELEMENT NAME | FUNCTION |
|-----------------|--|
| COMPILE2 | CONTROL STREAM INSTRUCTIONS FOR COMPILING PHASE II. |
| CSAVE2 | PROCEDURE FILE WHICH DEFINES THE STORAGE AREA FOR PHASE II. |
| MAIN2 | EXECUTIVE PROGRAM FOR PHASE II. |
| MCORE | DYNAMICALLY ALLOCATES ADDITIONAL CORE. |
| EYDEF | COMPUTES EXPANDED INCOME. |
| TXCALC | CALCULATES TAX LIABILITY. |
| DEDUCT | CALCULATES ALLOWABLE DEDUCTIONS. |
| *EXTRA | IMPLEMENTS ADDITIONAL DEDUCTION CATEGORIES INTO THE ALLOWABLE DEDUCTIONS. |
| TAX | DETERMINES TAX FROM THE TAX RATE SCHEDULE. |
| ROUND | ROUNDS CALCULATED FIGURES. |
| ELDCR | CALCULATES THE ELDERLY CREDIT. |
| TABLES | UPDATES THE STATISTICAL TABLES. |
| SAMPLE | INPUTS TAX RETURN DATA FROM THE INCOME TAX DATA SAMPLE. |
| UNPKER | UNPACKS A DATA RECORD (SEE APPENDIX A.) |
| INDEX | OBTAINS AN INDEX CORRESPONDING TO A BRACKETED INTERVAL, CONTINUOUS INTERVALS. |
| *INDEXA | OBTAINS AN INDEX CORRESPONDING TO A BRACKETED INTERVAL, NON-CONTINUOUS INTERVALS. |
| *SURCHG | CALCULATES A SURCHARGE. |
| DEBUG | ROUTINE FOR DEBUGGING TAX CALCULATIONS |
| FUSIZE | TABULATES TAX AND EXPANDED INCOME BY FAMILY SIZE FOR PLAN X & PLAN Y. |

* CURRENTLY INACTIVE

5.5. PHASE III.

PHASE III OF THE TAX MODEL IS DESIGNED TO PROCESS AND OUTPUT THE RESULTS OF PHASE II. UPON ENTRY INTO PHASE III, THE PROGRAM SCALES THE RESULTS, EXTENDS THE POPULATION COUNTS, AND OUTPUTS A COVER PAGE. IMMEDIATELY THEREAFTER, THE PROGRAM WILL INPUT EACH STATISTICAL TABLE REQUESTED IN PHASE I FROM THE TEMPORARY DATA FILE CREATED IN PHASE II. AFTER THE PARTICULAR TABLE HAS BEEN INPUTTED, A SUBPROGRAM DESIGNED TO PERFORM THE FINAL PROCESSING AND OUTPUT FOR THAT TABLE IS CALLED. THE SUBPROGRAM WILL OUTPUT EACH PAGE OF THE TABLE THAT THE USER REQUESTED IN THE PHASE I INPUT.

TABLE 5.5.1 PRESENTS THE SUBPROGRAMS AND CONTROL STREAM ELEMENTS GROUPED IN PHASE III. IN ADDITION, APPENDIX B PROVIDES A DETAILED EXPLANATION OF SUBROUTINE EXTEND.

TABLE S.5.1: SUBPROGRAMS AND CONTROL
STREAM ELEMENTS IN PHASE III

| ELEMENT NAME | FUNCTION |
|-----------------|--|
| COMPILE3 | CONTRCL STREAM INSTRUCTIONS FOR COMPILING PHASE III. |
| CSAVE3 | PROCEDURE FILE WHICH DEFINES THE STORAGE ALLOCATION FOR PHASE III. |
| MAIN3 | EXECUTIVE PROGRAM FOR PHASE III. |
| EXTEND | EXTENDS THE RESULTS (SEE APPENDIX B). |
| TAB1 | PROCESSES THE RESULTS FOR TABLE 1 AND OUTPUTS TABLE 1. |
| TAB1A | PROCESSES THE RESULTS FOR TABLE 1A AND OUTPUTS TABLE 1A. |
| TAB2 | PROCESS THE RESULTS FOR TABLE 2 AND OUTPUTS TABLE 2. |
| TAB3 | PROCESS THE RESULTS FOR TABLE 3 AND OUTPUTS TABLE 3. |
| TAB4 | PROCESS THE RESULTS FOR TABLE 4 AND OUTPUTS TABLE 4. |
| TAB5 | PROCESS THE RESULTS FOR TABLE 5 AND OUTPUTS TABLE 5. |
| TAB6 | PROCESS THE RESULTS FOR TABLE 6 AND OUTPUTS TABLE 6. |
| TAB7 | PROCESS THE RESULTS FOR TABLE 7 AND OUTPUTS TABLE 7. |
| STORE | STORES PRE-SELECTED RESULTS FROM THE SUMMARY PAGES OF TABLE 1A AND 5 IN A TEMPORARY FILE. |

5.6. OTHER SUBPROGRAMS AND CONTROL STREAMS.

THE TAX MODEL PROGRAM FILE ALSO CONTAINS OTHER SUBPROGRAMS AND CONTROL STREAM ELEMENTS WHICH MAY BE USED AS NEEDED. THESE ARE PRESENTED IN TABLE 5.6.1 AND ARE SELF-EXPLANATORY.

TABLE 5.6.1: OTHER SUBPROGRAMS AND CONTROL STREAM ELEMENTS IN THE TAX MODEL PROGRAM FILE

| ELEMENT NAME | FUNCTION |
|--------------|--|
| COMPILE4 | CONTROL STREAM INSTRUCTIONS FOR COMPILING VARIOUS SUBPROGRAMS OF A MISCELLANEOUS NATURE. |
| *XQT72 | CONTROL STREAM INSTRUCTIONS FOR COLLECTING AND OVERLAYING THE RELOCATABLE ELEMENTS OF THE TAX MODEL, 1972 TAX LAW. THIS SET OF INSTRUCTIONS INCLUDES BLKDATA/72 IN THE COLLECTION. |
| *XQT73 | CONTROL STREAM INSTRUCTIONS FOR COLLECTING AND OVERLAYING THE RELOCATABLE ELEMENTS OF THE TAX MODEL, 1973 TAX LAW. THIS SET OF INSTRUCTIONS INCLUDES BLKDATA/73 IN THE COLLECTION. |
| XQT75 | CONTROL STREAM INSTRUCTIONS FOR COLLECTING AND OVERLAYING THE RELOCATABLE ELEMENTS OF THE TAX MODEL, 1975 TAX LAW. THIS SET OF INSTRUCTIONS INCLUDES BLKDATA/75 IN THE COLLECTION. |
| XQT76 | CONTROL STREAM INSTRUCTIONS FOR COLLECTING AND OVERLAYING THE RELOCATABLE ELEMENTS OF THE TAX MODEL, 1976 TAX LAW. THIS SET OF INSTRUCTIONS INCLUDES BLKDATA/76 IN THE COLLECTION. |
| XQT77 | CONTROL STREAM INSTRUCTIONS FOR COLLECTING AND OVERLAYING THE RELOCATABLE ELEMENTS OF THE TAX MODEL, 1977 TAX LAW. THIS SET OF INSTRUCTIONS INCLUDES BLKDATA/77 IN THE COLLECTION. |

* CURRENTLY INACTIVE

| ELEMENT NAME | FUNCTION |
|--------------------------|--|
| XQT78 | CONTROL STREAM INSTRUCTIONS FOR COLLECTING AND OVERLAYING THE RELOCATABLE ELEMENTS OF THE TAX MODEL, 1978 TAX LAW. THIS SET OF INSTRUCTIONS INCLUDES BLKDATA/78 IN THE COLLECTION. |
| COVERP | SUBPROGRAM TO PRODUCE A COVER PAGE THAT PRECEEDS THE OUTPUT OF EACH TAX MODEL RUN. |
| UPDATE PACKER | PROGRAM TO UPDATE THE TABLEMAKER DIRECTORY ASSEMBLY SUBPROGRAM TO PACK THE INCOME TAX RETURN DATA IN PREPARING A PACKED DATA BASE. |
| YRTOAG BURSET | SUBPROGRAM FOR CONVERTING YEAR OF BIRTH TO AGE. SUBPROGRAM TO SET HYPOTHETICAL VALUES FOR AGI, DEDUCTIONS, AND EXEMPTIONS IN PRODUCING BURDEN TABLES. |
| BURTAB | SUBPROGRAM TO OUTPUT EACH LINE OF THE BURDEN TABLES. |
| TABOUT/VER3 HEAD/VER3 | SUBPROGRAM TO OUTPUT GENERALIZED TABLES. SUBPROGRAM TO PRODUCE TITLES AND COLUMN HEADINGS FOR THE TABLES PRODUCED BY TABOUT/VER3. |
| CENTER/VER3 | SUBPROGRAM TO CENTER TITLES AND COLUMN HEADINGS FOR THE TITLES AND HEADINGS PRODUCED BY HEAD. |
| NERRCR/VER3 | SUBPROGRAM TO HANDLE ERRORS ENCOUNTERED BY TABOUT/VER3. |
| *UNPKERO | OLD UNPACKER SUBPROGRAM. |
| *SAMPLEC | OLD SAMPLE SUBPROGRAM. |
| RANDU | SUBROUTINE TO GENERATE RANDOM NUMBERS. |
| SHOREC | SUBROUTINE TO OUTPUT EACH DATA ITEM ON A TAX RETURN AND ITS DESCRIPTION. |
| 75LABELS | 'ADD' DECK CONTAINING THE LABELS FOR OUTPUTTING A TAX RETURN USING SUBROUTINE SHOREC. |
| LIST | 'ADD' DECK CONTAINING CONTROL STREAM INSTRUCTIONS TO LIST THE ELEMENTS OF THE TAX MODEL FILE. |
| LISTING1 | 'ADD' DECK CONTAINING CONTROL STREAM INSTRUCTIONS TO LIST THE ELEMENTS OF PHASE I OF THE TAX MODEL FILE. |
| LISTING2 | 'ADD' DECK CONTAINING CONTROL STREAM INSTRUCTIONS TO LIST THE ELEMENTS OF PHASE II OF THE TX MODEL FILE. |
| LISTING3 | 'ADD' DECK CONTAINING CONTROL STREAM INSTRUCTIONS TO LIST THE ELEMENTS OF PHASE III OF THE TAX MODEL FILE. |

* CURRENTLY INACTIVE

ELEMENT
NAME

FUNCTION

LISTING4

'ADD' DECK CONTAINING CONTROL STREAM
INSTRUCTIONS TO LIST THE MISCELLANEOUS ELEMENTS
OF THE TAX MODEL FILE.

* CURRENTLY INACTIVE

APPENDIX A

A. 1975 TAX CALCULATOR. THE 1975 TAX CALCULATOR DIFFERS ONLY SLIGHTLY FROM THE 1973 TAX CALCULATOR AND IS ESSENTIALLY THE SAME AS IN VERSION 5 OF THE TAX MODEL. THE DIFFERENCES THAT DO EXIST ARE AS FOLLOWS:

SUBROUTINE DEDUCT HAS BEEN MODIFIED TO INCORPORATE NEW CALCULATIONS OF THE INVESTMENT INTEREST LIMITATION. THESE NEW CALCULATIONS EMPLOY ADDITIONAL DATA FROM THE SCI THAT WAS PREVIOUSLY UNAVAILABLE.

THE 'NO BENEFIT' RULE HAS BEEN MODIFIED SLIGHTLY IN AN ATTEMPT TO APPROXIMATE PROPOSED REGULATION 1.57-4.

THE CODING FOR THE MAXIMUM TAX HAS BEEN ALTERED SOMEWHAT TO INCORPORATE THE 5 YEAR AVERAGING OF PREFERENCES.

THE EARNED INCOME CREDIT CALCULATION WAS MODIFIED TO EMPLOY DEPENDENT CHILDREN AS A REQUISITE IN DETERMINING ELIGIBILITY FOR THE CREDIT. CHILDREN AT HOME AND AWAY FROM HOME EXEMPTIONS WERE NOT AVAILABLE ON THE 1973 DATA BASE BUT ARE AVAILABLE ON THE 1975 DATA BASE.

APPENDIX B.

B. SUBROUTINE UNPKER.

IN ORDER TO UNDERSTAND HOW SUBROUTINE UNPKER FUNCTIONS, CONSIDER THE ORIGINAL TAX MODEL DATA BASE WHICH CONSISTS OF ONE RECORD FOR EACH INDIVIDUAL INCOME TAX RETURN. EACH RECORD CONTAINS OVER 200 DATA ITEMS, SOME OF WHICH HAVE A VALUE OF ZERO. AFTER THE DATA ON EACH RECORD HAS BEEN "PACKED", A TYPICAL BLOCK OF DATA MIGHT APPEAR AS IN FIG. 5.8.1. SUBROUTINE SAMPLE INPUTS THIS BLOCK OF DATA INTO A STORAGE LOCATION OF 1792 WORDS AND CALLS SUBROUTINE UNPKER.

SUBROUTINE UNPKER ACCESSES THE FIRST WORD OF THE DATA BLOCK. THIS WORD CONTAINS A COUNT OF THE NUMBER OF "PACKED" RECORDS IN THE BLOCK, IN THIS EXAMPLE 12. NEXT, UNPKER CALCULATES THE NUMBER OF BIT MASK WORDS FROM THE RECORD LENGTH PROVIDED IN THE ARGUMENT LIST OF THE CALL TO UNPKER. FOR THE CURRENT SAMPLE, THE NEXT SIX WORDS WOULD BE BIT MASK WORDS. A DETAILED PICTURE OF THE FIRST BIT MASK WORD IN DATA RECORD 1 HAS BEEN PROVIDED IN INSERT A. EACH BIT OF THE BIT MASK WORD IS SET TO 0 IF A ZERO DATA ITEM WAS DELETED FROM THE PACKED RECORD OR TO A 1 IF A NON-ZERO ITEM IS INCLUDED IN THE PACKED RECORD. THUS, UNPKER PROCESSES THE BIT MASK BY BEGINNING WITH BIT 0. BIT 0 CORRESPONDS TO DATA ITEM 1 AND HAS A VALUE OF 1. THEREFORE, DATA ITEM 1 IS NON-ZERO AND IS CONTAINED IN THE PACKED RECORD AT A LOCATION 6+1 WORDS FROM THE FIRST BIT MASK WORD. IF IT IS ASSUMED THAT THE PACKED RECORD IS TO BE UNPACKED INTO AN ARRAY NAMED X, THEN UNPKER SETS X(1)=15.0. UNPKER MOVES NEXT TO BIT 1 WHICH CORRESPONDS TO DATA ITEM 2. SINCE BIT 1 IS ZERO, DATA ITEM 2 WAS NOT INCLUDED IN THE PACKED RECORD, THEREFORE, X(2)=0.0 BY DEFAULT. UNPKER CONTINUES WITH BITS 2 AND 3 WHICH ARE BOTH


```

+-----+=====+=====+=====+=====+
| 12 | 1000002000421 | 1000000000000 | 1000000000000 | 100000000 |
|   |   |           81 |           81 |           81 |
+-----+=====+=====+=====+=====+

```

```

|   |   |   |   |
|NUMBER|1ST BIT MASK |2ND BIT MASK |3RD BIT MASK |4TH BIT
| OF |WORD (1-36) |WORD (37-72) |WORD(73-108) |WORD(109
|RECORD|<----- BIT MASK ----->
|/BLOCK|<-----DATA RECORD 1 ----->
|<----- BLOCK OF 12 DATA RECORDS ----->

```

```

=====+-----+-----+-----+-----+
0000 1000000000000 1000000000000 | 15 | -20 | 25
      81           81           81 |   |   |
=====+-----+-----+-----+-----+

```

```

|   |   |   |   |
|MASK |5TH BIT MASK |6TH BIT MASK |VALUE OF|VALUE OF|VALUE OF
|-144)|WORD(145-180)|WORD(181-216)| ITEM 1 | ITEM 5 | ITEM
|---- BIT MASK ----->|<----- DATA VALUES ---
|----- DATA RECORD 1 -----
|----- BLOCK OF 12 DATA RECORDS -----

```

```

+-----+=====+=====+=====+=====+
| 30 | 1000000000000 1000000000000 | 1000000000*
|   |   |           81 |           81 | *
+-----+=====+=====+=====+=====+

```

```

|   |   |   |
|OF VALUE OF|1ST BIT MASK |2ND BIT MASK |3RD BIT
| 9 |ITEM 20 |WORD |WORD |WORD
|----->|<----- BIT MASK ----->
|----->|<----- DATA RECORD 2 ----->
|----- BLOCK OF 12 DATA RECORDS -----

```

```

3333332222222221111111111
543210987654321098765432109876543210
+-----+
1000000000000000010000000001000100011
+-----+
INSERT A: FIRST BIT MASK WORD IN
          DATA RECORD 1

```

FIG. 5.B.1: A HYPOTHETICAL BLOCK OF PACKED DATA

ZERO. THE NEXT BIT IS BIT 4 WHICH CORRESPONDS TO DATA ITEM 5 AND HAS A VALUE OF 1. SINCE DATA ITEM 5 IS NON-ZERO, IT IS INCLUDED IN THE PACKED RECORD AT A LOCATION 6+2 WORDS FROM THE FIRST BIT MASK WORD. HENCE, X(5)=-20.0. UNPKER CONTINUES IN THIS FASHION UNTIL ALL 36 BITS OF THE FIRST BIT MASK WORD HAVE BEEN PROCESSED. AT THE COMPLETION OF PROCESSING THE FIRST BIT MASK WORD, THE X ARRAY CONTAINS THE FOLLOWING VALUES:

| | | | |
|-------------|---------|---------------|--------|
| X(1) | = 15.0 | X(9) | = 25.0 |
| X(2 THRU 4) | = 0.0 | X(10 THRU 19) | = 0.0 |
| X(5) | = -20.0 | X(20) | = 30.0 |
| X(6 THRU 8) | = 0.0 | X(21 THRU 36) | = 0.0 |

UNPKER CONTINUES WITH THE SECOND BIT MASK WORD WHICH HAS BITS SET TO 0 OR 1 FOR DATA ITEMS 37 THRU 72. THE THIRD, FOURTH, FIFTH, AND SIXTH BIT MASK WORDS CONTAIN 0 OR 1 BITS FOR DATA ITEMS 73 THRU 108, DATA ITEMS 109 THRU 144, DATA ITEMS 145 THRU 180, AND DATA ITEMS 181 THRU 216 RESPECTIVELY.

AFTER THE FIRST PACKED DATA RECORD HAS BEEN UNPACKED, SUBROUTINE UNPKER MOVES TO THE SECOND PACKED DATA RECORD. THE SECOND PACKED RECORD BEGINS AT A LOCATION 8+N WORDS FROM THE BEGINNING OF THE BLOCK WHERE N IS THE NUMBER OF DATA ITEMS IN THE FIRST PACKED RECORD. IN THIS EXAMPLE, THE SECOND PACKED RECORD WOULD BEGIN 8+4=12 WORDS FROM THE BEGINNING OF THE BLOCK.

SUBROUTINE UNPKER CONTINUES IN THE ABOVE FASHION UNTIL ALL PACKED RECORDS HAVE BEEN UNPACKED, AND THEN BEGINS A NEW BLOCK OF DATA.

APPENDIX C

C. SUBROUTINE EXTEND.

MOST OF THE RESULTS GENERATED BY PHASE II OF THE TAX MODEL ARE TABULATED BY SCHEDULE (SINGLE, MARRIED FILING JOINTLY AND MARRIED FILING SEPERATELY, AND HEAD OF HOUSEHOLD), BY TYPE OF DEDUCTION (ITEMIZED AND STANDARD), AND BY ADJUSTED GROSS INCOME CLASS. SINCE THERE ARE THREE SCHEDULES, TWO DEDUCTION TYPES, AND NINE ADJUSTED GROSS INCOME CLASSES, THE RESULTS CAN BE CONCEPTUALIZED AS FILLING THE THREE DIMENSIONAL SPACE ENCLOSED BY THE PERIMETER OF THE THREE DIMENSIONAL DIAGRAM ILLUSTRATED IN FIG. 5.C.1.

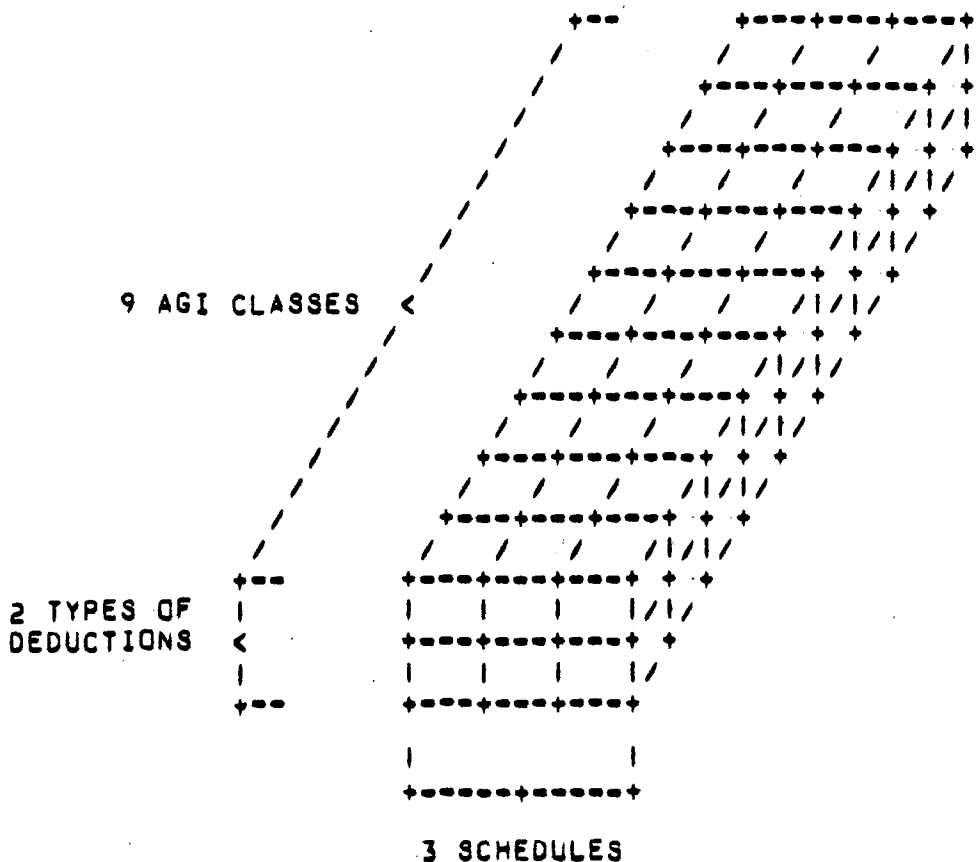


FIGURE 5.C.1: ORIGINAL ARRAY OF RESULTS

IT IS DESIRABLE TO HAVE SUMMARY MEASURES OF THESE RESULTS AS WELL AS THE DISAGGREGATED RESULTS. SPECIFICALLY, IT WOULD BE CONVIENT TO HAVE THE RESULTS TABULATED FOR BOTH TYPES CF DEDUCTIONS BY SCHEDULE FOR EACH ADJUSTED GROSS INCOME CLASS. IN ADDITION, A SUMMARY OF ALL SCHEDULES BY TYPE OF DEDUCTION AND BOTH TYPES OF DEDUCTIONS, IS DESIRABLE FOR EACH ADJUSTED GROSS INCOME CLASS. LASTLY, A SUMMARY OF ALL ADJUSTED GROSS INCOME CLASSES BY SCHEDULE AND BY ALL SCHEDULES IS NEEDED. TO ACCOMPLISH THIS, THE THREE DIMENSIONAL SPACE FILLED BY THE DISAGGREGATED RESULTS MUST BE EXTENDED AS ILLUSTRATED IN FIG. 5.C.2 TO ALLOW FOR THE COMPUTED SUMMARY RESULTS.

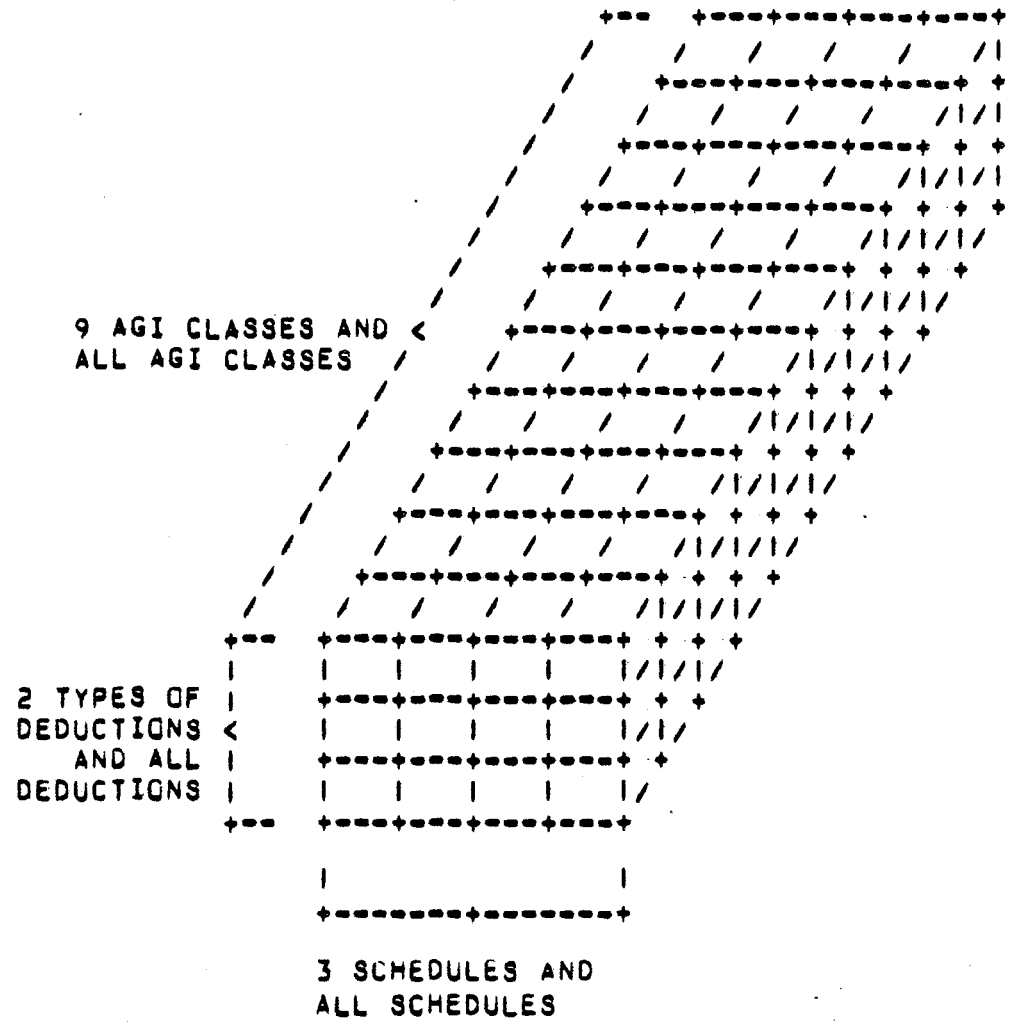


FIGURE 5.C.2: EXTENDED ARRAY CF RESULTS

APPENDIX D

D. THE OVERLAY MAP OF XQT75.

THE ELEMENT XQT75 CONTAINS THE CONTROL STREAM STATEMENTS USED TO COMBINE THE RELOCATABLE ELEMENTS INTO AN ABSOLUTE ELEMENT. RATHER THAN COMBINING ALL OF THE RELOCATABLE ELEMENTS INTO ONE ABSOLUTE ELEMENT, XQT75 IS SEGMENTED TO PRODUCE SEVERAL ABSOLUTE ELEMENTS. EACH ABSOLUTE ELEMENT OVERLAYS A PART OF OR ALL OF THE PREVIOUS ABSOLUTE ELEMENT AS SHOWN IN FIG. 5.D.1 AND FIG. 5.D.2.

IBANK DRAWN TO SCALE: 200 WORDS DECIMAL PER DASH

CONTRL (3445)

MAIN3* (1421)

TAB1* (567)

STORE* (271)

--

TAB2* (599)

TAB3* (746)

TAB4* (741)

TAB5* (248)

--

TAB6* (647)

TAB7* (813)

TAB1A* (276)

--

TAB1B* (209)

-

DATA1* (1485)

MAIN2* (4833)

MAIN1* (3656)

FIGURE 5.D.1: IBANK OVERLAY OF XQT75

DBANK DRAWN TO SCALE: 300 WORDS DECIMAL PER DASH
CONTRL (3063)

MAIN3* (1615)

TAB1* (335)
-
STORE* (54)
-
TAB2* (328)
-
TAB3* (489)
--
TAB4* (349)
-
TAB5* (205)
-
TAB6* (254)
-
TAB7* (285)
-
TAB1A* (178)
-
TAB1B* (283)
-

DATA3* (5520)

DATA1* (4549)

MAIN2* (4702)

DATA2* (3357)

MAIN1* (2101)

FIGURE 5.D.2: DBANK OVERLAY OF XGT75

APPENDIX E

E. THE 1978 TAX CALCULATOR.

THIS APPENDIX IS INTENDED TO MAKE ALL CONCERNED AWARE OF THE STATUS OF EACH PROVISION OF THE 1978 TAX ACT AS REFLECTED IN THE 1978 TAX CALCULATOR.

PROVISIONS ACCOUNTED FOR IN THE MODEL OR DATA BASE:

- FLAT STANDARD DEDUCTION OF 2200/3200/2200
- CONVERSION OF 9-12 MONTH LONG TERM GAINS INTO SHORT TERM GAINS
- CAPITAL LOSS LIMITATION OF \$3,000
- ALIMONY PAID MOVED ABOVE THE LINE
- REPEAL OF SICK PAY FOR THOSE WHO ARE NOT PERMANENTLY DISABLED
- PHASEOUT OF SICK PAY FOR THE PERMANENTLY DISABLED AT \$15,000 AGI
- REPEAL OF CHILD CARE DEDUCTION AND ALIMONY DEDUCTION
- ITEMIZED DEDUCTIONS IN EXCESS OF 60% OF AGI ARE AN ADDITIONAL PREFERENCE ITEM
- MAXIMUM TAX IS CALCULATED USING PERSONAL SERVICE INCOME, IE. EARNED INCOME PLUS PENSIONS
- REPEAL FLOOR ON PREFERENCE INCOME REDUCING THE MAXIMUM TAX
- REPEAL OF 5 YEAR AVERAGING OF PREFERENCE INCOME
- EXEMPTION CREDIT EXTENDED TO AGED AND BLIND
- OPTIONAL TAXABLE INCOME CREDIT DISALLOWED FOR MARRIED FILING SEPARATE
- CHILD CARE CREDIT OF 20% OF REPORTED CHILD CARE EXPENSES UP TO A MAXIMUM OF \$2,000 FOR THE FIRST DEPENDENT AND \$4,000 FOR 2 OR MORE DEPENDENTS
- INVESTMENT INTEREST EXPENSE LIMITATION PER 1978 LAW
- MINIMUM TAX IS 15% OF PREFERENCES IN EXCESS OF THE LARGER OF \$10,000 OR 1/2 OF THE TENTATIVE TAX AFTER CREDITS
- IMPUTATION TO CORRECT EXISTING CHILD CARE EXPENSE
- IMPUTATION OF ITEMIZED DEDUCTIONS TO STANDARD DEDUCTIONS
- THE 'NO-BENEFIT' RULE
- CREDIT FOR THE ELDERLY

PROVISIONS NOT ACCOUNTED FOR IN THE MODEL OR DATA BASE

- POLITICAL CAMPAIGN CONTRIBUTIONS DEDUCTION AND CREDIT
- INVESTMENT TAX CREDIT

6. A DESCRIPTION OF THE TAX MODEL INPUT PARAMETERS.

6.1. A GENERAL OVERVIEW.

THE TAX MODEL PROGRAM PROCESSES SEVERAL DIFFERENT TYPES OF DATA CARDS. SOME OF THE DATA CARDS FOLLOW THE OLD CONVENTION OF ASSIGNING AN IDENTIFYING NUMBER CONSISTING OF THREE INTEGER DIGITS TO EACH CARD. IN THE DOCUMENTATION THAT FOLLOWS, THE FIRST DIGIT WILL BE REFERRED TO AS THE PART NUMBER, THE SECOND DIGIT AS THE SECTION NUMBER, AND THE THIRD DIGIT AS THE IDENT NUMBER. THESE THREE DIGITS APPEAR, RIGHT JUSTIFIED, IN THE FIRST THREE FIELDS OF FOUR COLUMNS EACH ON SOME DATA INPUT CARDS, AS ILLUSTRATED IN FIG. 6.1.1. THE DATA CARDS WHICH DO NOT CONTAIN IDENTIFYING NUMBERS ARE OF THE 'NAMELIST' OR FREE FORMAT VARIETY.

```

+-----+
|          111 111111122222222223333333333344444444445555555555
|1234 5678 9012 345678901234567890123456789012345678901234567
+-----+
|PART|SECT|IDEN|          DATA
| NO | NO | NO |

```

FIG. 6.1.1: DATA CARD INPUT FORMAT

EACH PARAMETER INPUT CARD PROVIDES DATA FOR DIFFERENT BROAD CATEGORIES OF VARIABLES EMPLOYED IN THE TAX MODEL. CARDS CONTAINING A PART NUMBER OF ONE PROVIDE GENERAL INFORMATION FOR VARIOUS PURPOSES, SUCH AS EDITING THE OUTPUT, DEFINING SUB CHANGES, EMPLOYING AN OPTION, ETC. CARDS WITHOUT A PART NUMBER PROVIDE DATA ON A SPECIFIC TAX PLAN AND MAY CONTAIN INFORMATION ON TAX SCHEDULES, THE LEVEL OF EXEMPTION ALLOWANCES, OR VARIOUS OTHER TAX PARAMETERS.

AN EXAMINATION OF THE GENERAL STRUCTURE OF THE INPUT DECK ILLUSTRATED IN FIG. 6.1.2 REVEALS THAT A MINIMUM OF 5 CARDS ARE NEEDED TO PRODUCE A RUN. SINCE THE TAX MODEL ASSUMES THAT THE TAX PARAMETERS FOR TWO PLANS ARE IDENTICAL (I.E., PLAN X = PLAN Y), AN INPUT DECK CONSISTING OF THE REQUIRED CARDS WILL PRODUCE ONLY TABLE 1A. THE OPTIONAL CARDS SHOULD BE INCLUDED WHEN ADDITIONAL TABLES ARE DESIRED AND WHEN THE USER DESIRES TO MODIFY ONE OF THE TAX PLANS SO THAT THE TAX PARAMETERS OF PLAN Y ARE DIFFERENT FROM THE TAX PARAMETERS OF PLAN X.

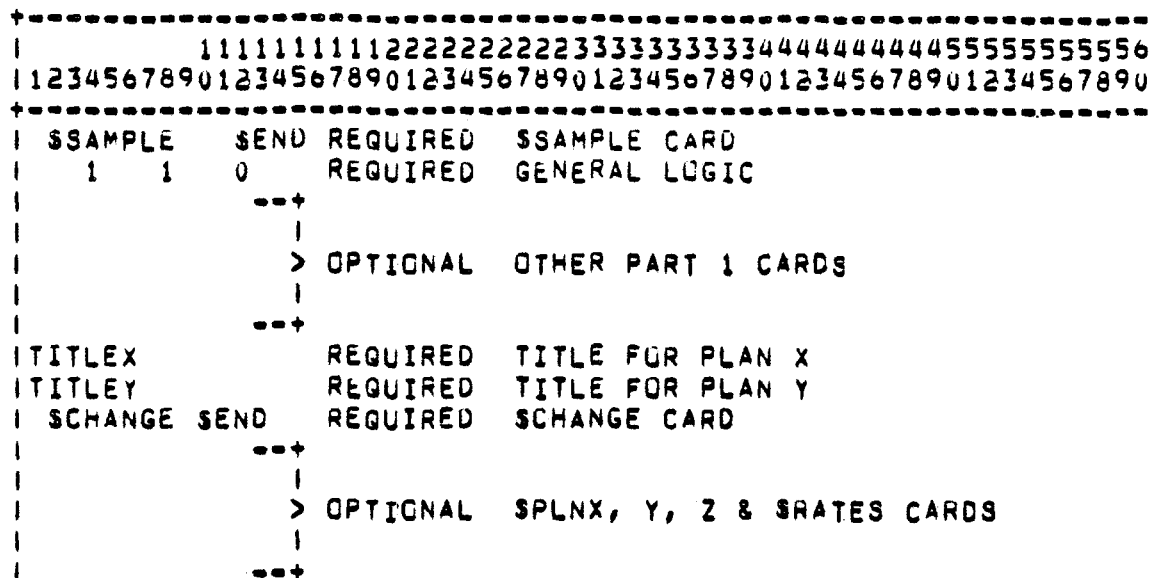


FIG 6.1.2: GENERAL STRUCTURE OF AN INPUT DECK

6.2. GENERAL LOGIC & EDITING DATA CARDS.

6.2.1. THE \$SAMPLE CARD.

THIS CARD WAS PREVIOUSLY CALLED THE 100 CARD. THIS INPUT CARD SPECIFIES INFORMATION CONCERNING THE DATA FILE THAT WILL BE PROCESSED, WHAT YEAR THE DATA FILE SHOULD REPRESENT, HOW MANY RETURNS ARE TO BE PROCESSED, AND -WHEN THE NEW I/O ROUTINE IS IMPLEMENTED-- WHAT ADDITIONAL VARIABLES NOT CONTAINED IN THE BASIC DATA FILE ARE REQUIRED. THE FORMAT FOR THIS CARD IS 'FREE FORMAT' WITHIN THE RESTRICTIONS OF A NAMELIST READ. A GENERALIZED EXAMPLE CARD IS ILLUSTRATED IN FIG. 6.2.1.

```

+-----+
|          111111111122222222233333333334444444445555555556
|123456789012345678901234567890123456789012345678901234567890
+-----+
| $SAMPLE NYEAR=1975, NRET=50000, NLEV=1975, NSTOP=0,
+-----+
|          6666666677777777781
|          123456789012345678901
+-----+
|
+-----+
|          111111111122222222233333333334444444445555555556
|123456789012345678901234567890123456789012345678901234567890
+-----+
| NMAPD=0, NMAPM=0, MAPD(1)=57,58,59, MAPM(1)=1,2,3,4,
+-----+
|          6666666677777777781
|          123456789012345678901
+-----+
| SEND
|

```

FIG. 6.2.1: A GENERAL SAMPLE CARD FORMAT

WHERE NYEAR = THE YEAR THE TAX FILE SAMPLE WAS CREATED.
 NRET = THE NUMBER OF PHYSICAL RETURNS IN THE SAMPLE.
 NLEV = THE PROJECTED YEAR THAT THE TAX FILE SAMPLE SHOULD REPRESENT.
 NSTOP = THE NUMBER OF RETURNS TO BE PROCESSED. IF LEFT UNSPECIFIED, ALL OF THE RETURNS WILL BE PROCESSED.

THE FOLLOWING MUST BE SPECIFIED ONLY IF ADDITIONAL VARIABLES NOT CONTAINED IN THE BASIC DATA FILE ARE REQUIRED.

```

+--
| C>0 C ADDITIONAL VARIABLES BEGINNING WITH
|     THE 68TH VARIABLE IN THE 'D' ARRAY ARE
|     TO BE INPUTTED.
NMAPD =< 113 ALL THE REMAINNING VARIABLES IN THE 'D'
|         ARRAY ARE TO BE INPUTTED.
|     0 AS MANY VARIABLES FROM THE 'D' ARRAY AS
|         ARE SPECIFIED IN MAPD.
+--

+--
| C>0 C ADDITIONAL VARIABLES BEGINNING WITH
|     THE 1ST VARIABLE IN THE 'MM' ARRAY ARE
|     TO BE INPUTTED.
NMAPM =< 47 ALL THE ADDITIONAL VARIABLES IN THE 'MM'
|         ARRAY ARE TO BE INPUTTED.
|     0 AS MANY VARIABLES FROM THE 'MM' ARRAY AS
|         ARE SPECIFIED IN MAPM.
+--

MAPD = THE SUBSCRIPTS FOR THE ADDITIONAL VARIABLES
      THAT ARE TO BE INPUTTED FROM THE 'D' ARRAY.
      THIS IS REQUIRED ONLY WHEN NMAPD=0.
MAPM = THE SUBSCRIPTS FOR THE ADDITIONAL VARIABLES
      THAT ARE TO BE INPUTTED FROM THE 'MM' ARRAY.
      THIS IS REQUIRED ONLY WHEN NMAPM=0.
    
```

6.2.2. CARD NUMBER 110: GENERAL LOGIC SWITCHES.

THE FUNCTION OF THIS INPUT CARD IS TO SPECIFY VALUES FOR TWENTY LOGIC SWITCHES WHICH ARE EMPLOYED BY THE TAX MODEL IN DETERMINING WHAT SEGMENTS OF THE PROGRAM WILL BE PERFORMED. EACH LOGIC SWITCH AND ITS ASSOCIATED VALUES ARE DESCRIBED IN TABLE 6.2.1. THE FORMAT FOR THIS CARD IS PRESENTED IN FIG. 6.2.2 BELOW.

```

+-----+
|           1111111111222222222233333333333444444444455555555556
| 123456789012345678901234567890123456789012345678901234567890
+-----+
| 1 1 1 0 |<--20 LOGIC SW-->|
    
```

FIG. 6.2.2: GENERAL LOGIC SWITCHES CARD FORMAT

TABLE 6.2.1: GENERAL LOGIC SWITCHES

| LOGIC SWITCH NUMBER | COLUMN NUMBER | FUNCTION | REQ'D DATA CARD NUMBER |
|---------------------|---------------|--|---------------------------|
| 01 | 16 | RESERVED FOR FUTURE USE | |
| 02 | 17 | RESERVED FOR FUTURE USE | |
| 03 | 18 | RESERVED FOR FUTURE USE | |
| 04 | 19 | CONTROLS THE READING OF LABELS FOR THE DISPLAY OF A RETURN 0= NO LABELS ARE TO BE READ 1= LABELS ARE TO BE READ | N N |
| 05 | 20 | RESERVED FOR FUTURE USE | |
| 06 | 21 | RESERVED FOR FUTURE USE | |
| 07 | 22 | ALLOWS THE USER TO REDEFINE AGI CLASS BREAKPOINTS OR TO SELECT OPTIONAL AGI CLASS BREAKPOINTS (THESE ARE USED TO INDEX THE OUTPUT TABLES) 0= THE EXISTING AGI CLASS BREAKPOINTS OF 6.2.12 ARE TO BE EMPLOYED 1= NEW AGI CLASS BREAKPOINTS WILL BE DEFINED 2= HIGH OPTION AGI CLASS BREAKPOINTS ARE TO BE EMPLOYED 3= LOW OPTION AGI CLASS BREAKPOINTS ARE TO BE EMPLOYED 4= PRE-1975 AGI CLASS BREAKPOINTS ARE TO BE EMPLOYED | N Y 127 N N N |
| 08 | 23 | RESERVED FOR FUTURE USE | |

TABLE 6.2.1: GENERAL LOGIC SWITCHES

| LOGIC SWITCH NUMBER | COLUMN NUMBER | FUNCTION | REG'D DATA CARD NUMBER |
|---------------------|---------------|--|---|
| 09 | 24 | SELECTS THE SOURCE DEFINITION OF AGI OR INCOME USED IN INDEXING THE OUTPUT TABLES 0= SOURCE IS THE AGI OR INCOME DEFINITION OF PRESENT LAW 1= SOURCE IS THE AGI OR INCOME DEFINITION IN PLAN X 2= SOURCE IS THE AGI OR INCOME DEFINITION IN PLAN Y. 3= SOURCE IS REALIZED HOUSEHOLD INCOME 4= SOURCE IS EXPANDED INCOME | N N N N |
| 10 | 25 | MERGE FILE INDICATOR 0= PRODUCTION DATA FILE (DEFAULT) 1= MERGED DATA FILE | N N |
| 11 | 26 | CONTROLS THE COMPUTATION OF TABLE 1 (THIS TABLE MAY BE 120 PAGES LONG) 0= DO NOT COMPUTE TABLE 1 1= COMPUTE TABLE 1 USING THE BREAKPOINTS FROM 6.2.9 2= COMPUTE TABLE 1 BUT USING THE USER SUPPLIED BREAKPOINTS | N Y 111,112 Y 111,112 121,122 |
| 12 | 27 | CONTROLS THE COMPUTATION OF TABLE 2 (THIS TABLE MAY BE 120 PAGES LONG) 0= DO NOT COMPUTE TABLE 2 1= COMPUTE TABLE 2 USING THE BREAKPOINTS FROM 6.2.10 2= COMPUTE TABLE 2 BUT USING THE USER SUPPLIED BREAKPOINTS | N Y 113,114 Y 113,114 123,124 125 |
| 13 | 28 | CONTROLS THE COMPUTATION OF TABLE 3 (THIS TABLE MAY BE 12 PAGES LONG) 0= DO NOT COMPUTE TABLE 3 1= COMPUTE TABLE 3 | N Y 115 |

TABLE 6.2.1: GENERAL LOGIC SWITCHES

| LOGIC SWITCH NUMBER | COLUMN NUMBER | FUNCTION | REQ'D DATA CARD NUMBER |
|---------------------|---------------|---|-------------------------|
| 14 | 29 | CONTROLS THE COMPUTATION OF TABLE 4 (THIS TABLE MAY BE 12 PAGES LONG) 0= DO NOT COMPUTE TABLE 4 1= COMPUTE TABLE 4 | N Y 116 |
| 15 | 30 | SELECTS THE PLAN USED IN COMPUTING TABLE 6 0 = PLAN Y 1 = PLAN X | N |
| 16 | 31 | CONTROLS THE COMPUTATION OF TABLE 6 (THIS TABLE MAY BE 40 PAGES LONG) 0=DO NOT COMPUTE TABLE 6 1= COMPUTE TABLE 6 | N Y 117 |
| 17 | 32 | CONTROLS THE COMPUTATION OF TABLE 7 (THIS TABLE MAY BE 60 PAGES LONG) 0= DO NOT COMPUTE TABLE 7 1= COMPUTE TABLE 7 USING THE BREAK-POINTS FROM 6.2.11 2= COMPUTE TABLE 7 USING THE USER SUPPLIED BREAKPOINTS | N Y 118 Y 118,126 |
| 18 | 33 | CONTROLS THE CALCULATION OF PLAN X 0= DO NOT COMPUTE PLAN X (DEFAULT) 1= COMPUTE PLAN X | N N |
| 19 | 34 | CONTROLS THE CALCULATION OF BURDEN TABLES 0= DO NOT COMPUTE BURDEN TABLES (DEFAULT) 1= COMPUTE BURDEN TABLES USING THE PRE-SET OPTIONS FOR THE VARIOUS PARAMETERS 2= COMPUTE BURDEN TABLES USING THE USER SUPPLIED PARAMETERS (SEE SECTION 8.6 FOR DETAILS ON USAGE) | N N Y SBURDEN |

TABLE 6.2.1: GENERAL LOGIC SWITCHES

| LOGIC SWITCH NUMBER | COLUMN NUMBER | FUNCTION | REG'D DATA CARD NUMBER |
|---------------------|---------------|--|---------------------------|
| 20 | 35 | STORES TAX MODEL RESULTS FROM TABLES 1A AND 5 0= DO NOT STORE RESULTS 1= STORE THE RESULTS | N Y 130,131 132,133 |

6.2.3. CARD NUMBERS 111 & 112: TABLE 1 PRINT CONTROL.

BOTH OF THESE INPUT CARDS ARE OPTIONAL UNLESS THE VALUE ASSIGNED TO LOGIC SWITCH NUMBER 11 ON CARD 110 IS A 1 OR A 2. SINCE THE OUTPUT OF TABLE 1 MAY BE UP TO 120 PAGES IN LENGTH, THIS CARD SPECIFIES WHICH PAGES OF THE OUTPUT WILL BE PRINTED. ANY INDIVIDUAL PAGE OF THE OUTPUT CONTAINS DISTRIBUTIONAL STATISTICS CLASSIFIED BY AGI CLASS, BY TYPE OF DEDUCTION, AND BY TAX SCHEDULE. IN TABLE 6.2.2 WHERE THE CLASSIFICATION THAT APPLIES TO EACH PAGE IS PRESENTED, EACH PRINT SWITCH NUMBER IS IDENTICAL WITH THE PAGE NUMBER FOR TABLE 1. FOR EACH PAGE THAT IS DESIRED FROM TABLE 1, THE USER MUST ASSIGN THE CORRESPONDING PRINT CONTROL SWITCH A VALUE OF 1, OTHERWISE, THAT PAGE WILL NOT BE PRINTED. CARD NUMBER 111 CONTAINS THE PRINT CONTROL SWITCHES FOR THE FIRST 60 PAGES OF TABLE 1 AND CARD NUMBER 112 CONTAINS THE PRINT CONTROL SWITCHES FOR THE LAST 60 PAGES AS SHOWN IN FIG. 6.2.3.

```

+-----+
|          111111111122222222233333333334444444445555555556
|123456789012345678901234567890123456789012345678901234567890
+-----+
|  1  1  1<-----SWITCHES 1-60 -----
|  1  1  2<-----SWITCHES 61-120 -----
|
+-----+
66666666677777777781
123456789012345678901
+-----+
----->
----->
----->
|
|
|

```

FIG. 6.2.3: TABLE 1 PRINT CONTROL SWITCH FORMAT

TABLE 6.2.2: PRINT CONTROL SWITCHES FOR TABLE 1

| PRINT SWITCH | CARD COLUMN | AGI CLASS | TYPE OF DEDUCTION | SCHEDULE |
|--------------|-------------|-----------|-------------------|----------|
| 1 | 13 | ***** 5 | ITEMIZED | SINGLE |
| 2 | 14 | ***** 5 | ITEMIZED | MARRIED |
| 3 | 15 | ***** 5 | ITEMIZED | HEAD HH |
| 4 | 16 | ***** 5 | ITEMIZED | ALL SCHD |
| 5 | 17 | ***** 5 | STANDARD | SINGLE |
| 6 | 18 | ***** 5 | STANDARD | MARRIED |
| 7 | 19 | ***** 5 | STANDARD | HEAD HH |
| 8 | 20 | ***** 5 | STANDARD | ALL SCHD |
| 9 | 21 | ***** 5 | BOTH | SINGLE |
| 10 | 22 | ***** 5 | BOTH | MARRIED |
| 11 | 23 | ***** 5 | BOTH | HEAD HH |
| 12 | 24 | ***** 5 | BOTH | ALL SCHD |
| 13 | 25 | 5 - 10 | ITEMIZED | SINGLE |
| 14 | 26 | 5 - 10 | ITEMIZED | MARRIED |
| 15 | 27 | 5 - 10 | ITEMIZED | HEAD HH |
| 16 | 28 | 5 - 10 | ITEMIZED | ALL SCHD |
| 17 | 29 | 5 - 10 | STANDARD | SINGLE |
| 18 | 30 | 5 - 10 | STANDARD | MARRIED |
| 19 | 31 | 5 - 10 | STANDARD | HEAD HH |
| 20 | 32 | 5 - 10 | STANDARD | ALL SCHD |
| 21 | 33 | 5 - 10 | BOTH | SINGLE |
| 22 | 34 | 5 - 10 | BOTH | MARRIED |
| 23 | 35 | 5 - 10 | BOTH | HEAD HH |
| 24 | 36 | 5 - 10 | BOTH | ALL SCHD |
| 25 | 37 | 10 - 15 | ITEMIZED | SINGLE |
| 26 | 38 | 10 - 15 | ITEMIZED | MARRIED |
| 27 | 39 | 10 - 15 | ITEMIZED | HEAD HH |
| 28 | 40 | 10 - 15 | ITEMIZED | ALL SCHD |
| 29 | 41 | 10 - 15 | STANDARD | SINGLE |
| 30 | 42 | 10 - 15 | STANDARD | MARRIED |
| 31 | 43 | 10 - 15 | STANDARD | HEAD HH |
| 32 | 44 | 10 - 15 | STANDARD | ALL SCHD |
| 33 | 45 | 10 - 15 | BOTH | SINGLE |
| 34 | 46 | 10 - 15 | BOTH | MARRIED |
| 35 | 47 | 10 - 15 | BOTH | HEAD HH |
| 36 | 48 | 10 - 15 | BOTH | ALL SCHD |
| 37 | 49 | 15 - 20 | ITEMIZED | SINGLE |
| 38 | 50 | 15 - 20 | ITEMIZED | MARRIED |
| 39 | 51 | 15 - 20 | ITEMIZED | HEAD HH |
| 40 | 52 | 15 - 20 | ITEMIZED | ALL SCHD |

*** MEANS WITHOUT LIMIT

TABLE 6.2.2: PRINT CONTROL SWITCHES FOR TABLE 1

| PRINT SWITCH | CARD COLUMN | AGI CLASS | TYPE OF DEDUCTION | SCHEDULE |
|--------------|-------------|-----------|-------------------|----------|
| 41 | 53 | 15 - 20 | STANDARD | SINGLE |
| 42 | 54 | 15 - 20 | STANDARD | MARRIED |
| 43 | 55 | 15 - 20 | STANDARD | HEAD HH |
| 44 | 56 | 15 - 20 | STANDARD | ALL SCHD |
| 45 | 57 | 15 - 20 | BOTH | SINGLE |
| 46 | 58 | 15 - 20 | BOTH | MARRIED |
| 47 | 59 | 15 - 20 | BOTH | HEAD HH |
| 48 | 60 | 15 - 20 | BOTH | ALL SCHD |
| 49 | 61 | 20 - 30 | ITEMIZED | SINGLE |
| 50 | 62 | 20 - 30 | ITEMIZED | MARRIED |
| 51 | 63 | 20 - 30 | ITEMIZED | HEAD HH |
| 52 | 64 | 20 - 30 | ITEMIZED | ALL SCHD |
| 53 | 65 | 20 - 30 | STANDARD | SINGLE |
| 54 | 66 | 20 - 30 | STANDARD | MARRIED |
| 55 | 67 | 20 - 30 | STANDARD | HEAD HH |
| 56 | 68 | 20 - 30 | STANDARD | ALL SCHD |
| 57 | 69 | 20 - 30 | BOTH | SINGLE |
| 58 | 70 | 20 - 30 | BOTH | MARRIED |
| 59 | 71 | 20 - 30 | BOTH | HEAD HH |
| 60 | 72 | 20 - 30 | BOTH | ALL SCHD |
| 61 | 13 | 30 - 50 | ITEMIZED | SINGLE |
| 62 | 14 | 30 - 50 | ITEMIZED | MARRIED |
| 63 | 15 | 30 - 50 | ITEMIZED | HEAD HH |
| 64 | 16 | 30 - 50 | ITEMIZED | ALL SCHD |
| 65 | 17 | 30 - 50 | STANDARD | SINGLE |
| 66 | 18 | 30 - 50 | STANDARD | MARRIED |
| 67 | 19 | 30 - 50 | STANDARD | HEAD HH |
| 68 | 20 | 30 - 50 | STANDARD | ALL SCHD |
| 69 | 21 | 30 - 50 | BOTH | SINGLE |
| 70 | 22 | 30 - 50 | BOTH | MARRIED |
| 71 | 23 | 30 - 50 | BOTH | HEAD HH |
| 72 | 24 | 30 - 50 | BOTH | ALL SCHD |
| 73 | 25 | 50 - 100 | ITEMIZED | SINGLE |
| 74 | 26 | 50 - 100 | ITEMIZED | MARRIED |
| 75 | 27 | 50 - 100 | ITEMIZED | HEAD HH |
| 76 | 28 | 50 - 100 | ITEMIZED | ALL SCHD |
| 77 | 29 | 50 - 100 | STANDARD | SINGLE |
| 78 | 30 | 50 - 100 | STANDARD | MARRIED |
| 79 | 31 | 50 - 100 | STANDARD | HEAD HH |
| 80 | 32 | 50 - 100 | STANDARD | ALL SCHD |

*** MEANS WITHOUT LIMIT

TABLE 6.2.2: PRINT CONTROL SWITCHES FOR TABLE 1

| PRINT SWITCH | CARD COLUMN | AGI CLASS | TYPE OF DEDUCTION | SCHEDULE |
|--------------|-------------|------------|-------------------|----------|
| 81 | 33 | 50 - 100 | BOTH | SINGLE |
| 82 | 34 | 50 - 100 | BOTH | MARRIED |
| 83 | 35 | 50 - 100 | BOTH | HEAD HH |
| 84 | 36 | 50 - 100 | BOTH | ALL SCHD |
| 85 | 37 | 100 - 200 | ITEMIZED | SINGLE |
| 86 | 38 | 100 - 200 | ITEMIZED | MARRIED |
| 87 | 39 | 100 - 200 | ITEMIZED | HEAD HH |
| 88 | 40 | 100 - 200 | ITEMIZED | ALL SCHD |
| 89 | 41 | 100 - 200 | STANDARD | SINGLE |
| 90 | 42 | 100 - 200 | STANDARD | MARRIED |
| 91 | 43 | 100 - 200 | STANDARD | HEAD HH |
| 92 | 44 | 100 - 200 | STANDARD | ALL SCHD |
| 93 | 45 | 100 - 200 | BOTH | SINGLE |
| 94 | 46 | 100 - 200 | BOTH | MARRIED |
| 95 | 47 | 100 - 200 | BOTH | HEAD HH |
| 96 | 48 | 100 - 200 | BOTH | ALL SCHD |
| 97 | 49 | 200 -***** | ITEMIZED | SINGLE |
| 98 | 50 | 200 -***** | ITEMIZED | MARRIED |
| 99 | 51 | 200 -***** | ITEMIZED | HEAD HH |
| 100 | 52 | 200 -***** | ITEMIZED | ALL SCHD |
| 101 | 53 | 200 -***** | STANDARD | SINGLE |
| 102 | 54 | 200 -***** | STANDARD | MARRIED |
| 103 | 55 | 200 -***** | STANDARD | HEAD HH |
| 104 | 56 | 200 -***** | STANDARD | ALL SCHD |
| 105 | 57 | 200 -***** | BOTH | SINGLE |
| 106 | 58 | 200 -***** | BOTH | MARRIED |
| 107 | 59 | 200 -***** | BOTH | HEAD HH |
| 108 | 60 | 200 -***** | BOTH | ALL SCHD |
| 109 | 61 | ALL | ITEMIZED | SINGLE |
| 110 | 62 | ALL | ITEMIZED | MARRIED |
| 111 | 63 | ALL | ITEMIZED | HEAD HH |
| 112 | 64 | ALL | ITEMIZED | ALL SCHD |
| 113 | 65 | ALL | STANDARD | SINGLE |
| 114 | 66 | ALL | STANDARD | MARRIED |
| 115 | 67 | ALL | STANDARD | HEAD HH |
| 116 | 68 | ALL | STANDARD | ALL SCHD |
| 117 | 69 | ALL | BOTH | SINGLE |
| 118 | 70 | ALL | BOTH | MARRIED |
| 119 | 71 | ALL | BOTH | HEAD HH |
| 120 | 72 | ALL | BOTH | ALL SCHD |

*** MEANS WITHOUT LIMIT

6.2.4. CARD NUMBERS 113 & 114: TABLE 2 PRINT CONTROL.

BOTH OF THESE INPUT CARDS ARE OPTIONAL UNLESS THE VALUE ASSIGNED TO LOGIC SWITCH NUMBER 12 ON CARD 110 IS A 1 OR A 2. THE DOCUMENTATION FOR THESE CARDS IS IDENTICAL TO THAT IN 6.2.3 WHEN CARD NUMBERS 113 AND 114 ARE SUBSTITUTED FOR CARD NUMBERS 111 AND 112 AND WHEN TABLE 2 IS SUBSTITUTED FOR TABLE 1.

6.2.5. CARD NUMBER 115: TABLE 3 PRINT CONTROL.

THIS INPUT CARD IS OPTIONAL UNLESS THE VALUE ASSIGNED TO LOGIC SWITCH NUMBER 13 ON CARD 110 IS A 1. EACH PAGE OF STATISTICS IN THIS TABLE ARE CLASSIFIED BY TYPE OF DEDUCTION AND BY TAX SCHEDULE. TABLE 6.2.3 DISPLAYS THE CLASSIFICATION CORRESPONDING TO EACH PAGE OF THE TABLE 3 OUTPUT. AS BEFORE, THE PRINT CONTROL SWITCH NUMBER IS IDENTICAL WITH THE PAGE NUMBER AND MUST BE ASSIGNED A VALUE OF 1 FOR EACH PAGE OF TABLE 3 THAT IS TO BE INCLUDED IN THE OUTPUT. THE FORMAT THAT IS EMPLOYED FOR THIS CARD IS SHOWN IN FIG. 6.2.4.

```

+-----+
|          111111111122222222223333333333444444444455555555556
| 123456789012345678901234567890123456789012345678901234567890
+-----+
|   1   1   5<- 12 SW'S->
|

```

FIG. 6.2.4: TABLE 3 PRINT CONTROL SWITCH FORMAT

TABLE 6.2.3: PRINT CONTROL SWITCHES FOR TABLE 3

| PRINT SWITCH | CARD COLUMN | TYPE OF DEDUCTION | SCHEDULE |
|--------------|-------------|-------------------|-------------------|
| 1 | 13 | ITEMIZED | SINGLE |
| 2 | 14 | ITEMIZED | MARRIED |
| 3 | 15 | ITEMIZED | HEAD OF HOUSEHOLD |
| 4 | 16 | ITEMIZED | ALL SCHD. |
| 5 | 17 | STANDARD | SINGLE |
| 6 | 18 | STANDARD | MARRIED |
| 7 | 19 | STANDARD | HEAD OF HOUSEHOLD |
| 8 | 20 | STANDARD | ALL SCHD. |
| 9 | 21 | BOTH | SINGLE |
| 10 | 22 | BOTH | MARRIED |
| 11 | 23 | BOTH | HEAD OF HOUSEHOLD |
| 12 | 24 | BOTH | ALL SCHD. |

6.2.6. CARD NUMBER 116: TABLE 4 PRINT CONTROL.

THIS INPUT CARD IS OPTICNAL UNLESS THE VALUE ASSIGNED TO LOGIC SWITCH NUMBER 14 ON CARD 110 IS A 1. THE DOCUMENTATION FOR THIS CARD IS IDENTICAL TO THAT IN 6.2.5 WHEN CARD NUMBER 116 IS SUBSTITUTED FOR CARD NUMBER 115 AND WHEN TABLE 4 IS SUBSTITUTED FOR TABLE 3.

