Trends in Itemized Deductions Since TCJA

SUMMARY POINTS

- After the Tax Cuts and Jobs Act of 2017 nearly doubled the standard deduction and scaled back some itemized deductions, the portion of taxpayers choosing to itemize declined.
- The portion of tax returns claiming itemized deductions declined from 30.6% in 2017 to 9.5% in 2022, while the total amount of itemized deductions claimed declined from $1.4 trillion to $668.0 billion. Consequently, the percent reduction in aggregate taxable income provided by itemized deductions declined from 12.7% to 4.5%.
- The rate at which taxpayers claimed itemized deductions declined across the income distribution. For example, itemizing among people earning between $25,000 and $50,000 per year declined from 18.3% of returns in 2017 to 3.4% of returns in 2022. It also fell from 80% to 22.5% in the same years among people earning between $100,000 and $500,000.
- After 46.7% of federal tax returns from Maryland itemized in 2017— the highest rate in any state —only 20.0% of Maryland returns did so in 2022. Similarly, itemizing declined in Massachusetts and Virginia from 37.8% and 38.1% to 12.2% and 13.5%, respectively.

INTRODUCTION

When taxpayers file their federal individual income tax return, they choose between claiming the standard deduction and claiming a series of itemized deductions, such as the state and local tax (SALT) deduction and the mortgage interest deduction, to lower their taxable income.

Among the many changes introduced by the Tax Cuts and Jobs Act of 2017 (TCJA), one of the most significant was nearly doubling the standard deduction and scaling back some itemized deductions. Taxpayers typically choose to itemize only if their total itemized deductions exceed the standard deduction. So, when TCJA nearly doubled the standard deduction while also scaling back some itemized deductions, the portion of taxpayers choosing to itemize declined.

ABOUT ITEMIZED DEDUCTIONS

Like the standard deduction, itemized deductions reduce the federal income taxes an individual owes by reducing taxable income. The tax code contains several different itemized deductions, often as a way of rewarding and incentivizing certain decisions. For example, when people purchase homes, the mortgage interest deduction allows them to deduct their mortgage interest from their taxable income. The charitable deduction allows taxpayers to deduct their charitable giving from their taxable income. Additionally, the SALT deduction enables taxpayers to deduct state and local taxes paid from their federally taxable income. However, taxpayers will only choose to itemize if the sum of all the different itemized deductions they can claim is larger than the standard deduction and would result in a lower overall tax bill. As a result, itemized deductions typically benefit high-income taxpayers the most, as they tend to pay the most in state and local taxes, have the largest mortgages, and give the most to charity.

In 2022, 15.3 million tax returns – 9.5% of all returns – claimed itemized deductions to reduce their taxable income by $668 billion.

Itemized deductions, 2022

Type of Itemized Deduction	Total Returns (Millions)	Total Amount Claimed ($ Billions)
Total	15.3	$668.0
SALT	15.1	$125.2
Mortgage Interest	11.6	$147.0
Charitable	12.2	$222.4
Medical and Dental Expenses	4.0	$92.9
Investment Interest	0.8	$23.5
Miscellaneous	1.0	$55.1
Casualty & Theft	0.1	$2.2

Source: Internal Revenue Service, Statistics of Income

In 2022, the SALT deduction was the most frequently used itemized deduction with 15.1 million out of 15.3 million itemizing returns claiming it. The charitable deduction, meanwhile, totaled $222.4 billion, providing the largest aggregate reduction in taxable income across returns that itemized. The mortgage interest deduction reduced taxable income by a total of $147 billion across 11.6 million returns.

POLICY CHANGE

In this context, TCJA introduced several reforms that changed the composition of individual income tax deductions. Starting in 2018, the law nearly doubled the standard deduction from $6,500 to $12,000 for individual filers and from $13,000 to $24,000 for joint filers. These standard deduction thresholds have since increased annually with inflation adjustments.

Standard deduction: before and after TCJA

Filing Status	2017 (pre-TCJA)	2018	2025*
Individual	$6,500	$12,000	$15,000
Joint	$13,000	$24,000	$30,000
Head of Household	$9,550	$18,000	$22,500

