

SOI BULLETIN



Department of the Treasury
Internal Revenue Service

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SOI BULLETIN

Department of the Treasury
Internal Revenue Service

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Fred T. Goldberg
Commissioner

Michael J. Murphy
Deputy Commissioner

David G. Blattner
Chief Operations Officer

Judy K. Van Alfen
Assistant Commissioner
(Returns Processing)

Fritz Scheuren
Director, Statistics of Income Division

The SOI Bulletin provides the earliest published annual financial statistics from various types of tax and information returns filed with the Internal Revenue Service. It also includes information from periodic or special analytical studies of particular interest to tax administrators. In addition, historical data are provided for selected types of taxpayers, as well as the gross internal revenue collections and other tax related items.

Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division R:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608.

In addition, special Statistics of Income tabulations based on income tax returns can be produced upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, at the address shown above.

Robert Wilson and Bettye Jamerson of the Statistics of Income Division were the technical editors and were assisted by Wendy Alvey and Beth Kilss, who wrote the SOI Bulletin Board column, and Clementine Brittain who provided editorial support and prepared the copy. Any views expressed in the articles are those of the authors and do not necessarily represent the views of the Treasury Department.

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STATISTICS OF INCOME DIVISION

PUBLICATIONS AND TAPES

Statistical Information Services Desk
(202) 874-0410
FAX (202) 874-0922

The following *Statistics of Income* (SOI) reports and tapes can be purchased from the Statistics of Income Division (unless otherwise indicated). Prepayment is required, with checks made payable to the IRS Accounting Section. For copies from the Statistics of Income Division, please write:

Director, Statistics of Income Division (R:S)
Internal Revenue Service
P. O. Box 2608
Washington, DC 20013-2608.

BUSINESS SOURCE BOOKS:

- ***Corporation Source Book, 1988, Publication 1053 -- Price \$175.00***

This 481-page document presents detailed income statement, balance sheet, tax and selected items, by major and minor industries and size of total assets. The report, which underlies the *Statistics of Income--Corporation Income Tax Returns* publication, is part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150 per year). A magnetic tape containing the tabular statistics for 1988 can be purchased for \$1,500.

- ***Partnership Source Book, 1957-1983, Publication 1289 -- Price \$30.00***

This 291-page document shows key partnership data, for 1957 through 1983, by major and minor industries. It includes a historical definition of terms section and a summary of legislative changes affecting the comparability of partnership data during that period. Tables show:

- | | | |
|--------------------------|----------------------------|---------------------------|
| o Number of partnerships | o Depreciation | o Payroll deductions |
| o Number of partners | o Taxes paid deductions | o Payments to partners |
| o Business receipts | o Interest paid deductions | o Net income less deficit |

(A magnetic tape containing the tabular statistics for partnerships can be purchased for \$300 from the National Technical Information Service, U.S. Department of Commerce, Springfield, VA 22161.) More recent partnership data are published annually in the *SOI Bulletin*.

- ***Sole Proprietorship Source Book, 1957-1984, Publication 1323 -- Price \$95.00***

This *Source Book* is a companion to that for partnerships, described above. It is a 251-page document showing key proprietorship data for 1957 through 1984; data for farm proprietorships are excluded after 1981. Each page presents statistics for a particular industry. Tables show:

- | | | |
|------------------------|----------------------------|---------------------------|
| o Number of businesses | o Taxes paid deductions | o Payroll deductions |
| o Business receipts | o Interest paid deductions | o Net income less deficit |
| o Depreciation | | |

STATISTICS OF INCOME DIVISION

PUBLICATIONS AND TAPES

A magnetic tape containing the tabular statistics can be purchased for \$245. As with partnerships, more recent (nonfarm) sole proprietorship data are published annually in the *SOI Bulletin*.

COMPENDIUMS:

- ***Studies of Tax-Exempt Organizations, 1974-1987, Publication 1416***

This publication presents 22 articles from *Statistics of Income* studies on tax-exempt organizations. The articles emphasize important issues within the nonprofit sector, and also include several previously unpublished in the *SOI Bulletin*, as well as papers published in proceedings of the American Statistical Association and the Independent Sector Research Forum. Topics featured are:

- Nonprofit charitable organizations (primarily charitable, religious, educational and health organizations)
- Private foundations and charitable trusts
- Unrelated business income of exempt organizations

- ***Studies of International Income and Taxes, 1979-1983, Publication 1267 -- Price \$45.00***

This report presents information from 13 *Statistics of Income* studies in the international area (many of them previously published in the *SOI Bulletin*), including:

- Foreign activity of U.S. corporations
- Activity of foreign corporations in the United States
- Foreign controlled U. S. corporations
- Statistics related to individuals, trusts and estates
- Data presented by--
 - geographical area or industrial activity, as well as other classifiers

- ***Partnership Returns, 1978-1982, Publication 369 -- Price \$22.00***

This report presents previously unpublished *Statistics of Income* data for 1980, 1981 and 1982, as well as data previously issued in the *SOI Bulletin* and in other publications. Features include:

- Number of partnerships
- Limited partnerships
- Receipts
- Cost of sales and operations
- Deductions
- Net income
- Capital gains
- Data presented by--
 - industry
 - size of total assets
 - State
 - number of partners

REIMBURSABLE SERVICES (prices dependent on the request):

- **Public Use Magnetic Tape Microdata Files**

This includes individual income tax returns for 1978-1988. (Individual income tax returns for 1966-1977 are available from the Center for Electronic Records (NNX) of the National Archives and Records Administration, Washington, DC 20408.) Files containing more limited data for each State are also available for 1985. All of these files have been edited to protect the confidentiality of individual taxpayers. Files for private foundations for 1982-1983 and 1985-1988 and nonprofit charitable organizations for 1982-1983 and 1985-

STATISTICS OF INCOME DIVISION PUBLICATIONS AND TAPES

1987 are also available from the Statistics of Income Division. The individual, private foundation and charitable organization files are the only microdata files that can be released to the public.

- **Migration Data**

Compilations are available showing migration patterns, from where to where, by State and county, based on year-to-year changes in the tax return address. Data are also available for selected time periods (according to the years in which returns were filed) between 1978 and 1988 and include counts of the number of individual income tax returns and personal exemptions. In addition, county income totals are available for Income Years 1982 and 1984 through 1987.

- **Other Unpublished Tabulations**

Unpublished tabulations are also available from *Statistics of Income (SOI)*, including detailed tables underlying those published in the *SOI Bulletin*. Special tabulations may also be produced, depending on the availability of SOI computer programming resources.

OTHER PUBLICATIONS:

The following *Statistics of Income* publications are available from the Superintendent of Documents, U.S. Government Printing Office. For copies write:

Superintendent of Documents
U.S. Government Printing Office
Washington, DC 20402.

- ***Statistics of Income (SOI) Bulletin (Quarterly), Publication 1136***
Stock Number 748-005-00000-5 -- Subscription price, \$20.00; Single copy price, \$7.50

Provides the earliest published financial statistics from individual and corporation income tax returns. The *Bulletin* also includes annual data on nonfarm sole proprietorships and on partnerships, as well as from periodic or special studies of particular interest to tax analysts and administrators and to economists. Historical tables include data from *SOI*, as well as on tax collections and refunds by type of tax.

- ***Statistics of Income--1987, Corporation Income Tax Returns, Publication 16***
Stock Number 048-004-02299-1 -- Price \$15.00

This report presents more comprehensive and complete data on corporation income tax returns with accounting periods ended July 1987 through June 1988, than those published earlier in the *SOI Bulletin*.

Presents information on--

- o Receipts
- o Deductions
- o Net income
- o Taxable income
- o Income tax

- o Tax credits
- o Assets
- o Liabilities

Data classified by--

- industry
- accounting period
- size of total assets
- size of business receipts

STATISTICS OF INCOME DIVISION
PUBLICATIONS AND TAPES

- **Statistics of Income--1987, Individual Income Tax Returns, Publication 1304**
Stock number 048-004-02296-6 -- Price \$9.00

This report presents more comprehensive and complete data on individual income tax returns for 1987 than those published earlier in the *SOI Bulletin*.

Presents information on--

- o Sources of income
- o Exemptions
- o Itemized deductions
- o Tax computations

Data presented by--

- size of adjusted gross income
- marital status

SOI Bulletin Board

SOME OBSERVATIONS AND INSIGHTS

Beginning last fall, we used this column to bring you excerpts from the Statistics of Income Division's application for the Office of Management and Budget's (OMB) Quality Improvement Prototype Award. The three previous installments covered five of the eight OMB Total Quality Management [TQM] criteria on which we assessed our organization and were, then, subsequently evaluated. Portions of the remaining three criteria are reprinted below and are the final installment in the series.

Despite not being chosen to receive the award, the experience has focused our attention even more sharply on the need to con-

tinuously grow and improve, both individually and collectively. As a result, over the past year we have been addressing shortcomings that were identified in our self-assessment and have begun incorporating a number of initiatives into our quality planning. For example, one of the steps we are taking is to more actively involve all employees by developing and more fully utilizing their potential for quality improvement. This is evidenced by the fact that there are currently 16 QIP (Quality Improvement Process) and TQO (Total Quality Organization) Teams, with a total of 114 people, operating in the Division and still more are planned.

To round out the context, however, in which our quality activities had been focused up until the time

of the award application, here are excerpts from the sections covering **QUALITY ASSURANCE**, **CUSTOMER FOCUS**, and **RESULTS OF QUALITY IMPROVEMENT EFFORTS**. The first of these three criteria examines the systematic approaches used by the Division for total quality design and control of products and services. The second one, customer focus, examines the organization's customer service systems, knowledge of the customer, responsiveness and ability to meet expectations. The final criterion examines the measurable and verifiable results of the total quality management practices.

The questions asked in the application appear in boldface type followed by our answers.

EXCERPTS FROM THE SOI DIVISION'S OMB QUALITY IMPROVEMENT PROTOTYPE AWARD APPLICATION

QUALITY ASSURANCE

Describe how new or improved services are designed and introduced to meet or exceed customer requirements and how processes are designed to deliver these services.

Content design decisions for SOI are made through customer interactions. Specifically, these exchanges determine which statistical items are to be obtained annually from which tax returns. A booklet of annotated tax forms is published each year which summarizes the decisions made. Traditionally, statistical tables were prepared as the final product from these SOI data. Recently, customer focus has shifted towards developing data bases for input to tax policy microsimulation models. In

fact, we now accommodate the need of some of our major customers to use SOI data as an intermediate product.

Process design decisions are now being made with greater customer involvement -- such as how samples are selected and what quality checks are made. To meet or exceed new customer requirements, we like to employ design teams of customers and suppliers. These design teams have fostered quality in a time of great change. The old methods of memorandums and meetings might have been workable for delivering stable services in a stable environment, but they certainly don't work at all well now. For example, prior to 1988, Foreign corporation returns

were processed for SOI at nine service centers. The results were then sent to the Detroit Computing Center for transcription and quality checking. In many cases, error registers had to be sent to the National Office for resolution by the professional staff. All of this caused high costs and long delays.

To plan the 1988 Foreign Corporation program, a week-long off-site session was held between SOI subject matter and computer systems people to "brainstorm" solutions. Late in the week, representatives of the principal customer for these data, the [Treasury Department's] Office of Tax Analysis, were invited to participate. The result of this off-site session was an on-line interactive

data entry system for the 1988 program. [See the Spring 1991 "Bulletin Board" column for more information on on-line interactive systems.] The supplier base was changed, too, so that Detroit no longer had to be involved in the work, and all processing was shifted to just one service center.

The result of shifting to this on-line system has been quite impressive. More than a 50 percent reduction in the utilization of data entry resources has been realized compared to the 1986 program. Also, because the on-line systems did the quality checks at the point of entry, many inconsistencies in the data were resolved immediately. This has led to a 70 percent reduction in the number of cases referred for professional review. Finally, customer requirements will be exceeded; final delivery will be accelerated a year earlier than for any previous Foreign Corporation program.

Describe principal approaches used to ensure that key processes are adequately controlled to meet design plans and customer requirements.

The main approach we take to control design execution is to check (sometimes even double-check) each key step in every project we undertake before that step is implemented. A prime example is the exhaustive testing done of computer programs using data constructed to simulate operating conditions.

During design implementation, further steps are taken to control execution. Since taxpayer reporting cannot be completely predicted ahead of time, special samples of early production are drawn to look for unanticipated occurrences.

Project status reports on progress and problems are provided to the customer -- at least quarterly and generally more frequently. These are written with the customer's requirements in mind. Sometimes, especially for new projects or when adding to program content, the customer may wish to refine, or even alter, requirements. For this reason, among others, unusual occurrences are sent to the customer immediately upon identification.

Describe the approaches used to detect and identify problems in key processes, design solutions, and take corrective actions.

TQM concepts have played a major role in our rethinking of the control techniques we employ to detect and identify problems. For example, we are now placing greater emphasis on the interconnections between major processing steps. We have asked our service center suppliers to hold regular meetings among all their components that work on SOI. This seemingly simple step was previously only being done during crises. We also have shifted resources from back-end detection and perfection to up-front prevention; this has been exemplified by enhancements in our computer systems designs made possible by the use of Computer Assisted Software Engineering (CASE) tools.

Tried and true methods to detect and resolve problems continue to be used. For example, we still implement computer testing of virtually every data element on SOI files to detect possible errors and/or inconsistencies (including 1,400 tests in the Individual program and over 400 tests in the Corporation program). What is different now is that we are moving the testing up to the point of data capture and doing it on-line.

Corrective action, in the presence of systemic problems, sometimes may involve the customer. This has become especially common for new projects or where the customer has been unable to completely specify requirements ahead of time. (Our work on the highly controversial subject of capital gains taxation has had this character.)

Generally, a "fix" can be made by the SOI project team working with the suppliers or even, sometimes, by the suppliers themselves. The key new step is the extra effort and extra ingenuity being given to preventing a recurrence. In this connection, the quality logs for the current project have proven very useful. These logs form a "Lessons Learned" data base which are incorporated into the instructions for the next program. Especially valuable, too, is the recent

practice of having the people who do the work be part of the team that writes the instruction manuals.

Describe how the quality of materials, components, information, and services furnished by outside suppliers is assured, assessed, and improved.

Increasingly, we are experimenting with directly contacting our ultimate outside supplier, the taxpayer. Two examples might be mentioned. The first of these has an immediate short-run benefit; the second is of a longer-range character, with less certain, but potentially much greater, benefits:

- In some SOI projects, taxpayer reporting has been so poor that we have had to request clarification. Until recently, this was done through IRS district offices. Long delays resulted due to backlogs in district caseloads; also, the responses received were not always satisfactory, possibly because of the sometimes "hostile" setting engendered when asking for information as part of an audit process. We are now requesting needed information directly. Our interaction with taxpayers has emphasized that the request is not part of the audit process and that the data are to be used for statistical purposes only. So far, we have had very positive results -- virtually 100 percent compliance with our requests for additional data and cuts in response time by an average of 50 percent.
- Cognitive research techniques [which examine what influences respondents to respond] have become increasingly used in statistical surveys to redesign questionnaires to improve responses. Applying these approaches to the tax forms (our "questionnaires") has just begun. Currently, we are working with both the IRS Tax Forms and Publications Division and other government agencies (such as the Bureau of Labor Statistics, the Bureau of Economic Analysis, the Bureau of the Census, and the Office of Tax

Analysis) in redesigning the instructions for the industry coding required on the 15 million Sole Proprietorship Schedule C's filed annually. Our goal is to reduce the burden of reporting this information by taxpayers, while at the same time, improve the statistical integrity of the data.

CUSTOMER FOCUS

Describe the methods used for obtaining customer feedback and a knowledge of customer expectations; and how that information is shared with employees and managers.

The Division employs a variety of methods to elicit customer expectations for products from new and continuing programs as well as customer feedback on the availability and usefulness of existing products. The form and extent of customer contact depends, for the most part, on the degree to which the particular customer's input shapes the overall SOI program.

Regular "user" meetings are held throughout the year with the principal customers: Treasury's Office of Tax Analysis, staff of the Congressional Joint Committee on Taxation, Commerce's Bureau of Economic Analysis, and the Census Bureau. These meetings provide the forum for defining the scope and content of upcoming programs, resolving procedural problems which might impact significantly on the final products from ongoing programs, and expanding the usefulness of existing products through more thorough explanation of data strengths and limitations. Draft packages of program requirements are also sent to our principal customers for comment. This feedback is considered in the formulation of short-term goals. Other significant examples of SOI involvement with its principal customers include: joint participation with customers and suppliers on project planning teams; providing customer orientation trips to service centers to observe first-hand the various processes involved in developing the product; customer participation in the training of field personnel; and temporary assignments of key SOI professional and clerical employees to assist the cus-

tomers to make better use of existing products or to develop more narrowly focused by-products from larger-scale studies.

Various forums exist or have been created to consider the expectations and concerns of the professional user community at large. For example, about five years ago, we set up an outside advisory panel led by the late Dr. Joseph Pechman of The Brookings Institution. This panel is made up of academic and other experts in taxation, economics, statistics, demography and law, from both the public and private sectors. This group meets twice yearly with the Director and his senior managers to explore, among other things, ways and means for making long-run improvements in the availability and accessibility of SOI information.

A third, more general, source of customer expectations and feedback is the requests for information and public use received by our newly centralized Statistical Information Services (SIS) office pertaining to SOI products. Here structured customer feedback is solicited through periodic questionnaires and a sample of telephone follow-up calls. This office handles about 4,000 information requests annually, usually from the general public.

The sharing of information on customer expectations and feedback occurs naturally, mostly through direct employee or managerial involvement. Meetings with our principal customers, as users, are attended by the program manager and his or her senior analysts. Significant new developments or changes are discussed in staff meetings and recorded in weekly staff notes and are disseminated to all National Office employees and supplier organizations. However, most user feedback is informal and comes at the working level (i.e., analyst to analyst) and any resulting project modifications are documented. Other customer feedback, specifically that received through the centralized SIS office, is routinely shared with subject-matter staff and, if necessary, subject-matter analysts are put into direct contact with the customer to discuss issues in greater detail.

Describe how the organization analyzes customer feedback and complaints, and translates them into corrective action.

In describing how feedback on complaints is evaluated and corrective action taken, two generalizations can be made:

- Problems uncovered by principal users are treated very seriously. Corrective action is fairly immediate and some resolution usually occurs quite quickly.
- More general customer complaints, such as those received through the SIS office, are also examined carefully. Corrective action is taken right away if the fix is easy or the problem is serious; otherwise, resolution, if feasible, is generally of a longer-term nature.

Since our principal customers are directly involved, sometimes daily, in the project planning and development, much of their feedback is considered before delivery of the final product. Thus, we are able to give them what they really want.

In recent years, with rare exception, SOI has delivered tapes and publications on or before agreed-upon delivery dates. These dates, however, have not always been as early as our customers would have desired. The progress being made in implementing our on-line data capture initiatives goes a long way towards improving these target dates. Within two years, principal users will be receiving the results of all major projects months, and sometimes even years, earlier than they are currently being delivered.

Any feedback or complaints from principal users, resulting from changed requirements or mistakes, are evaluated by subject-matter analysts. If the product (e.g., a microdata computer tape file or a statistical tabulation) can be corrected or otherwise improved, it will be changed as soon as possible and changes will be documented. In any case, changes will be implemented in ongoing and future programs to prevent a recurrence.

Increasingly, we are going beyond the symptoms to look for the underlying cause of whatever difficulty occurred. This is hard; hence we are not always fully successful -- especially when the problem is found after delivery and a crisis atmosphere may surround whatever intervention is made.

In the area of more general customer concerns and complaints, the public may request data which are unavailable or which are not suitable for the use intended. Some examples include: items that have not been extracted from a tax return; items that are on a database but have not been tabulated in the form required; or release of information that could possibly disclose individual taxpayer information. To the extent our resources allow, consideration is given to making tabulations tailored to a specific customer's needs on a reimbursable basis; however, we generally do not add items to our programs except at the request of our principal users. Of course, SOI never releases identifiable data except to individuals authorized to receive them. To deal with the data access problem, we initiated a visiting scholars program in 1989, currently with six scholars in residence, which permits authorized access to microdata for sound scholarly purposes. Further expansion of this program is planned. Efforts to put more data into the public domain are also being made.

Describe the organization's service goals, and how they are set and modified based on customer requirements.

With regard to programs initiated at the request of our principal users, SOI customer service goals are developed after program scope, content, and outputs have been agreed upon with the customer(s) involved. Then, as part of our multi-year planning process, resource allocations and project milestones (key completion dates) are developed and shared with the users.

During the life of the project, periodic reports (at least quarterly) are provided to the customer(s) which indicate the overall status and include such measures as amount and type of work completed and project

milestones completed. Information is also provided on whether projects are on schedule or delayed with the reason for any delay cited. Every effort is made to retain flexibility and yet meet agreed-upon deadlines. In many cases, for example, changes in user requirements over the project life can be accommodated without modifying service goals. In any case, schedule delays and product alterations have to be approved by the customer(s).

Describe how customer-contact employees are empowered to resolve problems and to take extraordinary measures when appropriate.

Customers are encouraged to deal directly and informally with SOI subject-matter and systems analysts responsible for their project. Many of these SOI analysts are the same individuals who were initially given fairly wide latitude in translating customer requirements into specifications, procedures, and computer programs.

The designated SOI customer contacts are empowered to resolve problems with the customers and initiate agreed-upon changes as long as these changes are appropriately documented. Only resource impacts such as significant new tabulations or data items must be approved at a higher level in the organization.

RESULTS OF QUALITY IMPROVEMENT EFFORTS

List the two or three most significant indicators of your organization's performance (i.e., relating to your mission, of prime interest to agency or department management, and predictive of customer satisfaction) over the past two or more years.

Since the products and services SOI provides to its customers are derived mainly from processing performed by our suppliers, the service centers, two of the three major key performance indicators we have involve our suppliers:

- Timely obtain all tax returns selected for SOI studies so that the sample will accurately represent tax and financial information for the population being studied.

- Abstract, and "perfect" data from selected returns so that the customer will be able to use the data with confidence.

The third indicator is the timely delivery of our final products or services.

Summarize the results of the past two or more years indicating quantitatively the level of customer satisfaction with the quality of services.

Our quantitative customer satisfaction data, on the general public's response to SOI, are derived through two major sources, the Statistical Information Services office and a continuous survey of customers included in the SOI Bulletin. SIS office results indicate that well over 98 percent of the customers serviced are satisfied, even delighted, with the content and timeliness of our products and services. The compliments we now receive for the way we serve the general public have more than tripled since the SIS office was established in 1989. Complaints come from a tiny and declining fraction of those served (only 10 out of approximately 4,600 since the new office started).

Each Statistics of Income publication includes a survey form which asks users for their comments. The number of replies received each year are few, no more than 25 for all of our publications together. Most of these "customers" indicate they are satisfied. Only one reply was negative: it questioned why we would include, in the quarterly SOI Bulletin, data released elsewhere by IRS. The reader felt, and we agreed, that the published data did not measure up to SOI standards. We agreed that, in the future, any data that were clearly "estimates" (but not estimates in the sense that they were based on samples, as the SOI data are) would be labeled as such. Other comments were "negative" only in the sense that they would like to have more or earlier data published on specific subjects, such as by State. We are introducing more State data into the Fall issue of the SOI Bulletin, and our on-line data capture initiatives will directly lead to timelier data. [These data were provided in the Fall 1990 issue.]

Although we keep quantitative track of periodic feedback from our major customers [mentioned above], such as letters and telephone calls indicating satisfaction or dissatisfaction, we are increasingly emphasizing continuous involvement of, and communication with, our customers to assure continuous satisfaction. Prior to TQM, customer involvement did not go far beyond the initial request for service. Subsequent feedback, if any, was usually of an after-the-fact nature, such as complaints about inaccurate or wrong data. Since we've been networking the customer into our process -- including them in our planning meetings, in the service center processing operations, even having customer detailees at our National Office location -- the opportunities for, and instances of customer dissatisfaction with the end product or service are being eliminated. Although there are times when we simply cannot satisfy [general] customer needs or desires due to situations beyond our control, such as budget or disclosure issues, we at least keep the customer apprised, and, through negotiation, satisfy the customer as much as possible.

Using all key measures for assessing the quality, timeliness, and efficiency of products and services, summarize results of the past two or more years. Include in-process (e.g., percent rework) as well as end-item measures. Include key measures of suppliers' performance as well.

SOI improvements in accuracy, timeliness, and efficiency vary from project to project, as they are of different complexity and at different stages of TQM implementation....

As noted elsewhere, SOI data are used extensively for policy analysis and decision-making by customers such as OTA, BEA, and various Congressional committees. The improved quality, timeliness, and efficiency translate directly to more useful data for the analysis of the effect of recent tax law changes and proposed new tax laws.

Overall, there have been substantial improvements both in the development and operational phases of our work....As our efforts expand, even greater cross-the-board

resource savings and quality improvements are expected.

Summarize briefly three projects that illustrate the breadth and effectiveness of the TQM activities. These projects should illustrate the techniques and methods used by the organization to achieve continuous improvement, and should have demonstrable results.

Missing Return QIP. -- The Internal Revenue Service receives nearly 210 million tax returns each year. After initial processing these returns are stored in "Files." Each year the Files function receives in excess of 40 million requests for these returns. About 400,000 of these requests are made in connection with an SOI sample.

Our samples are drawn, on a weekly basis, at the Martinsburg Computing Center. Requests to "pull" the selected returns are sent back to each IRS service center. The Files function is responsible for retrieving processed returns for use by organizations such as SOI. For our samples to be representative, it is imperative that all selected returns be located and processed. The problem of "missing" returns had been chronic in SOI operations. (Incidentally, the term "missing" does not necessarily indicate that the return is lost; it is a term used by SOI to indicate that the return is currently unavailable. Usually, it is "charged out" to another organization.) During the 1980's, our difficulties gradually became worse. The quality problems became unbearable and in August of 1987, the SOI Division's Quality Council charged its first Quality Improvement Team (QIP) with the task of finding solutions. The scope of the QIP was limited to corporation returns in order to simplify the data gathering process (about 90,000 of these are selected by SOI annually). It was suspected that most solutions found would also be applicable to other categories of SOI tax returns, such as those for individuals.

The QIP Team members were chosen by the SOI Quality Council to represent suppliers, customers, and competitors. The "supplier" members included service center files personnel and first-line managers from two service centers. The "customer" member was an SOI program

manager. The "competitor" member was chosen from the service center Examination [i.e., auditing] function since a major portion of the returns that could not be located were being used by that function. The team leader was the Service Center Statistician from the Austin Service Center and the Facilitator, trained by Florida Power and Light Company, was from SOI.

The team began by training its members in the Quality Improvement Problem Solving Process. The first task was to formulate a rough problem statement. Over the next several months, the team visited seven of the IRS service centers to gather data. They discovered that there were very little data being collected on the function of locating corporate returns for SOI. The only statistic readily available was the cumulative number of returns missing at any one time. This was usually shown as a percentage of selected returns.