6.2.7. CARD NUMBER 117: TABLE 6 PRINT CONTROL.

THIS CARD IS OPTIONAL UNLESS THE VALUE ASSIGNED TO LOGIC SWITCH NUMBER 16 ON CARD 110 IS A 1. THE STATISTICS COMPUTED FOR TABLE 6 ARE CLASSIFIED BY AGI CLASS AND BY TAX SCHEDULE. EACH PRINT CONTROL SWITCH NUMBER IN TABLE 6.2.4 IS IDENTICAL TO THE TABLE 6 PAGE NUMBER AND MUST BE ASSIGNED A VALUE OF 1 FOR EACH PAGE THAT IS TO BE PRINTED IN THE TABLE 6 OUTPUT. THE 40 PRINT CONTROL SWITCHES APPEAR ON THE INPUT CARD AS SHOWN IN FIG. 6.2.5.

```

+-----+
|      111111111122222222223333333333444444444455555555556
|123456789012345678901234567890123456789012345678901234567890
+-----+
|  1  1  7<-----SWITCHES 1-40 ----->
|

```

FIG. 6.2.5: TABLE 6 PRINT CONTROL SWITCHES FORMAT

6.2.8. CARD NUMBER 118: TABLE 7 PRINT CONTROL.

THIS CARD IS OPTIONAL UNLESS THE VALUE ASSIGNED TO LOGIC SWITCH NUMBER 16 ON CARD 110 IS A 1 OR A 2. THE STATISTICS PRESENTED IN TABLE 7 ARE CLASSIFIED BY INCOME CONCEPT, BY AGI CLASS AND BY TAX SCHEDULE. TABLE 6.2.5 PRESENTS THE CLASSIFICATIONS FOR EACH PAGE OF TABLE 7. AS BEFORE, THE PRINT SWITCH NUMBER, WHICH IS THE SAME AS THE TABLE 7 PAGE NUMBER, MUST BE ASSIGNED A VALUE OF 1 WHENEVER A SPECIFIC PAGE IS TO BE INCLUDED IN THE OUTPUT. THE 60 PRINT CONTROL SWITCHES FOR THIS TABLE APPEAR ON THE INPUT CARD IN THE SAME FORMAT GIVEN FOR CARD NUMBER 111(SEE FIG. 6.2.3).

TABLE 6.2.4: PRINT CONTROL SWITCHES FOR TABLE 6

| PRINT SWITCH | CARD COLUMN | AGI CLASS | SCHEDULE |
|--------------|-------------|-----------|----------|
| 1 | 13 | ****- 5 | SINGLE |
| 2 | 14 | ****- 5 | MARRIED |
| 3 | 15 | ****- 5 | HEAD HH |
| 4 | 16 | ****- 5 | ALL SCHD |
| 5 | 17 | 5 - 10 | SINGLE |
| 6 | 18 | 5 - 10 | MARRIED |
| 7 | 19 | 5 - 10 | HEAD HH |
| 8 | 20 | 5 - 10 | ALL SCHD |
| 9 | 21 | 10 - 15 | SINGLE |
| 10 | 22 | 10 - 15 | MARRIED |
| 11 | 23 | 10 - 15 | HEAD HH |
| 12 | 24 | 10 - 15 | ALL SCHD |
| 13 | 25 | 15 - 20 | SINGLE |
| 14 | 26 | 15 - 20 | MARRIED |
| 15 | 27 | 15 - 20 | HEAD HH |
| 16 | 28 | 15 - 20 | ALL SCHD |
| 17 | 29 | 20 - 30 | SINGLE |
| 18 | 30 | 20 - 30 | MARRIED |
| 19 | 31 | 20 - 30 | HEAD HH |
| 20 | 32 | 20 - 30 | ALL SCHD |
| 21 | 33 | 30 - 50 | SINGLE |
| 22 | 34 | 30 - 50 | MARRIED |
| 23 | 35 | 30 - 50 | HEAD HH |
| 24 | 36 | 30 - 50 | ALL SCHD |
| 25 | 37 | 50 - 100 | SINGLE |
| 26 | 38 | 50 - 100 | MARRIED |
| 27 | 39 | 50 - 100 | HEAD HH |
| 28 | 40 | 50 - 100 | ALL SCHD |
| 29 | 41 | 100 - 200 | SINGLE |
| 30 | 42 | 100 - 200 | MARRIED |
| 31 | 43 | 100 - 200 | HEAD HH |
| 32 | 44 | 100 - 200 | ALL SCHD |
| 33 | 45 | 200 -**** | SINGLE |
| 34 | 46 | 200 -**** | MARRIED |
| 35 | 47 | 200 -**** | HEAD HH |
| 36 | 48 | 200 -**** | ALL SCHD |
| 37 | 49 | ALL | SINGLE |
| 38 | 50 | ALL | MARRIED |
| 39 | 51 | ALL | HEAD HH |
| 40 | 52 | ALL | ALL SCHD |

**** MEANS WITHOUT LIMIT

TABLE 6.2.5: PRINT CONTROL SWITCHES FOR TABLE 7.

| PRINT SWITCH | CARD COLUMN | INCOME CONCEPT | AGI CLASS | SCHEDULE |
|--------------|-------------|----------------|------------|--------------------|
| 1 | 13 | TOT. INC | ***** 5 | SINGLE & MARRIED |
| 2 | 14 | TOT. INC | ***** 5 | HEAD HH & ALL SCHD |
| 3 | 15 | TOT. INC | 5 - 10 | SINGLE & MARRIED |
| 4 | 16 | TOT. INC | 5 - 10 | HEAD HH & ALL SCHD |
| 5 | 17 | TOT. INC | 10 - 15 | SINGLE & MARRIED |
| 6 | 18 | TOT. INC | 10 - 15 | HEAD HH & ALL SCHD |
| 7 | 19 | TOT. INC | 15 - 20 | SINGLE & MARRIED |
| 8 | 20 | TOT. INC | 15 - 20 | HEAD HH & ALL SCHD |
| 9 | 21 | TOT. INC | 20 - 30 | SINGLE & MARRIED |
| 10 | 22 | TOT. INC | 20 - 30 | HEAD HH & ALL SCHD |
| 11 | 23 | TOT. INC | 30 - 50 | SINGLE & MARRIED |
| 12 | 24 | TOT. INC | 30 - 50 | HEAD HH & ALL SCHD |
| 13 | 25 | TOT. INC | 50 - 100 | SINGLE & MARRIED |
| 14 | 26 | TOT. INC | 50 - 100 | HEAD HH & ALL SCHD |
| 15 | 27 | TOT. INC | 100 - 200 | SINGLE & MARRIED |
| 16 | 28 | TOT. INC | 100 - 200 | HEAD HH & ALL SCHD |
| 17 | 29 | TOT. INC | 200 -***** | SINGLE & MARRIED |
| 18 | 30 | TOT. INC | 200 -***** | HEAD HH & ALL SCHD |
| 19 | 31 | TOT. INC | ALL | SINGLE & MARRIED |
| 20 | 32 | TOT. INC | ALL | HEAD HH & ALL SCHD |
| 21 | 33 | AGI | ***** 5 | SINGLE & MARRIED |
| 22 | 34 | AGI | ***** 5 | HEAD HH & ALL SCHD |
| 23 | 35 | AGI | 5 - 10 | SINGLE & MARRIED |
| 24 | 36 | AGI | 5 - 10 | HEAD HH & ALL SCHD |
| 25 | 37 | AGI | 10 - 15 | SINGLE & MARRIED |
| 26 | 38 | AGI | 10 - 15 | HEAD HH & ALL SCHD |
| 27 | 39 | AGI | 15 - 20 | SINGLE & MARRIED |
| 28 | 40 | AGI | 15 - 20 | HEAD HH & ALL SCHD |
| 29 | 41 | AGI | 20 - 30 | SINGLE & MARRIED |
| 30 | 42 | AGI | 20 - 30 | HEAD HH & ALL SCHD |

**** MEANS WITHOUT LIMIT

TABLE 6.2.5: PRINT CONTROL SWITCHES FOR TABLE 7.

| PRINT SWITCH. | CARD COLUMN | INCOME CONCEPT | AGI CLASS | SCHEDULE |
|---------------|-------------|----------------|-----------|--------------------|
| 31 | 43 | AGI | 30 - 50 | SINGLE & MARRIED |
| 32 | 44 | AGI | 30 - 50 | HEAD HH & ALL SCHD |
| 33 | 45 | AGI | 50 - 100 | SINGLE & MARRIED |
| 34 | 46 | AGI | 50 - 100 | HEAD HH & ALL SCHD |
| 35 | 47 | AGI | 100 - 200 | SINGLE & MARRIED |
| 36 | 48 | AGI | 100 - 200 | HEAD HH & ALL SCHD |
| 37 | 49 | AGI | 200 -**** | SINGLE & MARRIED |
| 38 | 50 | AGI | 200 -**** | HEAD HH & ALL SCHD |
| 39 | 51 | AGI | ALL | SINGLE & MARRIED |
| 40 | 52 | AGI | ALL | HEAD HH & ALL SCHD |
| 41 | 53 | TAX. INC | ****- 5 | SINGLE & MARRIED |
| 42 | 54 | TAX. INC | ****- 5 | HEAD HH & ALL SCHD |
| 43 | 55 | TAX. INC | 5 - 10 | SINGLE & MARRIED |
| 44 | 56 | TAX. INC | 5 - 10 | HEAD HH & ALL SCHD |
| 45 | 57 | TAX. INC | 10 - 15 | SINGLE & MARRIED |
| 46 | 58 | TAX. INC | 10 - 15 | HEAD HH & ALL SCHD |
| 47 | 59 | TAX. INC | 15 - 20 | SINGLE & MARRIED |
| 48 | 60 | TAX. INC | 15 - 20 | HEAD HH & ALL SCHD |
| 49 | 61 | TAX. INC | 20 - 30 | SINGLE & MARRIED |
| 50 | 62 | TAX. INC | 20 - 30 | HEAD HH & ALL SCHD |
| 51 | 63 | TAX. INC | 30 - 50 | SINGLE & MARRIED |
| 52 | 64 | TAX. INC | 30 - 50 | HEAD HH & ALL SCHD |
| 53 | 65 | TAX. INC | 50 - 100 | SINGLE & MARRIED |
| 54 | 66 | TAX. INC | 50 - 100 | HEAD HH & ALL SCHD |
| 55 | 67 | TAX. INC | 100 - 200 | SINGLE & MARRIED |
| 56 | 68 | TAX. INC | 100 - 200 | HEAD HH & ALL SCHD |
| 57 | 69 | TAX. INC | 200 -**** | SINGLE & MARRIED |
| 58 | 70 | TAX. INC | 200 -**** | HEAD HH & ALL SCHD |
| 59 | 71 | TAX. INC | ALL | SINGLE & MARRIED |
| 60 | 72 | TAX. INC | ALL | HEAD HH & ALL SCHD |

**** MEANS WITHOUT LIMIT

6.2.9. CARD NUMBER 121 & 122: TABLE 1 STUBS.

THE STATISTICS COMPUTED FOR TABLE 1 ARE SUBCLASSIFIED BY PERCENTAGE CHANGE IN TAX LIABILITY FOR TAX INCREASES AND TAX DECREASES ACCORDING TO THE PERCENTAGES SHOWN IN TABLE 6.2.6.

TABLE 6.2.6 PERCENTAGE CHANGE IN TAX LIABILITY BREAKPOINTS

| TAX INCREASES | | | TAX DECREASES | | |
|---------------------------|----------------|----------------|---------------------------|----------------|----------------|
| BREAK- POINT NUMBER | LOWER LIMIT | UPPER LIMIT | BREAK- POINT NUMBER | LOWER LIMIT | UPPER LIMIT |
| 1 | .0 | 2.0 | 1 | .0 | 5.0 |
| 2 | 2.0 | 4.0 | 2 | 5.0 | 10.0 |
| 3 | 4.0 | 6.0 | 3 | 10.0 | 15.0 |
| 4 | 6.0 | 10.0 | 4 | 15.0 | 20.0 |
| 5 | 10.0 | 25.0 | 5 | 20.0 | 25.0 |
| 6 | 25.0 | ***** | 6 | 25.0 | 30.0 |
| | | | 7 | 30.0 | 40.0 |
| | | | 8 | 40.0 | 50.0 |
| | | | 9 | 50.0 | 99.8 |
| | | | 10 | 99.8 | ***** |

***** MEANS WITHOUT LIMIT

THUS, CARD 121 PERMITS THE USER TO CHANGE THE LOWER LIMITS FOR THE TAX INCREASE BREAKPOINTS 2 THROUGH 6 TO SOME OTHER SET OF PERCENTAGES. SIMILARLY, CARD NUMBER 122 ALLOWS FOR THE TAX DECREASE BREAKPOINTS 2 THROUGH 10 TO BE MODIFIED. IN BOTH CASES, THE PROGRAM AUTOMATICALLY GENERATES UPPER LIMITS CONSISTENT WITH THE LOWER LIMITS SUPPLIED BY THE USER. FIGURE 6.2.6 ILLUSTRATES THE FORMAT FOR EACH OF THESE CARDS.

```

+-----+
|      111111111122222222223333333333444444444455555555556 |
| 123456789012345678901234567890123456789012345678901234567890 |
+-----+
| 1 1 2 1 B2 B3 B4 B5 B6 |
| 1 1 2 2 B2 B3 B4 B5 B6 B7 B8 B9 B10 |
| |

```

WHERE B = THE LOWER LIMITS FOR THE PERCENTAGE CHANGE BREAKPOINTS IN F5.1 FORMAT

FIG. 6.2.6: TABLE 1 STUB CHANGES CARD FORMAT

SINCE A VALUE OF 2 FOR LOGIC SWITCH NUMBER 11 ON CARD 110 CAUSES BOTH OF THE ABOVE DATA CARDS TO BE INPUTTED, CARDS 121 AND 122 MUST APPEAR AS A SET IN THE INPUT DECK EVEN IF ONLY ONE CATEGORY OF BREAKPOINTS IS TO BE MODIFIED.

6.2.10. CARD NUMBER 123,124&125: TABLE 2 STUB CHANGES.

THE STATISTICS COMPUTED FOR TABLE 2 ARE SUBCLASSIFIED BY THE ABSOLUTE CHANGE IN TAX LIABILITY FOR PRESENTLY TAXABLE RETURNS THAT HAD A TAX INCREASE OR A TAX DECREASE AND FOR PRESENTLY NON-TAXABLE RETURNS THAT HAD A TAX INCREASE. THE BREAKPOINTS FOR THE DOLLAR AMOUNT OF ABSOLUTE CHANGE UNDER EACH OF THESE CATEGORIES IS PRESENTED IN TABLE 6.2.7.

TABLE 6.2.7: ABSOLUTE CHANGE IN TAX LIABILITY BREAKPOINTS

| PRESENTLY TAXABLE: TAX INCREASE | | | PRESENTLY TAXABLE: TAX DECREASE | | | PRESENTLY NON-TAXABLE TAX INCREASE | | |
|------------------------------------|----------------|----------------|------------------------------------|----------------|----------------|---------------------------------------|----------------|----------------|
| BREAK- POINT NUMBER | LOWER LIMIT | UPPER LIMIT | BREAK- POINT NUMBER | LOWER LIMIT | UPPER LIMIT | BREAK- POINT NUMBER | LOWER LIMIT | UPPER LIMIT |
| 1 | 0. | 50. | 1 | 0. | 50. | 1 | 0. | 50. |
| 2 | 50. | 100. | 2 | 50. | 100. | 2 | 50. | 100. |
| 3 | 100. | 250. | 3 | 100. | 250. | 3 | 100. | 250. |
| 4 | 250. | 500. | 4 | 250. | 500. | 4 | 250. | 500. |
| 5 | 500. | 1000. | 5 | 500. | 1000. | 5 | 500. | 1000. |
| 6 | 1000. | ***** | 6 | 1000. | ***** | 6 | 1000. | ***** |

***** MEANS WITHOUT LIMIT

THUS, CARD 123 PERMITS THE USER TO CHANGE THE LOWER LIMITS FOR BREAKPOINTS 2 THROUGH 6 IN THE CATEGORY OF PRESENTLY TAXABLE RETURNS WITH A TAX INCREASE TO SOME OTHER SET OF ABSOLUTE AMOUNTS. SIMILARLY, CARDS 124 AND 125 ALLOW THE SAME THING TO BE DONE FOR THE CATEGORIES OF PRESENTLY TAXABLE RETURNS WITH A TAX DECREASE AND PRESENTLY NON-TAXABLE RETURNS WITH A TAX INCREASE, RESPECTIVELY. AS BEFORE, UPPER LIMITS CONSISTENT WITH THE USER SUPPLIED LOWER LIMITS WILL BE AUTOMATICALLY GENERATED BY THE PROGRAM.

THE FORMAT FOR EACH OF THESE CARDS IS IDENTICAL TO THAT PRESENTED IN FIGURE 6.2.6 FOR CARD NUMBER 121, EXCEPT FOR THE CARD NUMBER WHICH MUST BE 123, 124, OR 125. ALL THREE CARDS IN THIS SECTION WILL BE INPUTTED BY THE PROGRAM AS A SET WHEN LOGIC SWITCH NUMBER 12 ON CARD 110 HAS A VALUE OF 2. THEREFORE, ALL THREE CARDS MUST APPEAR AS A GROUP IN THE INPUT DECK EVEN IF ONLY ONE OF THE CATEGORIES OF BREAKPOINTS IS TO BE MODIFIED.

6.2.11. CARD NUMBER 126: TABLE 7 STUB CHANGES.

THE STATISTICS COMPUTED FOR TABLE 7 ARE SUBCLASSIFIED BY THE EFFECTIVE TAX RATE BREAKPOINTS SHOWN IN TABLE 6.2.8 BELOW.

TABLE 6.2.8: EFFECTIVE TAX RATE BREAKPOINTS

| BREAK- POINT NUMBER | LOWER LIMIT | UPPER LIMIT |
|---------------------------|----------------|----------------|
| 1 | .0 | .0 |
| 2 | .0 | 5.0 |
| 3 | 5.0 | 10.0 |
| 4 | 10.0 | 15.0 |
| 5 | 15.0 | 20.0 |
| 6 | 20.0 | 25.0 |
| 7 | 25.0 | 30.0 |
| 8 | 30.0 | 35.0 |
| 9 | 35.0 | 40.0 |
| 10 | 40.0 | 45.0 |
| 11 | 45.0 | 50.0 |
| 12 | 50.0 | 55.0 |
| 13 | 55.0 | 60.0 |
| 14 | 60.0 | ***** |

***** MEANS WITHOUT LIMIT

HENCE, THIS INPUT CARD ALLOWS THE USER TO MODIFY THE LOWER LIMITS FOR THE EFFECTIVE TAX RATE BREAKPOINTS 2 THROUGH 14. AS BEFORE, UPPER LIMITS CONSISTENT WITH THE USER SUPPLIED LOWER LIMITS WILL BE GENERATED BY THE PROGRAM. THIS INPUT CARD IS REQUIRED WHEN THE VALUE ASSIGNED TO LOGIC SWITCH NUMBER 17 ON CARD 110 IS A 2. EACH EFFECTIVE TAX RATE BREAKPOINT IS ENTERED IN F5.1 FORMAT AS SHOWN IN FIG. 6.2.7.

```

+-----+
|          111111111122222222223333333333444444444455555555556
|123456789012345678901234567890123456789012345678901234567890
+-----+
|  1  2  6  B2  B3  B4  B5  B6  B7  B8  B9  B10  B
|

```

```

+-----+
|666666666777777777781
|123456789012345678901
+-----+
|11  B12  B13  B14  |
|

```

WHERE B = THE LOWER LIMIT FOR THE EFFECTIVE TAX RATE BREAKPOINT IN PERCENT

FIG. 6.2.7: TABLE 7 STUB CHANGE CARD FORMAT

6.2.12. CARD NUMBER 127: AGI CLASS BREAKPOINTS.

VARIOUS OUTPUT TABLES PRODUCED BY THE TAX MODEL ARE INDEXED BY THE AGI CLASS BREAKPOINTS SHOWN IN TABLE 6.2.9.

TABLE 6.2.9 ADJUSTED GROSS INCOME CLASS BREAKPOINTS (IN THOUSANDS OF DOLLARS)

| BREAK- POINT NUMBER | STANDARD | | HIGH OPTION | | LOW OPTION | | PRE 1975 | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | LOWER LIMIT | UPPER LIMIT | LOWER LIMIT | UPPER LIMIT | LOWER LIMIT | UPPER LIMIT | LOWER LIMIT | UPPER LIMIT |
| 1 | *** | 5 | *** | 20 | *** | 0 | 0 | 3 |
| 2 | 5 | 10 | 20 | 25 | 0 | 3 | 3 | 5 |
| 3 | 10 | 15 | 25 | 30 | 3 | 5 | 5 | 7 |
| 4 | 15 | 20 | 30 | 50 | 5 | 7.5 | 7 | 10 |
| 5 | 20 | 30 | 50 | 75 | 7.5 | 10 | 10 | 15 |
| 6 | 30 | 50 | 75 | 100 | 10 | 12.5 | 15 | 20 |
| 7 | 50 | 100 | 100 | 200 | 12.5 | 15 | 20 | 50 |
| 8 | 100 | 200 | 200 | 500 | 15 | 20 | 50 | 100 |
| 9 | 200 | *** | 500 | *** | 20 | *** | 100 | *** |

*** MEANS WITHOUT LIMIT

NUMBER 127 PERMITS THE USER TO REDEFINE THE LOWER LIMITS FOR THE AGI CLASS BREAKPOINTS 2 THROUGH 9. THE PROGRAM WILL GENERATE CONSISTENT UPPER LIMITS FROM THE USER SUPPLIED LOWER LIMITS. EACH AGI CLASS BREAKPOINT MUST BE ENTERED IN F5.1 FORMAT AS SHOWN

ZERO, THE TAX MODEL RESULTS WILL NOT BE CODED.

- RUN = A FOUR DIGIT NUMBER THAT UNIQUELY IDENTIFIES THE RESULTS OF THE TAX MODEL RUN FROM OTHER TAX MODEL RUNS. THIS NUMBER MUST BE LEFT JUSTIFIED.
- QUALIFIER = A 12 CHARACTER QUALIFIER FOR THE TAX MODEL RUN, SUCH AS TAXABLE, NON-TAXABLE, ETC.
- TITLE = A 30 CHARACTER TITLE WHICH WILL REPLACE THE ON THE 311 CARD. IF LEFT BLANK, THE TITLE TITLE FROM THE 311 CARD WILL BE USED.
- DETAIL 1 = A 54 CHARACTER LINE WHICH DESCRIBES THE RESULTS OF THE TAX MODEL RUN IN MORE DETAIL.
- DETAIL 2 = CONTINUATION OF DETAIL 1.

FIG. 6.2.9: STORE TAX MODEL RESULTS CARD

WHEN THESE CARDS ARE INCLUDED IN THE RUN STREAM, PRESELECTED RESULTS FROM THE SUMMARY PAGES OF TABLES 1A AND 5 WILL BE STORED IN THE COMPUTER. THE STORED RESULTS CAN BE ACCESSED BY THE TAX MODEL 'TABLEMAKER' WITHOUT THE NEED OF THE TAX MODEL PROGRAM.

6.2.14. SUMMARY OF LOGIC & EDITING DATA CARDS.

THE PART 1 INPUT CARDS SHOULD BE ORDERED IN THE SAME SEQUENCE AS THEY APPEAR IN THIS DOCUMENTATION. THIS IS ILLUSTRATED MORE CONCISELY IN FIG. 6.2.10 BELOW.

IN ADDITION, FIG. 6.2.11 ILLUSTRATES A PUNCHED DECK OF PART 1 INPUT CARDS THAT MIGHT BE EMPLOYED FOR A NONTYPICAL RUN.

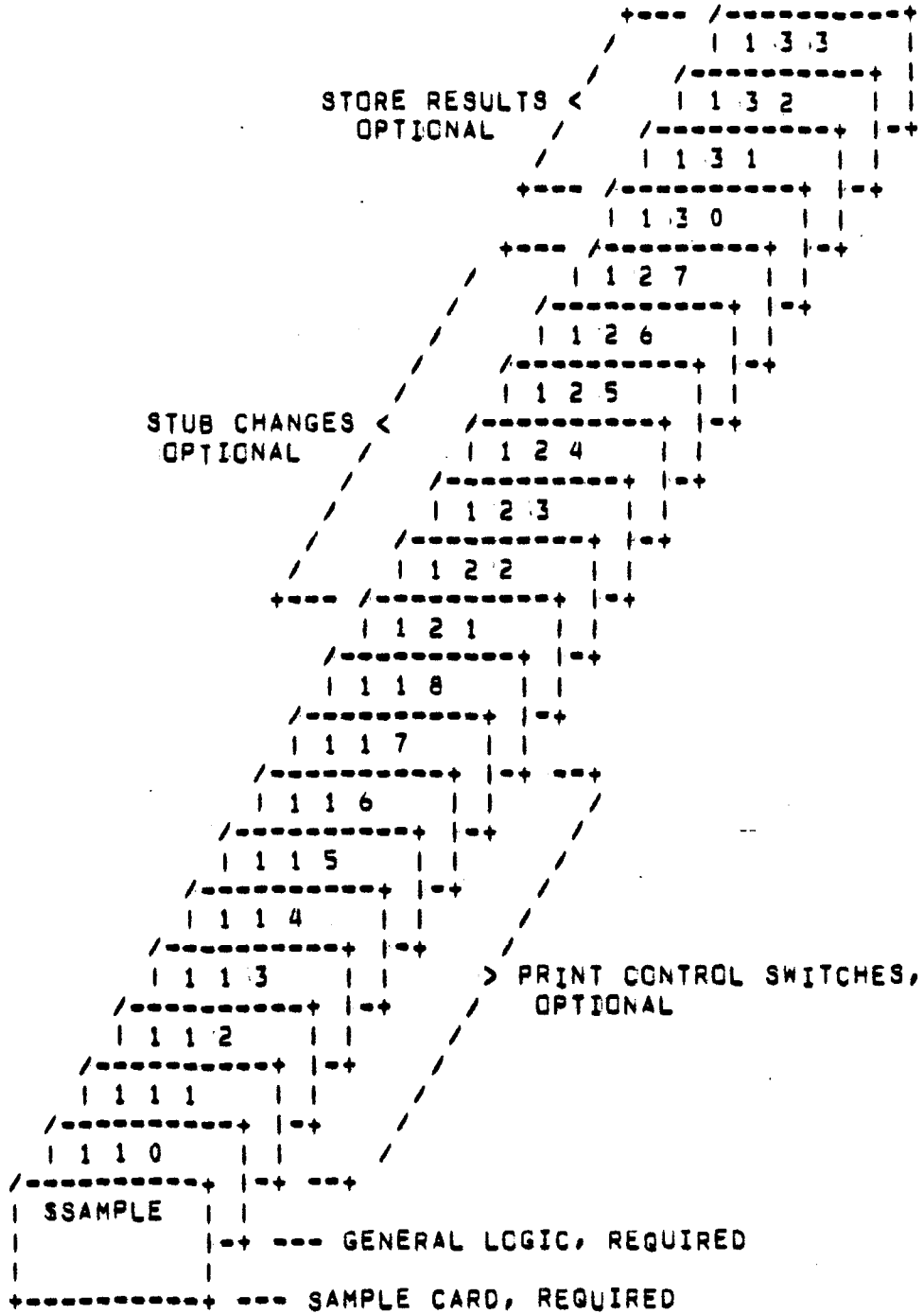


FIG. 6.2.10: DECK CONSTRUCTION FOR PART 1 INPUT CARDS

6.3. TAX PARAMETER DATA CARDS.

6.3.1. INTRODUCTION.

THE TAX MODEL INITIALLY CREATES TWO ALTERNATIVE TAX PLANS, REFERRED TO AS PLAN Y AND PLAN Z, THAT ARE IDENTICAL IN EVERY ASPECT TO THE EXISTING STANDARD PLAN X. EACH SECTION OF THE INPUT DECK FOLLOWING THE PLAN X AND PLAN Y TITLE CARDS (TITLEX AND TITLEY) IS DESIGNED TO ALTER ONE, SEVERAL, OR ALL SEGMENTS OF ONE OR MORE SECTIONS OF PLAN X, Y, OR Z. SINCE THESE ALTERATIONS TAKE PLACE AFTER PLAN Y AND PLAN Z HAVE BEEN EQUATED TO PLAN X, EACH INPUT SECTION WILL MODIFY ONLY ONE OF THE PLANS.

EACH OF THE DATA CARDS IN THE FOLLOWING SUBSECTIONS ARE, IN GENERAL, INPUTTED VIA A 'NAMELIST' READ. HENCE, THE FORMAT FOR THESE CARDS ARE 'FREE FORMAT' WITHIN THE RESTRICTIONS OF A NAMELIST READ.

6.3.2. TITLEX AND TITLEY CARDS.

TWO TITLE CARDS ARE REQUIRED, ONE FOR PLAN X AND ONE FOR PLAN Y. (NO PROVISION IS MADE FOR A TITLE CARD FOR PLAN Z). THESE CARDS MUST BE THE FIRST TWO CARDS FOLLOWING THE PART 1 INPUT CARDS. FIG. 6.3.1 BELOW ILLUSTRATES THE FORMAT FOR EACH CARD. EACH TITLE MAY BE A MAXIMUM OF 60 ALPHANUMERIC CHARACTERS.

```

+-----+
|          111111111122222222223333333333444444444455555555556
|1123456789012345678901234567890123456789012345678901234567890
+-----+
|TITLEX<----- PLAN X TITLE -----
|TITLEY<----- PLAN Y TITLE -----
-----+
0000000000777777777781
123456789012345678901
-----+
-----> |
-----> |

```

FIG. 6.3.1: TITLE CARD FORMAT

6.3.3. THE SCHANGE CARD.

THE SCHANGE CARD CONVEYS TO THE TAX MODEL WHICH TAX PLANS WILL BE CHANGED AND HENCE, WHICH DATA CARDS WILL FOLLOW. EACH OF THE VARIABLES NEWX, NEWY, AND NEWZ MAY BE SET TO ONE OF THE FOLLOWING VALUES TO ACHIEVE THE DESIRED CHANGE.

- =0, NO CHANGES
- =1, TAX PARAMETER CHANGES ONLY
- =2, TAX PARAMETER & TAX RATE CHANGES
- =3, TAX RATE CHANGES ONLY

FIG. 6.3.2 ILLUSTRATES AN EXAMPLE SCHANGE CARD WHERE PLAN X IS NOT CHANGED, PLAN Y HAS TAX PARAMETER AND TAX RATE CHANGES, AND PLAN Z IS NOT CHANGED. THIS CARD IS ALWAYS REQUIRED.

```

+-----+
|          1111111111222222222233333333333444444444455555555556
| 123456789012345678901234567890123456789012345678901234567890
+-----+
| SCHANGE NEWX=0, NEWY=2, NEWZ=0, SEND
|

```

FIG. 6.3.2: THE SCHANGE CARD FORMAT

6.3.4. THE SPLNX, SPLNY, AND SPLNZ CARDS.

IF ANY OF THE VARIABLES NEWX, NEWY, OR NEWZ FROM THE SCHANGE CARD EQUAL 1 OR 2, A SPLNX, SPLNY, OR SPLNZ CARD WILL BE REQUIRED DEPENDING ON WHICH VARIABLE IS SET TO 1 OR 2. USING THE EXAMPLE FROM FIG. 6.3.2, NEWY WAS SET EQUAL TO 2, THEREFORE, A SPLNY CARD IS REQUIRED. IF NEWX HAD ALSO BEEN SET EQUAL TO 1 OR 2, A SPLNX CARD WOULD BE REQUIRED AS WELL.

THE GENERAL FORMAT FOR THE SPLNX, SPLNY, AND SPLNZ CARDS IS ILLUSTRATED IN FIG. 6.3.3. IN THIS ILLUSTRATION, THE *

```

-----
| 111111111122222222223333333333444444444455555555556
| 12345678901234567890123456789012345678901234567890
-----
| SPLN*
| VNAME1=123., VNAME2=123.,
| VNAME3=123.,
| SEND
|

```

FIG. 6.3.3: THE SPLNX, SPLNY, AND SPLNZ CARD FORMAT

MAY BE A X, Y, OR Z DEPENDING ON WHICH PLAN IS TO BE CHANGED. THE VARIABLES VNAME1, VNAME2, ETC. MAY BE ANY OF THE VARIABLES LISTED IN TABLE 6.3.1.

TABLE 6.3.1: VARIABLE NAMES FOR THE SPLNX SPLNY, AND SPLNZ CARDS

| VARIABLE NAMES | ARE RELATED TO-- |
|--------------------|---|
| DM*,LD* | PRESENT LAW DEDUCTIONS AND GENERATED DEDUCTION CATEGORIES |
| KD*,NT* | GENERATED DEDUCTION CATEGORIES |
| E*,E*CR | EXEMPTIONS AND EXEMPTION CREDITS |
| DE*,DC*,CAP*, PIN* | MISCELLANEOUS TAX PARAMETERS |

THE CORRECT SPECIFICATION OF EACH OF THESE VARIABLES WILL BE DESCRIBED IN THE SUBSECTIONS THAT FOLLOW.

6.3.5. PRESENT LAW DEDUCTION PARAMETERS.

IN ORDER TO PERMIT THE INCLUSION OF FLOORS AND CEILINGS ON INDIVIDUAL AND COMBINED DEDUCTION CATEGORIES, THE TAX MODEL INCORPORATES IN THE STRUCTURE OF EACH PLAN A 'DEDUCTION MATRIX.' THE DEDUCTION MATRIX ASSOCIATED WITH EACH PLAN MAY BE CHANGED AS DESIRED, HENCE, THE VARIABLES DMX, DMY, AND DMZ AS WELL AS LDX, LDY, AND LDZ SPECIFY WHICH PLAN'S DEDUCTION MATRIX WILL UNDERGO MODIFICATION.

THE 'DEDUCTION MATRIX' STORES DATA WHICH ALLOWS THE IMPOSITION OF THREE DIFFERENT KINDS OF FLOORS AND CEILINGS FOR EACH DEDUCTION CATEGORY SEPERATELY BY TAX SCHEDULE. FIGURE 6.3.4 ILLUSTRATES THE CONSTRUCTION OF THIS MATRIX.

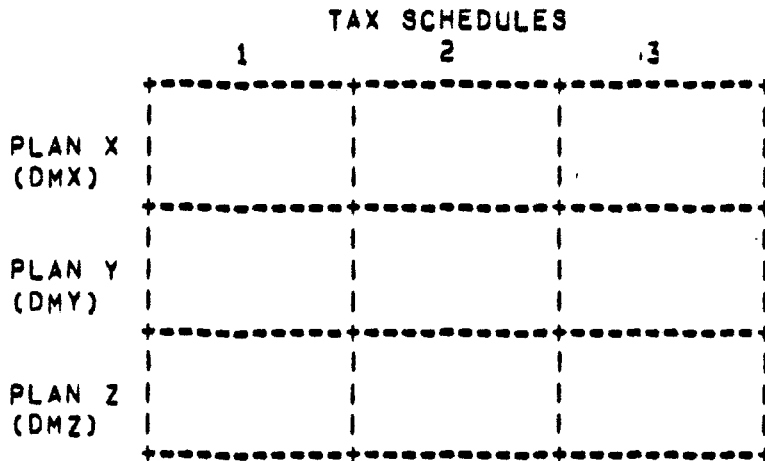


FIG. 6.3.4: DEDUCTION MATRIX CONSTRUCTION

EACH SQUARE IN FIG. 6.3.4, WHICH REPRESENTS A SPECIFIC TAX PLAN AND TAX SCHEDULE, IS ACTUALLY A SUBMATRIX CONSISTING OF TEN ROWS AND EIGHT COLUMNS. EACH ROW IN THE SUBMATRIX REPRESENTS ONE OF THE DEDUCTION CATEGORIES SHOWN IN TABLE 6.3.2 WHILE EACH COLUMN REPRESENTS ONE OF THREE DIFFERENT TYPES OF FLOORS OR CEILINGS SHOWN IN TABLE 6.3.3.

TABLE 6.3.2: ROW NUMBERS FOR EACH DEDUCTION CATEGORY

| ROW NUMBER | CATEGORY |
|------------|--------------------------------|
| 1 | CHARITABLE CONTRIBUTIONS |
| 2 | INTEREST EXPENSE |
| 3 | TAX EXPENSE |
| 4 | MEDICINE AND DRUG EXPENSE |
| 5 | MEDICAL AND DENTAL EXPENSE |
| 6 | MEDICAL INSURANCE PREMIUMS |
| 7 | MISCELLANEOUS EXPENSE |
| 8 | GENERATED DEDUCTION CATEGORY A |
| 9 | GENERATED DEDUCTION CATEGORY B |
| 10 | PERCENTAGE STANDARD DEDUCTION |

TO FACILITATE AN EXPLANATION OF HOW THESE PARAMETERS ARE EMPLOYED IN THE TAX MODEL, CONSIDER ANY ONE OF THE ROWS IN THE SUBMATRIX AND ILLUSTRATED IN FIG. 6.3.5.

TABLE 6.3.3: COLUMN NUMBERS FOR EACH TYPE OF FLOOR OR CEILING

| COLUMN NO | TYPE |
|-----------|--|
| 1 | FLOOR, AN ABSOLUTE AMOUNT |
| 2 | FLOOR, A PERCENTAGE OF ADJUSTED GROSS INCOME |
| 3 | FLOOR, A BASE AMOUNT |
| 4 | EXTRA AMOUNT PER EXEMPTION (TO BE ADDED TO THE FLOOR BASE AMOUNT) |
| 5 | CEILING, AN ABSOLUTE AMOUNT |
| 6 | CEILING, A PERCENTAGE OF ADJUSTED GROSS INCOME |
| 7 | CEILING, A BASE AMOUNT |
| 8 | EXTRA AMOUNT PER EXEMPTION (TO BE ADDED TO THE CEILING BASE AMOUNT) |

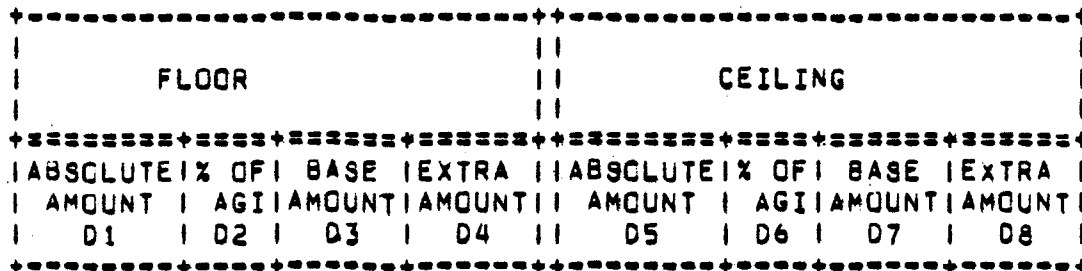


FIG. 6.3.5: ANY ROW IN THE SUBMATRIX

IN FIG. 6.3.5, THE SYMBOL D REPRESENTS AN AMOUNT AND ITS SUBSCRIPT REPRESENTS THE COLUMN IT APPEARS IN. THE FIRST FOUR NUMBERS COMPLETELY DEFINE THE FLOOR AND THE LAST FOUR COMPLETELY DEFINE THE CEILING. THUS, THE FLOOR AND CEILING FOR A RETURN WITH AN ADJUSTED GROSS INCOME OF Y AND N EXEMPTIONS IS CALCULATED AS

FOLLOWS:

$$(6.3.1) \text{ FLOOR} = \text{MAX}(D1, (D2/100)*Y, D3+N*D4)$$

$$(6.3.2) \text{ CEILING} = \text{MIN}(D5, (D6/100)*Y, D7+N*D8)$$

THE ALLOWABLE DEDUCTION (ALLOW) IS THEN DERIVED FROM THE ORIGINALLY REPORTED DEDUCTIONS (D') USING THE FORMULA:

$$(6.3.3) \text{ ALLOW} = \text{MIN}(\text{MAX}(D'-\text{FLOOR}, 0), \text{CEILING})$$

THE STANDARD DEDUCTION IS CALCULATED IN A SIMILAR MANNER USING ITS FLOOR AND CEILING DATA AS:

$$(6.3.4) \text{ STD} = \text{MIN}(D5, (D6/100)*\text{MAX}(Y-\text{FLOOR}, 0), D7+N*D8)$$

ALL OF THE ABOVE FORMULA CORRESPOND TO THE ORDINARY NOTIONS OF COMPUTING ALLOWABLE AND STANDARD DEDUCTIONS CONSTRAINED BY FLOORS AND CEILINGS.

TABLE 6.3.4 PRESENTS THE VALUES CURRENTLY ASSIGNED TO EACH CATEGORY IN THE PLAN X SUBMATRICES.

TO CHANGE ANY OF THE VALUES SHOWN IN TABLE 6.3.4, THE USER SPECIFIES THE--

VNAME(ROW NO, COL NO, SCHEDULE NO)=AMOUNT,

ANYWHERE ON THE SPLNX, SPLNY, OR SPLNZ CARD. FOR EXAMPLE, SUPPOSE THAT THE USER WANTS TO CHANGE THE MINIMUM STANDARD DEDUCTION IN PLAN Y FROM \$2,200 TO \$2,400 FOR SINGLES (SCHEDULE 1) AND FOR HEAD OF HOUSEHOLD (SCHEDULE 3). THIS IS ACCOMPLISHED BY--

DY(10,3,1)=2400., DY(10,3,3)=2400.,

FURTHERMORE, SUPPOSE THAT THE USER ALSO WANTS TO CHANGE THE PERCENTAGE RATE ON MEDICAL AND DENTAL EXPENSE IN PLAN Y FROM 3% TO 4% FOR JOINT RETURNS (SCHEDULE 2). THIS IS ACCOMPLISHED BY ALSO ENTERING ON THE SPLNY CARD--

DY(5,2,2)=4.0, LDY(5,2)=1,

ANYTIME A ROW IS CHANGED, EXCEPT ROW 10, THE VARIABLE LDX, LDY, OR LDZ MUST ALSO BE SET EQUAL TO 1. THIS VARIABLE HAS THE GENERAL FORM--

TABLE 6.3.4: STANDARD PLAN DEDUCTION MATRIX

| ROW | FLOOR | | | | CEILING | | | |
|------------------|-----------------|----------|-------------|--------------|-----------------|----------|-------------|--------------|
| | COL. 1 | COL. 2 | COL. 3 | COL. 4 | COL. 5 | COL. 6 | COL. 7 | COL. 8 |
| | ABSOLUTE AMOUNT | % OF AGI | BASE AMOUNT | EXTRA AMOUNT | ABSOLUTE AMOUNT | % OF AGI | BASE AMOUNT | EXTRA AMOUNT |
| ** SCHEDULE 1 ** | | | | | | | | |
| 1 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 2 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 3 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 4 | | 1.0 | | | 1.0+12 | 100. | 1.0+12 | |
| 5 | | 3.0 | | | 1.0+12 | 100. | 1.0+12 | |
| 6 | | | | | 1.5+02 | 100. | 1.0+12 | |
| 7 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 10 | | 0.0 | 2200.0 | | 2.2+03 | 100. | 1.0+12 | |
| ** SCHEDULE 2 ** | | | | | | | | |
| 1 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 2 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 3 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 4 | | 1.0 | | | 1.0+12 | 100. | 1.0+12 | |
| 5 | | 3.0 | | | 1.0+12 | 100. | 1.0+12 | |
| 6 | | | | | 1.5+02 | 100. | 1.0+12 | |
| 7 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 10 | | 0.0 | 3200.0 | | 3.2+03 | 100. | 1.0+12 | |
| ** SCHEDULE 3 ** | | | | | | | | |
| 1 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 2 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 3 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 4 | | 1.0 | | | 1.0+12 | 100. | 1.0+12 | |
| 5 | | 3.0 | | | 1.0+12 | 100. | 1.0+12 | |
| 6 | | | | | 1.5+02 | 100. | 1.0+12 | |
| 7 | | | | | 1.0+12 | 100. | 1.0+12 | |
| 10 | | 0.0 | 2200.0 | | 2.2+03 | 100. | 1.0+12 | |

- | | |
|------------------------------|------------------------------------|
| 1 = CHARITABLE CONTRIBUTIONS | 5 = MEDICAL & DENTAL EXPENSE |
| 2 = INTEREST EXPENSE | 6 = MEDICAL INSURANCE PREMIUMS |
| 3 = TAX EXPENSE | 7 = MISCELLANEOUS EXPENSE |
| 4 = MEDICINE & DRUG EXPENSE | 10 = PERCENTAGE STANDARD DEDUCTION |

VNAME(ROW NO,SCHEDULE NO)=1,

AND CAUSES THE SPECIFIED PARAMETER TO BE APPLIED IN THE CALCULATIONS. FIG. 6.3.6 ILLUSTRATES THE SPLNY CARD FOR THE CHANGES DESCRIBED ABOVE.

```

+-----+
|          111111111122222222223333333333444444444455555555556
| 123456789012345678901234567890123456789012345678901234567890
+-----+
| SPLNY
| DMY(10,3,1)=2400., DMY(10,3,3)=2400., DMY(5,2,2)=4.0,
| LDY(5,2)=1,
| SEND
|

```

FIG. 6.3.6: THE SPLNY CARD WITH DEDUCTION CHANGES

6.3.6. GENERATED DEDUCTION CATEGORIES.

IN ORDER TO PERMIT THE APPLICATION OF FLOORS AND CEILINGS TO GROUPS OF DEDUCTION CATEGORIES, THE USER MAY GENERATE COMBINATION DEDUCTION CATEGORIES AS PART OF THE ALTERNATIVE TAX PLAN(S). TO DEFINE THE COMBINATION DEDUCTION CATEGORIES CORRECTLY AND EFFICIENTLY, A 'WORKING KNOWLEDGE' OF HOW THE DEDUCTION COMPUTATIONS ARE PERFORMED IS NECESSARY:

A. THE REPORTED DEDUCTIONS FOR AN INDIVIDUAL TAX RETURN ARE RETRIEVED FROM THE DATA FILE AND CONSTITUTE THE 'INITIAL' DEDUCTIONS. THE INITIAL DEDUCTIONS ARE SUBJECTED TO THE FLOORS AND CEILINGS OF THE DEDUCTION MATRIX IN THE MANNER DESCRIBED IN 6.3.4 IN ORDER TO OBTAIN THE ALLOWABLE DEDUCTIONS. IF NO FLOORS OR CEILINGS HAVE BEEN SPECIFIED BY THE USER OF THE PROGRAM, THEN IT IS ASSUMED THAT THE ALLOWABLE DEDUCTIONS EQUAL THE INITIAL DEDUCTION.

B. THE 'INITIAL' DEDUCTIONS ARE NOW DEFINED AS THE ALLOWABLE DEDUCTIONS FROM A ABOVE.

C. ALL OR SOME OF THE 'INITIAL' DEDUCTIONS ARE SUMMED TO GENERATE A COMBINATION DEDUCTION CATEGORY WHICH IS SUBJECTED TO ITS FLOORS AND CEILINGS IN THE MANNER DESCRIBED IN 6.3.4 TO OBTAIN THE ALLOWABLE DEDUCTION FOR THE COMBINATION CATEGORY.

D. IF MORE COMBINATION DEDUCTION CATEGORIES ARE TO BE GENERATED,

THEN THE 'INITIAL' DEDUCTIONS ARE REDEFINED AS THE ALLOWABLE DEDUCTIONS FROM A PLUS THE ALLOWABLE DEDUCTIONS FROM C AND THE COMPUTATION IN C IS REPEATED. THUS, THE ALLOWABLE DEDUCTION FOR A COMBINATION DEDUCTION CATEGORY MAY CONTRIBUTE TO THE NEXT AND ALL SUCCEEDING COMBINATION DEDUCTION CATEGORIES.

E. AFTER ALL OF THE ALLOWABLE DEDUCTIONS HAVE BEEN COMPUTED, THEY ARE SUMMED TO OBTAIN TOTAL ITEMIZED DEDUCTIONS, BUT IN A MANNER SUCH THAT EACH ALLOWABLE DEDUCTION COMPUTED FROM THE REPORTED DEDUCTION CONTRIBUTES ONLY ONCE TO THIS SUM. AS AN EXAMPLE, SUPPOSE THAT IN A ABOVE, WE CALCULATED ALLOWABLE DEDUCTIONS OF A1, A2, A3, AND A4 FOR THE REPORTED DEDUCTIONS OF D1, D2, D3, AND D4 RESPECTIVELY. FURTHERMORE, LET US ASSUME THAT WE WANT A COMBINATION DEDUCTION CATEGORY DEFINED AS:

$$(6.3.5) \quad C1 = A1 + A2$$

IN C ABOVE, WE WOULD THEN CALCULATE THE ALLOWABLE DEDUCTION A1* FOR C1. LET US NOW DEFINE A SECOND COMBINATION DEDUCTION CATEGORY AS:

$$(6.3.6) \quad C2 = A1* + A3$$

AND CALCULATE ITS ALLOWABLE DEDUCTION A2* IN C. IF C1 AND C2 WERE OUR ONLY COMBINATION DEDUCTION CATEGORIES, THE TOTAL ITEMIZED DEDUCTIONS WOULD BE--

$$(6.3.7) \quad \text{TOTAL ITEMIZED DEDUCTIONS} = A2* + A4$$

AT PRESENT, NO MORE THAN 2 COMBINATION DEDUCTION CATEGORIES ARE PERMITTED.

TO SPECIFY A COMBINATION DEDUCTION CATEGORY THE USER MUST INSERT ON THE SPLNX, SPLNY, OR SPLNZ CARD--

KD*(1,N)=NEW CATEGORY NO. 8 OR 9,
 NO OF EXISTING CATEGORIES TO BE COMBINED,
 ROW NO OF 1ST EXISTING CATEGORY,
 ROW NO OF NTH EXISTING CATEGORY,
 ROW NO OF 7TH EXISTING CATEGORY,
 NT*=N,

WHERE *=X FOR PLAN X, =Y FOR PLAN Y, =Z FOR PLAN Z
 N=THE NUMBER OF GENERATED DEDUCTION CATEGORIES
 TO BE ADDED, MAXIMUM OF 2.

SUPPOSE THAT THE USER WISHES TO PUT A FLOOR OF 5% OF AGI ON INTEREST EXPENSE(2) AND TAX EXPENSE(3) COMBINED FOR JOINT

RETURNS(2) IN PLAN Y. TO ACCOMPLISH THIS HE WOULD INSERT ON THE SPLNY CARD--

NTY=1,
 KDY(1,1)=8,2,2,3,

AS WELL AS--

DMY(8,2,2)=5.0,

AS SHOWN ABOVE, THE USER MUST ALSO SPECIFY THE CORRESPONDING FLOORS AND CEILINGS IN THE DEDUCTION MATRIX. FIG. 6.3.7 ILLUSTRATES THE SPLNY CARD FOR THIS EXAMPLE.

```

+-----+
|          11111111122222222233333333334444444445555555556
| 123456789012345678901234567890123456789012345678901234567890
+-----+
| SPLNY
| DMY(8,2,2)=5.0, NTY=1,
| KDY(1,1)=8,2,2,3,
| SEND
|
  
```

FIG. 6.3.7: THE SPLNY CARD WITH GENERATED DEDUCTION CHANGES

6.3.7. EXEMPTION ALLOWANCES & CREDITS.

IN ORDER TO ALTER THE EXEMPTION ALLOWANCES AND TAX CREDITS ASSIGNED TO EACH PLAN, THE VARIABLES EX, EY, OR EZ AND THE VARIABLES EXCR, EYCR, OR EZCR ARE INSERTED ON THE SPLNX, SPLNY, OR SPLNZ CARD AS REQUIRED. EACH OF THESE VARIABLES AND THEIR DEFAULT VALUES ARE DESCRIBED BELOW.

- E*(1) = THE DOLLAR ALLOWANCE FOR TAXPAYER EXEMPTIONS (S750)
- E*(2) = THE DOLLAR ALLOWANCE FOR AGED EXEMPTIONS (S750)
- E*(3) = THE DOLLAR ALLOWANCE FOR BLIND EXEMPTIONS (S750)
- E*(4) = THE DOLLAR ALLOWANCE FOR DEPENDENT EXEMPTIONS (S750)

E*CR(1) = THE DOLLAR TAX CREDIT FOR TAXPAYER EXEMPTIONS (\$35)
 E*CR(2) = THE DOLLAR TAX CREDIT FOR AGED EXEMPTIONS (\$35)
 E*CR(3) = THE DOLLAR TAX CREDIT FOR BLIND EXEMPTIONS (\$35)
 E*CR(4) = THE DOLLAR TAX CREDIT FOR DEPENDENT EXEMPTIONS (\$35)

WHERE THE *X FOR PLAN X, Y FOR PLAN Y, AND Z FOR PLAN Z.

IF THE USER WANTS TO CHANGE THE TAXPAYER EXEMPTION TO \$850 AND THE DEPENDENT TAX CREDIT TO \$45 FOR PLAN Y, HE WOULD INSERT ON THE SPLNY CARD--

EY(1)=850., EYCR(4)=45.,

IF THESE CHANGES ARE TO BE MADE IN CONJUNCTION WITH THE DEDUCTION CHANGES OF SECTION 6.3.5, THEN THE SPLNY CARD WOULD APPEAR AS ILLUSTRATED IN FIG. 6.3.8.

```

+-----+
|          111111111122222222223333333333444444444455555555556
| 123456789012345678901234567890123456789012345678901234567890
+-----+
| SPLNY
| DMY(10,3,1)=2400., DMY(10,3,3)=2400., DMY(5,2,2)=4.0,
| LDY(5,2)=1, EY(1)=850., EYCR(4)=45.,
| SEND
|
    
```

FIG. 6.3.8: THE SPLNY CARD WITH DEDUCTION, EXEMPTION, AND EXEMPTION CREDIT CHANGES

6.3.8. MISCELLANEOUS TAX PARAMETERS.

THERE ARE THIRTY MISCELLANEOUS TAX PARAMETERS REMAINING IN THE TAX STRUCTURE OF EACH PLAN IN THE MODEL. EACH OF THE MISCELLANEOUS TAX PARAMETERS IN A TAX PLAN ARE INITIALLY THE SAME AS THOSE IN THE STANDARD PLAN SHOWN IN TABLE 6.3.5 BUT MAY BE MODIFIED BY THE USER.

TO MODIFY ONE OF THE PARAMETERS IN TABLE 6.3.5, THE USER ENTERS ON THE SPLNX, SPLNY, OR SPLNZ CARD--

VARIABLE-NAME*(NO)=NEW-VALUE,

WHERE THE *=X FOR PLAN X, Y FOR PLAN Y, OR Z FOR PLAN Z.
 CONTINUING WITH THE EXAMPLE FROM THE PREVIOUS SECTION, SUPPOSE
 THAT THE USER WANTS TO CHANGE THE CHILD CARE CREDIT TO 25% AND THE
 MAXIMUM EARNED INCOME CREDIT TO \$500 FOR PLAN Y. THIS IS ACHIEVED
 BY THE DATA CARDS SHOWN IN FIG. 6.3.9.

```

-----
|          111111111122222222223333333333444444444455555555556
|123456789012345678901234567890123456789012345678901234567890
-----
| $PLNY
| DMY(10,3,1)=2400., DMY(10,3,3)=2400., DMY(5,2,2)=4.0,
| LDY(5,2)=1, EY(1)=850., EYCR(4)=45.,
| PINY(15)=.25, PINY(19)=500.,
| SEND
|
    
```

FIG. 6.3.9: THE \$PLNY CARD WITH DEDUCTION, EXEMPTION,
 EXEMPTION CREDIT AND MISCELLANEOUS TAX
 PARAMETER CHANGES

THE USER SHOULD NOTE THAT PERCENTAGES ARE ENTERED AS REAL NUMBERS,
 THAT IS 0.25 NOT 25.0 FOR 25%.

TABLE 6.3.5: MISCELLANEOUS TAX PARAMETERS

| VARIABLE NAME | PARAMETER DESCRIPTION | INITIAL VALUE |
|------------------|--|------------------|
| PIN*(1) | ADJUSTMENTS TO AGI INCLUSION PERCENTAGE | 100% |
| PIN*(2) | MAXIMUM RATE ON EARNED INCOME, PERCENTAGE | 50% |
| PIN*(3) | DEDUCTIONS INCLUSION, PERCENTAGE | 100% |
| PIN*(4) | EXEMPTIONS INCLUSION, PERCENTAGE | 100% |
| PIN*(5) | FLOOR ON PREFERENCE REDUCING EARNED INCOME | \$0 |
| PIN*(6) | MAXIMUM AMOUNT OF FULLY SHELTERED ALTERNATIVE CAPITAL GAINS | \$50,000 |
| PIN*(7) | RATE ON UNSHELTERED ALTERNATIVE CAPITAL GAINS | 35% |
| PIN*(8) | MINIMUM TAX RATE ON PREFERENCES | 15% |
| PIN*(9) | FLOOR ON PREFERENCES FOR THE MINIMUM TAX | \$10,000 |
| PIN*(10) | MEDICAL INSURANCE PREMIUMS DEDUCTION, PERCENTAGE | 50% |
| PIN*(11) | EXCESS ITEMIZED DEDUCTIONS OVER AGI, PERCENTAGE | 60% |
| PIN*(12) | REGULAR TAX TO OFFSET MINIMUM TAX, PERCENTAGE | 50% |
| PIN*(13) | OPTIONAL TAXABLE INCOME CREDIT, PERCENTAGE | 2% |
| PIN*(14) | CEILING ON OPTIONAL TAXABLE INCOME CREDIT | \$9000 |

TABLE 6.3.5: MISCELLANEOUS TAX PARAMETERS

| VARIABLE NAME | PARAMETER DESCRIPTION | INITIAL VALUE |
|------------------|---|------------------|
| PIN*(15) | CHILD CARE CREDIT, PERCENTAGE | 20% |
| PIN*(16) | CHILD CARE CREDIT, AMOUNT PER DEPENDENT | \$2,000 |
| PIN*(17) | CHILD CARE CREDIT, MAXIMUM AMOUNT FOR ALL DEPENDENTS | \$4,000 |
| PIN*(18) | EARNED INCOME CREDIT, PERCENT | 10% |
| PIN*(19) | EARNED INCOME CREDIT, MAXIMUM AMOUNT OF CREDIT | \$400 |
| PIN*(20) | EARNED INCOME CREDIT, LEVEL OF AGI WHERE PHASEOUT BEGINS | \$4,000 |
| PIN*(21) | LIMITATION ON INVESTMENT INTEREST EXPENSE | \$10,000 |
| PIN*(22) | ELDERLY CREDIT: MAXIMUM AMOUNT S.T. CREDIT, SINGLE RETURNS | \$2,500 |
| PIN*(23) | ELDERLY CREDIT: MAXIMUM AMOUNT S.T. CREDIT, JOINT RETURNS | \$3,750 |
| PIN*(24) | ELDERLY CREDIT: REDUCTION BASED ON AGI, PERCENTAGE | 50% |
| PIN*(25) | ELDERLY CREDIT: REDUCTION BASED ON AGI LEVEL, SINGLE RETURNS | \$7,500 |
| PIN*(26) | ELDERLY CREDIT: REDUCTION BASED ON AGI. LEVEL, JOINT RETURNS | \$10,000 |
| PIN*(27) | ELDERLY CREDIT: RATE OF CREDIT | 15% |
| PIN*(28) | ELDERLY CREDIT: REDUCTION BASED ON EI, AGE < 62 | \$900 |

TABLE 6.3.5: MISCELLANEOUS TAX PARAMETERS

| VARIABLE NAME | PARAMETER DESCRIPTION | INITIAL VALUE |
|------------------|--|------------------|
| PIN*(29) | ELDERLY CREDIT: REDUCTION BASED ON EI, 62 <= AGE < 72 | \$1,200 |
| PIN*(30) | ELDERLY CREDIT: REDUCTION BASED ON EI, EI > PIN(32) | \$1,450 |
| PIN*(31) | ELDERLY CREDIT: REDUCTION BASED ON EI, LOWER LIMIT | \$1,200 |
| PIN*(32) | ELDERLY CREDIT: REDUCTION BASED ON EI, UPPER LIMIT | \$1,700 |
| DE*(1) | DIVIDEND EXCLUSION, SCHEDULE 1 | \$100 |
| DE*(2) | DIVIDEND EXCLUSION, SCHEDULE 2 | \$200 |
| DE*(3) | DIVIDEND EXCLUSION, SCHEDULE 3 | \$100 |
| DC*(1) | MAXIMUM ABSOLUTE DIVIDEND CREDIT | 0 |
| DC*(2) | MAXIMUM DIVIDEND CREDIT AS A PERCENT OF DIVIDENDS | 0% |
| DC*(3) | MAXIMUM DIVIDEND CREDIT AS A PERCENT OF TAXABLE INCOME | 0% |
| CAP*(1) | CAPITAL GAINS EXCLUSION, PERCENTAGE | 50% |
| CAP*(2) | MAXIMUM CAPITAL GAINS TAX RATE, PERCENTAGE | 25% |
| CAP*(3) | MAXIMUM YEARLY CAPITAL LOSS | \$3,000 |
| CAP*(4) | LOSS OFFSET CONVENTION, 1= FULL OFFSET, 0= PARTIAL OFFSET | 0 |

6.4.1.1. OPTION=0: NO MORE RATE CHANGES.

A SRATES CARD IS REQUIRED FOR EACH TAX SCHEDULE THAT IS TO BE CHANGED. IN ADDITION, ONE MORE SRATES CARD MUST BE INCLUDED IN THE INPUT STREAM FOLLOWING THE OTHER SRATES CARDS TO INDICATE THAT ALL OF THE RATE CHANGES HAVE BEEN COMPLETED FOR THE CURRENT PLAN.

6.4.1.2. OPTION=1: METHODS OF CHANGING RATES.

THE OPTION=1 PARAMETER ALLOWS THE USER TO EMPLOY ONE OR MORE OF SIX DIFFERENT METHODS TO CHANGE THE TAX RATE SCHEDULES. ALTHOUGH THESE ARE EASY TO USE, EACH OF THE METHODS WILL BE DESCRIBED IN THE NEXT SUBSECTION.

6.4.1.3. OPTION=2: AUTO GENERATION, OLD VERSION.

AUTOMATIC GENERATION OF SCHEDULE 2 WILL BE CREATED BY DCUBLING THE WIDTH OF THE INCOME BREAKPOINTS IN SCHEDULE 1. AUTOMATIC GENERATION OF SCHEDULE 3 IS ACCOMPLISHED BY CONSTRUCTING INCOME BREAKPOINTS WHICH ARE MIDWAY BETWEEN SCHEDULES 1 AND 2. THE ONLY LIMITATION ENCOUNTERED HERE IS THAT THE APPROPRIATE SCHEDULE(S) NECESSARY FOR THE GENERATION BE SPECIFIED BEFORE THE REQUEST FOR AUTOMATIC GENERATION. FOR EXAMPLE, IF A NEW SCHEDULE 1 IS TO BE SPECIFIED AND SCHEDULE 2 TO BE GENERATED FROM IT, THEN THE SCHEDULE 1 SPECIFICATION MUST APPEAR IN THE DATA DECK BEFORE THE GENERATION REQUEST FOR SCHEDULE 2.

6.4.1.4. OPTION=3: AUTO GENERATION, NEW VERSION.

WHEN OPTION 3 IS ELECTED, THE TAX MODEL PROGRAM WILL GENERATE THE SINGLE RETURN RATE SCHEDULE FROM THE JOINT RETURN RATE SCHEDULE BY EMPLOYING VARIOUS ASSUMPTIONS REGARDING THE RELATIONSHIP BETWEEN THE TWO RATE SCHEDULES. AN ERROR CHECK WILL CAUSE THE PROGRAM TO PRINTOUT AN ERROR MESSAGE AND TERMINATE IF THIS OPTION IS REQUESTED AND SCHD DOES NOT EQUAL TO 1.