**Increased annually since 2018 with inflation adjustments*

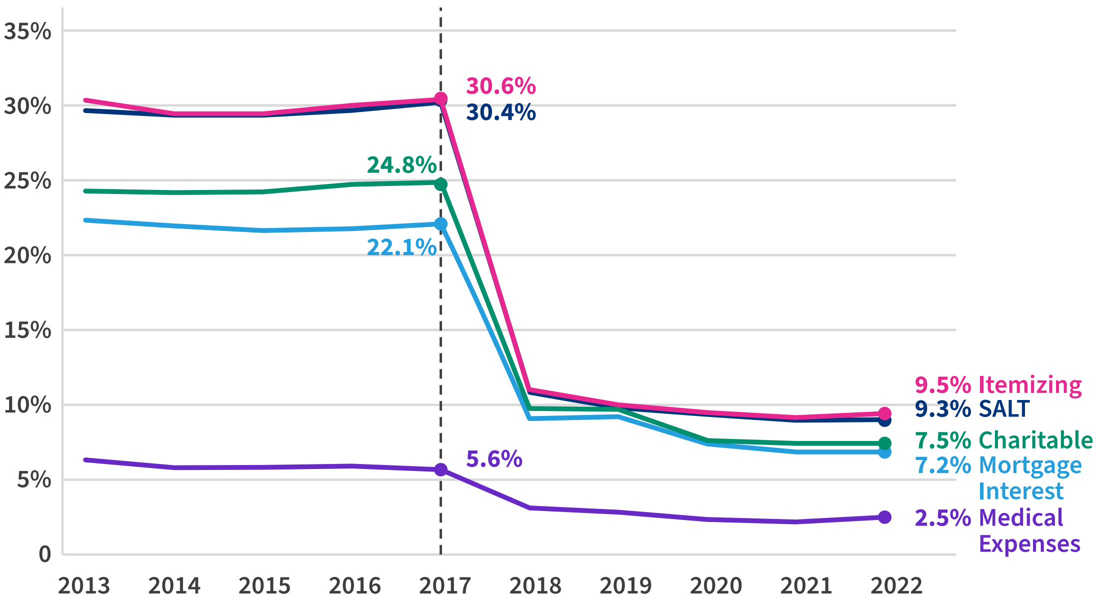
TCJA also reduced certain itemized deductions, the most prominent being the SALT deduction. The act limited the amount of state and local taxes that a taxpayer could deduct to $10,000 when there previously was no cap. TCJA also lowered the limit on the mortgage interest deduction from the first $1 million in the principal value of a mortgage to the first $750,000. Lastly, TCJA eliminated or limited a range of other itemized deductions, including those for casualty and theft, unreimbursed job expenses such as travel and union dues, and tax preparation fees, among others.

These enacted provisions are scheduled to sunset at the end of 2025. Absent new legislation, the standard deduction will revert to its pre-TCJA levels, the $10,000 limitation on SALT will be lifted, and the previous mortgage interest deduction limitation will be reinstated, among other changes.

DECLINE IN ITEMIZING SINCE TCJA

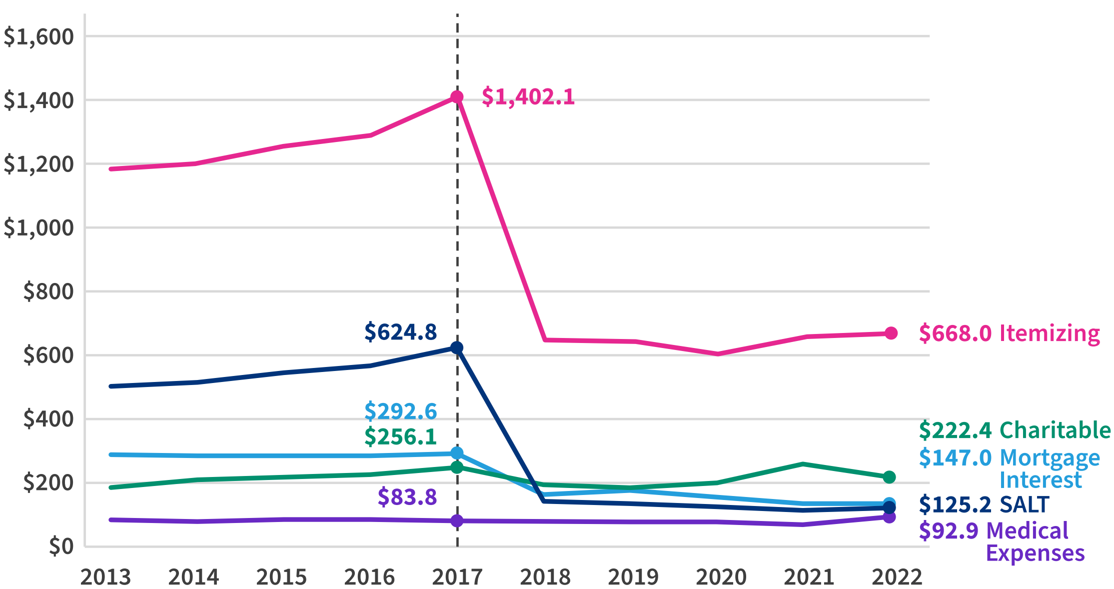
These changes introduced by TCJA meant that the value of the standard deduction rose considerably relative to itemizing. As a result, the percentage of taxpayers who itemized fell steeply. The following charts illustrate the trends in total itemized deductions as well as the SALT, mortgage interest, charitable, and medical expenses deductions, which accounted for 88% of the aggregate dollar amount of itemized deductions claimed in 2022.

