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“Black American Taxes: Comparing What We Pay”

How much do Black American households pay in Federal income taxes? How do those tax payments compare with payments by the rest of the nation? What could a Black American nation do with the income taxes that we pay?

These are important questions to ask today as we confront a US Government that is increasingly unable to meet fully Black America’s requirements. Also, the questions are germane as the idea (prospect) of Black Liberty in the form of nation formation is forming in Black Americans’ consciousness.

To answer these questions, we collected 2019 data from the primary source of US tax information: The US Department of the Treasury, Internal Revenue Service, Statistics of Income (SOI) Division. While SOI tax data are available by income size, they are not available by race.¹ Therefore, we prepared a rough estimate of Black income taxes using ratios of Black Household

Income to total US Household income from the US Department of Commerce, Bureau of the Census, Current Population Survey (CPS) for 2019.²

Comparing Table 1 (next page) with the just-mentioned source data will reveal that we collapsed certain income size categories to force consistency between SOI and the CPS statistics. Panels A and B of Table 1 indicate that we associated CPS Total Household Income with SOI Adjusted Gross Income (AGI), which are similar, but not perfectly matched, concepts. Notably, the difference between CPS Total Household Income and SOI Total AGI is only about USD 400 billion. Similarly, the difference between CPS Total Black Household Income and our rough estimate of SOI Total Black AGI is only about USD 50 billion.

We apply income size category ratios for CPS Black Household Income-to-CPS Total Household income in Panel A to the SOI

¹ SOI data are from “Table 1.1 All Returns: Selected Income and Tax Items, by Size and Accumulated Sizes of Adjusted Gross Income, Tax Year 2019 (Filing Year 2020)” in *Individual Income Tax Returns: Complete Report 2019*; <https://www.irs.gov/pub/irs-pdf/p1304.pdf#page=6> (Ret. 041122). SOI data for 2019 are the most recently available. We exclude consideration of SOI negative income from our analysis because CPS data for households only recognize positive income. We employ CPS household income data in the analysis

because the majority of SOI income (USD 7.6 trillion) for 2019 is reported on joint returns filed by married persons and surviving spouses in households. ² CPS data are from Table HINC_02_1_1 (All Races) and Table HINC_02_1_6 (Black Alone) “Age of Householder-Households, by Total Money Income, type of Household, Race and Hispanic Origin of Householder;” <https://www.census.gov/data/tables/time-series/demo/income-poverty/cps-hinc/hinc-02.2019.html> (Ret. 041122).

Total AGI in Panel B to obtain SOI Black AGI. The Black-to-Total ratios for the detailed income sizes are equivalent in both panels, but the computed ratios for CPS Total

Black Household Income-to-CPS Total Household Income and SOI Total Black AGI-to-SOI Total AGI are slightly different; 9.01% versus 9.71%, respectively.