In order to fill the void in available and useful data, the team designed a data collection procedure to measure each center's success in locating corporate returns the first time they were searched for in Files. This process became known as the "First Pull Study." Data on the number of missing returns as well as the reasons those returns were not in Files were collected. The data produced from this study not only provided valuable information to the team, but they also identified problems in the overall management of the flow of returns into Files. Many of these problems impacted the fundamental ability of Files to service not only SOI but also its other customers. The First Pull Study also produced timely causation data. There were some eye-opening results which were useful in improving each service center's process of providing returns to all its customers....The key result of the study was the confirmation that when returns are not available when first requested, the cost of finding them rises considerably and the chances of ever locating them drops sharply.

The team continued collecting and analyzing data and began to share the results with the service centers they visited. Some centers realized

that they were not managing the control of returns as well as others, so we arranged visits for them to the "better" centers. Improvements began almost immediately and continued. The team completed its QIP in April of 1988; however, because of the success achieved, the collection of First Pull data has now become an integral part of the way the SOI function manages the location of all our returns.

Holding the gains is an often overlooked aspect of the quality improvement process. Since this QIP was completed over two years ago, it has proved to be a good example not only of holding the gains but also of enlarging them. Many of the improvements instituted as a result of the QIP were "people dependent" and, therefore, very fragile and susceptible to change and deterioration over time. Nevertheless, with the management attention focused by the First Pull data, the missing return rate for all programs combined has fallen to under 0.1 percent of the returns selected. In 1986 the rate was between 2 and 3 percent depending on the program. The costs savings that accompanied this improvement were substantial.

The Partnership On-line System.-- The conversion of the partnership SOI study to an on-line data processing environment has led to a tremendous reduction in the occurrence of rework with savings of one-third to one-half in processing costs. This conversion has enabled us to make improvements in quality as well. The on-line environment allows us to quickly zero in and continuously reduce the occurrence of errors. Continuous systemic improvements are also greatly enhanced by the flexibility and adaptability of the on-line system, which has been programmed in a fourth generation relational database language. The COBOL systems that we previously used were difficult to change even once a year; the new ORACLE system can be responsive to improvements or customer-requested additions in a matter of days.

Deming and others have repeatedly stressed that reducing variation in work processes is a key to improving them. Thus, any processing change

that improves consistency inevitably leads to better quality for our customers. In statistical processing of complicated partnership returns, human judgment plays a very significant role. Differences in judgment between employees cannot readily be identified without comparing how each employee responds to the same set of circumstances. One way to make such comparisons is to sample the work of each employee and compare the results. This approach was taken when the Partnership program was converted to an on-line environment. What was most innovative was the blending of sophisticated statistical sampling techniques, state-of-the-art computing, a quality-conscious management style, and a quality-committed workforce.

This specific initiative, undertaken in 1988 and 1989, involved about 20 employees in the National Office and the Ogden Service Center working on three teams: (1) subject matter and statistics, (2) computer systems programming, and (3) tax examiners and their managers. Tax examiners coded, keyed, tested, and reconciled the data from the information on partnership information returns. A small sample of the work of each tax examiner was reprocessed by another tax examiner and was subsequently compared to the work of the original. Any differences that were determined were quickly addressed because the on-line system enabled these comparisons to be made in a timely manner. Differences could be resolved before substantial amounts of additional data were processed. The timely feedback thus allowed us to help take immediate corrective action. At the same time, we were able to better quantify, for our customers, the error properties of the data being produced.

The results of the first year in which the quality initiative was in effect were quite impressive. Overall, the otherwise undetectable judgment error rate quickly declined from about 3 percent to less than one-half of one percent. These lower rates were maintained for the remainder of the study. We had clearly found a powerful tool, and have now begun to use it in training for subsequent studies.

Our new approach gives us a way to focus quickly on specific problem areas. Outputs are provided that show the number of errors committed on each line of each tax return included in a study. With the flexibility of the on-line processing system, we are thus able to quickly respond to problem areas by introducing more computer prompts or adding "fail safes."

The results of the new partnership quality program have benefited the National Office project staff as well. The members of the project team have begun to think in terms of continuously evaluating the work rather than periodically. In prior years, one of the principal quality improvement techniques was on-site quality reviews at the processing site. The number of returns which could be reviewed during one of these trips was limited. Although the results were useful, they were a snapshot of the quality of the work, rather than a continuous picture. This on-line system that we now have in place can be queried via remote terminals from the National Office. Results from the new quality programs are thus available continuously, and National Office analysts now routinely query the data, as they are being processed, to try to anticipate problem areas and take timely corrective actions.

Integrated Test Call Survey System.--As Deming and Juran have said, most really big improvements are cross-functional. The introduction of the Integrated Test Call Survey System illustrates this principle. The key building block in its development was upper management commitment to quality improvement. This commitment, in light of persistent criticism about the accuracy of IRS telephone assistance, led to a sincere desire to find out if we were fooling ourselves on the quality of our telephone assistance. There are more than 50 million calls placed annually for IRS toll-free telephone assistance. The accuracy of this service had been questioned for several years by the General Accounting Office (GAO) and news media. On the other hand, IRS, based on its internal monitoring, had always maintained that the accuracy of the toll-free system was high, upwards of 90 percent.

A management commitment was made to address these inconsistencies and discover the true accuracy rate and use that knowledge to improve toll-free assistance. The first goal, then, was to establish a credible quality measurement system. A second, related goal was to introduce statistical thinking into the operational culture of another IRS function.

Upon the advice of the Director of the SOI Division and using a design he proposed, the Taxpayer Service Division instituted its own program of test calls to all 29 call sites in the continental United States. This program, the Integrated Test Call Survey System (ITCSS), was intended to assess the accuracy of the advice given to taxpayers over the telephone. The time available for development and implementation of the system was minimal (about 3 months, beginning in October 1987, with implementation in the first week of January 1988).

A cross-functional development team, drawing on the support of nearly 50 people, was led by the Director of the Statistics of Income Division. Membership was drawn primarily from Taxpayer Service and Statistics of Income Divisions, with additional support from the Bureau of Labor Statistics and GAO, among others. The task for the teams was to design and implement a system that could provide national and call-site accuracy rates at weekly intervals for feedback on internal improvement efforts and also provide occasional

cumulative accuracy rates for media release and Congressional testimony.

The starting point for the ITCSS was the prior GAO test call program. Although some of the GAO test call technology was immediately transferable and gave the system a headstart, the ITCSS was a much more ambitious undertaking. It was designed to operate through the entire tax filing season (January through mid-April) and to provide estimates by call site and tax law category. This meant, among other things, that the test question base had to be expanded to prevent question disclosure. Another enhancement was the addition of weighting to allow the estimates to more accurately reflect the relative sizes of call sites and categories; that is, to allow large call sites and categories where numerous taxpayer inquiries were received to have greater influence on the estimates. The development of the ITCSS addressed the first goal of establishing a credible quality measurement system, but this was only part of the story. The other part is the way the measurement information was used and the accuracy results observed over the three years of its existence. The initial ITCSS results were much more in line with the earlier GAO results than with the high accuracy rates that IRS had claimed. This was difficult information for people within IRS to accept and led to a disbelief in the results and challenges to the validity of the measurement. These persisted all during the first year of ITCSS and continued

into the second when the measured accuracy rate was 63 percent. Nonetheless, some important efforts to improve accuracy were undertaken. For example, the Taxpayer Service Division instituted diagnostic centers in each of the seven IRS regional offices. These diagnostic centers were charged with identifying and fostering successful improvement strategies for the call sites in their regions. In the two years of their existence, the diagnostic centers have become important in coordinating and sharing knowledge gained from field initiatives about workable improvement efforts.

During its second year of operation, the ITCSS began to gain acceptance, and the energy that had been spent on challenging the measurement was, instead, directed at identifying problems in the telephone assistance service. This was the turning point and the beginning of achievement of our second goal, that of introducing statistical thinking into the operational culture. During the 1989 filing season and the subsequent summer, the regional diagnostic centers and the ITCSS staff in Washington tried several improvement initiatives. The most promising efforts were adopted, and ITCSS accuracy improved dramatically for the 1990 filing season, with a final accuracy rate of 77 percent. The gains achieved not only represent quite a success for the improvement effort but are a real indication of the power of statistical thinking for quality improvement.

YOUR CALL

Part of our effort to become a Total Quality Organization involves making incremental improvements that are measureable and that are permanent. One area in which we are trying to improve is the timeliness of our statistics and, in particular, the timeliness of the *SOI Bulletin*. As already indicated, much progress has already been made in improving data timeliness. Other initiatives are under way that

will expedite release of both data and the *Bulletin*. For example, this issue of the *Bulletin* introduces a new "Data Release" section which contains a summary of the corporation income tax return statistics for 1988, ahead of the article that would ordinarily accompany them. This will enable customers of our corporate data to have access to statistical tables at the earliest possible date. In addition to what is included in the *Bulletin*, the more detailed industry data by asset size

contained in the corporation "Source Book" have also been released. The corporation *Statistics of Income* report, itself, is scheduled for publication later this year.

Where the volume of statistical tables is judged to be too large for inclusion in the "Data Release" section of the *Bulletin*, they will be published in a separate "data release." We plan to distribute such releases directly to those on our mailing list of 4,000 economists and

tax analysts, plus any others who request them. This has already been done on an occasional basis from time to time in the past. As a result, partnership statistics for 1989 are being distributed directly to customers, ahead of their formal publication with the article to be included in the Fall *SOI Bulletin*.

As we mentioned in the Spring "SOI Bulletin Board" column, an overall data release statement to our customers is in the making. We had hoped to have it ready for this issue, but given a choice between a more timely release of the Summer Bulletin and completion of the data

release statement, we opted for the timelier release of the *Bulletin*, which is being published about two months ahead of last year's Summer issue. The data release statement, along with the release dates for statistics during the coming year, will now be included in the Fall *Bulletin*.

UPCOMING FEATURES

The following are some of the articles planned for inclusion in upcoming issues of the *SOI Bulletin*:

- Nonprofit Charitable Organizations, 1986-1987;
- Individual Foreign-earned Income and Foreign Tax Credit, 1987;
- Tax-exempt Organization Business Income Tax Returns, 1987;
- Corporations, 1988;
- Foreign Controlled U.S. Corporations, 1988;
- Partnerships, 1989;
- Foreign Recipients of U.S. Income, 1989; and
- Environmental Excise Taxes, 1989.

Individual Income Tax Rates, 1987

By Charles Day*

In October 1986, President Reagan signed into law the Tax Reform Act of 1986. Tax Year 1987 represented the first transitional year under the new Act. Total income tax, which included a revised alternative minimum tax, amounted to \$369.2 billion for 1987, 2 percent more than for 1986. Average tax was \$4,257; for 1986, average tax was \$4,374. Direct comparison of the average tax rate (total income tax divided by adjusted gross income (AGI)) for 1987 with that for prior years would be misleading, as there were many changes in the tax treatment of income and loss items which resulted in a broader AGI concept for 1987. Such a broadening would, all other things being equal, act to reduce the average income tax rate. For comparison purposes, AGI was recomputed for 1985, 1986, and 1987 to match the concept used for Tax Year 1979. Average tax rates based on the 1979 AGI concept were 13.56 percent for 1985, 13.59 percent for 1986, and 13.49 percent for 1987.

Excluding the alternative minimum tax, there were five basic tax rates for 1987, plus an additional maximum tax rate for long-term capital gains. Returns with these mar-

ginal rates generated the following percentages of the basic individual income tax (before reduction by tax credits) [1]:

- 11 percent rate - 0.3 percent
- 15 percent rate - 22.9 percent
- 28 percent maximum capital gain rate - 4.1 percent
- 28 percent rate (other income) - 22.7 percent
- 35 percent rate - 24.7 percent
- 38.5 percent rate - 25.3 percent.

EFFECTS OF THE TAX REFORM ACT OF 1986

Figures A and B present summary statistics on average tax and tax rates from 1985 and 1986 (the last two years in which the Economic Recovery Tax Act of 1981 (ERTA), which gradually reduced tax rates, was in force) and Tax Year 1987 (the first transitional year under the Tax Reform Act of 1986). Care should be taken when comparing average tax rates for 1987 with prior years. The Tax Reform Act of 1986 broadened the definition of AGI by limiting or

Figure A.--Adjusted Gross Income, Total Income Tax, Average Tax Rate, and Average Total Income Tax, 1985-1987

Tax year	Total number of returns	Taxable returns					
		Number of returns	Adjusted gross income (billions)	Total income tax (billions)	Average tax rate 2/	Average per return 1/	
						Adjusted gross income (dollars)	Total income tax (dollars)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Using each tax year's AGI concept							
1985.....	101,660,287	82,846,420	\$2,259	\$326	14.42%	\$27,268	\$3,931
1986.....	103,045,170	83,967,413	2,440	367	15.05	29,062	4,374
1987.....	106,996,270	86,723,796	2,701	369	13.67	31,142	4,257
Using common AGI concept 3/							
1985.....	101,660,287	82,846,420	2,403	326	13.56	29,003	3,931
1986.....	103,045,170	83,967,413	2,703	367	13.59	32,194	4,374
1987.....	106,996,270	86,723,796	2,736	369	13.49	31,551	4,257

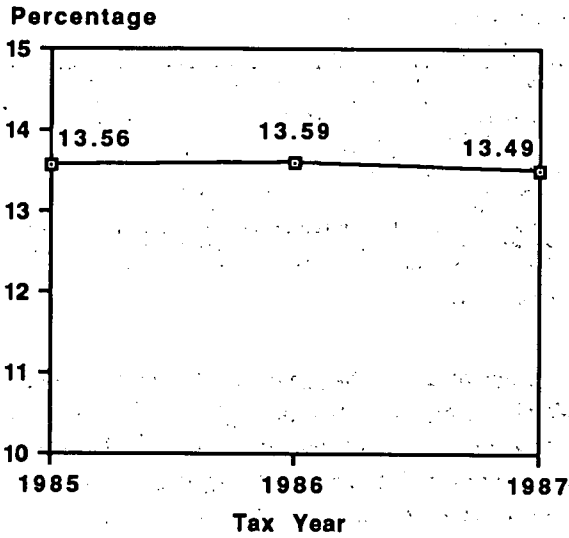
1/ The average AGI, average total income tax, and average tax rate were calculated from unrounded data.

2/ Average tax rate is "Total income tax" as a percentage of adjusted gross income.

3/ These statistics are based on AGI recomputed to reflect the Tax Year 1979 concept to allow valid comparisons to be made of the average tax rates between years. Changes in the definition of AGI between years render direct comparison of the unadjusted figures misleading. For additional information, see Statistics of Income, Individual Income Tax Returns for 1985, 1986, and 1987.

*Mathematical Statistics Team, Coordination and Publication Staff. Prepared under the direction of Susan Hostetter, Chief, Research Team.

Figure B
Taxable Returns: Average Tax Rates
Using Common AGI Concept, Tax
Years 1985-1987

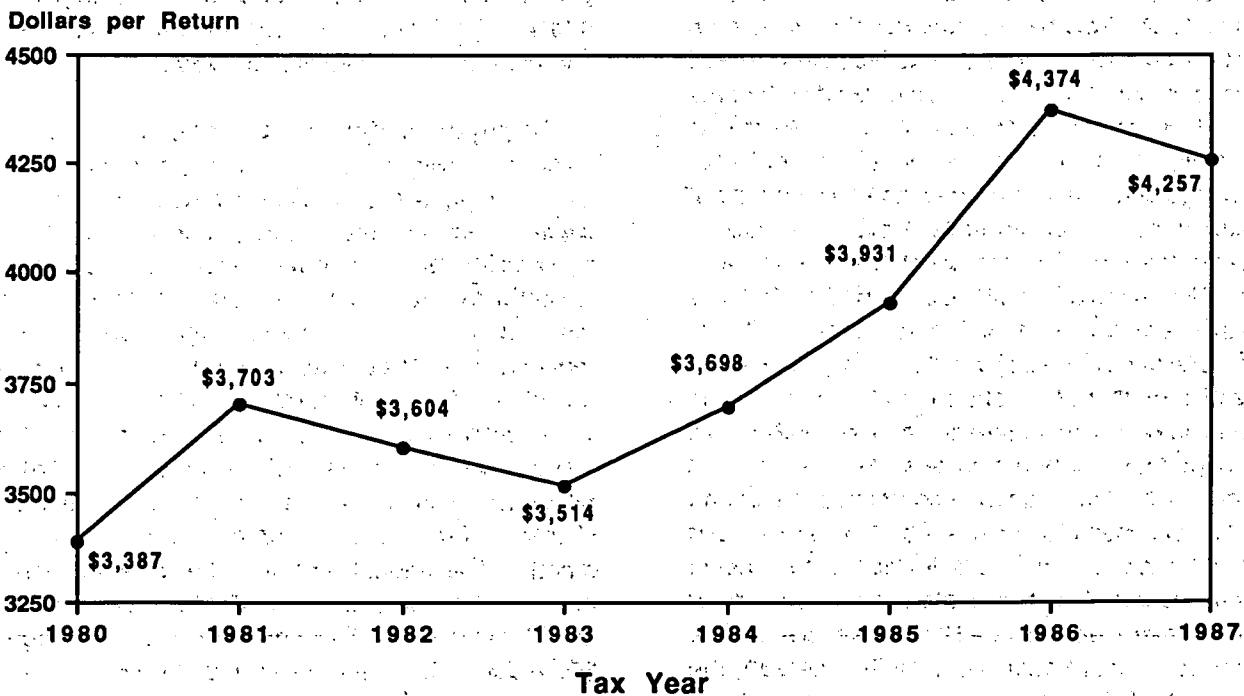


¹ These statistics are based on AGI recomputed to reflect the Tax Year 1979 concept to allow valid comparisons of average tax rates to be made.

eliminating many special provisions: All other things being equal, this redefinition of AGI, by making AGI larger, would make the average tax rate smaller. Figure A shows both unadjusted average tax rates (which show the expected decrease between 1986 and 1987) and adjusted figures. These adjusted figures are derived by refiguring AGI for 1986 and 1987 according to the AGI concept in use for Tax Year 1979 and using this refigured AGI to recompute the average tax rates for these years [2]. The average tax rates before and after tax reform based on the common AGI concept differed little, falling from 13.59 percent for 1986 to 13.49 percent for 1987, revealing that the difference in the unadjusted numbers resulted mostly from the differing definitions of AGI. Figure C presents average tax statistics for the years 1980 (the year prior to the enactment of ERTA) through 1987. For returns that showed an income tax liability, or "taxable returns," average tax for 1987 was \$4,257, a decrease of \$117 from 1986. (For further information on the number of returns, income tax and average tax by size of AGI, see Table 3 of the Selected Historical Data section of this issue.)

ERTA phased in steadily decreasing tax rates over the period 1981 through 1984, and established indexing of tax rates for the effects of inflation for years after 1984. For Tax Year 1986, the last year for which ERTA was in effect, a bracket structure with 15 or 16 brackets (depending on the

Figure C
Taxable Returns: Average Total Income Tax, Tax Years 1980-1987



filing status) was in effect. When all filing statuses are considered together, there were no fewer than 26 distinct rates applicable to taxable income for 1986, and a top marginal rate of 50 percent [3]. Key elements of the 1986 Act were a simpler tax rate structure with just two statutory and three actual marginal rates (beginning in 1988), a lower top marginal rate, an increased standard deduction, a larger personal exemption, and the broadening of the tax base through the reduction or elimination of many special provisions. The 1986 Act provided a transitional, five-bracket rate structure with a top marginal rate of 38.5 percent for 1987, leading to the new two statutory and 3 actual bracket rate structure with a top marginal rate of 28 percent starting with 1988 [4]. The new law also limited or rescinded certain itemized deductions, ended the favored treatment of capital gains and established limitations on the deductibility of losses from "passive" sources to discourage tax shelter activity [5, 6].

Under the 1986 Act, all capital gains were to be treated as ordinary income, although for 1987, net long-term capital gains were taxed at a maximum rate of 28 percent. In addition, investment income (such as interest or dividends) in excess of \$1,000 on returns filed for dependents was taxed as if it were their parents' income when this resulted in a larger tax liability. Also, 1987 featured the beginning of a phase-in of a variety of provisions including those limiting losses and tax credits stemming from passive activities.

TAX RATES FOR 1987

Figure D compares the computation of taxable income for 1987 and 1986. Taxable income was the amount on which income tax before credits (not including special taxes) was computed [7]. For 1987, taxable income equalled AGI less the personal exemption amount and less either the standard deduction (including the additional amounts for age and blindness) for taxpayers who did not itemize deductions or total allowable itemized deductions for all other taxpayers. This represented a change from 1986. For 1986, taxable income was defined as AGI less the personal exemption amount (including the additional amounts for age and blindness), and less either total allowable itemized deductions (the total amount in excess of the "zero bracket amount") for those who itemized or allowable charitable deductions for non-itemizers. As a result of the Tax Reform Act of 1986, charitable contributions were no longer deductible after 1986 unless the taxpayer itemized his or her deductions. Also, the former "zero bracket amount" (i.e., income "taxed" at a rate of zero percent), or ZBA, that had been in effect since 1977, was replaced by a more generous standard deduction. Unlike the ZBA, the increased standard deduction was not incorporated into

Figure D.—Computation of Taxable Income from Adjusted Gross Income

	1986	1987
Adjusted Gross Income.....	X	X
LESS: Itemized Deductions (for those who itemize).....	X ¹	X
Charitable Contributions (for nonitemizers).....	X	
Standard Deduction.....	(²)	X ³
Total Exemptions times Exemption amount.....	X ⁴	X ⁵
EQUALS: Taxable Income.....	X	X

¹ Reduced by the zero bracket amount included in the tax tables and tax rate schedules for 1986.

² The standard deduction for 1986 was incorporated into the tax tables and tax rate schedules as a "zero bracket amount;" that is, an amount of income on which no tax was levied. This amount varied with several filing status groups.

³ With repeal of the "zero bracket amount" for 1987, the standard deduction entered explicitly into the calculation of taxable income. The basic standard deduction varied with filing status and was larger for taxpayers who were blind, or age 65 or over. In addition, taxpayers who were age 65 or over or blind received additional allowances for age and blindness. This replaced additional personal exemptions previously allowed to taxpayers who were blind or age 65 or over.

⁴ The exemption amount for 1986 was \$1,080. Extra exemptions were given to taxpayers who were blind or age 65 or over; these were eliminated in 1987 and replaced by an increased standard deduction.

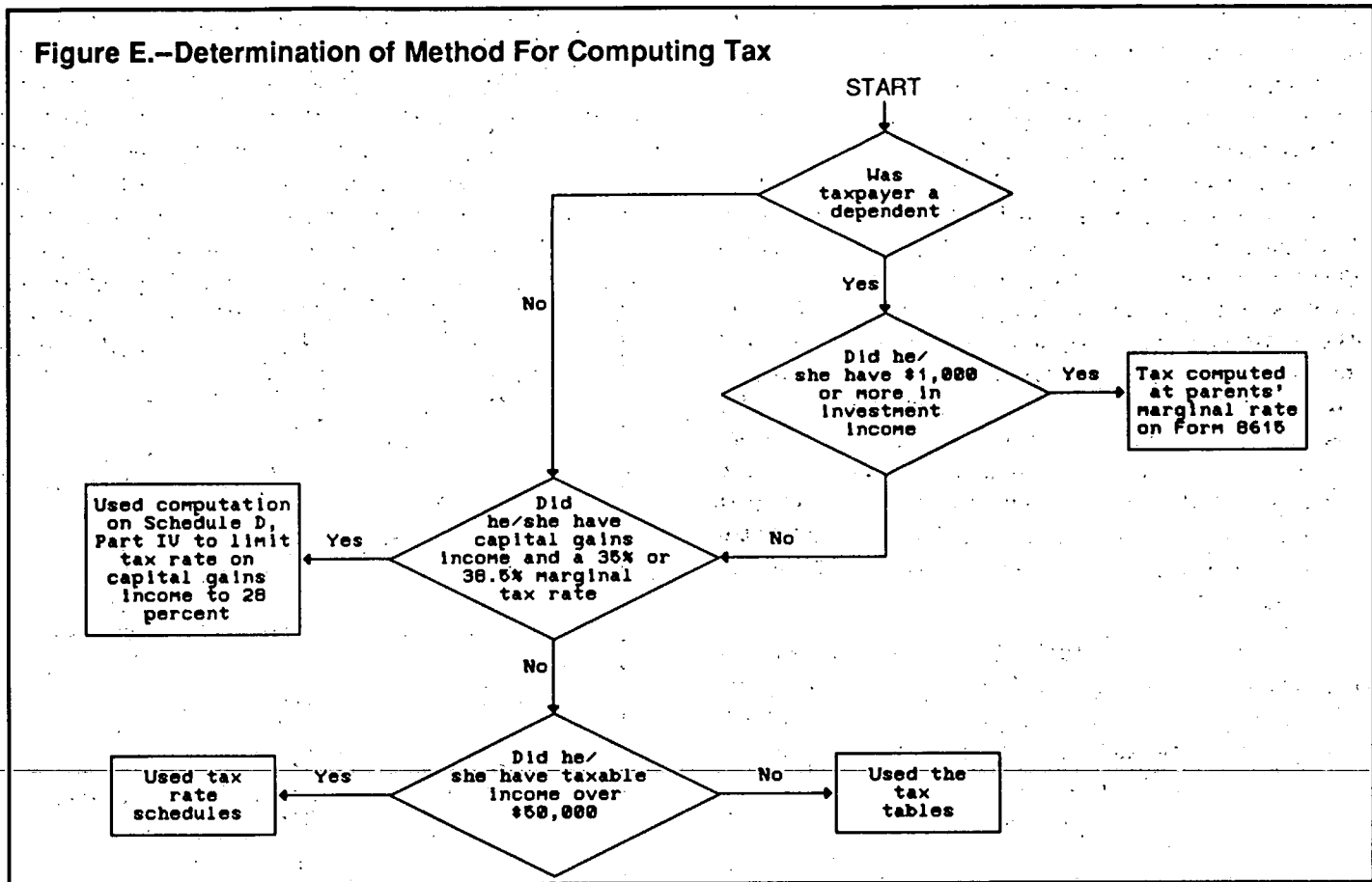
⁵ The exemption amount for 1987 was \$1,900.

the tax tables and tax rate schedules, but instead had to be specifically deducted in computing taxable income. Also, as already indicated, taxpayers who were blind or who were age 65 or over received increased standard deductions for 1987 rather than extra exemption amounts; hence, no corresponding adjustments were made for those who itemized deductions.

