

ZIP Code Data Tax Year 2020 Documentation Guide

Contents

- A. Overview
- B. Nature of Changes
- C. Population Definitions and Tax Return Addresses
- D. Disclosure Protection Procedures
- E. File Characteristics
- F. Selected Income and Tax Items
- G. Endnotes

A. Overview

The Statistics of Income (SOI) Division's ZIP code data is tabulated using individual income tax returns (Forms 1040) filed with the Internal Revenue Service (IRS) during the 12-month period, January 1, 2021 to December 31, 2021. In addition, Tax Year 2020 paper returns were included up until early June of 2022 because of processing delays due to the COVID-19 pandemic. While the bulk of returns filed during this 12-month period are primarily for Tax Year 2020, the IRS received a limited number of returns for tax years before 2020. These prior-year returns are used as a proxy for returns that are typically filed beyond the 12-month period and have been included within the ZIP code data. [1]

B. Nature of Changes

The following changes have been made to the Tax Year 2020 ZIP Code data:

- New variables include: the Virtual currency indicator (VRTCRIND), Charitable deductions if took standard deduction (N02910 and A02910), Qualified mortgage insurance premiums (N19550 and A19550), the Qualified sick and family leave credit (N11450 and A11450), the Recovery rebate credit (N10970 and A10970), the Economic Impact Payment first round (N10971 and A10971), and the Economic Impact Payment second round (N10973 and A10973).
- Due to the COVID-19 pandemic, delays in processing Tax Year 2020 returns occurred because of the temporary closing of submission processing centers. Because of this, delayed Tax Year 2020 paper returns that were processed up until early June of 2022 were included within the data. In addition, returns filed solely for the purpose of receiving an Economic Impact Payment, due to COVID-19, were excluded from the data.

C. Population Definitions and Tax Return Addresses

- ZIP Code data are based on population data that was filed and processed by the IRS during the 2020 calendar year. In addition, tax year 2020 paper returns were included up until early June of 2022 because of processing delays due to the COVID-19 pandemic.
- Returns filed for the purpose of receiving an Economic Impact Payment, due to COVID-19, were excluded from the data.
- State totals may not be comparable to State totals published elsewhere by SOI because of disclosure protection procedures or the exclusion of returns. [2]
- Data do not represent the full U.S. population because many individuals are not required to file an individual income tax return.
- The address shown on the tax return may differ from the taxpayer's actual residence.
- State codes were based on the ZIP code shown on the return.
- Tax returns filed without a ZIP code and returns filed with a ZIP code that did not match the State code shown on the return were excluded.
- Tax returns filed using Army Post Office (APO) and Fleet Post Office addresses, foreign addresses, and addresses in Puerto Rico, Guam, Virgin Islands, American Samoa, Marshall Islands, Northern Marianas, and Palau were excluded.

D. Disclosure Protection Procedures

SOI did not attempt to correct any ZIP codes listed on the tax returns; however, it did take the following precautions to avoid disclosing information about specific taxpayers:

- ZIP codes with less than 100 returns and those identified as a single building or nonresidential ZIP code were categorized as "other" (99999).
- Income and tax items with less than 20 returns for a particular AGI class were combined with another AGI class within the same ZIP Code. Collapsed AGI classes are identified with a double asterisk (**).
- All number of returns variables have been rounded to the nearest 10.
- Income and tax items with less than 20 returns within a ZIP code were excluded.
- Tax returns with a negative adjusted gross income were excluded.
- If an income or tax item from one return constitutes more than a specified percentage of the total of any particular cell, the specific data item for that return is excluded from that cell. For example, if the amount for wages from one return represents 75 percent of the value of the total for that cell, the data item will be suppressed. The actual threshold percentage used cannot be released.

E. File Characteristics

The ZIP code data are available in three formats:

- (1) Individual state Excel files—**20zp##xx.xlsx** (## = 01-51; xx = AL-WY)
- (2) A comma separated file (.csv) with AGI classes —**20zpallagi.csv**

- (3) A comma separated file[2] without AGI classes(The AGI_STUB variable has been set to zero for this file)—20zpallnoagi.csv

For all the files, the money amounts are reported in thousands of dollars.