Table 1.—Total and Black CPS Income and SOI AGI and SOI Taxes

Panel A				
No.	Size of Household Income	2019 CPS Total		Black-to-Total CPS Household Income (percent)
		Household Income (All Races) (Thousands)	2019 CPS Black Household Income (Thousands)	
1	\$1 under \$5,000	9,460,000	2,487,500	26.29%
2	\$5,000 under \$10,000	20,265,000	5,482,500	27.05%
3	\$10,000 under \$15,000	64,262,500	15,025,000	23.38%
4	\$15,000 under \$20,000	90,492,500	17,115,000	18.91%
5	\$20,000 under \$25,000	113,985,000	22,005,000	19.31%
6	\$25,000 under \$30,000	144,292,500	28,600,000	19.82%
7	\$30,000 under \$40,000	306,657,500	51,887,500	16.92%
8	\$40,000 under \$50,000	464,692,500	68,262,500	14.69%
9	\$50,000 under \$75,000	1,313,300,000	176,385,000	13.43%
10	\$75,000 under \$100,000	1,373,635,000	145,855,000	10.62%
11	\$100,000 under \$200,000	4,254,875,000	344,615,000	8.10%
12	\$200,000 and over	4,443,584,188	257,274,862	5.79%
13	TOTAL	12,599,501,688	1,134,994,862	9.01%
Panel B				
No.	Size of AGI	2019 Estimated SOI		Black-to-Total SOI AGI (percent)
		2019 SOI Total AGI (Thousands)	Black AGI (Thousands)	
1	\$1 under \$5,000	24,439,988	6,426,477	26.29%
2	\$5,000 under \$10,000	74,584,857	20,178,213	27.05%
3	\$10,000 under \$15,000	138,230,399	32,319,187	23.38%
4	\$15,000 under \$20,000	175,255,963	33,146,458	18.91%
5	\$20,000 under \$25,000	213,660,161	41,247,461	19.31%
6	\$25,000 under \$30,000	254,877,708	50,518,928	19.82%
7	\$30,000 under \$40,000	560,073,192	94,766,304	16.92%
8	\$40,000 under \$50,000	560,258,808	82,301,020	14.69%
9	\$50,000 under \$75,000	1,366,892,948	183,582,892	13.43%
10	\$75,000 under \$100,000	1,222,947,425	129,854,726	10.62%
11	\$100,000 under \$200,000	3,004,363,636	243,332,360	8.10%
12	\$200,000 and over	4,608,373,125	266,815,820	5.79%
13	TOTAL	12,203,958,210	1,184,489,845	9.71%
Panel C				
No.	Size of AGI	2019 SOI Total		Black-to-Total SOI Income Tax (percent)
		Income Tax (Thousands)	2019 Estimated SOI Black Income Tax (Thousands)	
1	\$1 under \$5,000	11,660	3,066	26.29%
2	\$5,000 under \$10,000	37,515	10,149	27.05%
3	\$10,000 under \$15,000	341,768	79,908	23.38%
4	\$15,000 under \$20,000	2,425,268	458,695	18.91%
5	\$20,000 under \$25,000	4,928,510	951,457	19.31%
6	\$25,000 under \$30,000	7,714,894	1,529,158	19.82%
7	\$30,000 under \$40,000	22,664,687	3,834,943	16.92%
8	\$40,000 under \$50,000	29,047,785	4,267,068	14.69%
9	\$50,000 under \$75,000	92,633,864	12,441,349	13.43%
10	\$75,000 under \$100,000	100,254,141	10,645,162	10.62%
11	\$100,000 under \$200,000	333,838,228	27,038,552	8.10%
12	\$200,000 and over	987,231,965	57,158,806	5.79%
13	TOTAL	1,581,130,285	118,418,314	7.49%

Sources: Census Bureau, SOI, and BlackEconomics.org computations

Panel C of Table 1 reflects the application of the Black-to-Total CPS income ratios by household income size categories from Panel A to the SOI Total Income Tax in Panel C.³ Again, while the detailed income tax by size ratios in Panel C are identical to the ratios in Panel A, the computed total ratio of Black-to-Total SOI Income Tax in Panel C is lower than the ratio of Black-to-CPS Total Household Income in Panel A; 7.49% versus 9.01%, respectively.

The important takeaways from Table 1 are that: (1) Black income is concentrated in the

higher income size categories (Panels A and B); (2) Black income taxes are concentrated in the higher income size categories (Panel C); and (3) Black America’s shares of total income and taxes are well below our share of the US population (about 13% for 2019).

Even so, with a population of 42.8 million and an estimated USD 118,418 million in income taxes, Black Americans stand heads and shoulders above two selected nations (Uganda and Ukraine) that are similar in population size (see Table 2).

Table 2. Selected Nations’ Populations and Taxes⁴

No.	Country	Population (millions)	2019 Taxes on Income, Profits, and Capital Gains (USD millions)
1	Uganda	39.8	1,480.5
2	Ukraine	41.7	15,196.7

Sources: IMF, World Bank, and BlackEconomics.org computations

Table 2 shows that available tax statistics for Uganda and Ukraine include income taxes paid by households and corporations. Uganda collected USD 1.5 billion, and Ukraine collected USD 15.2 billion in income taxes in 2019. In comparison, Black American households alone paid USD 118.4 billion in income taxes—i.e., excluding income taxes paid by Black-owned corporations.

Given the hurdles that Black America faces in achieving income and wealth equality in the US, Black Americans should be cognizant of our contributions to the nation in

the form of income taxes. Most importantly, we should comprehend that—in a US context—we produce goods and services, earn income, and pay income taxes for Federal government operations on par with nations that far exceed our population size.

A salient question to ask is: How can we replicate and expand our current levels of production and earnings as a separate nation that would permit us to enjoy Black Liberty?

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³ The stated method used to estimate SOI Black Income Tax is equivalent to applying the ratio of SOI Total Taxes in Panel C-to-SOI Total AGI in Panel B by AGI size to estimated SOI Black AGI in Panel B.

⁴ Readers are urged to consider Table 2 information in light of the fact that for 2019, while Black America’s spending power (a proxy for gross

domestic product (GDP)) exceeded USD 1.0 trillion, GDP for Uganda and Ukraine was estimated by the International Monetary Fund at just USD 38.0 billion and USD 154.0 billion, respectively.

<https://www.imf.org/en/Publications/WEO/weo-database/2021/October> (Ret. 041422).