



June 13, 2014

# Statistics of Income Advisory Panel

# SOI Budget and Staffing

- Budget increased 5 percent from 2013 to 2014
- Funds from reimbursable sources unchanged from 2013
- Travel and training increased for 2014
- Staffing levels have been stable 2012-2014
- Several key staff retired in 2013 or plan to retire in 2014
- Authorized 2014 hiring to date:
  - 3 new hires,
  - 3 long-term detailed employees,
  - 1 frontline manager

## New Products

- Introduced more than 60 new earnings tables for tax years 2008-2010 covering:
  - individual earnings,
  - participation in employer-sponsored retirement plans,
  - contributions to specific employer-sponsored retirement plan types
- Expanded ZIP Code tables and unified content with county and state tables
- Provided new information on the amount of U.S. corporate income held overseas by including additional earnings, profits and dividend items in the 2010 Controlled Foreign Corporation tables.
- Will post a history of the Controlled Foreign Corporation Study showing changes to its nature, scope, and data availability.

## New Products (continued)

- Harmonized SOI Private Foundation sample microdata files for tax years 1985-2010. This was the first SOI product to be released in an open data (XML) format.
- Expanded Exempt Organization Financial Data Extract files. These include microdata for the population of 501(c)(3) organizations that file Forms 990, 990EZ or 990PF.
- Included foreign branch profits tax data in the most recent *SOI Bulletin* article on U.S. income tax withholding for foreign persons.
- Expanded the data available through the Table Wizard

# Revised Communications Strategy

- Updates to *SOI Bulletin*:
  - Introduces shorter, more focused articles
  - Eliminates table reading
  - Evolves to a Web-only product after the summer 2014 issue
- Focuses on reaching new audiences
- Increases visualization of information trends – OneSheet
- Expands use of social media and new tools
- Introduces ‘open data’ formats such as APIs and XML
- Explores new Web tools

# Estate Tax Returns Filed for Wealthy Decedents, 2003–2012



The Federal estate tax is a tax on the transfer property at death. It is applied to estates for which at-death gross assets, the "gross estate," exceed the filing threshold. Estate tax returns are due 9 months from the date of death and most are filed in the following calendar year. Charitable bequests and marital transfers can be taken as deductions when calculating estate tax liability.

## Highlights of the Data

- The number of estate tax returns declined 87 percent from about 73,100 in 2003 to about 9,400 in 2012 primarily due to the gradual increase in the filing threshold.
- The gross estate filing threshold was \$5.12 million in 2012, up from \$1.0 million in 2003.
- In 2012, the total net estate tax reported on all estate tax returns filed for the year was \$8.5 billion.
- California had the highest number of estate tax returns filed in 2012, followed by Florida, New York, Texas, and Illinois.
- Looking at the number of estate tax returns filed as a percentage of the adult population (ages 18 and over), the top five states were the District of Columbia, Connecticut, Florida, California, and New York.
- Stock and real estate made up about half of all estate tax decedents' asset holdings in 2012.
- Estate tax decedents with total assets of \$20 million or more held a greater share of their portfolio in stocks (about 40 percent) and lesser shares in real estate and retirement assets than decedents in other total asset categories.

## Estate Tax Filing Thresholds, 2003–2012

Year of death	Estate tax filing threshold
2003	\$1,000,000
2004	\$1,500,000
2005	\$1,500,000
2006	\$2,000,000
2007	\$2,000,000
2008	\$2,000,000
2009	\$3,500,000
2010	\$5,000,000*
2011	\$5,000,000
2012	\$5,120,000

\* The estate tax was repealed temporarily for 2010 before being reinstated with the passage of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act in December 2010. The law, which was retroactive for all 2010 decedents, raised the estate tax exemption level to \$5.0 million and also allowed estates to opt out of the estate tax system and instead file Form 9939, Allocation of Increase in Basis for Property Acquired From a Decedent.

Source: IRS, Statistics of Income, August 2013

## Estate Tax Returns Filed and Total Net Estate Tax, 2003–2012



## Portfolio Composition of Estates, by Size of Total Assets, 2012



Further information about tax statistics is available on the IRS' website at [www.irs.gov/taxstats](http://www.irs.gov/taxstats). Detailed information on the estate tax, including articles and detailed statistical tables are located at <http://www.irs.gov/uac/SOI-Tax-Stats-Estate-Tax-Statistics>.



# Operational Efficiencies

- Implemented an automated process for assigning work to submission processing center tax examiners, providing better controls of existing inventory of business tax returns.
- Introduced batch consistency testing on select e-filed business credit tax forms, minimizing tax examiner intervention on certain areas of the return
- Moving all SOI data collection applications to MS Visual Studio, using modular programming to free resources for future projects
- Supported expanding the *IRS Data Bank* to facilitate certain individual-based population studies.



# Joint Research Program

- 16 projects selected in January 2012
  - 13 projects in progress (researchers withdrew 3)
  - 4 additional projects supported by RAS Office of Research or OTA
- Progress so far:
  - 10 papers on fall 2013 NTA program
  - 2 papers on spring 2014 NTA program
  - 1 paper accepted for publication, several others under review
- Several papers posted to SOI Working Paper page:  
<http://www.irs.gov/uac/SOI-Tax-Stats-SOI-Working-Papers>
- Most current projects should be completed by the end of 2014



# Joint Research Program

- Created a dedicated managerial position to oversee the research program - Mike Weber
  - Manage the program and non-IRS participants
  - Ensure work meets established deadlines and agreed parameters
  - Long-term detailed employees will serve as research partners
  - Coordinate closely with internal stakeholders
  - Support regular calls for new projects
- Issue call for proposals in 2014
  - Projects would start in late 2014 or early 2015



# New Initiatives – Today's Agenda

## Individual Income Tax Program

- Evaluating the SOI sample
- Proposed changes for the Public-Use File (PUF)

## Business Taxes

- New Directions for the Corporate Sample
- Collaborative research with SOI staff.