F. Selected Income and Tax Items

VARIABLE NAME	DESCRIPTION	VALUE/LINE REFERENCE	Type
STATEFIPS	The State Federal Information Processing System (FIPS) code	01-56	Char
STATE	The State associated with the ZIP code	Two-digit State abbreviation code	Char
ZIPCODE	5-digit Zip code		Char
AGI_STUB	Size of adjusted gross income	1 = \$1 under \$25,000 2 = \$25,000 under \$50,000 3 = \$50,000 under \$75,000 4 = \$75,000 under \$100,000 5 = \$100,000 under \$200,000 6 = \$200,000 or more	Num
N1	Number of returns [3]		Num
MARS1	Number of single returns	Filing status is single	Num
MARS2	Number of joint returns	Filing status is married filing jointly	Num
MARS4	Number of head of household returns	Filing status is head of household	Num
ELF	Number of electronically filed returns		Num
CPREP	Number of computer prepared paper returns		Num
PREP	Number of returns with paid preparer's signature		Num
DIR_DEP	Number of returns with direct deposit		Num
VRTCRIND	Number of returns with virtual currency indicator		Num
N2	Number of individuals [4]		Num
TOTAL_VITA	Total number of volunteer prepared returns [5]		Num
VITA	Number of volunteer income tax assistance (VITA) prepared returns [5]		Num
TCE	Number of tax counseling for the elderly (TCE) prepared returns [5]		Num
VITA_EIC	Number of volunteer prepared returns with Earned Income Credit [5]		Num
RAC	Number of refund anticipation check returns [6]		Num
ELDERLY	Number of elderly returns [7]		Num
A00100	Adjust gross income (AGI) [8]	1040:11	Num
N02650	Number of returns with total income	1040:9	Num
A02650	Total income amount	1040:9	Num
N00200	Number of returns with salaries and wages	1040:1	Num

A00200	Salaries and wages amount	1040:1	Num
N00300	Number of returns with taxable interest	1040:2b	Num
A00300	Taxable interest amount	1040:2b	Num
N00600	Number of returns with ordinary dividends	1040:3b	Num
A00600	Ordinary dividends amount	1040:3b	Num
N00650	Number of returns with qualified dividends	1040:3a	Num
A00650	Qualified dividends amount [9]	1040:3a	Num
N00700	Number of returns with state and local income tax refunds	Schedule 1:1	Num
A00700	State and local income tax refunds amount	Schedule 1:1	Num
N00900	Number of returns with business or professional net income (less loss)	Schedule 1:3	Num
A00900	Business or professional net income (less loss) amount	Schedule 1:3	Num
N01000	Number of returns with net capital gain (less loss)	1040:7	Num
A01000	Net capital gain (less loss) amount	1040:7	Num
N01400	Number of returns with taxable individual retirement arrangements distributions	1040:4b	Num
A01400	Taxable individual retirement arrangements distributions amount	1040:4b	Num
N01700	Number of returns with taxable pensions and annuities	1040:5b	Num
A01700	Taxable pensions and annuities amount	1040:5b	Num
SCHF	Number of farm returns	Schedule 1:6	Num
N02300	Number of returns with unemployment compensation	Schedule 1:7	Num
A02300	Unemployment compensation amount [10]	Schedule 1:7	Num
N02500	Number of returns with taxable Social Security benefits	1040:6b	Num
A02500	Taxable Social Security benefits amount	1040:6b	Num
N26270	Number of returns with partnership/S-corp net income (less loss)	Schedule E:32	Num
A26270	Partnership/S-corp net income (less loss) amount	Schedule E:32	Num
N02900	Number of returns with total statutory adjustments	Schedule 1:22	Num
A02900	Total statutory adjustments amount	Schedule 1:22	Num
N03220	Number of returns with educator expenses	Schedule 1:10	Num
A03220	Educator expenses amount	Schedule 1:10	Num
N03300	Number of returns with Self-employed (Keogh) retirement plans	Schedule 1:15	Num
A03300	Self-employed (Keogh) retirement plans amount	Schedule 1:15	Num
N03270	Number of returns with Self-employed health insurance deduction	Schedule 1:16	Num