6.4.2. SIX METHODS TO CHANGE RATE SCHEDULES.

THE EXISTING TAX RATE SCHEDULES THAT ARE INITIALIZED FOR PLAN X, Y, AND Z ARE PRESENTED IN TABLE 6.4.2. THESE ARE THE TAX BRACKETS AND TAX RATES THAT THE FOLLOWING METHODS OPERATE ON.

WHEN OPTION=1 ON THE SRATES CARD, THE TAX MODEL PROGRAM WILL REQUIRE THAT THE USER ENTER IN FREE FORMAT A NUMBER FROM 1 TO 6 AS THE NEXT DATA CARD. THIS NUMBER REPRESENTS THE METHOD OF CHANGE AS SHOWN IN TABLE 6.4.1.

TABLE 6.4.1: METHODS EMPLOYED TO CHANGE THE MARGINAL TAX RATE SCHEDULES

| METHOD | DESCRIPTION |
|--------|---|
| 1 | FLAT RATE |
| 2 | TRUNCATE RATES AT XX |
| 3 | ADJUST ALL RATES UP OR DOWN BY X PERCENTAGE POINTS |
| 4 | ADJUST ALL RATES UP OR DOWN BY XX |
| 5 | REPLACE THE EXISTING RATE SCHEDULE WITH A NEW RATE SCHEDULE |
| 6 | MODIFY, DELETE, OR INSERT NEW BRACKETS, RATES IN THE EXISTING RATE SCHEDULE |

TABLE 6.4.2: INCOME BREAKPOINTS AND MARGINAL TAX RATES BY SCHEDULE

| SCHEDULE 1 SINGLE PERSON RETURNS | | | SCHEDULE 2 MARRIED FILING JOINT RETURN, CERTAIN WIDOWS, AND MARRIED FILING SEPERATE RETURNS | | |
|-------------------------------------|----------------------|--|--|----------------------|--|
| INCOME BREAKPOINTS | MARGINAL TAX RATE | | INCOME BREAKPOINTS | MARGINAL TAX RATE | |
| 0. - 500. | 14. | | 0. - 1000. | 14. | |
| 500. - 1000. | 15. | | 1000. - 2000. | 15. | |
| 1000. - 1500. | 16. | | 2000. - 3000. | 16. | |
| 1500. - 2000. | 17. | | 3000. - 4000. | 17. | |
| 2000. - 4000. | 19. | | 4000. - 8000. | 19. | |
| 4000. - 6000. | 21. | | 8000. - 12000. | 22. | |
| 6000. - 8000. | 24. | | 12000. - 16000. | 25. | |
| 8000. - 10000. | 25. | | 16000. - 20000. | 28. | |
| 10000. - 12000. | 27. | | 20000. - 24000. | 32. | |
| 12000. - 14000. | 29. | | 24000. - 28000. | 36. | |
| 14000. - 16000. | 31. | | 28000. - 32000. | 39. | |
| 16000. - 18000. | 34. | | 32000. - 36000. | 42. | |
| 18000. - 20000. | 36. | | 36000. - 40000. | 45. | |
| 20000. - 22000. | 38. | | 40000. - 44000. | 48. | |
| 22000. - 26000. | 40. | | 44000. - 52000. | 50. | |
| 26000. - 32000. | 45. | | 52000. - 64000. | 53. | |
| 32000. - 38000. | 50. | | 64000. - 76000. | 55. | |
| 38000. - 44000. | 55. | | 76000. - 88000. | 58. | |
| 44000. - 50000. | 60. | | 88000. - 100000. | 60. | |
| 50000. - 60000. | 62. | | 100000. - 120000. | 62. | |
| 60000. - 70000. | 64. | | 120000. - 140000. | 64. | |
| 70000. - 80000. | 66. | | 140000. - 160000. | 66. | |
| 80000. - 90000. | 68. | | 160000. - 180000. | 68. | |
| 90000. - 100000. | 69. | | 180000. - 200000. | 69. | |
| 100000. & OVER | 70. | | 200000. & OVER | 70. | |

TABLE 6.4.2: INCOME BREAKPOINTS AND MARGINAL TAX RATES BY SCHEDULE

| ----- | | |
|--------------------------------|-----------|-------------------|
| SCHEDULE 3 | | |
| UNMARRIED OR LEGALLY SEPERATED | | |
| HEAD OF HOUSEHOLD | | |
| ----- | | |
| INCOME BREAKPOINTS | | MARGINAL TAX RATE |
| ----- | | |
| 0. | - 1000. | 14. |
| 1000. | - 2000. | 16. |
| 2000. | - 4000. | 18. |
| 4000. | - 6000. | 19. |
| 6000. | - 8000. | 22. |
| 8000. | - 10000. | 23. |
| 10000. | - 12000. | 25. |
| 12000. | - 14000. | 27. |
| 14000. | - 16000. | 28. |
| 16000. | - 18000. | 31. |
| 18000. | - 20000. | 32. |
| 20000. | - 22000. | 35. |
| 22000. | - 24000. | 36. |
| 24000. | - 26000. | 38. |
| 26000. | - 28000. | 41. |
| 28000. | - 32000. | 42. |
| 32000. | - 36000. | 45. |
| 36000. | - 38000. | 48. |
| 38000. | - 40000. | 51. |
| 40000. | - 44000. | 52. |
| 44000. | - 50000. | 55. |
| 50000. | - 52000. | 56. |
| 52000. | - 64000. | 58. |
| 64000. | - 70000. | 59. |
| 70000. | - 76000. | 61. |
| 76000. | - 80000. | 62. |
| 80000. | - 88000. | 63. |
| 88000. | - 100000. | 64. |
| 100000. | - 120000. | 66. |
| 120000. | - 140000. | 67. |
| 140000. | - 160000. | 68. |
| 160000. | - 180000. | 69. |
| 180000. | & OVER | 70. |
| ----- | | |

6.4.2.1. METHOD 1:FLAT RATES.

IF THE USER WISHES TO INSTITUTE A FLAT RATE FOR SCHEDULE 1 (SINGLE) OF 50%, HE WOULD ENTER THE CARDS SHOWN IN FIG. 6.4.2.

```

+-----+
|          111111111122222222223333333333444444444455555555556
|123456789012345678901234567890123456789012345678901234567890
+-----+
| SRATES  SCHO=1,  OPTION=1,  SEND
|1,
|0.,0.,50.,
|

```

FIG. 6.4.2: DATA CARDS FOR FLAT RATE CHANGE

6.4.2.2. METHOD 2:TRUNCATE RATES.

IF THE USER WANTS TO TRUNCATE THE RATES FOR SCHEDULE 1 (SINGLE) AT 60%, HE WOULD ENTER THE CARDS SHOWN IN FIG. 6.4.3.

```

+-----+
|          111111111122222222223333333333444444444455555555556
|123456789012345678901234567890123456789012345678901234567890
+-----+
| SRATES  SCHO=1,  OPTION=1,  SEND
|12,
|60.,
|

```

FIG. 6.4.3: DATA CARDS FOR TRUNCATING RATES

6.4.2.3. METHOD 3:ADJUST BY PERCENTAGE POINTS.

IF THE USER WANTS TO DECREASE ALL THE MARGINAL RATES ON SCHEDULE 1(SINGLE) BY 2 PERCENTAGE POINTS, HE WOULD ENTER THE CARDS SHOWN IN FIG. 6.4.4.

```

+-----+
|          111111111122222222223333333333444444444455555555556
|123456789012345678901234567890123456789012345678901234567890
+-----+
| SRATES  SCHD=1,  OPTION=1,  SEND
| 3,
| -2.0,
|

```

FIG. 6.4.4: DATA CARDS FOR ADJUSTING RATES BY PERCENTAGE POINTS

6.4.2.4. METHOD 4:ADJUST BY A PERCENTAGE FACTOR.

IF THE USER WISHES TO INCREASE THE MARGINAL RATES FOR SCHEDULE 1(SINGLES) BY 10 PERCENT FOR ALL THE RATES, HE WOULD ENTER THE CARDS SHOWN IN FIG. 6.4.5.

```

+-----+
|          111111111122222222223333333333444444444455555555556
|123456789012345678901234567890123456789012345678901234567890
+-----+
| SRATES  SCHD=1,  OPTION=1,  SEND
| 4,
| 10.,
|

```

FIG. 6.4.5: DATA CARDS FOR ADJUSTING RATES BY A PERCENTAGE FACTOR

6.4.2.5. METHOD 5:REPLACEMENT OF THE RATE SCHEDULE.

TO REPLACE ALL THE RATES IN A GIVEN SCHEDULE WITH A NEW SET OF TAX RATES, THE USER MUST ENTER A '5' AS THE FIRST DATA CARD FOLLOWING THE SRATES CARD. EACH DATA CARD THAT FOLLOWS CONTAINS--

A BRACKET IN \$'S, A TAX RATE IN %, AN INDICATOR,

WHERE THE INDICATOR IS AN INTEGER ZERO(0) FOR ALL CARDS EXCEPT THE LAST CARD WHICH CONTAINS A MINUS ONE(-1). THE BRACKETS AND RATES ARE REAL NUMBERS. ONE CARD IS REQUIRED FOR EACH NEW BRACKET AND TAX RATE. THE CARDS MAY BE ARRANGED IN ANY ORDER AND DUPLICATE

ENTRIES, IF ANY, WILL BE OMITTED FROM THE SCHEDULE. THE LAST CARD MUST BE--

0.,0.,-1,

TO INDICATE THAT ALL OF THE ENTRIES THAT CONSTITUTE THE RATE SCHEDULE HAVE BEEN ENTERED.

AS AN EXAMPLE, SUPPOSE THAT THE USER WANTS TO REPLACE SCHEDULE 1(SINGLE) WITH THE SCHEDULE 2(JOINT) TAX RATES. THE CARDS SHOWN IN FIG. 6.4.6 WOULD ACCOMPLISH THIS OBJECTIVE.

```
-----  
1 111111111122222222223333333333444444444455555555556  
112345678901234567890123456789012345678901234567890  
-----  
1 $RATES SCHD=1, OPTION=1, SEND  
15,  
10.,14.,0,  
11000.,15.,0,  
12000.,16.,0,  
13000.,17.,0,  
14000.,19.,0,  
18000.,22.,0,  
112000.,25.,0,  
116000.,28.,0,  
120000.,32.,0,  
124000.,36.,0,  
128000.,39.,0,  
132000.,42.,0,  
136000.,45.,0,  
140000.,48.,0,  
144000.,50.,0,  
152000.,53.,0,  
164000.,55.,0,  
176000.,58.,0,  
188000.,60.,0,  
1100000.,62.,0,  
1120000.,64.,0,  
1140000.,66.,0,  
1160000.,68.,0,  
1180000.,69.,0,  
1200000.,70.,0,  
10.,0.,-1,
```

FIG. 6.4.6: DATA CARDS FOR REPLACING A RATE SCHEDULE IN IT'S ENTIRITY

6.4.2.6. METHOD 6: INSERT, DELETE, OR MODIFY THE RATES.

MANY TIMES IT IS DESIRABLE TO INSERT, DELETE, OR MODIFY A TAX BRACKET OR RATE WITHOUT REPLACING THE ENTIRE TAX SCHEDULE. IF THE USER SPECIFIES A '6' ON THE FIRST DATA CARD FOLLOWING THE STATES CARD, THEN INSERTIONS, DELETIONS, AND MODIFICATIONS WILL BE ACCEPTED IN ANY ORDER.

EACH CARD FOLLOWING THE METHOD '6' CARD WILL CONTAIN--

A BRACKET IN \$'S, A TAX RATE IN %, AN INDICATOR,

TABLE 6.4.3 ILLUSTRATES HOW THE DATA MUST BE ENTERED TO ACHIEVE INSERTIONS, DELETIONS, AND MODIFICATIONS. IN TABLE 6.4.3, B REFERS TO AN EXISTING TAX BRACKET AND B* REFERS TO A NEW TAX BRACKET. SIMILARILLY, R REFERS TO AN EXISTING TAX RATE AND R* REFERS TO A NEW TAX RATE.

TABLE 6.4.3: FUNCTIONS AND THE FORMAT OF DATA ENTRY

| FUNCTION | ENTER DATA AS-- |
|-----------------|----------------------|
| INSERT | B*,R*,0, |
| DELETE | B,R,1, |
| REPLACE | B,R,1, B*,R*,0, |
| MODIFY | B,R*,0, |
| SPLIT A BRACKET | B,R*,0, B*,R**,0, |

B=OLD BRACKET B*=NEW BRACKET
 R=OLD RATE R*=NEW RATE
 R**=NEW RATE NOT EQUAL TO R*

AS AN EXAMPLE, SUPPOSE THAT THE USER WANTS TO MODIFY SCHEDULE 1(SINGLE) BY DELETING THE 1500-2000 BRACKET, BY CHANGING THE RATE ON THE 2000-4000 BRACKET FROM 19% TO 18%, AND BY SPLITTING THE 4000-6000 BRACKET INTO 4000-5000 AT 20% AND 5000-6000 AT 22%. THE CARDS SHOWN IN FIG. 6.4.7 WILL ACHIEVE THE DESIRED RESULTS.

```

+-----+
|          111111111122222222223333333333444444444455555555556
|123456789012345678901234567890123456789012345678901234567890
+-----+
| $RATES  SCHD=1,  OPTION=1,  SEND
| 6,
| 1500.,17.,1,
| 2000.,18.,0,
| 4000.,20.,0,
| 5000.,22.,0,
| 0.,0.,-1,
|

```

FIG. 6.4.7: DATA CARDS FOR MODIFYING RATES BY INSERTION, DELETION, & MODIFYING

THE USER SHOULD NOTE THAT THE LAST CARD--

0.,0.,-1,

IS REQUIRED TO TERMINATE THE CHANGES TO THE SPECIFIED RATE SCHEDULE.

6.4.3. STACKING OPTIONS AND METHODS.

EACH OF THE OPTIONS AND METHODS CAN BE STACKED TO EASILY ACHIEVE A SET OF COMPLEX CHANGES TO THE RATE SCHEDULES. FOR EXAMPLE, A PROPOSAL REQUIRES THAT--

- (A) JOINT: DELETE THE 2000-3000 BRACKET
 SPLIT THE 44000-52000 BRACKET INTO
 44000-48000 AT 50%
 48000-52000 AT 51%
- (B) ADJUST THE JOINT SCHEDULE RATES BY 10%
 TO REFLECT INFLATION
- (C) CREATE A SUITABLE SINGLE SCHEDULE FROM THE JOINT
 SCHEDULE
- (D) CREATE A SUITABLE HEAD OF HOUSEHOLD SCHEDULE
 FROM THE SINGLE AND JOINT SCHEDULES

THESE CHANGES ARE EASILY ACHIEVED BY THE CARDS ILLUSTRATED IN FIG. 6.4.8.

```
+-----+
|          111111111122222222223333333333444444444455555555556
| 123456789012345678901234567890123456789012345678901234567890
+-----+
| $RATES  SCHD=2,  OPTION=1,  SEND
| 16,
| 2000.,16.,1,
| 48000.,51.,0,
| 10.,0.,-1,
| $RATES  SCHD=2,  OPTICN=1,  SEND
| 14,
| 10.,
| $RATES  SCHD=1,  OPTION=3,  SEND
| $RATES  SCHD=3,  OPTION=2,  SEND
| $RATES  OPTION=0,  SEND
|
```

FIG. 6.4.8: EXAMPLE DATA CARDS FOR STACKING METHODS AND OPTIONS

6.4.4. ORDER OF DATA INPUT.

THE TAX PARAMETER AND TAX RATES DATA CARDS MUST BE INSERTED FOLLOWING THE GENERAL LOGIC AND EDITING DATA CARDS IN THE ORDER ILLUSTRATED IN FIG. 6.4.9. MORE SPECIFICALLY, THE ORDER IS CONDITIONAL AS SHOWN IN TABLE 6.4.4.

TABLE 6.4.4: THE TAX PARAMETER AND TAX RATE DATA CARDS AND THE CONDITION FOR THEIR INCLUSION IN THE INPUT DATA DECK

| DATA CARD | CONDITION |
|-----------|----------------|
| TITLX | ALWAYS |
| TITLEY | ALWAYS |
| SCHANGE | ALWAYS |
| SPLNX | IF NEWX=1 OR 2 |
| SRATES | IF NEWX=2 OR 3 |
| SPLNY | IF NEWY=1 OR 2 |
| SRATES | IF NEWY=2 OR 3 |
| SPLNZ | IF NEWZ=1 OR 2 |
| SRATES | IF NEWZ=2 OR 3 |

IN ADDITION, FIG. 6.4.10 ILLUSTRATES A PUNCHED DECK OF DATA INPUT CARDS FOR NEWY=2, THAT IS TAX PARAMETER AND TAX RATE CHANGES TO PLAN Y.

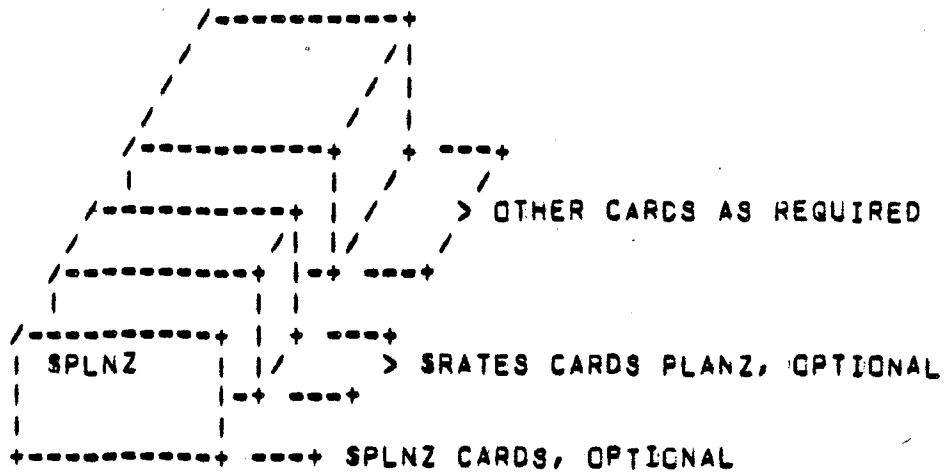


FIG. 6.4.9: DECK CONSTRUCTION FOR TAX PARAMETER AND TAX RATE INPUT CARDS


```
-----  
| 11111111112222222222333333333344444444445555555556  
| 12345678901234567890123456789012345678901234567890  
|-----  
| CAPY(1)=.5,.25,2000.,0.,  
| SEND  
| SRATES SCHD=2, OPTION=1, SEND  
| 5,  
| 10.,14.,0,  
| 11000.,15.,0,  
| 12000.,16.,0,  
| 13000.,17.,0,  
| 14000.,19.,0,  
| 18000.,22.,0,  
| 112000.,25.,0,  
| 116000.,28.,0,  
| 120000.,32.,0,  
| 124000.,36.,0,  
| 128000.,39.,0,  
| 132000.,42.,0,  
| 136000.,45.,0,  
| 140000.,48.,0,  
| 144000.,50.,0,  
| 152000.,53.,0,  
| 164000.,55.,0,  
| 176000.,58.,0,  
| 188000.,60.,0,  
| 1100000.,62.,0,  
| 1120000.,64.,0,  
| 1140000.,66.,0,  
| 1160000.,68.,0,  
| 1180000.,69.,0,  
| 1200000.,70.,0,  
| 10.,0.,-1,  
| SRATES SCHD=1, OPTIGN=3, SEND  
| SRATES SCHD=3, OPTION=2, SEND  
| SRATES OPTIGN=0, SEND
```

FIG. 6.4.10: INPUT CARD DECK FOR PARTS 2 AND 3.

6.5. CONTROL STREAM FOR A TAX MODEL RUN.

IN ORDER TO MAKE A TAX MODEL RUN, SOME FILE MANIPULATION IS REQUIRED PRIOR TO THE ACTUAL INPUT OF THE DATA CARDS. THE BULK OF THE FILE MANIPULATION HAS BEEN PREPARED IN ADVANCE SO THAT ONLY THE CONTROL STATEMENTS SHOWN IN FIG. 6.5.1 ARE NEEDED TO PRODUCE A RUN FROM DATA CARDS. THE USER SHOULD PREPARE ONE CARD FOR EACH CONTROL STATEMENT BEGINNING IN COLUMN 1 ON THE CARD. THE INFORMATION PRECEDED BY A PERIOD ON THE RIGHT HAND SIDE OF EACH CONTROL STATEMENT, NEED NOT BE INCLUDED ON THE CARD SINCE THIS INFORMATION IS A COMMENT AND THEREFORE, DOES NOT PRODUCE ANY ACTIONS BY THE COMPUTER SYSTEM.

THE NUMBER OF CARDS NECESSARY FOR MAKING A TAX MODEL RUN CAN BE MINIMIZED BY MAKING LINES 02 THROUGH 11 IN FIG. 6.5.1 AND ELEMENT OF A PROGRAM FILE, FOR EXAMPLE, 'RUNFILES.SETUP73'. IN ADDITION, LINES 12 THROUGH 31 OF FIG. 6.5.2 CAN BE CREATED AS AN ELEMENT OF A PROGRAM FILE, FOR EXAMPLE, 'RUNFILES.RUNXXX'. IF THESE ELEMENTS ARE CREATED, THEN THE CONTROL STREAM INSTRUCTIONS IN FIG. 6.5.2 REPRESENT THE MINIMUM NUMBER OF INSTRUCTIONS NECESSARY TO PRODUCE A TAX MODEL RUN. THIS APPROACH IS ESPECIALLY USEFUL WHEN THE USER IS WORKING IN DEMAND MODE SINCE IT ALLOWS HIM TO 'START' A RUN BY MAKING FIG. 6.5.2 AND ELEMENT IN THE SAME FILE, FOR EXAMPLE, 'RUNFILES.TARW00'. CONNSEQUENTLY, THE DEMAND USER CAN START A TAX MODEL RUN BY SIMPLY TYPING, IN DEMAND MODE, THE FOLLOWING INSTRUCTION.

*START RUNFILES.TARW00

THIS ASSUMES, OF COURSE, THAT THE FILE RUNFILES HAS BEEN RELEASED.

IN CONCLUSION, THE USER SHOULD NOTE THAT THE PARAMETERS ON THE 'RUN STATEMENT' MUST REFLECT THE SPECIFIC REQUIREMENTS FOR HIS RUN AND THEREFORE, MAY DIFFER FROM THOSE SHOWN IN THE ILLUSTRATIONS PROVIDED HERE.

•RUN TARW00,TARW,VER6,5,500
•ASG,T 10.,F/2//64
•ASG,T 14.,F/10//64
•ASG,T 16.,F/10//64
•ASG,A DATA*FILENAME1978.
•USE 7.,DATA*FILENAME1978.

•ASG,AX MODEL-PROGRAM.
•ASG,T PFX.
•COPY MODEL-PROGRAM.,PFX.

•FREE MODEL-PROGRAM.
MODEL

•ELT,IDN TPF\$.TMDATA,,ENDL

* 130, 131, 132, & 133 CARDS *

•END ENDL
•XQT PFX.COVERP

19781978

•ADD TMDATA
•ELT,IDL TPF\$.CSLIST,,ENDL

•PACK PFX.
•PREP PFX.
•ADD PFX.XQT78

• GENERAL LOGIC & EDITING CARDS *

•ADD TMDATA

TITLX&Y, SCHANGE, SPLNX,Y&Z, SRATE

•END ENDL

- .01 RUN STATEMENT
- .02 ASSIGN STORAGE FOR TABLE OUTPUT
- .03 ASSIGN STORAGE FOR TABLEMAKER OUTPUT
- .04 ASSIGN STORAGE FOR DIRECTORY UPDATE
- .05 ASSIGN THE 78 TAX SAMPLE
- .06 EQUATE THE INTERNAL FILENAME 7 TO DATA*FILENAME1978.
- .07 ASSIGN THE TAX MODEL SOURCE PROGRAM
- .08 ASSIGN TEMPORARY WORKING SPACE
- .09 COPY THE TAX MODEL RELOCATABLE & SOURCE ELEMENTS TO TPF\$
- .10 RELEASE THE TAX

FILE

- .11 INSERT THE ELEMENT TMDATA IN TPF\$
- .12 END OF TMDATA
- .13 EXECUTE COVER PAGE PROGRAM
- .14 LEVEL AND LAW OF THE RUN
- .15 DATA FOR COVER PAGE
- .16 INSERT THE ELEMENT CSLIST IN TPF\$
- .17 PACK PFX.
- .18 PREP PFX.
- .19 INSERT THE COLLECTOR INSTRUCTIONS (THIS ACCOMPLISHES THE OVERLAY)
- .20 INSERT DATA FOR THE TABLEMAKER OUTPUT
- .21 END OF THE ELEMENT

| | | |
|---|-----|--|
| *ADD CSLIST | .22 | CSLIST INSERT CSLIST INTO THE INPUT STREAM |
| *ASG,AX STORE*ESTIMATES. | .23 | ASSIGN THE FILE WHERE THE RESULTS ARE TO BE STORED |
| *ELT,IDN STORE*ESTIMATES.RUNXXX,,FIN | .24 | CREATES AN ELEMENT OF THE NAME RUNXXXX |
| *ADD,D 14. | .25 | ADDS THE RESULTS OF THE TAX MDEL RUN |
| *END FIN | .26 | SENTINEL CARD |
| *XQT PFX.UPDATE | .27 | EXECUTES THE UPDATE PROGRAM |
| *ADD STORE*ESTIMATES.RUNXXXX | .28 | ADDS THE DATA FROM THE CURRENT RUN |
| *ELT,IDN STORE*ESTIMATES.DIRECTORY,,FIN | .29 | UPDATES THE DIRECTORY TABLE |
| *ADD,D 16. | .30 | ADDS THE NEW DIRECTORY |
| *END FIN | .31 | SENTINEL CARD |
| *FREE STORE*ESTIMATES. | .32 | RELEASE THE STORAGE FILE |
| *FIN | .33 | END OF RUN |

FIG. 6.5.1: CONTROL STREAM INSTRUCTIONS FOR A
TAX MODEL RUN SUBMITTED FROM CARDS

| | | |
|-----------------------------|-----|--|
| *RUN TARW00,TARW,VER6,5,500 | .01 | RUN STATEMENT |
| *ASG,A RUNFILES. | .02 | ASSIGN THE INPUT FILE |
| *ADD RUNFILES.SETUP78 | .03 | INSERT THE FILE MANIPULATION CONTROL STATEMENTS (SEE SECTION 8.2.1) |
| *ADD RUNFILES.RUNXXXX | .04 | INSERT THE TAX MODEL RUN CONTROL STATEMENTS AND DATA CARDS |
| *FIN | .05 | END OF RUN |

FIG. 6.5.2: THE MINIMUM CONTROL STREAM INSTRUCTIONS
FOR A TAX MODEL RUN SUBMITTED FROM CARDS

7. A DESCRIPTION OF THE TAX MODEL OUTPUT.

7.1. INTRODUCTION.

THE PRINTED OUTPUT FROM A SUCCESSFUL TAX MODEL RUN CONSISTS OF TWO MAJOR SECTIONS. THE FIRST SECTION PROVIDES A DESCRIPTION OF THE INPUT PARAMETERS FOR THE VARIOUS PLANS AND THE SECOND SECTION PRESENTS THE TABULATED STATISTICS OBTAINED UNDER EACH TAX PLAN.

7.2. SECTION 1: INPUT PARAMETER OUTPUT.

7.2.1. SAMPLE DESCRIPTION.

THIS OUTPUT CONTAINS A PRINTOUT OF THE \$SAMPLE CARD. THIS LIST DISPLAYS THE BASE YEAR OF THE SAMPLE, THE PROJECTED LEVEL OF THE SAMPLE, THE NUMBER OF RETURNS, AND OTHER DESCRIPTIVE INFORMATION. AN EXAMPLE OF THIS OUTPUT IS PROVIDED BY FIG. 7.2.1.

7.2.2. GENERAL LOGIC AND EDITING.

EACH DATA CARD BEARING A PART NUMBER OF 1 IS DISPLAYED IN THIS SECTION IN A FORMAT IDENTICAL TO THE INPUT FORMAT (EXCEPT FOR THE 110 CARD). IN ADDITION, ANY AND ALL OF THE OPTIONAL PART 1 CARDS THAT APPEAR IN THE INPUT DECK WILL BE LISTED. THIS IS FOLLOWED BY A TABLE WHICH DESCRIBES THE CONTENTS OF THE LOGIC SWITCHES THAT WERE INPUTTED ON DATA CARD 110. FINALLY, THE TITLE FOR PLAN X IS ENCLOSED IN A BOX AT THE BOTTOM OF THE PAGE. THIS OUTPUT IS ALSO ILLUSTRATED IN FIG. 7.2.1.

7.2.3. PLAN Y TITLE CARD AND DEDUCTION MATRIX OUTPUT.

SINCE THE PLAN Y TAX PARAMETERS ARE INITIALLY EQUATED TO THE PLAN X TAX PARAMETERS, THIS PAGE WILL BE INCLUDED IN THE OUTPUT ONLY IF DATA CARDS THAT MODIFY PLAN Y OR X ARE ENCOUNTERED IN THE INPUT DECK. WHEN THIS IS THE CASE, THE PAGE PRESENTED IN FIG. 7.2.2 WILL BE PRINTED WITH THE TITLE FOR PLAN Y APPEARING AT THE TOP OF THE PAGE.

DEDUCTION MATRIX, SCHEDULE 1

FLOOR IS MAXIMUM OF

CEILING IS MINIMUM OF

| | LOGIC | AMOUNT | PCT. AGI | BASE + AMT./EX | | AMOUNT | PCT. AGI | BASE + AMT./EX | |
|----------------------|-------|--------|-----------|----------------|--------|--------|----------|----------------|-----|
| CONTRIBUTIONS | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| INTEREST | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| TAXES | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| MEDICINE + DRUGS | 1 | 0. | 1.00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| MEDICAL SERVICES | 1 | 0. | 3.00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| MEDICAL INS. PREM. | 1 | 0. | .00 | .00 | .00 | 1.5+02 | 100.00 | 1.0+12 | 0.0 |
| ALL OTHER | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| STANDARD DED. | | | .00 | 2200.00 | .00 | 2.2+03 | 100.00 | 1.0+12 | |
| LOW INCOME ALLOWANCE | | 0., | PHASE OUT | .00 | TO ONE | | | | |

DEDUCTION MATRIX, SCHEDULE 2

FLOOR IS MAXIMUM OF

CEILING IS MINIMUM OF

| | LOGIC | AMOUNT | PCT. AGI | BASE + AMT./EX | | AMOUNT | PCT. AGI | BASE + AMT./EX | |
|----------------------|-------|--------|-----------|----------------|--------|--------|----------|----------------|-----|
| CONTRIBUTIONS | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| INTEREST | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| TAXES | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| MEDICINE + DRUGS | 1 | 0. | 1.00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| MEDICAL SERVICES | 1 | 0. | 3.00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| MEDICAL INS. PREM. | 1 | 0. | .00 | .00 | .00 | 1.5+02 | 100.00 | 1.0+12 | 0.0 |
| ALL OTHER | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| STANDARD DED. | | | .00 | 3200.00 | .00 | 3.2+03 | 100.00 | 1.0+12 | |
| LOW INCOME ALLOWANCE | | 0., | PHASE OUT | .00 | TO ONE | | | | |

DEDUCTION MATRIX, SCHEDULE 3

FLOOR IS MAXIMUM OF

CEILING IS MINIMUM OF

| | LOGIC | AMOUNT | PCT. AGI | BASE + AMT./EX | | AMOUNT | PCT. AGI | BASE + AMT./EX | |
|----------------------|-------|--------|-----------|----------------|--------|--------|----------|----------------|-----|
| CONTRIBUTIONS | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| INTEREST | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| TAXES | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| MEDICINE + DRUGS | 1 | 0. | 1.00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| MEDICAL SERVICES | 1 | 0. | 3.00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| MEDICAL INS. PREM. | 1 | 0. | .00 | .00 | .00 | 1.5+02 | 100.00 | 1.0+12 | 0.0 |
| ALL OTHER | 0 | 0. | .00 | .00 | .00 | 1.0+12 | 100.00 | 1.0+12 | 0.0 |
| STANDARD DED. | | | .00 | 2200.00 | .00 | 2.2+03 | 100.00 | 1.0+12 | |
| LOW INCOME ALLOWANCE | | 0., | PHASE OUT | .00 | TO ONE | | | | |

Fig. 7.2.2: Plan Y Title Card and the Plan Y Deduction Matrix Output

7.2.4. OTHER TAX PARAMETER OUTPUT.

AS WITH THE PREVIOUS PAGE, THIS PAGE IS PRINTED ONLY IF DATA CARDS THAT MODIFY PLAN X OR PLAN Y ARE ENCOUNTERED IN THE INPUT DECK. AS FIG. 7.2.3 ILLUSTRATES, THIS PAGE PROVIDES THE VALUES OF ALL THE REMAINING TAX PARAMETERS EXCEPT THE TAX SCHEDULES. THE NUMBERS ENCLOSED IN PARENTHESIS IN FIG. 7.2.3 DO NOT APPEAR ON THE ACTUAL OUTPUT BUT ARE ADDED HERE TO REFERENCE THE SECTION IN CHAPTER 6 WHICH DESCRIBED THE INPUT DATA CARD THAT MODIFIES THE VALUES OF THE TAX PARAMETERS APPEARING ON THIS PAGE.

7.2.5. TAX SCHEDULES OUTPUT.

THIS IS THE LAST PAGE OF THE SECTION 1 OUTPUT AND ARE PRINTED ONLY IF DATA CARDS THAT MODIFY PLAN X OR Y ARE ENCOUNTERED IN THE INPUT DECK. AN EXAMPLE OF THE PAGES IN THIS OUTPUT ARE PROVIDED IN FIG. 7.2.4 AND ARE SELF-EXPLANATORY. MODIFICATIONS OF THE NUMBERS IN THE TAX SCHEDULES ARE ACCOMPLISHED BY USE OF THE DATA CARDS DESCRIBED IN 6.4 OF CHAPTER 6.

 EXEMPTION ALLOWANCE AND EXEMPTION TAX CREDIT FOR ALL SCHEDULES

| TYPE | ALLOWANCE | TAX CREDIT | MIN STD DED |
|--|----------------|----------------|---------------------|
| FILER | E(1)= \$ 1000. | ECR(1)= \$ 35. | 1. |
| AGED | E(2)= \$ 1000. | ECR(2)= \$ 35. | 1. |
| BLIND | E(3)= \$ 1000. | ECR(3)= \$ 35. | 1. |
| DEPNDT | E(4)= \$ 1000. | ECR(4)= \$ 35. | 1. |
| | | | |
| ADJUSTMENTS TO AGI ALLOWED | | | PIN(1) % 100.00 |
| MAXIMUM RATE ON EARNED INCOME | | | PIN(2) % 50.00 |
| PERCENTAGE OF DEDUCTIONS ALLOWED | | | PIN(3) % 100.00 |
| PERCENTAGE OF EXEMPTIONS ALLOWED | | | PIN(4) % 100.00 |
| | | | |
| FLOOR ON PREFERENCES REDUCING EARNED INCOME | | | PIN(5) \$.00 |
| MAXIMUM AMOUNT OF SHELTERED ALTER. CAPITAL GAINS | | | PIN(6) \$ 5000.00 |
| RATE ON UNSHELTERED ALTERNATIVE CAPITAL GAINS | | | PIN(7) % 35.00 |
| MINIMUM RATE ON PREFERENCES | | | PIN(8) % 15.00 |
| FLOOR ON PREFERENCES FOR MINIMUM TAX | | | PIN(9) \$ 10000.00 |
| MEDICAL INSURANCE PREMIUM DEDUCTION | | | PIN(10) % 50.00 |
| EXCESS ITEMIZED DEDUCTIONS OVER AGI | | | PIN(11) % 60.00 |
| PERCENT OF REGULAR TAX TO OFFSET MINIMUM TAX | | | PIN(12) % 50.00 |
| PERCENTAGE FOR OPTIONAL TAXABLE INCOME CREDIT | | | PIN(13) % 2.00 |
| CEILING FOR OPTIONAL TAXABLE INCOME CREDIT | | | PIN(14) \$ 9000.00 |
| PERCENTAGE FOR CHILD CARE CREDIT | | | PIN(15) % 20.00 |
| AMOUNT PER DEPENDENT FOR CHILD CARE CREDIT | | | PIN(16) \$ 2000.00 |
| MAXIMUM AMOUNT FOR CHILD CARE CREDIT | | | PIN(17) \$ 4000.00 |
| PERCENTAGE FOR EARNED INCOME CREDIT | | | PIN(18) % 10.00 |
| MAXIMUM AMOUNT FOR EARNED INCOME CREDIT | | | PIN(19) \$ 400.00 |
| PHASEOUT OF EIC BEGINS AT AN AGI OF | | | PIN(20) \$ 4000.00 |
| | | | |
| LIMITATION ON INVESTMENT INTEREST EXPENSE | | | PIN(21) \$ 10000.00 |
| | | | |
| ELDERLY CREDIT: MAXIMUM AMOUNT S.T. CR, SINGLE | | | PIN(22) \$ 2500.00 |
| ELDERLY CREDIT: MAXIMUM AMOUNT S.T. CR, JOINT | | | PIN(23) \$ 3750.00 |
| ELDERLY CREDIT: REDUCTION BASED ON AGI | | | PIN(24) % 50.00 |
| ELDERLY CREDIT: REDUCTION ON AGI LEVEL, SINGLE | | | PIN(25) \$ 7500.00 |
| ELDERLY CREDIT: REDUCTION ON AGI LEVEL, JOINT | | | PIN(26) \$ 10000.00 |
| ELDERLY CREDIT: RATE OF CREDIT | | | PIN(27) % 15.00 |
| ELDERLY CREDIT: REDUCTION ON EI, AGE < 62 | | | PIN(28) \$ 900.00 |
| ELDERLY CREDIT: REDUCTION ON EI, 62<= AGE < 72 | | | PIN(29) \$ 1200.00 |
| ELDERLY CREDIT: REDUCTION ON EI, EI > PIN(32) | | | PIN(30) \$ 1450.00 |
| ELDERLY CREDIT: REDUCTION ON EI, LOWER LIMIT | | | PIN(31) \$ 1200.00 |
| ELDERLY CREDIT: REDUCTION ON EI, UPPER LIMIT | | | PIN(32) \$ 1700.00 |
| | | | |
| MAXIMUM ALLOWABLE DIVIDEND EXCLUSION, SCHEDULE 1 | | | DE(1) \$ 100.00 |
| MAXIMUM ALLOWABLE DIVIDEND EXCLUSION, SCHEDULE 2 | | | DE(2) \$ 200.00 |
| MAXIMUM ALLOWABLE DIVIDEND EXCLUSION, SCHEDULE 3 | | | DE(3) \$ 100.00 |

MAXIMUM ALLOWABLE DIVIDEND CREDIT IS ZERO

| | | |
|--|----------|-------|
| RATE OF CAPITAL GAINS EXCLUDED FROM AGI | CAP(1) % | 50.00 |
| MAXIMUM (ALTERNATE) CAPITAL GAINS TAX RATE | CAP(2) % | 25.00 |

Fig 7 2 3. Other Tax Parameter Output Exempt Tax Schedules

SCHEDULE I. (A) SINGLE TAXPAYERS WHO DO NOT QUALIFY FOR RATES IN SCHEDULES II AND III.

| IF THE AMOUNT OF TAXABLE INCOME IS | | THEN AS TAX BEFORE CREDIT | | IF THE AMOUNT OF TAXABLE INCOME IS | | THEN AS TAX BEFORE CREDIT | |
|------------------------------------|-----------------|---------------------------|---------------------------|------------------------------------|-----------------|---------------------------|---------------------------|
| OVER-- | BUT NOT OVER-- | ENTER | OF EXCESS OVER-- | OVER-- | BUT NOT OVER-- | ENTER | OF EXCESS OVER-- |
| \$ 0. | - \$ 500..... | 0. | PLUS 14.0 PCT - \$ 0. | * \$ 20000. | - \$ 22000..... | 5230. | PLUS 38.0 PCT - \$ 20000. |
| \$ 500. | - \$ 1000..... | 70. | PLUS 15.0 PCT - \$ 500. | * \$ 22000. | - \$ 26000..... | 5990. | PLUS 40.0 PCT - \$ 22000. |
| \$ 1000. | - \$ 1500..... | 145. | PLUS 16.0 PCT - \$ 1000. | * \$ 26000. | - \$ 32000..... | 7590. | PLUS 45.0 PCT - \$ 26000. |
| \$ 1500. | - \$ 2000..... | 225. | PLUS 17.0 PCT - \$ 1500. | * \$ 32000. | - \$ 38000..... | 10290. | PLUS 50.0 PCT - \$ 32000. |
| \$ 2000. | - \$ 4000..... | 310. | PLUS 19.0 PCT - \$ 2000. | * \$ 38000. | - \$ 44000..... | 13290. | PLUS 55.0 PCT - \$ 38000. |
| \$ 4000. | - \$ 6000..... | 690. | PLUS 21.0 PCT - \$ 4000. | * \$ 44000. | - \$ 50000..... | 16590. | PLUS 60.0 PCT - \$ 44000. |
| \$ 6000. | - \$ 8000..... | 1110. | PLUS 24.0 PCT - \$ 6000. | * \$ 50000. | - \$ 60000..... | 20190. | PLUS 62.0 PCT - \$ 50000. |
| \$ 8000. | - \$ 10000..... | 1590. | PLUS 25.0 PCT - \$ 8000. | * \$ 60000. | - \$ 70000..... | 26390. | PLUS 64.0 PCT - \$ 60000. |
| \$ 10000. | - \$ 12000..... | 2090. | PLUS 27.0 PCT - \$ 10000. | * \$ 70000. | - \$ 80000..... | 32790. | PLUS 66.0 PCT - \$ 70000. |
| \$ 12000. | - \$ 14000..... | 2630. | PLUS 29.0 PCT - \$ 12000. | * \$ 80000. | - \$ 90000..... | 39390. | PLUS 68.0 PCT - \$ 80000. |
| \$ 14000. | - \$ 16000..... | 3210. | PLUS 31.0 PCT - \$ 14000. | * \$ 90000. | - \$100000..... | 46190. | PLUS 69.0 PCT - \$ 90000. |
| \$ 16000. | - \$ 18000..... | 3830. | PLUS 34.0 PCT - \$ 16000. | * \$100000. | | 53090. | PLUS 70.0 PCT - \$100000. |
| \$ 18000. | - \$ 20000..... | 4510. | PLUS 36.0 PCT - \$ 18000. | * \$ | | | |

SCHEDULE II. (A) MARRIED TAXPAYERS FILING JOINT RETURNS, (B) CERTAIN WIDOWS AND WIDOWERS, AND (C) MARRIED PERSONS FILING SEPERATE RETURNS (APPLIED AT 1/2 THE INTERVALS).

| IF THE AMOUNT OF TAXABLE INCOME IS | | THEN AS TAX BEFORE CREDIT | | IF THE AMOUNT OF TAXABLE INCOME IS | | THEN AS TAX BEFORE CREDIT | |
|------------------------------------|-----------------|---------------------------|---------------------------|------------------------------------|-----------------|---------------------------|---------------------------|
| OVER-- | BUT NOT OVER-- | ENTER | OF EXCESS OVER-- | OVER-- | BUT NOT OVER-- | ENTER | OF EXCESS OVER-- |
| \$ 0. | - \$ 1000..... | 0. | PLUS 14.0 PCT - \$ 0. | * \$ 40000. | - \$ 44000..... | 12140. | PLUS 48.0 PCT - \$ 40000. |
| \$ 1000. | - \$ 2000..... | 140. | PLUS 15.0 PCT - \$ 1000. | * \$ 44000. | - \$ 52000..... | 14060. | PLUS 50.0 PCT - \$ 44000. |
| \$ 2000. | - \$ 3000..... | 290. | PLUS 16.0 PCT - \$ 2000. | * \$ 52000. | - \$ 64000..... | 18060. | PLUS 53.0 PCT - \$ 52000. |
| \$ 3000. | - \$ 4000..... | 450. | PLUS 17.0 PCT - \$ 3000. | * \$ 64000. | - \$ 76000..... | 24420. | PLUS 55.0 PCT - \$ 64000. |
| \$ 4000. | - \$ 8000..... | 620. | PLUS 19.0 PCT - \$ 4000. | * \$ 76000. | - \$ 88000..... | 31020. | PLUS 58.0 PCT - \$ 76000. |
| \$ 8000. | - \$ 12000..... | 1380. | PLUS 22.0 PCT - \$ 8000. | * \$ 88000. | - \$100000..... | 37980. | PLUS 60.0 PCT - \$ 88000. |
| \$ 12000. | - \$ 16000..... | 2260. | PLUS 25.0 PCT - \$ 12000. | * \$100000. | - \$120000..... | 45180. | PLUS 62.0 PCT - \$100000. |
| \$ 16000. | - \$ 20000..... | 3260. | PLUS 28.0 PCT - \$ 16000. | * \$120000. | - \$140000..... | 57580. | PLUS 64.0 PCT - \$120000. |
| \$ 20000. | - \$ 24000..... | 4380. | PLUS 32.0 PCT - \$ 20000. | * \$140000. | - \$160000..... | 70380. | PLUS 66.0 PCT - \$140000. |
| \$ 24000. | - \$ 28000..... | 5660. | PLUS 36.0 PCT - \$ 24000. | * \$160000. | - \$180000..... | 83580. | PLUS 68.0 PCT - \$160000. |
| \$ 28000. | - \$ 32000..... | 7100. | PLUS 39.0 PCT - \$ 28000. | * \$180000. | - \$200000..... | 97180. | PLUS 69.0 PCT - \$180000. |
| \$ 32000. | - \$ 36000..... | 8660. | PLUS 42.0 PCT - \$ 32000. | * \$200000. | | \$110980. | PLUS 70.0 PCT - \$200000. |
| \$ 36000. | - \$ 40000..... | 10340. | PLUS 45.0 PCT - \$ 36000. | * \$ | | | |

Fig. 7.2.4: Tax Schedules Output

SCHEDULE III. UNMARRIED (OR LEGALLY SEPARATED) TAXPAYERS WHO QUALIFY AS HEAD OF HOUSEHOLD.

| IF THE AMOUNT OF TAXABLE INCOME IS | | THEN AS TAX BEFORE CREDIT | IF THE AMOUNT OF TAXABLE INCOME IS | | THEN AS TAX BEFORE CREDIT | | |
|------------------------------------|----------------|---------------------------|------------------------------------|-----------|---------------------------|--------------|---------------------------|
| OVER-- | BUT NOT OVER-- | ENTER | OF EXCESS OVER-- | OVER-- | BUT NOT OVER-- | ENTER | OF EXCESS OVER-- |
| \$ 0. | - \$ 1000. | 0. | PLUS 14.0 PCT - | \$ 0. | * \$ 36000. | - \$ 38000. | \$ 11280. PLUS 48.0 PCT - |
| \$ 1000. | - \$ 2000. | 140. | PLUS 16.0 PCT - | \$ 1000. | * \$ 38000. | - \$ 40000. | \$ 12240. PLUS 51.0 PCT - |
| \$ 2000. | - \$ 4000. | 300. | PLUS 18.0 PCT - | \$ 2000. | * \$ 40000. | - \$ 44000. | \$ 13260. PLUS 52.0 PCT - |
| \$ 4000. | - \$ 6000. | 660. | PLUS 19.0 PCT - | \$ 4000. | * \$ 44000. | - \$ 50000. | \$ 15340. PLUS 55.0 PCT - |
| \$ 6000. | - \$ 8000. | 1040. | PLUS 22.0 PCT - | \$ 6000. | * \$ 50000. | - \$ 52000. | \$ 18640. PLUS 56.0 PCT - |
| \$ 8000. | - \$ 10000. | 1480. | PLUS 23.0 PCT - | \$ 8000. | * \$ 52000. | - \$ 64000. | \$ 19760. PLUS 58.0 PCT - |
| \$ 10000. | - \$ 12000. | 1940. | PLUS 25.0 PCT - | \$ 10000. | * \$ 64000. | - \$ 70000. | \$ 26720. PLUS 59.0 PCT - |
| \$ 12000. | - \$ 14000. | 2440. | PLUS 27.0 PCT - | \$ 12000. | * \$ 70000. | - \$ 76000. | \$ 30260. PLUS 61.0 PCT - |
| \$ 14000. | - \$ 16000. | 2980. | PLUS 28.0 PCT - | \$ 14000. | * \$ 76000. | - \$ 80000. | \$ 33920. PLUS 62.0 PCT - |
| \$ 16000. | - \$ 18000. | 3540. | PLUS 31.0 PCT - | \$ 16000. | * \$ 80000. | - \$ 88000. | \$ 36400. PLUS 63.0 PCT - |
| \$ 18000. | - \$ 20000. | 4160. | PLUS 32.0 PCT - | \$ 18000. | * \$ 88000. | - \$ 100000. | \$ 41440. PLUS 64.0 PCT - |
| \$ 20000. | - \$ 22000. | 4800. | PLUS 35.0 PCT - | \$ 20000. | * \$ 100000. | - \$ 120000. | \$ 49120. PLUS 66.0 PCT - |
| \$ 22000. | - \$ 24000. | 5500. | PLUS 36.0 PCT - | \$ 22000. | * \$ 120000. | - \$ 140000. | \$ 62320. PLUS 67.0 PCT - |
| \$ 24000. | - \$ 26000. | 6220. | PLUS 38.0 PCT - | \$ 24000. | * \$ 140000. | - \$ 160000. | \$ 75720. PLUS 68.0 PCT - |
| \$ 26000. | - \$ 28000. | 6980. | PLUS 41.0 PCT - | \$ 26000. | * \$ 160000. | - \$ 180000. | \$ 89320. PLUS 69.0 PCT - |
| \$ 28000. | - \$ 32000. | 7800. | PLUS 42.0 PCT - | \$ 28000. | * \$ 180000. | - \$ 103120. | PLUS 70.0 PCT - |
| \$ 32000. | - \$ 36000. | 9480. | PLUS 45.0 PCT - | \$ 32000. | * \$ | | \$ 180000. |

Fig. 7.2.4 Continued

7.3. SECTION 2: INTERMEDIATE OUTPUT.

FIGURE 7.3.1 PRESENTS THE INTERMEDIATE OUTPUT. THIS OUTPUT CONSISTS OF VARIOUS PIECES OF INFORMATION:

- (A) LINE 2 SHOWS THE AMOUNT OF ADDITIONAL CORE REQUIRED FOR TABULATING THE OPTIONAL TABLES. IF NO OPTIONAL TABLES WERE REQUESTED, THIS LINE WILL READ " 0 ADDITIONAL SPACES USED FOR OUTPUT TABLES".
- (B) LINES 3 THRU 7 DESCRIBE THE BASE YEAR OF THE SAMPLE, THE PROJECTED LEVEL OF THE SAMPLE, THE NUMBER OF RETURNS IN THE SAMPLE, THE NUMBER OF WORDS IN EACH RECORD, AND THE MAXIMUM NUMBER OF BLOCKS OF 1792 WORDS IN THIS SAMPLE.
- (C) LINES 8 THRU 10 CONTAIN AN ALPHANUMERIC DESCRIPTION OF THE TAX SAMPLE USED FOR THIS SIMULATION.
- (D) LINES 11 AND 12 ARE PRINTED WHEN THE TAX SAMPLE IS CLOSED. LINE 11 SHOWS THE NUMBER OF RETURNS PROCESSED BY THE TAX MODEL, USUALLY 50,160. LINE 12 SHOWS THE NUMBER OF BLOCKS OF DATA READ AND THE VALUE OF THE STATUS WORD FOR EACH INPUT BUFFER. IF THE RUN EXECUTES NORMALLY ONE OF THESE STATUS WORDS SHOULD HAVE A VALUE OF -2 AND THE OTHER SHOULD HAVE A VALUE OF 1792.
- (E) LINES 14 THRU 16 PROVIDE AN ACCOUNTING OF THE RETURNS READ FROM THE TAX SAMPLE AND HOW MANY WERE OR WERE NOT USED IN CONSTRUCTING THE TABLES.
- (F) LINES 17 AND 18 SHOW HOW MANY WEIGHTED RETURNS PREFERRED PLAN Y AS OPPOSED TO PLAN X OR IN THE CASE OF TWO TAX PLANS, HOW MANY WEIGHTED RETURNS CHOSE PLAN Y OR PLAN Z AS OPPOSED TO PLAN X.
- (G) LINES 19 AND 20 PROVIDE SOME BRIEF SUMMARY INFORMATION ON THE TAXATION OF CAPITAL GAINS UNDER THE ALTERNATIVE TREATMENT.
- (H) LINES 21 AND 22 SHOW HOW MANY RETURNS WERE NOT READ DURING THE SIMULATION. IF ALL OF THE RETURNS WERE PROPERLY READ, LINE 22 WILL CONTAIN ALL ZERGES.

MAXIMUM OFFSET AGAINST ORDINARY INCOME
LOSS OFFSET CONVENTION

CAP(3) \$ 3000.00
CAP(4) x .00

Fig. 7.2.3: Continued

TAX ANALYSIS PROGRAM - INTERMEDIATE OUTPUT
22476 ADDITIONAL SPACES USED FOR OUTPUT TABLES

1975 TAX FILE OPENED.
PROJECTED LEVEL IS 1978
NUMBER OF RETURNS EXPECTED IS 50000
NUMBER OF WORDS PER RECORD IS 234
NUMBER OF BLOCKS PER REEL IS 7000

CONTENTS:
1978 1/2-SAMPLE: MAPPED & PACKED, W/IMPT & SELECTED MERGE DATA: MAY 1978.
1975 BASE, 1978 LEVELS, 1978 LAW, EDITED BY OTA: #4420-6.

1975 TAX FILE CLOSED, NUMBER OF RETURNS PROCESSED IS 50000
NUMBER OF BLOCKS = 2306 STATUS WORDS = 1792 1792 IBP = 1

PHASE 2 OUTPUT STATISTICS

50000 RETURNS READ FROM TAX RETURN FILE
50000 RETURNS USED TO CONSTRUCT TABLES
0 RETURNS NOT USED TO CONSTRUCT TABLES

88500400. RETURNS CHOSE PLAN Y
0. RETURNS CHOSE PLAN Z

CAPITAL GAIN INCOME TAXABLE AT ALT RATE UNDER PLAN Y IS *****
ALTERNATE CAPITAL GAINS RATE FOR PLAN Y IS .25

NUMBER OF RETURNS READ MINUS NUMBER OF RETURNS EXPECTED DISTRIBUTED BY SAMPLE CLASS
0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0

Fig. 7.3.1: Intermediate Output

7.4. SECTION 3: TABULATED TAX STATISTICS.

7.4.1. TITLE PAGE.

FIG. 7.4.1 PRESENTS THE PLAN Y TITLE PAGE THAT PRECEEDS ALL OF THE TABULATED TAX STATISTICS. ON THE SECOND LINE, THE USER WILL FIND THE VERSION OF THE TAX MODEL EMPLOYED TO MAKE THE RUN, THE DATE THE RUN WAS PERFORMED, AND THE TIME OF DAY THE RUN WAS COMPLETED.

7.4.2. TAX CHANGE BY PERCENT CHANGE IN TAX.

AS ITS TITLE IMPLIES, TABLE 1 CONTAINS INFORMATION ON THE EFFECTS OF A PROPOSED TAX LAW CHANGE DISTRIBUTED BY THE PERCENTAGE CHANGE IN TAX LIABILITY. FIG. 7.4.2 PRESENTS SELECTED PAGES FROM THE 120 PAGES THAT CAN BE PRODUCED FOR THIS TABLE. THE USER WILL NOTE THAT CONSIDERABLE DETAIL HAS BEEN ACHIEVED BY DISTRIBUTING RETURNS INTO NON-TAXABLE AND TAXABLE CATEGORIES AND SUBDIVIDING EACH CATEGORY INTO THOSE WHICH INCURRED A TAX INCREASE AND THOSE WHICH INCURRED A TAX DECREASE. BY DISTRIBUTING RETURNS IN THIS MANNER, THE ANALYSIS OF COMPLEX TAX PROPOSALS CONTAINING SEPERATE PROVISIONS FOR BOTH INCREASING AND DECREASING TAX LIABILITY IS EASILY FACILITATED. ANOTHER USEFUL FEATURE IN TABLE 1 IS THE COLUMN WHICH REPORTS THE NUMBER OF RETURNS IN THE SAMPLE FOR EACH CATEGORY. HOWEVER, CAUTION SHOULD BE EXERCISED IN DRAWING CONCLUSIONS WHEN THE NUMBER OF SAMPLE RETURNS IS SMALL FOR THIS IMPLIES A HIGH SAMPLING VARIABILITY OF THE ESTIMATES IN THAT CELL.

THE COMPUTATION OF TABLE 1 IS CONTROLLED BY LOGIC SWITCH NUMBER 11 AS DOCUMENTED IN 6.2.2. WHEN THE COMPUTATION OF TABLE 1 REQUESTED, THE PRINT CONTROL CARDS DOCUMENTED IN 6.2.3 ARE REQUIRED.

TREASURY TAX MODEL: VERSION 6; JANUARY 1978 RUN# 5108 DONE ON 061278 AT 144709

PLAN X = 1978 LAW AT 1978 LEVELS

PLAN Y = TABLES
SELECTED PAGES FROM ALL TABLES PLUS \$1000 P.E.
1978 LAW AND LEVELS

Fig. 7.4.1: Title Page

RETURNS FOR WHICH EXPANDED INCOME = \$ 5000. - \$ 10000.

RETURNS WITH ITEMIZED DEDUCTION

SCHEDULE 1

| PERCENT CHANGE IN TAX LIABILITY | NO. RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | EST. AGGREGATE TAX CHANGE (THOUSANDS) | AVERAGE TAX CHANGE | PCT. DISTRIBUTION OF AGGREGATE NO. OF RETURNS | EST. AGGREGATE ORIGINAL AGI (MILLIONS) | PRES EST. AGGR TAX AFT. CREDIT (MILLIONS) |
|------------------------------------|--------------------------|---------------------------------------|---|--------------------------|---|--|---|
| PRESENTLY TAXABLE | | | | | | | |
| TAX INCREASE | | | | | | | |
| .0 - 2.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 2.0 - 4.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 4.0 - 6.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 6.0 - 10.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 10.0 - 25.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 25.0 - **** | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| NO CHANGE (1C) | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| TAX DECREASE | | | | | | | |
| .0 - 5.0 | 13 | 54863. | -2845. | -51.85 | 8.42 (8.42) | 512.31 | 60.41 |
| 5.0 - 10.0 | 34 | 146561. | -6776. | -46.23 | 22.48 (30.90) | 1167.15 | 103.73 |
| 10.0 - 15.0 | 20 | 90038. | -6140. | -68.19 | 13.81 (44.71) | 731.86 | 49.22 |
| 15.0 - 20.0 | 15 | 66446. | -3921. | -59.01 | 10.19 (54.90) | 438.86 | 23.12 |
| 20.0 - 25.0 | 11 | 46216. | -4113. | -88.99 | 7.09 (61.99) | 366.58 | 18.98 |
| 25.0 - 30.0 | 5 | 22272. | -1857. | -83.37 | 3.42 (65.41) | 180.43 | 6.58 |
| 30.0 - 40.0 | 7 | 31464. | -2031. | -64.54 | 4.83 (70.24) | 178.52 | 5.88 |
| 40.0 - 50.0 | 4 | 18607. | -1342. | -72.12 | 2.85 (73.09) | 119.50 | 3.05 |
| 50.0 - 99.8 | 4 | 18333. | -1607. | -87.66 | 2.81 (75.90) | 103.01 | 2.42 |
| 99.8 - **** | 11 | 48143. | -1768. | -36.72 | 7.39 (83.29) | 273.62 | 1.77 |
| TAXABLE SUBTOTAL | 124 | 542941. | -32398. | -59.67 | 83.29 (83.29) | 4071.84 | 275.16 |
| PRESENTLY NON-TAXABLE | | | | | | | |
| NO CHANGE | 26 | 108928. | 0. | .00 | 16.71 (*****) | 670.84 | .00 |
| TAX INCREASE | 0 | 0. | 0. | .00 | .00 (*****) | .00 | .00 |
| TOTALS | | | | | | | |
| | 150 | 651869. | -32398. | -49.70 | 100.00 (100.00) | 4742.68 | 275.16 |

Fig. 7.4.2: Table 1, Selected Pages

RETURNS FOR WHICH EXPANDED INCOME = \$ 5000. - \$ 10000.

RETURNS WITH STANDARD DEDUCTION

SCHEDULE 1

| PERCENT CHANGE IN TAX LIABILITY | NO. RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | EST. AGGREGATE TAX CHANGE (THOUSANDS) | AVERAGE TAX CHANGE | PCT. DISTRIBUTION OF AGGREGATE NO. OF RETURNS | EST. AGGREGATE ORIGINAL AGI (MILLIONS) | PRES EST. AGGR TAX AFT. CREDIT (MILLIONS) |
|------------------------------------|--------------------------|---------------------------------------|---|--------------------------|---|--|---|
| PRESENTLY TAXABLE | | | | | | | |
| TAX INCREASE | | | | | | | |
| .0 - 2.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 2.0 - 4.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 4.0 - 6.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 6.0 - 10.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 10.0 - 25.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 25.0 - **** | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| NO CHANGE (1C) | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| TAX DECREASE | | | | | | | |
| .0 - 5.0 | 218 | 942338. | -49633. | -52.67 | 10.36 (10.36) | 8929.81 | 1042.63 |
| 5.0 - 10.0 | 1169 | 5081806. | -237777. | -46.79 | 55.86 (66.22) | 37811.48 | 3577.95 |
| 10.0 - 15.0 | 424 | 1858737. | -95765. | -51.52 | 20.43 (86.66) | 11121.61 | 783.35 |
| 15.0 - 20.0 | 30 | 133116. | -12156. | -91.32 | 1.46 (88.12) | 994.73 | 70.98 |
| 20.0 - 25.0 | 42 | 182876. | -17374. | -95.00 | 2.01 (90.13) | 1288.92 | 79.33 |
| 25.0 - 30.0 | 38 | 165408. | -15111. | -91.36 | 1.82 (91.95) | 1052.16 | 55.46 |
| 30.0 - 40.0 | 51 | 222437. | -19735. | -88.72 | 2.45 (94.39) | 1315.90 | 57.89 |
| 40.0 - 50.0 | 23 | 102511. | -9713. | -94.75 | 1.13 (95.52) | 596.24 | 21.40 |
| 50.0 - 99.8 | 47 | 205722. | -20549. | -99.89 | 2.26 (97.78) | 1204.82 | 32.70 |
| 99.8 - **** | 14 | 58122. | -4092. | -70.40 | .64 (98.42) | 359.60 | 4.09 |
| TAXABLE SUBTOTAL | 2056 | 8953073. | -481905. | -53.83 | 98.42 (98.42) | 64675.26 | 5725.79 |
| PRESENTLY NON-TAXABLE | | | | | | | |
| NO CHANGE | 33 | 143652. | 0. | .00 | 1.58 (****) | 873.02 | .00 |
| TAX INCREASE | 0 | 0. | 0. | .00 | .00 (****) | .00 | .00 |
| <hr/> | | | | | | | |
| TOTALS | 2089 | 9096724. | -481905. | -52.98 | 100.00 (100.00) | 65548.28 | 5725.79 |

Fig. 7.4.2: Continued

RETURNS FOR WHICH EXPANDED INCOME = \$ 5000. - \$ 10000.

