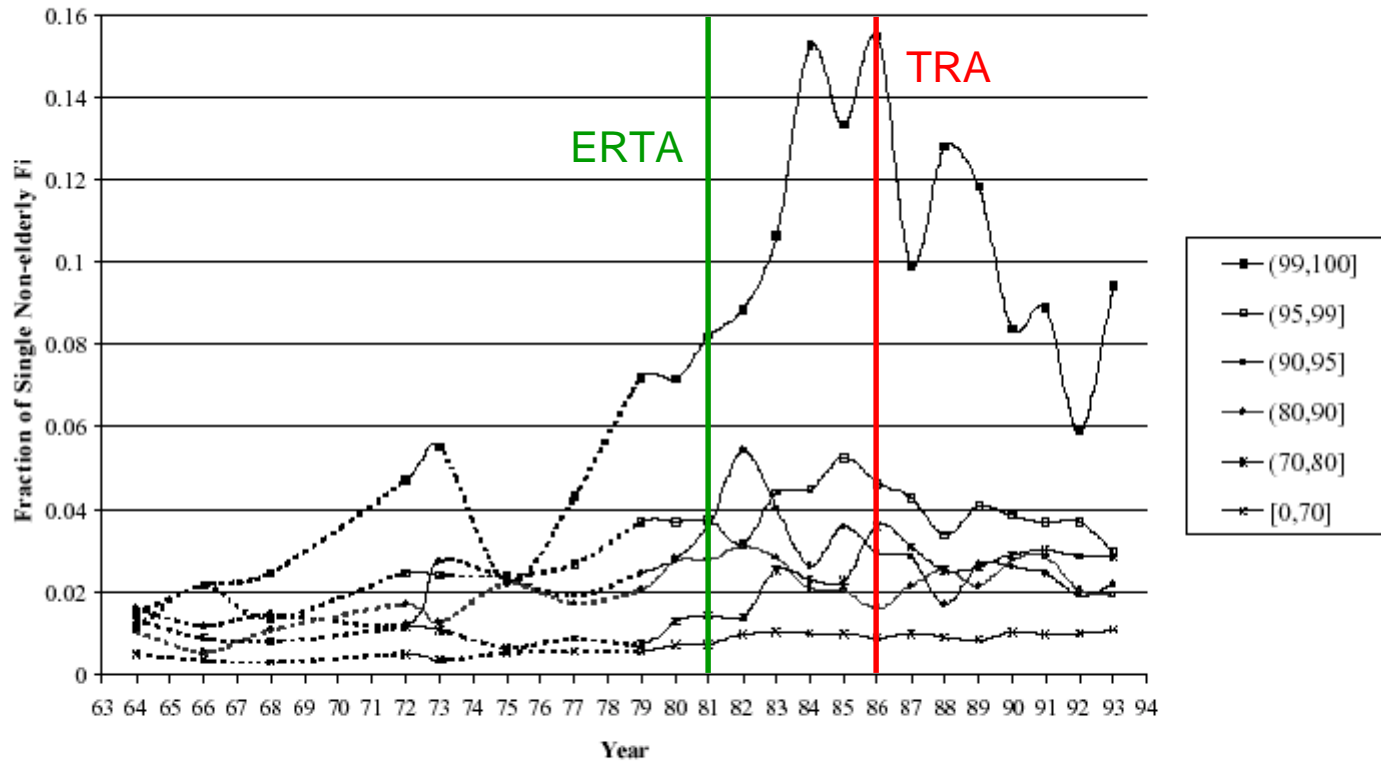


Figure 2. Fraction with Active Noncorporate Losses by Year and Ability Quantile



Notes: Taxpayers are assigned to one of six ability quantiles based on relative predicted earnings in each year. Individuals are classified as having active noncorporate losses if the absolute value of sole proprietorship, partnership, or S-corporation losses exceeds 10% of wage and salary income.