Percent of returns claiming itemized deductions, 2013–2022



Source: [*Internal Revenue Service, Statistics of Income*]

Aggregate itemized deductions claimed, 2013–2022 ($ billions)



Source: [*Internal Revenue Service, Statistics of Income*]

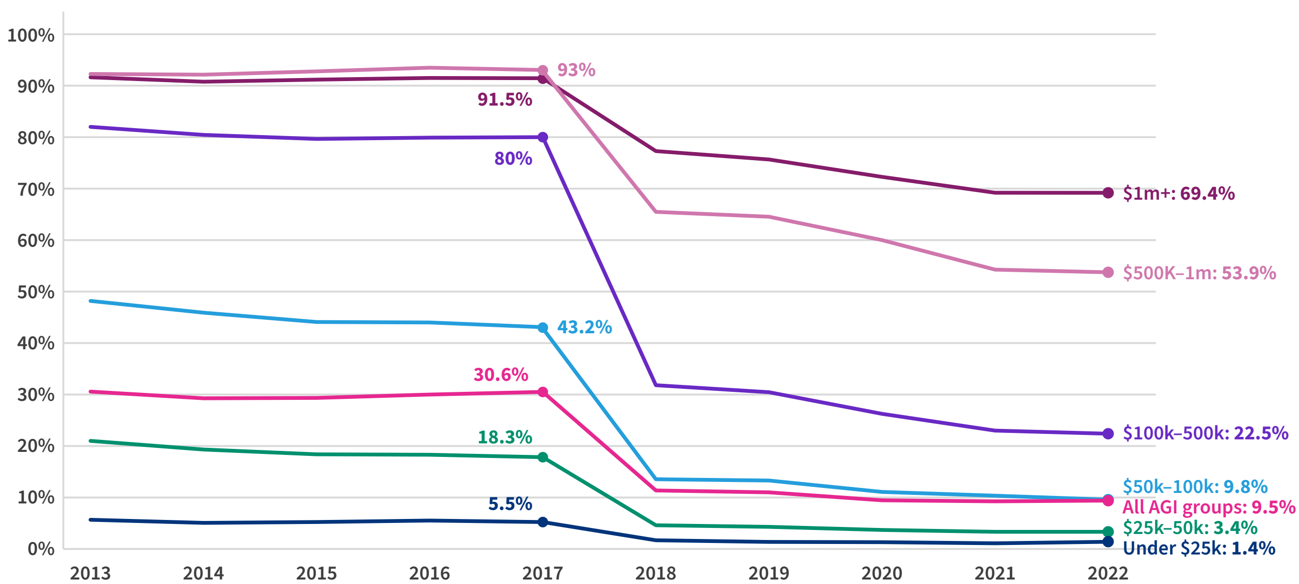
In 2017, the last tax year before the TCJA's changes took effect, 30.6% of tax returns itemized. By tax year 2022, 9.5% did. In that same time, the aggregate amount of itemized deductions claimed declined from $1.4 trillion to $668.0 billion. As a result, the percent reduction in aggregate taxable income provided by itemized deductions declined from 12.7% to 4.5%. Simultaneously, the portion of returns claiming the standard deduction grew from 69.4% to 90.5%.

The use of each of the largest itemized deductions – SALT, mortgage interest, and charitable – also declined. Between 2017 and 2022, the rate at which returns claimed the SALT deduction declined from 30.4% to 9.3%, and total claims fell from $624.8 billion to $125.2 billion. The mortgage interest and charitable deductions exhibited similar though less pronounced trends. For example, although the portion of returns claiming the charitable deduction declined from 24.8% in 2017 to 7.5% in 2022, the aggregate dollar amount claimed by taxpayers fluctuated, decreasing from $256.1 billion in 2017 to $197 billion in 2018 and then increasing to $263.3 billion in 2021.