RETURNS FOR BOTH TYPES DEDUCTION

SCHEDULE 1

| PERCENT CHANGE IN TAX LIABILITY | NO. RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | EST. AGGREGATE TAX CHANGE (THOUSANDS) | AVERAGE TAX CHANGE | PCT. DISTRIBUTION OF AGGREGATE NO. OF RETURNS | EST. AGGREGATE ORIGINAL AGI (MILLIONS) | PRES EST. AGGR TAX AFT. CREDIT (MILLIONS) |
|------------------------------------|--------------------------|---------------------------------------|---|--------------------------|---|--|---|
| PRESENTLY TAXABLE | | | | | | | |
| TAX INCREASE | | | | | | | |
| .0 - 2.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 2.0 - 4.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 4.0 - 6.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 6.0 - 10.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 10.0 - 25.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 25.0 - **** | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| NO CHANGE (1C) | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| TAX DECREASE | | | | | | | |
| .0 - 5.0 | 231 | 997201. | -52478. | -52.63 | 10.23 (10.23) | 9442.11 | 1103.04 |
| 5.0 - 10.0 | 1203 | 5228368. | -244552. | -46.77 | 53.63 (63.86) | 38978.64 | 3681.68 |
| 10.0 - 15.0 | 444 | 1948775. | -101905. | -52.29 | 19.99 (83.85) | 11853.47 | 832.57 |
| 15.0 - 20.0 | 45 | 199562. | -16077. | -80.56 | 2.05 (85.90) | 1433.59 | 94.11 |
| 20.0 - 25.0 | 53 | 229091. | -21487. | -93.79 | 2.35 (88.25) | 1655.50 | 98.30 |
| 25.0 - 30.0 | 43 | 187681. | -16968. | -90.41 | 1.93 (90.17) | 1232.59 | 62.04 |
| 30.0 - 40.0 | 58 | 253901. | -21766. | -85.73 | 2.60 (92.78) | 1494.42 | 63.77 |
| 40.0 - 50.0 | 27 | 121118. | -11055. | -91.28 | 1.24 (94.02) | 715.74 | 24.45 |
| 50.0 - 99.8 | 51 | 224054. | -22156. | -98.89 | 2.30 (96.32) | 1307.82 | 35.12 |
| 99.8 - **** | 25 | 106264. | -5860. | -55.14 | 1.09 (97.41) | 633.23 | 5.86 |
| TAXABLE SUBTOTAL | 2180 | 9496014. | -514303. | -54.16 | 97.41 (97.41) | 68747.10 | 6000.95 |
| PRESENTLY NON-TAXABLE | | | | | | | |
| NO CHANGE | 59 | 252579. | 0. | .00 | 2.59 (*****) | 1543.86 | .00 |
| TAX INCREASE | 0 | 0. | 0. | .00 | .00 (*****) | .00 | .00 |
| <hr/> | | | | | | | |
| TOTALS | 2239 | 9748593. | -514303. | -52.76 | 100.00 (100.00) | 70290.95 | 6000.95 |

Fig. 7.4.2: Continued

RETURNS FOR ALL EXPANDED INCOME CLASSES

RETURNS FOR BOTH TYPES DEDUCTION

ALL SCHEDULES

| PERCENT CHANGE IN TAX LIABILITY | NO. RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | EST. AGGREGATE TAX CHANGE (THOUSANDS) | AVERAGE TAX CHANGE | PCT. DISTRIBUTION OF AGGREGATE NO. OF RETURNS | EST. AGGREGATE ORIGINAL AGI (MILLIONS) | PRES EST. AGGR TAX AFT. CREDIT (MILLIONS) |
|------------------------------------|--------------------------|---------------------------------------|---|--------------------------|---|--|---|
| PRESENTLY TAXABLE | | | | | | | |
| TAX INCREASE | | | | | | | |
| .0 - 2.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 2.0 - 4.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 4.0 - 6.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 6.0 - 10.0 | 1 | 181. | 121. | 669.65 | .00 (.00) | 1.24 | 1.57 |
| 10.0 - 25.0 | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| 25.0 - **** | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| NO CHANGE (1C) | 62 | 848. | 0. | .00 | .00 (.00) | -152.33 | 10.46 |
| TAX DECREASE | | | | | | | |
| .0 - 5.0 | 21590 | 17461102. | -2702354. | -154.76 | 19.73 (19.73) | 488649.68 | 109390.64 |
| 5.0 - 10.0 | 12255 | 21035116. | -3528137. | -167.73 | 23.77 (43.50) | 378756.91 | 50897.64 |
| 10.0 - 15.0 | 4707 | 10699674. | -1901523. | -177.72 | 12.09 (55.59) | 159239.64 | 15947.91 |
| 15.0 - 20.0 | 1454 | 3825264. | -683355. | -178.64 | 4.32 (59.91) | 49161.19 | 3966.08 |
| 20.0 - 25.0 | 845 | 2555408. | -425944. | -166.68 | 2.89 (62.80) | 29139.26 | 1912.75 |
| 25.0 - 30.0 | 549 | 1839620. | -264702. | -143.89 | 2.08 (64.88) | 17479.75 | 967.13 |
| 30.0 - 40.0 | 662 | 2248057. | -325967. | -145.00 | 2.54 (67.42) | 20548.25 | 955.13 |
| 40.0 - 50.0 | 377 | 1322844. | -180549. | -136.49 | 1.49 (68.91) | 11202.34 | 404.73 |
| 50.0 - 99.8 | 756 | 2636519. | -345628. | -131.09 | 2.98 (71.89) | 21531.61 | 520.52 |
| 99.8 - **** | 707 | 2665451. | -176999. | -66.41 | 3.01 (74.90) | 18387.55 | 164.52 |
| TAXABLE SUBTOTAL | 43965 | 66290082. | -10535037. | -158.92 | 74.90 (74.90) | 1193945.03 | 185139.08 |
| PRESENTLY NON-TAXABLE | | | | | | | |
| NO CHANGE | 6035 | 22209703. | -37171. | -1.67 | 25.10 (*****) | 56050.31 | -991.38 |
| TAX INCREASE | 0 | 0. | 0. | .00 | .00 (*****) | .00 | .00 |
| <hr/> | | | | | | | |
| TOTALS | 50000 | 88499784. | -10572207. | -119.46 | 100.00 (100.00) | 1249995.34 | 184147.70 |

Fig. 7.4.2: Continued

7.4.3. TABLE 1A: SUMMARY OF THE EFFECTS OF THE PROPOSAL.

TABLE 1A PROVIDES A SUMMARY OF THE EFFECTS OF THE PROPOSED CHANGE IN THE TAX LAW AND CONSISTS OF FOUR PAGES, ONE FOR EACH OF THE THREE TAX RATE SCHEDULES, AND A SUMMARY FOR ALL SCHEDULES. FIGURE 7.4.3 PRESENTS AN EXAMPLE OUTPUT FOR THIS TABLE.

THREE FEATURES OF TABLE 1A ARE NOTEWORTHY:

- (A) THIS TABLE PROVIDES THE ONLY BREAKDOWN OF TAXABLE INCOME UNDER THE PROPOSED TAX LAW CHANGE WHICH CORRESPONDS WITH THE STATISTICS OF INCOME CONCEPT OF TAXABLE INCOME, THAT IS, IT INCLUDES CAPITAL GAINS INCOME TAXABLE AT THE ALTERNATIVE RATE.*
- (B) THE FIGURES FOR TAX CHANGE, ADJUSTED GROSS INCOME, NUMBER OF RETURNS, SCHEDULE, AND TYPE OF DEDUCTION IN TABLE 1A ARE CONSISTENT, WITHIN ROUND-OFF ERROR, WITH THE CORRESPONDING FIGURES FOR TABLES 1 AND 2.
- (C) TABLE 1A TOGETHER WITH TABLE 5 PROVIDES A COMPREHENSIVE AGGREGATE PICTURE OF THE REVENUE AND DISTRIBUTIONAL EFFECTS OF THE PROPOSED TAX LAW CHANGES WHILE TABLES 1 AND 2 FILL IN THE DETAILS OF THIS PICTURE.

ALTHOUGH TABLE 1A HAS BEEN INCLUDED IN THIS DOCUMENT FOLLOWING TABLE 1, IT APPEARS IN THE ACTUAL OUTPUT AS THE LAST SET OF TABLES. IN ADDITION, TABLE 1A IS NOT UNDER THE CONTROL OF ANY PRINT SWITCHES AND THEREFORE, IS ALWAYS COMPUTED AND PRINTED.

* THIS IS NOT THE PROCEDURE EMPLOYED IN TABLE 6, FOR DETAILS SEE 7.4.8.

SCHEDULE 1

| | NUMBER OF RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | ORIGINAL TAXABLE INCOME (MILLIONS) | CHANGE IN TAXABLE INCOME (MILLIONS) | ORIGINAL AGI (MILLIONS) | ORIGINAL TAX AFTER CREDITS (MILLIONS) |
|----------------------------------|-----------------------------|---------------------------------|---------------------------------|------------------------------------|-------------------------------------|-------------------------|---------------------------------------|
| RETURNS WITH ITEMIZED DEDUCTION | | | | | | | |
| EXPANDED INCOME | | | | | | | |
| \$*****-\$ 5000. | 52. | 222106. | -3.005 | 117.04 | -39.23 | 811.16 | 11.90 |
| \$ 5000.-\$ 10000. | 150. | 651869. | -32.398 | 1935.89 | -202.92 | 4742.68 | 275.16 |
| \$ 10000.-\$ 15000. | 244. | 837519. | -61.696 | 6830.63 | -270.60 | 10532.27 | 1232.00 |
| \$ 15000.-\$ 20000. | 314. | 857505. | -77.035 | 10783.02 | -273.62 | 14786.35 | 2261.60 |
| \$ 20000.-\$ 30000. | 459. | 667206. | -77.769 | 11811.37 | -230.68 | 15748.95 | 2832.98 |
| \$ 30000.-\$ 50000. | 284. | 231620. | -36.929 | 6489.57 | -85.59 | 8378.76 | 1915.31 |
| \$ 50000.-\$ 100000. | 251. | 84356. | -19.617 | 4290.34 | -34.33 | 5373.22 | 1677.56 |
| \$ 100000.-\$ 200000. | 172. | 20482. | -5.554 | 1867.19 | -9.19 | 2433.45 | 917.15 |
| \$ 200000.-\$***** | 443. | 6747. | -1.875 | 2425.13 | -2.94 | 3279.21 | 1582.03 |
| TOTALS | 2369. | 3579409. | -315.878 | 46550.19 | -1149.10 | 66086.05 | 12705.68 |
| RETURNS WITH STANDARD DEDUCTION | | | | | | | |
| EXPANDED INCOME | | | | | | | |
| \$*****-\$ 5000. | 3960. | 16809083. | -150.385 | 4756.98 | -1284.50 | 36797.10 | 516.33 |
| \$ 5000.-\$ 10000. | 2089. | 9096776. | -481.906 | 37295.33 | -2717.91 | 65548.42 | 5725.80 |
| \$ 10000.-\$ 15000. | 1091. | 3966790. | -285.227 | 35963.24 | -1194.52 | 48278.73 | 6682.40 |
| \$ 15000.-\$ 20000. | 506. | 1428459. | -128.325 | 19677.25 | -434.30 | 24122.77 | 4232.92 |
| \$ 20000.-\$ 30000. | 325. | 521645. | -60.864 | 10340.52 | -168.22 | 11992.81 | 2602.92 |
| \$ 30000.-\$ 50000. | 99. | 85019. | -13.428 | 2559.59 | -29.42 | 2830.18 | 781.78 |
| \$ 50000.-\$ 100000. | 32. | 12299. | -2.838 | 689.84 | -4.64 | 729.21 | 275.33 |
| \$ 100000.-\$ 200000. | 5. | 525. | -.106 | 50.81 | -.17 | 51.42 | 24.72 |
| \$ 200000.-\$***** | 6. | 96. | -.021 | 28.55 | -.03 | 28.78 | 17.65 |
| TOTALS | 8113. | 31920691. | -1123.099 | 111362.11 | -5833.72 | 190379.41 | 20859.85 |
| RETURNS FOR BOTH TYPES DEDUCTION | | | | | | | |
| EXPANDED INCOME | | | | | | | |
| \$*****-\$ 5000. | 4012. | 17031189. | -153.390 | 4874.02 | -1323.73 | 37608.26 | 528.23 |
| \$ 5000.-\$ 10000. | 2239. | 9748645. | -514.304 | 39231.22 | -2920.83 | 70291.10 | 6000.96 |
| \$ 10000.-\$ 15000. | 1335. | 4804309. | -346.923 | 42793.87 | -1465.12 | 58811.00 | 7914.39 |
| \$ 15000.-\$ 20000. | 820. | 2285963. | -205.360 | 30460.27 | -707.92 | 38909.11 | 6494.52 |
| \$ 20000.-\$ 30000. | 784. | 1188851. | -138.632 | 22151.89 | -398.90 | 27741.75 | 5435.90 |
| \$ 30000.-\$ 50000. | 383. | 316638. | -50.357 | 9049.17 | -115.01 | 11208.94 | 2697.08 |
| \$ 50000.-\$ 100000. | 283. | 96655. | -22.455 | 4980.17 | -38.97 | 6102.44 | 1952.89 |
| \$ 100000.-\$ 200000. | 177. | 21007. | -5.660 | 1918.00 | -9.36 | 2484.87 | 941.87 |
| \$ 200000.-\$***** | 449. | 6843. | -1.896 | 2453.69 | -2.97 | 3307.99 | 1599.68 |
| TOTALS | 10482. | 35500100. | -1438.977 | 157912.30 | -6982.81 | 256465.46 | 33565.53 |

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Fig. 7.4.3: Table 1A

SCHEDULE 2

| | NUMBER OF RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | ORIGINAL TAXABLE INCOME (MILLIONS) | CHANGE IN TAXABLE INCOME (MILLIONS) | ORIGINAL AGI (MILLIONS) | ORIGINAL TAX AFTER CREDITS (MILLIONS) |
|----------------------------------|-----------------------------|---------------------------------|----------------------------------|------------------------------------|-------------------------------------|-------------------------|---------------------------------------|
| RETURNS WITH ITEMIZED DEDUCTION | | | | | | | |
| EXPANDED INCOME | | | | | | | |
| \$*****-\$ 5000. | 61. | 184718. | -.986 | 39.59 | -13.68 | 728.75 | -3.28 |
| \$ 5000.-\$ 10000. | 316. | 1233826. | -90.151 | 2942.27 | -729.61 | 10056.89 | 319.71 |
| \$ 10000.-\$ 15000. | 987. | 2896607. | -423.272 | 18052.48 | -2468.78 | 37089.20 | 2570.06 |
| \$ 15000.-\$ 20000. | 1786. | 4193735. | -818.702 | 43711.74 | -3817.65 | 73615.23 | 7158.65 |
| \$ 20000.-\$ 30000. | 6580. | 7387294. | -1826.088 | 122097.55 | -6965.59 | 182263.72 | 23650.21 |
| \$ 30000.-\$ 50000. | 6409. | 4590388. | -1507.946 | 123789.95 | -4246.88 | 168658.87 | 29853.82 |
| \$ 50000.-\$ 100000. | 4163. | 1200621. | -564.148 | 60201.15 | -1148.17 | 77512.74 | 19844.49 |
| \$ 100000.-\$ 200000. | 2456. | 259864. | -140.096 | 26594.31 | -254.27 | 32880.61 | 11384.85 |
| \$ 200000.-\$***** | 3473. | 67307. | -37.751 | 20062.62 | -63.05 | 25317.13 | 11510.17 |
| TOTALS | 26231. | 22014360. | -5409.139 | 417491.66 | -19707.67 | 608123.14 | 106288.67 |
| RETURNS WITH STANDARD DEDUCTION | | | | | | | |
| EXPANDED INCOME | | | | | | | |
| \$*****-\$ 5000. | 1867. | 4403772. | -6.177 | 215.21 | -65.59 | 5085.56 | -371.92 |
| \$ 5000.-\$ 10000. | 1469. | 5944151. | -373.775 | 12283.24 | -3352.55 | 44637.73 | 1135.04 |
| \$ 10000.-\$ 15000. | 1611. | 5099863. | -744.693 | 34091.27 | -4284.89 | 63146.94 | 4920.46 |
| \$ 15000.-\$ 20000. | 1825. | 4486555. | -841.031 | 52459.17 | -3758.09 | 77967.52 | 8912.60 |
| \$ 20000.-\$ 30000. | 3015. | 4081356. | -909.453 | 73125.89 | -3330.76 | 96161.42 | 14508.66 |
| \$ 30000.-\$ 50000. | 1098. | 843784. | -249.728 | 24876.87 | -659.81 | 29552.68 | 6106.17 |
| \$ 50000.-\$ 100000. | 302. | 111830. | -48.240 | 5844.54 | -96.86 | 6482.21 | 1846.31 |
| \$ 100000.-\$ 200000. | 97. | 12392. | -5.434 | 1277.09 | -9.17 | 1330.27 | 529.74 |
| \$ 200000.-\$***** | 89. | 2137. | -1.088 | 534.79 | -1.64 | 533.42 | 300.36 |
| TOTALS | 11373. | 24985839. | -3179.619 | 204708.05 | -15559.37 | 324897.74 | 37887.43 |
| RETURNS FOR BOTH TYPES DEDUCTION | | | | | | | |
| EXPANDED INCOME | | | | | | | |
| \$*****-\$ 5000. | 1928. | 4588490. | -7.163 | 254.80 | -79.26 | 5814.31 | -375.20 |
| \$ 5000.-\$ 10000. | 1785. | 7177977. | -463.926 | 15225.51 | -4082.17 | 54694.62 | 1454.75 |
| \$ 10000.-\$ 15000. | 2598. | 7996470. | -1167.965 | 52143.75 | -6753.67 | 100236.14 | 7490.52 |
| \$ 15000.-\$ 20000. | 3611. | 8680290. | -1659.733 | 96170.91 | -7575.74 | 151582.75 | 16071.25 |
| \$ 20000.-\$ 30000. | 9595. | 11468651. | -2735.540 | 195223.43 | -10296.34 | 278425.14 | 38158.87 |
| \$ 30000.-\$ 50000. | 7507. | 5434171. | -1757.674 | 148666.82 | -4906.69 | 198211.55 | 35960.00 |
| \$ 50000.-\$ 100000. | 4465. | 1312450. | -612.388 | 66045.69 | -1245.03 | 83994.95 | 21690.80 |
| \$ 100000.-\$ 200000. | 2553. | 272256. | -145.530 | 27871.39 | -263.44 | 34210.88 | 11914.59 |
| \$ 200000.-\$***** | 3562. | 69444. | -38.839 | 20597.41 | -64.69 | 25850.55 | 11810.53 |
| TOTALS | 37604. | 47000200. | -8588.758 | 622199.71 | -35267.03 | 933020.88 | 144176.10 |

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Fig. 7.4.3: Continued

SCHEDULE 3

| | NUMBER OF RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | ORIGINAL TAXABLE INCOME (MILLIONS) | CHANGE IN TAXABLE INCOME (MILLIONS) | ORIGINAL AGI (MILLIONS) | ORIGINAL TAX AFTER CREDITS (MILLIONS) |
|----------------------------------|-----------------------------|---------------------------------|---------------------------------|------------------------------------|-------------------------------------|-------------------------|---------------------------------------|
| RETURNS WITH ITEMIZED DEDUCTION | | | | | | | |
| EXPANDED INCOME | | | | | | | |
| \$*****-\$ 5000. | 6. | 24977. | -.404 | 7.12 | -2.62 | 75.77 | -4.09 |
| \$ 5000.-\$ 10000. | 76. | 344136. | -31.695 | 1129.32 | -210.14 | 2675.18 | 132.39 |
| \$ 10000.-\$ 15000. | 143. | 508546. | -62.128 | 3649.22 | -321.70 | 6258.27 | 587.64 |
| \$ 15000.-\$ 20000. | 123. | 337819. | -52.970 | 3894.02 | -216.21 | 5867.24 | 719.85 |
| \$ 20000.-\$ 30000. | 159. | 223704. | -41.514 | 3721.05 | -139.02 | 5305.08 | 806.04 |
| \$ 30000.-\$ 50000. | 85. | 75446. | -19.420 | 1933.16 | -50.79 | 2604.34 | 501.25 |
| \$ 50000.-\$ 100000. | 65. | 19198. | -7.408 | 985.55 | -14.05 | 1251.43 | 358.29 |
| \$ 100000.-\$ 200000. | 50. | 4996. | -2.072 | 517.47 | -3.49 | 660.60 | 236.01 |
| \$ 200000.-\$***** | 93. | 1553. | -.703 | 529.19 | -1.08 | 672.82 | 325.71 |
| TOTALS | 800. | 1540376. | -218.314 | 16366.09 | -959.10 | 25370.74 | 3663.08 |
| RETURNS WITH STANDARD DEDUCTION | | | | | | | |
| EXPANDED INCOME | | | | | | | |
| \$*****-\$ 5000. | 292. | 1374349. | -7.452 | 239.87 | -124.86 | 3993.13 | -286.30 |
| \$ 5000.-\$ 10000. | 414. | 1887629. | -149.237 | 6012.37 | -1036.74 | 13680.82 | 659.51 |
| \$ 10000.-\$ 15000. | 221. | 790307. | -99.654 | 6493.01 | -484.71 | 9685.80 | 1074.88 |
| \$ 15000.-\$ 20000. | 107. | 304960. | -46.705 | 3966.96 | -179.42 | 5176.13 | 769.01 |
| \$ 20000.-\$ 30000. | 57. | 89579. | -19.702 | 1693.21 | -62.17 | 2076.78 | 373.86 |
| \$ 30000.-\$ 50000. | 14. | 11637. | -2.975 | 359.09 | -7.01 | 405.71 | 100.86 |
| \$ 50000.-\$ 100000. | 4. | 488. | -.210 | 27.75 | -.36 | 29.05 | 7.46 |
| \$ 100000.-\$ 200000. | 4. | 749. | -.247 | 83.06 | -.39 | 85.89 | 37.88 |
| \$ 200000.-\$***** | 1. | 27. | -.012 | 9.48 | -.02 | 9.60 | 6.71 |
| TOTALS | 1114. | 4459724. | -326.194 | 18884.79 | -1895.67 | 35142.92 | 2743.87 |
| RETURNS FOR BOTH TYPES DEDUCTION | | | | | | | |
| EXPANDED INCOME | | | | | | | |
| \$*****-\$ 5000. | 298. | 1399326. | -7.856 | 246.99 | -127.48 | 4068.91 | -290.39 |
| \$ 5000.-\$ 10000. | 490. | 2231765. | -180.932 | 7141.69 | -1246.87 | 16356.00 | 791.90 |
| \$ 10000.-\$ 15000. | 364. | 1298852. | -161.781 | 10142.22 | -806.40 | 15944.07 | 1662.52 |
| \$ 15000.-\$ 20000. | 230. | 642779. | -99.676 | 7860.98 | -395.63 | 11043.37 | 1488.86 |
| \$ 20000.-\$ 30000. | 216. | 313283. | -61.215 | 5414.26 | -201.19 | 7381.86 | 1179.89 |
| \$ 30000.-\$ 50000. | 99. | 87083. | -22.395 | 2292.24 | -57.80 | 3010.05 | 602.11 |
| \$ 50000.-\$ 100000. | 69. | 19686. | -7.618 | 1013.29 | -14.41 | 1280.48 | 365.75 |
| \$ 100000.-\$ 200000. | 54. | 5745. | -2.319 | 600.53 | -3.89 | 746.49 | 273.90 |
| \$ 200000.-\$***** | 94. | 1581. | -.715 | 538.67 | -1.10 | 682.43 | 332.42 |
| TOTALS | 1914. | 6000100. | -544.508 | 35250.88 | -2854.77 | 60513.66 | 6406.95 |

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Fig. 7.4.3: Continued

ALL SCHEDULES

| NUMBER OF RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | ORIGINAL TAXABLE INCOME (MILLIONS) | CHANGE IN TAXABLE INCOME (MILLIONS) | ORIGINAL AGI (MILLIONS) | ORIGINAL TAX AFTER CREDITS (MILLIONS) |
|-----------------------------|---------------------------------|---------------------------------|------------------------------------|-------------------------------------|-------------------------|---------------------------------------|
|-----------------------------|---------------------------------|---------------------------------|------------------------------------|-------------------------------------|-------------------------|---------------------------------------|

RETURNS WITH ITEMIZED DEDUCTION

EXPANDED INCOME

| | | | | | | | |
|-----------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|
| \$*****-\$ 5000. | 119. | 431801. | -4.395 | 163.75 | -55.52 | 1615.68 | 4.53 |
| \$ 5000.-\$ 10000. | 542. | 2229832. | -154.244 | 6007.48 | -1142.67 | 17474.75 | 727.26 |
| \$ 10000.-\$ 15000. | 1374. | 4242671. | -547.096 | 28532.33 | -3061.07 | 53879.74 | 4389.70 |
| \$ 15000.-\$ 20000. | 2223. | 5389059. | -948.707 | 58388.79 | -4307.48 | 94268.82 | 10140.10 |
| \$ 20000.-\$ 30000. | 7198. | 8278205. | -1945.370 | 137629.97 | -7335.28 | 203317.75 | 27289.22 |
| \$ 30000.-\$ 50000. | 6778. | 4897453. | -1564.295 | 132212.68 | -4383.26 | 179641.96 | 32270.37 |
| \$ 50000.-\$ 100000. | 4479. | 1304175. | -591.172 | 65477.03 | -1196.54 | 84137.40 | 21880.34 |
| \$ 100000.-\$ 200000. | 2678. | 285342. | -147.722 | 28978.96 | -266.95 | 35974.67 | 12538.01 |
| \$ 200000.-\$***** | 4009. | 75608. | -40.329 | 23016.94 | -67.07 | 29269.17 | 13417.91 |
| TOTALS | 29400. | 27134145. | -5943.330 | 480407.94 | -21815.86 | 699579.93 | 122657.44 |

RETURNS WITH STANDARD DEDUCTION

EXPANDED INCOME

| | | | | | | | |
|-----------------------|--------|-----------|-----------|-----------|-----------|-----------|----------|
| \$*****-\$ 5000. | 6119. | 22587204. | -164.013 | 5212.07 | -1474.94 | 45875.79 | -141.88 |
| \$ 5000.-\$ 10000. | 3972. | 16928556. | -1004.918 | 55590.94 | -7107.20 | 123866.97 | 7520.35 |
| \$ 10000.-\$ 15000. | 2923. | 9856959. | -1129.574 | 76547.51 | -5964.12 | 121111.47 | 12677.74 |
| \$ 15000.-\$ 20000. | 2438. | 6219973. | -1016.062 | 76103.37 | -4371.81 | 107266.41 | 13914.52 |
| \$ 20000.-\$ 30000. | 3397. | 4692580. | -990.018 | 85159.61 | -3561.15 | 110231.01 | 17485.44 |
| \$ 30000.-\$ 50000. | 1211. | 940440. | -266.131 | 27795.55 | -696.23 | 32788.57 | 6988.81 |
| \$ 50000.-\$ 100000. | 338. | 124616. | -51.288 | 6562.12 | -101.87 | 7240.48 | 2129.09 |
| \$ 100000.-\$ 200000. | 106. | 13666. | -5.787 | 1410.96 | -9.74 | 1467.57 | 592.35 |
| \$ 200000.-\$***** | 96. | 2260. | -1.121 | 572.82 | -1.69 | 571.80 | 324.72 |
| TOTALS | 20600. | 61366254. | -4628.912 | 334954.96 | -23288.75 | 550420.07 | 61491.14 |

RETURNS FOR BOTH TYPES DEDUCTION

EXPANDED INCOME

| | | | | | | | |
|-----------------------|--------|-----------|------------|-----------|-----------|------------|-----------|
| \$*****-\$ 5000. | 6238. | 23019005. | -168.408 | 5375.82 | -1530.47 | 47491.47 | -137.36 |
| \$ 5000.-\$ 10000. | 4514. | 19158388. | -1159.163 | 61598.42 | -8249.87 | 141341.72 | 8247.61 |
| \$ 10000.-\$ 15000. | 4297. | 14099631. | -1676.670 | 105079.84 | -9025.19 | 174991.21 | 17067.44 |
| \$ 15000.-\$ 20000. | 4661. | 11609032. | -1964.769 | 134492.16 | -8679.29 | 201535.23 | 24054.62 |
| \$ 20000.-\$ 30000. | 10595. | 12970785. | -2935.388 | 222789.58 | -10896.43 | 313548.76 | 44774.66 |
| \$ 30000.-\$ 50000. | 7989. | 5837893. | -1830.426 | 160008.23 | -5079.50 | 212430.53 | 39259.19 |
| \$ 50000.-\$ 100000. | 4817. | 1428791. | -642.460 | 72039.15 | -1298.41 | 91377.87 | 24009.44 |
| \$ 100000.-\$ 200000. | 2784. | 299008. | -153.509 | 30389.92 | -276.69 | 37442.24 | 13130.36 |
| \$ 200000.-\$***** | 4105. | 77868. | -41.450 | 23589.77 | -68.76 | 29840.97 | 13742.63 |
| TOTALS | 50000. | 88500400. | -10572.243 | 815362.89 | -45104.61 | 1250000.01 | 184148.58 |

Fig. 7.4.3: Continued

7.4.4. TABLE 2: TAX CHANGE BY ABSOLUTE CHANGE IN TAX.

THIS TABLE PROVIDES INFORMATION ON THE EFFECTS OF A PROPOSED TAX LAW CHANGE DISTRIBUTED BY THE SAME CATEGORIES AS IN TABLE 1 BUT FOR THE ABSOLUTE CHANGES RATHER THAN THE PERCENTAGE CHANGES. FIGURE 7.4.4 PRESENTS SELECTED PAGES FROM THE 120 PAGES THIS TABLE MAY CONTAIN.

THE COMPUTATION OF TABLE 2 IS CONTROLLED BY LOGIC SWITCH NUMBER 12 AS DOCUMENTED IN 6.2.2 AND WHEN REQUESTED IS PRINTED ACCORDING TO THE INSTRUCTIONS PROVIDED ON THE PRINT CONTROL CARDS DOCUMENTED IN 6.2.4.

7.4.5. TABLE 3: SOURCES OF INCOME & ADJUSTMENTS TO AGI.

TABLE 3 DISPLAYS A TABULATION OF NET INCOME AND ADJUSTMENTS CLASSIFIED BY TAX SCHEDULE, BY TYPE OF DEDUCTION, AND BY ADJUSTED GROSS INCOME AND IS A SUMMARY OF TABLES 1.4, 1.5, AND 1.6 IN THE 1968 STATISTICS OF INCOME. ONE OF THE 12 POSSIBLE PAGES IN THIS TABLE IS PRESENTED IN FIGURE 7.4.5. TABLE 3 IS THE ONLY ONE PRODUCED BY THE TAX MODEL THAT IS UNAFFECTED BY CHANGES IN ANY OF THE TAX PLANS. ITS PRIMARY USE IS TO PROVIDE A DETAILED BREAKDOWN OF THE INCOME SOURCES DERIVED FROM THE TREASURY'S SAMPLE FOR COMPARISON WITH THE STATISTICS OF INCOME IN THE BASE YEAR AND FOR FORECASTING INCOME IN FUTURE YEARS.

THE COMPUTATION OF TABLE 3 IS CONTROLLED BY LOGIC SWITCH NUMBER 13 AS DOCUMENTED IN 6.2.2. WHEN THE COMPUTATION OF TABLE 3 IS REQUESTED, THE PRINT CONTROL CARD DOCUMENTED IN 6.2.5 IS REQUIRED.

RETURNS FOR WHICH EXPANDED INCOME = \$ 5000. - \$ 10000.

RETURNS WITH ITEMIZED DEDUCTION

SCHEDULE 1

| ABSOLUTE CHANGE IN TAX LIABILITY | NO. RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | EST. AGGREGATE TAX DECREASE (THOUSANDS) | AVERAGE TAX DECREASE | PCT. DISTRIBUTION OF AGGREGATE NO. OF RETURNS | EST. AGGREGATE ORIGINAL AGI (MILLIONS) | PRES EST. AGGR TAX AFT. CREDIT (MILLIONS) |
|---|--------------------------|---------------------------------------|---|----------------------------|---|--|---|
| PRESENTLY TAXABLE TAX INCREASE | | | | | | | |
| \$ 0. - \$ 50. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 50. - \$ 100. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 100. - \$ 250. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 250. - \$ 500. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 500. - \$1000. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$1000. - \$***** | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| NO CHANGE (1C) | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| TAX DECREASE | | | | | | | |
| \$ 0. - \$ 50. | 72 | 316571. | 13315. | 42.06 | 48.56 (48.56) | 2268.86 | 148.08 |
| \$ 50. - \$ 100. | 50 | 218129. | 18004. | 82.54 | 33.46 (82.03) | 1738.30 | 124.11 |
| \$ 100. - \$ 250. | 2 | 8242. | 1079. | 130.90 | 1.26 (83.29) | 64.68 | 2.97 |
| \$ 250. - \$ 500. | 0 | 0. | 0. | .00 | .00 (83.29) | .00 | .00 |
| \$ 500. - \$1000. | 0 | 0. | 0. | .00 | .00 (83.29) | .00 | .00 |
| \$1000. - \$***** | 0 | 0. | 0. | .00 | .00 (83.29) | .00 | .00 |
| TAXABLE SUBTOTAL | 124 | 542941. | 32398. | 59.67 | 83.29 (83.29) | 4071.84 | 275.16 |
| PRESENTLY NON-TAXABLE TAX INCREASE | | | | | | | |
| \$ 0. - \$ 50. | 0 | 0. | 0. | .00 | .00 (83.29) | .00 | .00 |
| \$ 50. - \$ 100. | 0 | 0. | 0. | .00 | .00 (83.29) | .00 | .00 |
| \$ 100. - \$ 250. | 0 | 0. | 0. | .00 | .00 (83.29) | .00 | .00 |
| \$ 250. - \$ 500. | 0 | 0. | 0. | .00 | .00 (83.29) | .00 | .00 |
| \$ 500. - \$1000. | 0 | 0. | 0. | .00 | .00 (83.29) | .00 | .00 |
| \$1000. - \$***** | 0 | 0. | 0. | .00 | .00 (83.29) | .00 | .00 |
| NO CHANGE | 26 | 108928. | 0. | .00 | 16.71 (*****) | 670.84 | .00 |
| <hr/> | | | | | | | |
| TOTALS | 150 | 651869. | 32398. | 49.70 | 100.00 (100.00) | 4742.68 | 275.16 |

Fig. 7.4.4: Table 2, Selected Pages

RETURNS FOR WHICH EXPANDED INCOME = \$ 5000. - \$ 10000.

RETURNS WITH STANDARD DEDUCTION

SCHEDULE 1

| ABSOLUTE CHANGE IN TAX LIABILITY | NO. RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | EST. AGGREGATE TAX DECREASE (THOUSANDS) | AVERAGE TAX DECREASE | PCT. DISTRIBUTION OF AGGREGATE NO. OF RETURNS | EST. AGGREGATE ORIGINAL AGI (MILLIONS) | PRES EST. AGGR TAX AFT. CREDIT (MILLIONS) |
|-------------------------------------|--------------------------|---------------------------------------|---|----------------------------|---|--|---|
| PRESENTLY TAXABLE | | | | | | | |
| TAX INCREASE | | | | | | | |
| \$ 0. - \$ 50. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 50. - \$ 100. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 100. - \$ 250. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 250. - \$ 500. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 500. - \$1000. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$1000. - \$***** | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| NO CHANGE (1C) | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| TAX DECREASE | | | | | | | |
| \$ 0. - \$ 50. | 1485 | 6454426. | 267137. | 44.49 | 70.95 (70.95) | 44322.07 | 3877.37 |
| \$ 50. - \$ 100. | 539 | 2361893. | 175545. | 74.32 | 25.96 (96.92) | 19262.58 | 1784.53 |
| \$ 100. - \$ 250. | 32 | 136753. | 19223. | 140.57 | 1.50 (98.42) | 1090.53 | 63.88 |
| \$ 250. - \$ 500. | 0 | 0. | 0. | .00 | .00 (98.42) | .00 | .00 |
| \$ 500. - \$1000. | 0 | 0. | 0. | .00 | .00 (98.42) | .00 | .00 |
| \$1000. - \$***** | 0 | 0. | 0. | .00 | .00 (98.42) | .00 | .00 |
| TAXABLE SUBTOTAL | 2056 | 8953072. | 481904. | 53.83 | 98.42 (98.42) | 64675.18 | 5725.78 |
| PRESENTLY NON-TAXABLE | | | | | | | |
| TAX INCREASE | | | | | | | |
| \$ 0. - \$ 50. | 0 | 0. | 0. | .00 | .00 (98.42) | .00 | .00 |
| \$ 50. - \$ 100. | 0 | 0. | 0. | .00 | .00 (98.42) | .00 | .00 |
| \$ 100. - \$ 250. | 0 | 0. | 0. | .00 | .00 (98.42) | .00 | .00 |
| \$ 250. - \$ 500. | 0 | 0. | 0. | .00 | .00 (98.42) | .00 | .00 |
| \$ 500. - \$1000. | 0 | 0. | 0. | .00 | .00 (98.42) | .00 | .00 |
| \$1000. - \$***** | 0 | 0. | 0. | .00 | .00 (98.42) | .00 | .00 |
| NO CHANGE | 33 | 143652. | 0. | .00 | 1.58 (*****) | 873.02 | .00 |
| TOTALS | | | | | | | |
| | 2089 | 9096724. | 481904. | 52.98 | 100.00 (100.00) | 65548.20 | 5725.78 |

Fig. 7.4.4: Continued

RETURNS FOR WHICH EXPANDED INCOME = \$ 5000. - \$ 10000.

RETURNS FOR BOTH TYPES DEDUCTION

SCHEDULE 1

| ABSOLUTE CHANGE IN TAX LIABILITY | NO. RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | EST. AGGREGATE TAX DECREASE (THOUSANDS) | AVERAGE TAX DECREASE | PCT. DISTRIBUTION OF AGGREGATE NO. OF RETURNS | EST. AGGREGATE ORIGINAL AGI (MILLIONS) | PRES EST. AGGR TAX AFT. CREDIT (MILLIONS) |
|-------------------------------------|--------------------------|---------------------------------------|---|----------------------------|---|--|---|
| PRESENTLY TAXABLE | | | | | | | |
| TAX INCREASE | | | | | | | |
| \$ 0. - \$ 50. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 50. - \$ 100. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 100. - \$ 250. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 250. - \$ 500. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 500. - \$1000. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$1000. - \$***** | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| NO CHANGE (1C) | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| TAX DECREASE | | | | | | | |
| \$ 0. - \$ 50. | 1557 | 6770996. | 300452. | 44.37 | 69.46 (69.46) | 46590.93 | 4025.46 |
| \$ 50. - \$ 100. | 589 | 2580022. | 193549. | 75.02 | 26.47 (95.92) | 21000.88 | 1908.64 |
| \$ 100. - \$ 250. | 34 | 144995. | 20302. | 140.02 | 1.49 (97.41) | 1155.21 | 66.85 |
| \$ 250. - \$ 500. | 0 | 0. | 0. | .00 | .00 (97.41) | .00 | .00 |
| \$ 500. - \$1000. | 0 | 0. | 0. | .00 | .00 (97.41) | .00 | .00 |
| \$1000. - \$***** | 0 | 0. | 0. | .00 | .00 (97.41) | .00 | .00 |
| TAXABLE SUBTOTAL | 2180 | 9496014. | 514303. | 54.16 | 97.41 (97.41) | 68747.02 | 6000.94 |
| PRESENTLY NON-TAXABLE | | | | | | | |
| TAX INCREASE | | | | | | | |
| \$ 0. - \$ 50. | 0 | 0. | 0. | .00 | .00 (97.41) | .00 | .00 |
| \$ 50. - \$ 100. | 0 | 0. | 0. | .00 | .00 (97.41) | .00 | .00 |
| \$ 100. - \$ 250. | 0 | 0. | 0. | .00 | .00 (97.41) | .00 | .00 |
| \$ 250. - \$ 500. | 0 | 0. | 0. | .00 | .00 (97.41) | .00 | .00 |
| \$ 500. - \$1000. | 0 | 0. | 0. | .00 | .00 (97.41) | .00 | .00 |
| \$1000. - \$***** | 0 | 0. | 0. | .00 | .00 (97.41) | .00 | .00 |
| NO CHANGE | 59 | 252580. | 0. | .00 | 2.59 (*****) | 1543.86 | .00 |
| TOTALS | 2239 | 9748593. | 514303. | 52.76 | 100.00 (100.00) | 70290.88 | 6000.94 |

Fig. 7.4.4: Continued

RETURNS FOR ALL EXPANDED INCOME CLASSES

RETURNS FOR BOTH TYPES DEDUCTION

ALL SCHEDULES

| ABSOLUTE CHANGE IN TAX LIABILITY | NO. RETURNS IN SAMPLE | ESTIMATED AGGREGATE NO. RETURNS | EST. AGGREGATE TAX DECREASE (THOUSANDS) | AVERAGE TAX DECREASE | PCT. DISTRIBUTION OF AGGREGATE NO. OF RETURNS | EST. AGGREGATE ORIGINAL AGI (MILLIONS) | PRES EST. AGGR TAX AFT. CREDIT (MILLIONS) |
|---|--------------------------|---------------------------------------|---|----------------------------|---|--|---|
| PRESENTLY TAXABLE TAX INCREASE | | | | | | | |
| \$ 0. - \$ 50. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 50. - \$ 100. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 100. - \$ 250. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 250. - \$ 500. | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| \$ 500. - \$1000. | 1 | 181. | -121. | -669.65 | .00 (.00) | 1.24 | 1.57 |
| \$1000. - \$***** | 0 | 0. | 0. | .00 | .00 (.00) | .00 | .00 |
| NO CHANGE (1C) | 62 | 848. | 0. | .00 | .00 (.00) | -152.33 | 10.46 |
| TAX DECREASE | | | | | | | |
| \$ 0. - \$ 50. | 2866 | 12153740. | 487295. | 40.09 | 13.73 (13.73) | 71916.77 | 4926.77 |
| \$ 50. - \$ 100. | 4288 | 14404369. | 1057916. | 73.44 | 16.28 (30.01) | 169189.97 | 21450.96 |
| \$ 100. - \$ 250. | 14932 | 26561755. | 4340566. | 163.41 | 30.01 (60.02) | 493668.06 | 66109.99 |
| \$ 250. - \$ 500. | 15044 | 11860300. | 3840915. | 323.85 | 13.40 (73.43) | 363311.99 | 64909.86 |
| \$ 500. - \$1000. | 6427 | 1282675. | 778339. | 606.81 | 1.45 (74.87) | 92428.52 | 26523.20 |
| \$1000. - \$***** | 345 | 26196. | 30116. | 1149.64 | .03 (74.90) | 3580.11 | 1206.34 |
| TAXABLE SUBTOTAL | 43965 | 66290064. | 10535026. | 158.92 | 74.90 (74.90) | 1193944.31 | 185139.15 |
| PRESENTLY NON-TAXABLE TAX INCREASE | | | | | | | |
| \$ 0. - \$ 50. | 0 | 0. | 0. | .00 | .00 (74.90) | .00 | .00 |
| \$ 50. - \$ 100. | 0 | 0. | 0. | .00 | .00 (74.90) | .00 | .00 |
| \$ 100. - \$ 250. | 0 | 0. | 0. | .00 | .00 (74.90) | .00 | .00 |
| \$ 250. - \$ 500. | 0 | 0. | 0. | .00 | .00 (74.90) | .00 | .00 |
| \$ 500. - \$1000. | 0 | 0. | 0. | .00 | .00 (74.90) | .00 | .00 |
| \$1000. - \$***** | 0 | 0. | 0. | .00 | .00 (74.90) | .00 | .00 |
| NO CHANGE | 6035 | 22209721. | 1028550. | 46.31 | 25.10 (*****) | 56050.31 | -991.38 |
| <hr/> | | | | | | | |
| TOTALS | 50000 | 88499785. | 11563576. | 130.66 | 100.00 (100.00) | 1249994.62 | 184147.77 |

Fig. 7.4.4: Continued

RETURNS FOR BOTH TYPES DEDUCTION
 ALL SCHEDULES

| EXPANDED INCOME | SOURCES OF INCOME | | | | | | | | | | |
|---------------------|-------------------|-------------------------|-----------|-------------------------------|-----------|---------------------------------------|-----------|------------------------------|-----------|-------------------------------------|--|
| | * RETURNS | TOTAL INCOME (MILLIONS) | * RETURNS | WAGES AND SALARIES (MILLIONS) | * RETURNS | DIVIDENDS BEFORE EXCLUSION (MILLIONS) | * RETURNS | INTEREST RECEIVED (MILLIONS) | * RETURNS | NON-FARM BUSINESS INCOME (MILLIONS) | |
| \$*****-\$ 5000. | 22870914. | 51930.99 | 19812837. | 49897.63 | 1594177. | 1218.76 | 6598291. | 4804.53 | 1443349. | -598.12 | |
| \$ 5000.-\$ 10000. | 19150463. | 144003.16 | 16415197. | 118043.68 | 1999419. | 1941.67 | 7540753. | 9339.90 | 1354982. | 4142.24 | |
| \$ 10000.-\$ 15000. | 14097004. | 177860.00 | 12656322. | 151954.11 | 1812338. | 2122.16 | 6621828. | 7975.61 | 1061087. | 4213.31 | |
| \$ 15000.-\$ 20000. | 11606063. | 205076.95 | 10819729. | 180288.39 | 1920653. | 2106.47 | 6853732. | 6944.73 | 1108882. | 5201.87 | |
| \$ 20000.-\$ 30000. | 12970622. | 319095.78 | 12235404. | 280776.91 | 3188935. | 3909.68 | 9136190. | 10307.24 | 1291458. | 8831.80 | |
| \$ 30000.-\$ 50000. | 5837813. | 219175.58 | 5275766. | 173969.71 | 2563713. | 4847.60 | 4975485. | 9156.11 | 837486. | 11606.05 | |
| \$ 50000.-\$100000. | 1428777. | 96290.40 | 1113548. | 53702.23 | 977674. | 6126.87 | 1331529. | 6390.60 | 368889. | 11325.48 | |
| \$100000.-\$200000. | 299006. | 40289.27 | 228476. | 18783.64 | 234662. | 4169.75 | 286356. | 2639.56 | 74815. | 3913.55 | |
| \$200000.-\$***** | 77841. | 35217.81 | 58352. | 8030.22 | 69660. | 6687.01 | 75580. | 2274.59 | 21521. | 1942.16 | |
| TOTALS | 88338501. | 1288939.91 | 78615630. | 1035446.51 | 14361231. | 33129.97 | 43419743. | 59832.87 | 7562469. | 50578.33 | |

| EXPANDED INCOME | SOURCES OF INCOME (CONTINUED) | | | | | | | | | | |
|---------------------|-------------------------------|------------------------|-----------|------------------------------------|-----------|--|-----------|---|-----------|-------------------------------|--|
| | * RETURNS | FARM INCOME (MILLIONS) | * RETURNS | RENT AND ROYALTY INCOME (MILLIONS) | * RETURNS | PARTNERSHIP AND SUB. S INCOME (MILLIONS) | * RETURNS | TOTAL CAPITAL GAINS BEFORE CARRYOVER (MILLIONS) | * RETURNS | ESTATES AND TRUSTS (MILLIONS) | |
| \$*****-\$ 5000. | 740264. | -2937.10 | 1060166. | -136.75 | 378338. | -3372.45 | 906264. | 765.91 | 121074. | 211.31 | |
| \$ 5000.-\$ 10000. | 473575. | -111.67 | 1139112. | 737.89 | 267173. | 371.45 | 1008233. | 944.82 | 118325. | 271.86 | |
| \$ 10000.-\$ 15000. | 386547. | 450.35 | 985406. | 606.51 | 310918. | 1032.57 | 972948. | 1311.36 | 67475. | 355.61 | |
| \$ 15000.-\$ 20000. | 381476. | 670.35 | 1064359. | 404.39 | 334379. | 892.27 | 1102360. | 2219.21 | 81704. | 340.74 | |
| \$ 20000.-\$ 30000. | 458528. | 1773.62 | 1389021. | 687.57 | 505618. | 1899.83 | 1749217. | 3406.36 | 140084. | 480.28 | |
| \$ 30000.-\$ 50000. | 256991. | 2453.07 | 971015. | 1141.44 | 559404. | 4182.89 | 1485970. | 6052.16 | 132725. | 570.65 | |
| \$ 50000.-\$100000. | 125016. | 1860.85 | 440162. | 1668.74 | 457070. | 5860.21 | 748962. | 6781.23 | 90459. | 725.66 | |
| \$100000.-\$200000. | 33680. | 666.16 | 123615. | 900.02 | 160037. | 3488.10 | 210311. | 4860.88 | 31548. | 377.24 | |
| \$200000.-\$***** | 10986. | 24.47 | 40270. | 940.76 | 51137. | 2010.60 | 64942. | 12558.93 | 12912. | 512.32 | |
| TOTALS | 2867062. | 4850.11 | 7213127. | 6950.58 | 3024075. | 16365.47 | 8249207. | 38900.86 | 796305. | 3845.67 | |

| EXPANDED INCOME | SOURCES OF INCOME (CONTINUED) | | | | ADJUSTMENTS TO AGI | | | |
|---------------------|-------------------------------|-----------------------------------|-----------|------------------------------|--------------------|------------------------------|-----------|---|
| | * RETURNS | PENSIONS AND ANNUITIES (MILLIONS) | * RETURNS | ALL OTHER SOURCES (MILLIONS) | * RETURNS | TOTAL ADJUSTMENTS (MILLIONS) | * RETURNS | SELF EMPLOYED PENSION PAYMENTS (MILLIONS) |
| \$*****-\$ 5000. | 886447. | 1972.01 | 267597. | 105.28 | 474286. | 1370.98 | 22066. | 8.80 |
| \$ 5000.-\$ 10000. | 1956527. | 8047.16 | 709630. | 274.26 | 1075934. | 2150.92 | 60643. | 45.19 |
| \$ 10000.-\$ 15000. | 1178007. | 7423.99 | 1276803. | 414.52 | 1392753. | 2427.29 | 128993. | 182.29 |
| \$ 15000.-\$ 20000. | 806671. | 5437.09 | 1798639. | 571.58 | 1705151. | 2684.73 | 200081. | 228.17 |
| \$ 20000.-\$ 30000. | 857975. | 6168.36 | 2662865. | 854.67 | 2423675. | 4582.44 | 340008. | 485.11 |
| \$ 30000.-\$ 50000. | 451444. | 4785.37 | 1249533. | 411.26 | 1589605. | 3741.71 | 328021. | 559.13 |
| \$ 50000.-\$100000. | 142840. | 1604.83 | 275660. | 244.02 | 483418. | 1886.23 | 133219. | 259.37 |
| \$100000.-\$200000. | 28320. | 397.97 | 52142. | 92.47 | 100318. | 542.42 | 26462. | 56.37 |
| \$200000.-\$***** | 8721. | 163.21 | 14239. | 73.63 | 20604. | 158.63 | 6107. | 12.59 |
| TOTALS | 6316951. | 35999.99 | 8307107. | 3041.70 | 9265743. | 19545.34 | 1245600. | 1837.02 |

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Fig. 7.4.5: Table 3

7.4.6. TABLE 4: CREDITS, DEDUCTIONS, AND EXEMPTIONS.

TABLE 4 IS A TABULATION OF TAX CREDITS, STANDARD AND ITEMIZED DEDUCTIONS, AND EXEMPTIONS CLASSIFIED BY SCHEDULE, TYPE OF DEDUCTION, AND ADJUSTED GROSS INCOME AND IS A SUMMARY OF VARIOUS TABLES FROM SECTION 2 OF THE 1968 STATISTICS OF INCOME. AS AN EXAMPLE, ONE OF THE 12 POSSIBLE PAGES IN TABLE 4 IS PRESENTED IN FIGURE 7.4.6. TABLE 4 CAN BE USED IN THE SAME MANNER AS TABLE 3, THAT IS, AS A COMPARISON WITH THE STATISTICS OF INCOME WHEN FORECASTING THE FUTURE LEVELS OF CREDITS, DEDUCTIONS, AND EXEMPTIONS. IN ADDITION, TABLE 4 MAY BE USED TO ESTIMATE THE EFFECT OF CREDIT, DEDUCTION, AND EXEMPTION CHANGES UNDER THE PROPOSED TAX PLAN BY COMPARING IT WITH A TABLE 4 COMPUTED UNDER THE PRESENT LAW.

THE COMPUTATION OF TABLE 4 IS CONTROLLED BY LOGIC SWITCH NUMBER 14 AS DOCUMENTED IN 6.2.2. WHEN THE COMPUTATION OF TABLE 4 IS REQUESTED, THE PRINT CONTROL CARD DOCUMENTED IN 6.2.6 IS REQUIRED.

7.4.7. TABLE 5: TAX CHANGE BY AGI, SCHEDULE, & DEDUCTION.

TABLE 5 PRESENTS A SUMMARY OF TAXABLE RETURNS MADE NON-TAXABLE, NON-TAXABLE RETURNS MADE TAXABLE, RETURNS WITH A TAX INCREASE, RETURNS WITH A TAX DECREASE, AND RETURNS WHICH CHANGED THEIR FORM OF DEDUCTION. EACH PAGE IN THIS TABLE IS CLASSIFIED BY TAX SCHEDULE, TYPE OF DEDUCTION, AND ADJUSTED GROSS INCOME CLASS. FIGURE 7.4.7 DISPLAYS ALL FOUR PAGES FOUND IN TABLE 5. THIS TABLE CANNOT BE EDITED AND IS ALWAYS PRINTED WHENEVER AT LEAST ONE RETURN HAS A CHANGE IN TAX LIABILITY GREATER THAN ONE DOLLAR.