Taxes were calculated on taxable income according to tax rate schedules that varied with taxpayer filing status. There were separate rates for single persons, married persons filing joint returns, married persons filing separate returns from their spouses, and heads of household [8, 9]. The 1987 rates for each filing status ranged from 11 to 38.5 percent; for 1986, they ranged from 11 to 50 percent. (In addition, for 1986, a zero percent rate applied to taxable income less than or equal to the ZBA.)

Taxpayers used one of four methods when figuring their initial tax liability (Figure E). If they did not have income from net long-term capital gains (reduced by net short-term capital losses) and were not dependents under 14 years of age with investment income in excess of \$1,000, they used either the tax tables or the tax rate schedules to determine tax. Taxpayers with taxable income under \$50,000 were required to use the tax tables, which simplified the calculation of tax. Those with taxable income of \$50,000 or more were required to use the tax rate schedules. Although taxpayers did not have a choice between using the tax table or tax rate schedules, the two methods could produce slightly different results for the same taxable income amount. The amounts shown in the tax tables were based on the same computation as the tax rate schedules, but used the midpoints of "taxable income brackets" (generally \$50 wide) as the basis for deriving the tax. In addition, tax tables rounded the resulting tax to the nearest whole dollar.

Figure E.—Determination of Method For Computing Tax



Since the highest marginal income tax rate used in the tax tables was 38.5 percent and the tax table brackets were no wider than \$50, and the tax was calculated on the midpoint of the bracket, the maximum deviation in tax between the tax tables and the tax rate schedules was \$9.63. In most cases the deviation was substantially less. The tax liability from the tax tables could be either higher or lower than that from the tax rate schedules [10].

If taxpayers had income from a net long-term capital gain (reduced by a net short-term capital loss) and had taxable income subject to a marginal rate greater than 28 percent (i.e., income over \$27,000 for single taxpayers, over \$38,000 for heads of households, over \$45,000 for married couples filing jointly, or over \$22,500 for married taxpayers filing separately), then they used a different computation to figure their tax. This method of tax computation (in effect for 1987 only) restricted the tax rate on that portion of taxable income from net long-term capital gains to no more than 28 percent [11]. Income from other than net long-term capital gains over the above dollar limits was still taxed at the appropriate rate (either 35 or 38.5 percent). For 1986, the law had excluded 60 percent of long-term capital gains from taxation, effectively limiting the marginal tax rate on such capital gains to a maximum of 20 percent.

If a taxpayer were a dependent under age 14 and had over \$1,000 of investment income, he or she computed tax still another way, using Form 8615, Computation of Tax for Children Under Age 14 Who Have Investment Income in Excess of \$1,000. This assured that the investment income of these taxpayers was taxed as if it were the income of their parents if this resulted in a higher tax. In this case, the actual tax liability of the child could have been calculated using any of the three methods described previously, depending on the particular circumstances of the parents, the child, and any other children who were required to file Form 8615.

MARGINAL TAX RATES

When tax is calculated, different portions of taxable income may be taxed at different rates. For example, the first \$1,800 of taxable income on a return was taxed at 11 percent for 1987. If the taxpayer had more than \$1,800 in taxable income, then the next \$15,000 was taxed at 15 percent. In general, the tax rate that applied to the last dollar of income (given certain assumptions about the order in which income-earning opportunities were undertaken) is called the "marginal tax rate" for that return. Since tax rates increase with income (from 11 to 38.5 percent for

1987), the marginal tax rate of a return is the highest rate applied to any amount of income on that return.

Tables 1 and 2 present 1987 marginal tax rate data. These data are based on those items of income which were subject to tax, generally those included in AGI. Some forms of economic income may have had portions (such as the portion of interest income which represented tax-exempt interest on obligations of State and local Governments) which were not taxable, and thus were not included in AGI. The nontaxable portions of these income items were not included in income for purposes of determining marginal tax rates in Tables 1 and 2. It was possible, however, for the receipt of some forms of tax-exempt income to influence the taxability of other income (such as social security). When this occurred, the income which was made taxable by the receipt of other forms of nontaxable income was included in AGI and in the determination of marginal tax rates.

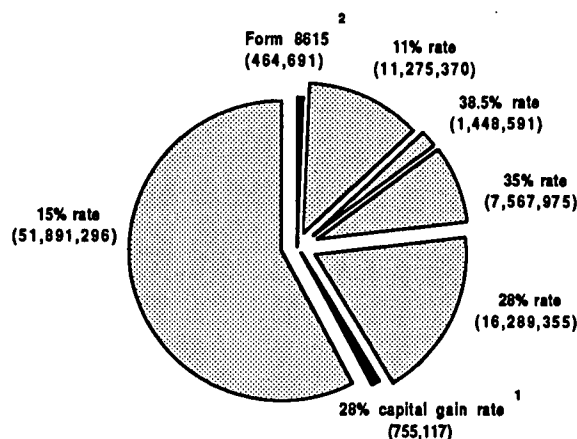
All returns included in Tables 1 and 2 had some amount of taxable income. Of the 106,996,270 individual tax returns filed for 1987, there were 86,723,796 that had taxable income, while 20,272,494 did not. The pie charts in Figure F show (a) the proportions of returns with taxable income by marginal rate, (b) the proportion of "modified" taxable income contained on returns per marginal rate, and (c) the proportion of total tax contained on returns at each marginal rate. ("Modified" taxable income differs only slightly from taxable income on the tax return; it is explained in the "Definitions" section below.)

Two of the marginal tax rate classifications deserve special explanation. Returns were classified as "28 percent capital gains" if the tax computation on Form 1040, Schedule D, Part IV was used to limit the tax rate on net long-term capital gains to 28 percent and if no other income was taxed at a rate higher than 28 percent. Returns were classified as "Form 8615" if they were returns of dependents under age 14 with more than \$1,000 in investment income, Form 8615 was used to compute the tax on their investment income as if it were their parents' income, and this resulted in a higher tax liability than if the income had been taxed as the dependent's own.

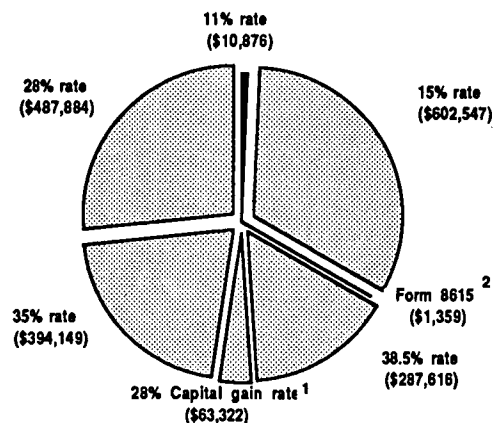
Returns were classified by two different methods in Table 1. In columns 1 through 9, 13 through 21, 25 through 33, 37 through 45, and 49 through 57, a return was classified according to the marginal tax rate used in computing the tax reported. For example, column 1 shows that there were 51,891,296 returns for which the marginal tax rate was 15 percent. Columns 5 and 6 show that, for these returns, the amount of tax generated at the 11 through 15 percentage rates totaled \$85.3 billion, of which \$71.6 billion of tax was generated solely at the 15 percent marginal rate.

Figure F
Tax Generated, Modified Taxable Income, and Number of Taxable Returns Classified by Marginal Tax Rate, Tax Year 1987

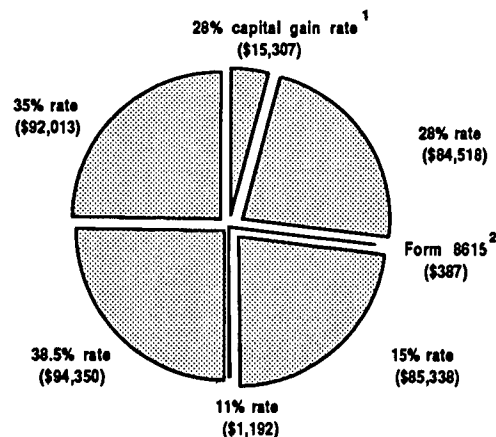
[Money amounts are in millions]



Number of Taxable Returns (Total: 89,692,395)



Modified Taxable Income (Total: \$1,847,753)



Tax Generated (Total: \$373,102)

¹ Net long-term capital gains taxed at the maximum rate of 28 percent, and no income taxed at a higher rate.

² Filed by dependents with more than \$1,000 in investment income to ensure that their income was taxed as if it were that of their parents.

In columns 10 through 12, 22 through 24, 34 through 36, 46 through 48, and 58 through 60, a return was classified by each rate that generated a tax. For example, columns 10, 11, and 12 show that 77,958,663 returns had some income taxed at the 15 percent rate; the modified taxable income taxed at this rate was \$1.03 trillion and the tax generated by the rate was \$154.9 billion.

The amount of tax generated by each specific tax rate, from 11 to 38.5 percent, as well as the corresponding number of returns and the amount of taxable income classified by size of AGI, are presented in Table 2. For example, column 1 shows that 4,899,861 returns with taxable income showed an AGI between \$14,000 and \$16,000; column 3 shows that these returns had modified taxable income of \$39.2 billion, on which \$5.5 billion of tax was generated. Column 8 shows that 4,622,267 of these returns had a portion of income taxed at the 15 percent rate; column 9 shows that these returns had \$28.2 billion of modified taxable income subject to the 15 percent rate, and column 10 shows that \$4.2 billion of tax was generated from these returns at this rate.

DERIVATION OF TAX

Regular Tax

Table 1 includes two amounts of income tax: "tax generated" and "income tax after credits." Both were used to determine the total income tax amount. Tax generated was the initial tax computed when tax rates were applied to taxable income. Column 5 in Table 1 shows that approximately \$373 billion of tax was generated by applying tax rates to taxable income. For most taxpayers, tax generated was equal to income tax before credits. For others, income tax before credits was derived by adding to the tax generated from the tax rate schedules, the special taxes on accumulation distributions of trusts and lump-sum distributions from qualified retirement plans when the special 10-year averaging method was used. Income tax after credits was derived by subtracting, in the following order, the credits for child and dependent care, the credit for care for the elderly or permanently and totally disabled, the foreign tax credit, the general business credit, and the earned income credit (to the extent that its application did not reduce tax below zero; this amount therefore excludes the refundable portion of the credit). Income tax after credits on returns with modified taxable income, shown in column 7 of Table 1, amounted to more than \$367 billion.

Figure G shows the derivation of aggregate income tax for 1987. Total income tax, used in Figures A and B but not shown in Tables 1 and 2, is the sum of income tax after credits and the alternative minimum tax (AMT) [12]. Tax

Figure G.—Derivation of 1987 Tax as Shown in Statistics of Income

	TAX
TAX GENERATED FROM TAX RATE SCHEDULES OR TAX TABLE	\$373.1 billion
PLUS: Taxes from special computations, total	\$0.8 billion
— Tax on accumulation distribution of trusts	
— Tax on lump-sum distributions from qualified retirement plans	
EQUALS:	
INCOME TAX BEFORE CREDITS	\$373.9 billion
LESS: Tax credits, total	\$6.3 billion
— Child-care credit	
— Foreign tax credit	
— General business credit	
— Elderly or disabled credit	
— Earned income credit (limited to the amount needed to reduce total tax to zero)	
EQUALS:	
INCOME TAX AFTER CREDITS	\$367.5 billion
PLUS: Alternative minimum tax	\$1.7 billion
EQUALS:	
TOTAL INCOME TAX	\$369.2 billion

attributable to the alternative minimum tax, which was computed on a different base from that used for the statistics in these two tables, is excluded from Tables 1 and 2. Nearly 140,000 returns reported \$1.7 billion of alternative minimum tax for 1987.

Alternative Minimum Tax

For 1987, the alternative minimum tax (AMT) was revised in a continuing attempt to ensure that taxpayers with substantial "economic income" could not avoid some tax liability [13]. The starting point for calculating the "alternative minimum taxable income" (AMTI) was changed for 1987 from AGI to "taxable income." Figure H shows the 1986 and 1987 methods of deriving AMTI. For 1986, the taxpayer started with AGI and subtracted only those deduction items which were allowable for AMT purposes; for 1987, the taxpayer started with "taxable income" and those deduction items not allowable for AMT were added back. This represented a purely mechanical change; it is important to note that both computations still proceeded to add back specific "tax preference" items to arrive at AMTI. (Tax preferences are income and expense items accorded beneficial tax treatment under the Internal Revenue Code.)

In addition to this change in the starting point for computing AMTI, there were several changes in the treatment of its components. For 1987, the net operating loss deduction (representing the business net losses of other years that were offset against the current-year business income) was replaced in AMTI by an alternative net operating loss deduction (which was limited to a maximum of 90 percent of the AMTI). Also, several items were added to account for changed depreciation rules. A single item for 1986 was replaced by two for 1987, one for accelerated depreciation under the Accelerated Cost Recovery System (ACRS) rules

Figure H.--Calculation of Alternative Minimum Taxable Income for 1987

	Taxable Income
PLUS:	Net operating loss deduction
PLUS:	Adjustments
	— Standard deduction from Form 1040
	— The lesser of allowable Medical and dental expense or 2.5 percent AGI
	— Miscellaneous itemized deductions subject to the 2 percent of AGI limitation
	— State and local income, real estate, and other taxes
	— The deductible portion of personal interest
	— Other interest adjustments ¹
	— Excess of depreciation on property placed in service after 1986 over less generous methods allowed for alternative minimum tax purposes (straight-line or 150% declining balance depending on type of property)
	— Excess of mining exploration and development costs over the allowable amortization had they been capitalized
	— Excess of circulation and research and experimental expenditures paid or incurred after 1986 over the allowable amortization had they been capitalized
	— Accrued income from long-term contracts entered into after 1986
	— Excess of rapid amortization of pollution control facilities placed in service after 1986 over otherwise allowable depreciation
	— Adjustment to disallow the installment sales method of accounting for sales of certain types of property
	— Adjustment of basis of property disposed of in 1987 the basis of which was affected by accelerated depreciation or rapid amortization which was reduced for alternative minimum tax purposes (may be negative)
	— Adjustment for refigured loss from activities in which allowable losses are limited, taking into account alternative minimum tax adjustments and preference items (may be negative)
	— Adjustment for refigured tax shelter farm losses, taking into account alternative minimum tax adjustments and preference items
	— Passive activity loss (no phase-in of the passive activity loss limitations are allowed for alternative minimum tax purposes)
	— Income distribution deduction for beneficiaries of estates and trusts
PLUS:	Tax Preference Items
	— Excess of accelerated depreciation of real property placed in service before 1987 over straight-line
	— Excess of accelerated depreciation of leased property placed in service before 1987 over straight-line
	— Excess of rapid amortization of pollution control facilities placed in service before 1987 over allowable depreciation
	— Excess of appreciated property charitable deduction over the basis of the property
	— Excess of shares' market value over option price when an incentive stock option has been exercised
	— Amount by which excess of intangible drilling costs over allowable amortization on these costs had they been capitalized exceeds 65 percent of taxpayer's income from oil, mineral, and geothermal properties
	— Tax-exempt interest from private activity bonds issued after August 7, 1986
	— Excess depletion of mineral reserves over adjusted basis
	— Excess of reserves for losses on bad debts of financial institutions deduction over the allowable deduction had the institution maintained a reserve that accurately reflected the incidence of bad debts
MINUS:	Alternative tax net operating loss deduction
EQUALS:	Alternative minimum taxable income

¹Includes interest attributable to the amount in excess of the remaining balance of a mortgage loan, when that loan has been refinanced for an amount greater than the remaining balance, and when that excess amount was not used for home improvements. Also includes the difference between investment interest expense on Form 4952 and interest from Form 4952 refigured for alternative minimum tax purposes.

Figure H.--Calculation of Alternative Minimum Taxable Income for 1986

Adjusted gross income	
LESS:	Adjustments
	— Medical and dental expenses reduced by 10 percent of AGI
	— Charitable contributions
	— Casualty and theft losses
	— Qualified interest on property used as a residence
	— The smaller of Net investment income or Other interest ^{1,2}
	— Gambling losses to the extent of gambling income
	— Estate tax allowable under Code section 691 (c)
	— Charitable deduction and Income distribution deduction for estates and trusts
PLUS:	Tax Preference Items
	— Dividend exclusion
	— 60 percent capital gains exclusion
	— Excess of accelerated depreciation on real property over less generous methods required to be used for alternative minimum tax purposes (the method varies with type of property)
	— Excess of accelerated depreciation on leased property over less generous methods required to be used for alternative minimum tax purposes (the method varies with type of property)
	— Excess of rapid amortization of certified pollution control facilities over otherwise allowable depreciation
	— Excess of mining, exploration, and development costs over allowable amortization had these cost been capitalized
	— Excess of circulation and research and experimental expenditures over allowable amortization had these expenditures been capitalized
	— Reserves for losses on bad debts of financial institutions
	— Excess of depletion over basis of property
	— Excess of shares' market value over option price when an incentive stock option has been exercised
	— Excess of intangible drilling costs over taxpayer's net income from oil, gas, and geothermal properties
EQUALS:	Alternative minimum taxable income (AMTI)

¹Investment income is defined as interest, dividends, rents, royalties not derived in a trade or business, and capital gains from the sale or exchange of property held for investment.

²Other interest is defined as any interest paid other than that paid on property used as a residence.

in effect prior to 1987, and one for depreciation calculated under the Modified ACRS (MACRS) rules in effect after 1986. Depreciation was then recomputed using a less-generous method (either straight-line or 150 percent declining balance). The difference between the accelerated depreciation and the less generous depreciation was a tax preference that was added into AMTI. Further, tax-exempt interest from "private activity bonds" issued after August 7, 1986 was another new "preference" included in AMTI. In addition, for 1987, income earned but not yet received under long-term contracts entered into after 1986 was included in AMTI, as was an adjustment disallowing the installment method of accounting for sales of certain kinds of property; no such addition or adjustment was made for 1986. Since the 60 percent capital gains exclusion and the \$400 dividend exclusion amounts were eliminated as tax preferences starting with 1987, they were eliminated from the 1987 computation. Other conceptual changes introduced starting with 1987 included an adjustment reducing the deduction for any non-cash charitable contribution to the extent that the contribution included the appreciated value of the property in excess of its cost or "adjusted basis." Finally, several new items related to deductible passive losses and to tax shelter rules were added for 1987. These included an adjustment of passive activity losses to reduce them by the amount of any deduction recognized in calculating AMTI, and the adding back of tax shelter farm losses to the extent that they were previously limited due to the use of tax preference items adjusted in calculating AMTI.

The alternative minimum tax was computed from AMTI using the following steps. First, AMTI was reduced by an exemption amount. For both 1986 and 1987, the AMTI exemption for single filers was \$30,000; for joint filers the amount was \$40,000. For 1987, the exemption was phased out above certain levels of AMTI. For single (joint) filers, the phaseout began at \$112,500 (\$150,000) of AMTI and ended at 232,500 (\$310,000) of AMTI. In contrast, for 1986, there was no phaseout. For 1986, after reducing AMTI by the exemption amount, the result was subjected to a 20 percent tax rate; for 1987, the rate was increased slightly to 21 percent. For 1986, income tax after credits from Form 1040 was also subtracted from the 20 percent tax; for 1987, income tax *before* credits (reduced by the foreign tax credit) was subtracted from the tax. For both years, a recomputed foreign tax credit was used for this purpose. The net tax remaining for each year was the alternative minimum tax.

Although it may appear that there is considerable difference in the treatment of tax credits between the 2 years, many of the credits involved were reduced or disallowed at the income levels where taxpayers became subject to the

alternative minimum tax. One significant difference in the treatment of credits was the limitation of the alternative minimum foreign tax credit for 1987 to 90 percent of the alternative minimum tax prior to application of the credit. This change alone would have resulted in more taxpayers being subject to the AMT.

Figure I provides a summary of data from Form 6251, Alternative Minimum Tax for Individuals.

DEFINITIONS

Brief definitions of the major tax concepts discussed in this article follow. For more extensive definitions, see *Statistics of Income--1987, Individual Income Tax Returns*.

Adjusted Gross Income--Adjusted gross income (AGI) is computed by subtracting statutory adjustments (primarily business, investment or employee-related deductions, such as payments to a Keogh retirement plan) from total income recognized under the tax code. Total income includes, for example, salaries and wages, taxable interest, dividends, and the net amounts from sources such as business income, rents and royalties, and capital and ordinary gains from asset sales. For 1987, it included the full amount of capital gains and dividends (each of which had had an excludable portion for 1986), and included some social security and pension benefits, among other items.

Marginal Tax Rate--The marginal tax rate presented in this article is the highest tax rate that applied to the last dollar of income included in taxable income on a given return. Returns where a special tax computation (from Form 1040, Schedule D, Part IV) was used to limit the tax rate on net long-term capital gains to 28 percent and where the taxpayer had no income taxed at a rate above 28 percent are shown separately in the tables [14]. Returns of dependents with a Form 8615 attached are also shown separately when the use of Form 8615 resulted in the taxation of the dependent's income as if it were that of his or her parents.

Taxable Income--For 1987, taxable income was AGI less the sum of personal exemption amounts and either the standard deductions for non-itemizers or total itemized deductions for all others.

Modified Taxable Income--For 1987, modified taxable income equals taxable income for all returns (included in the sample on which these statistics were based) which were filed for Tax Year 1987, plus an estimated amount for returns filed in 1988 (the year in which returns for Tax Year 1987 were due) but actually covering tax years prior to

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Figure 1.--Selected Data from Alternative Minimum Tax Computation, by Size of Adjusted Gross Income, Tax Year 1987
 [Money amounts are in thousands of dollars]

Size of adjusted gross income	Taxable income 1/		Total adjustments		Total tax preferences	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
All returns.....	3,294,526	\$291,595,222	3,291,920	\$57,444,968	1,255,281	\$6,497,976
Less than zero.....	53,334	-4,838,122	53,696	4,285,878	21,611	266,994
Zero under \$10,000.....	113,646	-223,576	114,551	678,632	17,392	19,927
\$10,000 under \$20,000.....	155,850	876,015	154,463	866,906	56,649	90,286
\$20,000 under \$30,000.....	164,302	2,258,851	164,302	1,173,318	52,133	120,669
\$30,000 under \$40,000.....	223,392	5,429,192	223,392	1,504,497	78,541	218,951
\$40,000 under \$50,000.....	337,711	10,716,607	337,711	2,454,132	112,264	145,207
\$50,000 under \$75,000.....	853,702	37,671,639	853,552	6,661,778	306,610	532,736
\$75,000 under \$100,000.....	464,785	28,718,805	463,957	5,298,634	177,422	405,423
\$100,000 under \$200,000.....	584,446	60,772,690	583,321	10,944,678	248,556	1,257,839
\$200,000 or more.....	343,358	150,213,123	342,975	23,576,516	184,103	3,439,944

Size of adjusted gross income	Alternative minimum taxable income		Form 1040 income tax 2/		Alternative minimum tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
All returns.....	3,295,911	\$351,624,109	3,118,016	\$84,893,648	125,251	\$1,496,434
Less than zero.....	53,810	-2,687,602	-	-	6,752	141,181
Zero under \$10,000.....	114,551	325,985	46,781	11,032	1,921	25,418
\$10,000 under \$20,000.....	155,850	1,724,892	129,936	127,745	1,524	4,502
\$20,000 under \$30,000.....	164,302	3,528,756	156,418	342,413	7,009	16,244
\$30,000 under \$40,000.....	223,392	6,885,321	220,050	913,644	7,225	35,907
\$40,000 under \$50,000.....	337,711	13,210,654	332,977	1,979,488	6,650	30,092
\$50,000 under \$75,000.....	853,702	44,623,178	847,568	7,789,157	17,172	67,010
\$75,000 under \$100,000.....	464,785	34,319,158	462,164	6,887,280	14,128	80,423
\$100,000 under \$200,000.....	584,446	72,901,799	581,099	17,068,912	34,182	310,853
\$200,000 or more.....	343,362	176,791,970	341,023	49,773,977	28,688	784,003

1/ Includes alternative net operating loss deduction.

2/ Income tax before credits from Form 1040, minus the foreign tax credit.

1987. Each year, a small number of returns for prior tax years are filed during the period in which the SOI sample for the current tax year is being selected. A few of these returns are selected for the SOI sample, and act as proxies for returns for the current tax year which will be filed during a later filing period. The tax on these returns is based on a previous year's tax law (which reflects different tax rates and income concepts). For purposes of the statistics, taxable income is adjusted to equal an amount necessary to generate, using current-year rates, the tax actually shown on the return. This estimated amount is used to represent the taxable income for these returns.

Taxable Returns--For 1987, a return was considered "taxable" if it showed an amount of income tax after tax credits or if it had "total income tax" (which included the "alternative minimum tax"). The following taxes were not recognized in this computation of tax: self-employment tax; tax on recapture of prior years' investment credits; social security tax on certain tip income; and the penalty tax on premature distributions from, and excess contributions to, Individual Retirement Arrangements (IRA's).

Tax Generated--This was the tax calculated from the tax rate schedules (or tax tables) on taxable income, along with tax generated from Form 8615 and Form 1040, Schedule D, Part IV, (described above, under "marginal tax rates"). It

did not take into account the alternative minimum tax or the effect of tax credits. For most returns (those without one of the "taxes from special computations" described under "taxable returns" above), tax generated equalled income tax before credits.

Total Income Tax--Total income tax was the sum of income tax after credits and the alternative minimum tax.

DATA SOURCES AND LIMITATIONS

These statistics are based on a sample of individual income tax returns (Forms 1040, 1040A, and 1040EZ) filed with the Internal Revenue Service in 1988. Returns in the sample were stratified based on the larger of total income or total loss; size of business plus farm receipts; the presence or absence of Schedule C, Profit (or Loss) from Business or Profession; and Schedule F, Farm Income and Expenses. Returns were selected at rates ranging from 0.03 percent (for the more numerous smaller size returns) to 100 percent (for the relatively few returns with large income amounts), resulting in 125,887 returns being selected from a population of 107,173,061.

Because the data presented in this article are estimates based on a sample, they are subject to sampling, as well as nonsampling, error. To make proper use of the statisti-

cal data provided, the magnitude of the potential sampling error needs to be known. Figure J presents approximate coefficients of variation (CV's) for frequency estimates. The approximate CV's shown here are intended only as a general indication of the reliability of the data. For a number other than those shown, the corresponding CV's can be estimated by interpolation. The reliability of estimates based on samples, the use of coefficients of variation for evaluating the precision of sample estimates, and nonsampling error considerations are discussed in the methodological Appendix at the back of this issue of the *Bulletin*.

