



Robert W. Wood THE TAX LAWYER

TAXES | 3/24/2013

13 Surprising Facts About Your Taxes

Paying taxes is on everyone's mind, rarely in a good way. Knowing some pithy facts about our tax system and how you fit in may not make you feel any better. Still, as you embark on your own annual tax odyssey you might be surprised about who pays what, who doesn't pay, and how you fit in according to recent IRS statistics. It could even help you plan.



Taxes (Photo credit: Tax Credits)

1. The IRS receives over 140 million individual tax returns and collects over \$950 billion in taxes.
2. The biggest tax deductions are those for taxes paid to state and local governments. Next biggest are for interest, especially on home mortgages.
3. The average tax refund is almost \$3,000, \$2,953 to be exact. In all, over \$325 billion in tax refunds are paid out. Tax refunds are great, but really suggest you were having too much withholding taken out of your pay or you made estimated tax payments that were too large. Tax refunds are like interest free loans to the government.

4. Many returns—4 million—report [alternative minimum tax](#) (AMT). You compute your regular tax and your AMT and pay whichever is more. Despite recent reforms, AMT plagues taxpayers. Many things—like most [attorney fees](#)—are deductible for regular tax but not for AMT. That hurts. See [10 Things To Know About Taxes On Damages](#).
5. Want to be in the top 1% of earners nationally? You'll need \$369,509 of annual income to join that group. If you aim to be in the top 10% of income earners, you'll only need \$116,555. That means 90% of taxpayers make less.
6. Making a million dollars is a nice goal, but roughly 7,000 millionaires didn't pay any income tax in 2011. In all over 275,000 returns showed adjusted gross incomes of \$1 million or more.
7. California has the most millionaires. More than 40,000 Californians reported over \$1 million in income. Vermont has the least—less than 300 millionaires.
8. Want to aim really high and try to crack the \$10 million mark? More than 11,000 individual tax returns reported adjusted gross income above \$10 million.
9. [E-filing](#) is now nearly universal. Almost 90% of individual tax returns are now e-filed.
10. Who uses paid tax preparers? More than half of returns—about 57%—are done by paid preparers.
11. If you don't itemize and claim the standard deduction, you might want to know that the average standard deduction is \$7,000 to \$8,000. (\$7,884). Itemizers on average claim \$26,084.
12. Our tax code is wordy, about 4 million words. It's always changing, too. Since 2001 alone, there have been more than 4,500 changes.
13. As a percentage of adjusted gross income, people earning \$100,000 to \$200,000 pay an average federal tax rate of only 12%. Those earning \$200,000 to \$500,000 pay 19.6%. Don't confuse marginal rates with average rates. The former is what you pay on your very last dollar.

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