A03270	Self-employed health insurance deduction amount	Schedule 1:16	Num
N03150	Number of returns with Individual retirement arrangement payments	Schedule 1:19	Num
A03150	Individual retirement arrangement payments amount	Schedule 1:19	Num
N03210	Number of returns with student loan interest deduction	Schedule 1:20	Num
A03210	Student loan interest deduction amount	Schedule 1:20	Num
N02910	Number of returns with charitable contributions if took standard deduction	1040:10b	Num
A02910	Charitable contributions if took standard deduction	1040:10b	Num
N04450	Number of returns with total standard deduction	1040:12	Num
A04450	Total standard deduction amount	1040:12	Num
N04100	Number of returns with basic standard deduction	1040:12	Num
A04100	Basic standard deduction amount	1040:12	Num
N04200	Number of returns with additional standard deduction	1040:12	Num
A04200	Additional standard deduction amount	1040:12	Num
N04470	Number of returns with itemized deductions	1040:12	Num
A04470	Total itemized deductions amount	1040:12	Num
A00101	Amount of AGI for itemized returns	1040:11	Num
N17000	Number of returns with Total medical and dental expense deduction	Schedule A:4	Num
A17000	Total medical and dental expense deduction amount	Schedule A:4	Num
N18425	Number of returns with State and local income taxes	Schedule A:5a	Num
A18425	State and local income taxes amount	Schedule A:5a	Num
N18450	Number of returns with State and local general sales tax	Schedule A:5a	Num
A18450	State and local general sales tax amount	Schedule A:5a	Num
N18500	Number of returns with real estate taxes	Schedule A:5b	Num
A18500	Real estate taxes amount	Schedule A:5b	Num
N18800	Number of returns with Personal property taxes	Schedule A:5c	Num
A18800	Personal property taxes amount	Schedule A:5c	Num
N18460	Number of returns with Limited state and local taxes	Schedule A:5e	Num
A18460	Limited state and local taxes	Schedule A:5e	Num
N18300	Number of returns with Total taxes paid	Schedule A:7	Num
A18300	Total taxes paid amount	Schedule A:7	Num

N19300	Number of returns with Home mortgage interest paid	Schedule A:8a	Num
A19300	Home mortgage interest paid amount	Schedule A:8a	Num
N19500	Number of returns with Home mortgage from personal seller	Schedule A:8b	Num
A19500	Home mortgage from personal seller amount	Schedule A:8b	Num
N19530	Number of returns with Deductible points	Schedule A:8c	Num
A19530	Deductible points amount	Schedule A:8c	Num
N19550	Number of returns with Qualified mortgage insurance premiums	Schedule A:8d	Num
A19550	Qualified mortgage insurance premiums amount	Schedule A:8d	Num
N19570	Number of returns with Investment interest paid	Schedule A:9	Num
A19570	Investment interest paid amount	Schedule A:9	Num
N19700	Number of returns with Total charitable contributions	Schedule A:14	Num
A19700	Total charitable contributions amount	Schedule A:14	Num
N20950	Number of returns with Other non-limited miscellaneous deductions	Schedule A:16	Num
A20950	Other non-limited miscellaneous deductions amount	Schedule A:16	Num
N04475	Number of returns with Qualified business income deduction	1040:13	Num
A04475	Qualified business income deduction	1040:13	Num
N04800	Number of returns with taxable income	1040:15	Num
A04800	Taxable income amount	1040:15	Num
N05800	Number of returns with income tax before credits	1040:16	Num
A05800	Income tax before credits amount	1040:16	Num
N09600	Number of returns with alternative minimum tax	Schedule 2:1	Num
A09600	Alternative minimum tax amount	Schedule 2:1	Num
N05780	Number of returns with excess advance premium tax credit repayment	Schedule 2:2	Num
A05780	Excess advance premium tax credit repayment amount	Schedule 2:2	Num
N07100	Number of returns with total tax credits [11]	1040:21	Num
A07100	Total tax credits amount	1040:21	Num
N07300	Number of returns with foreign tax credit	Schedule 3:1	Num
A07300	Foreign tax credit amount	Schedule 3:1	Num
N07180	Number of returns with child and dependent care credit	Schedule 3:2	Num
A07180	Child and dependent care credit amount	Schedule 3:2	Num
N07230	Number of returns with nonrefundable education credit	Schedule 3:3	Num
A07230	Nonrefundable education credit amount	Schedule 3:3	Num