CHANGES BY INCOME GROUP

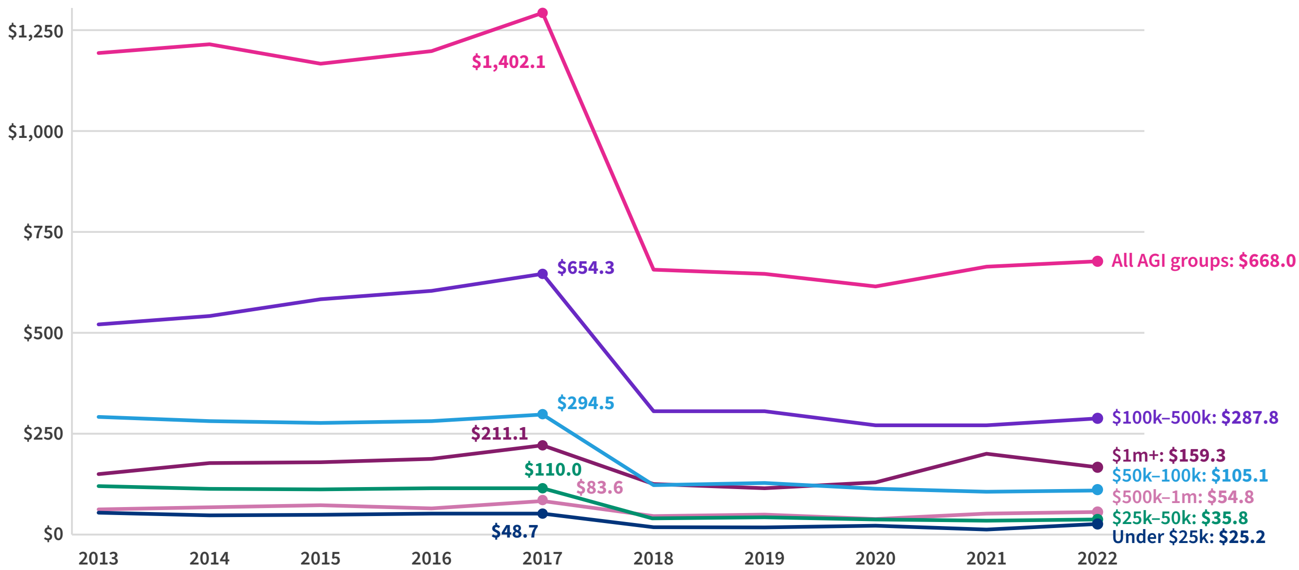
The portion of taxpayers choosing to itemize also fell across all income groups. The below charts categorize returns in adjusted gross income (AGI) groups — the income measure Internal Revenue Service (IRS) uses to determine taxes owed each year.

Percent of tax returns itemizing by AGI group, 2013–2022



Source: *Internal Revenue Service, Statistics of Income*

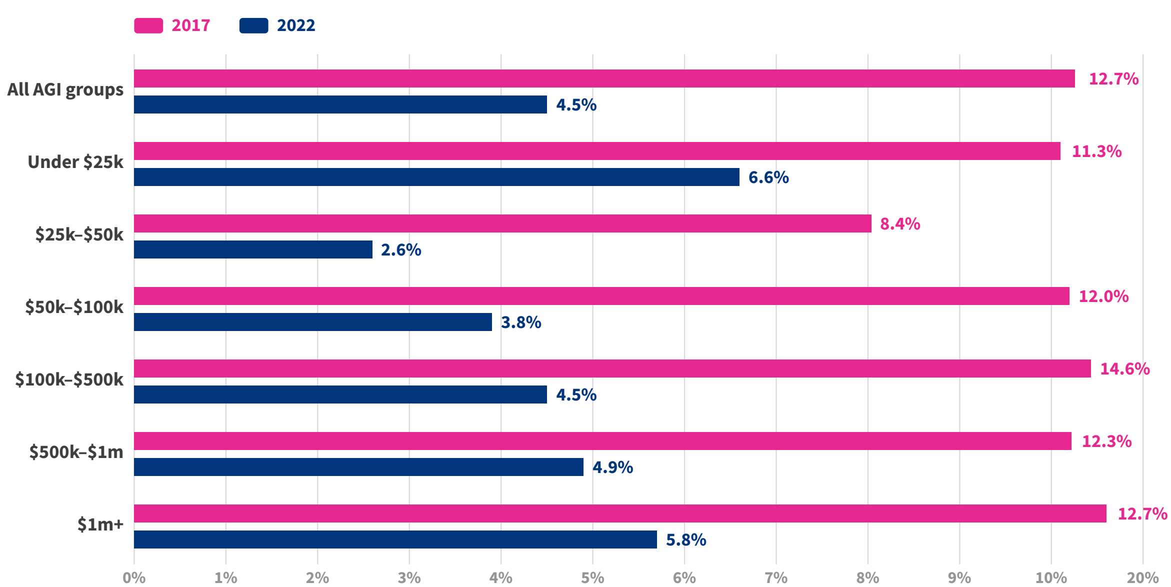
Aggregate itemized deductions claimed by AGI group, 2013–2022 ($ billions)



Source: *Internal Revenue Service, Statistics of Income*

The decline is particularly noticeable among taxpayers making more than $100,000 per year. For instance, in 2017, 80% of those who made between $100,000 and $500,000 claimed $654.3 billion in itemized deductions, reducing their aggregate taxable income by 14.6%. By 2022, 22.5% of the same group opted to itemize, claiming $287.8 billion and reducing their aggregate taxable income by 4.5%. Similarly, itemizing fell from 93% to 53.9% among people earning between $500,000 and $1 million, with their aggregate itemized deductions declining from $83.6 billion to $54.8 billion and the reduction in taxable income they receive from itemized deductions falling from 12.3% to 4.9%. Meanwhile, among those making at least $1 million annually, itemizing declined from 91.5% to 69.4%, and the reduction in taxable income itemized deductions delivered declined from 12.7% to 5.8%.