Figure J.—Coefficients of Variation for Frequency Estimates, 1987

Estimated number of returns	Approximate coefficient of variation
5,620,600	0.018
4,552,700	0.020
728,400	0.050
182,100	0.100
45,500	0.200
20,200	0.300
14,900	0.350
7,300	0.500

NOTES AND REFERENCES

- [1] For purposes of this article, the marginal tax rate for a return is defined as the highest rate at which any amount of income on the return was taxed. For a more general discussion of marginal tax rates see Appendix I.
- [2] Details of the recalculation of AGI to match the 1979 concept may be found in *Statistics of Income—1987, Individual Income Tax Returns*, p. 8, and in *Statistics of Income—1986, Individual Income Tax Returns*, p. 4.
- [3] For a description of the changes in tax rates contained in the Economic Recovery Tax Act of 1981, see Labate, John and Holik, Dan, "Individual Income Tax Rates, 1986," *Statistics of Income Bulletin*, Spring 1989, Volume 8, Number 4.
- [4] In addition to the 15 percent and 28 percent brackets, a 5 percent surtax on taxable income between \$71,900 and \$149,250 for joint filers and on taxable income between \$43,150 and \$89,560 for single filers was included in the rate structure which was effective for 1988. This surtax resulted in a 33 percent effective marginal tax rate for taxpayers in these income ranges. This surtax effectively phased out the benefits taxpayers received by having some income taxed at a 15 percent rate rather than at a 28 percent rate. The income cutoff points for subsequent years were to be adjusted through indexing for the effects of inflation. In addition to the surtax on income in the above-mentioned intervals, a 5 percent surtax was imposed on income above these intervals in order to phase out the benefits of personal exemption for taxpayers and their dependents. Once the value of the personal exemptions was phased out, the taxpayer's marginal tax rate returned to 28 percent.
- [5] The surtax was eliminated by the Revenue Reconciliation Act of 1990, beginning for tax year 1991, in favor of a 31 percent tax bracket, a phaseout of the personal exemption amounts for taxpayers and dependents with income above certain thresholds, and a reduction in the itemized deduction of taxpayers with AGI above certain thresholds. For 1991, the 31 percent rate applied to amounts of taxable income over \$78,400 for married persons filing jointly, over \$67,200 for heads of household, to taxable income over \$47,050 for single filers, and over \$39,200 for married persons filing separately. Personal exemptions were phased out for single taxpayers with AGI over \$100,000, for heads of household with AGI over \$125,000, for taxpayers filing joint returns with AGI over \$150,000, and for married taxpayers filing separately with AGI over \$75,000. Two percent of the exemption amount was disallowed for each \$2,500 or fraction thereof of AGI on a taxpayer's return in excess of these threshold amounts. The reduction on itemized deductions applied to taxpayers with amounts of AGI in excess of \$100,000 (\$50,000 for married taxpayers filing separately). Itemized deductions were reduced by the lesser of 3 percent of the amount of AGI in excess of the threshold, or 80 percent of allowable itemized deductions excepting medical expenses, casualty losses, investment interest, and allowable gambling losses.
- [6] For more information, see Hostetter, Susan and Bates, Jeffrey, "Individual Income Tax Returns," *Statistics of Income Bulletin*, Spring, 1989, Volume 8, Number 4.
- [7] A source of income is defined as passive if it is a trade or business in which the taxpayer does not "materially participate," or if it is a rental real estate activity. A taxpayer "materially participates" in an activity if he or she is involved on a regular, continuous, and substantial basis in the operations of the activity. In general, the Tax Reform Act of 1986 limited the deductibility of passive losses, allowing such deductions only to offset passive income. This provision was to be phased in starting with Tax Year 1987. Only 65 percent of losses from passive activities other than rental

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real estate entered into prior to October 23, 1986, could be used to offset income from non-passive sources for Tax Year 1987.

The Act made an exception to the general rule for rental real estate activities. For taxpayers with AGI less than \$100,000, up to \$25,000 in rental real estate losses was allowed to offset non-passive income. For taxpayers with AGI in excess of \$100,000, this \$25,000 exception amount was reduced by 50 percent of the amount of their AGI in excess of \$100,000; this effectively eliminated the \$25,000 exception for taxpayers with AGI of \$150,000 or more. All rental real estate losses in excess of the exception amount were subject to the same limitations on their deductibility as other passive losses.

For more information on limitations on the deductibility of passive losses, see Hostetter, Susan and Bates, Jeffrey, "Individual Income Tax Returns, Preliminary Data, 1987," *Statistics of Income Bulletin*, Spring, 1989, Volume 8, Number 4; Middough, Joseph H., "Partnership Returns, 1987," *Statistics of Income Bulletin*, Volume 9, Number 3; Nelson, Susan and Petska, Tom, "Partnerships, Passive Losses, and Tax Reform," *Statistics of Income Bulletin*, Winter 1989-1990, Volume 9, Number 3; and Nelson, Susan and Petska, Tom, "Partnerships and Tax Shelters: An Analysis of the Impact of the 1986 Tax Reform," *1990 Proceedings of the American Statistical Association, Section on Survey Research*, 1991 (in preparation at the time this article was written). For further information on the Tax Reform Act of 1986, see U.S. Congress, Joint Committee on Taxation, *General Explanation of the Tax Reform Act of 1986* (H.R. 3838, 99th Congress, Public Law 99-514), May 4, 1987.

- [7] For returns included in the sample on which the 1987 statistics were based which represented prior-year tax periods, the taxable income necessary to generate the amount of tax on these returns under the 1987 rate structure was estimated for the statistics, thus the term "modified taxable income" used in Tables 1 and 2. See also, "modified taxable income" under Definitions.
- [8] The 1987 tax rate schedules were published in the Instructions for Preparing Form 1040; they are reproduced in *Statistics of Income--1987, Individual Income Tax Returns*.
- [9] A taxpayer who did not remarry after the death of a spouse, and who had a dependent living with him or

her, was allowed to use "qualifying widow(er) with dependent child" as his or her filing status if his or her spouse had died within 2 years prior to Tax Year 1987. Those who qualified could use the married filing jointly tax rates when calculating their 1987 tax.

- [10] Figure K demonstrates the slightly different amounts of tax derived from tax rate schedules and tax tables for a single taxpayer with an AGI of \$25,000, one exemption, the standard deduction, and \$20,560 of taxable income.

Figure K.--Example of the Income Tax Calculation for a Single Taxpayer who used the Standard Deduction, Tax Year 1987

Adjusted gross income	\$25,000.00
Exemption amount.....	-1,900.00
Standard deduction amount.....	-2,540.00
Taxable income.....	\$20,560.00
Tax Based on 1987 Tax Rates for Single Taxpayers	
First \$1,800 of taxable income taxed at 11%.....	\$198.00
Next \$15,000 of taxable income taxed at 15%.....	2,250.00
Next \$3,760 of taxable income taxed at 28%.....	1,052.80
Tax on \$20,560 of taxable income based on tax rate schedule for single taxpayers.....	\$3,500.80
Tax Based on 1987 Tax Table	
Tax on \$20,560 of taxable income from the 1987 tax table..	\$3,505.00
Difference.....	\$4.20

- [11] This calculation is contained in Form 1040, Individual Income Tax Return, Schedule D, Part IV. For more information on the treatment of capital gains, see Hostetter, Susan and Bates, Jeffrey, *op. cit.*, p. 7.
- [12] Total income tax did not include certain other taxes reported on the individual income tax return, such as self-employment tax (social security tax for self-employed persons), the social security tax on certain tip income, and tax from recapture of prior-year investment credit. These taxes were included in "total tax liability," which is also shown in *Statistics of Income--1987, Individual Income Tax Returns*. For Tax Year 1987, total tax liability equalled \$384.5 billion, and was reported on 88,551,492 returns.
- [13] Of the 107.0 million returns filed, only approximately 3.3 million (3.1 percent) included Form 6251, and only 139,779 of these (0.1 percent of the total number of returns) reported an alternative minimum tax liability.
- [14] The limitation of the rate on net long-term capital gains had two effects. One was to broaden the 28 percent tax bracket for taxpayers with net long-term capital gains who used Schedule D, Part IV, to limit the tax rate on net long-term capital gains to 28

percent. The second was to provide taxpayers who had net long-term capital gains as well as some income taxed at a rate higher than 28 percent two different marginal rates, one on net long-term capital gains and the other on all other income. In some cases, this may have influenced their economic behavior, causing them to prefer activities which generated long-term capital gains to other opportunities.

APPENDIX I: GENERAL DEFINITION OF MARGINAL TAX RATE

This article defines the marginal tax rate for a return as the highest rate applied to any amount of income on that return. The definition used in this article is not the only one possible. In general, the calculation of a marginal tax rate for a given return depends upon: (1) the type(s) of income (e.g., salaries and wages, long-term capital gains, or investment income on a dependent's return) reported on the return, which affects the type of tax computation used (e.g., tax tables or tax rate schedules; the Form 1040, Schedule D, Part IV computation used to limit the maximum tax rate on long-term capital gains; or Form 8615, used by dependents under age 14 with over \$1,000 in investment income or alternative minimum tax), and the order in which income was assumed to be "stacked." In cases where one considers different types of income, some of which may be only partially subject to tax, or which may be taxed at different rates, it is necessary to make some assumptions about which dollar was earned "last" in order to calculate the tax rate on the income earned from having taken advantage of the marginal or "last" opportunity. This calculation of the marginal rate may be complicated further by the payment of an alternative minimum tax. The addition of alternative minimum tax liability generated by taking advantage of the marginal income-earning opportunity over the "regular" tax generated by income from this opportunity may increase the effective marginal rate.

For example, consider a single, non-dependent taxpayer taking the standard deduction with salary and wage

income of \$27,000, interest income of \$3,000, and a long-term capital gain of \$3,000. One might make the assumption that the decision to earn salary and wage income was made first, that the taxpayer next decided to earn interest income, and that his or her final decision concerned realizing a long-term capital gain. This would make the rate paid on long-term capital gains, 28 percent, the taxpayer's marginal tax rate; that is, the taxpayer chose last to realize a capital gain. This decision may have been influenced not by the 35 percent rate which he would have faced on another dollar of salary and wage or interest income, but by the 28 percent rate on long-term capital gains. On the other hand, one might make the alternative assumption that the taxpayer decided some time ago to invest in an opportunity which would produce long-term capital gains, then decided how much to invest in interest bearing securities and accounts, and decided last whether to earn extra salaries and wages (say, through working overtime). The taxpayer's marginal tax rate would then be 35 percent, the rate applicable to the salaries and wages. This decision to earn extra salary and wage income would not be affected by the 28 percent rate faced on long-term capital gains.

Rather than adopt a particular set of beliefs about the order in which taxpayers undertake income-earning activities, SOI stacks income in a behavior-neutral fashion, choosing to consider the amount taxed at the highest rate to contain the last dollar earned. Each return is classified by examining the types and amounts of income earned to determine the highest rate to which any of this income was subject. When the 28 percent tax bracket was "widened" through the use of the Form 1040, Schedule D, Part IV, calculation to limit the tax rate on long-term capital gains to 28 percent, and no income was taxed at a rate higher than 28 percent, then SOI considered that the capital gain was the marginal amount, and the return was classified in the "28 percent capital gains" category. Returns were classified as "Form 8615" if they were returns of dependents under age 14 with more than \$1,000 in investment income, Form 8615 was used to compute the tax on their investment income as if it were their parents' income, and this resulted in a higher tax liability than if the income were taxed as the dependents' own.

Table 1. —Returns With Modified Taxable Income: Taxable Income and Tax Classified by Both the Marginal Rate and Each Rate at Which Tax was Computed

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Tax rate classes	All returns											
	Classified by the highest marginal rate at which tax was computed								Classified by each rate at which tax was computed			
	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits			Number of returns	Income taxed at rate	Income tax generated at rate 1
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of adjusted gross income	As a percent of modified taxable income			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
All rates	89,692,395	2,736,044,210	1,847,753,421	852,699,709	373,102,475	195,383,348	367,466,562	13.4	19.9	89,692,395	1,847,753,421	373,142,380
11 percent	11,275,370	73,486,705	10,875,666	10,875,666	1,190,653	1,196,323	917,495	1.2	8.4	89,687,333	203,286,554	22,361,521
15 percent	51,891,296	1,050,234,451	602,547,415	477,057,595	85,337,811	71,558,639	82,350,139	7.8	13.7	77,958,663	1,032,425,068	154,863,760
28 percent	16,289,355	674,713,112	487,883,905	100,053,592	84,518,459	28,015,006	83,757,568	12.4	17.2	25,777,593	235,708,808	65,998,466
28 percent capital gains	755,117	80,181,701	63,321,582	41,032,935	15,306,664	11,489,222	15,169,538	18.9	24.0	3,238,231	94,773,600	26,536,615
35 percent	7,567,975	509,838,911	394,149,359	83,631,194	92,012,522	29,270,918	91,623,293	18.0	23.2	9,016,568	141,509,355	49,528,274
38.5 percent	1,448,591	345,975,800	287,616,194	138,952,350	94,349,736	53,496,655	93,286,735	27.0	32.4	1,448,593	138,953,657	53,497,158
Form 8615	464,691	1,613,530	1,359,300	1,096,377	386,629	356,585	361,794	22.4	26.6	464,691	1,096,377	356,585

Tax rate classes	Joint returns and returns of surviving spouses											
	Classified by the highest marginal rate at which tax was computed								Classified by each rate at which tax was computed			
	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits			Number of returns	Income taxed at rate	Income tax generated at rate 1
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of adjusted gross income	As a percent of modified taxable income			
(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	
All rates	42,377,012	1,899,882,806	1,282,875,175	574,782,979	267,086,911	138,011,531	263,447,474	13.9	20.5	42,377,012	1,282,875,175	267,105,414
11 percent	2,667,140	33,762,252	4,081,636	4,081,636	447,648	448,980	317,611	0.9	7.8	42,377,012	123,211,252	13,553,238
15 percent	23,663,572	658,962,629	366,270,150	295,279,434	52,089,606	44,291,915	50,518,190	7.7	13.8	39,709,872	696,436,934	104,465,540
28 percent	9,865,575	492,159,919	347,905,007	71,668,907	60,314,024	20,067,294	59,642,575	12.1	17.1	15,880,869	171,950,350	48,146,098
28 percent capital gains	468,482	58,416,572	45,870,799	29,579,992	11,083,294	8,282,398	10,968,704	18.8	23.9	2,265,629	70,952,620	19,866,741
35 percent	4,686,665	377,264,762	287,297,130	61,019,005	67,090,997	21,356,652	66,790,568	17.7	23.2	5,712,243	107,170,015	37,509,505
38.5 percent	1,025,578	279,316,671	231,450,452	113,154,004	76,061,342	43,564,292	75,209,827	26.9	32.5	1,025,578	113,154,004	43,564,292
Form 8615	—	—	—	—	—	—	—	—	—	—	—	—

Tax rate classes	Separate returns of husbands and wives											
	Classified by the highest marginal rate at which tax was computed								Classified by each rate at which tax was computed			
	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits			Number of returns	Income taxed at rate	Income tax generated at rate 1
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of adjusted gross income	As a percent of modified taxable income			
(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	
All rates	1,329,375	30,066,888	20,753,457	9,954,023	4,526,070	2,527,119	4,450,963	14.8	21.4	1,329,375	20,753,457	4,526,679
11 percent	114,970	586,743	79,335	79,335	8,657	8,727	8,463	1.4	10.7	1,329,375	1,900,943	209,104
15 percent	745,780	9,729,733	5,578,868	4,460,198	791,723	669,030	788,512	8.1	14.1	1,214,405	10,318,011	1,547,702
28 percent	276,321	6,798,603	4,952,627	1,084,133	867,117	303,557	866,322	12.7	17.5	465,996	2,662,291	745,442
28 percent capital gains	10,462	1,249,631	961,257	782,287	249,494	219,040	247,874	19.8	25.8	48,909	1,654,026	463,126
35 percent	152,059	6,218,066	4,712,747	1,121,192	1,112,151	392,417	1,098,994	17.7	23.3	181,842	1,791,309	626,958
38.5 percent	29,783	5,484,111	4,468,623	2,426,877	1,496,928	934,348	1,440,798	26.3	32.2	29,783	2,426,877	934,348
Form 8615	—	—	—	—	—	—	—	—	—	—	—	—

Footnote(s) at end of table.

Table 1.—Returns With Modified Taxable Income: Taxable Income and Tax Classified by Both the Marginal Rate and Each Rate at Which Tax was Computed—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Tax rate classes	Returns of heads of households											
	Classified by the highest marginal rate at which tax was computed									Classified by each rate at which tax was computed		
	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits			Number of returns	Income taxed at rate	Income tax generated at rate ¹
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of adjusted gross income	As a percent of modified taxable income			
(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	
All rates	7,695,124	160,553,716	95,140,178	54,612,893	15,991,463	9,825,271	14,370,533	9.0	15.1	7,695,124	95,140,178	15,995,167
11 percent	1,170,516	10,251,095	1,417,580	1,417,580	155,333	155,934	18,002	0.2	1.3	7,695,124	17,729,100	1,950,201
15 percent	5,589,906	102,856,090	57,413,026	43,438,261	8,050,240	6,515,739	6,689,992	6.5	11.7	6,524,608	62,599,652	9,389,948
28 percent	717,485	27,546,508	20,415,265	3,913,110	3,498,902	1,095,671	3,438,588	12.5	16.8	924,054	6,888,300	1,928,724
28 percent capital gains	25,047	2,326,295	1,907,522	1,238,800	456,773	346,864	449,367	19.3	23.6	63,490	2,086,627	584,256
35 percent	162,852	10,658,485	8,208,766	1,769,038	1,918,986	619,163	1,900,728	17.8	23.2	192,170	3,000,394	1,050,138
38.5 percent	29,318	6,915,243	5,778,019	2,836,105	1,911,228	1,091,900	1,873,856	27.1	32.4	29,318	2,836,105	1,091,900
Form 8615	—	—	—	—	—	—	—	—	—	—	—	—
Tax rate classes	Returns of single persons											
	Classified by the highest marginal rate at which tax was computed									Classified by each rate at which tax was computed		
	Number of returns	Adjusted gross income	Modified taxable income		Tax generated		Income tax after credits			Number of returns	Income taxed at rate	Income tax generated at rate ¹
			At all rates	At marginal rate	At all rates	At marginal rate	Total	As a percent of adjusted gross income	As a percent of modified taxable income			
(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	
All rates	38,290,884	645,540,800	448,984,611	213,349,815	85,498,030	45,019,427	85,197,593	13.2	19.0	38,290,884	448,984,611	85,515,120
11 percent	7,322,744	28,886,615	5,297,116	5,297,116	579,015	582,683	573,420	2.0	10.8	38,285,822	60,445,260	6,648,979
15 percent	21,892,038	278,685,999	173,285,370	133,879,702	24,406,241	20,081,955	24,353,445	8.7	14.1	30,509,778	263,070,471	39,460,571
28 percent	5,429,974	148,208,082	114,611,006	23,387,442	19,838,415	6,548,484	19,810,082	13.4	17.3	8,506,674	54,207,867	15,178,203
28 percent capital gains	251,126	18,189,203	14,582,004	9,431,855	3,517,104	2,640,919	3,503,593	19.3	24.0	860,203	20,080,327	5,622,492
35 percent	2,566,399	115,697,597	93,930,716	19,721,959	21,890,388	6,902,686	21,833,004	18.9	23.2	2,930,313	29,547,637	10,341,673
38.5 percent	363,912	54,259,775	45,919,100	20,535,364	14,880,238	7,906,115	14,762,254	27.2	32.1	363,914	20,536,671	7,906,618
Form 8615	464,691	1,613,530	1,359,300	1,096,377	386,629	356,585	361,794	22.4	26.6	464,691	1,096,377	356,585

¹ Because of how the data were processed, income tax generated at rate does not add to tax generated at all rates.
NOTE: Detail may not add to total because of rounding.

Table 2.—Returns With Modified Taxable Income: Tax Generated by Rate and by Size of Adjusted Gross Income

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of adjusted gross income	Number of returns	Taxable income	Modified taxable income	Tax generated at all rates ¹	Tax generated at specified rate								
					11 Percent			15 Percent			28 Percent		
					Number of returns	Modified taxable income	Tax generated at rate	Number of returns	Modified taxable income	Tax generated at rate	Number of returns	Modified taxable income	Tax generated at rate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
Total	89,692,395	1,850,213,466	1,847,753,421	373,102,475	89,687,333	203,286,554	22,361,521	77,958,663	1,032,425,068	154,863,760	25,777,593	235,708,808	65,998,466
Under \$2,000	1,748,122	641,987	641,987	88,001	1,746,303	553,375	60,871	—	—	—	—	—	—
\$2,000 under \$4,000	2,540,044	2,244,053	2,156,120	283,000	2,538,225	1,810,539	199,159	155,863	85,137	12,771	—	—	—
\$4,000 under \$6,000	3,816,545	5,674,534	5,437,779	689,854	3,816,545	4,261,213	468,733	1,124,241	996,749	149,512	—	—	—
\$6,000 under \$8,000	4,619,450	11,446,864	11,149,129	1,390,673	4,619,450	7,258,353	798,419	3,149,890	3,826,931	574,040	—	—	—
\$8,000 under \$10,000	4,807,720	18,483,311	18,097,789	2,382,445	4,807,720	8,354,022	918,942	3,880,351	9,696,604	1,454,491	—	—	—
\$10,000 under \$12,000	5,207,412	25,691,676	25,358,942	3,428,810	5,207,412	9,527,427	1,048,017	4,040,425	15,787,164	2,368,075	—	—	—
\$12,000 under \$14,000	5,236,664	33,881,591	33,526,012	4,602,634	5,236,664	10,984,897	1,208,339	4,527,514	22,473,857	3,371,079	—	—	—
\$14,000 under \$16,000	4,899,861	39,483,089	39,186,179	5,454,048	4,899,861	10,923,005	1,201,531	4,622,267	28,184,631	4,227,695	*3,638	*1,277	*358
\$16,000 under \$18,000	4,503,887	43,965,771	43,625,267	6,130,513	4,503,887	10,281,612	1,130,977	4,357,373	33,342,724	5,001,409	*2,296	*931	*261
\$18,000 under \$20,000	4,244,291	48,020,911	47,818,952	6,786,040	4,244,291	9,903,768	1,089,414	4,156,341	37,828,054	5,674,208	74,932	87,130	24,396
\$20,000 under \$25,000	8,967,574	126,032,289	125,696,804	18,467,794	8,967,574	21,865,775	2,405,235	8,905,484	100,044,715	15,006,707	2,102,006	3,786,314	1,060,168
\$25,000 under \$30,000	7,467,130	133,894,920	133,670,864	20,755,482	7,467,130	19,123,236	2,103,556	7,442,145	103,226,873	15,484,031	2,253,612	11,260,168	3,152,847
\$30,000 under \$40,000	11,578,336	270,912,746	270,722,479	43,480,588	11,576,953	31,151,300	3,426,643	11,557,553	209,862,088	31,479,313	3,861,875	24,915,354	6,976,299
\$40,000 under \$50,000	7,849,461	242,712,736	242,638,683	41,824,079	7,849,461	22,157,618	2,437,338	7,839,680	175,979,267	26,396,890	5,816,567	35,722,028	10,002,168
\$50,000 under \$75,000	8,099,602	347,978,968	347,971,052	70,281,139	8,099,602	23,340,979	2,567,508	8,094,986	193,084,203	28,962,630	7,723,485	97,248,871*	27,229,684
\$75,000 under \$100,000	2,060,924	129,661,321	129,707,724	31,404,121	2,060,924	5,950,760	654,584	2,059,690	49,425,877	7,413,882	1,997,156	31,674,018	8,868,725
\$100,000 under \$200,000	1,508,025	153,927,487	154,085,169	43,524,894	1,508,025	4,312,658	474,392	1,507,578	35,876,284	5,381,443	1,438,534	22,957,564	6,428,118
\$200,000 under \$500,000	427,751	100,643,807	100,798,819	32,853,303	427,751	1,215,763	133,734	427,738	10,119,819	1,517,973	403,844	6,461,807	1,809,306
\$500,000 under \$1,000,000	74,892	42,794,638	42,922,515	14,698,589	74,853	212,662	23,393	74,853	1,771,268	265,690	69,401	1,112,201	311,416
\$1,000,000 or more	34,704	72,120,769	72,541,155	24,576,469	34,702	97,589	10,735	34,691	812,823	121,923	30,247	481,144	134,720

Size of adjusted gross income	Tax generated at specified rate—continued											
	28 Percent Capital Gains			35 Percent			38.5 Percent			Form 8615		
	Number of returns	Modified taxable income	Tax generated at rate	Number of returns	Modified taxable income	Tax generated at rate	Number of returns	Modified taxable income	Tax generated at rate	Number of returns	Modified taxable income	Tax generated at rate
(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	
Total	3,238,231	94,773,600	26,536,615	9,016,568	141,509,355	49,528,274	1,448,593	138,953,657	53,497,158	464,691	1,096,377	356,585
Under \$2,000	—	—	—	—	—	—	—	—	—	229,117	88,612	27,928
\$2,000 under \$4,000	—	—	—	—	—	—	—	—	—	147,724	260,443	72,272
\$4,000 under \$6,000	—	—	—	—	—	—	—	—	—	47,709	179,817	73,481
\$6,000 under \$8,000	—	—	—	—	—	—	—	—	—	11,341	*63,845	20,422
\$8,000 under \$10,000	—	—	—	—	—	—	—	—	—	—	*5,884	*47,163
\$10,000 under \$12,000	—	—	—	—	—	—	—	—	—	—	*5,456	*44,350
\$12,000 under \$14,000	—	—	—	—	—	—	—	—	—	—	*5,455	*67,257
\$14,000 under \$16,000	—	—	—	—	—	—	—	—	—	—	*5,886	*77,266
\$16,000 under \$18,000	—	—	—	—	—	—	—	—	—	—	—	—
\$18,000 under \$20,000	—	—	—	—	—	—	—	—	—	—	—	—
\$20,000 under \$25,000	—	—	—	—	—	—	—	—	—	—	—	—
\$25,000 under \$30,000	*5,534	*36,566	*10,240	19,215	24,022	8,408	—	—	—	—	—	—
\$30,000 under \$40,000	215,657	908,708	254,433	1,212,603	3,743,551	1,310,243	—	—	—	*4,580	*141,478	*38,833
\$40,000 under \$50,000	203,642	1,166,572	326,641	899,366	7,613,198	2,664,619	—	—	—	—	—	—
\$50,000 under \$75,000	1,018,970	7,171,813	2,008,111	3,192,009	26,480,505	9,268,177	106,942	595,731	229,356	*1,047	*48,950	*18,599
\$75,000 under \$100,000	717,804	7,566,270	2,118,557	1,820,128	33,174,347	11,611,021	121,841	1,885,874	726,061	*391	*30,578	*11,703
\$100,000 under \$200,000	742,333	19,244,571	5,388,484	1,380,282	49,998,200	17,499,370	758,101	21,693,842	8,352,129	*50	*2,050	*1,024
\$200,000 under \$500,000	256,816	18,956,559	5,307,837	394,942	16,367,362	5,728,577	367,574	47,677,508	18,355,841	—	—	—
\$500,000 under \$1,000,000	51,270	10,780,729	3,018,604	68,114	2,860,798	1,001,279	65,174	26,156,398	10,070,213	*39	*28,458	*7,978
\$1,000,000 or more	26,205	28,941,812	8,103,707	29,909	1,247,373	436,581	28,961	40,944,304	15,763,557	*12	*16,110	*5,224

¹ Because of how the data were processed, income tax generated at rate does not add to tax generated at all rates.

* Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Detail may not add to total because of rounding.

Controlled Foreign Corporations, 1986

By Margaret P. Lewis*

For 1986, the 7,500 largest foreign corporations (controlled foreign corporations or CFC's) controlled by large U.S. multinational firms held \$740 billion in assets and generated business receipts and net after tax profits of \$590 billion and \$38 billion, respectively [1].

These CFC's were incorporated in over 100 different countries. However, twenty countries accounted for 82 percent of the 7,500 CFC's. See Figure A. Almost one-half of the 7,500 CFC's were incorporated in Europe. Only 13 percent were incorporated in Latin America.

Figure A.--Distribution of 7,500 Largest CFC's, by Selected Country of Incorporation, 1986

[Money amounts are in billions of dollars]

Selected country of incorporation	Number of CFC's	Business receipts
All countries.....	7,500	\$590
United Kingdom.....	1,058	97
Canada.....	840	103
West Germany.....	512	69
France.....	447	41
Netherlands.....	338	24
Italy.....	332	27
Australia.....	321	18
Bermuda.....	311	10
Brazil.....	279	21
Netherlands Antilles.....	250	7
Switzerland.....	225	22
Belgium.....	205	15
Japan.....	195	28
Spain.....	177	11
Panama.....	156	7
Mexico.....	150	7
Hong Kong.....	145	6
Liberia.....	89	2
South Africa.....	88	5
Ireland.....	81	3

Almost 45 percent of the CFC's were engaged in manufacturing activities while another 25 percent were engaged in finance, insurance or real estate activities. These latter CFC's held 44 percent of all assets and generated 21 percent of net earnings and profits after

taxes. Although manufacturing CFC's held only 36 percent of all assets, they generated 61 percent of business receipts and 53 percent of net earnings and profits after taxes.

This article is based on the 7,500 largest CFC's (as determined by asset size) owned by U.S. multinational corporations having \$500 million or more in assets [2]. Previous CFC statistics were based on all CFC's controlled by the large multinationals but it is estimated that these 7,500 CFC's account for more than 90 percent of the business activity of all CFC's controlled by large U.S. multinational corporations. See Figure B for a 1984 comparison.

Figure B.--CFC's with Assets of \$10 Million or More Compared to All CFC's Owned by Large U.S. Multinational Corporations, 1984

[Money amounts are in billions of dollars]

Item	All CFC's	CFC's with assets of \$10 million or more	Percentage of all CFC's
	(1)	(2)	(3)
Number of CFC's 1/.....	27,008	5,927	22%
Assets.....	\$595	\$562	94
Business receipts.....	625	573	92
Earnings and profits before taxes.....	49	46	94
Foreign taxes.....	20	18	93
Distributions.....	17	16	92
Subpart F Income.....	4	4	93

1/ Includes only those foreign corporations controlled by U.S. corporations with \$250 million or more in assets.

BACKGROUND

Prior to World War II, relatively few U.S. corporations had operations outside of the United States [3]. Those corporations that did look to other countries for expansion turned mostly to Europe and Canada as stable areas in

*Foreign Returns Analysis Section. Prepared under the direction of Chris R. Carson, Chief.

which to operate. After World War II, U.S. corporations were encouraged politically, through programs like the Marshall Plan, and economically, through various concessions by foreign countries, to expand their operations overseas. The Marshall Plan provided economic aid to countries recovering from the impact of World War II. The Plan also encouraged U.S. businesses to participate in the economic recovery of Europe. Many foreign countries, in an attempt to attract U.S. operations and dollars, offered very favorable investment climates including low taxes, ease of incorporation, and various other concessions [4].

U.S. corporations began their move overseas, usually by establishing a foreign market for exported goods and through foreign investment. Once these were established, the U.S. corporation might form a branch operation by establishing a place of business in the foreign country or by creating or purchasing a subsidiary incorporated in the foreign country.

Public Law 86-780 was enacted in 1960 to obtain information on the foreign subsidiaries of U.S. corporations. This law required a U.S. corporation to furnish, as part of its income tax return, information on any foreign corporation it directly controlled (i.e., "tier-one" subsidiaries) and on any foreign corporations controlled by these directly controlled foreign corporations (i.e., "tier-two" subsidiaries). Control was defined as direct or indirect ownership of more than 50 percent of the combined voting power of all classes of stock, or more than 50 percent of the total value of all shares of stock by a single shareholder during the foreign corporation's taxable year.

These foreign activities of U.S. corporations were precipitated by many factors. Some companies went overseas to move their operations closer to resources, others looked for cheaper labor and other costs, and many were attracted by favorable tax considerations and investment incentives. Still others moved to be closer to their market. Since the unrepatriated earnings and profits of a foreign subsidiary were not subject to U.S. income tax, where the foreign taxes were lower than U.S. taxes, this was an impelling reason for U.S. corporations to form overseas subsidiaries that enjoyed legal status as a resident corporation in the foreign country. The earnings and profits of the CFC were protected from U.S. taxation until they were repatriated in the form of dividends to the U.S. parent. U.S. taxes could be avoided by delaying a distribution until such a time as it could be offset by a parent corporation's losses or excess foreign tax credits. U.S. taxes could also be lowered on repatriated earnings, for

example, through an ordinary taxable liquidation, sale, or exchange of assets of the CFC. In this case, the U.S. parent company would pay tax at the lower capital gains rate [5].

The Revenue Act of 1962 reduced this tax deferral by requiring the current taxation of certain unrepatriated profits of a foreign subsidiary through the addition of Subpart F to the Internal Revenue Code. The types of income that were then currently taxable by the United States were referred to as "Subpart F income" and included income from the insurance of U.S. risks, "passive" types of income in general, and income derived from certain types of sales and services [6]. In addition, the 1962 legislation restricted the conversion of tax-deferred accumulated earnings and profits into capital gains, thus preventing regular income from being taxed at the lower capital gains rate.

The 1962 Act also redefined the term Controlled Foreign Corporation. In general, after the act, a foreign corporation was considered controlled if more than 50 percent of the voting stock of the foreign corporation was owned by U.S. shareholders for 30 days or more of the foreign corporation's taxable year and a U.S. shareholder was defined as a U.S. person who had at least a 10 percent interest. All such foreign corporations' undistributed earnings and profits, to the extent such earnings and profits represented Subpart F income (see the "Explanation of Selected Terms" section at the end of this article), were subject to taxation through their U.S. shareholders. The 1962 legislation also expanded the filing requirements for CFC's to include all lower-tier foreign corporations controlled, through other foreign subsidiaries, by a U.S. corporation [7].

The Tax Reduction Act of 1975 expanded the definition of Subpart F income. An exception permitting tax deferral of a portion of Subpart F income reinvested in tax-defined "less-developed countries" was repealed for CFC's with accounting periods beginning in 1976 and thereafter. Also, before the 1975 Act, income was not treated as Subpart F if it accounted for 30 percent or less of a CFC's gross income. This percentage was reduced to 10 percent, limiting the amount of income that could avoid treatment under Subpart F. Finally, some types of shipping income received by foreign subsidiaries of U.S. corporations, which were previously excluded from Subpart F income, were now included. As a result of these and other actions, the tax deferral privileges of CFC's were reduced, but not entirely eliminated.

Several amendments to the Internal Revenue Code redefined Subpart F income [8]. For a full explanation of Subpart F, see "Explanation of Selected Terms."

CFC ACTIVITY BY COUNTRY OF INCORPORATION

For both 1984 and 1986, more than one-half of the large CFC's were incorporated in Europe and Canada [9]. The United Kingdom, West Germany and Canada were homes to almost one-third of the 7,500 CFC's. These same CFC's generated 46 percent of all business receipts, held 44 percent of assets, and paid 50 percent of foreign income taxes.

One-half of all Canadian CFC's were manufacturers and held 45 percent of assets, generated 74 percent of business receipts, and 67 percent of earnings and profits before taxes. West German CFC's tended to be manufacturers also. Manufacturing CFC's in West Germany held 56 percent of assets, and generated 73 percent of receipts and 75 percent of earnings and profits before taxes.

In the United Kingdom, percentages for manufacturing CFC's were somewhat lower than in Canada and West Germany. Manufacturing CFC's in the United Kingdom held 28 percent of assets, and earned 61 percent of receipts and 38 percent of earnings and profits before taxes.

In countries outside of Europe and Canada, where large numbers of CFC's were incorporated, manufacturing CFC's were less common. In Bermuda and the Netherlands Antilles, finance, insurance and real estate CFC's dominated. Finance-related CFC's accounted for 79 and 93 percent of all CFC's in Bermuda and the Netherlands Antilles, respectively.

In African countries there was a more even distribution of CFC's and their business activities among various industries than in other areas. Manufacturing CFC's accounted for 32 percent, transportation for 22 percent and wholesale and retail trade accounted for another 23 percent of African CFC's.

The 5,850 CFC's reporting profits paid \$19 billion of foreign income tax on \$63 billion of pre-tax earnings and profits resulting in an effective tax rate of 31 percent. The rate for a given country may have varied from the statutory tax rate because: (1) certain earnings and profits, and the associated foreign taxes paid, were applicable to income

from operations in countries other than the country in which the CFC was incorporated; (2) earnings and profits were computed according to U.S. tax law and do not necessarily equal the tax base upon which the foreign tax was imposed; (3) many countries taxed various types of income at different rates; and (4) many countries had progressive tax rates.

As shown in Figure C, Other Western Hemisphere countries had the lowest effective tax rate (8 percent) [10]. These countries had a high proportion of finance, insurance and real estate CFC's which, as an industrial group, had the lowest effective tax rate, 14 percent, for all countries. These rates are low because U.S. corporations tend to establish financial CFC's in favorable tax climates such as the Cayman Islands, Bermuda, Netherlands Antilles and others. Other countries with low effective tax rates were Saudi Arabia (1 percent), Liberia (2 percent), Ireland (4 percent), Singapore (5 percent), Panama (7 percent), and Switzerland (12 percent).

Figure C.--Effective Tax Rates of 7,500 Largest CFC's, by Country of Incorporation, 1986

[Money amounts are in millions of dollars]

Country or geographic area	Earnings and profits before taxes	Foreign income taxes	Effective tax rate
	(1)	(2)	(3)
All geographic areas.....	\$62,967	\$19,229	31%
Canada.....	9,296	3,470	37
Latin America.....	6,372	1,389	22
Brazil.....	2,911	856	29
Panama.....	1,550	105	7
Other Western Hemisphere.....	4,140	338	8
Bermuda.....	1,737	58	3
Netherlands Antilles.....	1,751	158	9
Europe.....	33,066	10,751	33
France.....	2,967	1,185	40
Ireland.....	555	24	4
Italy.....	2,942	1,055	36
Netherlands.....	2,692	435	16
Switzerland.....	2,391	281	12
United Kingdom.....	10,885	3,564	33
West Germany.....	5,851	2,647	45
Africa.....	1,394	361	26
Liberia.....	337	6	2
South Africa.....	357	96	27
Asia.....	6,331	2,245	35
Hong Kong.....	1,038	150	14
Japan.....	2,947	1,492	51
Saudi Arabia.....	19	*	1
Singapore.....	786	38	5
Oceania.....	1,856	563	30
Australia.....	1,689	498	29

*Less than \$500,000.

CFC ACTIVITY BY INDUSTRY

Larger CFC's were more likely to be involved in

manufacturing or financial activities than were smaller CFC's. For 1986, 45 percent of the 7,500 CFC's reported manufacturing as their main activity and 25 percent were primarily engaged in finance, insurance or real estate activities. See Figure D.

Since the 7,500 largest CFC's are defined based on asset size it is consistent that the majority of the CFC's are involved in business activities that historically require larger assets. Manufacturing and finance CFC's held 80 percent of all assets of the 7,500 largest CFC's in 1986, while in 1984 CFC's in these two industrial divisions held 75 percent of assets of all CFC's controlled by large U.S. multinational corporations.

Although manufacturing and finance CFC's held a majority of the 7,500 CFC's assets, they were, on average, not the most profitable CFC's. Profitability of CFC's (as measured by rate of return on assets) averaged 7.6 percent for 1986 [11]. The most profitable CFC's were involved in mining activities and had a return on assets of 13.3 percent. The least profitable CFC's were in finance, insurance and real estate with only a 2.9 percent return. These rankings are consistent with data from 1984 for all CFC's.

The rates of return on assets for large U.S. corporations varied greatly from those of large CFC's as illustrated in Figure E. Large U.S. multinational corporations that controlled the 7,500 CFC's had only a 1.7 percent combined return on assets. The most profitable U.S. corporations were those whose major business activity was agriculture, forestry and fishing, with a return on assets of 9.5 percent. CFC's involved in agriculture, forestry and fishing have become almost as profitable as their U.S. counterparts after experiencing large losses in 1982 and small profits in 1984. The large losses were incurred by Liberian CFC's operating rubber plantations to supply the motor vehicle industry. These CFC's are no longer operational or are relatively small and so are not included among the 7,500 CFC's. Thus, the CFC's in agriculture, forestry and fishing industries have become more profitable.

Asian countries appear to be profitable arenas for operation as seen in Figure F. CFC's in Japan and Singapore had an average return of 14.1 and 11.3 percent respectively. These countries have a high concentration of manufacturing CFC's which are generally more profitable than average. Certain Western Hemisphere countries, such as the Netherlands Antilles, had a lower than average rate of return due mainly to the high percentage of financial CFC's located there.

CFC'S AND THE MERCHANDISE TRADE BALANCE

Transactions between the 7,500 CFC's and their U.S. parent groups (the U.S. corporation and its domestic

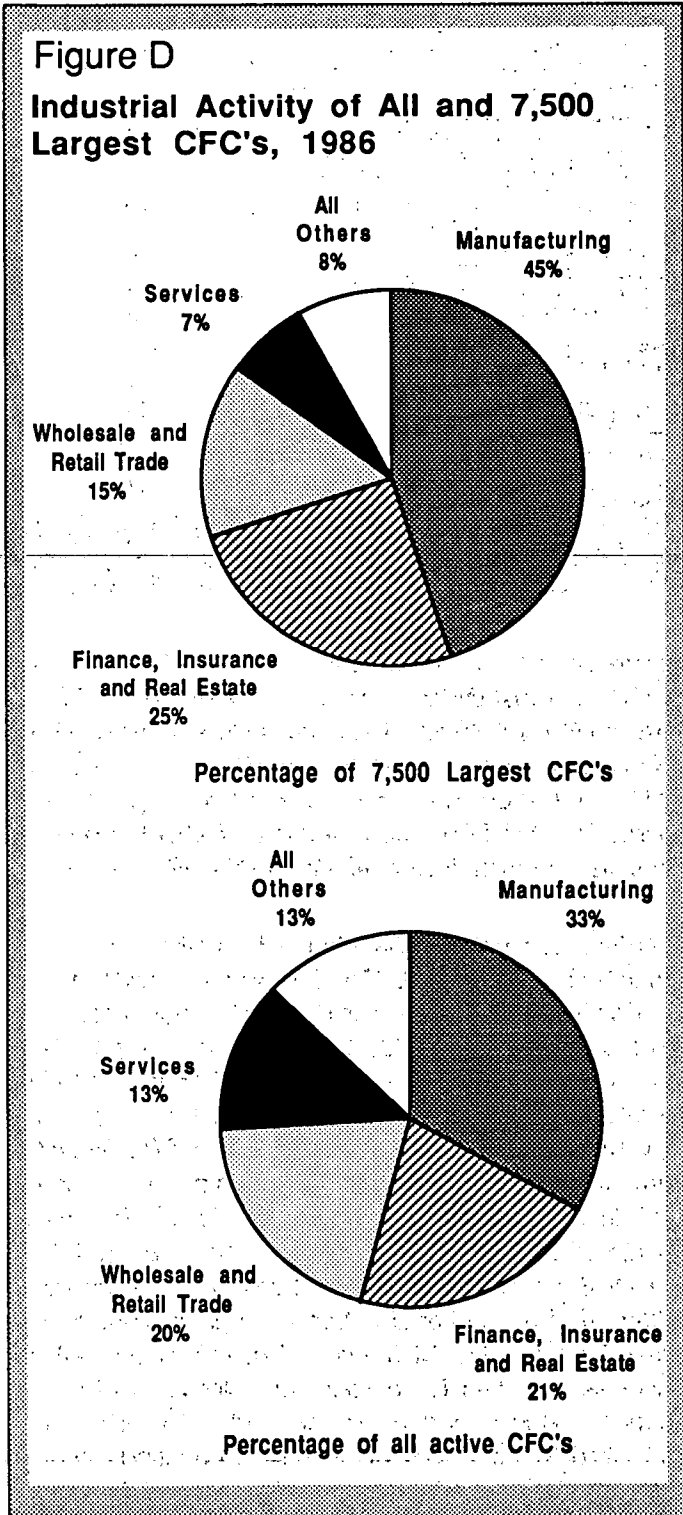


Figure E.--Relative Return on Assets of Large U.S. Multinational Corporations and Their CFC's, by Selected Industry, 1986 1/

Selected Industry	Return on assets 2/	
	U.S. corporations	CFC's
All industries 3/.....	1.7%	7.6%
Agriculture, forestry and fishing.....	9.5	8.1
Mining.....	-0.9	13.2
Metal mining.....	-0.8	8.1
Oil and gas extraction.....	-1.5	13.9
Construction.....	-0.9	8.4
Manufacturing.....	3.2	11.9
Food and kindred products.....	3.4	15.3
Apparel and other textile products.....	1.6	10.2
Paper and allied products.....	5.0	11.4
Printing and publishing.....	11.2	13.6
Chemicals and allied products.....	6.5	13.5
Petroleum (including integrated) and coal products.....	2.3	13.5
Rubber and miscellaneous plastic products.....	3.2	7.9
Stone, clay and glass products.....	6.6	11.5
Primary metal industries.....	0.3	-2.6
Fabricated metal products.....	2.9	9.9
Machinery, except electrical.....	4.1	16.7
Electrical and electronic equipment.....	3.1	10.1
Motor vehicles and equipment.....	1.5	6.3
Instruments and related products.....	0.8	9.4
Transportation and public utilities.....	1.5	6.1
Water transportation.....	-8.0	3.1
Wholesale and retail trade.....	2.4	11.4
Finance, insurance and real estate.....	0.7	2.9
Banking.....	0.4	1.3
Credit agencies other than banks.....	0.5	2.2
Insurance.....	1.4	3.7
Real estate.....	1.8	2.7
Holding and other investment companies except bank holding companies.....	-0.4	5.6
Services.....	1.8	6.6

1/ U.S. parent corporations and CFC's were separately classified by the industry that generated the greatest portion of their total receipts.

2/ The CFC return on assets is the ratio of pre-tax earnings and profits to total assets. The U.S. return on assets is the ratio of net income (less deficit) before tax to total assets. See also footnote 11 at the end of this article.

3/ Includes CFC's whose nature of business was not allocable by industry.

Figure F.--Relative Return on Assets of 7,500 Largest CFC's, by Selected Country of Incorporation, 1986

Selected country of Incorporation	Return on assets 1/
U.S. corporations.....	1.7%
7,500 largest CFC's.....	7.6
Canada.....	7.8
Latin America.....	8.2
Brazil.....	12.5
Mexico.....	2.5
Panama.....	6.8
Other Western Hemisphere.....	4.0
Bahamas.....	5.7
Bermuda.....	5.5
Netherlands Antilles.....	3.0
Europe.....	7.9
France.....	8.7
Italy.....	9.1
Netherlands.....	8.6
Switzerland.....	8.0
United Kingdom.....	6.7
West Germany.....	8.5
Africa.....	8.6
South Africa.....	10.1
Asia.....	11.1
Hong Kong.....	5.7
Japan.....	14.1
Singapore.....	11.3
Oceania.....	5.8
Australia.....	5.7

1/ The CFC return on assets is the ratio of pre-tax earnings and profits to total assets. The U.S. return on assets is the ratio of net income (less deficit) before tax to total assets. See also footnote 11 at the end of this article.

resulted in a \$1.4 billion deficit. This deficit can be attributed to transactions with finance-related CFC's based in tax-haven countries. These nations are attractive conduits for the flow of capital from a third country into the United States because of low tax withholding rates on payments to foreign persons and low effective income tax rates on foreign entities operating within the countries.

Differences in the preparation of the statistics in Figure G should be recognized. The U.S. Bureau of the Census data credit U.S. imports to the country of origin while CFC sales are based on the CFC's country of incorporation. This could explain why Panamanian CFC's for example, reported \$651 million in sales to U.S. parent groups and only \$366 million is reflected in Census data for imports from Panama. In this instance, perhaps a shipping company incorporated in Panama carried cargo from a third country into the United States. CFC data would credit the sales to Panama while the Census data would report them under the country of origin. Also, Census data are for the Calendar Year 1986; CFC data, on the other hand, reflect business activities for parent corporations whose accounting periods ended between July 1986 and June 1987 and those CFC's which had accounting periods ending therein. However, most CFC activity did occur in 1986.

affiliates) resulted in a net surplus of \$14 billion for 1986, as shown in Figure G. CFC purchases of stock in trade (i.e., purchases of merchandise in the ordinary course of business) totalled \$61 billion while sales of stock in trade to the U.S. parent groups was \$47 billion. In contrast, the U.S. merchandise trade deficit (imports in excess of exports) was \$153 billion [12].

As the U.S. merchandise trade deficit with Japan grew to \$55 billion, U.S. parent groups still reported a \$1 billion trade surplus with their large Japanese CFC's. Large trade surpluses were reported by U.S. parent groups and their CFC's in Europe while large deficits between U.S. parent groups and their CFC's were reported with Other Western Hemisphere nations, namely Bermuda. The U.S. parent groups trade with their CFC's in this latter region

Controlled Foreign Corporations, 1986

Figure G.--Purchases and Sales of Stock In Trade Between 7,500 Largest CFC's and Their Parent Groups and the U.S. Merchandise Trade Balance, by Selected Area and Country of Incorporation, 1986

[Money amounts are in millions of dollars]

Country or geographic area	U.S. parent group merchandise trade balance			U.S. merchandise trade balance 1/		
	CFC purchases from U.S. parent group (exports)	CFC sales to U.S. parent group (imports)	Surplus or deficit	Exports	Imports	Surplus or deficit
	(1)	(2)	(3)	(4)	(5)	(6)
All geographic areas.....	\$60,644	\$46,750	\$13,894	\$217,304	\$369,961	\$-152,657
Canada.....	22,731	23,666	-935	45,333	68,253	-22,920
Latin America.....	4,953	3,042	1,911	27,968	39,541	-11,573
Brazil.....	677	785	-108	3,885	6,813	-2,928
Mexico.....	3,124	1,038	2,086	12,392	17,302	-4,910
Panama.....	356	651	-295	711	366	345
Other Western Hemisphere.....	1,544	2,960	-1,416	3,110	2,408	702
Bahamas.....	563	173	390	761	442	319
Bermuda.....	968	2,659	-1,691	236	6	230
Netherlands Antilles.....	13	128	-115	398	471	-73
Europe.....	22,189	8,469	13,720	63,631	91,826	-28,195
France.....	2,377	984	1,393	7,216	10,129	-2,913
Italy.....	1,894	434	1,460	4,838	10,607	-5,769
Netherlands.....	1,847	407	1,440	7,848	4,066	3,782
Switzerland.....	2,594	662	1,932	2,977	5,253	-2,276
United Kingdom.....	4,389	3,771	618	11,418	15,396	-3,978
West Germany.....	6,333	955	5,378	10,561	25,124	-14,563
Africa.....	258	630	-372	5,978	10,348	-4,370
Liberia.....	4	373	-369	65	82	-17
South Africa.....	192	16	176	1,159	2,365	-1,206
Asia.....	6,666	6,169	497	64,532	153,869	-89,337
Hong Kong.....	1,201	600	601	3,030	8,891	-5,861
Japan.....	2,293	1,097	1,196	26,882	81,911	-55,029
South Korea.....	168	220	-52	6,355	12,729	-6,374
Taiwan.....	285	685	-400	5,524	19,791	-14,267
Oceania.....	1,529	153	1,376	6,659	3,717	2,942
Australia.....	1,249	133	1,116	5,551	2,632	2,919

1/ U.S. Department of Commerce, Bureau of the Census, Highlights of U.S. Export and Import Trade, FT 990 monthly.

RECENT CFC INCORPORATIONS

Almost one-third of the 7,500 CFC's were incorporated during the period from 1977 to 1987. See Figures H and I. These newest CFC's held 27 percent of all assets. Of these newer CFC's, 40 percent were in finance, insurance and real estate and these held 62 percent of the total assets of the newer CFC's. Almost 50 percent of all financial CFC's were incorporated after 1976, indicating an increasingly global economy where financing is sought world-wide. U.S. parent corporations expanded overseas to take advantage of foreign monies available for investment.

In the past, it was common for U.S. companies to set up financial subsidiaries in tax-haven countries in order to facilitate borrowing from foreign countries. Companies were set up to take advantage of a favorable tax climate in the haven country that may include secrecy, low or zero corporate tax rates, and no withholding tax on payments to foreigners. In an effort to increase direct foreign investment in the United States and to remove the advantage of borrowing through tax-haven countries, the United States

Figure H.--Number and Total Assets of 7,500 Largest CFC's, by Year of Incorporation, 1986

[Money amounts are in millions of dollars]

Year of Incorporation	Number of CFC's	1986 Total assets
All years 1/.....	7,500	\$740,396
1987.....	9	366
1986.....	190	13,862
1985.....	254	16,774
1984.....	223	18,265
1983.....	235	20,893
1982.....	243	30,261
1981.....	242	24,850
1980.....	254	18,976
1979.....	249	23,379
1978.....	205	14,028
1977.....	167	14,966
Pre-1977.....	5,061	533,290

1/ Includes CFC's whose year of incorporation is unknown or not stated.

exempted from withholding tax all interest payments on issues made after July 1984. This enabled U.S. corporations to more cheaply borrow foreign money from anywhere in the world [13].

