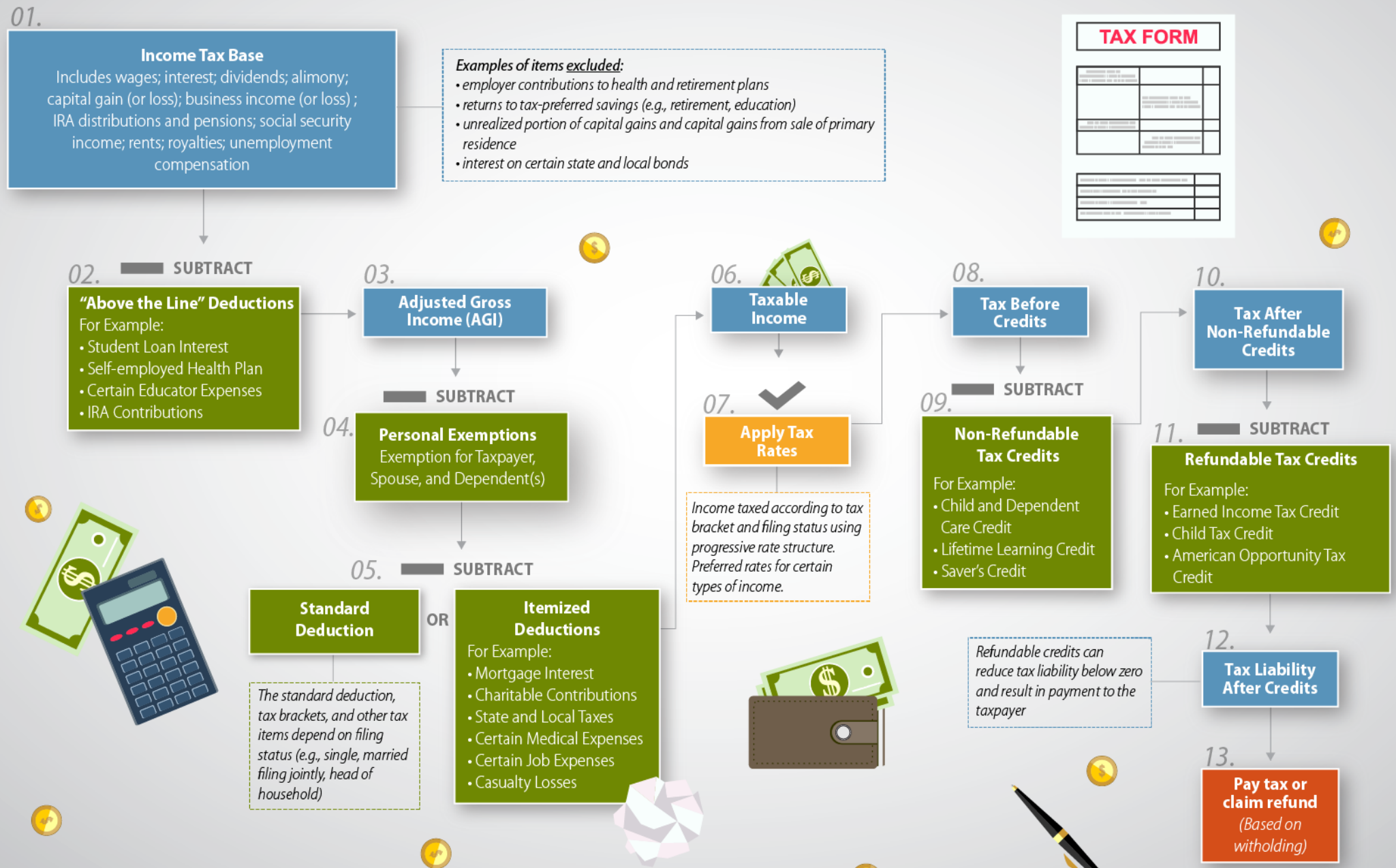


# The U.S. Individual Income Tax System, 2017

The individual income tax is the federal government's largest source of revenue. In FY2016, the tax generated 47% of federal government receipts, or \$1.5 trillion. There are several steps involved in calculating ordinary individual income taxes. First, taxpayers must add up all of their income. Then, taxpayers take a series of steps to calculate taxable income. Tax rates are applied to taxable income to calculate income tax before credits. Tax credits offset tax liability. A taxpayer's individual income tax liability is the amount of tax owed after credits are applied. Some taxpayers also calculate tax liability under the individual alternative minimum tax (AMT).



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