Percent reduction in aggregate taxable income, 2017–2022



Source: *Internal Revenue Service, Statistics of Income*

Though people earning below $100,000 were already unlikely to claim itemized deductions prior to the law, itemizing still fell to the point where the majority of these filers have claimed the standard deduction each year since TCJA. For example, itemizing among people earning under $25,000 per year fell from 5.5% in 2017 to 1.4% in 2022. Likewise, for those earning between $50,000 and $100,000 per year, itemizing declined from 43.2% to 9.8%.

See the appendix for detailed itemized deduction data by income.

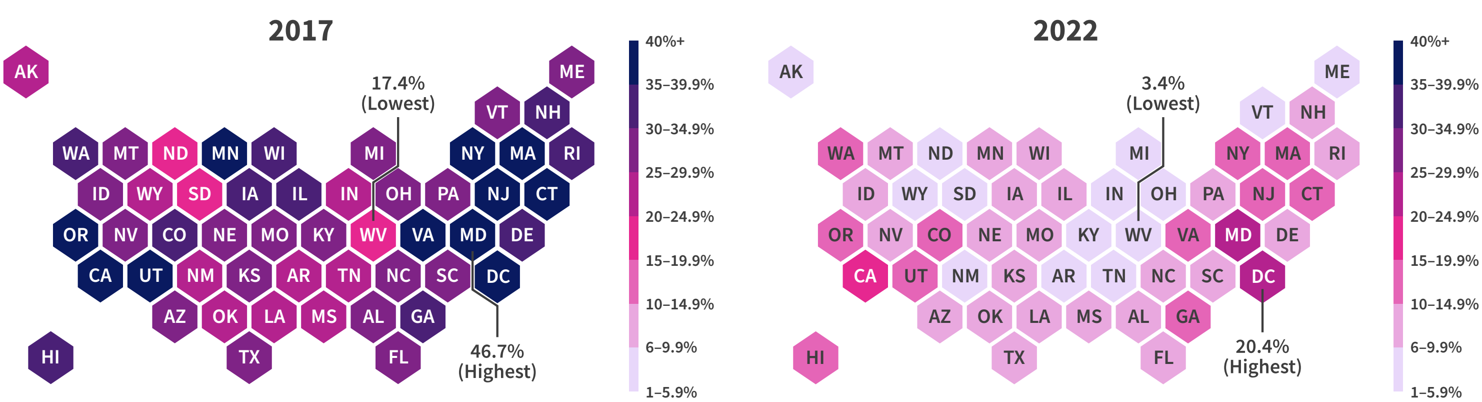
ITEMIZING BY STATE

Itemizing declined in all states since the TCJA. This is particularly true in Wisconsin, which went from 31.8% of tax returns itemizing in 2017 to 6.1% in 2022. Total itemized deductions in the state declined from $21.7 billion to $6.8 billion, and the associated reduction in aggregate taxable income decreased from 11.7% to 2.8%.