The effects of these changes are seen in the slowdown of incorporations in the Netherlands Antilles: Finance,

Figure I.--7,500 Largest CFC's: All Compared to Those Incorporated After 1976, by Selected Industry, 1986

[Money amounts are in millions of dollars]

Selected CFC industry	All CFC's		CFC's incorporated after 1976			
	Number	Total assets	Number	Total assets	Percentage of all CFC's	
					Number	Total assets
(1)	(2)	(3)	(4)	(5)	(6)	
All industries 1/.....	7,500	\$740,396	2,271	\$196,619	30%	27%
Agriculture, forestry, and fishing.....	25	597	6	188	24	31
Mining.....	217	27,005	81	9,919	37	37
Construction.....	95	3,903	24	650	25	17
Manufacturing.....	3,341	270,162	716	41,219	21	15
Transportation and public utilities.....	226	17,155	82	5,313	36	31
Wholesale and retail trade.....	1,156	76,134	262	9,254	23	12
Finance, insurance, and real estate.....	1,911	322,820	909	122,457	48	38
Services.....	519	22,386	190	7,755	37	35

1/ Includes CFC's whose nature of business was not allocable by industry.

insurance and real estate companies account for 93 percent of all Antillean CFC's. As shown in Figure J, 80 percent of Antillean CFC's were incorporated after 1976. However, 88 percent of these were incorporated between 1977 and 1983. There has been a sharp decrease in incorporations in the Netherlands Antilles since that time. This number may decrease even further due to the cancellation of the United States-Netherlands Antilles tax treaty in 1988 [14].

Europe and almost one-half of these large CFC's were manufacturing CFC's. In 1986, CFC's tended to be more profitable (based on return on assets) than their U.S. parent corporations. The CFC return on assets was 7.6 percent compared to a 1.7 rate for their parent corporations.

The 7,500 largest CFC's reported a surplus in trade with their U.S. parent groups of \$14 billion.

Almost one-third of the 7,500 largest CFC's were incorporated between 1977 and 1987, 40 percent of them in finance related industries.

SUMMARY

Large CFC's were incorporated mainly in Canada and

Figure J.--7,500 Largest CFC's: All Compared to Those Incorporated After 1976, by Selected Country of Incorporation, 1986

[Money amounts are in millions of dollars]

Selected country of incorporation	All CFC's		CFC's incorporated after 1976			
	Number	Total assets	Number	Total assets	Percentage of all CFC's	
					Number	Total assets
(1)	(2)	(3)	(4)	(5)	(6)	
All countries.....	7,500	\$740,396	2,271	\$196,619	30%	27%
United Kingdom.....	1,058	146,805	335	37,540	32	26
Canada.....	840	112,057	281	28,737	33	26
West Germany.....	512	64,479	106	5,482	21	9
France.....	447	30,325	81	4,033	18	13
Netherlands.....	338	28,515	111	8,260	33	29
Italy.....	332	31,187	91	5,073	27	16
Australia.....	321	24,645	64	4,301	20	17
Bermuda.....	311	25,680	147	8,082	47	31
Brazil.....	279	19,104	69	3,307	25	17
Netherlands Antilles.....	250	51,866	199	40,622	80	78
Switzerland.....	225	29,238	58	5,690	26	19
Belgium.....	205	17,675	54	3,936	26	22
Japan.....	195	19,762	69	4,202	35	21
Spain.....	177	12,636	42	3,955	24	31
Panama.....	156	20,881	44	2,776	28	13
Mexico.....	150	6,229	31	757	21	12
Hong Kong.....	145	16,135	58	5,319	40	33
Liberia.....	89	6,815	34	942	38	14
South Africa.....	88	2,882	7	164	8	6
Ireland.....	81	4,390	35	2,184	43	50

DATA SOURCES AND LIMITATIONS

The statistics in this article were derived from all U.S. corporation income tax returns with total assets of \$500 million or more and with accounting periods ended July 1986 through June 1987, and from attached Form(s) 5471 (Information Return with Respect to a Foreign Corporation).

The 7,500 largest CFC's were chosen based on size of assets. Historical data show that these largest CFC's represent over 90 percent of all financial information for all CFC's. However, caution should be used in comparing these statistics to past years' statistics since no small or inactive CFC's were included as in the past.

Also, large CFC's tend to be manufacturing and finance-related CFC's. Therefore, the 7,500 largest CFC's show a bias towards these industrial divisions when compared to all CFC's. These statistics based on the largest 7,500 CFC's are not perfectly representative of the entire population of CFC's and therefore, should be used with caution when making comparison with or estimates of the larger group.

Not all of the information regarding CFC transactions (e.g., transactions with unrelated parties) is available from Statistics of Income data. However, total business receipts, earnings and profits, foreign taxes and transactions between CFC's and related parties (U.S. parent corporations and their domestic and foreign subsidiaries) are reported as part of the parent corporation's U.S. income tax return and included in this article.

U.S. parent corporations were classified by the principal business activity reported on the corporation income tax return. Many returns were filed by diversified corporations, and therefore included significant receipts, profits, and other items related to activities other than the principal business activity.

Controlled Foreign Corporations were also classified by their principal business activity as reported on Form 5471. As such, certain receipts, profits, and transaction items may have been related to secondary business activities. It is not possible to measure the extent of these secondary operations.

When U.S. corporations filed consolidated Forms 5471 with aggregated data for several foreign companies, follow-up requests were made in cases where large money

amounts were reported in an attempt to obtain the CFC information on a disaggregated basis. More than 75 percent of these requests were successful. Where no information was received, the data were left consolidated under the industry and country in which it was originally reported. Less than one percent of the CFC's included in the file contain financial information for a consolidated group of CFC's.

The 1986 data are based on returns filed by U.S. corporations with \$500 million or more in total assets and with full-year accounting periods ending between July 1986 and June 1987. Generally, part-year returns were deleted from the sample to avoid double counting of financial data. According to IRS regulations, a U.S. corporation had to submit a Form 5471 for any Controlled Foreign Corporation with an accounting period ending with or within the U.S. parent's accounting period. Therefore, CFC accounting periods may have ended as early as August 1985 (and, thus, began in September 1984) or as late as June 1987. However, most CFC activity did occur in Calendar Year 1986.

EXPLANATION OF SELECTED TERMS

Business Receipts of Controlled Foreign Corporations.--Business receipts were, in general, gross receipts or gross sales less returns and allowances reported for CFC's on Forms 5471. In the finance, insurance, and real estate industries, business receipts were generally the total income or receipts of the CFC and may have included other types of income such as interest, rents, royalties and other investment income. This definition differs from that used for the business receipts statistics for domestic corporations which generally excludes investment income.

Current Earnings and Profits of Controlled Foreign Corporations.--This item represents the difference between the beginning and ending year balances of accumulated earnings and profits available for distribution to the stockholders. In this report, pre-tax current earnings and profits are shown. For Form 5471 purposes, the earnings and profits reported for a foreign corporation had to be calculated under U.S. accounting standards, as required by Internal Revenue regulations.

Distributions of Controlled Foreign Corporations.--The distributions of CFC's consisted mostly of dividends, capital gain distributions, and distributions paid out of capital (including capital stock, paid-in capital, and capital

surplus) were generally not included. However, liquidating dividends may have been included in some instances.

Foreign Income Taxes Paid by Controlled Foreign Corporations.--These were foreign income, war profits, and excess profits taxes paid or accrued by CFC's to foreign countries or U.S. possessions (including Puerto Rico). Also included were taxes imposed by other countries (including the United States) in cases in which the CFC had business operations in countries other than the one in which it was incorporated.

Related Persons of Controlled Foreign Corporations.--Five categories of related persons of CFC's were shown on Schedule M of Forms 5471 for the purpose of reporting related party transactions. They were the U.S. corporation filing the return, a domestic corporation controlled by the U.S. corporation filing the return, a foreign corporation controlled by the U.S. corporation filing the return, a 10-percent-or-more U.S. shareholder of the CFC (other than the controlling shareholder), and a 10-percent-or-more U.S. shareholder of the U.S. corporation filing the return.

Sales (and Purchases) of Stock in Trade.--These were sales (and purchases) of merchandise in the ordinary course of trade or business.

Subpart F Income.--Subpart F provisions of the Internal Revenue Service Code (section 952) allowed the United States to tax U.S. shareholders on certain types of CFC income that, although undistributed to them, were deemed to have been distributed and were thereby taxable currently, generally at the same rate(s) as dividends. Subpart F income included the following for 1986: income derived from the insurance of U.S. risks; international boycott participation income; illegal bribes, kickbacks, or other payments to a government official; and "foreign base company income" (i.e., income from a foreign personal holding company and certain types of sales, service, shipping and oil-related income from a foreign base company). Also includable as income from CFC's were amounts of previously excluded Subpart F income meeting certain criteria, and increases in foreign corporations' earnings invested in U.S. property.

Transactions of Controlled Foreign Corporations.--Controlled Foreign Corporation transactions were reported on Forms 5471 for five categories of related persons (described previously under "Related Persons of Controlled Foreign Corporations") which dealt with the CFC's.

The transactions shown include receipts and payments for such items as stock in trade, dividends, rents and royalties, commissions, services rendered, interest, insurance premiums, and property rights.

U.S. Affiliated Groups.--The U.S. parent corporation and all of its wholly-owned domestic subsidiaries included in the filing of a consolidated U.S. income tax return (Form 1120).

NOTES AND REFERENCES

- [1] U.S. giant corporations are those with \$500 million or more in assets. Only foreign corporations controlled by these "giant" corporations were included in this study. Subsequent use of the terms "large U.S. multinationals" or "U.S. giant corporations" refers to this group of corporations. Historically, more than two-thirds of all U.S.-controlled foreign corporations have been controlled by U.S. giant corporations. More significantly, both the assets and business receipts of CFC's controlled by these large U.S. corporations have accounted for more than 90 percent of the total assets and business receipts of all CFC's. See statistics on Controlled Foreign Corporations for 1980 in the *Statistics of Income Bulletin*, Summer 1984, Volume 3, Number 4.
- [2] In an effort to gather more accurate and timely data, the scope of the Foreign Corporation Information Return (Form 5471) study was reduced to a full data edit of only the 7,500 largest active CFC's (as determined by asset size) controlled by U.S. corporations with \$500 million or more in assets. [A limited number of data items from all other Forms 5471 filed by these giant corporations were edited but are not used here unless indicated.]
- [3] Heller, Kenneth, *The Impact of U.S. Taxation on the Financing and Earnings Remittance Decisions of U.S.-based Multinational Firms with Controlled Foreign Corporations*, Arno Press, 1980, pp. 2-3.
- [4] Heller, *Op. cit.*, pp. 3-4.
- [5] Heller, *Op. cit.*, pp. 95-97.
- [6] Passive types of income include such receipts as interest, dividends and certain types of rents and royalties.

- [7] Control by a U.S. corporation was extended to lower-tier foreign corporations through a chain of control. Thus, a U.S. corporation could own more than 50 percent of a foreign corporation (first-tier) which, in turn, could own more than 50 percent of a second-tier foreign corporation, which, in turn, could own more than 50 percent of a third-tier foreign corporation, and so forth. A Form 5471 had to be filed for each of these foreign corporations.
- [8] More recently, the Tax Reform Act of 1986 made several changes to the way Subpart F income is computed including, new rules for the de minimus inclusion of Subpart F income, a new definition of controlled foreign corporation and limitations on Subpart F income. Generally, these changes apply to taxable years of foreign corporations beginning after December 31, 1986.
- [9] Statistics of Income studies on Controlled Foreign Corporations are done only every other year.
- [10] For Statistics of Income purposes, countries that fall under the Other Western Hemisphere category include the Bahamas, Bermuda, Netherlands Antilles, Leeward Islands, Windward Islands, Antigua, Barbuda, French West Indies, Falkland Islands and Greenland.
- [11] For purposes of this analysis, a CFC's return on assets is defined as the ratio of earnings and profits before taxes to total assets. Net income (before taxes), i.e., net income computed under provisions of the Internal Revenue Code, is used in place of earnings and profits for purposes of computing the U.S. parent corporations' return on assets because earnings and profits, as such, is not reported by the parent. To the extent that the concept of earnings and profits differs from that of net income, the comparison of a CFC's return on assets to the U.S. parent corporation's return on assets is inaccurate. The rate of return on assets of any group, i.e. parent corporations, CFC's, industrial division, or country, is determined using the total income and total assets of the group rather than averaging the returns of each component.
- [12] U.S. Department of Commerce, Bureau of the Census, *Highlights of U.S. Export and Import Trade*, FT 990, monthly. Data from this source are based on the 1986 calendar year, while CFC data are based on accounting periods of U.S. parent corporations ended July 1986 through June 1987 and accounting periods of CFC's ending with, or within, the U.S. parent corporation's accounting period.
- [13] For a more detailed explanation of this tax law change and its effects, see Lewis, Margaret P., "Foreign Recipients of U.S. Income, and Tax Withheld, 1986," *Statistics of Income Bulletin*, Winter 1988-89, Volume 8, Number 3.
- [14] For more recent data on payments to the Netherlands Antilles, see Bradford, John J., "Foreign Recipients of U.S. Income, 1988," *Statistics of Income Bulletin*, Winter 1990-1991, Volume 10, Number 3, p. 23.

Controlled Foreign Corporations, 1986

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Table 1.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Controlled Foreign Corporation
 [Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and selected industry of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All industries (U.S. parent).....	714	7,500	740,395,679	589,884,940	56,590,619	62,966,595	19,229,025	19,034,715	21,730,762	4,223,316
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	11	25	597,029	560,406	48,313	59,979	15,805	15,029	16,250	15,500
Mining.....	76	217	27,005,021	14,791,221	3,558,046	4,257,223	2,062,963	2,011,736	1,879,584	141,476
Construction.....	24	95	3,903,366	4,398,397	327,143	422,999	122,354	117,962	229,429	58,427
Manufacturing.....	389	3,341	270,161,948	357,502,549	32,025,748	35,123,788	12,197,983	12,094,770	10,766,142	1,018,525
Transportation and public utilities.....	77	226	17,155,030	7,098,494	1,049,350	1,346,130	259,119	259,133	511,034	141,716
Wholesale and retail trade.....	230	1,156	76,133,502	151,984,251	8,642,700	9,308,210	2,692,528	2,705,759	3,970,485	391,691
Finance, insurance and real estate.....	452	1,911	322,820,276	41,286,203	9,465,673	10,595,976	1,462,304	1,427,045	3,820,279	2,321,621
Services.....	165	519	22,386,413	12,217,752	1,478,715	1,849,198	410,941	398,413	535,745	134,360
Mining (U.S. parent).....	26	118	6,545,122	3,472,424	850,714	1,036,677	500,499	483,043	553,954	107,026
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	--	--	--	--	--	--	--	--	--	--
Mining.....	21	58	3,995,367	2,294,040	772,292	899,969	478,929	467,178	404,421	74,480
Construction.....	**	**	**	**	**	**	**	**	**	**
Manufacturing.....	5	15	432,325	473,084	42,632	47,247	15,788	15,699	13,538	--
Transportation and public utilities.....	4	8	308,180	175,239	15,607	17,869	440	440	--	1,540
Wholesale and retail trade.....	**	**	**	**	**	**	**	**	**	**
Finance, insurance and real estate.....	10	20	1,209,138	110,790	51,688	54,089	2,669	2,821	8,995	30,391
Services.....	**	**	**	**	**	**	**	**	**	**
Oil and gas extraction (U.S. parent).....	17	87	5,213,453	2,909,780	769,976	933,851	487,356	471,253	530,984	75,221
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	--	--	--	--	--	--	--	--	--	--
Mining.....	16	51	3,424,663	2,206,330	746,761	859,560	475,747	465,260	395,988	56,688
Construction.....	**	**	**	**	**	**	**	**	**	**
Manufacturing.....	**	**	**	**	**	**	**	**	**	**
Transportation and public utilities.....	**	**	**	**	**	**	**	**	**	**
Wholesale and retail trade.....	**	**	**	**	**	**	**	**	**	**
Finance, insurance and real estate.....	6	14	984,542	78,829	35,989	37,983	2,530	2,682	3,943	17,918
Services.....	**	**	**	**	**	**	**	**	**	**
Construction (U.S. parent).....	11	61	2,714,072	2,166,376	181,484	219,067	50,275	39,800	91,461	28,163
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	**	**	**	**	**	**	**	**	**	**
Mining.....	**	**	**	**	**	**	**	**	**	**
Construction.....	7	19	570,676	579,461	28,423	45,318	18,253	21,762	27,956	5,420
Manufacturing.....	**	**	**	**	**	**	**	**	**	**
Transportation and public utilities.....	**	**	**	**	**	**	**	**	**	**
Wholesale and retail trade.....	**	**	**	**	**	**	**	**	**	**
Finance, insurance and real estate.....	5	13	676,949	123,025	59,557	63,041	13,364	13,364	18,210	15,476
Services.....	4	11	688,767	824,333	52,545	52,545	8,594	8,594	11,001	3,190
Manufacturing (U.S. parent).....	391	5,519	480,905,679	498,581,337	48,577,456	53,532,633	16,916,946	16,776,485	19,419,131	3,254,710
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	7	17	369,629	440,656	15,467	26,973	7,020	6,244	16,250	15,500
Mining.....	37	124	20,389,502	11,123,683	2,648,111	3,168,866	1,552,183	1,509,369	1,458,275	45,677
Construction.....	10	50	2,544,413	3,289,899	323,429	352,166	103,131	100,653	65,270	37,597
Manufacturing.....	351	3,169	262,466,299	348,007,492	31,606,358	34,572,839	12,058,701	11,970,809	10,647,148	1,016,332
Transportation and public utilities.....	37	97	9,919,425	4,891,673	605,023	831,756	107,139	106,599	369,792	138,842
Wholesale and retail trade.....	174	965	58,528,003	109,757,662	7,355,777	7,876,675	2,338,510	2,352,728	3,594,360	339,992
Finance, insurance and real estate.....	236	856	113,509,209	14,244,918	5,222,706	5,680,065	554,844	546,253	2,926,001	1,542,029
Services.....	86	236	13,058,795	6,800,764	797,946	1,020,419	190,389	178,803	340,222	118,742

Footnotes at end of table.

Controlled Foreign Corporations, 1986

Table 1.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Controlled Foreign Corporation--Continued
 [Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and selected industry of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Manufacturing--Continued										
Food and kindred products (U.S. parent).....	28	465	27,896,849	30,572,937	3,158,393	3,348,388	1,026,919	1,012,356	1,157,341	169,057
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	3	7	149,359	291,008	9,732	12,465	3,638	3,553	16,250	15,500
Mining.....	--	--	--	--	--	--	--	--	--	--
Construction.....	--	--	--	--	--	--	--	--	--	--
Manufacturing.....	27	286	15,371,689	23,781,245	2,431,099	2,533,230	865,191	851,260	905,771	85,820
Transportation and public utilities.....	**	**	**	**	**	**	**	**	**	**
Wholesale and retail trade.....	15	65	2,840,980	5,056,920	269,521	308,526	89,269	88,053	89,127	29,914
Finance, insurance and real estate.....	22	81	8,483,886	917,401	380,220	421,621	45,368	46,035	108,854	33,656
Services.....	5	21	834,575	441,359	56,270	58,914	18,448	18,448	33,738	4,168
Chemicals and allied products (U.S. parent).....	66	1,219	83,333,756	69,913,558	8,981,140	9,630,212	2,947,215	2,946,716	3,567,805	885,057
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	**	**	**	**	**	**	**	**	**	**
Mining.....	7	12	2,086,685	1,176,645	443,483	493,859	351,202	347,962	369,594	926
Construction.....	**	**	**	**	**	**	**	**	**	**
Manufacturing.....	64	841	48,297,090	54,200,522	6,485,207	6,965,378	2,233,424	2,239,478	1,881,514	324,118
Transportation and public utilities.....	6	10	879,988	490,745	82,247	89,886	28,206	27,847	46,138	7,855
Wholesale and retail trade.....	39	191	6,556,373	11,812,590	829,167	867,749	229,157	235,018	394,793	118,726
Finance, insurance and real estate.....	38	139	24,059,322	2,015,133	1,044,128	1,106,347	80,762	79,626	835,042	389,460
Services.....	12	17	1,207,122	99,514	93,665	94,978	19,741	12,753	40,723	41,972
Petroleum (including integrated) and coal products (U.S. parent).....	24	478	104,965,557	122,047,928	12,336,432	13,365,794	4,308,326	4,239,572	5,971,961	1,086,261
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	--	--	--	--	--	--	--	--	--	--
Mining.....	17	72	17,523,428	9,401,919	2,183,004	2,607,914	1,186,552	1,149,632	944,407	32,936
Construction.....	**	**	**	**	**	**	**	**	**	**
Manufacturing.....	17	112	30,370,167	46,702,102	3,847,719	4,037,572	1,595,488	1,555,672	1,538,129	322,336
Transportation and public utilities.....	11	46	7,303,645	3,124,837	402,372	582,414	62,538	62,751	290,423	121,969
Wholesale and retail trade.....	16	156	27,040,733	59,175,726	4,488,061	4,596,797	1,434,391	1,442,955	2,525,731	110,613
Finance, insurance and real estate.....	22	82	20,334,627	2,597,028	1,215,403	1,339,605	37,498	36,703	600,885	477,886
Services.....	4	7	1,970,722	61,912	142,708	144,327	-22,775	-22,775	60,506	508
Primary metal industries (U.S. parent).....	23	208	11,490,847	11,366,312	391,450	821,587	168,758	172,463	190,393	100,219
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	--	--	--	--	--	--	--	--	--	--
Mining.....	3	4	52,747	31,590	4,834	6,792	13	13	--	--
Construction.....	--	--	--	--	--	--	--	--	--	--
Manufacturing.....	20	100	5,852,812	9,420,450	96,020	493,154	134,999	135,316	69,904	8,390
Transportation and public utilities.....	6	10	290,856	74,888	9,366	11,579	316	384	--	4,387
Wholesale and retail trade.....	5	11	274,190	454,965	44,166	46,470	1,900	1,927	--	10,295
Finance, insurance and real estate.....	16	63	4,333,010	781,131	192,470	216,930	16,100	19,729	110,680	72,579
Services.....	4	20	687,232	603,289	44,594	46,661	15,431	15,095	9,810	4,568
Machinery, except electrical (U.S. parent).....	45	725	69,531,377	58,664,442	8,821,770	9,625,964	3,600,264	3,523,516	3,747,000	198,933
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	--	--	--	--	--	--	--	--	--	--
Mining.....	**	**	**	**	**	**	**	**	**	**
Construction.....	**	**	**	**	**	**	**	**	**	**
Manufacturing.....	42	376	47,609,508	45,493,415	7,754,492	8,255,465	3,346,854	3,275,458	2,815,926	22,001
Transportation and public utilities.....	--	--	--	--	--	--	--	--	--	--
Wholesale and retail trade.....	23	163	8,424,155	10,239,063	530,537	647,131	120,968	126,299	274,264	33,055
Finance, insurance and real estate.....	29	113	9,291,507	1,082,990	402,038	513,808	61,528	52,160	493,691	118,744
Services.....	17	46	3,694,587	1,499,626	127,346	171,544	59,135	60,297	21,100	18,152

Footnotes at end of table.

Controlled Foreign Corporations, 1986

Table 1.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Controlled Foreign Corporation--Continued
 [Money amounts are in thousands of dollars]

Selected Industry of U.S. corporation filing the return and selected industry of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Manufacturing--Continued										
Electrical and electronic equipment (U.S. parent).....	44	713	48,874,023	46,842,782	4,112,571	4,713,012	1,037,296	1,023,698	1,143,683	269,031
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	-	-	-	-	-	-	-	-	-	-
Mining.....	3	7	193,144	134,277	13,506	25,533	2,106	1,880	7,500	10,323
Construction.....	**	**	**	**	**	**	**	**	**	**
Manufacturing.....	39	429	27,664,379	37,581,886	2,931,711	3,355,268	842,697	833,989	665,453	81,623
Transportation and public utilities.....	**	**	**	**	**	**	**	**	**	**
Wholesale and retail trade.....	23	89	2,352,517	4,363,693	167,995	216,588	67,967	66,166	47,001	2,409
Finance, insurance and real estate.....	19	129	16,016,994	2,552,607	768,434	801,994	75,740	73,440	361,845	149,737
Services.....	10	40	1,140,301	858,407	106,460	138,768	26,987	26,739	30,418	14,844
Motor vehicles and equipment (U.S. parent).....	14	268	63,075,679	81,901,610	3,279,031	3,854,659	1,294,430	1,364,034	1,437,032	186,616
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	-	-	-	-	-	-	-	-	-	-
Mining.....	-	-	-	-	-	-	-	-	-	-
Construction.....	-	-	-	-	-	-	-	-	-	-
Manufacturing.....	14	132	40,121,793	73,242,296	2,553,259	2,992,605	1,072,720	1,141,336	1,336,236	17,118
Transportation and public utilities.....	3	5	117,686	35,231	4,643	4,643	1,803	1,803	158	-
Wholesale and retail trade.....	6	42	2,187,567	5,398,349	142,911	169,386	48,325	50,776	39,266	-
Finance, insurance and real estate.....	10	72	19,370,502	2,821,007	572,617	604,092	149,220	147,756	55,677	150,708
Services.....	**	**	**	**	**	**	**	**	**	**
Instruments and related products (U.S. parent).....	15	259	14,311,977	17,838,795	1,727,606	1,815,486	552,105	552,305	145,103	77,587
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	-	-	-	-	-	-	-	-	-	-
Mining.....	-	-	-	-	-	-	-	-	-	-
Construction.....	**	**	**	**	**	**	**	**	**	**
Manufacturing.....	14	143	9,350,595	10,638,086	1,322,638	1,353,246	413,821	416,245	75,829	37,094
Transportation and public utilities.....	-	-	-	-	-	-	-	-	-	-
Wholesale and retail trade.....	8	85	3,553,918	6,262,121	344,118	377,113	129,823	131,856	49,503	27,218
Finance, insurance and real estate.....	7	16	866,537	84,555	65,780	68,257	1,554	866	11,169	12,305
Services.....	**	**	**	**	**	**	**	**	**	**
Transportation and public utilities (U.S. parent).....	66	381	24,873,374	9,964,847	1,110,436	1,398,410	301,793	305,100	421,004	248,194
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	**	**	**	**	**	**	**	**	**	**
Mining.....	12	21	2,089,274	478,820	104,087	145,803	22,494	25,833	2,688	21,319
Construction.....	**	**	**	**	**	**	**	**	**	**
Manufacturing.....	12	78	4,130,312	4,353,876	149,279	227,161	45,774	44,971	72,573	1,992
Transportation and public utilities.....	24	89	5,700,450	1,032,672	372,568	431,747	140,360	140,914	139,948	493
Wholesale and retail trade.....	7	37	973,878	1,987,814	138,006	144,389	47,870	48,220	47,180	4,385
Finance, insurance and real estate.....	42	98	9,984,642	999,082	327,542	379,202	26,355	26,071	154,178	213,562
Services.....	18	48	1,714,007	919,208	22,127	66,752	18,934	19,010	4,437	6,443

Footnotes at end of table.

