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APPENDIX B

Estimate of Personal Deductions on Taxable Returns for 1951-1953

NOTES TO TABLE 4

The estimate of personal deductions for 1951-1953 from *Statistics of Income* was complicated by its inclusion in the taxable return category of returns with only self-employment tax liability. While *Statistics of Income* for those years includes a breakdown of adjusted gross income, by type of tax paid, it does not include such a breakdown of personal deductions. It was therefore necessary to correct the amount of personal deductions reported on taxable returns for a slight overstatement. This was done in the following manner:

1. The standard deductions were estimated by subtracting from total AGI reported on returns with income tax liability (that is, returns with normal, surtax, and alternative tax liability) our estimate of AGI on returns that have both itemized deductions and income tax liability; the resulting difference was then multiplied by 0.10. AGI for returns with itemized deductions and income tax liability was obtained by multiplying, by income groups, the actually reported number of such returns by the average AGI on returns with income tax liability.

2. The amount of itemized deductions on returns with income tax liability was estimated by multiplying the average itemized deductions for each income group by the number of returns reporting income tax liability and itemized deductions.