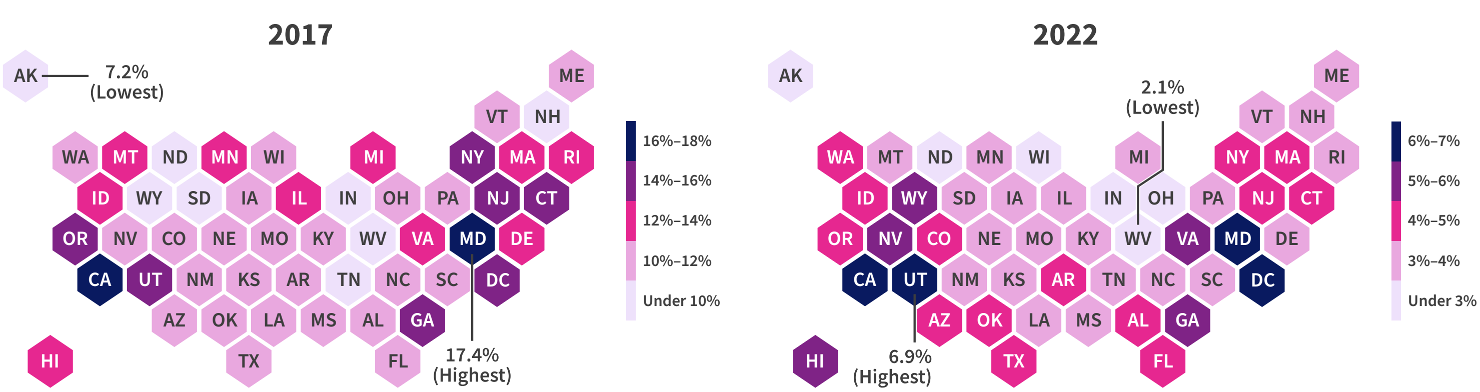
Similarly, 30.8% of tax returns in Iowa itemized in 2017, declining to 6.3% in 2022. Itemized deductions in Iowa reduced aggregate federally taxable income by 3.1% in 2022, after reducing it by 11.4% in 2017. Prior to TCJA, 46.7% of tax returns itemized in Maryland, the highest rate in any state, with itemized deductions reducing aggregate federally taxable income by 17.4% in the state. By 2022, however, 20.0% of Maryland returns claimed itemized deductions, which reduced aggregate taxable income by 6.8%.

Itemizing also declined in Massachusetts and Virginia from 37.8% and 38.1% to 12.2% and 13.5%, respectively. (See the appendix for detailed itemized deduction data by state.)

Percentage of tax returns itemizing by state, 2017–2022



Percent reduction in aggregate taxable income by state, 2017–2022



Source: *Internal Revenue Service, Statistics of Income; Census Bureau, American Community Survey*

TAX DATA CHALLENGES

All of the data discussed in this explainer are compiled and published by the IRS's Statistics of Income (SOI). While these data provide valuable insight, statistical systems that use tax data face several challenges. As such, policymakers and analysts have limited information to evaluate the effect of previous tax policy and the potential impact of new proposals. Some of the limitations in tax data include:

Delays

There are major delays in tax data.

- Tabulated topline data typically lags two to three years, with the most recent individual and corporate income tax data being from 2022 and 2021, respectively.
- The latest public-use file, which provides detailed microdata on individual income tax returns, is from 2015, and there is no public-use file on corporate income tax returns. This means that economists are still unable to perform deeper analyses of the impact of TCJA (enacted in 2017) on investment, work, and earnings. Moreover, they are also forced to rely on decade-old data when attempting to forecast the potential impact of new policy changes into the 2030s.

Unpublished data

Despite gathering significant amounts of information from businesses, workers, families, and educational institutions, among others, the IRS has been unable to publish data on several key topics Americans care about, such as health insurance and student debt.

Website

Tax data is not easily accessible on the IRS's website. Users must have a strong working knowledge of existing tables and the US tax system to answer simple questions.

Informational technology

The IRS runs on outdated hardware, meaning that SOI is unable to leverage modern tools, such as AI and machine reading, to efficiently prepare data for the public.

Talent

SOI relies on a team of statisticians, data scientists, and other specialized professionals to produce data for the public. However, it has long faced a resource-constrained environment with limited staffing. This impacts SOI's capacity to release data, contributing to delays and unpublished data.

APPENDIX: **DETAILED TABLES**

Itemized deductions, 2022

Type of Itemized Deduction	Total Returns (Millions)	Total Amount Claimed ($ Billions)
Total	15.3	$668.0
SALT	15.1	$125.2
Mortgage Interest	11.6	$147.0
Charitable	12.2	$222.4
Medical and Dental Expenses	4.0	$92.9
Investment Interest	0.8	$23.5
Miscellaneous	1.0	$55.1
Casualty & Theft	0.1	$2.2

Source: Internal Revenue Service, Statistics of Income

Percent of returns itemizing by type of deduction, 2013–2022

Year	Itemizing	SALT	Mortgage Interest	Charitable	Medical Expenses
2013	30.1%	29.8%	22.6%	24.7%	6.1%
2014	29.6%	29.3%	22.0%	24.4%	5.8%
2015	29.6%	29.4%	21.7%	24.3%	5.8%
2016	30.0%	29.8%	21.9%	24.6%	5.9%
2017	30.6%	30.4%	22.1%	24.8%	5.6%
2018	11.4%	11.3%	8.5%	9.7%	3.0%
2019	11.0%	10.9%	8.7%	9.2%	2.8%
2020	9.5%	9.4%	7.5%	7.7%	2.4%
2021	9.2%	9.1%	7.2%	7.5%	2.3%
2022	9.5%	9.3%	7.2%	7.5%	2.5%