N07240	Number of returns with retirement savings contribution credit	Schedule 3:4	Num
A07240	Retirement savings contribution credit amount	Schedule 3:4	Num
N07225	Number of returns with child and other dependent credit	1040:19	Num
A07225	Child and other dependent credit amount	1040:19	Num
N07260	Number of returns with residential energy tax credit	Schedule 3:5	Num
A07260	Residential energy tax credit amount	Schedule 3:5	Num
N09400	Number of returns with self-employment tax	Schedule 2:4	Num
A09400	Self-employment tax amount	Schedule 2:4	Num
N85770	Number of returns with total premium tax credit	8962:24	Num
A85770	Total premium tax credit amount	8962:24	Num
N85775	Number of returns with advance premium tax credit	8962:25	Num
A85775	Advance premium tax credit amount	8962:25	Num
N10600	Number of returns with total tax payments	1040:33	Num
A10600	Total tax payments amount	1040:33	Num
N59660	Number of returns with earned income credit	1040:27	Num
A59660	Earned income credit amount [12]	1040:27	Num
N59720	Number of returns with excess earned income credit	1040:27	Num
A59720	Excess earned income credit (refundable) amount [13]	1040:27	Num
N11070	Number of returns with additional child tax credit	1040:28	Num
A11070	Additional child tax credit amount	1040:28	Num
N10960	Number of returns with refundable education credit [14]	1040:29	Num
A10960	Refundable education credit amount	1040:29	Num
N11560	Number of returns with net premium tax credit	Schedule 3:8	Num
A11560	Net premium tax credit amount	Schedule 3:8	Num
N11450	Number of returns with qualified sick and family leave credit	Schedule 3:12b	Num
A11450	Qualified sick and family leave credit amount	Schedule 3:12b	Num
N10970	Number of returns with recovery rebate credit	1040:30	Num
A10970	Recovery rebate credit amount [15]	1040:30	Num
N10971	Number of returns with economic impact payment first round		Num
A10971	Economic impact payment first round amount [16, 17]		Num
N10973	Number of returns with economic impact payment second round		Num
A10973	Economic impact payment second round amount [17, 18]		Num
N06500	Number of returns with income tax after credits	1040:22	Num

A06500	Income tax after credits amount	1040:22	Num
N10300	Number of returns with tax liability	1040:24	Num
A10300	Total tax liability amount [19]	1040:24	Num
N85530	Number of returns with additional Medicare tax	8959:24	Num
A85530	Additional Medicare tax amount	8959:24	Num
N85300	Number of returns with net investment income tax	8960:17	Num
A85300	Net investment income tax amount	8960:17	Num
N11901	Number of returns with tax due at time of filing	1040:37	Num
A11901	Tax due at time of filing amount [20]	1040:37	Num
N11900	Number of returns with total overpayments	1040:34	Num
A11900	Total overpayments amount	1040:34	Num
N11902	Number of returns with overpayments refunded	1040:35a	Num
A11902	Overpayments refunded amount [21]	1040:35a	Num
N12000	Number of returns with credit to next year's estimated tax	1040:36	Num
A12000	Credited to next year's estimated tax amount	1040:36	Num

G. Endnotes:

[1] The use of prior-year returns as a proxy for returns that are filed beyond the current processing year is consistent with SOI's national, state, county, and ZIP code tabulations. A description of SOI's sample, which is used as an input for the geographic data, and the use of prior-year returns, can be found at https://www.irs.gov/statistics/soi-tax-stats-individual-income-tax-returns-publication-1304-complete-report#_sec2.

[2] For complete individual income tax tabulations at the State level, see the historic table posted to Tax Stats at <http://www.irs.gov/uac/SOI-Tax-Stats---Historic-Table-2>.

[3] "Number," here, and elsewhere represents number of returns, unless otherwise specified. The number of returns have been rounded to the nearest ten.

[4] Beginning in 2018, personal exemption deductions were suspended for the primary, secondary, and dependent taxpayers. However, the data used to create the "Number of individuals"—filing status, dependent status indicator, and identifying dependent information—are still available on the Form 1040. This field is based on these data.

[5] The "Number of volunteer prepared returns" shows counts of returns prepared by IRS-certified volunteers to taxpayers with limited income, persons with disabilities, limited English speaking taxpayers, current and former members of the military, and taxpayers who are 60 years of age and older.

[6] These data do not distinguish between refund anticipation loans and refund advances.

[7] Includes primary taxpayers 60 years of age and older.

[8] Less deficit.

[9] "Qualified dividends" are ordinary dividends received in tax years beginning after 2002 that meet certain conditions and receive preferential tax rates.

[10] Includes the Alaskan permanent fund, reported by residents of Alaska on Forms 1040A and 1040EZ's. This fund only applies to statistics in the totals, and the state of Alaska.

[11] "Total tax credits" represent the summation of taxpayer reported credit items made up in the calculation of the total credits line of Form 1040. It does not include the "earned income credit" and "refundable education credit," which are shown separately below in the table.

[12] Earned income credit includes both the refundable and non-refundable portions. The non-refundable portion could reduce income tax and certain related taxes to zero. The earned income credit amounts in excess of total tax liability, or amounts when there was no tax liability at all, were refundable. See footnote 13 below for explanation of the refundable portion of the earned income credit.

[13] The refundable portion of the earned income credit equals total income tax minus the earned income credit. If the result is negative, this amount is considered the refundable portion. No other refundable credits were taken into account for this calculation.

[14] The "refundable education credit" can partially or totally offset tax liability as well as be totally refundable.