Controlled Foreign Corporations, 1986

Table 1.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Controlled Foreign Corporation--Continued
 (Money amounts are in thousands of dollars)

Selected Industry of U.S. corporation filing the return and selected Industry of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Wholesale and retail trade (U.S. parent).....	61	333	38,306,449	46,138,962	1,669,317	1,949,026	435,009	426,855	489,011	170,747
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	**	**	**	**	**	**	**	**	**	**
Mining.....	**	**	**	**	**	**	**	**	**	**
Construction.....	-	-	-	-	-	-	-	-	-	-
Manufacturing.....	13	46	1,970,944	3,361,062	101,528	125,482	46,651	46,841	15,779	-
Transportation and public utilities.....	5	10	327,083	766,755	-272	7,183	3,008	3,008	-	-
Wholesale and retail trade.....	38	139	15,774,837	38,179,278	1,055,071	1,185,398	273,422	271,885	324,220	42,824
Finance, insurance and real estate.....	27	98	19,151,023	2,381,394	431,139	525,975	80,095	73,405	138,259	126,065
Services.....	12	32	844,883	613,362	79,432	89,211	27,256	27,139	10,754	1,857
Finance, insurance and real estate (U.S. parent).....	119	871	179,847,139	25,555,032	3,603,201	4,142,392	866,010	843,291	578,365	362,347
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	-	-	-	-	-	-	-	-	-	-
Mining.....	-	-	-	-	-	-	-	-	-	-
Construction.....	**	**	**	**	**	**	**	**	**	**
Manufacturing.....	3	12	444,581	454,198	111,745	115,193	22,030	22,035	-	-
Transportation and public utilities.....	3	3	86,607	2,104	991	1,016	-37	-37	-	111
Wholesale and retail trade.....	4	5	411,264	1,613,114	59,270	62,437	23,966	23,966	-	-
Finance, insurance and real estate.....	118	803	176,735,216	23,122,709	3,325,115	3,839,553	777,181	754,614	542,869	359,621
Services.....	13	44	2,035,107	267,253	101,629	119,237	42,564	42,407	26,292	-
Banking (U.S. parent).....	41	444	114,681,555	11,785,996	1,752,667	1,972,616	489,544	485,777	218,286	197,270
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	-	-	-	-	-	-	-	-	-	-
Mining.....	-	-	-	-	-	-	-	-	-	-
Construction.....	-	-	-	-	-	-	-	-	-	-
Manufacturing.....	-	-	-	-	-	-	-	-	-	-
Transportation and public utilities.....	3	3	86,607	2,104	991	1,016	-37	-37	-	111
Wholesale and retail trade.....	-	-	-	-	-	-	-	-	-	-
Finance, insurance and real estate.....	41	418	113,154,525	11,769,634	1,671,341	1,882,853	458,899	455,243	203,626	197,159
Services.....	6	23	1,440,423	14,259	80,335	88,746	30,681	30,570	14,660	-
Insurance (U.S. parent).....	39	176	23,506,769	4,497,431	394,687	557,106	68,321	67,863	158,573	53,791
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	-	-	-	-	-	-	-	-	-	-
Mining.....	-	-	-	-	-	-	-	-	-	-
Construction.....	-	-	-	-	-	-	-	-	-	-
Manufacturing.....	**	**	**	**	**	**	**	**	**	**
Transportation and public utilities.....	-	-	-	-	-	-	-	-	-	-
Wholesale and retail trade.....	**	**	**	**	**	**	**	**	**	**
Finance, insurance and real estate.....	39	167	23,329,245	4,400,876	389,747	545,639	68,321	67,858	147,948	53,791
Services.....	3	4	74,562	65,576	5,288	7,901	-	-	10,625	-
Services (U.S. parent).....	38	193	6,506,722	3,442,382	534,595	619,133	142,617	143,970	175,254	51,399
Industry of Controlled Foreign Corporations										
Agriculture, forestry and fishing.....	-	-	-	-	-	-	-	-	-	-
Mining.....	-	-	-	-	-	-	-	-	-	-
Construction.....	3	4	68,295	645	2,271	2,271	-	-	-	12,794
Manufacturing.....	3	5	79,719	64,232	-2,033	1,533	543	-351	**	**
Transportation and public utilities.....	**	**	**	**	**	**	**	**	**	**
Wholesale and retail trade.....	3	3	174,494	123,800	23,162	23,687	-4,212	4,212	-	-
Finance, insurance and real estate.....	14	23	1,554,099	304,285	47,924	54,051	7,796	10,517	31,768	34,478
Services.....	30	145	3,978,610	2,751,733	429,401	500,257	122,336	121,861	143,039	4,127

** Data deleted to avoid disclosure of information for specific corporations.

Note: Detail may not add to total because of rounding, and because agriculture, forestry, and fishing is not shown for the U.S. parent corporations.

Table 2.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of Controlled Foreign Corporation

[Money amounts are in thousands of dollars]

Selected Industry of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations							
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign income taxes (net)	Actual distributions in current year	Subpart F income	Selected receipts by foreign corporations from:
									All related persons
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
All Industries, total.....	714	7,500	740,395,679	589,884,940	56,590,619	19,034,715	21,730,762	4,223,316	122,306,380
Agriculture, forestry and fishing.....	11	25	597,029	560,406	48,313	15,029	16,250	15,500	210,124
Mining.....	76	217	27,005,021	14,791,221	3,558,046	2,011,736	1,879,584	141,476	2,980,952
Construction.....	24	95	3,903,366	4,398,397	327,143	117,962	229,429	58,427	444,154
Manufacturing.....	389	3,341	270,161,948	357,502,549	32,025,748	12,094,770	10,766,142	1,018,525	84,527,850
Food and kindred products.....	47	311	17,185,364	26,470,998	2,627,818	936,441	1,024,557	107,847	3,162,292
Chemicals and allied products.....	102	882	51,072,534	55,665,989	6,899,543	2,110,799	1,866,665	240,731	10,609,785
Petroleum (Including integrated) and coal products.....	16	65	29,355,602	47,129,756	3,956,133	1,796,729	1,495,544	343,415	4,881,681
Fabricated metal products.....	70	198	6,816,474	8,839,174	674,193	248,188	256,527	2,592	936,644
Machinery, except electrical.....	81	376	45,549,803	39,879,010	7,596,140	3,130,022	2,817,613	57,184	17,958,353
Electrical and electronic equipment.....	77	472	32,460,602	45,116,200	3,290,764	963,562	799,157	137,315	10,724,537
Motor vehicles and equipment.....	32	183	42,379,654	76,686,833	2,667,141	1,221,866	1,240,967	17,118	25,338,879
Transportation and public utilities	77	226	17,155,030	7,098,494	1,049,350	259,133	511,034	141,716	2,243,454
Water transportation.....	43	124	7,723,082	2,944,164	237,147	5,356	134,089	126,490	2,004,928
Wholesale and retail trade.....	230	1,156	76,133,502	151,984,251	8,642,700	2,705,759	3,970,485	391,691	17,522,992
Wholesale trade.....	196	980	64,226,156	128,391,269	7,809,692	2,351,031	3,590,384	362,113	16,431,908
Finance, insurance and real estate....	452	1,911	322,820,276	41,286,203	9,465,673	1,427,045	3,820,279	2,321,621	11,670,001
Banking.....	48	253	90,773,446	8,526,009	1,223,140	282,024	115,865	60,982	1,076,725
Credit agencies other than banks...	147	460	88,244,909	10,591,737	1,941,087	479,283	686,930	771,684	2,886,233
Insurance.....	180	332	39,003,026	9,737,589	1,460,814	120,131	555,964	355,918	2,056,528
Holding and other investment companies, except bank holding companies.....	263	629	75,477,434	8,417,323	4,231,159	341,996	2,342,811	1,087,261	4,919,798
Services.....	165	519	22,386,413	12,217,752	1,478,715	398,413	535,745	134,360	2,694,383
Business services.....	98	253	10,535,242	4,270,406	576,533	150,290	270,533	66,151	1,832,132

Selected Industry of 7,500 Largest Controlled Foreign Corporations	7,500 Largest Controlled Foreign Corporations--Continued								
	Selected receipts by foreign corporations from:--Continued								
	U.S. corporation filing return and its domestic subsidiaries				Any foreign corporation controlled by U.S. corporation filing return				Selected payments by foreign corporations to:
	Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received	Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received	All related persons
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
All Industries, total.....	60,110,117	46,749,756	4,115,133	5,787,938	61,523,955	46,913,101	3,862,593	4,514,627	150,042,967
Agriculture, forestry and fishing.....	20,028	16,919	3,003	8	190,095	173,799	136	16,160	63,965
Mining.....	1,590,109	1,441,187	25,045	99,791	1,390,616	824,075	63,079	98,693	3,181,927
Construction.....	172,590	101,360	61,583	9,645	270,440	135,607	92,210	35,231	640,209
Manufacturing.....	41,025,339	37,349,841	2,699,375	510,406	43,202,639	37,662,402	2,132,310	1,727,731	101,434,535
Food and kindred products.....	718,880	676,165	14,842	23,553	2,443,412	2,277,669	46,690	56,288	3,607,880
Chemicals and allied products.....	1,680,192	1,395,542	150,778	81,458	8,912,884	7,238,853	190,240	1,054,383	12,885,003
Petroleum (Including integrated) and coal products.....	2,797,544	2,628,098	128,985	37,608	2,084,133	1,224,788	192,500	192,796	9,769,534
Fabricated metal products.....	180,379	162,398	4,877	7,758	756,266	720,157	7,230	20,567	1,005,602
Machinery, except electrical.....	6,194,273	4,510,097	1,423,352	102,668	11,750,684	10,852,881	671,028	45,593	21,901,444
Electrical and electronic equipment.....	5,282,748	4,677,936	405,012	50,872	5,441,644	4,918,721	317,975	88,583	10,226,379
Motor vehicles and equipment.....	19,866,401	19,432,492	267,097	152,652	5,265,269	4,444,371	597,234	147,090	30,973,342
Transportation and public utilities	1,373,428	350,970	322,852	374,294	628,040	294,173	51,438	214,354	1,101,122
Water transportation.....	1,270,336	288,902	296,397	361,057	492,606	207,400	24,023	204,903	561,830
Wholesale and retail trade.....	8,131,170	7,222,095	283,239	62,133	9,330,616	6,904,881	491,847	410,544	31,166,260
Wholesale trade.....	7,813,912	6,958,897	271,871	58,521	8,561,083	6,352,492	386,187	331,124	29,101,073
Finance, insurance and real estate....	6,843,257	94,352	149,575	4,591,596	4,777,554	329,587	303,429	1,735,876	9,533,026
Banking.....	788,376	-	37,129	685,105	277,678	-	6,825	262,588	1,510,037
Credit agencies other than banks...	1,900,497	6,960	5,395	1,845,028	972,301	143,588	157,378	548,388	2,586,216
Insurance.....	1,638,328	-	5,720	38,044	417,851	411	7,748	50,590	831,487
Holding and other investment companies, except bank holding companies.....	2,071,042	67,832	15,944	1,861,361	2,824,021	124,977	122,040	784,390	3,739,603
Services.....	949,659	168,943	570,462	139,617	1,726,019	587,603	723,389	275,330	2,910,435
Business services.....	747,427	100,765	508,697	95,851	1,066,000	139,142	598,504	202,059	1,261,114

Footnotes at end of table

Controlled Foreign Corporations, 1986

Table 2.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of Controlled Foreign Corporation--Continued
 [Money amounts are in thousands of dollars]

Selected Industry of 7,500 Largest Controlled Foreign Corporations	7,500 Largest Controlled Foreign Corporations--Continued									
	Selected payments by foreign corporations to:--Continued									
	U.S. corporation filing return and its domestic subsidiaries					Any foreign corporation controlled by U.S. corporation filing return				
	Total	Purchases of stock in trade	Compensation paid for certain services	Dividends paid	Interest, rents, and royalties paid	Total	Purchases of stock in trade	Compensation paid for certain services	Dividends paid	Interest, rents, and royalties paid
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
All industries, total.....	92,450,687	60,644,292	4,187,446	15,490,666	10,394,797	56,122,819	40,885,436	4,331,497	5,602,344	3,793,785
Agriculture, forestry and fishing.....	59,460	29,971	451	15,793	6,066	4,505	2,495	188	253	1,511
Mining.....	2,242,820	482,519	82,025	1,347,192	244,378	938,987	172,064	78,281	522,431	138,871
Construction.....	340,383	86,072	34,516	195,512	17,548	270,636	106,650	81,455	28,379	51,424
Manufacturing.....	65,205,035	44,902,791	3,456,801	8,379,853	7,179,352	35,221,588	28,061,896	3,197,319	1,933,479	1,209,636
Food and kindred products.....	1,525,544	546,599	90,782	605,875	226,905	2,082,335	1,594,768	67,461	273,575	110,202
Chemicals and allied products.....	6,937,022	4,229,711	278,645	1,382,346	926,786	5,917,495	4,479,228	456,804	448,118	275,222
Petroleum (including integrated) and coal products.....	6,388,540	5,090,758	95,278	1,144,438	55,525	2,534,908	1,774,349	253,950	254,285	208,043
Fabricated metal products.....	656,302	323,126	25,201	225,983	69,726	349,159	274,090	10,907	23,263	35,604
Machinery, except electrical.....	10,797,283	5,030,477	427,729	2,512,518	2,726,024	11,066,025	9,693,307	858,064	291,813	123,054
Electrical and electronic equipment, Motor vehicles and equipment.....	6,476,810	4,904,062	354,949	487,072	339,923	3,749,569	3,050,561	116,319	294,647	137,990
Motor vehicles and equipment.....	26,200,235	20,714,252	1,946,256	1,132,811	2,225,240	4,741,818	3,146,377	1,283,920	93,763	187,584
Transportation and public utilities	367,741	136,355	36,187	141,202	32,447	708,330	120,415	81,862	286,186	199,542
Water transportation.....	186,192	84,564	10,420	67,109	20,263	352,594	59,135	41,714	66,979	182,014
Wholesale and retail trade.....	17,354,919	14,377,551	242,225	2,209,786	365,454	13,441,172	10,703,428	323,024	1,718,859	459,020
Wholesale trade.....	16,094,130	13,454,720	235,208	2,027,390	254,626	12,658,832	10,217,918	315,092	1,536,844	363,821
Finance, insurance and real estate....	5,637,734	220,310	186,930	2,852,959	2,272,756	3,860,014	837,164	267,267	934,424	1,471,604
Banking.....	1,134,013	—	39,849	100,716	979,573	344,673	—	6,257	10,161	320,278
Credit agencies other than banks...	1,198,053	—	34,323	475,400	682,163	1,387,568	305,010	104,984	210,635	624,045
Insurance.....	570,593	3,109	40,200	439,902	10,976	260,894	—	49,643	116,048	14,183
Holding and other investment companies, except bank holding companies.....	2,329,513	64,814	11,401	1,799,199	451,573	1,406,757	375,205	10,759	524,255	406,543
Services.....	1,232,315	407,978	146,267	346,556	271,114	1,676,380	881,325	302,100	178,332	260,971
Business services.....	597,478	278,468	66,633	150,661	70,334	661,906	201,760	173,458	114,074	137,739

Note: Detail may not add to total because of rounding.

Controlled Foreign Corporations, 1986

Table 3.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation
[Money amounts are in thousands of dollars]

Selected country of incorporation of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations						
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign income taxes (net)	Actual distributions in current year	Subpart F income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All geographic areas, total.....	714	7,500	740,395,679	589,884,940	56,590,619	19,034,715	21,730,762	4,223,316
Canada.....	432	840	112,056,545	103,143,181	8,793,748	3,419,265	3,411,443	170,847
Latin America, total.....	289	959	62,768,032	45,957,256	5,121,667	1,388,833	2,286,426	535,888
Mexico.....	97	150	6,229,438	6,667,206	152,932	124,603	139,066	11,614
Central America, total.....	95	194	21,611,538	8,447,431	1,517,506	147,154	845,314	402,013
Costa Rica.....	8	12	212,170	298,179	21,431	7,102	2,607	--
El Salvador.....	4	4	66,352	168,824	18,834	6,168	6,450	--
Guatemala.....	10	10	148,700	154,288	5,804	5,613	7,418	5
Honduras.....	5	9	255,988	371,302	36,301	14,332	13,727	--
Panama.....	86	156	20,881,082	7,401,268	1,419,962	103,213	815,114	402,008
Caribbean countries, total.....	66	85	6,545,285	1,222,215	402,131	46,785	40,430	65,876
Cayman Islands (British).....	52	69	5,750,474	981,767	328,959	32,452	14,714	53,363
Dominican Republic.....	4	4	250,471	110,637	37,454	6,179	19,565	--
South America, total.....	190	530	28,381,771	29,620,404	3,049,099	1,070,291	1,261,615	56,385
Argentina.....	59	79	4,219,492	3,808,174	243,847	49,646	108,572	12,804
Bolivia.....	--	--	--	--	--	--	--	--
Brazil.....	157	279	19,104,216	21,047,487	2,388,146	860,282	981,442	41,708
Chile.....	23	35	1,487,954	1,030,428	94,004	13,826	46,145	413
Colombia.....	35	39	1,084,648	1,715,863	159,693	66,301	53,559	12
Ecuador.....	9	9	258,915	88,868	20,045	3,801	7,198	--
Peru.....	10	11	193,362	196,523	40,493	19,509	9,942	--
Uruguay.....	7	8	220,606	85,167	2,119	1,409	4,765	--
Venezuela.....	56	69	1,782,997	1,645,730	101,946	55,464	49,992	1,448
Other Western Hemisphere, total.....	329	623	85,135,354	24,219,911	3,366,919	336,392	1,862,388	1,792,742
Bahamas.....	39	59	7,400,370	7,173,147	423,881	121,487	307,889	69,053
Bermuda.....	202	311	25,679,727	10,300,485	1,408,581	54,269	761,854	510,069
Netherlands Antilles.....	186	250	51,886,232	6,745,540	1,552,260	160,637	792,646	1,213,621
Europe, total.....	490	3,696	383,735,353	328,082,275	30,411,912	10,608,741	11,374,996	1,444,519
European Economic Community, total.....	480	3,277	343,827,575	293,002,486	26,854,921	9,840,846	9,892,212	728,040
Belgium.....	128	205	17,675,089	15,293,609	1,498,992	521,992	436,424	203,430
Denmark.....	41	50	2,088,266	2,804,282	330,293	137,153	143,041	4
France (including Andorra).....	236	447	30,325,388	41,244,103	2,632,199	1,154,536	760,910	3,221
Greece.....	18	18	383,227	1,082,558	115,400	23,031	1,355	15
Ireland.....	59	81	4,389,585	2,583,429	516,208	24,015	188,757	11,211
Italy (including San Marino).....	181	332	31,187,410	26,799,899	2,833,505	1,056,900	581,115	11,108
Luxembourg.....	23	29	4,648,678	1,077,087	100,828	47,864	45,813	4,427
Netherlands.....	188	338	28,515,126	23,648,159	2,441,280	404,975	513,341	70,937
Portugal.....	26	30	695,551	1,275,205	134,802	32,284	31,490	19
Spain.....	124	177	12,636,103	11,287,678	945,225	311,363	376,638	2,818
United Kingdom.....	381	1,058	146,804,566	97,260,938	9,798,051	3,496,719	4,905,081	238,214
West Germany.....	244	512	64,478,587	68,645,539	5,508,139	2,630,013	1,908,247	182,636
Other West European countries, total.....	177	418	39,758,165	35,072,394	3,556,202	767,896	1,482,785	716,479
Austria.....	37	48	3,534,008	3,616,766	347,267	77,603	210,467	52,480
Finland.....	22	24	1,280,341	1,650,227	153,933	56,497	72,820	1
Liechtenstein.....	5	6	257,283	108,241	49,499	6,286	74,339	20,963
Norway.....	33	39	2,062,359	3,167,047	262,610	112,663	51,166	2,861
Sweden.....	57	69	3,086,842	3,922,891	381,429	216,254	119,332	15,948
Switzerland.....	135	225	29,238,465	21,754,231	2,325,876	285,423	933,387	624,226
Turkey.....	5	5	259,318	767,115	26,547	12,855	10,508	--
Africa, total.....	124	251	12,872,138	10,594,605	1,104,119	373,877	405,383	45,701
Egypt.....	8	8	151,443	231,543	22,856	7,460	8,922	--
Kenya.....	6	8	192,681	247,376	57,168	22,880	18,118	--
Liberia.....	46	89	6,815,184	2,052,434	163,842	6,196	41,936	45,343
Morocco.....	4	4	85,901	72,597	10,679	4,866	1,618	--
Nigeria.....	11	12	1,494,724	1,705,998	441,349	171,492	149,812	--
South Africa (including Namibia).....	70	88	2,882,167	4,572,014	291,814	103,101	151,727	24
Zaire.....	5	6	129,042	166,121	21,375	9,936	6,497	--
Zimbabwe.....	6	10	291,229	387,664	52,720	16,813	17,315	334
Asia, total.....	228	671	51,810,343	52,443,853	5,751,421	2,246,048	1,804,528	181,278
Hong Kong.....	97	145	16,135,149	6,086,086	920,778	150,334	406,895	90,521
India.....	11	12	472,592	651,801	69,937	31,484	6,429	15
Indonesia.....	13	16	742,012	2,735,798	505,394	286,661	6,300	--
Israel.....	9	16	511,856	252,038	14,927	9,420	7,596	--
Japan.....	129	195	19,762,444	27,987,988	2,779,352	1,484,065	989,180	9,135
Malaysia.....	25	37	1,627,324	2,729,729	182,590	65,896	38,226	8,777
Philippines.....	30	34	1,261,361	1,741,794	141,773	65,555	56,693	8,563
Saudi Arabia.....	9	11	1,081,039	165,051	-47,299	6,121	42,156	100
Singapore.....	56	80	5,917,988	4,988,852	670,897	36,088	100,494	59,648
South Korea.....	22	24	661,004	675,096	61,995	22,703	51,626	4
Taiwan.....	45	52	2,028,061	2,153,244	213,502	26,645	53,662	8
Thailand.....	27	31	1,201,673	2,012,266	169,361	49,820	40,343	17
Oceania, total.....	199	374	26,785,963	19,849,060	1,556,018	550,144	440,587	49,204
Australia.....	195	321	24,644,794	17,964,722	1,411,112	485,091	396,144	49,120
New Zealand.....	34	48	2,051,992	1,787,700	149,713	63,265	39,324	13
Puerto Rico and U.S. Possessions, total.....	53	86	5,231,952	5,594,799	484,815	111,414	145,010	3,137
Puerto Rico.....	42	70	3,839,540	1,144,514	194,741	53,901	28,499	725
U.S. Virgin Islands.....	8	10	1,088,326	3,094,879	116,081	25,940	23,578	2,412

Footnotes at end of table.

Controlled Foreign Corporations, 1986

Table 3.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation--Continued
(Money amounts are in thousands of dollars)