Source: Internal Revenue Service, Statistics of Income

APPENDIX: **DETAILED TABLES**

Aggregate itemized deductions claimed by type of deduction, 2013–2022 ($ billions)

Year	Itemizing	SALT	Mortgage Interest	Charitable	Medical Expenses
2013	$1,188.6	$506.2	$296.2	$194.7	$84.5
2014	$1,206.7	$520.4	$286.7	$210.6	$83.8
2015	$1,257.4	$553.0	$283.0	$221.9	$86.9
2016	$1,293.4	$566.1	$283.0	$233.9	$90.2
2017	$1,402.1	$624.8	$292.6	$256.1	$83.8
2018	$648.9	$145.9	$168.7	$197.0	$78.5
2019	$645.1	$138.9	$185.0	$190.1	$79.1
2020	$607.5	$124.2	$162.2	$204.7	$77.2
2021	$659.7	$119.5	$138.9	$263.3	$75.9
2022	$668.0	$125.2	$147.0	$222.4	$92.9

Source: Internal Revenue Service, Statistics of Income

Percent of tax returns itemizing by AGI group, 2013–2022

AGI Group	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
All AGI groups	30.1%	29.6%	29.6%	30.0%	30.6%	11.4%	11.0%	9.5%	9.2%	9.5%
Under $25k	5.8%	5.4%	5.5%	5.7%	5.5%	1.8%	1.4%	1.3%	1.2%	1.4%
$25k–$50k	21.4%	19.7%	18.7%	18.6%	18.3%	4.7%	4.5%	3.8%	3.4%	3.4%
$50k–$100k	48.3%	45.8%	44.1%	44.0%	43.2%	13.6%	13.1%	11.2%	10.3%	9.8%
$100k–$500k	82.0%	80.5%	79.8%	80.0%	80.0%	31.9%	30.5%	26.4%	23.1%	22.5%
$500k–$1m	92.3%	92.2%	92.9%	93.6%	93.0%	65.7%	64.3%	60.0%	54.1%	53.9%
$1m+	91.8%	90.8%	91.2%	91.6%	91.5%	77.4%	75.9%	72.3%	69.4%	69.4%

Source: Internal Revenue Service, Statistics of Income

APPENDIX: **DETAILED TABLES**

Aggregate itemized deductions claimed by AGI group, 2013–2022 ($ billions)

AGI Group	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
All AGI groups	$1,188.6	$1,206.7	$1,257.4	$1,293.4	$1,402.1	$648.9	$645.1	$607.5	$659.7	$668.0
Under $25k	$52.4	$48.4	$48.9	$50.7	$48.7	$21.3	$18.0	$20.0	$16.0	$25.2
$25k–$50k	$117.3	$108.0	$107.1	$108.8	$110.0	$39.6	$41.6	$37.6	$33.1	$35.8
$50k–$100k	$292.7	$283.2	$277.9	$281.3	$294.5	$117.7	$123.0	$108.7	$102.2	$105.1
$100k–$500k	$521.1	$544.5	$579.0	$599.3	$654.3	$301.9	$306.8	$270.6	$263.2	$287.8
$500k–$1m	$59.9	$64.3	$69.7	$72.1	$83.6	$44.1	$44.8	$43.3	$50.0	$54.8
$1m+	$145.1	$158.3	$174.9	$181.2	$211.1	$124.4	$110.9	$127.3	$195.2	$159.3

Source: Internal Revenue Service, Statistics of Income

Percent reduction in aggregate taxable income, 2017-2022

AGI Group	2017	2022
All AGI groups	12.7%	4.5%
Under $25k	11.3%	6.6%
$25k–$50k	8.4%	2.6%
$50k–$100k	12.0%	3.8%
$100k–$500k	14.6%	4.5%
$500k–$1m	12.3%	4.9%
$1m+	12.7%	5.8%