RETURNS FOR BOTH TYPES DEDUCTION

ALL SCHEDULES

| EXPANDED INCOME | RETURNS | TAXABLE INCOME (MILLIONS) | TAXABLE INCOME EXCLUDING CAPITAL GAINS (MILLIONS) | | | TAX CREDITS | | | DEDUCTIONS | |
|-----------------------|-----------|---------------------------|---|----------|----------|-------------|----------|-----------|------------|--|
| | | | RETURNS | RETURNS | RETURNS | RETURNS | RETURNS | RETURNS | RETURNS | |
| \$*****-\$ 5000. | 23018817. | 3845.34 | 4286.76 | -2937.10 | 39360. | 6.12 | 123871. | 53061.34 | 22587016. | |
| \$ 5000.-\$ 10000. | 19158308. | 53348.34 | 53333.04 | -111.67 | 358580. | 103.55 | 665163. | 42404.98 | 16928478. | |
| \$ 10000.-\$ 15000. | 14099588. | 96054.38 | 95789.34 | 450.35 | 267589. | 205.98 | 742408. | 26458.35 | 9856925. | |
| \$ 15000.-\$ 20000. | 11608988. | 125812.39 | 125006.73 | 670.35 | 143764. | 381.10 | 872577. | 18048.87 | 6219949. | |
| \$ 20000.-\$ 30000. | 12970622. | 211890.56 | 210649.57 | 1773.62 | 108066. | 746.31 | 1256646. | 14397.24 | 4692548. | |
| \$ 30000.-\$ 50000. | 5837813. | 154926.60 | 152593.19 | 2453.07 | 76010. | 829.20 | 977547. | 2909.36 | 940437. | |
| \$ 50000.-\$ 100000. | 1428777. | 70740.07 | 67559.02 | 1860.85 | 16045. | 819.61 | 530678. | 385.98 | 124616. | |
| \$ 100000.-\$ 200000. | 299006. | 30113.05 | 27954.76 | 666.16 | 2737. | 434.02 | 151249. | 42.34 | 13666. | |
| \$ 200000.-\$***** | 77867. | 23520.83 | 17958.75 | 24.47 | 1263. | 483.71 | 48932. | 7.10 | 2260. | |
| TOTALS | 88499784. | 770251.55 | 755131.12 | 4850.11 | 1013413. | 4009.59 | 5369072. | 157715.56 | 61365895. | |

| EXPANDED INCOME | RETURNS | CHARITABLE (MILLIONS) | INTEREST PAID (MILLIONS) | | TAXES (MILLIONS) | | MEDICAL (MILLIONS) | | CASUALTY (MILLIONS) | |
|----------------------|-----------|-----------------------|--------------------------|-----------|------------------|-----------|--------------------|-----------|---------------------|----------|
| | | | RETURNS | RETURNS | RETURNS | RETURNS | RETURNS | RETURNS | RETURNS | RETURNS |
| \$*****-\$ 5000. | 286981. | 129.96 | 375.00 | 211994. | 385.09 | 401839. | 700.47 | 341172. | .38 | 4319. |
| \$ 5000.-\$ 10000. | 1970614. | 893.71 | 2195.99 | 1743796. | 1915.23 | 2174702. | 2306.94 | 1910534. | 105.54 | 136958. |
| \$ 10000.-\$ 15000. | 3940401. | 1837.70 | 5363.01 | 3687341. | 4733.79 | 4224217. | 2845.23 | 3421406. | 223.89 | 243546. |
| \$ 15000.-\$ 20000. | 4990847. | 2558.84 | 8005.61 | 4743883. | 7834.61 | 5363975. | 2602.46 | 3950700. | 293.14 | 350692. |
| \$ 20000.-\$ 30000. | 7959649. | 5079.47 | 15392.09 | 7698959. | 16186.93 | 8258237. | 3383.24 | 5889028. | 425.07 | 554900. |
| \$ 30000.-\$ 50000. | 4763040. | 4437.71 | 11026.83 | 4445043. | 14218.68 | 4890952. | 1797.58 | 3515190. | 378.95 | 381651. |
| \$ 50000.-\$ 100000. | 1275182. | 2356.95 | 4285.89 | 1079116. | 6789.56 | 1300596. | 557.76 | 867250. | 85.23 | 90012. |
| \$100000.-\$ 200000. | 280391. | 1252.69 | 1578.54 | 226038. | 2658.75 | 285158. | 190.27 | 163376. | 69.24 | 21152. |
| \$200000.-\$***** | 73428. | 2125.10 | 1354.46 | 58525. | 1950.23 | 75530. | 62.62 | 42001. | 27.82 | 5722. |
| TOTALS | 25540533. | 20672.14 | 49577.43 | 23894696. | 56672.88 | 26975206. | 14446.57 | 20100655. | 1609.26 | 1788951. |

| EXPANDED INCOME | RETURNS | OTHER (MILLIONS) | TAXPAYER (MILLIONS) | | AGED (MILLIONS) | | EXEMPTIONS BLIND (MILLIONS) | | OTHER (MILLIONS) | |
|----------------------|-----------|------------------|---------------------|-----------|-----------------|----------|-----------------------------|---------|------------------|-----------|
| | | | RETURNS | RETURNS | RETURNS | RETURNS | RETURNS | RETURNS | RETURNS | RETURNS |
| \$*****-\$ 5000. | 242970. | 80.90 | 26957.42 | 23018817. | 2647.86 | 2143566. | 67.00 | 66996. | 7128.51 | 3729093. |
| \$ 5000.-\$ 10000. | 1630341. | 519.92 | 25760.24 | 19158308. | 3609.74 | 2825610. | 77.90 | 73362. | 11770.51 | 5967307. |
| \$ 10000.-\$ 15000. | 3428663. | 1041.13 | 21760.62 | 14099588. | 1933.41 | 1506910. | 49.47 | 41577. | 13150.33 | 6208947. |
| \$ 15000.-\$ 20000. | 4518680. | 1680.19 | 20100.23 | 11608988. | 979.85 | 762802. | 18.45 | 18453. | 13677.31 | 6432501. |
| \$ 20000.-\$ 30000. | 7026852. | 3248.29 | 24369.15 | 12970622. | 918.47 | 690670. | 24.18 | 24177. | 18356.27 | 8235901. |
| \$ 30000.-\$ 50000. | 4047003. | 2482.39 | 11253.02 | 5837813. | 536.44 | 391704. | 10.91 | 10907. | 8539.45 | 3803880. |
| \$ 50000.-\$ 100000. | 1004360. | 1157.11 | 2734.67 | 1428777. | 305.49 | 208888. | 5.94 | 5013. | 2165.71 | 903677. |
| \$100000.-\$ 200000. | 219651. | 485.91 | 569.37 | 299006. | 82.47 | 55881. | 1.23 | 1227. | 459.19 | 185997. |
| \$200000.-\$***** | 61324. | 574.42 | 146.72 | 77867. | 30.84 | 20932. | .37 | 366. | 100.00 | 40889. |
| TOTALS | 22179844. | 11270.26 | 133651.44 | 88499784. | 11044.57 | 8606962. | 255.43 | 242079. | 75347.27 | 35508191. |

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Fig. 7.4.6: Table 4, Selected Page

SCHEDULE 1

| EXPANDED INCOME | PRESENTLY TAXABLE RETURNS MADE NONTAXABLE | | PRESENTLY NONTAXABLE RETURNS MADE TAXABLE | | RETURNS WITH CHANGE IN TAX LIABILITY TAX DECREASE | | RETURNS WITH CHANGE IN TAX LIABILITY TAX INCREASE | | RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION | |
|----------------------------------|---|------------------------------|---|-----------------------------------|---|---------------------------------|---|---------------------------------|---|---------------------------------|
| | NUMBER OF RETURNS | AMOUNT OF TAX CUT (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX INCREASE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) |
| RETURNS WITH ITEMIZED DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 30111. | .658 | 0. | .000 | 85364. | -3.005 | 0. | .000 | 13144. | .000 |
| \$ 5000.-\$ 10000. | 48143. | 1.768 | 0. | .000 | 542941. | -32.398 | 0. | .000 | 0. | .000 |
| \$ 10000.-\$ 15000. | 4319. | .105 | 0. | .000 | 828801. | -61.696 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 0. | .000 | 0. | .000 | 846610. | -77.035 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 805. | .019 | 0. | .000 | 660031. | -77.768 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 0. | .000 | 0. | .000 | 230830. | -36.929 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 41. | .002 | 0. | .000 | 84099. | -19.617 | 0. | .000 | 0. | .000 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 20482. | -5.554 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 6743. | -1.875 | 0. | .000 | 0. | .000 |
| TOTALS | 83418. | 2.551 | 0. | .000 | 3305901. | -315.877 | 0. | .000 | 13144. | .000 |
| RETURNS WITH STANDARD DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 876659. | 17.616 | 0. | .000 | 4216706. | -150.385 | 0. | .000 | 0. | .000 |
| \$ 5000.-\$ 10000. | 58122. | 4.092 | 0. | .000 | 8953074. | -481.903 | 0. | .000 | 0. | .000 |
| \$ 10000.-\$ 15000. | 0. | .000 | 0. | .000 | 3958238. | -285.226 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 0. | .000 | 0. | .000 | 1428457. | -128.325 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 0. | .000 | 0. | .000 | 521372. | -60.864 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 0. | .000 | 0. | .000 | 85019. | -13.428 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 0. | .000 | 0. | .000 | 12299. | -2.838 | 0. | .000 | 0. | .000 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 525. | -.106 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 96. | -.021 | 0. | .000 | 0. | .000 |
| TOTALS | 934781. | 21.708 | 0. | .000 | 19175784. | -1123.095 | 0. | .000 | 0. | .000 |
| RETURNS FOR BOTH TYPES DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 906770. | 18.275 | 0. | .000 | 4302070. | -153.389 | 0. | .000 | 13144. | .000 |
| \$ 5000.-\$ 10000. | 106265. | 5.860 | 0. | .000 | 9496015. | -514.301 | 0. | .000 | 0. | .000 |
| \$ 10000.-\$ 15000. | 4319. | .105 | 0. | .000 | 4787039. | -346.922 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 0. | .000 | 0. | .000 | 2275066. | -205.360 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 805. | .019 | 0. | .000 | 1181403. | -138.632 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 0. | .000 | 0. | .000 | 315849. | -50.357 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 41. | .002 | 0. | .000 | 96398. | -22.455 | 0. | .000 | 0. | .000 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 21007. | -5.660 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 6839. | -1.896 | 0. | .000 | 0. | .000 |
| TOTALS | 1018199. | 24.259 | 0. | .000 | 22481685. | -1438.972 | 0. | .000 | 13144. | .000 |

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Fig. 7.4.7: Table 5

SCHEDULE 2

| EXPANDED INCOME | PRESENTLY TAXABLE RETURNS MADE NONTAXABLE | | PRESENTLY NONTAXABLE RETURNS MADE TAXABLE | | RETURNS WITH CHANGE IN TAX LIABILITY TAX DECREASE | | RETURNS WITH CHANGE IN TAX LIABILITY TAX INCREASE | | RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION | |
|----------------------------------|---|------------------------------|---|-----------------------------------|---|---------------------------------|---|---------------------------------|---|---------------------------------|
| | NUMBER OF RETURNS | AMOUNT OF TAX CUT (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX INCREASE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) |
| RETURNS WITH ITEMIZED DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 11674. | .238 | 0. | .000 | 25169. | -.986 | 0. | .000 | 7758. | .000 |
| \$ 5000.-\$ 10000. | 203429. | 13.063 | 0. | .000 | 924024. | -90.151 | 0. | .000 | 64899. | .000 |
| \$ 10000.-\$ 15000. | 142432. | 17.852 | 0. | .000 | 2759705. | -423.271 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 55962. | 8.593 | 0. | .000 | 4178360. | -818.698 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 12268. | 1.869 | 0. | .000 | 7367452. | -1826.056 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 755. | .141 | 0. | .000 | 4585716. | -1507.919 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 270. | .083 | 0. | .000 | 1199985. | -564.263 | 181. | .121 | 255. | .112 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 259655. | -140.095 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 67269. | -37.751 | 0. | .000 | 0. | .000 |
| TOTALS | 426790. | 41.838 | 0. | .000 | 21367334. | -5409.188 | 181. | .121 | 72911. | .112 |
| RETURNS WITH STANDARD DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 31134. | .836 | 0. | .000 | 153873. | -6.177 | 0. | .000 | 0. | .000 |
| \$ 5000.-\$ 10000. | 700415. | 47.307 | 0. | .000 | 3863327. | -373.774 | 0. | .000 | 0. | .000 |
| \$ 10000.-\$ 15000. | 180653. | 23.779 | 0. | .000 | 4981100. | -744.690 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 40109. | 6.949 | 0. | .000 | 4477153. | -841.027 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 5033. | .911 | 0. | .000 | 4076399. | -909.445 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 0. | .000 | 0. | .000 | 843781. | -249.727 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 0. | .000 | 0. | .000 | 111803. | -48.240 | 0. | .000 | 0. | .000 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 12389. | -5.434 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 2130. | -1.088 | 0. | .000 | 0. | .000 |
| TOTALS | 957345. | 79.782 | 0. | .000 | 18521955. | -3179.603 | 0. | .000 | 0. | .000 |
| RETURNS FOR BOTH TYPES DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 42809. | 1.074 | 0. | .000 | 179042. | -7.163 | 0. | .000 | 7758. | .000 |
| \$ 5000.-\$ 10000. | 903844. | 60.370 | 0. | .000 | 4787351. | -463.925 | 0. | .000 | 64899. | .000 |
| \$ 10000.-\$ 15000. | 323085. | 41.631 | 0. | .000 | 7740805. | -1167.961 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 96071. | 15.542 | 0. | .000 | 8655513. | -1659.724 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 17301. | 2.780 | 0. | .000 | 11443851. | -2735.501 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 755. | .141 | 0. | .000 | 5429497. | -1757.646 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 270. | .083 | 0. | .000 | 1311788. | -612.503 | 181. | .121 | 255. | .112 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 272044. | -145.529 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 69398. | -38.839 | 0. | .000 | 0. | .000 |
| TOTALS | 1384135. | 121.621 | 0. | .000 | 39889289. | -8588.791 | 181. | .121 | 72911. | .112 |

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Fig. 7.4.7: Continued

SCHEDULE 3

| EXPANDED INCOME | PRESENTLY TAXABLE RETURNS MADE NONTAXABLE | | PRESENTLY NONTAXABLE RETURNS MADE TAXABLE | | RETURNS WITH CHANGE IN TAX LIABILITY | | | | RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION | |
|----------------------------------|---|------------------------------|---|-----------------------------------|--------------------------------------|---------------------------------|-------------------|---------------------------------|---|---------------------------------|
| | NUMBER OF RETURNS | AMOUNT OF TAX CUT (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX INCREASE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) |
| RETURNS WITH ITEMIZED DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 0. | .000 | 0. | .000 | 5238. | -.404 | 0. | .000 | 8627. | .000 |
| \$ 5000.-\$ 10000 | 52358. | 3.032 | 0. | .000 | 325402. | -31.695 | 0. | .000 | 0. | .000 |
| \$ 10000.-\$ 15000. | 12560. | .855 | 0. | .000 | 490400. | -62.128 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 0. | .000 | 0. | .000 | 337816. | -52.970 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 76. | .010 | 0. | .000 | 218434. | -41.514 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 0. | .000 | 0. | .000 | 75446. | -19.420 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 0. | .000 | 0. | .000 | 19198. | -7.408 | 0. | .000 | 0. | .000 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 4996. | -2.072 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 1552. | -.703 | 0. | .000 | 0. | .000 |
| TOTALS | 64994. | 3.897 | 0. | .000 | 1478483. | -218.314 | 0. | .000 | 8627. | .000 |
| RETURNS WITH STANDARD DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 31279. | .558 | 0. | .000 | 188024. | -7.452 | 0. | .000 | 0. | .000 |
| \$ 5000.-\$ 10000. | 160324. | 12.042 | 0. | .000 | 1714855. | -149.237 | 0. | .000 | 0. | .000 |
| \$ 10000.-\$ 15000. | 6530. | 2.143 | 0. | .000 | 790306. | -99.654 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 0. | .000 | 0. | .000 | 304960. | -46.705 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 0. | .000 | 0. | .000 | 89579. | -19.702 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 0. | .000 | 0. | .000 | 11637. | -2.975 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 0. | .000 | 0. | .000 | 488. | -.210 | 0. | .000 | 0. | .000 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 749. | -.247 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 27. | -.012 | 0. | .000 | 0. | .000 |
| TOTALS | 198134. | 14.743 | 0. | .000 | 3100624. | -326.194 | 0. | .000 | 0. | .000 |
| RETURNS FOR BOTH TYPES DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 31279. | .558 | 0. | .000 | 193262. | -7.856 | 0. | .000 | 8627. | .000 |
| \$ 5000.-\$ 10000. | 212682. | 15.073 | 0. | .000 | 2040257. | -180.932 | 0. | .000 | 0. | .000 |
| \$ 10000.-\$ 15000. | 19090. | 2.998 | 0. | .000 | 1280706. | -161.781 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 0. | .000 | 0. | .000 | 642775. | -99.676 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 76. | .010 | 0. | .000 | 308013. | -61.215 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 0. | .000 | 0. | .000 | 87083. | -22.395 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 0. | .000 | 0. | .000 | 19686. | -7.618 | 0. | .000 | 0. | .000 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 5745. | -2.319 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 1580. | -.715 | 0. | .000 | 0. | .000 |
| TOTALS | 263128. | 18.639 | 0. | .000 | 4579107. | -544.508 | 0. | .000 | 8627. | .000 |

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Fig. 7.4.7: Continued

ALL SCHEDULES

| EXPANDED INCOME | PRESENTLY TAXABLE RETURNS MADE NONTAXABLE | | PRESENTLY NONTAXABLE RETURNS MADE TAXABLE | | RETURNS WITH CHANGE IN TAX LIABILITY TAX DECREASE | | RETURNS WITH CHANGE IN TAX LIABILITY TAX INCREASE | | RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION | |
|----------------------------------|---|------------------------------|---|-----------------------------------|---|---------------------------------|---|---------------------------------|---|---------------------------------|
| | NUMBER OF RETURNS | AMOUNT OF TAX CUT (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX INCREASE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) | NUMBER OF RETURNS | AMOUNT OF TAX CHANGE (MILLIONS) |
| RETURNS WITH ITEMIZED DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 41785. | .896 | 0. | .000 | 115771. | -4.395 | 0. | .000 | 29529. | .000 |
| \$ 5000.-\$ 10000. | 303930. | 17.862 | 0. | .000 | 1792368. | -154.244 | 0. | .000 | 64899. | .000 |
| \$ 10000.-\$ 15000. | 159311. | 18.812 | 0. | .000 | 4078905. | -547.095 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 55962. | 8.593 | 0. | .000 | 5362786. | -948.703 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 13150. | 1.897 | 0. | .000 | 8245918. | -1945.338 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 755. | .141 | 0. | .000 | 4891992. | -1564.268 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 310. | .085 | 0. | .000 | 1303282. | -591.287 | 181. | .121 | 255. | .112 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 285133. | -147.721 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 75564. | -40.329 | 0. | .000 | 0. | .000 |
| TOTALS | 575202. | 48.286 | 0. | .000 | 26151717. | -5943.380 | 181. | .121 | 94682. | .112 |
| RETURNS WITH STANDARD DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 939072. | 19.010 | 0. | .000 | 4558604. | -164.013 | 0. | .000 | 0. | .000 |
| \$ 5000.-\$ 10000. | 918862. | 63.440 | 0. | .000 | 14531256. | -1004.915 | 0. | .000 | 0. | .000 |
| \$ 10000.-\$ 15000. | 187183. | 25.922 | 0. | .000 | 9729645. | -1129.570 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 40109. | 6.949 | 0. | .000 | 6210569. | -1016.057 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 5033. | .911 | 0. | .000 | 4687349. | -990.011 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 0. | .000 | 0. | .000 | 940437. | -266.130 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 0. | .000 | 0. | .000 | 124590. | -51.288 | 0. | .000 | 0. | .000 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 13664. | -5.787 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 2253. | -1.121 | 0. | .000 | 0. | .000 |
| TOTALS | 2090259. | 116.233 | 0. | .000 | 40798364. | -4628.892 | 0. | .000 | 0. | .000 |
| RETURNS FOR BOTH TYPES DEDUCTION | | | | | | | | | | |
| \$*****-\$ 5000. | 980858. | 19.906 | 0. | .000 | 4674374. | -168.408 | 0. | .000 | 29529. | .000 |
| \$ 5000.-\$ 10000. | 1222791. | 81.303 | 0. | .000 | 16323623. | -1159.159 | 0. | .000 | 64899. | .000 |
| \$ 10000.-\$ 15000. | 346495. | 44.734 | 0. | .000 | 13808550. | -1676.664 | 0. | .000 | 0. | .000 |
| \$ 15000.-\$ 20000. | 96071. | 15.542 | 0. | .000 | 11573355. | -1964.760 | 0. | .000 | 0. | .000 |
| \$ 20000.-\$ 30000. | 18182. | 2.808 | 0. | .000 | 12933266. | -2935.348 | 0. | .000 | 0. | .000 |
| \$ 30000.-\$ 50000. | 755. | .141 | 0. | .000 | 5832429. | -1830.398 | 0. | .000 | 0. | .000 |
| \$ 50000.-\$ 100000. | 310. | .085 | 0. | .000 | 1427872. | -642.575 | 181. | .121 | 255. | .112 |
| \$ 100000.-\$ 200000. | 0. | .000 | 0. | .000 | 298796. | -153.508 | 0. | .000 | 0. | .000 |
| \$ 200000.-\$***** | 0. | .000 | 0. | .000 | 77817. | -41.450 | 0. | .000 | 0. | .000 |
| TOTALS | 2665461. | 164.519 | 0. | .000 | 66950081. | -10572.271 | 181. | .121 | 94682. | .112 |

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Fig. 7.4.7: Continued

7.4.8. TABLE 6: DISTRIBUTION OF TAXABLE INCOME AND TAX.

EACH PAGE IN TABLE 6 PRESENTS TAXABLE INCOME AND TAX DISTRIBUTED BY MARGINAL TAX RATE FOR A SPECIFIED ADJUSTED GROSS INCOME CLASS AND FOR A SPECIFIED TAX SCHEDULE. IN ADDITION, TABLE 6 PROVIDES THE CUMULATIVE AND PERCENTAGE CUMULATIVE DISTRIBUTION OF TAXABLE INCOME AND TAX SUMMED FROM THE LOWEST TO THE HIGHEST (LABELED LOWEST) AND SUMMED FROM THE HIGHEST TO THE LOWEST (LABELED HIGHEST). THE 40 PAGES IN THIS TABLE, ONE OF WHICH IS SHOWN IN FIGURE 7.4.8, MAY BE PRODUCED FOR EITHER PLAN X OR PLAN Y BUT NOT BOTH.

THE CONCEPT OF TAXABLE INCOME EMPLOYED IN TABLE 6 IS TAXABLE INCOME SUBJECT TO THE ORDINARY RATE SCHEDULES AND THEREFORE, IS NET OF EXCLUDED CAPITAL GAINS INCOME. CONSEQUENTLY, THE CONCEPT OF TAX LIABILITY IS TAX BEFORE CREDITS. THE TAX LIABILITY IN TABLE 6 WILL DIFFER FROM THAT OF TABLE 1A (1) BECAUSE THE TAX SAVINGS FROM THE ALTERNATIVE TAX, THE MAXIMUM TAX, AND INCOME AVERAGING ARE OMITTED (2) ALL TAX AND EXEMPTION CREDITS ARE OMITTED, AND (3) THE MINIMUM TAX IS OMITTED. SINCE TABLE 6 IS PRIMARILY USED TO COMPUTE NEW RATE SCHEDULES YIELDING A PREDETERMINED REVENUE GAIN OR LOSS, THE ABOVE COMMISSIONS, WITH THE EXCEPTION OF THE TAX SAVINGS FROM THE ALTERNATIVE TAX AND THE MAXIMUM TAX, ARE RELATIVELY CONSTANT AND DO NOT INTERFERE WITH AN ACCURATE ESTIMATION OF THE NEW RATE SCHEDULES.

LOGIC SWITCH NUMBER 16 CONTROLS THE COMPUTATION OF TABLE 6 AS DOCUMENTED IN 6.2.2. WHEN THIS TABLE IS REQUESTED, THE PRINT CONTROL CARD DOCUMENTED IN 6.2.7 IS REQUIRED. IN ADDITION, LOGIC SWITCH NUMBER 15 SPECIFIES WHETHER TABLE 6 IS TO BE PRODUCED FOR PLAN X OR PLAN Y.

PLAN Y

RETURNS FOR WHICH EXPANDED INCOME = \$ 30000. - \$ 50000.

JOINT SCHEDULE

| MARGINAL TAX RATE | TAXABLE INCOME (MILLIONS) | | | | | TAX BEFORE CREDITS (MILLIONS) | | | | |
|-------------------------|---------------------------|-----------------|-------|----------|-------|-------------------------------|-----------------|-------|---------|-------|
| | AMOUNT | CUMULATIVE FROM | | | | AMOUNT | CUMULATIVE FROM | | | |
| | | LOWEST | % | HIGHEST | % | | LOWEST | % | HIGHEST | % |
| 14.0 | 5426.0 | 5426.0 | 3.8 | 143744.8 | 100.0 | 759.6 | 759.6 | 2.1 | 36283.6 | 100.0 |
| 15.0 | 5424.3 | 10850.3 | 7.5 | 138320.4 | 96.2 | 813.6 | 1573.3 | 4.3 | 35470.0 | 97.8 |
| 16.0 | 5422.8 | 16273.1 | 11.3 | 132897.6 | 92.5 | 867.7 | 2440.9 | 6.7 | 34602.3 | 95.4 |
| 17.0 | 5421.7 | 21694.8 | 15.1 | 127475.9 | 88.7 | 921.7 | 3362.6 | 9.3 | 33680.6 | 92.8 |
| 19.0 | 21672.6 | 43367.4 | 30.2 | 105803.3 | 73.6 | 4117.8 | 7480.4 | 20.6 | 29562.8 | 81.5 |
| 22.0 | 21615.8 | 64983.2 | 45.2 | 84187.5 | 58.6 | 4755.5 | 12235.9 | 33.7 | 24807.4 | 68.4 |
| 25.0 | 21439.9 | 86423.1 | 60.1 | 62747.6 | 43.7 | 5360.0 | 17595.9 | 48.5 | 19447.4 | 53.6 |
| 28.0 | 20687.3 | 107110.4 | 74.5 | 42060.3 | 29.3 | 5792.4 | 23388.3 | 64.5 | 13655.0 | 37.6 |
| 32.0 | 17192.0 | 124302.4 | 86.5 | 24868.3 | 17.3 | 5501.4 | 28889.8 | 79.6 | 8153.5 | 22.5 |
| 36.0 | 10708.6 | 135011.1 | 93.9 | 14159.6 | 9.9 | 3855.1 | 32744.9 | 90.2 | 4298.4 | 11.8 |
| 39.0 | 5406.2 | 140417.3 | 97.7 | 8753.4 | 6.1 | 2108.4 | 34853.3 | 96.1 | 2190.0 | 6.0 |
| 42.0 | 2368.5 | 142785.7 | 99.3 | 6385.0 | 4.4 | 994.8 | 35848.0 | 98.8 | 1195.2 | 3.3 |
| 45.0 | 825.0 | 143610.7 | 99.9 | 5560.0 | 3.9 | 371.2 | 36219.3 | 99.8 | 824.0 | 2.3 |
| 48.0 | 133.9 | 143744.6 | 100.0 | 5426.1 | 3.8 | 64.3 | 36283.6 | 100.0 | 759.7 | 2.1 |
| 50.0 | .2 | 143744.8 | 100.0 | 5426.0 | 3.8 | .1 | 36283.6 | 100.0 | 759.6 | 2.1 |

Fig. 7.4.8: Table 6, Selected Pages

SOURCE: PLAN Y TAXABLE INCOME

SINGLE SCHEDULE

EXPANDED INCOME

| MARGINAL TAX RATE | \$***** <\$ 5000. | \$ 5000. <\$ 10000. | \$ 10000. <\$ 15000. | \$ 15000. <\$ 20000. | \$ 20000. <\$ 30000. | \$ 30000. <\$ 50000. | \$ 50000. <\$ 100000. | \$ 100000. <\$ 200000. | \$ 200000. <\$***** | ALL CLASSES |
|-------------------|----------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|---------------------------|------------------------|-------------|
| 14.0 | 1628.72 | 4694.79 | 2391.36 | 1137.53 | 590.30 | 157.74 | 48.14 | 10.43 | 3.38 | 10662.39 |
| 15.0 | 1069.12 | 4675.27 | 2391.36 | 1137.53 | 590.30 | 157.74 | 48.14 | 10.43 | 3.38 | 10083.28 |
| 16.0 | 555.20 | 4567.23 | 2389.67 | 1137.37 | 589.16 | 157.74 | 48.14 | 10.43 | 3.38 | 9458.33 |
| 17.0 | 106.12 | 4397.43 | 2387.89 | 1136.16 | 588.58 | 157.74 | 48.14 | 10.43 | 3.38 | 8835.86 |
| 19.0 | 12.80 | 12438.89 | 9516.78 | 4542.35 | 2353.87 | 629.88 | 192.57 | 41.72 | 13.50 | 29742.36 |
| 21.0 | .00 | 4789.34 | 9376.83 | 4517.97 | 2353.87 | 626.56 | 192.57 | 41.72 | 13.50 | 21912.36 |
| 24.0 | .00 | 430.19 | 7993.90 | 4448.46 | 2346.60 | 623.60 | 192.57 | 41.72 | 13.50 | 16090.53 |
| 25.0 | .00 | .00 | 3942.46 | 4368.14 | 2333.68 | 623.28 | 192.57 | 41.72 | 13.50 | 11515.33 |
| 27.0 | .00 | .00 | 868.52 | 4023.01 | 2287.84 | 619.95 | 192.57 | 41.72 | 13.50 | 8047.11 |
| 29.0 | .00 | .00 | 1.03 | 2398.01 | 2195.58 | 617.90 | 192.57 | 41.72 | 13.50 | 5460.30 |
| 31.0 | .00 | .00 | .00 | 842.88 | 2059.90 | 605.46 | 192.57 | 41.72 | 13.50 | 3756.02 |
| 34.0 | .00 | .00 | .00 | 61.14 | 1619.32 | 596.88 | 192.29 | 41.71 | 13.50 | 2524.84 |
| 36.0 | .00 | .00 | .00 | 1.73 | 988.26 | 582.64 | 192.14 | 41.67 | 13.50 | 1819.95 |
| 38.0 | .00 | .00 | .00 | .00 | 537.36 | 555.58 | 192.14 | 41.67 | 13.44 | 1340.19 |
| 40.0 | .00 | .00 | .00 | .00 | 310.41 | 990.95 | 377.36 | 83.34 | 26.67 | 1788.73 |
| 45.0 | .00 | .00 | .00 | .00 | 3.13 | 893.23 | 550.66 | 123.54 | 39.98 | 1610.54 |
| 50.0 | .00 | .00 | .00 | .00 | .00 | 287.00 | 510.09 | 121.69 | 39.97 | 958.75 |
| 55.0 | .00 | .00 | .00 | .00 | .00 | 50.27 | 449.76 | 116.47 | 39.95 | 656.45 |
| 60.0 | .00 | .00 | .00 | .00 | .00 | .00 | 342.54 | 114.73 | 39.93 | 497.21 |
| 62.0 | .00 | .00 | .00 | .00 | .00 | .00 | 329.11 | 182.92 | 66.37 | 578.40 |
| 64.0 | .00 | .00 | .00 | .00 | .00 | .00 | 161.82 | 164.92 | 65.66 | 392.40 |
| 66.0 | .00 | .00 | .00 | .00 | .00 | .00 | 73.44 | 146.15 | 65.10 | 284.68 |
| 68.0 | .00 | .00 | .00 | .00 | .00 | .00 | 24.14 | 120.73 | 64.13 | 208.99 |
| 69.0 | .00 | .00 | .00 | .00 | .00 | .00 | 4.07 | 96.85 | 63.26 | 164.18 |
| 70.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 178.48 | 1791.28 | 1969.77 |

Fig. 7.4.8: Continued

SOURCE: PLAN Y TAXABLE INCOME

JOINT SCHEDULE

EXPANDED INCOME

| MARGINAL TAX RATE | \$***** <\$ 5000. | \$ 5000. <\$ 10000. | \$ 10000. <\$ 15000. | \$ 15000. <\$ 20000. | \$ 20000. <\$ 30000. | \$ 30000. <\$ 50000. | \$ 50000. <\$ 100000. | \$ 100000. <\$ 200000. | \$ 200000. <\$***** | ALL CLASSES |
|----------------------|----------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|---------------------------|------------------------|----------------|
| 14.0 | 105.29 | 3592.38 | 7416.95 | 8554.26 | 11422.23 | 5425.95 | 1306.48 | 270.73 | 68.75 | 38163.01 |
| 15.0 | 50.87 | 2984.17 | 7367.92 | 8550.46 | 11419.87 | 5424.32 | 1306.06 | 270.72 | 68.75 | 37443.14 |
| 16.0 | 5.00 | 1915.60 | 7128.53 | 8532.03 | 11410.00 | 5422.84 | 1305.89 | 270.70 | 68.75 | 36059.33 |
| 17.0 | .00 | 1015.71 | 6602.46 | 8490.88 | 11399.86 | 5421.71 | 1305.89 | 270.65 | 68.74 | 34575.92 |
| 19.0 | .00 | 626.77 | 14945.33 | 32184.88 | 45413.10 | 21672.60 | 5221.40 | 1079.63 | 274.75 | 121418.45 |
| 22.0 | .00 | .00 | 1172.63 | 19327.77 | 43623.72 | 21615.81 | 5216.16 | 1077.49 | 274.27 | 92307.83 |
| 25.0 | .00 | .00 | 2.43 | 2275.43 | 33218.31 | 21439.87 | 5207.36 | 1075.87 | 274.14 | 63493.41 |
| 28.0 | .00 | .00 | .00 | 11.23 | 14159.62 | 20687.29 | 5193.65 | 1074.99 | 273.83 | 41400.62 |
| 32.0 | .00 | .00 | .00 | .00 | 2625.31 | 17192.02 | 5168.24 | 1072.48 | 273.49 | 26331.55 |
| 36.0 | .00 | .00 | .00 | .00 | 33.60 | 10708.65 | 5109.49 | 1072.18 | 273.15 | 17197.08 |
| 39.0 | .00 | .00 | .00 | .00 | .00 | 5406.19 | 4990.30 | 1070.34 | 272.91 | 11739.75 |
| 42.0 | .00 | .00 | .00 | .00 | .00 | 2368.48 | 4780.44 | 1069.48 | 272.17 | 8490.56 |
| 45.0 | .00 | .00 | .00 | .00 | .00 | 824.95 | 4383.70 | 1067.94 | 271.81 | 6548.41 |
| 48.0 | .00 | .00 | .00 | .00 | .00 | 133.92 | 3661.52 | 1065.60 | 270.50 | 5131.53 |
| 50.0 | .00 | .00 | .00 | .00 | .00 | .15 | 4994.91 | 2115.03 | 539.71 | 7649.80 |
| 53.0 | .00 | .00 | .00 | .00 | .00 | .00 | 3865.88 | 3089.43 | 805.94 | 7761.25 |
| 55.0 | .00 | .00 | .00 | .00 | .00 | .00 | 1435.85 | 2905.93 | 799.04 | 5140.81 |
| 58.0 | .00 | .00 | .00 | .00 | .00 | .00 | 325.63 | 2544.89 | 791.76 | 3662.28 |
| 60.0 | .00 | .00 | .00 | .00 | .00 | .00 | 15.23 | 1866.06 | 783.54 | 2664.82 |
| 62.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 1864.99 | 1277.37 | 3142.35 |
| 64.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 911.98 | 1223.16 | 2135.14 |
| 66.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 394.55 | 1137.82 | 1532.37 |
| 68.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 100.42 | 1038.81 | 1139.23 |
| 69.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 5.71 | 863.02 | 868.72 |
| 70.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 8266.41 | 8266.41 |

Fig. 7.4.8: Continued

SOURCE: PLAN Y TAXABLE INCOME

HEAD OF HOUSEHOLD SCHEDULE

EXPANDED INCOME

| MARGINAL TAX RATE | \$***** <\$ 5000. | \$ 5000. <\$ 10000. | \$ 10000. <\$ 15000. | \$ 15000. <\$ 20000. | \$ 20000. <\$ 30000. | \$ 30000. <\$ 50000. | \$ 50000. <\$ 100000. | \$ 100000. <\$ 200000. | \$ 200000. <\$***** | ALL CLASSES |
|----------------------|----------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|---------------------------|------------------------|----------------|
| 14.0 | 52.56 | 1519.26 | 1261.62 | 642.78 | 307.94 | 87.08 | 19.41 | 5.75 | 1.55 | 3897.92 |
| 16.0 | 20.05 | 1459.87 | 1259.20 | 642.78 | 307.94 | 87.08 | 19.41 | 5.75 | 1.55 | 3803.62 |
| 18.0 | .00 | 1892.80 | 2469.00 | 1278.74 | 615.87 | 172.55 | 38.82 | 11.49 | 3.09 | 6482.37 |
| 19.0 | .00 | 488.38 | 2215.42 | 1266.33 | 615.87 | 172.54 | 38.82 | 11.49 | 3.09 | 4811.95 |
| 22.0 | .00 | 15.29 | 1455.59 | 1233.71 | 613.20 | 172.54 | 38.82 | 11.49 | 3.09 | 3543.74 |
| 23.0 | .00 | .00 | 582.05 | 1124.54 | 603.87 | 172.54 | 38.82 | 11.49 | 3.09 | 2536.41 |
| 25.0 | .00 | .00 | 69.03 | 830.53 | 593.47 | 171.01 | 38.82 | 11.49 | 3.09 | 1717.43 |
| 27.0 | .00 | .00 | 2.44 | 386.52 | 545.09 | 166.73 | 38.82 | 11.49 | 3.09 | 1154.19 |
| 28.0 | .00 | .00 | .00 | 59.21 | 434.95 | 160.65 | 38.82 | 11.49 | 3.09 | 708.20 |
| 31.0 | .00 | .00 | .00 | .22 | 284.62 | 159.86 | 38.82 | 11.49 | 3.09 | 498.10 |
| 32.0 | .00 | .00 | .00 | .00 | 168.72 | 153.75 | 38.82 | 11.49 | 3.09 | 375.87 |
| 35.0 | .00 | .00 | .00 | .00 | 84.93 | 143.11 | 38.82 | 11.49 | 3.09 | 281.45 |
| 36.0 | .00 | .00 | .00 | .00 | 31.06 | 119.49 | 38.82 | 11.49 | 3.09 | 203.94 |
| 38.0 | .00 | .00 | .00 | .00 | 5.37 | 101.11 | 38.82 | 11.49 | 3.09 | 159.88 |
| 41.0 | .00 | .00 | .00 | .00 | .12 | 71.38 | 38.82 | 11.49 | 3.09 | 124.90 |
| 42.0 | .00 | .00 | .00 | .00 | .00 | 79.17 | 76.85 | 22.98 | 6.18 | 185.18 |
| 45.0 | .00 | .00 | .00 | .00 | .00 | 34.63 | 74.16 | 22.98 | 6.18 | 137.95 |
| 48.0 | .00 | .00 | .00 | .00 | .00 | 8.07 | 34.01 | 11.49 | 3.08 | 56.66 |
| 51.0 | .00 | .00 | .00 | .00 | .00 | 1.13 | 33.36 | 11.49 | 3.08 | 49.06 |
| 52.0 | .00 | .00 | .00 | .00 | .00 | .00 | 60.95 | 22.82 | 6.16 | 89.93 |
| 55.0 | .00 | .00 | .00 | .00 | .00 | .00 | 71.93 | 32.67 | 9.20 | 113.79 |
| 56.0 | .00 | .00 | .00 | .00 | .00 | .00 | 19.15 | 10.89 | 3.06 | 33.10 |
| 58.0 | .00 | .00 | .00 | .00 | .00 | .00 | 61.03 | 62.24 | 17.76 | 141.03 |
| 59.0 | .00 | .00 | .00 | .00 | .00 | .00 | 15.46 | 28.54 | 8.69 | 52.69 |
| 61.0 | .00 | .00 | .00 | .00 | .00 | .00 | 5.78 | 27.81 | 8.69 | 42.28 |
| 62.0 | .00 | .00 | .00 | .00 | .00 | .00 | .84 | 18.00 | 5.79 | 24.63 |
| 63.0 | .00 | .00 | .00 | .00 | .00 | .00 | 1.68 | 33.89 | 11.59 | 47.16 |
| 64.0 | .00 | .00 | .00 | .00 | .00 | .00 | .26 | 45.81 | 17.38 | 63.45 |
| 66.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 46.96 | 28.97 | 75.93 |
| 67.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 23.10 | 28.81 | 51.92 |
| 68.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 8.09 | 27.16 | 35.25 |
| 69.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 4.54 | 27.03 | 31.57 |
| 70.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 1.45 | 275.45 | 276.90 |

Fig. 7.4.8: Continued

SOURCE: PLAN Y TAXABLE INCOME

ALL SCHEDULES

EXPANDED INCOME

| MARGINAL TAX RATE | \$***** <\$ 5000. | \$ 5000. <\$ 10000. | \$ 10000. <\$ 15000. | \$ 15000. <\$ 20000. | \$ 20000. <\$ 30000. | \$ 30000. <\$ 50000. | \$ 50000. <\$ 100000. | \$ 100000. <\$ 200000. | \$ 200000. <\$***** | ALL CLASSES |
|----------------------|----------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|---------------------------|------------------------|----------------|
| 14.0 | 1786.56 | 9806.43 | 11069.92 | 10334.57 | 12320.46 | 5670.78 | 1374.03 | 286.91 | 73.67 | 52723.33 |
| 15.0 | 1119.99 | 7659.44 | 9759.28 | 9687.99 | 12010.17 | 5582.07 | 1354.20 | 281.15 | 72.13 | 47526.41 |
| 16.0 | 580.25 | 7942.71 | 10777.40 | 10312.18 | 12307.10 | 5667.67 | 1373.44 | 286.87 | 73.67 | 49321.28 |
| 17.0 | 106.12 | 5413.14 | 8990.35 | 9627.04 | 11988.44 | 5579.46 | 1354.03 | 281.08 | 72.12 | 43411.78 |
| 18.0 | .00 | 1892.80 | 2469.00 | 1278.74 | 615.87 | 172.55 | 38.82 | 11.49 | 3.09 | 6482.37 |
| 19.0 | 12.80 | 13554.04 | 26677.52 | 37993.55 | 48382.84 | 22475.02 | 5452.79 | 1132.84 | 291.34 | 155972.75 |
| 21.0 | .00 | 4789.34 | 9376.83 | 4517.97 | 2353.87 | 626.56 | 192.57 | 41.72 | 13.50 | 21912.36 |
| 22.0 | .00 | 15.29 | 2628.22 | 20561.48 | 44236.92 | 21788.35 | 5254.97 | 1088.98 | 277.36 | 95851.57 |
| 23.0 | .00 | .00 | 582.05 | 1124.54 | 603.87 | 172.54 | 38.82 | 11.49 | 3.09 | 2536.41 |
| 24.0 | .00 | 430.19 | 7993.90 | 4448.46 | 2346.60 | 623.60 | 192.57 | 41.72 | 13.50 | 16090.53 |
| 25.0 | .00 | .00 | 4013.92 | 7474.10 | 36145.45 | 22234.15 | 5438.74 | 1129.08 | 290.73 | 76726.17 |
| 27.0 | .00 | .00 | 870.96 | 4409.53 | 2832.94 | 786.68 | 231.39 | 53.21 | 16.59 | 9201.29 |
| 28.0 | .00 | .00 | .00 | 70.44 | 14594.57 | 20847.94 | 5232.47 | 1086.48 | 276.93 | 42108.82 |
| 29.0 | .00 | .00 | 1.03 | 2398.01 | 2195.58 | 617.90 | 192.57 | 41.72 | 13.50 | 5460.30 |
| 31.0 | .00 | .00 | .00 | 843.10 | 2344.52 | 765.32 | 231.39 | 53.21 | 16.59 | 4254.12 |
| 32.0 | .00 | .00 | .00 | .00 | 2794.03 | 17345.77 | 5207.06 | 1083.97 | 276.58 | 26707.42 |
| 34.0 | .00 | .00 | .00 | 61.14 | 1619.32 | 596.88 | 192.29 | 41.71 | 13.50 | 2524.84 |
| 35.0 | .00 | .00 | .00 | .00 | 84.93 | 143.11 | 38.82 | 11.49 | 3.09 | 281.45 |
| 36.0 | .00 | .00 | .00 | 1.73 | 1052.92 | 11410.78 | 5340.46 | 1125.34 | 289.74 | 19220.97 |
| 38.0 | .00 | .00 | .00 | .00 | 542.73 | 656.69 | 230.96 | 53.16 | 16.53 | 1500.07 |
| 39.0 | .00 | .00 | .00 | .00 | .00 | 5406.19 | 4990.30 | 1070.34 | 272.91 | 11739.75 |
| 40.0 | .00 | .00 | .00 | .00 | 310.41 | 990.95 | 377.36 | 83.34 | 26.67 | 1788.73 |
| 41.0 | .00 | .00 | .00 | .00 | .12 | 71.38 | 38.82 | 11.49 | 3.09 | 124.90 |
| 42.0 | .00 | .00 | .00 | .00 | .00 | 2447.65 | 4857.29 | 1092.46 | 278.35 | 8675.74 |
| 45.0 | .00 | .00 | .00 | .00 | 3.13 | 1752.82 | 5008.52 | 1214.47 | 317.97 | 8296.90 |
| 48.0 | .00 | .00 | .00 | .00 | .00 | 141.99 | 3695.52 | 1077.09 | 273.58 | 5188.19 |
| 50.0 | .00 | .00 | .00 | .00 | .00 | 287.15 | 5505.01 | 2236.72 | 579.68 | 8608.55 |
| 51.0 | .00 | .00 | .00 | .00 | .00 | 1.13 | 33.36 | 11.49 | 3.08 | 49.06 |
| 52.0 | .00 | .00 | .00 | .00 | .00 | .00 | 60.95 | 22.82 | 6.16 | 89.93 |
| 53.0 | .00 | .00 | .00 | .00 | .00 | .00 | 3865.88 | 3089.43 | 805.94 | 7761.25 |
| 55.0 | .00 | .00 | .00 | .00 | .00 | 50.27 | 1957.54 | 3055.06 | 848.19 | 5911.06 |
| 56.0 | .00 | .00 | .00 | .00 | .00 | .00 | 19.15 | 10.89 | 3.06 | 33.10 |
| 58.0 | .00 | .00 | .00 | .00 | .00 | .00 | 386.65 | 2607.14 | 809.52 | 3803.31 |
| 59.0 | .00 | .00 | .00 | .00 | .00 | .00 | 15.46 | 28.54 | 8.69 | 52.69 |
| 60.0 | .00 | .00 | .00 | .00 | .00 | .00 | 357.77 | 1980.79 | 823.47 | 3162.03 |
| 61.0 | .00 | .00 | .00 | .00 | .00 | .00 | 5.78 | 27.81 | 8.69 | 42.28 |
| 62.0 | .00 | .00 | .00 | .00 | .00 | .00 | 329.95 | 2065.90 | 1349.53 | 3745.39 |
| 63.0 | .00 | .00 | .00 | .00 | .00 | .00 | 1.68 | 33.89 | 11.59 | 47.16 |
| 64.0 | .00 | .00 | .00 | .00 | .00 | .00 | 162.07 | 1122.71 | 1306.20 | 2590.99 |
| 66.0 | .00 | .00 | .00 | .00 | .00 | .00 | 73.44 | 587.67 | 1231.88 | 1892.98 |
| 67.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 23.10 | 28.81 | 51.92 |
| 68.0 | .00 | .00 | .00 | .00 | .00 | .00 | 24.14 | 229.24 | 1130.10 | 1383.48 |
| 69.0 | .00 | .00 | .00 | .00 | .00 | .00 | 4.07 | 107.10 | 953.30 | 1064.47 |
| 70.0 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | 179.93 | 10333.15 | 10513.08 |

Fig. 7.4.8: Continued

7.4.9. TABLE 7: DISTRIBUTION OF RETURNS BY EFFECTIVE TAX R

TABLE 7 PRESENTS THE AGGREGATE NUMBER OF RETURNS IN EACH EFFECTIVE TAX RATE BRACKET UNDER BOTH THE PRESENT LAW AND THE PROPOSED TAX LAW BY TYPE OF DEDUCTION FOR EACH TAX SCHEDULE UNDER AN INCOME CONCEPT. AT PRESENT, THE EFFECTIVE TAX RATE IS CALCULATED ON THE BASIS OF THREE DIFFERENT INCOME CONCEPTS: TOTAL INCOME, ADJUSTED GROSS INCOME, AND TAXABLE INCOME. THE DEFINITION OF AGI AND TAX SCHEDULE ARE EQUIVALENT TO THOSE OF TABLE 1 WHILE THE DEFINITION OF TAXABLE INCOME IS EQUIVALENT TO THAT OF TABLE 6.

THIS TABLE CONSISTS OF 60 PAGES EACH OF WHICH CONTAIN THE OUTPUT FOR TWO TAX SCHEDULES AS SHOWN IN FIGURE 7.4.9. LOGIC SWITCH NUMBER 17 CONTROLS THE COMPUTATION OF THIS TABLE AS DOCUMENTED IN 6.2.2. WHEN TABLE 7 IS REQUESTED, THE PRINT CONTROL CARD DOCUMENTED IN 6.2.8 MUST BE INCLUDED IN THE INPUT DECK.

7.4.10. TABLE 7A: AVERAGE INCOME TAX RATES.

THIS TABLE IS A SUMMARY OF TABLE 7 AND THEREFORE, PRESENTS THE AVERAGE EFFECTIVE TAX RATE IN EACH ADJUSTED GROSS INCOME CLASS UNDER BOTH THE PRESENT AND THE PROPOSED TAX LAW BY TAX SCHEDULE FOR EACH DEDUCTION TYPE UNDER THE GIVEN INCOME CONCEPT.

TABLE 7A CANNOT BE EDITED AND IS ALWAYS PRINTED WHEN TABLE 7 IS REQUESTED. THIS TABLE, WHICH CONSISTS OF 3 PAGES (ONE FOR EACH INCOME CONCEPT), IS PRESENTED IN FIGURE 7.4.10.

TABLE 7. DISTRIBUTION OF ESTIMATED AGGREGATE NO. OF RETURNS BY EFFECTIVE TAX RATE UNDER PRESENT AND PROPOSED LAW

RETURNS FOR ALL LEVELS OF INCOME CONCEPT

TAX RATE COMPUTED ON
ADJUSTED GROSS INCOME

*** SCHEDULE 1 ***

| EFFECTIVE TAX RATE | ITEMIZED DEDUCTION RETURNS | | STANDARD DEDUCTION RETURNS | | TOTAL RETURNS, EITHER DEDUCTION | |
|-----------------------|----------------------------|-----------------|----------------------------|------------------|---------------------------------|------------------|
| | PRESENT LAW | PROPOSED CHANGE | PRESENT LAW | PROPOSED CHANGE | PRESENT LAW | PROPOSED CHANGE |
| .0 - 5.0 | 626426. (17.5) | 661071. (18.5) | 16930207. (53.0) | 17961708. (56.3) | 17556635. (49.5) | 18622781. (52.5) |
| 5.0 - 7.5 | 174570. (4.9) | 218933. (6.1) | 2857386. (9.0) | 2833265. (8.9) | 3031956. (8.5) | 3052199. (8.6) |
| 7.5 - 10.0 | 311699. (8.7) | 327309. (9.1) | 3598174. (11.3) | 3612955. (11.3) | 3909873. (11.0) | 3940264. (11.1) |
| 10.0 - 12.5 | 419914. (11.7) | 453070. (12.7) | 3243194. (10.2) | 2900765. (9.1) | 3663109. (10.3) | 3353835. (9.4) |
| 12.5 - 15.0 | 573329. (16.0) | 575617. (16.1) | 2449719. (7.7) | 2272181. (7.1) | 3023048. (8.5) | 2847798. (8.0) |
| 15.0 - 20.0 | 973365. (27.2) | 887338. (24.8) | 2316091. (7.3) | 1860939. (5.8) | 3289455. (9.3) | 2748276. (7.7) |
| 20.0 - 25.0 | 321327. (9.0) | 291655. (8.1) | 431699. (1.4) | 394217. (1.2) | 753026. (2.1) | 685873. (1.9) |
| 25.0 - 30.0 | 96353. (2.7) | 90784. (2.5) | 68673. (.2) | 63895. (.2) | 165026. (.5) | 154678. (.4) |
| 30.0 - 35.0 | 47334. (1.3) | 38735. (1.1) | 17427. (.1) | 13431. (.0) | 64761. (.2) | 52165. (.1) |
| 35.0 - 40.0 | 16784. (.5) | 17411. (.5) | 5147. (.0) | 4360. (.0) | 21931. (.1) | 21771. (.1) |
| 40.0 - 45.0 | 11414. (.3) | 10872. (.3) | 1932. (.0) | 1932. (.0) | 13346. (.0) | 12804. (.0) |
| 45.0 - 50.0 | 4226. (.1) | 4021. (.1) | 677. (.0) | 677. (.0) | 4903. (.0) | 4698. (.0) |
| 50.0 - 60.0 | 2356. (.1) | 2308. (.1) | 105. (.0) | 105. (.0) | 2461. (.0) | 2414. (.0) |
| 60.0 - **** | 309. (.0) | 283. (.0) | 29. (.0) | 29. (.0) | 338. (.0) | 312. (.0) |
| TOTAL | 3579406. (100.) | 3579406. (100.) | 31920458. (100.) | 31920458. (100.) | 35499863. (100.) | 35499863. (100.) |

*** SCHEDULE 2 ***

| EFFECTIVE TAX RATE | ITEMIZED DEDUCTION RETURNS | | STANDARD DEDUCTION RETURNS | | TOTAL RETURNS, EITHER DEDUCTION | |
|-----------------------|----------------------------|------------------|----------------------------|------------------|---------------------------------|------------------|
| | PRESENT LAW | PROPOSED CHANGE | PRESENT LAW | PROPOSED CHANGE | PRESENT LAW | PROPOSED CHANGE |
| .0 - 5.0 | 2370379. (10.8) | 3242958. (14.7) | 10063348. (40.3) | 11247967. (45.0) | 12433706. (26.5) | 14490904. (30.8) |
| 5.0 - 7.5 | 1871785. (8.5) | 2261793. (10.3) | 2407719. (9.6) | 2619157. (10.5) | 4279503. (9.1) | 4880950. (10.4) |
| 7.5 - 10.0 | 3075042. (14.0) | 3504667. (15.9) | 3150693. (12.6) | 3095980. (12.4) | 6225736. (13.2) | 6600650. (14.0) |
| 10.0 - 12.5 | 3978787. (18.1) | 3848619. (17.5) | 3164398. (12.7) | 3013253. (12.1) | 7143189. (15.2) | 6861876. (14.6) |
| 12.5 - 15.0 | 3780687. (17.2) | 3312805. (15.0) | 2996486. (12.0) | 2495385. (10.0) | 6777177. (14.4) | 5808195. (12.4) |
| 15.0 - 20.0 | 4525828. (20.6) | 3773436. (17.1) | 2551254. (10.2) | 1990662. (8.0) | 7077088. (15.1) | 5764105. (12.3) |
| 20.0 - 25.0 | 1435405. (6.5) | 1182395. (5.4) | 512209. (2.1) | 405233. (1.6) | 1947617. (4.1) | 1587631. (3.4) |
| 25.0 - 30.0 | 513018. (2.3) | 464375. (2.1) | 95995. (.4) | 81188. (.3) | 609015. (1.3) | 545564. (1.2) |
| 30.0 - 35.0 | 255292. (1.2) | 232679. (1.1) | 25701. (.1) | 20272. (.1) | 280994. (.6) | 252952. (.5) |
| 35.0 - 40.0 | 130931. (.6) | 118557. (.5) | 10133. (.0) | 9981. (.0) | 141064. (.3) | 128539. (.3) |
| 40.0 - 45.0 | 53401. (.2) | 49190. (.2) | 5578. (.0) | 4578. (.0) | 58980. (.1) | 53768. (.1) |
| 45.0 - 50.0 | 15476. (.1) | 15172. (.1) | 1182. (.0) | 1040. (.0) | 16658. (.0) | 16213. (.0) |
| 50.0 - 60.0 | 7644. (.0) | 7032. (.0) | 895. (.0) | 895. (.0) | 8539. (.0) | 7927. (.0) |
| 60.0 - **** | 434. (.0) | 430. (.0) | 128. (.0) | 128. (.0) | 562. (.0) | 558. (.0) |
| TOTAL | 22014108. (100.) | 22014108. (100.) | 24985717. (100.) | 24985717. (100.) | 46999825. (100.) | 46999825. (100.) |

Fig. 7.4.9: Table 7, Selected Pages

TABLE 7. DISTRIBUTION OF ESTIMATED AGGREGATE NO. OF RETURNS BY EFFECTIVE TAX RATE UNDER PRESENT AND PROPOSED LAW

RETURNS FOR ALL LEVELS OF INCOME CONCEPT

TAX RATE COMPUTED ON
ADJUSTED GROSS INCOME

*** SCHEDULE 3 ***

| EFFECTIVE TAX RATE | ITEMIZED DEDUCTION RETURNS | | STANDARD DEDUCTION RETURNS | | TOTAL RETURNS, EITHER DEDUCTION | |
|-----------------------|----------------------------|-----------------|----------------------------|-----------------|---------------------------------|-----------------|
| | PRESENT LAW | PROPOSED CHANGE | PRESENT LAW | PROPOSED CHANGE | PRESENT LAW | PROPOSED CHANGE |
| .0 - 5.0 | 275866. (17.9) | 339030. (22.0) | 2284113. (51.2) | 2451301. (55.0) | 2559979. (42.7) | 2790331. (46.5) |
| 5.0 - 7.5 | 169406. (11.0) | 210585. (13.7) | 428150. (9.6) | 543742. (12.2) | 597555. (10.0) | 754326. (12.6) |
| 7.5 - 10.0 | 278053. (18.1) | 291835. (18.9) | 698737. (15.7) | 577353. (12.9) | 976790. (16.3) | 869188. (14.5) |
| 10.0 - 12.5 | 316773. (20.6) | 283582. (18.4) | 478724. (10.7) | 439244. (9.8) | 795497. (13.3) | 722826. (12.0) |
| 12.5 - 15.0 | 239666. (15.6) | 207226. (13.5) | 305998. (6.9) | 250557. (5.6) | 545664. (9.1) | 457783. (7.6) |
| 15.0 - 20.0 | 191646. (12.4) | 148050. (9.6) | 239053. (5.4) | 178985. (4.0) | 430699. (7.2) | 327035. (5.5) |
| 20.0 - 25.0 | 41907. (2.7) | 37910. (2.5) | 19317. (.4) | 13723. (.3) | 61224. (1.0) | 51633. (.9) |
| 25.0 - 30.0 | 14438. (.9) | 9745. (.6) | 4889. (.1) | 4078. (.1) | 19327. (.3) | 13823. (.2) |
| 30.0 - 35.0 | 6971. (.5) | 6967. (.5) | 171. (.0) | 171. (.0) | 7142. (.1) | 7138. (.1) |
| 35.0 - 40.0 | 2889. (.2) | 2687. (.2) | 234. (.0) | 234. (.0) | 3123. (.1) | 2921. (.0) |
| 40.0 - 45.0 | 1253. (.1) | 1461. (.1) | 0. (.0) | 0. (.0) | 1253. (.0) | 1461. (.0) |
| 45.0 - 50.0 | 966. (.1) | 758. (.0) | 331. (.0) | 331. (.0) | 1297. (.0) | 1089. (.0) |
| 50.0 - 60.0 | 533. (.0) | 530. (.0) | 0. (.0) | 0. (.0) | 533. (.0) | 530. (.0) |
| 60.0 - **** | 8. (.0) | 8. (.0) | 2. (.0) | 2. (.0) | 11. (.0) | 11. (.0) |
| TOTAL | 1540375. (100.) | 1540375. (100.) | 4459720. (100.) | 4459720. (100.) | 6000095. (100.) | 6000095. (100.) |

*** ALL SCHEDULES ***

| EFFECTIVE TAX RATE | ITEMIZED DEDUCTION RETURNS | | STANDARD DEDUCTION RETURNS | | TOTAL RETURNS, EITHER DEDUCTION | |
|-----------------------|----------------------------|------------------|----------------------------|------------------|---------------------------------|------------------|
| | PRESENT LAW | PROPOSED CHANGE | PRESENT LAW | PROPOSED CHANGE | PRESENT LAW | PROPOSED CHANGE |
| .0 - 5.0 | 3272668. (12.1) | 4243057. (15.6) | 29277667. (47.7) | 31660974. (51.6) | 32550303. (36.8) | 35903996. (40.6) |
| 5.0 - 7.5 | 2215761. (8.2) | 2691312. (9.9) | 5693255. (9.3) | 5996164. (9.8) | 7909014. (8.9) | 8687475. (9.8) |
| 7.5 - 10.0 | 3664795. (13.5) | 4123812. (15.2) | 7447604. (12.1) | 7286288. (11.9) | 11112400. (12.6) | 11410103. (12.9) |
| 10.0 - 12.5 | 4715475. (17.4) | 4585272. (16.9) | 6886317. (11.2) | 6353262. (10.4) | 11601798. (13.1) | 10938540. (12.4) |
| 12.5 - 15.0 | 4593683. (16.9) | 4095649. (15.1) | 5752203. (9.4) | 5018124. (8.2) | 10345893. (11.7) | 9113780. (10.3) |
| 15.0 - 20.0 | 5690838. (21.0) | 4808822. (17.7) | 5106398. (8.3) | 4030586. (6.6) | 10797248. (12.2) | 8839420. (10.0) |
| 20.0 - 25.0 | 1798639. (6.6) | 1511961. (5.6) | 963224. (1.6) | 813173. (1.3) | 2761868. (3.1) | 2325138. (2.6) |
| 25.0 - 30.0 | 623810. (2.3) | 564904. (2.1) | 169557. (.3) | 149160. (.2) | 793368. (.9) | 714066. (.8) |
| 30.0 - 35.0 | 309597. (1.1) | 278380. (1.0) | 43299. (.1) | 33875. (.1) | 352897. (.4) | 312256. (.4) |
| 35.0 - 40.0 | 150603. (.6) | 138655. (.5) | 15514. (.0) | 14576. (.0) | 166118. (.2) | 153231. (.2) |
| 40.0 - 45.0 | 66069. (.2) | 61524. (.2) | 7510. (.0) | 6509. (.0) | 73579. (.1) | 68034. (.1) |
| 45.0 - 50.0 | 20669. (.1) | 19951. (.1) | 2190. (.0) | 2048. (.0) | 22859. (.0) | 21999. (.0) |
| 50.0 - 60.0 | 10533. (.0) | 9870. (.0) | 1000. (.0) | 1000. (.0) | 11533. (.0) | 10871. (.0) |
| 60.0 - **** | 751. (.0) | 722. (.0) | 159. (.0) | 159. (.0) | 910. (.0) | 881. (.0) |
| TOTAL | 27133890. (100.) | 27133890. (100.) | 61365895. (100.) | 61365895. (100.) | 88499784. (100.) | 88499784. (100.) |

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Fig. 7,4,9: Continued

| TAX RATE COMPUTED ON ESTIMATED TOTAL INCOME | | | | | | | | |
|---|---------------------|-------|------------|-------|------------|-------|---------------|-------|
| ADJUSTED GROSS INCOME CLASS | ITEMIZED DEDUCTIONS | | | | SCHEDULE 3 | | ALL SCHEDULES | |
| | SCHEDULE 1 | | SCHEDULE 2 | | OLD | NEW | OLD | NEW |
| | OLD | NEW | OLD | NEW | | | | |
| \$*****-\$ 5000. | 1.63 | 1.22 | -.73 | -.95 | -5.01 | -5.50 | .36 | .01 |
| \$ 5000.-\$ 10000. | 6.53 | 5.76 | 3.83 | 2.75 | 5.74 | 4.37 | 4.89 | 3.85 |
| \$ 10000.-\$ 15000. | 12.83 | 12.19 | 7.90 | 6.60 | 10.39 | 9.29 | 9.19 | 8.04 |
| \$ 15000.-\$ 20000. | 16.00 | 15.45 | 10.89 | 9.64 | 13.35 | 12.36 | 11.89 | 10.78 |
| \$ 20000.-\$ 30000. | 18.87 | 18.35 | 14.25 | 13.15 | 15.78 | 14.97 | 14.67 | 13.62 |
| \$ 30000.-\$ 50000. | 22.91 | 22.47 | 18.93 | 17.97 | 19.31 | 18.56 | 19.13 | 18.21 |
| \$ 50000.-\$ 100000. | 29.39 | 29.05 | 25.88 | 25.15 | 27.19 | 26.62 | 26.14 | 25.44 |
| \$ 100000.-\$ 200000. | 30.44 | 30.25 | 31.50 | 31.11 | 32.61 | 32.33 | 31.44 | 31.07 |
| \$ 200000.-\$***** | 32.28 | 32.24 | 31.53 | 31.42 | 31.17 | 31.11 | 31.60 | 31.51 |
| | 19.35 | 18.86 | 18.32 | 17.39 | 15.12 | 14.22 | 18.31 | 17.42 |

| ADJUSTED GROSS INCOME CLASS | STANDARD DEDUCTIONS | | | | SCHEDULE 3 | | ALL SCHEDULES | |
|-----------------------------|---------------------|-------|------------|-------|------------|-------|---------------|-------|
| | SCHEDULE 1 | | SCHEDULE 2 | | OLD | NEW | OLD | NEW |
| | OLD | NEW | OLD | NEW | | | | |
| \$*****-\$ 5000. | 1.37 | .97 | -3.21 | -3.27 | -6.92 | -7.10 | -.27 | -.57 |
| \$ 5000.-\$ 10000. | 8.80 | 8.06 | 2.56 | 1.72 | 4.90 | 3.79 | 6.12 | 5.31 |
| \$ 10000.-\$ 15000. | 13.96 | 13.36 | 7.80 | 6.62 | 11.30 | 10.26 | 10.53 | 9.59 |
| \$ 15000.-\$ 20000. | 17.40 | 16.87 | 11.54 | 10.45 | 15.10 | 14.19 | 13.04 | 12.09 |
| \$ 20000.-\$ 30000. | 21.23 | 20.74 | 15.08 | 14.14 | 17.86 | 16.92 | 15.82 | 14.92 |
| \$ 30000.-\$ 50000. | 24.19 | 23.77 | 19.80 | 18.99 | 23.51 | 22.82 | 20.26 | 19.49 |
| \$ 50000.-\$ 100000. | 33.44 | 33.09 | 23.01 | 22.41 | 23.95 | 23.27 | 23.98 | 23.40 |
| \$ 100000.-\$ 200000. | 28.18 | 28.06 | 28.47 | 28.18 | 34.23 | 34.01 | 28.77 | 28.49 |
| \$ 200000.-\$***** | 46.29 | 46.24 | 29.66 | 29.56 | 25.66 | 25.61 | 30.16 | 30.05 |
| | 10.89 | 10.31 | 11.34 | 10.39 | 7.87 | 6.93 | 10.97 | 10.15 |

| ADJUSTED GROSS INCOME CLASS | ALL DEDUCTIONS | | | | SCHEDULE 3 | | ALL SCHEDULES | |
|-----------------------------|----------------|-------|------------|-------|------------|-------|---------------|-------|
| | SCHEDULE 1 | | SCHEDULE 2 | | OLD | NEW | OLD | NEW |
| | OLD | NEW | OLD | NEW | | | | |
| \$*****-\$ 5000. | 1.37 | .97 | -3.12 | -3.18 | -6.89 | -7.07 | -.25 | -.56 |
| \$ 5000.-\$ 10000. | 8.66 | 7.92 | 2.76 | 1.88 | 5.03 | 3.88 | 5.99 | 5.15 |
| \$ 10000.-\$ 15000. | 13.77 | 13.16 | 7.84 | 6.62 | 10.96 | 9.90 | 10.15 | 9.15 |
| \$ 15000.-\$ 20000. | 16.88 | 16.35 | 11.24 | 10.08 | 14.20 | 13.25 | 12.53 | 11.51 |
| \$ 20000.-\$ 30000. | 19.93 | 19.42 | 14.56 | 13.51 | 16.38 | 15.53 | 15.10 | 14.11 |
| \$ 30000.-\$ 50000. | 23.27 | 22.84 | 19.07 | 18.14 | 19.90 | 19.16 | 19.33 | 18.42 |
| \$ 50000.-\$ 100000. | 29.90 | 29.56 | 25.61 | 24.89 | 27.11 | 26.55 | 25.94 | 25.24 |
| \$ 100000.-\$ 200000. | 30.37 | 30.19 | 31.35 | 30.97 | 32.83 | 32.55 | 31.31 | 30.94 |
| \$ 200000.-\$***** | 32.39 | 32.35 | 31.48 | 31.37 | 31.04 | 30.97 | 31.57 | 31.47 |
| | 13.05 | 12.49 | 15.77 | 14.83 | 10.84 | 9.92 | 14.97 | 14.11 |

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Fig. 7.4.10: Table 7A, Selected Pages

| ADJUSTED GROSS INCOME CLASS | TAX RATE COMPUTED ON ADJUSTED GROSS INCOME | | | | | | | |
|--------------------------------|---|-------|-----------------------------------|-------|------------|-------|---------------|-------|
| | SCHEDULE 1 | | ITEMIZED DEDUCTIONS SCHEDULE 2 | | SCHEDULE 3 | | ALL SCHEDULES | |
| | OLD | NEW | OLD | NEW | OLD | NEW | OLD | NEW |
| \$*****-\$ 5000. | 1.46 | 1.09 | -.54 | -.70 | -5.49 | -6.03 | .30 | .01 |
| \$ 5000.-\$ 10000. | 5.77 | 5.09 | 3.21 | 2.30 | 4.97 | 3.78 | 4.18 | 3.29 |
| \$ 10000.-\$ 15000. | 11.71 | 11.13 | 6.94 | 5.80 | 9.37 | 8.38 | 8.15 | 7.14 |
| \$ 15000.-\$ 20000. | 15.21 | 14.69 | 9.73 | 8.62 | 12.24 | 11.34 | 10.75 | 9.74 |
| \$ 20000.-\$ 30000. | 17.89 | 17.39 | 12.99 | 11.98 | 14.93 | 14.16 | 13.42 | 12.46 |
| \$ 30000.-\$ 50000. | 22.41 | 21.98 | 17.68 | 16.79 | 18.66 | 17.94 | 17.92 | 17.05 |
| \$ 50000.-\$ 100000. | 29.96 | 29.61 | 25.17 | 24.45 | 27.55 | 26.98 | 25.52 | 24.83 |
| \$ 100000.-\$ 200000. | 33.71 | 33.51 | 33.15 | 32.74 | 34.20 | 33.90 | 33.21 | 32.82 |
| \$ 200000.-\$***** | 38.34 | 38.29 | 37.24 | 37.11 | 38.11 | 38.03 | 37.38 | 37.27 |
| | 18.74 | 18.27 | 17.25 | 16.37 | 14.19 | 13.34 | 17.28 | 16.44 |
| ADJUSTED GROSS INCOME CLASS | STANDARD DEDUCTIONS | | | | | | | |
| | SCHEDULE 1 | | SCHEDULE 2 | | SCHEDULE 3 | | ALL SCHEDULES | |
| | OLD | NEW | OLD | NEW | OLD | NEW | OLD | NEW |
| \$*****-\$ 5000. | 1.40 | .99 | -7.22 | -7.34 | -7.19 | -7.37 | -.31 | -.67 |
| \$ 5000.-\$ 10000. | 8.72 | 7.99 | 2.54 | 1.70 | 4.82 | 3.73 | 6.06 | 5.25 |
| \$ 10000.-\$ 15000. | 13.80 | 13.21 | 7.76 | 6.58 | 11.11 | 10.08 | 10.43 | 9.50 |
| \$ 15000.-\$ 20000. | 17.39 | 16.86 | 11.40 | 10.32 | 14.88 | 13.97 | 12.92 | 11.98 |
| \$ 20000.-\$ 30000. | 21.41 | 20.91 | 15.02 | 14.08 | 17.89 | 16.94 | 15.77 | 14.88 |
| \$ 30000.-\$ 50000. | 25.76 | 25.32 | 20.19 | 19.37 | 24.13 | 23.42 | 20.74 | 19.95 |
| \$ 50000.-\$ 100000. | 35.59 | 35.22 | 25.47 | 24.80 | 24.78 | 24.08 | 26.43 | 25.80 |
| \$ 100000.-\$ 200000. | 36.00 | 35.85 | 33.27 | 32.93 | 38.56 | 38.31 | 33.68 | 33.35 |
| \$ 200000.-\$***** | 53.28 | 53.22 | 39.07 | 38.93 | 37.52 | 37.45 | 39.61 | 39.47 |
| | 10.91 | 10.32 | 11.55 | 10.58 | 7.80 | 6.87 | 11.09 | 10.26 |
| ADJUSTED GROSS INCOME CLASS | ALL DEDUCTIONS | | | | | | | |
| | SCHEDULE 1 | | SCHEDULE 2 | | SCHEDULE 3 | | ALL SCHEDULES | |
| | OLD | NEW | OLD | NEW | OLD | NEW | OLD | NEW |
| \$*****-\$ 5000. | 1.40 | 1.00 | -6.51 | -6.64 | -7.16 | -7.35 | -.29 | -.64 |
| \$ 5000.-\$ 10000. | 8.52 | 7.79 | 2.66 | 1.81 | 4.84 | 3.74 | 5.83 | 5.01 |
| \$ 10000.-\$ 15000. | 13.43 | 12.84 | 7.45 | 6.29 | 10.42 | 9.41 | 9.73 | 8.78 |
| \$ 15000.-\$ 20000. | 16.56 | 16.04 | 10.59 | 9.50 | 13.47 | 12.57 | 11.91 | 10.93 |
| \$ 20000.-\$ 30000. | 19.42 | 18.92 | 13.69 | 12.71 | 15.75 | 14.94 | 14.25 | 13.32 |
| \$ 30000.-\$ 50000. | 23.29 | 22.85 | 18.06 | 17.18 | 19.40 | 18.68 | 18.36 | 17.51 |
| \$ 50000.-\$ 100000. | 30.65 | 30.29 | 25.19 | 24.48 | 27.49 | 26.92 | 25.59 | 24.91 |
| \$ 100000.-\$ 200000. | 33.77 | 33.56 | 33.16 | 32.75 | 34.74 | 34.45 | 33.23 | 32.84 |
| \$ 200000.-\$***** | 38.45 | 38.41 | 37.28 | 37.16 | 38.10 | 38.01 | 37.43 | 37.32 |
| | 12.96 | 12.40 | 15.27 | 14.36 | 10.50 | 9.61 | 14.56 | 13.73 |

Fig. 7.4.10: Continued

| TAX RATE COMPUTED ON PRESENT TAXABLE INCOME | | | | | | | | |
|---|------------|-------|--------------------------------|---------|------------|---------|---------------|-------|
| ADJUSTED GROSS INCOME CLASS | SCHEDULE 1 | | ITEMIZED DEDUCTIONS SCHEDULE 2 | | SCHEDULE 3 | | ALL SCHEDULES | |
| | OLD | NEW | OLD | NEW | OLD | NEW | OLD | NEW |
| \$*****-\$ 5000. | 15.29 | 11.43 | -12.66 | -16.47 | -90.97 | -99.96 | 4.18 | .12 |
| \$ 5000.-\$ 10000. | 15.88 | 14.01 | 14.45 | 10.37 | 14.40 | 10.95 | 14.95 | 11.78 |
| \$ 10000.-\$ 15000. | 18.78 | 17.84 | 16.49 | 13.78 | 17.66 | 15.79 | 17.23 | 15.09 |
| \$ 15000.-\$ 20000. | 21.52 | 20.79 | 17.94 | 15.89 | 19.57 | 18.13 | 18.75 | 17.00 |
| \$ 20000.-\$ 30000. | 24.46 | 23.79 | 20.54 | 18.96 | 22.50 | 21.34 | 20.94 | 19.45 |
| \$ 30000.-\$ 50000. | 29.91 | 29.33 | 24.97 | 23.71 | 26.63 | 25.60 | 25.24 | 24.02 |
| \$ 50000.-\$ 100000. | 39.42 | 38.96 | 33.60 | 32.65 | 36.88 | 36.12 | 34.04 | 33.12 |
| \$ 100000.-\$ 200000. | 49.36 | 49.06 | 43.22 | 42.69 | 45.92 | 45.52 | 43.67 | 43.15 |
| \$ 200000.-\$***** | 65.31 | 65.24 | 57.55 | 57.36 | 61.67 | 61.54 | 58.47 | 58.29 |
| | 27.99 | 27.29 | 26.72 | 25.36 | 23.78 | 22.36 | 26.75 | 25.45 |
| STANDARD DEDUCTIONS | | | | | | | | |
| ADJUSTED GROSS INCOME CLASS | SCHEDULE 1 | | SCHEDULE 2 | | SCHEDULE 3 | | ALL SCHEDULES | |
| | OLD | NEW | OLD | NEW | OLD | NEW | OLD | NEW |
| \$*****-\$ 5000. | 14.87 | 10.54 | -248.57 | -252.70 | -248.92 | -255.39 | -3.80 | -8.19 |
| \$ 5000.-\$ 10000. | 16.56 | 15.17 | 12.71 | 8.52 | 13.25 | 10.26 | 15.51 | 13.44 |
| \$ 10000.-\$ 15000. | 19.22 | 18.40 | 16.51 | 14.01 | 17.89 | 16.23 | 17.96 | 16.36 |
| \$ 15000.-\$ 20000. | 22.00 | 21.33 | 18.30 | 16.57 | 20.30 | 19.07 | 19.40 | 17.98 |
| \$ 20000.-\$ 30000. | 25.59 | 24.99 | 20.79 | 19.48 | 22.92 | 21.71 | 21.43 | 20.22 |
| \$ 30000.-\$ 50000. | 30.90 | 30.37 | 25.21 | 24.18 | 28.65 | 27.80 | 25.79 | 24.81 |
| \$ 50000.-\$ 100000. | 40.18 | 39.77 | 32.12 | 31.28 | 27.23 | 26.46 | 32.96 | 32.16 |
| \$ 100000.-\$ 200000. | 48.82 | 48.61 | 41.78 | 41.35 | 45.83 | 45.53 | 42.27 | 41.86 |
| \$ 200000.-\$***** | 61.89 | 61.81 | 56.34 | 56.13 | 70.95 | 70.82 | 56.86 | 56.66 |
| | 19.77 | 18.70 | 20.03 | 18.35 | 16.15 | 14.23 | 19.73 | 18.24 |
| ALL DEDUCTIONS | | | | | | | | |
| ADJUSTED GROSS INCOME CLASS | SCHEDULE 1 | | SCHEDULE 2 | | SCHEDULE 3 | | ALL SCHEDULES | |
| | OLD | NEW | OLD | NEW | OLD | NEW | OLD | NEW |
| \$*****-\$ 5000. | 14.88 | 10.56 | -213.74 | -217.82 | -242.97 | -249.54 | -3.57 | -7.95 |
| \$ 5000.-\$ 10000. | 16.53 | 15.11 | 13.05 | 8.89 | 13.43 | 10.36 | 15.46 | 13.29 |
| \$ 10000.-\$ 15000. | 19.15 | 18.31 | 16.50 | 13.93 | 17.81 | 16.08 | 17.77 | 16.02 |
| \$ 15000.-\$ 20000. | 21.83 | 21.14 | 18.14 | 16.27 | 19.94 | 18.61 | 19.12 | 17.56 |
| \$ 20000.-\$ 30000. | 24.99 | 24.35 | 20.63 | 19.16 | 22.63 | 21.46 | 21.13 | 19.75 |
| \$ 30000.-\$ 50000. | 30.19 | 29.62 | 25.01 | 23.79 | 26.95 | 25.94 | 25.34 | 24.16 |
| \$ 50000.-\$ 100000. | 39.52 | 39.07 | 33.47 | 32.53 | 36.62 | 35.85 | 33.94 | 33.03 |
| \$ 100000.-\$ 200000. | 49.35 | 49.05 | 43.16 | 42.63 | 45.91 | 45.52 | 43.60 | 43.09 |
| \$ 200000.-\$***** | 65.27 | 65.20 | 57.52 | 57.33 | 61.84 | 61.70 | 58.43 | 58.25 |
| | 22.24 | 21.29 | 24.56 | 23.10 | 19.78 | 18.10 | 23.91 | 22.53 |

Fig. 7.4.10: Continued

7.4.11. TABLE 1B: SUMMARY EFFECTS OF PROPOSED TAX CHANGE.

TABLE 1B PRESENTS A SUMMARY OF MOST OF THE ITEMS THAT HAVE ALREADY APPEARED IN TABLES 1A AND 5 AS WELL AS SOME ITEMS THAT DO NOT APPEAR ANYWHERE ELSE IN THE TAX MODEL OUTPUT. THE TABLE IS ILLUSTRATED IN FIG. 7.4.11.