[15] The 2020 recovery rebate credit was created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, 134 Stat. 281 (March 27, 2020) and expanded by the COVID-related Tax Relief Act of 2020, enacted in Subtitle B of Title II of Division N of the Consolidated Appropriations Act 2021 (CAA), Public Law 116-260, 134 Stat. 1182 (December 27, 2020). The recovery rebate credit was a credit against income tax for tax year 2020, but the CARES Act and the CAA directed the IRS to make advance refunds of the recovery rebate credit "as rapidly as possible," using information from tax year 2018 and 2019 returns in the case of the CARES Act and from 2019 returns in the case of CAA.

An advance refund of the 2020 recovery rebate credit made under section 6428 of the Internal Revenue Code (Code), which was added by the CARES Act, is referred to as a first round Economic Impact Payment (EIP). An advance refund of the 2020 recovery rebate credit made under section 6428A of the Code, which was added by the CAA, is referred to as a second round EIP. The dollar amount of the 2020 recovery rebate credit received by the taxpayer when they file their 2020 return is equal to a tentative amount, calculated based on the taxpayer's 2020 return information, which is then reduced (but not below zero) by the amount of first- and second round EIPs received by the taxpayer. The number of returns reported here for the 2020 recovery rebate credit is the number of returns that claimed some portion of the recovery rebate credit on their tax year 2020 return. (A taxpayer would want to claim the recovery rebate credit if they did not receive the full amount of the credit as EIPs, which could happen, for example, if their income or number of dependent children on their 2020 return was different than on the 2018 or 2019 return used as the basis for determining their EIP amounts). The amount reported here for the 2020 recovery rebate credit is the amount of the recovery rebate credit claimed by taxpayers on 2020 returns, which does not include the amount received as EIPs.

[16] This table includes only payments issued to taxpayers who filed tax year 2020 returns. Individuals who received a first or second round Economic Impact Payment but did not file a 2020 return are excluded from these tabulations. For tabulations that include all recipients of first and second round EIPs, see: <https://www.irs.gov/statistics/soi-tax-stats-coronavirus-aid-relief-and-economic-security-act-cares-act-statistics>

[17] Section 6428 of the Internal Revenue Code (Code) directed the IRS to use information from tax year 2018 or 2019 returns, with a preference for the more recent processed return, to determine eligibility for and the amount of the first round EIP. In contrast, this table is based primarily on information from tax year 2020 returns. Income, location, and household composition may have changed between the 2018 or 2019 return used for the first round EIP and the 2020 return used for this table. Many taxpayers who would have been ineligible to claim the 2020 recovery rebate credit on their 2020 return because their 2020 income exceeded the phaseout region for the credit were, nevertheless, eligible for a first round EIP on the basis of their 2018 or 2019 income. Section 6428 of the Code did not include any provisions for otherwise eligible taxpayers who had income in the eligible range in 2018 or 2019 but whose income exceeded the

eligible range in 2020 to pay back any of the first round EIP. For details on eligibility criteria, amount, and phaseout structure of the first round EIP, see: <https://www.irs.gov/statistics/soi-tax-stats-coronavirus-aid-relief-and-economic-security-act-cares-act-statistics>

[18] Section 6428A of the Internal Revenue Code (Code) directed the IRS to use information from tax year 2019 returns to determine eligibility and amount for the second round EIP. In contrast, this table is based primarily on information from tax year 2020 returns. Income, location, and household composition may have changed between the 2019 return used for the second round EIP and the 2020 return used for this table. Many taxpayers who would have been ineligible to claim the 2020 recovery rebate credit on their 2020 return because their 2020 income exceeded the phaseout region for the credit were, nevertheless, eligible for a second round EIP on the basis of their 2019 income. Section 6428A of the Code did not include any provisions for otherwise eligible taxpayers who had income in the eligible range in 2019 but whose income exceeded the eligible range in 2020 to pay back any of the second round EIP. For details on eligibility criteria, amount, and phaseout structure of the second round EIP, see: <https://www.irs.gov/statistics/soi-tax-stats-coronavirus-aid-relief-and-economic-security-act-cares-act-statistics>

[19] "Total tax liability" differs from "Income tax", in that "Total tax liability" includes the taxes from recapture of certain prior-year credits, tax applicable to individual retirement arrangements (IRA's), social security taxes on self-employment income and on certain tip income, advanced earned income payments, household employment taxes, and certain other taxes listed in the Form 1040 instructions.

[20] Reflects payments to or withholdings made to "Total tax liability". This is the amount the tax filer owes when the income tax return is filed.

[21] The amount of overpayments the tax filer requested to have refunded.