Source: Internal Revenue Service, Statistics of Income

APPENDIX: **DETAILED TABLES**

Itemized deductions by state, 2017–2022

State	Median Household Income, 2022	Percent Itemizing		Aggregate Dollar Amount of Itemized Deductions Claimed ($ Billions)		Percent Reduction in Aggregate Taxable Income	
		2017	2022	2017	2022	2017	2022
AL	$59,674	26.7%	7.3%	$13.0	$6.3	11.0%	4.0%
AK	$88,121	23.0%	5.6%	$1.7	$0.8	7.2%	2.5%
AZ	$74,568	29.8%	8.7%	$23.0	$12.4	11.8%	4.3%
AR	$55,432	22.8%	5.8%	$8.3	$4.4	11.3%	4.6%
CA	$91,551	35.7%	15.4%	$253.0	$121.1	16.6%	6.1%
CO	$89,302	33.6%	11.5%	$24.6	$13.0	11.7%	4.4%
CT	$88,429	41.8%	11.5%	$26.3	$9.2	15.1%	4.2%
DE	$82,174	32.9%	9.4%	$3.8	$1.6	12.1%	3.8%
DC	$101,027	40.9%	20.4%	$5.1	$3.1	14.9%	6.6%
FL	$69,303	26.2%	8.2%	$78.8	$51.2	10.8%	4.6%
GA	$72,837	33.9%	11.6%	$43.4	$21.2	14.6%	5.2%
HI	$92,458	30.6%	11.8%	$5.8	$2.9	12.8%	5.1%
ID	$72,785	29.4%	8.4%	$5.7	$3.0	12.6%	4.1%
IL	$76,708	32.5%	8.7%	$55.0	$20.4	12.1%	3.5%
IN	$66,785	23.1%	5.3%	$16.8	$7.0	9.1%	2.9%
IA	$69,588	30.8%	6.3%	$10.5	$3.8	11.4%	3.1%
KS	$68,925	26.2%	6.7%	$9.0	$4.0	10.5%	3.6%
KY	$59,341	26.7%	5.5%	$11.8	$4.0	10.9%	2.9%
LA	$55,416	24.4%	6.3%	$12.3	$5.1	10.8%	3.6%
ME	$69,543	27.4%	5.9%	$4.4	$1.5	11.3%	2.7%
MD	$94,991	46.7%	20.0%	$41.0	$20.0	17.4%	6.8%
MA	$94,488	37.8%	12.2%	$41.6	$17.5	12.7%	4.1%
MI	$66,986	27.4%	5.9%	$30.8	$13.3	10.3%	3.5%
MN	$82,338	35.5%	9.0%	$27.1	$9.4	13.1%	3.5%
MS	$52,719	24.4%	6.4%	$7.2	$3.1	11.8%	3.9%
MO	$64,811	26.7%	6.2%	$19.1	$7.6	11.1%	3.4%

APPENDIX: **DETAILED TABLES**

Itemized deductions by state, 2017–2022

State	Median Household Income, 2022	Percent Itemizing		Aggregate Dollar Amount of Itemized Deductions Claimed ($ Billions)		Percent Reduction in Aggregate Taxable Income	
		2017	2022	2017	2022	2017	2022
MT	$67,631	29.7%	8.2%	$3.6	$1.7	12.1%	3.7%
NE	$69,597	28.2%	6.2%	$6.6	$2.6	11.5%	3.2%
NV	$72,333	26.6%	8.5%	$10.9	$7.8	11.6%	5.4%
NH	$89,992	31.8%	7.8%	$5.4	$2.4	9.9%	3.1%
NJ	$96,346	42.2%	13.5%	$62.0	$24.5	15.8%	4.9%
NM	$59,726	22.8%	5.9%	$4.9	$2.2	10.1%	3.4%
NY	$79,557	35.4%	10.3%	$132.9	$48.0	15.9%	4.7%
NC	$67,481	29.2%	8.0%	$34.0	$15.2	11.9%	3.7%
ND	$71,970	19.8%	4.7%	$1.8	$1.0	7.3%	2.9%
OH	$65,720	26.3%	5.2%	$33.9	$11.6	10.0%	2.6%
OK	$59,673	23.8%	6.6%	$10.8	$5.8	11.1%	4.6%
OR	$75,657	37.5%	12.5%	$20.5	$8.5	15.5%	4.9%
PA	$71,798	29.2%	7.0%	$45.7	$19.3	10.7%	3.5%
RI	$81,854	33.3%	8.2%	$4.5	$1.6	12.5%	3.3%
SC	$64,115	28.1%	7.6%	$15.8	$7.2	11.9%	3.8%
SD	$69,728	18.2%	4.5%	$2.1	$1.3	7.8%	3.4%
TN	$65,254	20.3%	5.8%	$15.2	$8.7	8.3%	3.2%
TX	$72,284	26.1%	7.8%	$95.7	$50.4	10.8%	4.0%
UT	$89,168	36.3%	13.8%	$13.3	$9.7	14.8%	6.9%
VT	$73,991	27.8%	5.8%	$2.3	$0.8	11.5%	3.0%
VA	$85,873	38.1%	13.5%	$42.8	$21.7	13.8%	5.3%
WA	$91,306	31.4%	11.7%	$29.9	$19.8	10.0%	4.8%
WV	$54,329	17.4%	3.4%	$3.1	$1.1	7.7%	2.1%
WI	$70,996	31.8%	6.1%	$21.7	$6.8	11.7%	2.8%
WY	$70,042	22.2%	5.3%	$1.9	$1.8	9.2%	5.9%

Source: Internal Revenue Service, Statistics of Income; Census Bureau, American Community Survey