SOME OF THE ADDITIONAL ITEMS THAT APPEAR IN TABLE 1B ARE--

- (A) THE NUMBER OF TAXABLE RETURNS UNDER PLAN X AND PLAN Y
- (B) THE AMOUNT OF AGI UNDER PLAN Y AND THE CHANGE IN AGI
- (C) THE AMOUNT OF TAXABLE INCOME UNDER PLAN X
- (D) THE NUMBER OF ITEMIZED RETURNS UNDER PLAN X AND PLAN Y
- (E) THE NUMBER OF RETURNS WITH OUTLAYS UNDER PLAN X AND PLAN Y
- (F) THE AMOUNT OF EARNED INCOME CREDIT AND MINIMUM TAX UNDER PLAN X AND PLAN Y
- (G) THE AMOUNT AND CHANGE IN OUTLAYS UNDER PLAN X AND PLAN Y

| EXPANDED INCOME | NUMBER OF RETURNS | | ..TAXABLE RETURNS | |ADJUSTED GROSS INCOME.... | | |TAXABLE INCOME..... | | |
|-----------------------|-------------------|-----------------------|-------------------|------------------|-------------------------------|-----------|-----------------|--------------------------|----------------|----------------|
| | SAMPLE (UNITS) | AGGREGATE (THOUSANDS) | PLAN X | PLAN Y | PLAN X | CHANGE | PLAN Y | PLAN X | CHANGE | PLAN Y |
| | | | | | (\$MILLIONS) | | | | | |
| BELOW \$ 5000. | 6238. | 23018.599 | 4571.909 | 3591.056 | 47491. | 0. | 47491. | 5376. | -1530. | 3845. |
| \$ 5000.-\$ 10000. | 4514. | 19158.147 | 15779.135 | 14542.518 | 141340. | 0. | 141340. | 61598. | -8250. | 53348. |
| \$ 10000.-\$ 15000. | 4297. | 14099.469 | 13808.459 | 13461.972 | 174989. | 0. | 174989. | 105079. | -9025. | 96054. |
| \$ 15000.-\$ 20000. | 4661. | 11608.881 | 11573.249 | 11477.181 | 201533. | 0. | 201533. | 134491. | -8679. | 125811. |
| \$ 20000.-\$ 30000. | 10595. | 12970.389 | 12933.034 | 12914.853 | 313540. | 0. | 313540. | 222783. | -10896. | 211887. |
| \$ 30000.-\$ 50000. | 7989. | 5837.763 | 5832.380 | 5831.625 | 212426. | 0. | 212426. | 160005. | -5079. | 154925. |
| \$ 50000.-\$ 100000. | 4817. | 1428.772 | 1428.423 | 1428.113 | 91377. | 0. | 91377. | 72038. | -1298. | 70740. |
| \$ 100000.-\$ 200000. | 2784. | 299.005 | 298.864 | 298.864 | 37442. | 0. | 37442. | 30390. | -277. | 30113. |
| \$ 200000. AND ABOVE | 4105. | 77.867 | 77.861 | 77.861 | 29841. | 0. | 29841. | 23590. | -69. | 23521. |
| TOTALS | 50000. | 88498.891 | 66303.312 | 63624.040 | 1249978. | 0. | 1249978. | 815348. | -45104. | 770244. |

| EXPANDED INCOME | ITEMIZED RETURNS | | RETURNS WITH OUTLAYS | | ...TOTAL E.I.C.... | |MINIMUM TAX.... | | MISCELLANEOUS ITEM | |
|-----------------------|--------------------|------------------|----------------------|-----------------|--------------------|-----------------|----------------------|-----------------|--------------------|-------------|
| | PLAN X (THOUSANDS) | PLAN Y | PLAN X | PLAN Y | PLAN X | PLAN Y | PLAN X | PLAN Y | (1) | (2) |
| | | | | | (\$MILLIONS) | | | | | |
| BELOW \$ 5000. | 431.801 | 402.272 | 2682.280 | 2682.362 | 721.186 | 721.186 | 12.565 | 12.198 | .000 | .000 |
| \$ 5000.-\$ 10000. | 2229.829 | 2164.930 | 1825.155 | 2138.642 | 381.838 | 381.838 | .089 | .078 | .000 | .000 |
| \$ 10000.-\$ 15000. | 4242.657 | 4242.657 | 12.003 | 12.003 | 2.841 | 2.841 | .892 | .820 | .000 | .000 |
| \$ 15000.-\$ 20000. | 5389.026 | 5389.026 | .000 | .000 | .011 | .011 | 2.971 | 2.858 | .000 | .000 |
| \$ 20000.-\$ 30000. | 8278.054 | 8278.054 | .000 | .000 | .000 | .000 | 14.064 | 13.951 | .000 | .000 |
| \$ 30000.-\$ 50000. | 4897.363 | 4897.363 | .000 | .000 | .000 | .000 | 68.464 | 68.220 | .000 | .000 |
| \$ 50000.-\$ 100000. | 1304.158 | 1303.904 | .000 | .000 | .089 | .089 | 236.255 | 236.001 | .000 | .000 |
| \$ 100000.-\$ 200000. | 285.340 | 285.340 | .000 | .000 | .000 | .000 | 256.083 | 257.108 | .000 | .000 |
| \$ 200000. AND ABOVE | 75.607 | 75.607 | .000 | .000 | .033 | .033 | 818.145 | 818.953 | .000 | .000 |
| TOTALS | 27133.833 | 27039.152 | 4519.438 | 4833.007 | 1105.998 | 1105.998 | 1409.528 | 1410.186 | .000 | .000 |

| EXPANDED INCOME |TAX (POSITIVE ONLY)..... | | |E.I.C., OUTLAY PORTION..... | | |TAX (NET OF OUTLAYS).... | | |
|-----------------------|-------------------------------|-------------------|----------------|----------------------------------|----------------|---------------|------------------------------|-------------------|----------------|
| | PLAN X (\$MILLIONS) | CHANGE | PLAN Y | PLAN X | CHANGE | PLAN Y | PLAN X | CHANGE | PLAN Y |
| BELOW \$ 5000. | 578. | -163.720 | 414. | -715. | -4.688 | -720. | -137. | -168.409 | -306. |
| \$ 5000.-\$ 10000. | 8521. | -1114.196 | 7407. | -273. | -44.957 | -318. | 8248. | -1159.152 | 7088. |
| \$ 10000.-\$ 15000. | 17070. | -1676.655 | 15393. | -3. | .000 | -3. | 17067. | -1676.655 | 15391. |
| \$ 15000.-\$ 20000. | 24054. | -1964.733 | 22090. | 0. | .000 | 0. | 24054. | -1964.733 | 22090. |
| \$ 20000.-\$ 30000. | 44773. | -2935.294 | 41838. | 0. | .000 | 0. | 44773. | -2935.294 | 41838. |
| \$ 30000.-\$ 50000. | 39258. | -1830.376 | 37428. | 0. | .000 | 0. | 39258. | -1830.376 | 37428. |
| \$ 50000.-\$ 100000. | 24009. | -642.454 | 23367. | 0. | .000 | 0. | 24009. | -642.454 | 23367. |
| \$ 100000.-\$ 200000. | 13130. | -153.509 | 12977. | 0. | .000 | 0. | 13130. | -153.509 | 12977. |
| \$ 200000. AND ABOVE | 13742. | -41.446 | 13701. | 0. | .000 | 0. | 13742. | -41.446 | 13701. |
| TOTALS | 185137. | -10522.384 | 174614. | -991. | -49.645 | -1041. | 184145. | -10572.028 | 173573. |

Fig. 7.4.11: Table 1B

8. EXAMPLE OF TAX MODEL INPUT CONTROL STREAMS.

8.1. INTRODUCTION.

THE INTENT OF THIS CHAPTER IS TO PROVIDE THE USER WITH SEVERAL EXAMPLES OF THE INPUT CONTROL STREAM FOR SPECIFIC TAX PROPCSALS. THE INPUT CONTROL STREAM FOR ANY GIVEN TAX PLAN MAY CONSIST OF ONLY DATA CARDS OR IT MAY CONSIST OF DATA CARDS AND 'FORTRAN' STATEMENTS THAT MODIFY THE EXISTING TAX MODEL PROGRAM. SECTION 8.3 PROVIDES THREE EXAMPLES OF TAX PROPCSALS THAT ARE CAPABLE OF BEING COMPLETELY SPECIFIED WITH DATA CARDS. SECTION 8.4 PRESENTS THREE MORE EXAMPLES. EACH OF THE EXAMPLES IN SECTION 8.4 REQUIRES SOME MODIFICATION OF THE EXISTING TAX MODEL PROGRAM AS WELL AS DATA CARDS IN ORDER TO COMPLETELY SPECIFY THE TAX PROPCSAL. FINALLY, THE REMAINING SECTIONS CONTAIN SPECIALIZED EXAMPLES WHERE THE PURPOSE OF THE TAX MODEL RUN IS OTHER THAN REVENUE ESTIMATION.

8.2. SETUPS FOR STARTING MODEL RUNS.

IN ORDER TO EXECUTE EACH OF THE EXAMPLE TAX MODEL RUNS THAT FOLLOW, VARIOUS FILES MUST BE ASSIGNED PRIOR TO THE SPECIFICATION OF THE TAX PROPGSAL. EACH OF THE SUBSECTIONS BELOW CONTAIN THE APPROPRIATE CONTROL STATEMENTS TO 'SETUP' A TAX MODEL RUN FOR VARIOUS TAX LAWS AND PROJECTED LEVELS.

8.2.1. SETUP73: 1975 TAX LAW AND 1975 LEVELS.

```
#SYM PRINTS,,RMEXTR
#ASG,T 10.,F/2//64
#ASG,T 14.,F/10//64
#ASG,T 16.,F/10//64
#ASG,A DATA*FILENAME1975.
#USE 7.,DATA*FILENAME1975.
#ASG,AX MODEL-PROGRAM.
#ASG,T PFX.
#COPY MODEL-PROGRAM.,PFX.
#FREE MODEL-PROGRAM.
```

8.2.2. SETUP77: 1978 TAX LAW AND 1978 LEVELS.

```
#SYM PRINTS,,RMEXTR
#ASG,T 10.,F/2//64
#ASG,T 14.,F/10//64
#ASG,T 16.,F/10//64
#ASG,A DATA*FILENAME1978.
#USE 7.,DATA*FILENAME1978.
#ASG,AX MODEL-PROGRAM.
#ASG,T PFX.
#COPY MODEL-PROGRAM.,PFX.
#FREE MODEL-PROGRAM.
```

8.3. EXAMPLE RUNS EMPLOYING DATA CARDS.

8.3.1. EXAMPLE 1.

8.3.1.1. STATEMENT OF THE PROPOSAL.

SUPPOSE THAT ONE WANTS TO INVESTIGATE THE REVENUE EFFECT OF LIBERALIZING THE EXISTING TAX LAW. THE PROPOSED LIBERALIZATION WILL BE ACCOMPLISHED BY INCREASING THE LEVEL OF TAXPAYER EXEMPTIONS FROM \$750 PER TAXPAYER EXEMPTION TO \$1,000 PER TAXPAYER EXEMPTION. ALL OTHER PERSONAL EXEMPTIONS WILL REMAIN AT THE EXISTING LEVEL OF \$750. THE REVENUE ESTIMATION IS TO BE MADE USING THE 1975 TAX MODEL HALF-SAMPLE PROJECTED TO 1978 LEVELS AT 1978 LAW.

8.3.1.2. INPUT ELEMENT FOR THE EXAMPLE PROPOSAL.

```

*ELT, IDN TPF$.TMDATA,, ENDL
  1  3  0      XXXX
  1  3  1 TAXPAYER EXEMPTIONS
  1  3  2 TAXPAYER EXEMPTIONS OF $1,000
  1  3  3
*END ENDL
*XGT PFX, COVERP
1978 1978
*ADD TMDATA
*ELT, IDL TPF$.CSLIST,, ENDL
*PACK PFX.
*PREP PFX.
*ADD PFX, XGT78
  $SAMPLE NYEAR=1975, NRET=50000, NLEV=1978, $END
  1  1  0      0      1
*ADD TMDATA
TITLX 1978 LAW AT 1978 LEVELS
TITLEY TAXPAYERS EXEMPTIONS OF $1000
  $CHANGE NEWX=0, NEWY=1, NEWZ=0, $END
  $PLNY EY(1)=1000., $END
*END ENDL

```

*ADD CSLIST
*ASG,AX STORE*ESTIMATES.
*ELT,IDN STORE*ESTIMATES.RUNXXXX,,FIN
*ADD,D 14.
*END FIN
*XGT PFX.UPDATE
*ADD STORE*ESTIMATES.RUNXXXX
*ELT,IDN STORE*ESTIMATES.DIRECTORY,,FIN
*ADD,D 16.
*END FIN
*FREE STORE*ESTIMATES.

8.3.2. EXAMPLE 2.

8.3.2.1. STATEMENT OF THE PROPOSAL.

AN ALTERNATIVE TAX LIBERALIZATION PROPOSAL IS DESIGNED TO ALLOW EACH TAXPAYER TO CHOOSE ONE OF TWO PROVISIONS. THE FIRST PROVISION RAISES ALL PERSONAL EXEMPTIONS FROM \$750 PER EXEMPTION TO \$825 PER EXEMPTION. THE SECOND PROVISION REPLACES ALL PERSONAL EXEMPTIONS WITH AN EXEMPTION TAX CREDIT OF \$190 PER EXEMPTION. THE TAXPAYER MAY ELECT THE PROVISION WHICH YIELDS THE LOWEST TAX LIABILITY.

IN THIS EXAMPLE, THERE ARE THREE TAX PLANS: PLAN X = PRESENT LAW, PLAN Y = \$825 PERSONAL EXEMPTIONS, AND PLAN Z = \$190 EXEMPTION TAX CREDITS. THE INPUT CONTROL STREAM FOR THIS SIMULATION USING THE 1975 TAX MODEL HALF-SAMPLE PROJECTED TO 1978 LEVELS AT 1978 LAW IS PRESENTED BELOW.

8.3.2.2. INPUT ELEMENT FOR THE EXAMPLE PROPOSAL.

```

#ELT, IDN TPF$.TMDATA,,ENDL
  1  3  0      XXXX
  1  3  1PER. EXEMPT. & CREDIT
  1  3  2PERSONAL EXEMPTIONS OF $825 CR
  1  3  3EXEMPTION CREDIT OF $190
#END ENDL
#XGT PFX.COVERP
19781978
#ADD TMDATA
#ELT, IDL TPF$.CSLIST,,ENDL
#PACK PFX.
#PREP PFX.
#ADD PFX.XGT78
  SSAMPLE NYEAR=1975, NRET=50000, NLEV=1978, SEND
  1  1  0      0      1
#ADD TMDATA
TITLEX 1978 LAW AT 1978 LEVELS
TITLEYPER. EXEMPT. = $825, PLAN Z = $190 EXEMPT.
$CHANGE NEWX=0, NEWY=1, NEWZ=1, SEND
$PLNY EY(1)=825.,825.,825.,825., SEND
$PLNZ EZ(1)=0.,0.,0.,0., EZCR=190.,190.,190.,190., SEND
    
```

```

#END ENDL
#ADD CSLIST
#ASG,AX STORE*ESTIMATES.
#ELT,IDN STORE*ESTIMATES.RUNXXXX,,FIN
#ADD,D 14.
#END FIN
#XGT PFX.UPDATE
#ADD STORE*ESTIMATES.RUNXXXX
#ELT,IDN STORE*ESTIMATES.DIRECTORY,,FIN
#ADD,D 16.
#END FIN
#FREE STORE*ESTIMATES.

```

8.3.3. EXAMPLE 3.

8.3.3.1. STATEMENT OF THE PROPOSAL.

STILL ANOTHER TAX LIBERALIZATION PROPOSAL MIGHT CONSIST OF (A) RAISING THE MINIMUM STANDARD DEDUCTION TO \$3,500, (B) RAISING THE MAXIMUM STANDARD DEDUCTION TO \$4,500, AND (C) ALLOWING A PERCENTAGE STANDARD DEDUCTION OF 20%. IN ADDITION TO TABLES 1A AND 5, SUPPOSE THAT TABLE 4, CREDITS AND DEDUCTIONS, IS ALSO DESIRED. THIS PROPOSAL IS TO BE COMPARED AGAINST >PRESENT LAW> AT 1978 LEVELS.

8.3.3.2. INPUT ELEMENT FOR THE EXAMPLE PROPOSAL.

```

*ELT, IDN TPF$.TMDATA,,ENDL
  1  3  0      XXXX
  1  3  1MIN SD, MAX SD & PSD
  1  3  2MINIMUM SD=$3500, MAXIMUM SD=$4500
  1  3  3PERCENTAGE SD=20%
*END ENDL
*XGT PFX.COVERP
19781978
*ADD TMDATA
*ELT, IDL TPF$.CSLIST,,ENDL
*PACK PFX.
*PREP PFX.
*ADD PFX.XQT78
  SSAMPLE NYEAR=1975, NRET=50000, NLEV=1978, SEND
  1  1  0      0      1      1
  1  1  611111111111111
*ADD TMDATA
TITLX 1978 LAW AT 1978 LEVELS
TITLEYMIN SD=$3500, MAX SD=$4500, PSD=20%
$CHANGE NEWX=0, NEWY=1, NEWZ=0, $END
$PLNY
  DMY(10,3,1)=3500., DMY(10,3,2)=3500., DMY(10,3,3)=3500.,
  DMY(10,2,1)=20., DMY(10,2,2)=20., DMY(10,2,3)=20.,
  DMY(10,5,1)=4500., DMY(10,5,2)=4500., DMY(10,5,3)=4500.,
$END
*END ENDL
*ADD CSLIST

```

*ASG,AX STORE*ESTIMATES.
*ELT,IDN STCRE*ESTIMATES.RUNXXXX,,FIN
*ADD,D 14.
*END FIN
*XGT PFX.UPDATE
*ADD STORE*ESTIMATES.RUNXXXX
*ELT,IDN STORE*ESTIMATES.DIRECTORY,,FIN
*ADD,D 16.
*END FIN
*FREE STORE*ESTIMATES.

8.4. EXAMPLE RUNS EMPLOYING PROGRAM MODIFICATIONS.

8.4.1. EXAMPLE 4.

8.4.1.1. STATEMENT OF THE PROPOSAL.

CONSIDERATION IS BEING GIVEN TO USING ONE TAX RATE SCHEDULE FOR ALL TAXPAYERS REGARDLESS OF MARITAL STATUS. IT IS PROPOSED THAT THE 'MARRIED FILING JOINT RETURN' TAX RATE SCHEDULE BE USED BY ALL TAXPAYERS. THE INPUT CONTROL STREAM BELOW ILLUSTRATES THE PROGRAM MODIFICATIONS FOR THIS TAX PROPOSAL COMPARED AGAINST PRESENT LAW AT 1978 LEVELS AND LAW.

8.4.1.2. INPUT ELEMENT FOR THE EXAMPLE PROPCSAL.

```

*ELT, IDN TPF3.TMDATA,,ENDL
  1  3  0      XXXX
  1  3  1JOINT RATES
  1  3  2ALL SCHEDULES TAXED AT JOINT RATES
  1  3  3
*END ENDL
*XGT PFX.COVERP
19781978
*ADD TMDATA
*ELT, IDL TPF3.CSLIST,,ENDL
*FCR, S PFX.MAIN2, .MAIN2
-46,52
      SAVE=JS
      JS=2
-58
      JS=SAVE
*PACK PFX.
*PREP PFX.
*ADD PFX.XQT78
  SSAMPLE NYEAR=1975, NRET=50000, NLEV=1978, SEND
  1  1  0      0      1
*ADD TMDATA
TITLX 1978 LAW AT 1978 LEVELS
    
```



```
TITLEYEVERYONE USES JOINT RATE SCHEDULES
  SCHANGE NEWX=0, NEWY=0, NEWZ=0, SEND
*END ENDL
*ADD CSLIST
*ASG,AX STORE*ESTIMATES.
*ELT,IDN STORE*ESTIMATES.RUNXXXX,,FIN
*ADD,D 14.
*END FIN
*XQT PFX.UPDATE
*ADD STORE*ESTIMATES.RUNXXXX
*ELT,IDN STORE*ESTIMATES.DIRECTORY,,FIN
*ADD,D 16.
*END FIN
*FREE STORE*ESTIMATES.
```

8.4.2. EXAMPLE 5.

8.4.2.1. STATEMENT OF THE PROPOSAL.

A SENATOR HAS PROPOED THAT THE GENERAL SALES TAX DEDUCTION BE MOVED ABOVE THE LINE, THAT IS, THE GENERAL SALES TAX BECOMES AN ADJUSTMENT TO GROSS INCCME INSTEAD OF A DEDUCTION FROM ADJUTED GROSS INCOME. THIS PROPOSAL IS TO BE COMPARED WITH PRESENT LAW AT 1978 LEVELS. THE PROGRAM MODIFICATIONS FOR THIS REFCRM ARE ILLUSTRATED BELOW.

8.4.2.2. INPUT ELEMENT FOR THE EXAMPLE PROPCAL.

```

#ELT, IDN TPF3.TMDATA,,ENDL
  1  3  0  XXXX
  1  3  1GENERAL SALES TAX
  1  3  2MOVE GENERAL SALES TAX ABOVE THE LINE
  1  3  3
#END ENDL
#XQT PFX.COVERP
19781978
#ADD TMDATA
#ELT, IDL TPF3.CSLIST,,ENDL
#FOR, S PFX.MAIN2, .MAIN2
-46,52
RESID=RESID-D(106)
DN3=AMAX1(0.0, DN3-D(106))
#PACK PFX.
#PREP PFX.
#ADD PFX.XQT78
SSAMPLE NYEAR=1975, NRET=50000, NLEV=1978, SEND
  1  1  0  0  1
#ADD TMDATA
TITLX 1978 LAW AT 1978 LEVELS
TITLYMCVE GENERAL SALES TAX ABOVE THE LINE
SCHANG NEWX=0, NEWY=0, NEWZ=0, SEND
#END ENDL
#ADD CSLIST
#ASG, AX STORE*ESTIMATES.
#ELT, IDN STORE*ESTIMATES.RUNXXXX,,FIN
#ADD, D 14.
    
```

!
*END FIN
*XGT PFX.UPDATE
*ADD STORE*ESTIMATES.RUNXXXX
*ELT, IUN STORE*ESTIMATES.DIRECTORY,,FIN
*ADD,D 16.
*END FIN
*FREE STORE*ESTIMATES.

8.4.3. EXAMPLE 6.

8.4.3.1. STATEMENT OF THE PROPOSAL.

A RESEARCHER WISHES TO INVESTIGATE THE MAXIMUM TAX ON EARNED INCOME. IN PARTICULAR, HE WOULD LIKE TO KNOW HOW MANY RETURNS WHICH DO NOT QUALIFY FOR THE MAXIMUM TAX ON EARNED INCOME UNDER THE PRESENT LAW, WOULD ELECT THE SAVINGS OF THE MAXIMUM TAX ON EARNED INCOME IF THE PREFERENCE OFFSET WAS REPEALED. THE RESEARCHER WOULD ALSO LIKE TO KNOW HOW MUCH REVENUE WOULD BE LOST AT 1978 LEVELS. THIS INPUT CONTROL STREAM APPEARS BELOW.

8.4.3.2. INPUT ELEMENT FOR THE EXAMPLE PROPOSAL.

```

*ELT, IDN TPF3.TMDATA,,ENDL
  1  3  0  XXXX
  1  3  1MAXIMUM TAX
  1  3  2REPEAL PREFERENCE OFFSET FOR THOSE WHO
  1  3  3HAD NO MAXIMUM TAX
*END ENDL
*XQT PFX.COVERP
19781978
*ADD TMDATA
*ELT, IDL TPF3.CSLIST,,ENDL
*FOR, S PFX.MAIN2,,MAIN2
-52
      IF(DATAX .LT. 1.0)GO TO 10
*FOR, S PFX.TXCALC,,TXCALC
-11
      DATA=0.0
-196,196
      IF(NPLAN .EQ. 2)ETI=AMAX1(0.,TINC*RATIO)
-311
      IF(MAXTAX .LE. 0.0)DATA=1.0
*PACK PFX.
*PREP PFX.
*ADD PFX.XQT78
  SSAMPLE NYEAR=1975, NRET=50000, NLEV=1978, SEND
    1  1  0  1  1
*ADD TMDATA
TITLX 1978 LAW AT 1978 LEVELS

```

```
TITLEYREPEAL PREFERENCE OFFSET
  SCHANGE NEWX=0, NEWY=0, NEWZ=0, SEND
*END ENDL
*ADD CSLIST
*ASG,AX STORE*ESTIMATES.
*ELT,IDN STORE*ESTIMATES.RUNXXXX,,FIN
*ADD,D 14.
*END FIN
*XGT PFX.UPDATE
*ADD STORE*ESTIMATES.RUNXXXX
*ELT,IDN STORE*ESTIMATES.DIRECTORY,,FIN
*ADD,D 16.
*END FIN
*FREE STORE*ESTIMATES.
```

8.5. PRINTOUT OF INDIVIDUAL RETURNS.

8.5.1. PURPOSE.

SUBROUTINE SHOREC WAS DESIGNED TO ALLOW THE USER OF THE TAX MODEL PROGRAM THE CAPABILITY OF PRINTING ALL THE DATA ASSOCIATED WITH AN INDIVIDUAL TAX RETURN. EACH DATA ITEM IN THE BASIC FILE IS PRINTED AND FOLLOWED BY AN ALPHANUMERIC DESCRIPTION. EACH DATA ITEM REQUESTED FROM THE 'OUTLIERS' FILE IS ALSO PRINTED AND FOLLOWED BY AN ALPHANUMERIC DESCRIPTION.

8.5.2. USER PROCEDURE.

8.5.2.1. ENTRY.

SUBROUTINE SHOREC IS ACCESSED VIA THE FOLLOWING CALL STATEMENT:

```
CALL SHOREC(LABEL,M,D,MM,NMAPD,NMAPM,MAPD,MAPM)
```

| | DESCRIPTION |
|-------------|---|
| WHERE LABEL | IS AN ARRAY CONTAINING THE ALPHANUMERIC DESCRIPTION FOR EACH DATA ITEM. |
| M | IS THE BEGINNING ADDRESS OF THE INTEGER PORTION OF THE DATA RECORD. |
| D | IS THE BEGINNING ADDRESS OF THE REAL PORTION OF THE DATA RECORD. |
| MM | IS THE BEGINNING ADDRESS OF THE LAST INTEGER PORTION OF THE DATA RECORD. |
| NMAPD | IS THE NUMBER OF ADDITIONAL VARIABLES REQUIRED FROM THE REAL PORTION OF THE 'OUTLIERS' FILE. |
| NMAPM | IS THE NUMBER OF ADDITIONAL VARIABLES REQUIRED FROM THE INTEGER PORTION OF THE 'OUTLIERS' FILE. |

MAPD IS THE SUBSCRIPTS FOR THE ADDITIONAL VARIABLES
 REQUIRED FROM THE REAL PORTION OF THE 'OUTLIERS'
 FILE.

MAPM IS THE SUBSCRIPTS FOR THE ADDITIONAL VARIABLES
 REQUIRED FROM THE INTEGER PORTION OF THE 'OUTLIERS'
 FILE.

8.5.3. EXAMPLE RUN.

8.5.3.1. STATEMENT OF EXAMPLE PROBLEM.

SUPPOSE THAT A RESEARCHER WANTS TO INVESTIGATE SOME SPECIFIC TAX
 RETURNS WHERE EACH RETURN'S ADJUSTED GROSS INCOME IS LESS THAN OR
 EQUAL TO \$3,000. FURTHERMORE, HE HAS INDICATED THAT 5 RETURNS OF
 THIS TYPE WILL BE SUFFICIENT FOR HIS NEEDS. A PRINTOUT OF ALL THE
 ITEMS ON EACH OF THE 5 RETURNS IS ACCOMPLISHED WITH THE INPUT
 CONTROL STREAM SHOWN BELOW.

8.5.3.2. INPUT ELEMENT FOR THE EXAMPLE PROBLEM.

```

*ELT, IDN TPF5.TMDATA,,ENDL
  1  3  0      XXXX
  1  3  1DATA PRINTOUT
  1  3  2PRINTOUT INPUT DATA FOR 5 RETURNS
  1  3  3WITH AGI LE TO $3,000
*END ENDL
*XGT PFX.COVERP
19781978
*ADD TMDATA
*ELT, IDL TPF5.CSLIST,,ENDL
*FOR, S PFX.MAIN2,,MAIN2
-10
      ICT4=0
-52
      IF(AGIY .GT. 3000.0)GO TO 300
      ICT4=ICT4+1
      IF(ICT4 .GT. 5)GO TO 300
      CALL SHOREC(LABEL,M,D,MM,NMAPC,NMAPM,MAPD,MAPM)
    
```

```
•PACK PFX.  
•PREP PFX.  
•ADD PFX.XGT78  
  SSAMPLE NYEAR=1975, NRET=50000, NLEV=1978, SEND  
    1 1 0 1  
TITLEX 1978 LAW AT 1978 LEVELS  
TITLEY PLAN X  
  SCHANGE NEWX=0, NEWY=0, NEWZ=0, SEND  
•END ENDL  
•ADD CSLIST
```


8.6. BURDEN TABLES.

8.6.1. PURPOSE.

SUBROUTINES BURSET AND BURTAB ALLOW THE USER TO EXAMINE THE IMPACT OF A TAX PROPOSAL UNDER SPECIFIC ASSUMPTIONS WITH RESPECT TO MARITAL STATUS, NUMBER OF DEPENDENTS, ITEMIZED DEDUCTIONS, AND THE LEVEL OF ADJUSTED GROSS INCOME. IN OTHER WORDS, SUBROUTINE BURSET CREATES-- ONE AT A TIME--HYPOTHETICAL INDIVIDUAL INCOME TAX RETURNS THAT HAVE SPECIFIC CHARACTERISTICS.

8.6.2. USER PROCEDURE.

8.6.2.1. ENTRY.

BURDEN TABLES ARE PRODUCED BY SETTING LOGIC SWITCH NUMBER 19 EQUAL TO A 1 OR A 2. IF A 1 IS SELECTED, THE PRE-SET OPTIONS PRESENTED IN TABLE 8.6.1 WILL BE EMPLOYED.

TABLE 8.6.1 PRE-SET OPTIONS FOR THE BURDEN TABLE OUTPUT

| VARIABLE | DESCRIPTION |
|----------|---|
| MIA | MAXIMUM NUMBER OF HYPOTHETICAL AGI'S ASSUMED FOR THIS PARTICULAR BURDEN TABLE OUTPUT. DEFAULT = 20, MAXIMUM = 30. |
| HAGI | HYPOTHETICAL AGI'S ASSUMED FOR THIS PARTICULAR BURDEN TABLE OUTPUT. DEFAULT (IN 000'S \$) = 4,5,6,7,8,9,10,11, 12.5,13,14,15,17.5,20, 25,30,35,40,50,100 |
| MID | MAXIMUM NUMBER OF PERCENTAGES TO BE USED IN ASSUMING THE AMOUNT OF ITEMIZED DEDUCTIONS AS A PERCENT OF AGI IN THIS PARTICULAR BURDEN TABLE OUTPUT. DEFAULT = 4, MAXIMUM = 6. |
| HOED | HYPOTHETICAL PERCENTAGES OF AGI ASSUMED TO BE ITEMIZED DEDUCTIONS FOR THIS PARTICULAR BURDEN TABLE OUTPUT. DEFAULT (IN PERCENT) = 0,16,20,25 |
| MIE | MAXIMUM NUMBER OF DEPENDENT EXEMPTIONS TO BE ASSUMED FOR THIS PARTICULAR BURDEN TABLE OUTPUT. DEFAULT = 4, MAXIMUM = NO LIMIT. |

IF THE USER ELECTS THE 2 OPTION FOR LOGIC SWITCH NUMBER 19, THEN THE DATA CARD DESCRIBED IN SECTION 8.6.3 MUST BE SUPPLIED.

8.6.2.2. RESTRICTIONS.

THERE ARE NO RESTRICTIONS OTHER THAN THOSE SPECIFIED IN TABLE 8.6.1.

8.6.2.3. SPECIAL CONSIDERATIONNS.

THE USER SHOULD BE WARNED THAT TAX MODEL RUNS WHICH PRODUCE CORRECT REVENUE ESTIMATES DO NOT ALWAYS PRODUCE CORRECT BURDEN TABLES. THIS IS DUE TO THE WAY IN WHICH PLAN Y IS PROGRAMMED IN RELATION TO PLAN X.

8.6.3. INPUT DATA.

WHEN LOGIC SWITCH 19 IS SET EQUAL TO 2, A \$BURDEN DATA CARD IS REQUIRED IMMEDIATELY FOLLOWING THE 3 99 1 CARD. THE DATA CARD SHOULD CONTAIN \$BURDEN BEGINNING IN COLUMN 2 AND ANY OF THE VARIABLES FROM TABLE 8.6.1 THAT ARE TO BE MODIFIED OR REPLACED. AN EXAMPLE IS PROVIDED IN SUBSECTION 8.6.4.

8.6.4. EXAMPLE RUN.

8.6.4.1. STATEMENT OF EXAMPLE PROBLEM.

A RESEARCHER WANTS TO EXAMINE THE IMPACT OF THE TAX PROPOSAL IN EXAMPLE 3 FROM SUBSECTION 8.3.3 IN MORE DETAIL. IN PARTICULAR, HE WANTS TO EXAMINE SPECIFIC SITUATIONS UNDER VARYING ASSUMPTIONS WITH RESPECT TO MARITAL STATUS, NUMBER OF DEPENDENTS, ITEMIZED DEDUCTIONS, AND THE LEVEL OF ADJUSTED GROSS INCOME. IN ADDITION, THE USER WANTS TO REPLACE THE 12,500 AGI WITH A 12,000 AGI AND APPEND A 50,000 AGI. FURTHERMORE, THE USER DOES NOT REQUIRE THE 20% OF AGI ITEMIZED DEDUCTIONS OR MORE THAN 3 DEPENDENT EXEMPTIONS. THIS CAN BE PROVIDED USING THE INPUT CONTROL STREAM OF SUBSECTION 8.3.3 MODIFIED TO PRODUCE BURDEN TABLES AS SHOWN IN THE SUBSECTION BELOW.

8.6.4.2. INPUT ELEMENT FOR THE EXAMPLE PROBLEM.

```
*ELT, IDN TPF$.TMDATA,,ENDL
  1  3  0      1234
  1  3  1BURDEN TABLES
  1  3  2MINIMUM SD=$3500, MAXIMUM SD=$4500
```

```
1 = 3 3PERCENTAGE SD=20%
*END ENDL
*XGT PFX.COVERP
19781978
*ADD TMDATA
*ELT,IDL TFFS.CSLIST,,ENDL
*PACK PFX.
*PREP PFX.
*ADD PFX.XGT78
  $SAMPLE NYEAR=1975, NRET=50000, NLEV=1978, $END
  1 1 0 2
TITLEX 1978 LAW AT 1978 LEVELS
TITLEYMIN SD=$3500, MAX SD=$4500, PSD=20%
$CHANGE NEWX=0, NEWY=1, NEWZ=0, $END
$PLNY
  DMY(10,3,1)=3500., DMY(10,3,2)=3500., DMY(10,3,3)=3500.,
  DMY(10,2,1)=20., DMY(10,2,2)=20., DMY(10,2,3)=20.,
  DMY(10,5,1)=4500., DMY(10,5,2)=4500., DMY(10,5,3)=4500.,
$END
$BURDEN MIA=21, HAGI(11)=14.5, HAGI(21)=500.,
MID=3, MIE=3, $END
*END ENDL
*ADD CSLIST
```

8.7. SPECIAL TABULATIONS.

8.7.1. PURPOSE.

SUBROUTINE TABOUT/VER3 WAS DESIGNED TO SIMPLIFY THE PREPARATION OF TAX MODEL RUNS REQUIRING SPECIAL TABULATIONS NOT COVERED BY THE STANDARD TAX MODEL TABLES. ITS USE, THEREFORE, IS SPECIFIC TO THE TAX MODEL BUT IT CAN BE USED IN SIMILAR SITUATIONS OUTSIDE OF THE TAX MODEL PROGRAM. TABOUT/VER3 WILL PERFORM THE FOLLOWING FUNCTIONS:

- (A) IT WILL OUTPUT A TWO DIMENSIONAL ARRAY OF ANY SIZE IN TABULAR FORM.
- (B) IT WILL PROVIDE UP TO FIVE LINES OF TITLE CENTERED ABOVE THE TABLE.
- (C) IT WILL PROVIDE UP TO 100 COLUMNS OF CENTERED COLUMN HEADINGS.

8.7.2. USER PROCEDURE.

8.7.2.1. ENTRY.

SUBROUTINE TABOUT/VER3, OF COURSE, DOES NOT PERFORM THE ACTUAL TABULATION BUT ONLY OUTPUTS THE RESULTS OF THE TABULATION. ONCE THE TABULATION HAS BEEN COMPLETED, THE USER MAY HAVE IT OUTPUTTED VIA THE FOLLOWING CALL:

CALL TABOUT(X,NR,NC,LHSTUB,ISCALE)

DESCRIPTION

WHERE X IS A TWO DIMENSIONAL REAL ARRAY CONTAINING THE RESULTS OF THE TABULATION. THE FIRST SUBSCRIPT OF X CORRESPONDS TO ROWS AND THE SECOND SUBSCRIPT OF X CORRESPONDS TO COLUMNS.

NR IS THE NUMBER OF ROWS IN THE TABLE.

NC IS THE NUMBER OF COLUMNS IN THE TABLE.

LHSTUB IS AN ARRAY OF SIZE NR WHICH CONTAINS THE INTERVALS TO BE USED AS THE LEFT HAND STUBS IN THE CONSTRUCTION OF THE TABLE.

ISCALE IS AN ARRAY OF SIZE NC WHICH CONTAINS A CCDE FOR THE SCALE FACTOR TO BE APPLIED TO EACH COLUMN OF THE TABLE. THE CODES ARE:
1 = NC SCALE FACTOR.
2 = DIVIDE BY 1,000.
3 = DIVIDE BY 1,000,000.

8.7.2.2. RESTRICTIONS.

IT IS ASSUMED THAT EACH ROW OF THE ARRAY X CORRESPONDS TO ONE INTERVAL OVER A CONTINUOUS RANGE OF CLASSES, I.E. AGI CLASSES, TAX SIZE CLASSES, ETC. FURTHERMORE, IT IS ASSUMED THAT THERE ARE NR-1 SUCH INTERVALS AND THAT THE NR-TH INTERVAL CONTAINS THE TOTAL OF ALL INTERVALS FOR EACH COLUMN.

8.7.2.3. SPECIAL CONSIDERATIONS.

EACH CALL TO SUBROUTINE TABOUT REQUIRES DATA CARDS FOR THE TITLE AND COLUMN HEADINGS INFORMATION. THIS IS DESCRIBED IN THE NEXT SECTION.

8.7.2.4. OTHER SUBPROGRAMS REQUIRED.

SUBROUTINE HEAD/VER3. SUBROUTINE CENTER/VER3. FUNCTION NERROR/VER3.

8.7.2.5. ERROR RETURNS.

IF ERRORS ARE ENCOUNTERED DURING THE EXECUTION OF SUBROUTINE TABOUT/VER3, THE FUNCTION NERROR WILL ATTEMPT TO PROVIDE DIAGNOSTIC PRINTOUT FOR A SHORT DURATION. IF THE ERROR FUNCTION IS SUCCESSFUL IN PROVIDING DIAGNOSTIC PRINTOUT, IT WILL EXIT AND CONTINUE WITH THE NEXT CALL TO TABOUT AS IF NO PROBLEMS WERE EVER ENCOUNTERED.

8.7.3. INPUT DATA.

8.7.3.1. TITLE CARDS.

EACH CALL TO SUBROUTINE TABOUT/VER3 WILL CALL SUBROUTINE HEAD WHICH WILL EXPECT TITLE CARDS. THE USER MUST SUPPLY AT LEAST ONE TITLE CARD AND MAY SUPPLY AS MANY AS FIVE TITLE CARDS FOR EACH TABLE. IF MORE THAN 5 TITLE CARDS ARE SUPPLIED, THE PROGRAM WILL SKIP THE REMAINING TITLE CARDS AND PRINTOUT THE TITLE CARDS IT SKIPPED. COLUMNS 1 - 72 OF A CARD MAY BE USED FOR THE TITLE. THE TITLE NEED NOT BE CENTERED SINCE THE PROGRAM WILL PROVIDE THIS FUNCTION. FOLLOWING THE LAST TITLE CARD FOR A GIVEN TABLE, AN *EOF CARD IS REQUIRED. FOR EXAMPLE,

FIRST LINE OF THE TITLE FOR TABLE 1.
SECOND LINE OF THE TITLE FOR TABLE 1.
THIRD LINE OF THE TITLE FOR TABLE 1.
*EOF

8.7.3.2. COLUMN HEADING CARDS.

IMMEDIATELY FOLLOWING THE TITLE CARDS, THE USER MUST SUPPLY COLUMN HEADING CARDS. THE COLUMN HEADINGS ARE TYPED ON A DATA CARD BEGINNING IN COLUMN 1 AND MAY CONTINUE ON TO ADDITIONAL DATA CARDS. AT THE END OF EACH COLUMN HEADING, THE USER MUST TYPE A '/' AND CONTINUE IMMEDIATELY WITH THE NEXT COLUMN HEADING UNLESS THE USER WISHES TO TERMINATE THE SCAN OF THAT DATA CARD FOR COLUMN HEADINGS, IN WHICH CASE THE USER ENTERS A '?' IMMEDIATELY AFTER THE '/'. AN EXAMPLE FOLLOWS:

COLUMN 1/COLUMN 2/COLUMN 3/COLUMN 4/?
COLUMN 5/COLUMN 6/COLUMN 7/COLUMN 8/COLUMN 9/?
COLUMN 10/COLUMN 12/

IF THE PREVIOUS CALL TO TABOUT IN THE SAME RUN HAS ALREADY SUPPLIED COLUMN HEADING CARDS AND THE USER WISHES TO EMPLOY THE PREVIOUS COLUMN HEADING CARDS, HE MAY ENTER

*EOF

IN LIEU OF ENTERING THE SAME COLUMN HEADING CARDS AGAIN.

8.7.4. EXAMPLE RUN.

8.7.4.1. INPUT ELEMENT FOR EXAMPLE RUN.

```

*ELT,IDL TPF$.TMDATA,,ENDL
  1  3  0      XXXX
  1  3  1INTEREST EXPENSE
  1  3  2TABULATION OF INTEREST EXPENSE DEDUCTION IMPUTATION
  1  3  3
*END ENDL
*XGT PFX.COVERP
1978,1978
*ADD TMDATA
*ELT,IDL TPF$.CSLIST,,ENDL
*FCR,S PFX.MAIN2,.MAIN2
-6
  DIMENSION X(10,5),ISC(5)
-9
  DATA X/50*0.0/
  DATA ISC/5*3/
-52
  IF(IDEDX .NE. 1)GO TO 10
  CON=AMIN1(DN(2)-D(62),5.0*D(63))
  VIN=0.90*(DN(2)-D(62)-CON)
  QTH=AMAX1(0.0,DN(2)-D(62)-CON-VIN)
  JY=INDEX(AGIX,AGI,10,1.0)
  X(JY,1)=X(JY,1)+D(62)*WT
  X(JY,2)=X(JY,2)+CON*WT
  X(JY,3)=X(JY,3)+VIN*WT
  X(JY,4)=X(JY,4)+QTH*WT
  X(JY,5)=X(JY,5)+DN(2)*WT
  GO TO 10
-109
  DO 98 J=1,5
  DO 98 I=1,9
  X(10,J)=X(10,J)+X(I,J)
  98 CONTINUE
  CALL TABOUT(X,10,5,AGI,ISC)
  CALL EXIT
*PACK PFX.
*PREP PFX.
*ADD PFX.XQT78
  SSAMPLE NYEAR=1975, NRET=50000, NLEV=1978, SEND
  1 1 0 4 0
TITLEX 1978 LAW AT 1978 LEVELS

```


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TITLEYTABULATION OF INTERET EXPENSE IMPUTATION
SCHANGE NEWX=0, NEWY=0, NEWZ=0, SEND
TABULATION OF INTEREST EXPENSE DEDUCTION IMPUTATION
(FIGURES IN MILLIONS OF DOLLARS)
#EOF
HOME MORTGAGE INTEREST/CONSUMER INTEREST/INVESTMNT INTEREST/?
OTHER INTEREST/TOTAL INTEREST/
#END ENDL
#ADD CSLIST

8.7.4.2. OUTPUT FOR EXAMPLE RUN.

THE OUTPUT FOR THE EXAMPLE RUN ABOVE WOULD HAVE THE FOLLOWING GENERAL FORM.

TABULATION OF INTEREST EXPENSE DEDUCTION IMPUTATION
(FIGURES IN MILLIONS OF DOLLARS)

| | HOME MORTGAGE INTEREST | CONSUMER INTEREST | INVESTMNT INTEREST | OTHER INTEREST |
|----------------------|------------------------------|----------------------|-----------------------|-------------------|
| \$ ***** - \$ | | | | 0. |
| \$ 0. - \$ | | | | 5000. |
| \$ 5000. - \$ | | | | 10000. |
| \$ 10000. - \$ | | | | 15000. |
| \$ 15000. - \$ | | | | 20000. |
| \$ 20000. - \$ | | | | 30000. |
| \$ 30000. - \$ | | | | 50000. |
| \$ 50000. - \$ | | | | 100000. |
| \$ 100000. - \$***** | | | | |
| ----- | | | | |
| TOTAL | | | | |
| | TOTAL INTEREST | | | |
| \$ ***** - \$ | | | | 0. |
| \$ 0. - \$ | | | | 5000. |
| \$ 5000. - \$ | | | | 10000. |
| \$ 10000. - \$ | | | | 15000. |
| \$ 15000. - \$ | | | | 20000. |
| \$ 20000. - \$ | | | | 30000. |
| \$ 30000. - \$ | | | | 50000. |
| \$ 50000. - \$ | | | | 100000. |
| \$ 100000. - \$***** | | | | |
| ----- | | | | |
| TOTAL | | | | |

8.8. FILING UNIT SIZE TABULATIONS.

8.8.1. PURPOSE

SUBROUTINE FUSIZE WAS DESIGNED TO PROVIDE TABULATIONS BY FILING UNIT SIZE AND ALL FILING UNIT SIZES OF THE DISTRIBUTION OF EXPANDED INCOME AND RETURNS AND TAX LIABILITY FOR PLAN X AND PLAN Y. IN ADDITION, FUSIZE ALSO PROVIDES THE PERCENTAGE DISTRIBUTION OF RETURNS AND TAX LIABILITY FOR EACH OF THE TAX PLANS.

8.8.2. USER PROCEDURE

8.8.2.1. ENTRY

SUBROUTINE FUSIZE PERFORMS THE ACTUAL TABULATIONS AS WELL AS THE OUTPUT OF THE COMPLETED TABLES. CONSEQUENTLY, FUSIZE MUST BE CALLED FOR EACH RETURN FOLLOWING THE CALCULATION OF PLAN Y AND ONCE AGAIN AFTER ALL RETURNS HAVE BEEN PROCESSED. THE CALL IS AS FOLLOWS:

CALL FUSIZE(FLAG,EYB,CEYB)

WHERE FLAG IS AN INTEGER FLAG THAT MUST--

=0 WHEN TAX RETURNS ARE BEING PROCESSED

=1 WHEN ALL RETURNS HAVE BEEN PROCESSED

EYB IS EXPANDED INCOME OR ANY OTHER INCOME CONCEPT FOR CLASSIFICATION PURPOSES

CEYB IS USUALLY EXPANDED INCOME. HOWEVER, THIS MAY BE ANY OTHER VARIABLE THAT THE USER WANTS TO TABULATE.

8.8.2.2. RESTRICTIONS

FUSIZE PROVIDES A BREAKDOWN BY FILING UNIT SIZE FOR SINGLE PERSONS, MARRIED PERSONS, MARRIED PERSONS WITH 1,2,3,4 AND 5 OR MORE DEPENDENTS, HEAD-OF-HOUSEHOLD AND ALL FILING UNIT SIZES.

8.8.2.3. SPECIAL CONSIDERATIONS.

NONE.

8.8.2.4. OTHER SUBPROGRAMS REQUIRED.

SUBROUTINE 'INDEX'.

8.8.2.5. ERROR ROUTINES.

NONE

8.8.3. INPUT DATA.

NONE.

8.8.4. EXAMPLE RUN.

8.8.4.1. INPUT ELEMENT FOR EXAMPLE RUN.

```
•ELT, IDN TPF$.TMDATA,,ENDL
  1  3  0      XXXX
  1  3  1EXAMPLE CF FUSIZE
  1  3  2DISTRIBUTION OF PLANX & PLANY TAX BY
  1  3  3FILING UNIT SIZE
•END ENDL
•XGT PFX.COVERP
19781978
•ADD TMDATA
```

```

*ELT,IDL TPFS.CSLIST,,ENDL
*FCR,S PFX.MAIN2,.MAIN2
-58      CALL FUSIZE(0,EYB,EYB)
-109     CALL FUSIZE(1,EYB,EYB)
*PACK PFX.
*PREP PFX.
*ADD PFX.XQT78
  SSAMPLE NYEAR=1975, NRET=50000, NLEV=1978, SEND
    1 1 0 0 1
*ADD TMDATA
TITLEX 1978 LAW AT 1978 LEVELS
TITLEYEXAMPLE OF FUSIZE
  SCHANGE NEWX=0, NEWY=0, NEWZ=0, SEND
*END ENDL
*ADD CSLIST
*ASG,AX STORE*ESTIMATES.
*ELT,IDN STORE*ESTIMATES.RUNXXXX,,FIN
*ADD,D 14.
*END FIN
*XQT PFX.UPDATE
*ADD STORE*ESTIMATES.RUNXXXX
*ELT,IDN STORE*ESTIMATES.DIRECTORY,,FIN
*ADD,D 16.
*END FIN
*FREE STORE*ESTIMATES.
```

8.8.4.2. OUTPUT FOR THE EXAMPLE RUN.

THE OUTPUT FOR THE EXAMPLE RUN IS TOO LARGE TO BE REPRODUCED HERE. HOWEVER, THE FOLLOWING ITEMS ARE TABULATED FOR EACH FILING UNIT SIZE.

| COLUMN | ITEM |
|--------|----------------------------------|
| ----- | ---- |
| 1 | CEYB |
| 2 | PLANX, RETURNS |
| 3 | PLANX, % DISTRIBUTION OF RETURNS |
| 4 | PLANX, TAXAX |
| 5 | PLANX, % DISTRIBUTION OF TAXAX |
| 6 | PLANY, RETURNS |
| 7 | PLANY, % DISTRIBUTION OF RETURNS |
| 8 | PLANY, TAXAY |
| 9 | PLANY, % DISTRIBUTION OF TAXAY |

8.9. SUBROUTINE DEBUG.

8.9.1. PURPOSE

THIS SUBPROGRAM IS DESIGNED TO ALLOW THE USER TO ISCLATE DIFFERENCES IN TAX LIABILITY CALCULATED UNDER PLAN X AND UNDER PLAN Y WITHOUT THE WORK INVOLVED IN WRITING A SPECIAL PURPOSE DEBUGGING OUTPUT SUBPROGRAM.

8.9.2. USER PROCEDURE.

8.9.2.1. ENTRY

SUBROUTINE DEBUG MUST BE CALLED TWICE PER TAX RETURN, ONCE FOR THE PLAN X CALCULATION AND ONCE FOR THE PLAN Y CALCULATION. THE FORMAT FOR THE CALL IS--

```
CALL DEBUG(NPLAN)
```

```
WHERE NPLAN IS AN INTEGER WHOSE VALUE  
      =1 FOR PLAN X  
      =2 FOR PLAN Y
```

8.9.2.2. RESTRICTIONS

NONE.

8.9.2.3. SPECIAL CONSIDERATIONS.

SUBROUTINE DEBUG IS DESIGNED TO BE EMPLOYED AFTER THE CALCULATION OF PLAN X AND PLAN Y TAX. IF DEBUG IS CALLED WITHOUT RECALCULATING PLAN X TAX, THE USER MAY FIND THAT SOME OF THE INTERMEDIATE VARIABLES LISTED IN THE OUTPUT CONTAIN VALUES THAT ARE NON-SENSICAL. IN THIS SITUATION, THE NON-SENSICAL VALUES ARE

THE RESULT OF THE LAST PLAN Y CALCULATION FOR THAT VARIABLE (THE LAST CALCULATION MAY NOT HAVE BEEN THE PREVIOUS RETURN). HENCE, THE USER MUST KNOW THE TAX MODEL WELL AND EXERCISE CAUTION WHEN USING SUBROUTINE DEBUG WITHOUT RECALCULATING PLAN X.

8.9.2.4. OTHER SUBPROGRAMS REQUIRED.

NONE.

8.9.2.5. ERROR RETURNS.

NONE.

8.9.3. INPUT DATA.

NONE.

8.9.4. SAMPLE RUN.

8.9.4.1. INPUT ELEMENT FOR EXAMPLE RUN.

SUPPOSE THAT THE USER IS INTERESTED IN EXAMINING THE DIFFERENCE BETWEEN THE PLAN X AND THE PLAN Y TAX ON THE RETURN NUMBER 335. IF THIS IS TO BE DONE AT 1978 LAW AND LEVELS, THE INPUT CONTROL STREAM WOULD APPEAR AS SHOWN BELOW.

```

*ELT, IDN TPFS.TMDATA,,ENDL
  1  3  0      XXXX
  1  3  1EXAMPLE OF DEBUG
  1  3  2CALCULATION OF TAX LIABILITY UNDER PLANX & PLANY
  1  3  3
*END ENDL
*XQT PFX.COVERP
1978,1978
*ADD TMDATA
*ELT, IDL TPFS.CSLIST,,ENDL
*FOR, S PFX.MAIN2,,MAIN2
-52      IF(RETNO .EQ. 335)CALL DEBUG(1)
-58      IF(RETNO .EQ. 335)CALL DEBUG(2)
*PACK PFX.
*PREP PFX.
*ADD PFX.XQT78
  SSAMPLE NYEAR=1975, NRET=50000, NLEV=1978, SEND
  1  1  0      0      1
*ADD TMDATA
TITLX 1978 LAW AT 1978 LEVELS
TITLEYEXAMPLE OF DEBUG
  SCHANGE NEWX=0, NEWY=0, NEWZ=0, SEND
*END ENDL
*ADD CSLIST
*ASG, AX STORE*ESTIMATES.
*ELT, IDN STORE*ESTIMATES.RUNXXXX,,FIN
*ADD, D 14.
*END FIN
*XQT PFX.UPDATE
*ADD STORE*ESTIMATES.RUNXXXX
*ELT, IDN STORE*ESTIMATES.DIRECTORY,,FIN
*ADD, D 16.
*END FIN

```

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•FREE STORE•ESTIMATES.

8.9.4.2. OUTPUT FOR EXAMPLE RUN.

RETURN NUMBER.....335

| | PLAN X | PLAN Y | CHANGE |
|--------------|---------------|---------------|--------|
| NSTGL | .00 | .00 | .00 |
| NLTGL | .00 | .00 | .00 |
| NGL | .00 | .00 | .00 |
| EXLCG | .00 | .00 | .00 |
| INLCG | .00 | .00 | .00 |
| CGAGI | .00 | .00 | .00 |
| RESID | 6775.00 | 6775.00 | .00 |
| TAXD | .00 | .00 | .00 |
| ADJST | .00 | .00 | .00 |
| AGI | 300.00 | 300.00 | .00 |
| EXEM | 6475.00 | 6475.00 | .00 |
| IDED | 2.00 | 2.00 | .00 |
| D | 1900.00 | 1900.00 | .00 |
| TINC | 1575.00 | 1575.00 | .00 |
| TAXBS | .00 | 226.00 | .00 |
| MAXTAX | .00 | .00 | .00 |
| ALTAX | .00 | .00 | .00 |
| AVESAV | .00 | .00 | .00 |
| TXSAV | .00 | .00 | .00 |
| TAXB | 226.00 | 226.00 | .00 |
| TXCRD | .00 | .00 | .00 |
| EMCR | 120.00 | 120.00 | .00 |
| CCCR | .00 | .00 | .00 |
| TTAXA | .00 | .00 | .00 |
| PREF | .00 | .00 | .00 |
| MT | .00 | .00 | .00 |
| EIC | 124.00 | 124.00 | .00 |
| TAXA | -124.00 | -16.25 | .00 |

9. TAX MODEL DIAGNOSTIC MESSAGES.

THE ERROR CHECKING FEATURE OF THE TAX MODEL PROGRAM HAS BEEN REMOVED EXCEPT FOR CERTAIN CRITICAL SITUATIONS. THE DIAGNOSTIC MESSAGES GENERATED IN THESE SITUATIONS ARE PRESENTED IN TABLE 9.0.

IN ADDITION, SUBROUTINE 'HEAD' CONTAINS AN AUTOMATIC TRACE FEATURE. IF ANY OF THE DESIGN LIMITATIONS OF SUBROUTINE 'HEAD' ARE EXCEEDED, THE PROGRAM WILL PROVIDE A TRACE OF THE KEY VARIABLES OVER THE NEXT FEW ITERATIONS. ONCE THE TRACE IS COMPLETE, CONTROL WILL RETURN TO THE CALLING PROGRAM IF POSSIBLE, OTHERWISE THE RUN WILL TERMINATE.

TABLE 9.0: TAX MODEL DIAGNOSTIC MESSAGES

--SUBROUTINE INPUT2--

ERRCR SINGLE SCHEDULES ONLY WITH SRATES

--SUBROUTINE MRATES--

NOTE MAXIMUM NUMBER OF CHANGES ACCEPTED

WARNING RATE TABLE IS FULL
PROGRAM IS ABLE TO CONTINUE

--SUBROUTINE SCHED--

TAX SCHEDULE GENERATION; ILLEGAL REQUEST;
SCHEDULE 2 REQUIRES SCHEDULE 1 AND SCHEDULE 3 REQUIRES
SCHEDULES 2 & 3.

TAX SCHEDULE GENERATION; AUTOMATIC GENER. OF SCHED. 3
CREATES TOO MANY BREAKPOINTS; < 49.

--SUBROUTINE HEAD--

TITLE TRUNCATED AT THE END OF THE 5TH LINE
THE FOLLOWING CARDS WERE SKIPPED:

COLUMN HEADINGS TRUNCATED AT THE END OF THE
100 TH COLUMN

10. GLOSSARY OF VARIABLE NAMES IN THE TAX MODEL.

THE TAX MODEL SOURCE PROGRAM CONTAINS OVER 400 VARIABLE NAMES. IN THE GLOSSARY THAT FOLLOWS, EACH VARIABLE NAME IS PRESENTED AS WELL AS A DESCRIPTION OF THE CONTENTS OF THE VARIABLE.

THE USER WILL FIND THAT SOME VARIABLE NAMES APPEAR MORE THAN ONCE IN THE GLOSSARY. THIS MEANS THAT THE VARIABLE IS 'LOCAL' AND THAT ITS CONTENTS DIFFER AT DIFFERENT POINTS IN THE PROGRAM. WHEN THIS SITUATION OCCURS, THE DESCRIPTION OF THE VARIABLE HAS BEEN EXPANDED TO INCLUDE THE LOCATION OF THE VARIABLE WITHIN THE TAX MODEL PROGRAM. AT THE SPECIFIED LOCATION IN THE TAX MODEL PROGRAM, THE VARIABLE WILL CONTAIN THE DATA GIVEN IN THE DESCRIPTION OF THE VARIABLE. AT ANY OTHER LOCATION OTHER THAN THE SPECIFIED LOCATION, THE VARIABLE MAY CONTAIN SOME OTHER DATA.

SOME OF THE VARIABLE NAMES PRESENTED IN THE GLOSSARY HAVE A SET OF PARENTHESES TO THE RIGHT OF THE VARIABLE NAME. THIS INDICATES THAT THE VARIABLE NAME IS AN ARRAY OF STORAGE LOCATIONS.

FINALLY, SOME VARIABLE NAMES IN THE GLOSSARY CONTAIN AN ASTERISK(*) IN THE SPELLING OF THE NAME. NONE OF THE VARIABLES IN THE TAX MODEL PROGRAM HAVE AN ASTERISK IN THEIR NAME BECAUSE THE ASTERISK IS JUST AN ABBREVIATION DEVICE USED IN THE GLOSSARY. IF A VARIABLE NAME IN THE TAX MODEL PROGRAM CONTAINS AN 'X' WHERE THE ASTERISK APPEARS IN THE GLOSSARY NAME, THEN THE CONTENTS OF THE VARIABLE ARE AS DESCRIBED IN THE GLOSSARY. THE 'X' INDICATES THAT THE DATA STORED IN THE VARIABLE WAS CALCULATED USING THE TAX PARAMETERS FROM THE PLAN X TAX PROPOSAL. THE SAME INTERPRETATION APPLIES WHEN A 'Y' OR A 'Z' APPEARS IN PLACE OF THE ASTERISK. IF THE VARIABLE NAME DOES NOT CONTAIN A 'X', OR 'Y', OR 'Z' IN PLACE OF THE ASTERISK, THEN THE VARIABLE STILL CONTAINS THE DATA DESCRIBED IN THE GLOSSARY. THE ABSENCE OF A 'X', 'Y', OR 'Z' INDICATES THAT THE VARIABLE IS USED IN THE CALCULATION OF ANY OF THE THREE POSSIBLE TAX PLANS.

*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|--|
| A() | WORKING STORAGE (SUB. TAB1, TAB2 AND EXTEND) |
| A1() | STORAGE FOR THE EXTENDED RESULTS OF TABLE 1 |
| A2() | STORAGE FOR THE EXTENDED RESULTS OF TABLE 2 |
| ACGCT | INDICATOR FOR THE PLAN THAT MINIMIZES TAX (1=PLAN Y, 0=PLAN Z) |
| AD() | STORAGE FOR THE AGGREGATE SUMMARY BY TYPE OF DEDUCTION (SUB. TAB3 AND TAB4) |
| ADJEI | ADJUSTMENTS TO GROSS EARNED INCOME IN COMPUTING NET EARNED TAXABLE INCOME. |
| ADJST | ADJUSTMENTS TO INCOME ALLOWED (1977 - ON) |
| ADJUST | TOTAL ADJUSTMENTS TO INCOME, REPORTED |
| ADN*(1) | ALLOWABLE DEDUCTIONS, CONTRIBUTIONS |
| ADN*(2) | ALLOWABLE DEDUCTIONS, INTEREST EXPENSE |
| ADN*(3) | ALLOWABLE DEDUCTIONS, TAX EXPENSE |
| ADN*(4) | ALLOWABLE DEDUCTIONS, MEDICINE AND DRUGS OVER 1 PERCENT AGI |
| ADN*(5) | ALLOWABLE DEDUCTIONS, MEDICAL AND DENTAL OVER 3 PERCENT AGI |
| ADN*(6) | ALLOWABLE DEDUCTIONS, MEDICAL INSURANCE PREMIUMS |
| ADN*(7) | ALLOWABLE DEDUCTIONS, MISCELLANEOUS |
| ADN*(8) | ALLOWABLE DEDUCTIONS, CASUALTY OR THEFT LOSSES |
| AGEDE | NUMBER OF AGED EXEMPTIONS |
| AGI() | AGI CLASS STUBS FOR INDEXING |
| AGIH() | HIGH OPTION AGI CLASS BREAKPOINTS |
| AGIL() | LOW OPTION AGI CLASS BREAKPOINTS |
| AGIQ() | PRE 1975 AGI CLASS BREAKPOINTS |
| AGITCT | ACCUMULATED TOTALS FOR TABLE 6 |
| AGI* | ADJUSTED GROSS INCOME |
| ALAB() | AN ARRAY CONTAINING THE LABELS FOR THE BURDEN TABLE PRINTOUT (SUB. BURSET) |
| ALIMNY | ALIMONY PAYMENTS |
| ALTAX | TAX SAVINGS FROM THE ALTERNATIVE TREATMENT OF CAPITAL GAINS. ALSO TAX BEFORE CREDITS UNDER THE ALTERNATIVE TREATMENT OF CAPITAL GAINS. |
| ALWDEC | ALLOWABLE DEDUCTIONS UNDER PLAN Y |
| ALWEX | ALLOWABLE EXEMPTIONS UNDER PLAN Y |
| AS() | STORAGE FOR THE SCHEDULE SUMMARY BY TYPE OF DEDUCTION (SUB. TAB3 AND TAB4) |
| AOI | INITIAL AMOUNT OF INCOME S.T. THE ELDERLY CREDIT |

* =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z
 N.C.E. = NOT CURRENTLY EMPLOYED

*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|---|
| AT3() | AN ARRAY FOR CONSTRUCTING THE SOURCES OF INCOME FOR TABLE 3 OUTPUT. |
| AVESAV | TAX SAVINGS FROM INCOME AVERAGING |
| B() | WORKING STORAGE (SUB. TAB1 AND EXTEND) |
| BLNDE | NUMBER OF BLIND EXEMPTIONS |
| BLNK | BLANK CHARACTER |
| BLNK | THE LITERAL BLANK (COVERP) |
| BLOCK | STORAGE LOCATION OF THE INPUT BLCKC |
| BMIP | BALANCE OF MEDICAL INSURANCE PREMIUMS |
| BRACK | INPUTTED TAX BRACKET (SUB. MRATES) |
| C() | WORKING STORAGE (SUB. TAB1) |
| C() | CENTER ARRAY FOR A COLUMN HEADING(SUB. HEAD) |
| CAFHE | CHILD AWAY FROM HOME EXEMPTIONS. |
| CAHE | CHILD AT HOME EXEMPTIONS. |
| CAP*(1) | CAPITAL GAINS, PERCENT EXCLUSION |
| CAP*(2) | CAPITAL GAINS, MAXIMUM TAX RATE |
| CAP*(3) | CAPITAL GAINS, MAXIMUM YEARLY LOSS |
| CAP*(4) | CAPITAL GAINS, LOSS OFFSET CONVENTION |
| CCCR | CHILD CARE CREDIT |
| CFTINC | (ADJUSTED) FAMILY TOTAL INCOME. |
| CGAGI* | CAPITAL GAINS OR LOSSES IN AGI |
| CGD50 | CAPITAL GAINS DISTRIBUTIONS NOT REPORTED ON SCHEDULE D, 1/2 OF THOSE GAINS |
| CGYA* | AMOUNT OF FULLY SHELTERED CAPITAL GAINS |
| CHANGE | AGGREGATE TAX REVENUE CHANGE |
| CHDG | AN ARRAY CONTAINNING THE COLUMN HEADINGS FOR A SPECIAL TAB (SUB. TABOUT) |
| CHILDC | CHILD CARE EXPENSE |
| CHTINC | (ADJUSTED) HOUSEHOLD TOTAL INCOME. |
| CLIMIT | CAPITAL LOSS LIMITATION, SAME AS CAP(3) EXCEPT FOR MARRIED FILING SEPERATELY WHO MAY HAVE > 0.50*CAP(3) UNDER CERTAIN CONDITIONS. |
| CONVRT | THE AMOUNT OF LONG TERM GAINS THAT ARE CONVERTED TO SHORT TERM GAINS |
| CPT | POINTER TO CHARACTER IN EACH GROUP OF 9 9 CHARACTERS (SUB. HEAD) |
| CR1 | ELDERLY CREDIT, TAXPAYER |
| CR2 | ELDERLY CREDIT, SPOUSE |
| CR3 | ELDERLY CREDIT, FOR THE AGED SPOUSE |

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*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|--|
| CRDN() | DATA CARD NUMBER, ACTUAL |
| CSTUB | COLUMN HEADINGS FOR CLASSIFIER STUBS |
| CUM | CUMULATIVE PERCENTAGE |
| D() | ARRAY CONTAINING THE MAPPED IN TAX RETURN DATA |
| D* | TOTAL DEDUCTIONS, EITHER ITEMIZED OR STANDARD |
| DATA* | A DUMMY STORAGE LOCATION FOR DATA TRANSFER TO SUB. TXCALC |
| DC*(1) | DIVIDEND CREDIT, ABSOLUTE MAXIMUM |
| DC*(2) | DIVIDEND CREDIT, AS PERCENT OF DIVIDENDS |
| DC*(3) | DIVIDEND CREDIT, AS PERCENT OF TAXABLE INCOME |
| DE*(1) | DIVIDEND EXCLUSION, SCHEDULE 1 |
| DE*(2) | DIVIDEND EXCLUSION, SCHEDULE 2 |
| DE*(3) | DIVIDEND EXCLUSION, SCHEDULE 3 |
| DED* | TOTAL ITEMIZED OR STANDARD DEDUCTIONS |
| DEDL() | LABELS FOR PRINTOUT OF THE DEDUCTION MATRIX |
| DEF() | ARRAY CONTAINING THE COMPONENTS OF EXPANDED INCOME |
| DEFMTX | DEFERRED MINIMUM TAX |
| DELTA | PERCENTAGE CHANGE IN TAXES |
| DEPNE | NUMBER OF DEPENDENT EXEMPTIONS |
| DEXCL | DIVIDEND EXCLUSION |
| DISALW | DEDUCTION FROM MAXIMUM INCOME BASE FOR TAXPAYERS UNDER 62 WHO QUALIFY FOR ELDGR COMPUTATION. |
| DMFS | FLAG FOR MARRIED FILING SEPERATE (MFS=0.5, OTHERWISE 1.0) |
| DM*() | DEDUCTION MATRIX |
| DN1 | DEDUCTIONS CLAIMED, CONTRIBUTIONS |
| DN2 | DEDUCTIONS CLAIMED, INTEREST EXPENSE |
| DN3 | DEDUCTIONS CLAIMED, TAX EXPENSE |
| DN4 | DEDUCTIONS CLAIMED, MEDICINE AND DRUGS + 1 PERCENT AGI |
| DN5 | DEDUCTIONS CLAIMED, MEDICAL AND DENTAL + 3 PERCENT AGI |
| DN6 | DEDUCTIONS CLAIMED, FULL MEDICAL INSURANCE PREMIUM |
| DN7 | DEDUCTIONS CLAIMED, MISCELLANECUS |
| DN8 | DEDUCTIONS CLAIMED, CASUALTY OR THEFT LOSSES. |
| DS* | N.C.E. |
| EARN | GROSS EARNED INCOME |
| EARNCR | EARNED INCOME, FOR EARNED INCOME CREDIT |

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*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|---|
| ECMAX | ELDERLY CREDIT, MAXIMUM. |
| ECR*(1) | EXEMPTION CREDIT, \$ ALLOWANCE, TAXPAYER |
| ECR*(2) | EXEMPTION CREDIT, \$ ALLOWANCE, AGED |
| ECR*(3) | EXEMPTION CREDIT, \$ ALLOWANCE, BLIND |
| ECR*(4) | EXEMPTION CREDIT, \$ ALLOWANCE, DEPENDENT |
| ECR*(6) | EXEMPTION CREDIT, INCLUSION OF TAXPAYERS |
| ECR*(7) | EXEMPTION CREDIT, INCLUSION OF AGED |
| ECR*(8) | EXEMPTION CREDIT, INCLUSION OF BLIND |
| ECR*(9) | EXEMPTION CREDIT, INCLUSION OF DEPENDENT |
| EIC | EARNED INCOME CREDIT |
| ELDCR | ELDERLY CREDIT. |
| EMAX | MAXIMUM MARGINAL TAX RATE ON EARNED INCOME |
| EMCR | TOTAL VALUE OF EXEMPTION TAX CREDITS |
| ERN | EARNED INCOME FOR ELDERLY CREDIT CALCULATION. |
| ETI | EARNED TAXABLE INCOME |
| E*(1) | EXEMPTIONS, DOLLAR ALLOWANCE, TAXPAYER |
| E*(2) | EXEMPTIONS, DOLLAR ALLOWANCE, AGED |
| E*(3) | EXEMPTIONS, DOLLAR ALLOWANCE, BLIND |
| E*(4) | EXEMPTIONS, DOLLAR ALLOWANCE, DEPENDENT |
| E*(6) | EXEMPTIONS, INCLUSION OF TAXPAYERS |
| E*(7) | EXEMPTIONS, INCLUSION OF AGED |
| E*(8) | EXEMPTIONS, INCLUSION OF BLIND |
| E*(9) | EXEMPTIONS, INCLUSION OF DEPENDENT |
| EXCESS | EXCESS ITEMIZED DEDUCTIONS |
| EXEM | TOTAL VALUE OF EXEMPTIONS |
| EXLCG | EXCLUDED LONG-TERM CAPITAL GAINS |
| EX* | N.C.E. |
| F4972 | CODE FOR FORM 4972 SPECIAL 10 YEAR AVERAGING, LUMP-SUM TAX. |
| FACTGR | MULTIPLICATIVE FACTOR (SUB. MRATES) |
| FIFTH | 1/5 PREFERENCE INCOME FROM PREVIOUS FIVE YEARS. |
| FLGSZ | FILING UNIT SIZE. |
| FMSIZE | SIZE OF FAMILY TO WHICH TAX UNIT BELONGS. |
| FNE | TOTAL NUMBER OF EXEMPTIONS |
| FNOSw | N.C.E. |
| FSYEAR | YEARLY FOOD STAMP BONUS VALUE(FOR UNIT WITH HEAD OF HOUSEHOLD). |
| FTPEN | FULLY TAXABLE PENSIONS |
| FUN | DESCRIPTION OF THE FUNCTIONS OF EACH LOGIC SWITCH |

* =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z
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*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|--|
| GD | GROSS DIVIDENDS |
| GPNS2 | (ADJUSTED) GOVERNMENT PENSIONS. |
| GRAND | ACCUMULATED TOTALS FOR TABLE 6 |
| HAGI | HYPOTHETICAL ADJUSTED GROSS INCOMES FOR THE BURDEN TABLES (SUB. BURSET) |
| HDDED | HYPOTHETICAL ITEMIZED DEDUCTIONS AS A PERCENT OF AGI FOR THE BURDEN TABLES (SUB. BURSET) |
| HMIE | HOME MORTGAGE INTEREST EXPENSE. |
| HMSTAT | TENURE |
| HOSDTX | SOCIAL SECURITY & RAILROAD RETIREMENT, DISABILITY AND SURVIVOR EMPLOYEE TAX, HEAD ONLY |
| HSEF | HEAD SHARE OF SELF-EMPLOYED FARM INCOME (SEF) |
| HSENF | HEAD'S SHARE OF SELF-EMPLOYED NON-FARM (BUSINESS) INCOME (SENF) |
| HSSHTX | SOCIAL SECURITY & RAILROAD RETIREMENT HEALTH INSURANCE EMPLOYEE TAX, HEAD ONLY. |
| HWAGES | HEAD'S SHARE OF WAGES. |
| IO-9 | AMOUNT OF CORE STORAGE REQUIRED FOR TABLES 1 THRU 7A |
| IA | LOGICAL UNIT FROM WHICH THE A BLOCK WILL BE INPUTTED |
| IA | INDEX FOR THE HAGI (SUB. BURSET) |
| IALT | INDICATOR FOR ALTERNATIVE PLAN 2 |
| IB | LOGICAL UNIT FROM WHICH THE B BLOCK WILL BE INPUTTED |
| IB | BEGINNING LOCATION IN AN ARRAY READ OR WRITE |
| IBP | POINTER TO THE RECORD TO BE TRANSFERED |
| ICT1 | TOTAL NUMBER OF PHYSICAL RETURNS READ FROM THE SAMPLE |
| ICT2 | TOTAL NUMBER OF PHYSICAL RETURNS USED TO CONSTRUCT THE OUTPUT |
| ICT3 | TOTAL NUMBER OF PHYSICAL RETURNS NOT USED IN THE CONSTRUCTION OF THE OUTPUT (N.C.E.) |
| ICT4 | N.C.E. |
| ID | IDENT NUMBER |
| ID | INDEX FOR DEDUCTIONS AS A PERCENT OF AGI (SUB. BURSET) |

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*** GLOSSARY OF VARIABLE NAMES ***
PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|--|
| IDED* | TYPE OF DEDUCTION INDICATOR (1=ITEMIZE, 2=STANDARD) |
| IDIP | DISPLACEMENT INDEXES (SUB. LSWCUT) |
| IDUM | DUMMY ARRAY EQUIVALENCED TO PLAN Y TITLE. |
| IE | ENDING LOCATION IN AN ARRAY READ OR WRITE |
| IE | INDEX FOR THE NUMBER OF DEPENDENT EXEMPTIONS EXCLUDING TAXPAYER EXEMPTIONS (SUB. BURSET) |
| INA | AN ARRAY CONTAINING THE SCALE FACTORS (SUB. TABOUT) |
| INB | AN ARRAY CONTAINING THE REPETITION FACTORS 1-10 (SUB. TABOUT) |
| INCH | INDICATOR FOR THE MAGNITUDE OF THE TAX CHANGE (1 IS $\leq 1\%$, 2 IS $> 1\%$) |
| INDA | TRANSFER STATUS WORD FOR BLOCK A |
| INDB | TRANSFER STATUS WORD FOR BLOCK B |
| INDEX | INDEX, FROM THE INDEX FUNCTION |
| INDIC | INDICATOR FOR INSERTION, DELETION, ETC IN SUB. MRATES |
| INLAB(1) | INPUT LABEL, YEAR OF THE DATA BASE |
| INLAB(2) | INPUT LABEL, YEAR OF THE MAPIN |
| INLAB(3) | INPUT LABEL, NUMBER OF WORDS PER RECORD |
| INLAB(4) | INPUT LABEL, NUMBER OF RETURNS IN THE SAMPLE |
| INLAB(5) | INPUT LABEL, NUMBER OF BLOCKS PER REEL |
| INLAB(6-25) | INPUT LABEL, NUMBER OF RETURNS BY SAMPLE CLASS |
| INLAB(-26) | INPUT LABEL, ALPHANUMERIC DESCRIPTION OF THE CONTENTS OF THE FILE. |
| INLCG | INCLUDED LONG TERM GAINS |
| INVIA | INVESTMENT INTEREST EXPENSE ALLOWED. |
| INVIT | INVESTMENT INTEREST TOTAL. |
| INVY | INVESTMENT INCOME. |
| IP | PAGE NUMBER |
| IPAGE | PAGE NUMBER |
| IPT | POINTER TO CHARACTERS IN THE Z ARRAY (SUB. HEAD) |
| IREC() | ARRAY FOR STORING ONE RECORD |
| IS | SAMPLE INDICATOR SUBSCRIPT (1=1968 SUB SAMPLE, 2=1970 DRUM FILE, 3=1970 SUB SAMPLE) |
| IS | INDEX FOR TAXPAYER AND SPCUSE EXEMPTIONS (SUB. BURSET) |
| ISCALE | AN ARRAY CONTAINING THE SCALE FACTORS FOR THE SPECIAL TAB (SUB. TABOUT) |

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*** GLOSSARY OF VARIABLE NAMES ***
PROGRAM: VER6*MCDEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|--|
| ISW | PAGE SUBSCRIPTS FOR TABLE 1 AND 2 LOGIC SWITCH. |
| ITEST | INDICATOR THAT THE CURRENT TAX RATE SCHEDULE ENTRY IS A DUPLICATE |
| ITXB | INDICATOR FOR PRESENT TAX STATUS (1=TAXABLE, 2=NON-TAXABLE) |
| IZ() | INDEXES FOR CALCULATING SCI FIGURES |
| J | VARIOUS USES |
| JA | SUBSCRIPT FOR THE 54 CATEGORIES OF ARRAY AD |
| JB | SUBSCRIPT FOR THE 54 CATEGORIES OF ARRAY AS |
| JD | SUBSCRIPT FOR TYPE OF DEDUCTION (1=ITEMIZE, 2=STANDARD) |
| JDJS | PAGE SUBSCRIPTS FOR TABLE 3 AND 4 LOGIC SWITCHES |
| JMAX | NUMBER OF CHANGES IN THE RATE SCHEDULE MINUS ONE |
| JMIN | STARTING AGI, SCHEDULE, DEDUCTION CELL OF THE 54 CATEGORIES |
| JS | SUBSCRIPT FOR THE TYPE OF SCHEDULE (1-3) |
| JT | SUBSCRIPT FOR THE 28 CATEGORIES OF ARRAY S3 AND S4 |
| JX | SUBSCRIPT FOR THE 54 CATEGORIES IN TABLE 1 AND 1A |
| JY | SUBSCRIPT FOR INCOME OR AGI CLASSES (1-10) |
| JZ | SUBSCRIPT FOR THE 54 CATEGORIES IN TABLE 3 |
| KD*(1) | GENERATED DEDUCTIONS, NEW CATEGORY NUMBER |
| KD*(2) | GENERATED DEDUCTIONS, NUMBER OF CATEGORIES TO BE COMBINED |
| KD*(3-9) | GENERATED DEDUCTIONS, SUBSCRIPTS OF THE CATEGORIES TO BE COMBINED |
| KPT | POINTER TO THE LAST COLUMN POSITION OF CHDG WHERE CHARACTERS WERE INSERTED (SUB. HEAD) |
| L1 | SENSE LIGHT 1 (1=EOF, 2=CONTINUE READ OF TAX FILE) |
| L2 | SENSE LIGHT 2 (1=FILE PREVIOUSLY CLOSED, 2=FILE PREVIOUSLY OPENED) |
| L19 | THE VALUE OF LOGIC SWITCH 19. |
| LABEL() | LABEL FOR EACH VARIABLE ON A RETURN |
| LAW | A VARIABLE WHICH IS SET EQUAL TO NPL AND RESULTS IN THE EXECUTION OF THE APPROPRIATE SECTIONS OF TXCALC FOR THE YEAR OF THE TAX LAW SPECIFIED BY NPL |
| LB | POINTER TO THE LAST NON-BLANK CHARACTER IN A GROUP OF 9 CHARACTERS (SUB. HEAD) |

* =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z
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*** GLOSSARY OF VARIABLE NAMES ***
PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|---|
| LB() | LABELS FOR PRINTOUT OF THE MISC TAX PARAMETERS |
| LD*() | LOGIC INDICATOR FOR THE APPLICATION OF FLOORS AND CEILINGS (0=NO FLOORS OR CEILINGS, 1=FLOORS AND CEILINGS) |
| LINEA | VARIABLE FORMAT FOR THE CURRENT LINE (SUB. TABOUT) |
| LINEB | VARIABLE FORMAT FOR THE UNDERLINE (SUB. TABOUT) |
| LINEC | VARIABLE FORMAT FOR THE TOTAL LINE (SUB. TABOUT) |
| LINES | THE TOTAL NUMBER OF LINES PRINTED (SUB. TABOUT) |
| LOGIC(1) | LOGIC SWITCH, RESERVED FOR FUTURE USE |
| LOGIC(2) | LOGIC SWITCH, RESERVED FOR FUTURE USE |
| LOGIC(3) | LOGIC SWITCH, RESERVED FOR FUTURE USE |
| LOGIC(4) | LOGIC SWITCH, CONTROLS READING OF LABELS FOR DISPLAY OF A RETURN |
| LOGIC(5) | LOGIC SWITCH, RESERVED FOR FUTURE USE |
| LOGIC(6) | LOGIC SWITCH, RESERVED FOR FUTURE USE |
| LOGIC(7) | LOGIC SWITCH, CONTROLS THE CLASSIFIER BREAKPOINTS |
| LOGIC(8) | LOGIC SWITCH, RESERVED FOR FUTURE USE |
| LOGIC(9) | LOGIC SWITCH, CONTROLS THE CLASSIFIER DEFINITION |
| LOGIC(10) | LOGIC SWITCH, MERGE FILE INDICATOR |
| LOGIC(11) | LOGIC SWITCH, CONTROLS THE COMPUTATION OF TABLE 1 AND TABLE 1A |
| LOGIC(12) | LOGIC SWITCH, CONTROLS THE COMPUTATION OF TABLE 2 |
| LOGIC(13) | LOGIC SWITCH, CONTROLS THE COMPUTATION OF TABLE 3 |
| LOGIC(14) | LOGIC SWITCH, CONTROLS THE COMPUTATION OF TABLE 4 |
| LOGIC(15) | LOGIC SWITCH, CONTROLS TABLE 6 (0= PLAN Y, 1= PLANX) |
| LOGIC(16) | LOGIC SWITCH, CONTROLS THE COMPUTATION OF TABLE 6 |
| LOGIC(17) | LOGIC SWITCH, CONTROLS THE COMPUTATION OF TABLE 7 AND TABLE 7A |
| LOGIC(18) | LOGIC SWITCH, CONTROLS THE CALCULATION OF PLAN X |
| LOGIC(19) | LOGIC SWITCH, CONTROLS THE CALCULATION OF BURDEN TABLES |
| LOGIC(20) | LOGIC SWITCH, STORES TAX MODEL RESULTS |
| LSNA() | SUBSCRIPTS FOR THE ARRAY LOGIC; OUTPUT TABLES LOGIC SWITCHES |
| LSNB() | SUBSCRIPTS FOR THE ARRAY LOGIC; STUBS FOR TABLES 1,2, AND 7 |
| LSW() | EQUIVALENT ARRAY FOR OUTPUT TABLE LOGIC SWITCHES |

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*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|------------------|--|
| LSW1-7() | OUTPUT TABLE LOGIC SWITCHES |
| LT | AN ARRAY CONTAINING THE TITLE LINES FOR SPECIAL TABS (SUB. TABOUT) |
| LTGL | LONG TERM GAIN OR LOSS(+ OR -) |
| LTGIS | LONG TERM GAINS FROM INSTALLMENT SALES (SUB-SEC. D). |
| M | VARIOUSES USES |
| M(1) | RETURN NUMBER |
| M(2) | MARITAL STATUS CODE |
| M(3) | FORM OF DEDUCTION CODE |
| M(4) | SAMPLE WEIGHT CLASS CODE |
| M(5) | PRESENT LAW AGI CLASS |
| M(6) | FORM 4972 CODE./ |
| M() | STORAGE ARRAY FOR THE PRINTOUT OF THE RUN NUMBER (COVERP) |
| MAPD | THE SUBSCRIPTS FOR THE ADDITIONAL VARIABLES REQUIRED FROM THE REAL PORTION OF THE "OUTLIERS" FILE. |
| MAPM | THE SUBSCRIPTS FOR THE ADDITIONAL VARIABLES REQUIRED FROM THE INTEGER PORTION OF THE "OUTLIERS" FILE. |
| MARS | MARITAL STATUS CODE. |
| MAXTAX | TAX SAVINGS FROM THE MAXIMUM TAX ON EARNED INCOME. ALSO, THE TAX BEFORE CREDITS UNDER THE MAXIMUM TAX PROVISION. |
| MAXTBL | MAXIMUM NUMBER OF ENTRIES IN A TAX RATE SCHEDULE |
| MCHCK() | TOTAL NUMBER OF PHYSICAL RETURNS ON THE FILE BY SAMPLE WEIGHT CLASS |
| MCODE | SAMPLE WEIGHT CLASS CODE |
| METHOD | METHOD OF CHANGING RATE SCHEDULES |
| MG() | INTEGER ARRAY FOR THE TAX RETURN INPUT RECORD |
| MG() | ARRAY FOR THE STORAGE OF A DATA BLOCK (SUB. SAMPLE) |
| MIA | THE MAXIMUM NUMBER OF HAGI'S (SUB. BURSET) |
| MID | THE MAXIMUM NUMBER OF HOED'S (SUB. BURSET) |
| MIE | THE MAXIMUM NUMBER OF DEPENDENT EXEMPTIONS EXCLUDING TAXPAYER EXEMPTIONS (SUB. BURSET) |
| MINTAX | MINIMUM TAX AFTER ADJUSTMENTS (SUB. TXCALC) |
| MLCH | MAXIMUM NUMBER OF LINES IN THE COLUMN HEADINGS (SUB. TABOUT) |

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*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MCDEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|--|---|
| MM() | THE LAST INTEGER PORTION OF THE DATA RECORD. |
| MORE | ADDITIONAL CORE REQUIRED AT DYNAMIC ALLOCATION FOR THE TABLES |
| MT* | MINIMUM TAX AFTER ADJUSTMENTS |
| MTDPY | MINIMUM TAX DEFERRED FROM PRIOR YEARS |
| MZ() | ARRAY FOR THE STORAGE OF A DATA BLOCK |
| N | VARIOUS USES |
| N() | NUMBER OF PHYSICAL RETURNS BY CELL (SUB. TAB1) |
| N1 | CURRENT BREAKPOINT IN SCHEDULE 1 |
| N2 | CURRENT BREAKPOINT IN SCHEDULE 2 |
| N3 | CURRENT BREAKPOINT IN SCHEDULE 3 |
| NAME(1) | RUN NUMBER |
| NAME(2-6) | TITLE TO REPLACE THE TITLE ON THE TITLEY CARD |
| NAME(7-15) | DETAILED DESCRIPTION OF TAX MODEL RUN, LINE 1. |
| NAME(16-24) | DETAILED DESCRIPTION OF TAX MODEL RUN, LINE 2. |
| NAME(25) | DATE OF RUN |
| NAME(26) | VERSION NUMBER OF TABLE GENERATOR |
| NAME(27) | QUALIFICATION DESCRIPTION |
| NAME(28) | QUALIFICATION DESCRIPTION |
| NAME(29) | PROJECTED LEVEL OF THE TAX MODEL RUN |
| NAME(30) | = 1 IF THERE EXISTS NO TAX DECREASES = 2 IF THERE EXISTS NO TAX INCREASES |
| NAME(31) | YEAR OF TAX LAW |
| NAME(32) | AGGREGATE REVENUE ESTIMATE |
| NB1 | NUMBER OF BREAKPOINTS IN SCHEDULE 1 |
| NB2 | NUMBER OF BREAKPOINTS IN SCHEDULE 2 |
| NBLK | NUMBER OF RECORDS IN THE BLOCK |
| NBLKT | NUMBER OF BLOCKS PER REEL |
| NBRACS | NUMBER OF BRACKETS IN THE RATE SCHEDULE |
| NBR() | NUMBER OF BREAKPOINTS IN A TAX SCHEDULE, ANY PLAN |
| NBRH | BRANCH INDICATOR FOR LOGIC IN THE ELDERLY CREDIT CALCULATION. |
| NB*() | NUMBER OF BREAKPOINTS |
| NBOTH | INDICATOR THAT BOTH SPOUSES HAVE RETIREMENT INCOME: = 0 ONLY ONE SPOUSE HAS RETIREMENT INCOME = 1 BOTH SPOUSES HAVE RETIREMENT INCOME |
| NC | THE NUMBER OF COLUMNS IN A SPECIAL TAB (SUB. TABOUT) |
| * =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z | |
| N.C.E. = NOT CURRENTLY EMPLOYED | |

*** GLOSSARY OF VARIABLE NAMES ***
PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|------------------|---|
| NCHK | NUMBER OF PHYSICAL RETURNS INPUTTED BY SAMPLE WEIGHT CODE |
| NCHGS | NUMBER OF CHANGES IN THE RATE SCHEDULE |
| NCL | CURRENT NUMBER OF GROUPS OF COLUMN HEADINGS CHARACTERS ENCOUNTERED (SUB. HEAD) |
| NCLT | NUMBER OF CHARACTERS ON THE CURRENT LINE (SUB. TABOUT) |
| NCNT | CURRENT NUMBER OF BLOCKS THAT HAVE BEEN INPUTTED |
| NCODE | VARIABLE USED FOR CODING THE STORED RESULTS. |
| NCS | NUMBER OF CHARACTERS IN THE STRING (SUB. CENTER) |
| NE | TOTAL NUMBER OF EXEMPTIONS |
| NERR | ERROR INDICATOR, NERR=1, AN ERROR WAS DETECTED IN SUBROUTINE HEAD. |
| NEWX | INDICATOR FOR NEW PLAN X |
| NEWY | INDICATOR FOR NEW PLAN Y |
| NEWZ | INDICATOR FOR NEW PLAN Z |
| NEX | NUMBER OF DEPENDENT EXEMPTIONS. |
| NEXT | INDICATOR TO GO TO THE NEXT COLUMN (SUB. HEAD) |
| NFL | FLAG TO INDICATE HOLDING PERIOD OF LONG TERM GAINS |
| NGL | NET GAIN OR LOSS (+ OR -). |
| NL | NET LOSSES WHNE LINE 14 IS A LOSS |
| NLCH | POINTER TO THE CURRENT LINE OF THE COLUMN HEADINGS BEING CONSTRUCTED (SUB. HEAD) |
| NLEV | YEAR OF THE MAPIN |
| NLT | THE NUMBER OF LINES IN THE TITLE OF A SPECIAL TAB (SUB. TABOUT) |
| NLR | THE NUMBER OF LINES REMAINNING ON A PAGE FOR A SPECIAL TAB (SUB. TABOUT) |
| NLTGL | NET LONG TERM GAIN OR LOSS(+ OR -) |
| NMAPD | THE NUMBER OF ADDITIONAL VARIABLES REQUIRED FROM THE REAL PORTION OF THE "OUTLIERS" FILE. |
| NMAPM | THE NUMBER OF ADDITIONAL VARIABLES REQUIRED FROM THE INTEGER PORTION OF THE "OUTLIERS" FILE |
| NNBC | NUMBER OF NON-BLANK CHARACTERS (SUB. CENTER) |
| NO | THE RUN NUMBER (COVERP) |
| NOBEN | EXCESS DEDUCTIONS, EXEMPTIONS & LOSSES OTHER THAN CAPITAL LOSSES. |
| NOCHCK | INDICATOR TO BYPASS DATA CHECK (0=NO CHECK, 1=CHECK) |
| NOL | NUMBER OF LINES |

* =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z
N.C.E. = NOT CURRENTLY EMPLOYED

*** GLOSSARY OF VARIABLE NAMES ***
PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|---|
| NOL75 | 1975 NET OPERATING LOSS CARRYOVER. |
| NPC | NUMBER OF COLUMNS THAT WILL BE PRINTED (SUB. TABOUT) |
| NPL | A VARIABLE INITIALIZED TO THE LAST TWO DIGITS OF THE YEAR OF THE TAX LAW REFLECTED BY SUBROUTINE INPUT2 |
| NPLAN | A VARIABLE WHICH SPECIFIES WHICH TAX PLAN IS CURRENTLY BEING EXECUTED. 1= PLAN X, 2= PLAN Y, AND 3= PLAN Z. |
| NPT | POINTER TO THE COLUMN POSITION OF CHDG WHERE THE CHARACTERS WILL BE INSERTED (SUB. HEAD) |
| NR | NUMBER OF ROWS IN THE SPECIAL TABULATION (SUB. TABOUT) |
| NRET | NUMBER OF RETURNS IN THE SAMPLE |
| NRM1 | NUMBER OF ROWS MINUS 1 (SUB. TABOUT) |
| NRPT | REPETITION FACTOR FOR THE PREVIOUS FORMAT WITH SPECIAL TABS (SUB. TABOUT) |
| NSAVE | POINTER TO THE LAST POSITION IN THE Z ARRAY WHERE COLUMN HEADING CHARACTERS WERE STORED (SUB. HEAD) |
| NS1 | NUMBER OF PHYSICAL RETURNS, TAXABLE SUBTOTAL |
| NS2 | NUMBER OF PHYSICAL RETURNS, TOTAL |
| NSTGL | NET SHORT TERM GAIN OR LOSS (+ OR -). |
| NSTOP | NUMBER OF RETURNS TO BE PROCESSED BEFORE TERMINATING THE RUN |
| NSW | INDICATOR OF THE MAGNITUDE OF THE CURRENT SPOUSE'S RETIREMENT INCOME VS THE OTHER SPOUSES RETIREMENT INCOME. = -1 CURRENT SPOUSE'S R.I. < OTHER SPOUSE'S RETIREMENT INCOME. = 0 BOTH HAVE SAME AMOUNT OF R.I. = +1 CURRENT SPOUSE'S R.I. > OTHER SPOUSE'S RETIREMENT INCOME. |
| NTC | COLUMN CURRENTLY BEING PROCESSED (SUB. HEAD) |
| NTDCGD | NCN-TAXABLE DIVIDENDS & FULL CAPITAL GAINS DISTRIBUTIONS. |
| NT* | NUMBER OF GENERATED DEDUCTION CATEGORIES |
| NWRD | NUMBER OF WORDS PER BLOCK |
| NWRDR | NUMBER OF WORDS PER RECORD |

* =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z
N.C.E. = NOT CURRENTLY EMPLOYED

*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MCDEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|---|
| NX | NUMBER OF COLUMNS THAT WILL BE PRINTED NX < OR = 100 (SUB. HEAD) |
| NYEAR | YEAR OF THE DATA BASE |
| ODD | DEVICE FOR HANDLING CHARACTER STRINGS THAT DO NOT CENTER EVENLY (SUB. CENTER) |
| OIE | OTHER INTEREST EXPENSE. |
| GLDTAB() | ARRAY FOR RETAINING THE OLD TAX RATE SCHEDULES |
| ONE | THE DATA ITEM 1.0 |
| OPTION | OPTION NUMBER FOR METHOD OF CHANGING TAX RATES |
| OPTN | DESCRIPTION OF THE OPTIONS FOR EACH LOGIC SWITCH |
| OTHERT | OTHER TAXES, EXCEPT MINIMUM TAX |
| OTRP | OTHER TAXES REDUCING PREFERENCE INCOME |
| P69LTC | POST-1969 LONG TERM CAPITAL LOSS CARRYOVERS (+). |
| P69LTL | 1/2 OF POST-1969 LONG TERM LOSS CARRYOVERS PLUS 1/2 REMAINING LONG TERM LOSSES. |
| P69STC | POST-1969 SHORT TERM CAPITAL LOSS CARRYOVERS(+). |
| P70LTC | PRE-1970 LONG TERM CAPITAL LOSS CARRYOVERS(+). |
| P70STC | PRE-1970 SHORT TERM CAPITAL LOSS CARRYOVERS(+). |
| PAGI | PHONY AGI FOR SICK PAY LIMITATION |
| PC1&2 | SELECTED VARIABLES EXPRESSED IN PERCENTAGE TERMS |
| PERCNT | INPUTTED PERCENTAGE CHANGE |
| PIN*(1) | SICK PAY EXCLUSION |
| PIN*(2) | MAXIMUM PERCENTAGE RATE ON EARNED INCOME |
| PIN*(3) | PERCENTAGE DEDUCTIONS INCLUSION |
| PIN*(4) | PERCENTAGE EXEMPTIONS INCLUSION |
| PIN*(5) | FLOOR ON PREFERENCE INCOME REDUCING EARNED TAXABLE INCOME |
| PIN*(6) | MAXIMUM AMOUNT OF FULLY SHELTERED ALTERNATIVE CAPITAL GAINS |
| PIN*(7) | RATE ON UNSHELTERED ALTERNATIVE CAPITAL GAINS |
| PIN*(8) | MINIMUM TAX RATE ON PREFERENCES |
| PIN*(9) | FLOOR ON PREFERENCES FOR MINIMUM TAX |
| PIN*(10) | PERCENTAGE MEDICAL INSURANCE PREMIUM DEDUCTION |
| PIN*(11) | PERCENT EXCESS ITEMIZED DEDUCTIONS OVER AGI |
| PIN*(12) | PERCENT OF REGULAR TAX TO OFFSET MINIMUM TAX |
| PIN*(13) | PERCENT FOR OPTIONAL TAXABLE INCOME CREDIT |
| PIN*(14) | CEILING ON OPTIONAL TAXABLE INCOME CREDIT |
| PIN*(15) | PERCENTAGE FOR CHILD CARE CREDIT |
| PIN*(16) | AMOUNT PER DEPENDENT FOR CHILD CARE CREDIT |

* =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z
 N.C.E. = NOT CURRENTLY EMPLOYED

*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|---|
| PIN*(17) | MAXIMUM AMOUNT FOR ALL DEPENDENTS UNDER THE CHILD CARE CREDIT |
| PIN*(18) | PERCENT FOR EARNED INCOME CREDIT |
| PIN*(19) | MAXIMUM AMOUNT OF EARNED INCOME CREDIT |
| PIN*(20) | EARNED INCOME CREDIT, LEVEL OF AGI WHERE PHASEOUT BEGINS. |
| PIN*(21) | LIMITATION ON INVESTMENT INTEREST EXPENSE |
| PIN*(22) | ELDERLY CREDIT: MAXIMUM AMOUNT S.T. CREDIT, SINGLE RETURNS. |
| PIN*(23) | ELDERLY CREDIT: MAXIMUM AMOUNT S.T. CREDIT, JOINT RETURNS. |
| PIN*(24) | ELDER CREDIT: REDUCTION BASED ON AGI, % |
| PIN*(25) | LEVEL OF AGI WHERE PHASE-OUT BEGINS ON THE ELDERLY CREDIT COMPUTATION FOR SINGLE RETURNS. |
| PIN*(26) | LEVEL OF AGI WHERE PHASE-OUT BEGINS ON THE ELDERLY CREDIT COMPUTATION FOR MARRIED FILING JOINT RETURNS. |
| PIN*(27) | ELDERLY CREDIT, RATE OF CREDIT. |
| PIN*(28) | ELDERLY CREDIT: REDUCTION BASED ON EARNED INCOME, AGE < 62. |
| PIN*(29) | ELDERLY CREDIT: REDUCTION BASED ON EARNED INCOME, AGE 62<= AGE < 72. |
| PIN*(30) | ELDERLY CREDIT: REDUCTION BASED ON EARNED INCOME, EI > PIN(32). |
| PIN*(31) | ELDERLY CREDIT: REDUCTION BASED ON EARNED INCOME, LOWER LIMIT. |
| PIN*(32) | ELDERLY CREDIT: REDUCTION BASED ON EARNED INCOME, UPPER LIMIT. |
| PLAN1 | N.C.E. |
| PLAN2 | N.C.E. |
| PNB | PERCENT NON-BUSINESS. |
| POP() | AGGREGATE NUMBER OF RETURNS FOR THE 54 CATEGORIES OF TABLE 1 AND 2 AFTER EXTENSION |
| PP | POPULATION OF A SINGLE CELL |
| PPNS2 | (ADJUSTED) PRIVATE PENSIONS |
| PREFI | PREFERENCE INCOME EXCLUDING THE EXCLUDED LONG-TERM CAPITAL GAINS |
| PREF* | TOTAL TAXABLE PREFERENCE INCOME |

* =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z
 N.C.E. = NOT CURRENTLY EMPLOYED

*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|---|
| PREFMT | PREFERENCES FOR THE MAXIMUM TAX: THE LARGER OF CURRENT YEAR PREFERENCES OR 1/5 OF PREFERENCES OVER THE LAST FIVE YEARS. |
| PRNTCT | PRINT ARRAY FOR TABLE 6 |
| PSI | PERSONAL SERVICE INCOME (1977 - CN) |
| PTR | POINTER TO THE CURRENT DIRECTORY WORD IN THE INPUT BLOCK |
| PTPEN | PARTIALLY TAXABLE PENSIONS |
| PWT() | AGGREGATE NUMBER OF RETURNS FOR THE 54 CATEGORIES IN TABLE 1, EMPLOYED TO MAKE ADJUSTMENTS IN TABLE 7 |
| P*() | PLAN PARAMETERS |
| QUEST | THE LITERAL ? (SUB. HEAD) |
| R6S() | MARGINAL TAX RATES FOR TABLE 6 |
| RATE | INPUTTED MARGINAL TAX RATE |
| RATIO | PERCENTAGE OF PERSONAL SERVICE INCOME TO AGI. |
| RCDCNT | NUMBER OF RECORDS ON THE CURRENT INPUT BLOCK |
| RECORD | STORAGE LOCATION THAT WILL RECIEVE THE UNPACKED DATA |
| RESID | ALL INCOME OTHER THAN DIVIDENDS AND CAPITAL GAINS IN AGI. |
| RESLCG | UNSHeltered LONG-TERM CAPITAL GAINS SUBJECT TO A HIGHER TAX RATE. |
| RETNO | CONSECUTIVE RETURN NUMBER |
| RETNY | TOTAL NUMBER OF RETURNS THAT CHOSE PLAN Y |
| RETNZ | TOTAL NUMBER OF RETURNS THAT CHOSE PLAN Z |
| RINC | RETIREMENT INCOME. |
| RINCL | RETIREMENT INCOME OF SPOUSE WITH THE LARGER AMOUNT. |
| RINCS | RETIREMENT INCOME OF SPOUSE WITH THE SMALLER AMOUNT. |
| RM | RIGHT HAND MARGIN (SUB. CENTER) |
| RMAX | FLAG FOR APPLYING THE MAX MARGINAL TAX RATE ON EARNED INCOME |
| RNO() | THE LITERALS 0 - 9 FOR THE RUN NUMBER PRINTOUT (COVERP) |
| RS | LEFT HAND STUBS FOR SPECIAL TABS. (SUB. TABOUT) |
| RTE | MARGINAL TAX RATE |
| RTM | MARGINAL TAX RATE |
| RTMX | CALCULATED MARGINAL TAX RATE |
| R* | N.C.E. |
| S | A SUM VARIABLE |

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*** GLOSSARY OF VARIABLE NAMES ***
PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|---|
| S3() | SUBTOTALS FOR EACH PAGE OF TABLE 3 EXCEPT THE SUMMARY PAGES |
| S4() | SUBTOTALS FOR EACH PAGE OF TABLE 4 EXCEPT THE SUMMARY PAGES |
| SAGE | SPOUSE'S AGE |
| SBA() | BEGINNING LOCATION FOR INPUTTING OUTPUT TABLE LOGIC SWITCHES |
| SBB() | BEGINNING LOCATION FOR INPUTTING STUBS FOR TABLES 1, 2, AND 7 |
| SCHD | SCHEDULE NUMBER |
| SCHTTL() | SCHEDULE TITLES FOR TABLE 6 |
| SEA() | ENDING LOCATION FOR INPUTTING OUTPUT TABLE LOGIC SWITCHES |
| SEB() | ENDING LOCATION FOR INPUTTING STUBS FOR TABLES 1, 2, AND 7 |
| SEARN | SELF-EMPLOYMENT EARNINGS. |
| SEF | FILING UNIT SELF-EMPLOYED FARM INCOME |
| SENF | FILING UNIT SELF-EMPLOYED NON-FARM(BUSINESS) INCOME |
| SG() | REAL ARRAY FOR THE TAX RETURN INPUT RECORD |
| SHAREL | PERCENTAGE SHARE OF INCOME OF SPCUSE WITH THE LARGER AMOUNT. |
| SHARES | PERCENTAGE SHARE OF INCOME OF SPCUSE WITH THE SMALLER AMOUNT. |
| SHELTR | SHELTERED LONG-TERM CAPITAL GAINS SUBJECT TO PREFERENTIAL TREATMENT AT A LOWER TAX RATE |
| SICKPY | SICK PAY |
| SIZERR | LOGICAL VARIABLE FOR SIGNALLING THAT MAXIMUM NUMBER OF BRACKETS WAS EXCEEDED |
| SORTAB() | ARRAY FOR SORTING THE CHANGES TO THE TAX RATE SCHEDULES |
| SLASH | THE LITERAL SLASH (SUB. HEAD) |
| SSEC | SOCIAL SECURITY BENEFITS USED IN CALCULATING THE ELDERLY CREDIT. |
| SSEC2 | (ADJUSTED) SOCIAL SECURITY AND RAILROAD RETIREMENT INCOME |
| STAN | VALUE OF STANDARD DEDUCTION |
| STATE | SIE STATE (DVSTAT) MAPPED INTO TAX MODEL CCDES. |
| STGL | SHORT TERM GAINS OR LOSSES (+ OR -). |

* =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z

N.C.E. = NOT CURRENTLY EMPLOYED

*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|--|
| SUBWT() | SUBSAMPLE WEIGHT ADJUSTMENT FACTORS |
| SUM | TOTAL ALLOWABLE DEDUCTIONS ON STANDARD CATEGORIES |
| SUM() | TOTALS FOR THE SUMMARY PAGES OF TABLE 3 AND 4 |
| SUM1() | COLUMN SUMS, TAXABLE SUBTOTAL |
| SUM2() | COLUMN SUMS, TOTAL |
| SUMCGZ | AGGREGATE FULLY SHELTERED CAPITAL GAINS UNDER PLAN Z |
| SUMCGY | AGGREGATE FULLY SHELTERED CAPITAL GAINS UNDER PLAN Y |
| T | STORAGE ARRAY FOR ALL THE OUTPUT TABLES |
| T1-7 | ARRAYS FOR TABLES 1 THROUGH 7 |
| T1A | ARRAY FOR TABLE 1A |
| T1S1-2() | TABLE 1 STUBS |
| T2S1-3() | TABLE 2 STUBS |
| T6A() | MERGED RATE SCHEDULES FROM T6R() |
| T6S() | NUMBER OF T6R() TABLE ENTRIES |
| T6R() | MARGINAL TAX RATES FOR EACH SCHEDULE() |
| T7A | ARRAY FOR TABLE 7A |
| T7S() | TABLE 7 STUBS |
| TAB6SW | FIRST TIME SWITCH TO INITIALIZE TABLE 6 |
| TAGE | TAXPAYER'S AGE |
| TAX | TAX, FROM THE TAX FUNCTION |
| TAX | INPUTTED AMOUNT OF TAX (SUB. MRATES) |
| TAX1 | TAX ON TAXABLE INCOME NET OF LONG TERM CAPITAL GAINS EXCEPT FOR THE SITUATION WHERE THE TAXPAYER ALSO HAS ELECTED THE MAXIMUM TAX. IN THIS CASE, TAX1 MAY BE LESS THAN THE TAX ON TINLTG DUE TO THE TAX SAVINGS ALREADY REALIZED FROM THE MAXIMUM TAX. |
| TAX2 | THE TAX ON LONG TERM GAINS OF LESS THAN \$50,000. |
| TAX3 | THE ADDITIONAL TAX ON LONG TERM CAPITAL GAINS IN EXCESS OF \$50,000. |
| TAXA* | INCOME TAX AFTER CREDITS BUT BEFORE SAVINGS |
| TAXB | INCOME TAX BEFORE CREDITS |
| TAXBS | INCOME TAX BEFORE CREDITS AND SAVINGS |
| TAXD | DIVIDENDS RECEIVED IN AGI |
| TAXETI | TAX ON EARNED TAXABLE INCOME |
| TAXEX | TAX ON EARNED TAXABLE INCOME WITH RATES TRUNCATED AT PIN(2) |

* =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z
 N.C.E. = NOT CURRENTLY EMPLOYED

*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|---|
| TAXS | THE TAX ON TAXABLE INCOME NET OF LONG TERM CAPITAL GAINS BUT INCLUDING SUB-SECTION D GAINS. |
| TAXT | A TEMPORARY TAX FOR COMPUTING THE ADDITIONAL TAX AND EQUAL TO THE LARGER OF THE TAX ON ORDINARY INCOME OR THE TAX ON TAXABLE INCOME NET OF LONG TERM CAPITAL GAINS BUT INCLUDING THE SUB-SECTION D CAPITAL GAINS. |
| TCGA | TOTAL CAPITAL GAINS ELIGIBLE FOR ALTERNATIVE TREATMENT |
| TCGSA | TOTAL SHORT-TERM CAPITAL GAINS |
| TINC* | TAXABLE INCOME |
| TINLTG | TAXABLE INCOME NET OF LONG TERM GAINS |
| TISUBD | TAXABLE INCOME NET OF LONG TERM CAPITAL GAINS BUT INCLUDING SUB-SECTION D GAINS. |
| TITLE() | TITLE, ANY PLAN |
| TM*() | MARGINAL TAX RATES AT EACH BREAKPOINT |
| TPEN | TOTAL TAXABLE PENSIONS. |
| TSLSIA | TAX FROM SPECIAL LUMP-SUM INCOME AVERAGING. |
| TSPL | STORAGE ARRAY FOR SELECTED RESULTS FROM THE SUMMARY PAGES OF TABLES 1A AND 5. |
| TSTB() | EQUIVALENT ARRAY FOR TABLE STUBS |
| TS*() | TAX SCHEDULES |
| TTAXA | TENTATIVE TAX AFTER CREDITS |
| TTL() | TITLE, ANY PLAN |
| TXPYE | NUMBER OF TAXPAYER EXEMPTIONS |
| TX() | TITLE FOR PLAN X |
| TXCRD | TOTAL TAX CREDITS NET OF EXEMPTION TAX CREDITS |
| TXR | EFFECTIVE TAX RATE CALCULATED ON YC |
| TXSAV | TOTAL TAX SAVINGS WHEN BOTH THE MAXIMUM TAX ON EARNED INCOME AND THE ALTERNATIVE TREATMENT OF CAPITAL GAINS ARE ELECTED. IF THE SAVINGS FROM INCOME AVERAGING IS LARGER, THEN THIS VARIABLE CONTAINS THE SAVINGS FROM INCOME AVERAGING. |
| TY() | TITLE FOR PLAN Y |
| TY*() | TAXABLE INCOME BREAKPOINTS |
| UNCRS | UNUSED CREDITS. |
| UNMC2 | (ADJUSTED) UNEMPLOYMENT COMPENSATION |
| UPCC | UNUSED POLITICAL CAMPAIGN CONTRIBUTIONS CREDIT |
| URIC | UNUSED RETIREMENT INCOME CREDIT |

* =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z
 N.C.E. = NOT CURRENTLY EMPLOYED

*** GLOSSARY OF VARIABLE NAMES ***
 PROGRAM: VER6*MODEL-PROGRAM

| VARIABLE NAME | DESCRIPTION |
|---------------|--|
| VERSCN() | LABEL CONTAINNING THE VERSION OF THE TAX MODEL AND PRINTED ON THE COVER PAGE AND THE TITLE PAGE |
| VETB | VETERANS BENEFITS (SUMMED OVER TAX UNIT) |
| WAGES | FILING UNIT WAGES |
| WELF2 | (SIMULATED PUBLIC ASSISTANCE. |
| WORK | TEMPORARY WORK AREA FOR ADJUSTING OTHER TAXES |
| WOSOTX | REDUCING PREFERENCE INCOME. |
| WRKC2 | SOCIAL SECURITY AND RAILROAD RETIREMENT, DISABILITY AND SURVIVOR EMPLOYEE TAX, WIFE ONLY (ADJUSTED) WORKMENS COMPENSATION(SUMMED OVER TAX UNIT) |
| WSSHTX | SOCIAL SECURITY AND RAILROAD RETIREMENT HEALTH INSURANCE EMPLOYEE TAX, FOR WIFE ONLY |
| WT70() | 1970 WEIGHTS BY SAMPLE CLASS |
| WT | WEIGHT FOR THE CURRENT RECORD |
| WTMERG | MERGED WEIGHT FLOATING POINT. |
| XAGE | CURRENT SPCUSE'S AGE. |
| XL() | LABELS FOR PRINTOUT OF THE EXEMPTION ALLOWANCES AND CREDITS PARAMETERS |
| XLAB | TITLES FOR FILING UNIT SIZE TABULATIONS. |
| Y() | STRING OF TITLE CHARACTERS (SUB. HEAD) |
| YC(1) | COHEN INCOME CONCEPT |
| YC(2) | ADJUSTED GROSS INCOME CONCEPT |
| YC(3) | TAXABLE INCOME CONCEPT |
| X | VARIABLE DIMENSION ARRAY FOR SPECIAL TABS (SUB. TABOUT) |
| XCNT | INDICATOR THAT ALL DUPLICATE ENTRIES IN THE TAX SCHEDULES HAVE BEEN FLAGGED |
| XLIM | LIMIT ON INVESTMENT INTEREST EXPENSE. |
| XSHARE | CURRENT SPCUSE'S SHARE OF TOTAL WAGES & SALARIES. |
| XTRA | EXTRA OR ADDITIONAL LIMIT ON INVESTMENT INTEREST EXPENSE (1975 ONLY). |
| Z | WORKING STORAGE (SUB. TABOUT) |
| ZPT | POINTER TO THE LAST CHARACTER PROCESSED IN THE Z ARRAY (SUB. HEAD) |

* =BLANK, ANY PLAN; =X, PLAN X; =Y, PLAN Y; =Z, PLAN Z
 N.C.E. = NOT CURRENTLY EMPLOYED

TREASURY PERSONAL INDIVIDUAL INCOME TAX MODEL. 27 JUN 78 10-21

11. USER NOTES.

11.1. USER NOTE NUMBER 1: VERSION 3 OF THE TAX MODEL.

A NUMBER OF CHANGES HAVE BEEN MADE IN THE CREATION OF VERSION 3 OF THE TAX MODEL PROGRAM. THIS NOTE BRIEFLY DOCUMENTS EACH CHANGE MADE TO VERSION 2 OF THE TAX MODEL PROGRAM IN CREATING VERSION 3. IN THE DOCUMENTATION BELOW, EACH CHANGE IS SUBCLASSIFIED AS AN INPUT CHANGE, AN OUTPUT CHANGE, A COMPUTATIONAL CHANGE OR A TECHNICAL CHANGE. HENCE, THE USER CAN READ THOSE SUBSECTIONS WHICH CORRESPOND TO HIS DEGREE OF INVOLVEMENT WITH THE TAX MODEL.

TWO CHANGES, HOWEVER, ARE OF SPECIAL INTEREST. FIRST, THE TAX MODEL SOURCE HAS BEEN ANNOTATED. SECOND, THE MAP DIRECTIVE HAS BEEN MODIFIED. (SEE TECHNICAL CHANGE NO. 4).

11.1.1. INPUT CHANGES.

A NEW PARAMETER HAS BEEN ADDED TO THE RUN PARAMETER CARD (CARD NO. 100). THIS NEW PARAMETER ALLOWS THE USER TO BYPASS THOSE SECTIONS OF THE TAX MODEL PROGRAM WHICH CHECK THE CARD INPUT DATA. THIS OPTION IS FULLY DOCUMENTED IN SECTION 6.1.1.

11.1.2. OUTPUT CHANGES.

(1) THE TAX RATE SCHEDULES USED TO READ:

SCHEDULE I. (A) SINGLE TAXPAYERS WHO DO NOT QUALIFY FOR RATES IN SCHEDULES II AND III, AND (B) MARRIED PERSONS FILING SEPARATE RETURNS.

SCHEDULE II. (A) MARRIED TAXPAYERS FILING JOINT RETURNS, AND (B) CERTAIN WIDOWS AND WIDOWERS.

THESE NOW READ AS FOLLOWS:

SCHEDULE I. (A) SINGLE TAXPAYERS WHO DO NOT QUALIFY FOR RATES IN SCHEDULES II AND III.

SCHEDULE II. (A) MARRIED TAXPAYERS FILING JOINT RETURNS, (B) CERTAIN WIDOWS AND WIDOWERS, AND (C) MARRIED PERSONS FILING SEPARATE RETURNS (APPLIED AT 1/2 THE INTERVALS).

(2) THE HEADING OVER THE LAST TWO COLUMNS OF TABLE 5 USED TO READ--

ITEMIZED RETURNS

SWITCHING TO
STANDARD DEDUCTION

THIS HAS BEEN CHANGED TO READ AS FOLLOWS--

RETURNS WHICH
CHANGED THEIR
TYPE OF DEDUCTION

11.1.3. COMPUTATIONAL CHANGES.

- (1) TOTAL INCOME IN TABLE 3 WAS NET OF PENSIONS AND ANNUITIES, AND ALL OTHER SOURCES OF INCOME. THIS HAS BEEN CHANGED TO INCLUDE PENSION AND ANNUITIES, AND ALL OTHER INCOME.
- (2) SUBROUTINE MAPIN/70 WAS MODIFIED SO THAT D(51), D(58), D(61), D(65), AND D(68) REFLECT TOTAL MEDICAL DEDUCTIONS, TAX EXPENSE, CONTRIBUTIONS, INTEREST EXPENSE, AND MISCELLANEOUS DEDUCTIONS RESPECTIVELY. A PREVIOUS PROGRAMMING ERROR RESULTED IN OTHER MEDICAL, TAX EXPENSE, CONTRIBUTIONS, INTEREST EXPENSE, AND MISCELLANEOUS DEDUCTIONS, RESPECTIVELY, OCCUPYING THESE FIELDS.
- (3) THE CALCULATION OF THE 'OTHER' DEDUCTIONS SUBCATEGORIES WAS MOVED FROM SUBROUTINE BLOWUP/70 TO MAAPIN/70.
- (4) THE CALCULATION OF DIVIDENDS AFTER EXCLUSION WAS MODIFIED TO INSURE A POSITIVE DIVIDEND EXCLUSION (WHERE APPLICABLE) ON THE EXTRAPOLATED SAMPLE. THIS WAS ACCOMPLISHED USING THE FOLLOWING FORMULA--

```

+--
I DIVIDENDS BEFORE EXCLUSION
I
I +--
I I DIVIDEND EXCLUSION 1970
I I +--
DIVIDENDS AFTER = MIN < I I DIVIDENDS BEFORE
EXCLUSION I MAX < I EXCLUSION
I I MIN <
I I I $100.00
I I +--
I +--
+--
    
```

- (5) THE AMOUNT OF RETIREMENT INCOME CREDIT ESTIMATED BY THE TAX MODEL FOR 1974 WAS TWICE THE EXOGENOUSLY DETERMINED TARGET AMOUNT ALTHOUGH THE NUMBER OF RETURNS WITH RETIREMENT INCOME CREDIT WAS 'GOOD'. CONSEQUENTLY, 50%

OF THE RETURNS WITH RETIREMENT INCOME CREDIT--SELECTED ON A RANDOM BASIS--WERE ASSIGNED A ZERO VALUE FOR RETIREMENT INCOME CREDIT.

- (6) ALL DOLLAR AMOUNTS ON THE TAX MODEL SAMPLE ARE ROUNDED TO THE NEAREST CENT. THE ROUNDING FUNCTION HAS BEEN MADE A PERMANENT PART OF THE TAX MODEL AND ALL FINAL TAX LIABILITIES ARE ROUNDED TO THE NEAREST CENT.
- (7) IN SUBROUTINE MAIN2, THE CALL TO THE TAX CALCULATOR FOR PLAN Z ERRONEOUSLY CONTAINED THE VARIABLE TINCX IN THE ARGUMENT LIST. THIS HAS BEEN CHANGED FROM TINCX TO TINCZ.
- (8) IF AN INDIVIDUAL ELECTS THE SAVINGS FROM INCOME AVERAGING HE MAY NOT AVAIL HIMSELF OF THE ALTERNATIVE TAX ON CAPITAL GAINS OR THE MAXIMUM TAX ON EARNED INCOME. THIS PROVISION OF THE TAX LAW WAS PREVIOUSLY OVERLOOKED IN THE PROGRAMMING OF SUBROUTINE TXCALC AND HAS NOW BEEN CORRECTED.
- (9) UNDER THE 1972 TAX LAW, IT WAS POSSIBLE FOR AN INDIVIDUAL'S TAX SAVINGS FROM THE ALTERNATIVE TREATMENT OF CAPITAL GAINS AND THE MAXIMUM TAX ON EARNED INCOME TO EXCEED THE TAX SAVINGS THAT WOULD HAVE BEEN GENERATED HAD ALL THE MARGINAL RATES BEEN TRUNCATED AT THE 50% LEVEL. THE TAX SAVINGS, HOWEVER, WOULD BE IDENTICAL IN BOTH SITUATIONS. THIS WAS DUE TO THE FACT THAT NET EARNED TAXABLE INCOME COULD EXCEED THE VALUE OF TAXABLE INCOME DEFINED FOR THE PURPOSES OF THE ALTERNATIVE TREATMENT OF CAPITAL GAINS. SINCE THIS SITUATION IS UNDESIRABLE, NET EARNED TAXABLE INCOME WAS CONSTRAINED TO BE NO LARGER THAN TAXABLE INCOME DEFINED FOR THE PURPOSES OF THE ALTERNATIVE TREATMENT OF CAPITAL GAINS.

TO ILLUSTRATE THIS SITUATION, CONSIDER THE FOLLOWING EXAMPLE: SUPPOSE THAT A JOINT RETURN HAS A TAXABLE INCOME OF \$65,000. AT ORDINARY RATES, THE TAX ON THE RETURN'S TAXABLE INCOME WOULD BE \$24,970. FURTHERMORE, ASSUME THAT THE RETURN HAD \$20,000 OF LONG TERM CAPITAL GAIN. THE TAXABLE INCOME FOR THE ALTERNATIVE TAX WOULD BE \$55,000 AND THE TAX SAVINGS WOULD BE \$2,820. THIS SAVINGS IS INDICATED BY THE LINES SLOPING DOWN AND TO THE LEFT AS WELL AS THE X'S IN FIGURE 1. IF THE RETURNS NET EARNED TAXABLE INCOME IS 90% OF ITS TAXABLE INCOME, THEN NET EARNED TAXABLE INCOME WILL BE \$58,500 AND THE SAVINGS DUE TO THE MAXIMUM TAX WILL BE \$195. THIS SAVINGS IS INDICATED BY THE ASTERISK'S AND THE FIGURE 1. THE X'S IN X'S IN FIGURE 1 IS WHERE A DOUBLE COUNTING OF THE TAX SAVINGS OCCURS. IT IS EQUAL TO 3% OF \$3,500 OR \$105. CONSEQUENTLY, THE TOTAL TAX SAVINGS ($\$2820 + \$195 = \$3015$)

IS \$105 TOO LARGE.

HENCE, WHEN THE MARGINAL RATES ARE TRUNCATED AT 50%, THE TAX SAVINGS WILL BE \$105 LOWER THAN \$3015. THIS IS EASILY VERIFIED. WHEN THE MARGINAL RATES ARE TRUNCATED AT 50%, THE TAX ON \$65,000 OF TAXABLE INCOME IS \$24,560. THIS IS \$410 SAVINGS GENERATED BY TRUNCATING THE MARGINAL RATES AT 50%. CALCULATING THE SAVINGS FROM THE ALTERNATIVE TREATMENT OF CAPITAL GAINS YIELDS \$2500. THUS, THE TOTAL TAX SAVINGS IS \$2910 WHICH IS EXACTLY \$105 LESS THAN THE PREVIOUS FIGURE OF \$3015.

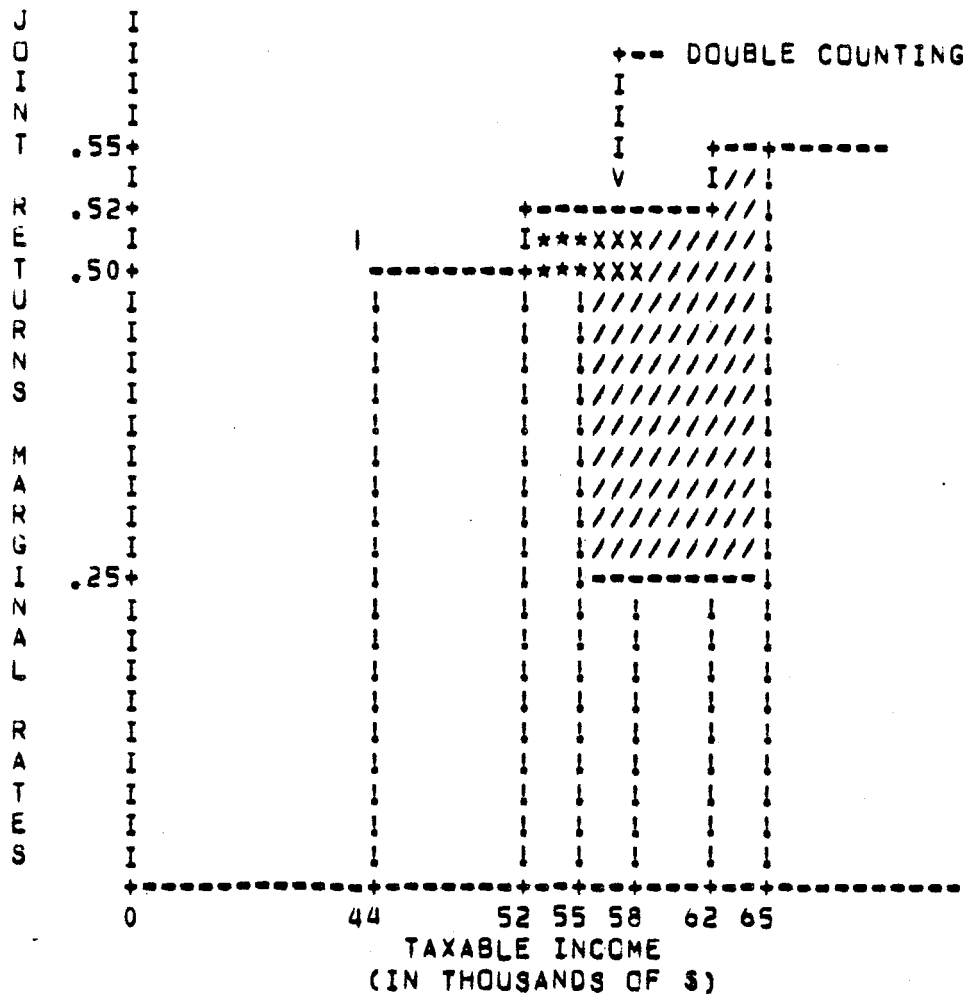


FIGURE 1: HYPOTHETICAL CASE

- (10) THE LIMITATION ON INTEREST FROM INVESTMENT INDEBTNESS HAS BEEN INCORPORATED AS A PERMANENT COMPONENT OF SUBROUTINE TXCALC. UNDER THE OLD VERSION OF THE TAX MODEL PROGRAM, THE LIMITATION ON INTEREST FROM INVESTMENT INDEBTNESS WAS APPLIED DURING THE GENERATION RUN WHICH CREATED THE PROJECTED 1972 HALF-SAMPLE. HENCE, THE 1972 EXTRAPOLATED DATA REFLECTED THE APPLICATION OF THIS PROVISION OF THE TAX LAW ALTHOUGH THE CODING FOR THE LIMITATION ON INTEREST FROM INVESTMENT INDEBTNESS DOES NOT APPEAR IN THE TAX MODEL PROGRAM SOURCE.
- (11) IN THE PAST, IT WAS SOMETIMES DESIRABLE TO HAVE THE EXCESS OF MEDICAL INSURANCE PREMIUMS OVER THE \$150 LIMITATION AS A SEPERATE ENTITY. ALTHOUGH THIS QUANTITY CANNOT BE DETERMINED EXACTLY, THE FOLLOWING

IN XQT70. THIS MEANS THAT CORE WILL NOT BE ZERO FILLED BEFORE INSERTING THE TAX MODEL PROGRAM. THIS, HOWEVER, SAVES PROCESSING TIME.

- (5) AS A RESULT OF (4) ABOVE, ADDITIONAL INSTRUCTIONS HAVE BEEN ADDED TO SUBROUTINES MAIN2, TAB3, TAB4, TAB6, AND TAB7 TO INSURE THAT ALL OUTPUT ARRAYS AND WORKING STORAGE ARRAYS ARE ZERO FILLED.

11.2. USER NOTE NUMBER 2: REVISION A OF VERSION 3.

VERSION 3 OF THE TAX MODEL PROGRAM HAS BEEN MODIFIED TO--

- (A) REDUCE THE CPU RUNNING TIME,
- (B) REDUCE THE WALL CLOCK RUNNING TIME, AND
- (C) ELIMINATE SCHEDULING PROBLEMS THAT ARISE WHEN THE OPTIONAL OUTPUT TABLES ARE REQUESTED.

EACH MODIFICATION WAS A TECHNICAL CHANGE AND IS BRIEFLY DOCUMENTED BELOW.

11.2.1. TECHNICAL CHANGE.

- (1) SUBROUTINE INDEX HAS BEEN REPLACED WITH AN ASSEMBLY LANGUAGE COUNTERPART. THIS MODIFICATION RESULTED IN A 10% REDUCTION IN CPU TIME OR A SAVINGS OF 27 SECONDS PER TAX CALCULATION.
- (2) SUBROUTINE MCORE FUNCTIONS TO DYNAMICALLY ALLOCATE ADDITIONAL CORE STORAGE FOR THE OPTIONAL OUTPUT TABLES. WHEN THE REQUEST FOR MORE STORAGE IS MADE, THE REQUEST WILL NOT BE ACCEPTED BY THE SUPERVISOR UNLESS THERE EXISTS AVAILABLE STORAGE IN THE DBANK CONTIGUOUS WITH THE USER'S DBANK. IF THE REQUESTED AMOUNT OF STORAGE IS LARGE AND THE COMPUTER SYSTEM IS HEAVILY LOADED, THE REQUESTED STORAGE WILL NOT BE AVAILABLE AND THE TAX MODEL PROGRAM WILL BE SWAPPED OUT UNTIL THE REQUESTED AMOUNT BECOMES AVAILABLE, WHICH MAY BE SEVERAL HOURS LATER. A PREVIOUS PROGRAMMING ERROR IN MCORE CAUSED REQUESTS TO BE MADE FOR APPROXIMATELY 40K OF ADDITIONAL STORAGE REGARDLESS OF THE AMOUNT NEEDED BY THE OPTIONAL OUTPUT TABLES. THIS RESULTED IN THE TAX MODEL PROGRAM BEING SWAPPED OUT AND RECHEDULED AT A LATER TIME WHEN 40K OF CONTIGUOUS STORAGE WAS AVAILABLE IN THE DBANK. SUBROUTINE MCORE HAS BEEN REPLACED WITH A CORRECTED VERSION. THE NEW VERSION HAS THE ADDED FEATURE OF ZEROING ANY ADDITIONAL STORAGE THAT IT REQUESTS AND OBTAINS.
- (3) ONE OF THE FACTORS WHICH DETERMINES THE WALL CLOCK TIME FOR A TAX MODEL RUN IS SCHEDULING. A PROGRAM CANNOT BE SCHEDULED FOR EXECUTION UNLESS THERE EXISTS AVAILABLE CORE LARGE ENOUGH TO ACCOMMODATE THE PROGRAM.

IT WAS DISCOVERED THAT THE PHASE III OVERLAY OF THE TAX MODEL PROGRAM REQUIRED APPROXIMATELY 40K OF STORAGE IN ORDER TO EXECUTE. BY MODIFYING VIRTUALLY EVERY SUBROUTINE IN PHASE III, SUBROUTINE MAIN2 IN PHASE II, AND THE *MAP DIRECTIVES IN XQT72, THE STORAGE NECESSARY TO EXECUTE PHASE III WAS REDUCED TO 24K. CONSEQUENTLY, THE TAX MODEL PROGRAM CAN BE SCHEDULED MORE FREQUENTLY WITH A CORRESPONDING REDUCTION IN THE WALL CLOCK TIME.

(4) IN ORDER TO REDUCE THE CPU TIME FURTHER, THE FOLLOWING CHANGES WERE MADE:

- (A) INPUT2 WAS PERMANENTLY MODIFIED TO REFLECT 1972 LAW,
- (B) DATA STATEMENTS WERE ADDED TO SUBROUTINE INPUT2 TO INITIALIZE THE PLAN Y TAX PARAMETERS TO THEIR 1972 VALUES,
- (C) THE OLD SUBROUTINE INPUT2, AS MODIFIED BY (A) AND (B), WAS STORED IN AN ELEMENT NAMED INPUT2/72,
- (D) THE STATEMENTS IN SUBROUTINE INPUT3 WHICH EQUATE THE PLAN X AND THE PLAN Y PARAMETERS WERE DELETED SINCE THIS IS NOW ACCOMPLISHED BY (B),
- (E) XQT70 WAS MODIFIED TO INCLUDE ONLY INPUT2/72 AT COLLECTION, AND
- (F) THE OLD XQT70, AS MODIFIED BY (E), WAS PUT IN AN ELEMENT NAMED XQT72.

AS A RESULT OF THESE CHANGES, IT IS NO LONGER NECESSARY TO INCLUDE THE *ADD LAW72 CONTROL STATEMENT IN THE TAX MODEL RUN CONTROL STREAM SINCE INPUT2/72 HAS ALREADY BEEN MODIFIED TO REFLECT 1972 LAW. IN ADDITION, INPUT2 DOES NOT HAVE TO BE RECOMPILED EACH TIME A TAX MODEL RUN IS MADE. THE CONTROL STATEMENT *ADD XQT70, WHICH WAS PREVIOUSLY LOCATED FOLLOWING THE *ADD LAW72 STATEMENT, IS NOW PUNCHED AS *ADD XQT72.

| OLD VERSION | NEW VERSION |
|-----------------------------|-----------------------------|
| *RUN TARW02,TARW,VER3,5,100 | *RUN TARW02,TARW,VER3,5,100 |
| . . . | . . . |
| *ADD LAW72 | *ADD XQT72 |
| *ADD XQT70 | |
| 1 0 0 | 1 0 0 |
| . . . | . . . |
| *FIN | *FIN |

SIMILARLY, AN INPUT2/71 AND AN INPUT2/70 HAVE BEEN CREATED TO REFLECT 1971 LAW AND 1970 LAW RESPECTIVELY. THERE ALSO EXISTS AN XQT71 AND AN XQT70 TO COLLECT

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THE APPROPRIATE VERSION OF INPUT2.

11.3. USER NOTE NUMBER 3: REVISION B OF VERSION 3.

VERSION 3 OF THE TAX MODEL PROGRAM HAS BEEN MODIFIED ONCE AGAIN. THE MODIFICATIONS ARE A TECHNICAL CHANGE AND REDUCE THE CPU RUNNING TIME.

11.3.1. TECHNICAL CHANGE.

- (1) THE PROJECTED 1974 TAX MODEL DATA BASE HAS BEEN RECREATED USING A NEW PACKING PROGRAM. THIS NEW PACKING SUBROUTINE IS MORE EFFICIENT AND PACKS THE DATA IN LESS SPACE THAN BEFORE. IN ADDITION, EACH BLOCK CONSISTS OF 1792 WORDS. THIS MAKES THE DATA FILE TRANSPARENT IN THAT ONE MAY COPY THE FILE FROM DISK TO TAPE AND VICE VERSA WITHOUT ANY COMPLICATIONS.
- (2) OBVIOUSLY, A NEW PACKING ROUTINE NECESSITATES A NEW UNPACKING ROUTINE. THE TAX MODEL PROGRAM NOW CONTAINS AN ASSEMBLY LANGUAGE SUBROUTINE UNPKER. SUBROUTINE SAMPLE WAS MODIFIED TO EXPAND THE INPUT ARRAYS TO 1792 WORDS AND TO READ A 1792 WORD HEADER LABEL. THESE MODIFICATIONS HAVE REALIZED A SAVINGS OF 40 SECONDS OF CPU TIME ON A ONE TAX CALCULATION SIMULATION. THE NEW UNPKER SUBROUTINE AND THE NEW INDEX SUBROUTINE TOGETHER REALIZE A SAVINGS OF 67 SECONDS OF CPU TIME ON A ONE TAX CALCULATION SIMULATION.
- (3) THE OLD VERSIONS OF SUBROUTINE UNPKER AND SAMPLE ARE STILL RESIDENT IN THE TAX MODEL PROGRAM FILE UNDER THE ELEMENT NAMES OF .UNPKERO AND .SAMPLEC.

11.4. USER NOTE NUMBER 4: REVISION C OF VERSION 3.

VERSION 3 OF THE TAX MODEL PROGRAM HAS BEEN MODIFIED TO PERMIT THE STORING OF PRE-SELECTED RESULTS FROM TABLE 1A AND TABLE 5. IN ORDER TO EXERCISE THIS FEATURE, THE USER MUST (A) SUPPLY THE 130-133 INPUT CARDS DOCUMENTED ON PAGE 6.21A AND (B) MODIFY HIS RUN STREAM AS SHOWN IN FIGURE 6.3.2 ON PAGE 6.54.

BY EMPLOYING THE TAX MODEL TABLEMAKER PROGRAM, THE USER CAN ACCESS THE RESULTS OF PAST TAX MODEL RUNS OR CURRENT TAX MODEL RUNS. DOCUMENTATION ON THE USE OF THE TAX MODEL TABLEMAKER PROGRAM MAY BE OBTAINED FROM WALT STROMQUIST IN THE OFFICE OF TAX ANALYSIS, TREASURY DEPARTMENT.

11.5. USER NOTE NUMBER 5: REVISION D OF VERSION 3.

REVISION D TO THE TAX MODEL PROGRAM COVERS PREDOMINATELY THOSE CHANGES ASSOCIATED WITH THE EXTRAPOLATION TO 1975 LEVELS. HOWEVER, A NUMBER OF OTHER CHANGES NOT ASSOCIATED WITH THE 1975 EXTRAPOLATION WERE ALSO MADE. THIS NOTE BRIEFLY DOCUMENTS EACH CHANGE OF REVISION D. IN THE DOCUMENTATION BELOW, EACH CHANGE IS SUBCLASSIFIED AS A CORRECTION, AN INPUT CHANGE, AN OUTPUT CHANGE, A TECHNICAL CHANGE, OR A COMPUTATIONAL CHANGE. HENCE, THE USER CAN READ THOSE SUBSECTIONS WHICH CORRESPOND TO HIS DEGREE OF INVOLVEMENT WITH THE TAX MODEL.

11.5.1. CORRECTIONS.

- (1) SUBROUTINE INPUT3 HAS BEEN CORRECTED SO THAT THE DEDUCTIONS MATRIX IS PROPERLY INITIALIZED WHEN PLAN 2 IS SPECIFIED.
- (2) SUBROUTINE MAIN2 HAS BEEN CORRECTED SO THAT THE AMOUNT OF CAPITAL GAINS TAXED UNDER THE ALTERNATIVE TREATMENT IS STORED PROPERLY.
- (3) SUBROUTINE MAPIN/70 HAS BEEN CORRECTED SO THAT PREFERENCE INCOME IS PROPERLY CALCULATED.

11.5.2. INPUT CHANGES.

- (1) LOGIC SWITCH NUMBER 2 ON THE 110 CARD HAS BEEN ACTIVATED TO CONTROL THE MAP PROCESS. IF LOGIC SWITCH NUMBER 2 IS SET EQUAL TO 1, SUBROUTINE MAPIN/70 WILL BE CALLED BY SUBROUTINE SAMPLE. THIS CHANGE ALLOWS THE USER TO READ A MAPPED AND PACKED SAMPLE IN THE BASE YEAR, WITHOUT PROGRAM MODIFICATIONS, BY SETTING LOGIC SWITCH NUMBER 2 EQUAL TO ZERO.
- (2) LOGIC SWITCH NUMBER 7 ON THE 110 CARD HAS BEEN EXPANDED TO ALLOW THE USER THE CAPABILITY OF EMPLOYING SEVERAL OPTIONAL AGI CLASS BREAKPOINTS AUTOMATICALLY. THIS IS DOCUMENTED IN TABLE 6.1.1 AND TABLE 6.1.9 OF CHAPTER 6.

11.5.3. OUTPUT CHANGES.

(1) A FORTRAN PREPROCESSOR PROGRAM, NAMED COVERP, HAS BEEN ADDED TO THE TAX MODEL PROGRAM. TO USE COVERP, THE USER MUST REARRANGE HIS INPUT CONTROL STREAM AS SHOWN BELOW.

```

*ELT, IDN TPF$.TMDATA,,ENDL
  1  3  0      1234
  1  3  1EXAMPLE RUN 1234
  1  3  2EXAMPLE DETAIL: LINE 1
  1  3  3EXAMPLE DETAIL: LINE 2
*END ENDL
*XGT COVERP
19751974
*ADD TMDATA
*ELT, IDL TPF$.CSLIST,,ENDL
*FCR,S MAIN2,MAIN2
-51,56
*ADD XGT75
  1  0  0      1970  47650  1975
  1  1  0              0      1
*ADD TMDATA
  2  1  1PLAN X = 1974 LAW AT 1975 LEVELS
  3  1  1PLAN Y =PLAN X
  3  99  1
*END ENDL
*ADD CSLIST
*ASG,AX STORE*ESTIMATES.
*ELT, IDN STORE*ESTIMATES.RUN1234,,FIN
*ADD,D 14.
*END FIN
*FREE STORE*ESTIMATES.
*SYM PRINTS,,RMEXTR
*BRKPT PRINTS

```

THE PROGRAM COVERP WILL PRODUCE TWO COVER PAGES, SIMILAR TO THE ONE SHOWN IN FIGURE 2, PRIOR TO THE NORMAL TAX MODEL PRINTOUT.

| | | | |
|--------|--------------|------------|--------------|
| 11 | 222222 | 333333 | 444 |
| 111 | 2222222222 | 3333333333 | 4444 |
| 1111 | 222 222 | 333 333 | 44444 |
| 1111 | 22 222 | 33 33 | 444 44 |
| 1111 | 222 | 33 | 444 44 |
| 1111 | 222 | 333 | 444 44 |
| 1111 | 222 | 333 | 444 44 |
| 1111 | 222 | 33 33 | 444414444444 |
| 11111 | 222 | 333 333 | 444444444444 |
| 111111 | 222222222222 | 3333333333 | 44 |
| 111111 | 222222222222 | 333333 | 44 |

```

*****
*
* **TREASURY TAX MODEL: VERSION 4; FEBRUARY 1976**
*
* RUN. NUMBER 1234 : DATE 021276: TIME 114236
*
* DESCRIPTION OF TAX MODEL RUN:
* PROJECTED LEVEL = 1975
* TAX LAW = 1974
* EXAMPLE RUN 1234
* EXAMPLE DETAIL: LINE 1
* EXAMPLE DETAIL: LINE 2
*
* OFFICE OF THE SECRETARY OF THE TREASURY
* OFFICE OF TAX ANALYSIS
*
*****

```

Fig. 11.5.1: Example Cover Page

11.5.4. TECHNICAL CHANGES.

- (1) SEVERAL CHANGES HAVE BEEN MADE TO SUBROUTINE SAMPLE.
 - (A) THE VARIABLES NWROR AND NBLKT ARE NO LONGER EQUIVALENCED TO POSITIONS 3 AND 5 OF THE VARIABLE INLAB. INLAB(3) AND INLAB(5) ARE MOVED INTO THESE VARIABLES AND INLAB IS EQUIVALENCED TO MG. THIS SAVES 1792 WORDS OF CORE.
 - (B) THE RECORD LENGTH FOR IREC HAS BEEN INCREASED TO 124 WORDS.
 - (C) SINCE THE WEIGHTS ON THE REVISED TAX MODEL HALF SAMPLE DIFFER FOR EACH RETURN, AN ADDITIONAL SECTION OF CODE HAS BEEN ADDED TO BYPASS A TABLE-LOOK-UP OF THE RETURN'S WEIGHT WHEN THE REVISED HALF SAMPLE IS USED.
- (2) SUBROUTINE BLOWUP/70 CONTAINS AN ADDITIONAL SECTION OF CODE THAT IS EMPLOYED TO EXTRAPOLATE THE REVISED TAX MODEL SAMPLE TO 1975 LEVELS.
- (3) A NEW SUBROUTINE, CONDEN, CONDENSES THE ROW AND THE COLUMN SUBSCRIPTS EMPLOYED IN SUBROUTINE BLOWUP/70 IN THE 1975 EXTRAPOLATION PROCESS.
- (4) SUBROUTINE MAPIN/70 CONTAINS ADDITIONAL CODING NECESSARY TO THE COMPUTATIONAL CHANGES AT 1975 LEVELS.
- (5) A NEW VARIABLE, LEVEL, HAS BEEN ADDED TO COMMON IN THE PROC CSAVE2. THIS VARIABLE MUST BE SET EQUAL TO 1975 IF THE USER WISHES TO EXTRAPOLATE THE REVISED 1970 TAX MODEL HALF-SAMPLE TO 1975 LEVELS. FAILURE TO SET LEVEL=1975 WILL RESULT IN AN ERROR TERMINATION BECAUSE THE CODING FOR THE 1974 EXTRAPOLATION WILL BE USED.
- (6) THE VARIABLE LAW IS NO LONGER INITIALIZED IN SUBROUTINE TXCALC AND HAS BEEN MOVED TO COMMON IN THE PROC CSAVE2.
- (7) A NEW VARIABLE, NPL, HAS BEEN ADDED TO COMMON IN THE PROC CSAVE1 AND IS INITIALIZED IN SUBROUTINE INPUT2/. NPL IS SET EQUAL TO THE LAST TWO DIGITS OF THE YEAR OF THE TAX LAW THAT SUBROUTINE INPUT2 REFLECTS, E.G. INPUT2/72 HAS NPL=74.
- (8) IN SUBROUTINE MAIN2, THE VARIABLE NEXT IS NO LONGER

SET EQUAL TO 0 VIA AN ARITHMETIC STATEMENT BUT IS INITIALIZED IN A DATA STATEMENT. IN PLACE OF THE STATEMENT NEXT=0, THE VARIABLE LAW IS SET EQUAL TO NL.

- (9) EACH OF THE ADD ELEMENTS XGT70, XGT71, XGT72 AND THE NEW ELEMENT XGT75 HAVE BEEN MODIFIED TO--
- (A) IN THE APPROPRIATE SAMPLE AND UNPKR ROUTINES AND NOT THE INAPPROPRIATE SAMPLE AND UNPKR ROUTINES,
 - (B) REMOVE THE B OPTION ON THE *MAP DIRECTIVE, AND
 - (C) IN THE APPROPRIATE INPUT2 ROUTINE AND NOT ALL OTHER INPUT2 ROUTINES.
- THE ADDING OF AN XGT ELEMENT WILL AUTOMATICALLY INSURE THAT THE APPROPRIATE LAW IS IN THE TAX MODEL, E.G. *ADD XGT75 WILL INITIALIZE ALL TAX PARAMETERS AT 75 LAW AND EXECUTE ONLY THOSE PORTIONS OF TXCALC THAT REFLECT 1975 LAW.
*ADD XGT72 DOES THE SAME FOR 1974 LAW.

11.5.5. COMPUTATIONAL CHANGES.

- (1) THE FANCY DETERMINATION OF THE DIVIDEND EXCLUSION USED IN THE 1974 EXTRAPOLATION WAS SCRAPPED FOR THE 1975 EXTRAPOLATION. THE DIVIDEND EXCLUSION FOR 1975 EQUALS THE DIVIDEND EXCLUSION FOR 1970.
- (2) THE CEILING APPLIED TO MOVING EXPENSES (\$2500*DMFS) IN THE 1974 EXTRAPOLATION WAS NOT APPLIED IN THE 1975 EXTRAPOLATION.
- (3) A NEW INPUT2 SUBPROGRAM FOR 1975 LAW WAS CREATED AND HAS AN ELEMENT NAME OF INPUT2/75.
- (4) SUBROUTINE TXCALC WAS MODIFIED TO INCORPORATE THE EARNED INCOME CREDIT OF H.R. 2166. THIS SECTION OF CODE IS EXECUTED WHEN THE VARIABLE LAW=1975, THIS OCCURS WHEN XGT75 IS 'ADDED'.
- (5) A NEW SECTION OF SOURCE CODE HAS BEEN ADDED TO SUBROUTINE MAPIN/70. THIS CODING REDUCES THE AMOUNT OF NET LONG TERM CAPITAL LOSSES AND IS EXECUTED FOR THE 1975 EXTRAPOLATION ONLY, I.E. WHEN LEVEL=1975.

11.6. USER NOTE NUMBER 6: VERSION 4 OF THE TAX MODEL.

VERSION 4 OF THE TAX MODEL PROGRAM COVERS PRECCMINATELY THOSE CHANGES ASSOCIATED WITH IMPLEMENTING THE 1973 DATA BASE. HOWEVER, A NUMBER OF OTHER CHANGES NOT ASSOCIATED WITH IMPLEMENTING THE 1973 DATA BASE WERE ALSO MADE. THIS NOTE BRIEFLY DOCUMENTS EACH CHANGE OF VERSION 4. IN THE DOCUMENTATION BELCW, EACH CHANGE IS SUBCLASSIFIED AS A CORRECTION, AN INPUT CHANGE, AND CUTPUT CHANGE, A TECHNICAL CHANGE, OR A COMPUTATIONAL CHANGE. HENCE, THE USER CAN READ THOSE SUBSECTIONS WHICH CORRESPOND TO HIS DEGREE OF INVOLVEMENT WITH THE TAX MODEL.

11.6.1. CORRECTIONS.

- (1) THE FIRST NEGATIVE (-) SIGN ON LINE 71 OF SUBROUTINE TABLES HAS BEEN CHANGED TO A PLUS (+) SIGN.

11.6.2. INPUT CHANGES.

- (1) LOGIC SWITCH NUMBER 1 HAS BEEN DEACTIVATED. THIS SWITCH NO LONGER CONTROLS THE EXTRAPOLATION OF THE LEVEL OF INCOME AND DEDUCTION ITEMS. THE EXTRAPOLATION PROCESS IS A STAND-ALONE PROGRAM.
- (2) LOGIC SWITCH NUMBER 2 HAS BEEN DEACTIVATED. THIS SWITCH NO LONGER CONTROLS THE MAP PRCCSS BECAUSE THE MAPPING PROCESS IS NO LONGER IN THE TAX MODEL PROGRAM. THE MAPPING PROCESS IS A STAND-ALONE PROGRAM.
- (3) LOGIC SWITCH NUMBER 4 NO LONGER REQUIRES THAT A 128 CARD BE READ OR THAT THE LABEL CARDS BE ADDED EXPLICITLY IN THE INPUT CONTROL STREAM. THESE FUNCTIONS ARE AUTOMATICALLY PERFORMED BY THE PROGRAM.
- (4) LOGIC SWITCH NUMBER 9 HAS BEEN EXPANDED TO MAKE THE DEFAULT DEFINITION OF ADJUSTED GROSS INCOME THAT OF PRESENT LAW INSTEAD OF PLAN X. (SEE TABLE 6.2.1 FOR FURTHER DETAILS).
- (5) LOGIC SWITCH NUMBER 18 HAS BEEN ACTIVATED TO CONTROL THE CALCULATION OF PLAN X. IF LOGIC SWITCH NUMBER 18 IS SET EQUAL TO 1, PLAN X WILL BE CALCULATED. (SEE TABLE

6.2.1 FOR FURTHER DETAILS).

- (6) LOGIC SWITCH NUMBER 19 HAS BEEN ACTIVATED TO ALLOW THE USER TO PRODUCE BURDEN TABLES WITH THE PRE-SET OPTIONS BY SETTING THIS SWITCH EQUAL TO 1. IF LOGIC SWITCH NUMBER 19 IS SET EQUAL TO 2, THE BURDEN TABLES WILL BE PRODUCED WITH THE USER SUPPLIED OPTIONS. (SEE TABLE 6.2.1 AND SECTION 8.6 FOR FURTHER DETAILS)
- (7) SUBROUTINE INPUT2 HAS AN ADDITIONAL FEATURE. IF THE TITLE READ FROM THE 311 CARD IS BLANK, THEN THE TITLE USED ON THE 131 CARD IS INSERTED FOR THE PLAN Y TITLE CARD.
- (8) THE 100 CARD HAS BEEN REPLACED BY A NEW DATA CARD CALLED THE 'SAMPLE' CARD. SEE SECTION 6.2.1 FOR FURTHER DETAILS.

11.6.3. OUTPUT CHANGES.

- (1) SUBROUTINE MAIN3 HAS BEEN MODIFIED TO INCREASE THE STORAGE ARRAY OF TABLE 4 TO INCORPORATE NET CASUALTY OR THEFT LOSS IN THIS TABLE.
- (2) SUBROUTINE TAB4 HAS BEEN MODIFIED TO ADD THE ADDITIONAL COLUMN FOR NET CASUALTY OR THEFT LOSS.
- (3) SUBROUTINE SHCREC HAS BEEN REWRITTEN TO ACCOMMODATE THE MAPPED 1973 DATA BASE.
- (4) A NEW SUBROUTINE LSWOUT HAS BEEN ADDED TO PHASE II. SUBROUTINE LSWOUT PROVIDES A DESCRIPTIVE PRINTOUT OF THE CONTENTS OF THE LOGIC SWITCHES.
- (5) A NEW PROGRAM, UPDATE, HAS BEEN ADDED TO THE TAX MODEL. THIS PROGRAM AND THE CONTROL STATEMENTS BELOW WILL AUTOMATICALLY UPDATE THE TABLEMAKER DIRECTORY.

```
*XGT UPDATE
*ADD STORE*ESTIMATES.RUNXXXX
*ELT,IGN STORE*ESTIMATES.DIRECTORY,,FIN
*ADD,D 16.
*END FIN
```

11.6.4. TECHNICAL CHANGES.

- (1) THE PROCS 'CSAVE1' AND 'CSAVE2' HAVE BEEN MODIFIED TO MAKE THE VARIABLE TYPE AN INTEGER.
- (2) THE PROC 'CSAVE1' HAS ALSO BEEN MODIFIED TO ADD A NEW COMMON CALLED PHASE2. THIS COMMON CONTAINS INFORMATION NECESSARY TO THE PRINTOUT OF THE DATA ITEMS ON INDIVIDUAL TAX RETURNS.
- (3) THE PROC 'CSAVE2' HAS BEEN COMPLETELY REWRITTEN TO FACILITATE THE 1973 PERSONAL INDIVIDUAL INCOME TAX DATA BASE.
- (4) SUBROUTINE MAIN2 HAS BEEN CHANGED TO INCREASE THE SIZE OF THE ARRAY 'T4' IN ORDER TO INCORPORATE AN ADDITIONAL COLUMN IN TABLE 4.
- (5) SUBROUTINE MAIN2 HAS ALSO BEEN MODIFIED TO DELETE ALL THE OLD CODING ASSOCIATED WITH THE PRINTOUT OF INDIVIDUAL TAX RETURNS.
- (6) SUBROUTINE SAMPLE HAS BEEN MODIFIED TO READ PACKED AND MAPPED DATA BASES ONLY. CONSEQUENTLY, THE CALL STATEMENTS TO SUBROUTINE MAPIN HAVE BEEN DELETED. IN ADDITION, THE COLLECTION OF STATISTICS FOR TABLE 3 ARE NOW ACCUMULATED IN THE ARRAY AT3 INSTEAD OF THE LAST STORAGE LOCATIONS OF THE ARRAY D.
- (7) ALL VERSIONS OF SUBROUTINE INPUT2 HAVE BEEN DELETED AND REPLACED WITH BLOCK DATA SUBROUTINES. IN VERSION 3 OF THE TAX MODEL PROGRAM, THE VARIOUS TAX PARAMETERS, WHICH ARE STORED IN LABELED COMMON, WERE INITIALIZED IN SUBROUTINE INPUT2 VIA DATA STATEMENTS. ALTHOUGH THIS TECHNIQUE IS ALLOWED BY UNIVAC FORTRAN AND DID WORK IN THE PAST, IT IS A QUESTIONABLE CODING TECHNIQUE ESPECIALLY WHEN THE PROGRAM IS EXECUTED VIA MULTIPLE OVERLAYS. THIS IS EVIDENT FROM THE FACT THAT VERSION 4 OF THE TAX MODEL PROGRAM DID NOT WORK WITHOUT THE BLOCK DATA CONVERSION.
- (8) DUE TO (7) ABOVE, ALL XQT ELEMENTS WERE MODIFIED TO REMOVE REFERENCES TO INPUT2 AND ADD THE APPROPRIATE REFERENCE FOR THE BLOCK DATA SUBROUTINE. IN ADDITION, A NOT COVERP STATEMENT WAS INSERTED AT THE BEGINNING OF THE ELEMENT.
- (9) A NEW GENERALIZED SUBROUTINE UNPKER HAS BEEN ADDED TO THE TAX MODEL PROGRAM. THIS ROUTINE IS NO LONGER LIMITED TO UNPACKING DATA RECORDS OF 144 WORDS OR LESS (SEE APPENDIX 5.8 FOR FURTHER DETAILS).

11.6.5. COMPUTATIONAL CHANGES.

- (1) TWO NEW BLKDATA SUBROUTINES, BLKDATA/73 AND BLKDATA/76, HAVE BEEN CONSTRUCTED TO REFLECT THE 1973 AND THE 1976 TAX LAW TAX LAW RESPECTIVELY.
- (2) SUBROUTINE MAIN2 HAS BEEN MODIFIED TO MAKE THE CALCULATION OF PLAN X DEPENDENT ON LOGIC SWITCH NUMBER 18. IN ADDITION, LOGIC SWITCH NUMBER 19 WILL GENERATE BURDEN TABLES AND AUTOMATICALLY SETS LOGIC SWITCH NUMBER 18 TO CALCULATE PLAN X.
- (3) SUBROUTINE TXCALC HAS BEEN COMPLETELY REWRITTEN TO EMPLOY THE 1973 PERSONAL INDIVIDUAL INCOME TAX DATA. (SEE APPENDIX A OF CHAPTER 5 FOR FURTHER DETAILS). IN ADDITION, THE SHELTERED PORTION OF EXCLUDED LONG TERM CAPITAL GAINS IS NO LONGER BACKED OUT OF THE VARIABLE CGAGI.
- (4) SUBROUTINE DEDUCT HAS BEEN REWRITTEN TO SIMPLIFY THE COMPLEX CALCULATION OF THE STANDARD DEDUCTION INSTITUTED BY THE 1969 TAX LAW ACT. IN ADDITION, CODING HAS BEEN INSERTED TO PERMIT THE CALCULATION OF BURDEN TABLES. FURTHERMORE, SUBROUTINE DEDUCT HAS BEEN MODIFIED TO ALLOW FOR THE DEDUCTION TYPES SHOWN BELOW:

| IDED | TYPE OF DEDUCTION | DEDUCTIONS EQUALS | ALLOWED TO SWITCH | AFFECTED BY DEFINITION OF DEDUCTIONS |
|------|-------------------------------|-------------------|-------------------|--------------------------------------|
| -1 | PERMANENT ITEMIZER w/o/DETAIL | D(18) | YES | NO |
| 0 | PERMANENT ITEMIZER w/DETAIL | SLM | NO | YES |
| 1 | ITEMIZER | SUM | YES | YES |
| 2 | STANDARD | STAN | YES | NO |

SUBROUTINE TABLES, HOWEVER, ALLOWS FOR ONLY TWO DEDUCTION TYPES, STANDARD AND ITEMIZED. THIS IS ACCOMPLISHED BY THE STATEMENT JD = MAXO(IDED, 1).

- (5) SUBROUTINE TABLES HAS BEEN MODIFIED TO ACCUMULATE AN ADDITIONAL COLUMN FOR TABLE 4, NET CASUALTY OR THEFT LOSS.
- (6) TWO NEW SUBROUTINES, BURSET AND BURTAB, HAVE BEEN ADDED TO THE TAX MODEL PROGRAM TO PERMIT THE CALCULATION OF BURDEN TABLES.

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(7) FOUR NEW SUBROUTINES, TABOUT/VER3, HEAD/VER3, CENTER/VER3, AND NERROR/VER3 HAVE BEEN ADDED TO THE TAX MODEL PROGRAM TO PERMIT THE OUTPUT OF GENERALIZED TABLES. SEE CHAPTER 8 SECTION 7 FOR DETAILS ON THE USAGE OF THESE ROUTINES.

11.7. USER NOTE NUMBER 7: VERSION 5 OF THE TAX MODEL

VERSION 5 OF THE TAX MODEL PROGRAMS CONTAINS MANY CHANGES WHICH ARE DESIGNED TO ENHANCE THE EXECUTION TIME AND USEFULNESS OF THE MODEL. IN ADDITION, THE TAX CALCULATOR HAS BEEN REVISED TO REFLECT 1977 LAW. THIS NOTE BRIEFLY DOCUMENTS EACH CHANGE OF VERSION 5. IN THE DOCUMENTATION BELOW, EACH CHANGE IS SUBCLASSIFIED AS A CORRECTION, AN INPUT CHANGE, AN OUTPUT CHANGE, A TECHNICAL CHANGE, OR A COMPUTATIONAL CHANGE. HENCE, THE USER CAN READ THOSE SUBSECTIONS WHICH CORRESPOND TO HIS DEGREE OF INVOLVEMENT WITH THE TAX MODEL.

11.7.1. CORRECTIONS.

- (1) THE OPTICAL TAXABLE INCOME CREDIT WAS AT ONE TIME INCORRECT FOR MARRIED FILING SEPARATE. THIS WAS CORRECTED.
- (2) THE PARTIAL REPLACEMENT OF TAX RATE SCHEDULES DID NOT ALWAYS WORK PROPERLY. THIS WAS CORRECTED BY VIRTUE OF OTHER PROGRAMMING CHANGES IN PHASE I.
- (3) THE INABILITY OF THE TAX FUNCTION TO ACCEPT A MARGINAL RATE OF 100% HAS BEEN CORRECTED.
- (4) THE OMISSION OF THE EIC IN THE BURDEN TABLES ROUTINES HAS BEEN CORRECTED.

11.7.2. INPUT CHANGES.

- (1) LOGIC SWITCH NUMBER 15 HAS BEEN ACTIVATED TO CONTROL THE SOURCE, IE PLAN X OR PLAN Y, DEFINITION OF THE CALCULATIONS IN TABLE 6.
- (2) THE FORMAT FOR ALL DATA CARDS BEGINNING WITH THE 211 CARD AND GOING THROUGH THE 399 1 CARD HAVE CHANGED. (SEE CHAPTER 6 FOR DETAILS).

11.7.3. OUTPUT CHANGES.

- (1) THE OLD TABLE 6 HAS BEEN REPLACED WITH A NEW TABLE 6. (SEE CHAPTER 7 FOR DETAILS).
- (2) THE PRINTOUT OF THE LOGIC SWITCHES THAT USED TO APPEAR IN PHASE II NOW APPEAR WITH THE OTHER INPUT PARAMETERS IN PHASE I.

11.7.4. TECHNICAL CHANGES

- (1) THE PDP PROCS -CSAVE1 AND CSAVE3- HAVE BEEN MODIFIED TO DELETE R6S, N6S AND T6X. T6S IS DIMENSIONED (4) AND MADE AN INTEGER. T6R(50,3) HAS BEEN ADDED
- (2) IN PROGRAM -MAIN1- THE CALL TO -SWEEP- WAS REPLACED WITH THE ACTUAL CODE (SEE ITEM (5)).
- (3) -INPUT2- WAS CHANGED TO ALLOW ROUNDING OF COMPUTED MARGINAL RATES TO 3 DECIMAL PLACES.
- (4) -LSWOOT- CHANGED TO SPECIFY LOGIC(15) AS A PARAMETER TO TABLE SIX
- (5) DELETED FROM -SWEEP- ALL REFERENCES TO TABLE 6. DELETED -SWEEP- ENTIRELY AS CODE WAS MOVED TO -MAIN1-.
- (6) CHANGED -MAIN2- TO CALCULATE NEW STORAGE AREAS FOR TABLE 6. ALL REFERENCES IN ALL PROGRAMS CHANGED TO REFLECT NEW DIMENSIONS OF TABLE 6 AND ITS WORK AREAS.
- (7) CHANGED -TABLES- TO NEW DIMENSIONS FOR TABLE 6 AND REPLACED LLD TAB6 UPDATE PROCEDURE WITH A NEW ONE.
- (8) REMOVED -LSWOOT- RELOCTABLE FROM MAIN2 #MAP
- (9) CHANGED -MAIN3- TO TABLE 6 DIMENSIONS AND REVISED THE CALL TO TAB6 TO NEW WORK AREA SIZES.
- (10) -TAB6- COMPLETELY REWRITTEN.
- (11) COMPLETELY REVISED #MAP DIRECTIVES TO PROPERLY OVERLAY -SPACE- AND ALL REPORT WORKING AREAS.
- (12) REVISED -SETUP- PROCEDURES TO CREATE ALTERNATE

PROGRAM FILE FOR EXECUTION TIME COMPILATIONS AND AN
ALTERNATE PROGRAM LIBRARY CAPABILITY FOR MAPPING.
(SEE CHAPTER 8 FOR DETAILS)

- (13) SUBROUTINE INPUT3 HAS BEEN DELETED AND COMBINED
WITH SUBROUTINE INPUT2.
- (14) TWO NEW SUBROUTINES, MRATES AND SRATES, HAVE
BEEN ADDED TO PHASE I. MRATES PROVIDES AN EASIER
METHOD OF ENTERING TAX SCHEDULES AND SRATES WILL
COMPUTE A SINGLE'S TAX RATE SCHEDULE FROM A JOINT
TAX RATE SCHEDULE.

11.7.5. COMPUTATIONAL CHANGES.

- (1) SUBROUTINE TXCALC HAS BEEN REVISED TO REFLECT
1977 LAW.
- (2) IN THE EXTRAPOLATION, THE DIVIDEND EXCLUSION
WAS RESTRICTED TO THE MAXIMUM ALLOWABLE BY LAW.

11.8. USER NOTE NUMBER 8: VERSION 6 OF THE TAX MODEL.

VERSION 6 OF THE TAX MODEL PROGRAMS IS ESSENTIALLY THE SAME AS VERSION 5 OF THE MODEL EXCEPT FOR THE 1978 TAX CODE. A FEW CHANGES HAVE, HOWEVER, BEEN MADE TO CORRECT PREVIOUS ERRORS AND ENHANCE THE EXECUTION AND USEFULNESS OF THE MODEL. THIS NOTE BRIEFLY DOCUMENTS EACH CHANGE OF VERSION 6. IN THE DOCUMENTATION BELOW, EACH CHANGE IS SUBCLASSIFIED AS A CORRECTION, AN INPUT CHANGE, AN OUTPUT CHANGE, A TECHNICAL CHANGE, OR A COMPUTATIONAL CHANGE. HENCE, THE USER CAN READ THOSE SUBSECTIONS WHICH CORRESPOND TO HIS DEGREE OF INVOLVEMENT WITH THE TAX MODEL.

11.8.1. CORRECTIONS.

- (1) THE VARIABLE PZ IN CSAVE1 HAS BEEN DIMENSIONED CORRECTLY.
- (2) THE CODING PRECEDING AND FOLLOWING THE CALL TO 'MRATES' IN SUBROUTINE 'INPUT2' HAS BEEN CORRECTED.

11.8.2. INPUT CHANGES.

- (1) THE TAX PARAMETER VARIABLES PINX, PINY, AND PINZ NOW CONTAIN TWELVE (12) ADDITIONAL TAX PARAMETERS (SEE SECTION 6.3.8 FOR DETAILS).

11.8.3. OUTPUT CHANGES.

- (1) SUBROUTINE 'PRCUT' HAS BEEN MODIFIED TO PRINT THE TWELVE ADDITIONAL TAX PARAMETERS FOUND IN THE VARIABLES PINX, PINY, AND PINZ.
- (2) SUBROUTINE 'SHCREC' HAS BEEN REWRITTEN TO ACCOMMODATE THE MAPPED 1975 DATA BASE.

11.8.4. TECHNICAL CHANGES.

- (1) THE PDP PROC 'CSAVE2' HAS BEEN COMPLETELY REPLACED TO FACILITATE THE 1975 PERSONAL INDIVIDUAL INCOME TAX DATA BASE.
- (2) A NEW SUBROUTINE, 'EYDEF', HAS BEEN ADDED TO THE MODEL. EYDEF COMPUTES EXPANDED INCOME USED FOR CLASSIFICATION PURPOSES.
- (3) SUBROUTINE 'MAIN2' HAS BEEN MODIFIED TO CALL SUBROUTINE 'EYDEF', WHEN REQUIRED, PRIOR TO THE CALCULATION OF PLAN X.
- (4) SUBROUTINE 'TABLES' HAS BEEN MODIFIED TO REMOVE THE CALCULATION OF EXPANDED INCOME.
- (5) A NEW SUBROUTINE 'FUSIZE' HAS BEEN ADDED TO THE TAX MODEL. THIS ROUTINE IS A USER CALLED ROUTINE THAT PERMITS THE TABULATION OF TAX LIABILITY AND THE ASSOCIATED PERCENTAGE DISTRIBUTION BY FILING UNIT SIZE (SEE SECTION 8.8 FOR DETAILS).

11.8.5. COMPUTATIONAL CHANGES.

- (1) SUBROUTINE 'TXCALC' HAS BEEN REVISED TO REFLECT 1978 TAX LAW (SEE APPENDIX A & E OF CHAPTER 5 FOR DETAILS).
- (2) A NEW FUNCTION ROUTINE, 'ELDCR', HAS BEEN ADDED TO THE MODEL. THIS FUNCTION COMPUTES THE ELDERLY CREDIT UNDER 1978 TAX LAW.

12. TABLEMAKER PROGRAMS.

12.1. TABLEMAKER DIRECTORY PROGRAM.

12.1.1. PURPOSE.

THE PURPOSE OF THE TABLEMAKER DIRECTORY PROGRAM IS TO PROVIDE THE USER WITH THE CAPABILITY TO EXECUTE ONE OF THE THREE TASKS BELOW:

- (A) QUERY THE DIRECTORY TO DETERMINE IF A TAX MODEL RUN HAS FINISHED SUCCESSFULLY OR TO ACQUIRE THE DESCRIPTION OF A TAX MODEL RUN.
- (B) PRODUCE A FULL LISTING OF THE TABLEMAKER DIRECTORY AT THE REMOTE PRINTER.
- (C) SEARCH THE ENTIRE DIRECTORY FOR THOSE TAX MODEL RUNS WHOSE DESCRIPTION MATCHES THE KEY WORDS SUPPLIED BY THE USER AND PRINT THE RESULTS OF THE SEARCH AT THE REMOTE PRINTER.

THE USER MAY SWITCH BACK AND FORTH BETWEEN EACH OF THE THREE TASKS, HOWEVER, TASK (B) MAY BE PERFORMED ONLY ONCE DURING ANY ONE EXECUTION OF THE DIRECTORY PROGRAM.

12.1.2. USER PROCEDURE.

12.1.2.1. ENTRY.

IN ORDER TO BEGIN EXECUTION OF THE TABLEMAKER DIRECTORY PROGRAM, THE USER MUST ENTER IN DEMAND MODE--

*XQT TABLE*MAKER.DIRECTS

12.1.2.2. DIRECTORY NAME.

ONCE THE TABLEMAKER DIRECTORY PROGRAM IS EXECUTING, IT WILL RESPOND WITH--

***ENTER DIRECTORY ELEMENT NAME

AT THIS POINT, THE USER MAY ENTER ONE OF THE FOLLOWING DIRECTORY ELEMENT NAMES:

| | |
|-----------|--|
| DIRECTORY | CURRENT QUARTER DIRECTORY |
| DIVQTR77 | DIRECTORY FOR THE IV QUARTER OF 1977. |
| DIIGTR77 | DIRECTORY FOR THE III QUARTER OF 1977. |
| DIIGTR77 | DIRECTORY FOR THE II QUARTER OF 1977. |
| DIQTR77 | DIRECTORY FOR THE I QUARTER OF 1977. |

12.1.2.3. TASK QUESTION.

FOLLOWING THE ENTRY OF THE DIRECTORY ELEMENT NAME, THERE WILL BE A SLIGHT DELAY WHILE THE REQUESTED DIRECTORY IS COPIED TO A TEMPORARY FILE FROM STORE*ESTIMATES. AND THE FILE STORE*ESTIMATES. IS RELEASED. THE PROGRAM'S NEXT RESPONSE WILL BE--

ENTER QUERY, FULL, OR SEARCH

THE USER SHOULD RESPOND WITH ONE OF THE THREE OPTIONS, QUERY, FULL, OR SEARCH.

12.1.2.4. QUERY RESPONSE.

IF THE QUERY RESPONSE IS SUPPLIED BY THE USER, THE PROGRAM WILL RESPOND WITH--

ENTER RUN NUMBER OR
THE WORD NONE

(A) IF A RUN NUMBER SUCH AS--

3210

IS SUPPLIED, THE PROGRAM WILL RESPOND WITH--

RUN NUMBER 3210 MADE ON 021477
AT 1977 LEVELS & 1977 LAW: RESTRICTED TC

CONTENTS ARE:

\$35 CREDIT & MSD CHANGES
EXTEND \$35 PER CAPITA CREDIT TO AGED AND BLIND
MSD OF 22/30/22: MFS NO OPT TINC CR
ESTIMATE = 400

ENTER RUN NUMBER OR
THE WORD NONE

(B) IF A NON-EXISTENT RUN NUMBER IS SUPPLIED OR IF THE RUN
NUMBER ON THE SECOND QUERY IS LESS THAN THE RUN
NUMBER ON THE FIRST QUERY, THE PROGRAM WILL RESPOND
WITH--

REWIND, OR STOP

IF THE USER WANTS TO CONTINUE, HIS RESPONSE WILL BE
REWIND, IF NOT HIS RESPONSE WILL BE STOP. THE
REWIND RESPONSE WILL BACK UP TO THE TASK QUESTION.

(C) IF THE RESPONSE--

NONE

IS GIVEN, THE PROGRAM WILL BACK UP TO THE TASK QUESTION.

12.1.2.5. FULL RESPONSE.

WHEN THE FULL RESPONSE IS SUPPLIED, THERE WILL BE A SLIGHT DELAY
WHILE THE PROGRAM PREPARES THE FULL LISTING OF THE DIRECTORY.
WHEN THE DIRECTORY LISTING IS FINISHED, THE PROGRAM WILL RESPOND
WITH--

REWIND, OR STOP

THE USER MAY RESPOND WITH REWIND OR STOP.

NOTE: THE FULL TASK MAY BE PERFORMED ONLY ONCE PER EXECUTION OF
THE TABLEMAKER DIRECTORY PROGRAM.

12.1.2.6. SEARCH RESPONSE.

IF THE SEARCH RESPONSE IS SUPPLIED BY THE USER, THE PROGRAM WILL
RESPOND WITH--

*** 1 ENTER KEY WORDS FOR SEARCH***

1
RUN NUMBER 3093 MADE ON 011377
AT 1976 LEVELS & 1976 LAW: RESTRICTED TC
CONTENTS ARE:
CHILD CARE
1976 LAW WITH 1975 CHILD CARE DEDUCTION
(AGI IN 73 IS APPROXIMATE - SEE ME FOR DETAILS)
ESTIMATE = 400

RUN NUMBER 3094 MADE ON 011377
AT 1976 LEVELS & 1976 LAW: RESTRICTED TC
CONTENTS ARE:
CHILD CARE
1976 LAW WITH 1976 CHILD CARE DEDUCTION
(AGI IN 73 IS APPROXIMATE - SEE ME FOR DETAILS)
ESTIMATE = 400

**CONTINUE?

THE PROGRAM LIST TWO(2) RUNS AT A TIME WHEN THE USER REQUESTS THE RESULTS OF A SEARCH BE SENT TO THE TERMINAL. THIS ENABLES THE USER TO QUIT IF HE HAS FOUND THE RUN HE IS SEARCHING FOR OR TO CONTINUE IF HE HAS NOT FOUND THE PROPER RUN. IN ADDITION, TWO LISTINGS WILL FIT ON A CRT SCREEN WITHOUT ANY LOSS OF INFORMATION. IF THE USER WISHES TO CONTINUE, HE WOULD ENTER--

Y

AND THE PROGRAM WILL CONTINUE WITH--

RUN NUMBER 3152 MADE ON 011377
AT 1976 LEVELS & 1976 LAW: RESTRICTED TC
CONTENTS ARE:
CHILD CARE
1976 LAW W/REPEAL C.CARE VS 76 LAW WITH C.CARE CREDIT
(AGI IN 73 IS APPROXIMATE - SEE ME FOR DETAILS)
ESTIMATE = 431

IF THE USER REQUESTS THAT THE SEARCH LISTING BE PRINTED AT THE REMOTE PRINTER, THE LIST WILL NOT BE PRINTED UNTIL THE USER TERMINATES THE PROGRAM. AT THE CONCLUSION OF THE EXECUTION, THE LISTING FOR ALL SEARCHES PERFORMED DURING THE RUN WILL BE OUTPUTTED TO THE REMOTE PRINTER.

IMMEDIATELY AFTER THE PROGRAM CONVEYS THE NUMBER OF RUNS LOCATED THAT MATCHED THE KEY WORDS, IT WILL RESPOND WITH--

REWIND, OR STOP

IF THE USER WISHES TO PERFORM MORE SEARCHES, OR TO PERFORM SOME OTHER TASK, HE SHOULD RESPOND WITH REWIND, OTHERWISE HE SHOULD RESPOND WITH STOP.

12.1.2.7. EXIT

THE USER EXITS FROM THE PROGRAM BY RESPONDING TO --

REWIND, OR STOP

WITH STOP. FOLLOWING THE STOP ENTRY, THE PROGRAM WILL SIGNIFY THAT IT HAS TERMINATED BY--

PROGRAM TERMINATED