Selected country of incorporation of 7,500 Largest Controlled Foreign Corporations	7,500 Largest Controlled Foreign Corporations--Continued								
	Selected receipts by foreign corporations from:								
	All related persons	U.S. corporation filing return and its domestic subsidiaries				Any foreign corporation controlled by U.S. corporation filing return			
		Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received	Total	Sales of stock in trade	Compensation received for certain services	Interest, rents, and royalties received
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
All geographic areas, total.....	122,306,380	60,110,117	46,749,756	4,115,133	5,787,938	61,523,955	46,913,101	3,862,593	4,514,627
Canada.....	28,356,810	24,181,676	23,666,434	232,507	132,810	3,927,645	2,034,695	452,202	516,634
Latin America, total.....	7,474,594	3,792,102	3,042,329	143,253	465,781	3,648,566	2,532,209	81,910	434,166
Mexico.....	1,289,230	1,137,353	1,037,557	65,640	13,130	151,342	107,679	6,767	25,062
Central America, total.....	2,603,072	1,252,101	774,895	50,606	396,965	1,339,315	717,808	20,330	244,061
Costa Rica.....	156,832	14,887	14,419	364	--	141,946	141,494	--	--
El Salvador.....	3,416	--	--	--	--	3,416	3,415	--	1
Guatemala.....	68,507	56,756	56,398	317	--	11,751	11,260	424	67
Honduras.....	77,831	53,080	53,080	--	--	24,751	24,002	--	23
Panama.....	2,296,300	1,127,378	650,997	49,925	396,965	1,157,265	537,452	19,907	243,968
Caribbean countries, total.....	432,054	253,527	173,362	12,758	33,938	157,299	109,815	1,605	36,452
Cayman Islands (British).....	405,038	252,536	172,917	12,758	33,393	131,274	88,326	1,605	31,916
Dominican Republic.....	--	--	--	--	--	--	--	--	--
South America, total.....	3,150,238	1,149,121	1,056,514	14,248	21,747	2,000,609	1,596,906	53,207	128,592
Argentina.....	623,657	240,022	216,514	3,540	1,945	383,632	320,727	10,067	10,065
Bolivia.....	--	--	--	--	--	--	--	--	--
Brazil.....	2,330,897	827,631	785,451	6,174	15,385	1,502,762	1,209,697	38,320	103,527
Chile.....	64,251	19,299	18,685	36	9	44,952	24,550	163	2,492
Colombia.....	45,309	30,575	26,119	652	1,299	14,734	6,882	2,596	2,178
Ecuador.....	3,182	2,979	563	--	125	203	--	24	66
Peru.....	5,286	2,968	562	1,960	--	2,318	248	1,923	145
Uruguay.....	4,174	235	66	--	118	3,938	3,750	--	188
Venezuela.....	59,926	25,412	8,553	1,885	2,867	34,514	17,495	114	9,931
Other Western Hemisphere, total.....	9,608,875	8,214,166	2,959,564	38,091	3,657,951	1,360,278	437,075	76,123	410,632
Bahamas.....	454,287	233,104	173,167	7,052	30,652	221,184	60,863	10,727	68,353
Bermuda.....	5,056,354	4,237,078	2,658,703	30,948	64,399	819,260	327,403	18,479	138,292
Netherlands Antilles.....	4,098,233	3,743,984	127,695	91	3,562,901	319,835	48,809	46,917	203,987
Europe, total.....	58,564,986	12,931,567	8,468,759	2,429,261	1,270,723	45,575,115	36,061,462	2,931,363	2,744,630
European Economic Community, total.....	53,021,252	11,381,770	7,355,208	2,203,833	1,175,757	41,588,255	33,130,625	2,500,876	2,493,837
Belgium.....	3,306,392	618,400	425,568	118,291	56,100	2,679,914	2,282,188	175,356	135,588
Denmark.....	240,035	90,226	74,736	11,040	3,987	149,809	94,175	14,545	14,855
France (including Andorra).....	7,686,420	1,676,611	983,854	606,209	59,287	6,003,430	5,301,659	415,745	67,790
Greece.....	23,855	2,447	3	938	--	21,408	20,074	1,206	101
Ireland.....	747,317	134,476	117,917	13,463	998	612,841	535,254	12,256	10,827
Italy (including San Marino).....	3,593,936	569,299	433,986	73,532	8,007	3,024,416	1,999,249	119,378	859,051
Luxembourg.....	564,584	233,587	35,385	90,391	106,729	330,997	276,649	6,130	42,275
Netherlands.....	5,733,946	649,516	407,395	42,380	188,041	5,080,825	4,308,231	223,533	331,021
Portugal.....	102,851	12,748	11,534	902	--	90,103	88,565	1,153	153
Spain.....	1,179,682	163,501	138,473	13,406	10,071	1,016,181	919,796	15,071	57,309
United Kingdom.....	16,728,760	5,581,195	3,771,159	724,726	591,626	11,131,824	7,092,611	980,974	754,347
West Germany.....	13,113,473	1,649,765	955,199	508,556	150,911	11,446,505	10,212,175	535,529	220,520
Other West European countries, total.....	5,543,662	1,549,726	1,113,551	225,428	94,895	3,986,660	2,930,837	430,487	250,793
Austria.....	220,913	61,279	12,285	45,908	2,843	159,521	70,690	24,224	3,949
Finland.....	23,373	4,773	458	2,538	1,765	18,600	11,158	4,193	1,578
Liechtenstein.....	87,740	654	36	--	--	87,086	18,336	9	7,115
Norway.....	290,591	236,908	211,433	9,152	12,454	53,683	38,607	5,481	4,528
Sweden.....	745,661	260,493	227,004	28,080	1,728	481,323	448,572	12,369	2,088
Switzerland.....	4,147,607	962,189	662,247	139,732	76,104	3,182,299	2,339,913	383,738	231,314
Turkey.....	24,048	23,328	--	4	--	720	375	71	1
Africa, total.....	2,550,287	1,238,970	630,346	259,766	23,856	1,059,887	840,131	16,680	127,168
Egypt.....	189	189	--	87	--	--	--	--	--
Kenya.....	23,371	13,272	13,239	33	--	10,098	6,779	236	167
Liberia.....	1,795,874	976,087	373,117	257,456	22,576	577,802	378,055	10,389	123,239
Morocco.....	1,381	--	--	--	--	1,381	1,381	--	--
Nigeria.....	142,356	137,453	136,247	--	299	4,903	4,903	--	--
South Africa (including Namibia).....	479,758	19,220	16,138	1,663	371	460,441	448,932	5,578	2,847
Zaire.....	1,263	1,198	757	--	441	65	2	63	--
Zimbabwe.....	4,734	--	--	--	--	4,734	--	53	911
Asia, total.....	12,123,198	7,509,266	6,169,320	808,668	208,082	4,567,268	4,080,552	129,750	127,632
Hong Kong.....	1,591,046	897,531	600,006	47,805	143,194	656,595	444,202	29,246	50,743
India.....	13,352	8,067	7,709	--	5	5,286	3,932	450	301
Indonesia.....	32,770	921	2	183	714	31,849	19,032	7,624	5,178
Israel.....	107,901	99,312	39,388	6,408	--	8,590	2,944	2,088	2,509
Japan.....	3,479,723	1,734,408	1,097,220	554,690	48,754	1,736,138	1,610,662	37,213	51,062
Malaysia.....	1,596,809	1,093,603	981,255	24,302	391	503,207	463,006	27,653	3,016
Philippines.....	384,061	148,926	137,264	8,884	2,165	235,135	228,941	2,936	814
Saudi Arabia.....	23,879	16,256	849	15,310	11	7,623	58	2,320	--
Singapore.....	2,867,695	2,301,658	2,224,171	63,087	11,539	565,615	538,428	14,696	8,805
South Korea.....	345,945	259,174	219,526	38,452	--	86,770	80,177	584	--
Taiwan.....	963,654	738,398	684,747	17,235	10	225,255	202,359	2,000	1,906
Thailand.....	642,871	162,038	130,170	30,352	1,300	480,687	480,008	455	190
Oceania, total.....	1,341,802	362,884	152,645	163,814	9,579	978,853	527,128	169,308	152,774
Australia.....	1,289,982	339,768	133,271	160,808	9,264	950,149	512,363	168,407	148,830
New Zealand.....	47,508	20,083	16,651	3,006	6	27,425	13,700	687	3,944
Puerto Rico and U.S. Possessions, total.....	2,285,829	1,879,486	1,660,359	39,773	19,155	406,343	399,850	5,257	990
Puerto Rico.....	102,599	96,026	26,343	39,773	18,617	6,573	159	5,178	990
U.S. Virgin Islands.....	2,046,635	1,666,165	1,634,016	--	240	380,470	380,391	79	--

Footnotes at end of table.

Controlled Foreign Corporations, 1986

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Table 3.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions, Subpart F Income, and Selected Transactions of 7,500 Largest Controlled Foreign Corporations, by Selected Country of Incorporation of Controlled Foreign Corporation--Continued
 (Money amounts are in thousands of dollars)

Selected country of incorporation of 7,500 Largest Controlled Foreign Corporations	7,500 Largest Controlled Foreign Corporations--Continued										
	Selected payments by foreign corporations to:										
	All related persons	U.S. corporation filing return and its domestic subsidiaries					Any foreign corporation controlled by U.S. corporation filing return				
		Total	Purchases of stock in trade	Compensation paid for certain services	Dividends paid	Interest, rents, and royalties paid	Total	Purchases of stock in trade	Compensation paid for certain services	Dividends paid	Interest, rents, and royalties paid
(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	
All geographic areas, total.....	150,042,967	92,450,667	60,644,292	4,187,446	15,490,666	10,394,797	56,122,819	40,885,436	4,331,497	5,602,344	3,793,856
Canada.....	31,993,664	27,696,460	22,731,347	1,465,860	2,384,697	701,081	4,166,930	1,969,197	446,373	844,556	522,866
Latin America, total.....	12,996,965	10,276,286	4,953,030	648,560	1,734,636	2,645,878	2,556,058	1,487,977	91,627	513,127	365,338
Mexico.....	6,257,082	6,073,598	3,123,632	549,062	122,194	2,219,514	182,348	123,415	5,599	16,005	27,476
Central America, total.....	2,196,945	1,323,505	438,963	57,548	576,969	190,425	721,288	249,581	48,928	265,198	119,000
Costa Rica.....	83,411	28,244	21,407	1,645	1,751	2,220	55,167	49,781	2,817	687	1,824
El Salvador.....	9,034	974	--	426	--	548	8,060	352	696	6,450	--
Guatemala.....	19,661	15,758	6,727	834	5,994	2,130	3,903	2,379	194	1,279	51
Honduras.....	88,973	66,105	54,448	504	10,767	213	22,869	22,198	433	125	112
Panama.....	1,995,632	1,212,191	356,147	54,139	558,457	185,314	631,289	174,871	44,787	256,657	117,012
Caribbean countries, total.....	311,310	251,107	123,877	9,044	13,289	61,049	53,452	7,963	4,678	25,030	11,376
Cayman Islands (British).....	225,569	191,673	106,424	8,005	8,869	60,274	29,153	4,967	4,678	5,845	11,339
Dominican Republic.....	27,333	8,148	--	369	380	623	19,185	--	--	19,185	--
South America, total.....	4,231,628	2,628,075	1,266,558	32,906	1,022,184	174,891	1,598,970	1,107,018	32,422	206,895	207,487
Argentina.....	485,315	361,421	220,587	11,043	81,298	37,950	123,295	63,512	8,180	25,370	22,873
Bolivia.....	--	--	--	--	--	--	--	--	--	--	--
Brazil.....	2,882,655	1,640,504	677,136	4,163	795,235	104,362	1,238,985	903,724	15,024	167,322	128,316
Chile.....	163,320	90,556	37,264	1,401	40,568	8,723	72,764	21,176	362	4,457	45,743
Colombia.....	187,279	121,216	54,761	9,184	46,032	3,255	66,062	60,070	1,888	655	1,318
Ecuador.....	23,399	18,121	8,628	599	6,572	755	5,267	4,319	18	302	92
Peru.....	35,660	29,677	11,666	3,708	9,767	1,865	5,983	4,667	461	107	--
Uruguay.....	14,620	13,547	5,928	951	4,650	1,596	1,072	952	107	--	14
Venezuela.....	435,963	353,032	250,588	1,856	38,062	16,585	82,124	45,266	6,383	8,790	9,046
Other Western Hemisphere, total.....	4,651,044	3,703,302	1,544,465	35,942	1,608,234	454,157	944,334	342,195	65,457	246,526	262,170
Bahamas.....	1,190,023	918,817	563,263	20,960	264,532	69,216	271,206	91,401	39,731	38,153	97,985
Bermuda.....	2,081,612	1,752,584	968,225	10,680	596,910	119,815	325,620	83,621	18,634	164,912	34,982
Netherlands Antilles.....	1,379,409	1,031,902	12,977	4,301	746,972	265,126	347,507	167,173	7,093	43,461	129,202
Europe, total.....	80,214,812	37,751,522	22,189,297	1,647,738	7,648,578	5,574,738	41,527,285	31,586,861	3,390,702	3,611,192	2,154,970
European Economic Community, total.....	70,545,491	32,507,912	18,598,766	1,529,267	6,610,090	5,103,058	37,104,500	28,179,941	3,148,009	3,173,790	1,920,852
Belgium.....	4,519,466	1,846,859	1,122,709	102,179	358,356	249,041	2,113,509	1,685,571	166,542	75,224	114,725
Denmark.....	855,590	271,819	38,205	17,942	121,798	91,457	583,771	539,863	16,535	15,967	6,573
France (including Andorra).....	9,771,964	3,986,409	2,377,032	168,423	618,923	754,303	5,758,447	4,992,580	435,145	111,443	156,262
Greece.....	47,291	18,882	11,742	1,972	1,217	3,226	28,409	24,399	1,340	139	454
Ireland.....	657,773	415,900	171,532	19,970	120,969	47,941	241,873	113,215	24,604	67,061	12,145
Italy (including San Marino).....	6,589,343	2,915,780	1,893,840	91,976	497,918	408,773	3,671,716	3,283,486	183,711	78,491	65,983
Luxembourg.....	337,486	177,802	44,626	23,952	44,799	31,893	159,683	92,609	48,079	1,014	12,853
Netherlands.....	7,231,386	2,910,036	1,847,013	88,463	314,525	484,945	4,006,202	3,138,845	188,442	188,400	350,425
Portugal.....	249,130	108,657	56,105	5,641	14,851	29,631	140,473	119,011	3,144	16,050	850
Spain.....	2,470,713	851,382	314,029	43,760	281,483	188,317	1,619,331	1,336,517	131,377	88,273	17,601
United Kingdom.....	21,355,530	9,858,066	4,388,631	529,869	2,907,939	1,864,234	11,480,194	7,632,994	846,188	1,979,159	829,448
West Germany.....	16,459,819	9,146,320	6,333,301	435,118	1,327,311	949,298	7,300,892	5,220,852	1,102,902	552,570	353,533
Other West European countries, total.....	9,669,321	5,243,610	3,590,531	118,491	1,038,488	471,680	4,422,785	3,406,920	242,692	437,403	234,118
Austria.....	921,623	317,284	140,210	16,768	101,289	56,961	603,016	444,060	41,591	108,611	6,719
Finland.....	401,049	122,623	13,505	5,408	64,322	39,143	278,426	256,311	12,749	7,739	1,619
Liechtenstein.....	111,007	44,186	17,206	26	26,485	441	66,822	15,098	427	47,854	2,823
Norway.....	1,086,169	591,386	491,053	14,119	33,974	50,227	494,782	448,998	21,175	16,973	6,409
Sweden.....	1,553,714	540,328	333,550	22,809	83,846	96,023	1,013,386	898,899	46,373	35,469	13,693
Switzerland.....	5,424,577	3,604,514	2,594,334	58,432	710,103	225,670	11,818,459	1,197,155	120,103	220,755	202,696
Turkey.....	158,292	11,983	675	389	7,703	3,216	146,310	146,149	--	1	159
Africa, total.....	1,712,713	754,141	258,370	34,035	337,291	72,180	935,504	717,248	44,072	51,971	105,522
Egypt.....	25,934	16,262	6,615	780	8,672	196	9,671	8,657	--	250	764
Kenya.....	72,291	27,805	14,604	781	12,105	315	44,486	38,002	3	6,013	468
Liberia.....	267,348	58,903	3,821	4,161	29,660	13,864	185,376	60,796	14,642	12,142	94,060
Morocco.....	11,037	2,869	956	689	902	46	8,167	6,442	--	716	319
Nigeria.....	160,005	153,067	9,843	3,790	139,023	284	6,939	3,311	233	3,377	17
South Africa (including Namibia).....	1,039,428	396,859	191,919	18,883	128,492	55,035	642,569	579,836	27,513	20,109	8,676
Zaire.....	20,685	12,298	7,263	519	4,041	85	8,387	7,122	74	955	6
Zimbabwe.....	23,425	7,433	78	56	7,298	--	15,992	2,376	94	7,450	1,164
Asia, total.....	13,820,125	9,205,362	6,666,423	203,617	1,456,735	677,728	4,407,939	3,796,608	117,782	230,419	135,145
Hong Kong.....	2,806,352	1,611,018	1,201,043	19,264	180,597	201,529	1,138,263	862,308	24,388	156,812	52,035
India.....	13,172	9,720	3,864	93	4,711	810	3,452	2,321	--	1,110	20
Indonesia.....	32,378	25,116	12,347	3,657	5,944	2,082	7,262	6,805	72	--	385
Israel.....	60,754	51,684	16,040	3,220	3,362	29,036	9,070	2,366	4,429	--	2,275
Japan.....	5,122,654	3,659,076	2,292,980	92,173	944,206	303,301	1,332,085	1,209,448	35,233	27,462	55,992
Malaysia.....	1,245,750	846,998	772,310	7,000	19,168	8,255	398,683	369,198	3,939	11,388	1,129
Philippines.....	482,889	418,921	340,932	9,505	48,258	11,066	63,968	54,805	1,324	5,261	1,412
Saudi Arabia.....	52,467	27,159	4,946	1,019	18,899	1,333	25,308	3,157	1,862	17,663	2,229
Singapore.....	2,096,748	1,305,448	1,095,736	17,135	93,365	59,338	774,615	713,677	8,191	7,110	11,882
South Korea.....	414,376	282,209	168,288	18,398	50,164	25,284	132,168	106,406	25,511	--	19
Taiwan.....	550,131	416,939	284,877	20,432	44,972	22,205	133,192	102,026	8,041	2,770	1,543
Thailand.....	902,042	522,365	453,770	10,044	39,773	9,714	378,173	354,510	4,061	253	5,435
Oceania, total.....	3,599,995	2,088,001	1,528,919	129,181	196,630	219,182	1,505,935	967,529	172,863	94,552	244,792
Australia.....	3,115,063	1,752,424	1,248,588	119,481	175,668	195,106	1,357,936	855,791	166,054	71,667	240,020
New Zealand.....	429,587	287,637	232,201	9,091	20,962	24,076	141,393	110,751	6,289	17,785	4,772
Puerto Rico and U.S. Possessions, total.....	1,053,649	974,814	772,442	22,494	123,866	49,851	78,835	17,822	2,620	10,000	2,983
Puerto Rico.....	292,490	258,744	177,031	9,919	18,499	48,169	33,746	17,822	2,620	10,000	2,983
U.S. Virgin Islands.....	544,052	531,026	513,707	4,372	12,434	356	13,026	--			

Controlled Foreign Corporations, 1986

Table 4.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation
[Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and size of total assets of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
All Industries, total.....	714	7,500	740,395,679	589,884,940	56,590,619	62,966,595	19,229,025	19,034,715	21,730,762	4,223,316
Under \$10,000,000.....	352	887	7,793,298	10,200,320	651,887	926,652	259,899	256,002	344,725	91,067
\$10,000,000 under \$25,000,000.....	549	2,738	44,045,998	52,633,902	3,939,958	5,294,679	1,535,949	1,489,371	1,873,635	309,055
\$25,000,000 under \$50,000,000.....	438	1,500	52,969,572	57,438,364	4,967,773	5,921,927	1,731,094	1,700,101	1,812,836	360,469
\$50,000,000 under \$100,000,000.....	348	1,031	72,729,298	72,135,123	6,539,315	7,450,341	2,046,042	1,997,114	2,686,558	501,575
\$100,000,000 or more.....	304	1,344	562,857,514	397,477,232	40,491,685	43,372,997	13,656,040	13,592,129	15,013,007	2,961,150
Mining.....	26	118	6,545,122	3,472,424	850,714	1,036,677	500,499	483,043	553,954	107,026
Under \$10,000,000.....	8	9	77,156	63,805	4,303	6,348	172	76	22,076	3,542
\$10,000,000 under \$25,000,000.....	16	51	791,745	514,239	27,768	80,071	17,489	15,242	90,675	4,110
\$25,000,000 under \$50,000,000.....	13	24	797,098	401,292	-27,976	42,085	10,134	-2,428	10,511	2,038
\$50,000,000 under \$100,000,000.....	10	17	1,279,346	656,324	57,372	79,094	10,537	10,426	44,018	23,822
\$100,000,000 or more.....	10	17	3,599,776	1,836,763	789,247	829,079	462,167	459,728	386,675	73,514
Construction.....	11	61	2,714,072	2,166,376	181,484	219,067	50,275	39,800	91,461	28,163
Under \$10,000,000.....	7	13	114,447	96,323	3,201	6,419	1,699	562	352	5,835
\$10,000,000 under \$25,000,000.....	8	21	330,669	244,005	18,412	29,719	5,859	4,404	7,043	3,727
\$25,000,000 under \$50,000,000.....	6	14	492,380	201,868	76,426	81,181	23,949	29,891	46,694	3,875
\$50,000,000 under \$100,000,000.....	5	8	523,878	577,654	42,279	44,112	9,798	9,798	17,185	6,532
\$100,000,000 or more.....	**	**	**	**	**	**	**	**	**	**
Manufacturing.....	391	5,519	480,905,879	498,581,337	48,577,456	53,532,633	16,916,946	16,776,485	19,419,131	3,254,710
Under \$10,000,000.....	245	687	6,023,750	8,819,757	559,630	776,123	227,964	225,890	307,374	77,223
\$10,000,000 under \$25,000,000.....	347	2,081	33,535,226	43,372,983	3,475,338	4,477,030	1,313,289	1,273,636	1,572,469	246,235
\$25,000,000 under \$50,000,000.....	290	1,112	39,020,932	47,003,253	4,198,030	4,890,789	1,479,458	1,454,476	1,608,626	295,672
\$50,000,000 under \$100,000,000.....	216	754	52,853,245	62,111,346	5,957,140	6,583,457	1,874,344	1,829,397	2,365,082	408,418
\$100,000,000 or more.....	186	885	349,472,725	337,273,998	34,387,318	36,805,233	12,021,891	11,993,085	13,565,581	2,227,161
Food and kindred products.....	28	465	27,896,849	30,572,937	3,158,393	3,348,388	1,026,919	1,012,356	1,157,341	169,057
Under \$10,000,000.....	18	55	476,724	815,567	41,692	56,104	14,229	14,005	28,006	16,723
\$10,000,000 under \$25,000,000.....	24	174	2,811,289	4,121,915	266,942	317,182	97,817	88,549	102,888	7,667
\$25,000,000 under \$50,000,000.....	19	103	3,610,387	5,505,375	328,870	381,199	118,231	114,182	119,056	9,318
\$50,000,000 under \$100,000,000.....	20	67	4,632,882	5,489,571	668,058	680,273	222,752	222,771	253,810	12,429
\$100,000,000 or more.....	17	66	16,365,567	14,640,508	1,852,831	1,913,631	573,890	572,849	653,582	122,920
Chemicals and allied products.....	66	1,219	83,333,756	69,913,558	8,981,140	9,630,212	2,947,215	2,946,716	3,567,805	885,057
Under \$10,000,000.....	51	164	1,440,907	1,948,440	179,314	240,275	68,590	69,421	144,747	32,686
\$10,000,000 under \$25,000,000.....	59	502	8,076,884	9,492,814	1,056,853	1,268,476	376,806	371,879	489,419	79,303
\$25,000,000 under \$50,000,000.....	53	223	7,694,747	10,160,342	1,016,689	1,114,417	371,507	373,475	407,329	81,261
\$50,000,000 under \$100,000,000.....	40	166	11,857,119	11,553,170	1,452,378	1,575,194	459,245	461,558	478,248	98,651
\$100,000,000 or more.....	37	164	54,264,099	36,758,792	5,275,905	5,431,850	1,671,067	1,670,383	2,048,061	593,156
Petroleum (including integrated) and coal products.....	24	478	104,965,557	122,047,928	12,336,432	13,365,794	4,308,326	4,239,572	5,971,961	1,086,261
Under \$10,000,000.....	10	27	239,937	404,258	29,030	33,180	12,472	12,473	3,023	187
\$10,000,000 under \$25,000,000.....	21	145	2,366,218	4,182,901	169,923	340,970	100,410	97,510	142,415	45,480
\$25,000,000 under \$50,000,000.....	19	89	3,142,811	4,086,309	481,179	543,221	121,865	127,016	261,320	71,580
\$50,000,000 under \$100,000,000.....	16	67	4,713,216	8,217,164	592,152	697,741	198,695	198,803	688,200	111,951
\$100,000,000 or more.....	19	150	94,503,374	105,157,297	11,064,148	11,750,682	3,874,883	3,803,769	4,877,001	857,063
Fabricated metal products.....	21	200	6,250,780	6,727,735	798,808	848,042	264,700	258,937	350,807	7,589
Under \$10,000,000.....	11	31	269,264	287,718	29,205	32,581	9,209	7,037	6,519	-
\$10,000,000 under \$25,000,000.....	21	88	1,422,443	1,763,340	242,118	253,221	72,326	67,980	131,706	580
\$25,000,000 under \$50,000,000.....	17	49	1,713,721	1,613,202	182,858	196,134	69,709	70,378	68,182	5,540
\$50,000,000 under \$100,000,000.....	11	24	1,635,574	1,829,104	202,312	223,793	65,172	65,259	46,542	1,312
\$100,000,000 or more.....	5	8	1,209,578	1,234,372	142,314	142,314	48,283	48,283	97,857	157

Footnotes at end of table.

Controlled Foreign Corporations, 1986

Table 4.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation--Continued
[Money amounts are in thousands of dollars]

Selected Industry of U.S. corporation filing the return and size of total assets of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Manufacturing--Continued										
Machinery, except electrical.....	45	725	69,531,377	58,664,442	8,821,770	9,625,964	3,600,264	3,523,516	3,747,000	198,933
Under \$10,000,000.....	33	87	763,702	967,028	50,845	76,234	21,030	22,452	26,978	5,842
\$10,000,000 under \$25,000,000.....	43	261	4,193,162	4,825,489	337,297	491,292	151,144	148,309	197,650	29,971
\$25,000,000 under \$50,000,000.....	39	141	4,985,212	4,843,420	341,914	474,729	150,365	144,184	288,964	33,229
\$50,000,000 under \$100,000,000.....	32	103	7,301,774	6,559,976	569,435	728,834	199,939	160,244	224,425	33,740
\$100,000,000 or more.....	22	133	52,287,527	41,468,529	7,522,279	7,854,875	3,077,785	3,048,328	3,008,984	96,151
Electrical and electronic equipment.....	44	713	48,874,023	46,842,782	4,112,571	4,713,012	1,037,296	1,023,698	1,143,883	269,031
Under \$10,000,000.....	26	96	838,766	1,207,404	45,593	96,399	34,867	33,635	25,808	8,631
\$10,000,000 under \$25,000,000.....	39	281	4,451,867	5,727,146	479,871	586,740	137,824	135,111	234,405	36,456
\$25,000,000 under \$50,000,000.....	30	148	5,118,197	6,061,365	388,825	540,963	151,138	143,870	144,444	18,560
\$50,000,000 under \$100,000,000.....	26	89	6,262,734	7,201,875	812,548	881,459	178,632	175,431	244,356	38,575
\$100,000,000 or more.....	19	99	32,202,458	26,644,992	2,385,734	2,607,451	534,835	535,651	494,671	166,809
Motor vehicles and equipment.....	14	268	63,075,879	81,901,610	3,279,031	3,854,659	1,294,430	1,364,034	1,437,032	186,616
Under \$10,000,000.....	6	18	154,762	237,468	-538	14,307	4,158	2,995	3,268	691
\$10,000,000 under \$25,000,000.....	13	80	1,269,813	2,365,113	-19,603	96,937	31,972	23,383	13,852	1,031
\$25,000,000 under \$50,000,000.....	13	41	1,422,391	1,616,114	113,299	160,126	46,261	44,445	19,285	17,481
\$50,000,000 under \$100,000,000.....	8	42	3,013,443	4,003,070	201,419	238,510	62,174	66,759	31,258	11,529
\$100,000,000 or more.....	10	87	57,215,469	73,679,845	2,984,454	3,344,778	1,149,865	1,226,452	1,369,369	155,885
Transportation and public utilities.....	66	381	24,873,374	9,964,847	1,110,436	1,398,410	301,793	305,100	421,004	248,194
Under \$10,000,000.....	20	43	386,853	326,892	14,856	23,789	5,534	6,047	6,012	163
\$10,000,000 under \$25,000,000.....	42	147	2,367,210	1,672,635	79,588	189,662	46,357	47,539	69,371	24,530
\$25,000,000 under \$50,000,000.....	32	98	3,537,039	3,127,326	212,800	277,791	86,376	86,985	59,478	18,231
\$50,000,000 under \$100,000,000.....	27	50	3,534,456	1,103,461	92,320	156,402	19,545	19,680	84,129	30,728
\$100,000,000 or more.....	20	43	15,047,816	3,734,532	710,872	750,765	143,981	144,849	202,015	174,542
Water transportation.....	5	51	1,467,742	60,788	631	49,041	528	1,044	-	608
Under \$10,000,000.....	4	8	171,364	6,518	1,632	4,423	-	-	-	-
\$10,000,000 under \$25,000,000.....	4	31	480,716	33,988	-38,131	6,965	528	1,044	-	608
\$25,000,000 under \$50,000,000.....	**	**	**	**	**	**	**	**	**	**
\$50,000,000 under \$100,000,000.....	**	**	**	**	**	**	**	**	**	**
\$100,000,000 or more.....	**	**	**	**	**	**	**	**	**	**
Wholesale and retail trade.....	61	333	38,306,449	46,138,962	1,669,317	1,949,026	435,009	426,855	489,011	170,747
Under \$10,000,000.....	21	33	291,920	405,896	14,386	34,528	3,692	3,325	2,795	3,715
\$10,000,000 under \$25,000,000.....	41	124	1,902,837	4,705,744	132,205	189,950	67,194	66,602	72,277	4,628
\$25,000,000 under \$50,000,000.....	28	70	2,707,017	4,292,147	191,836	235,022	49,546	47,286	57,167	27,791
\$50,000,000 under \$100,000,000.....	21	47	3,238,655	4,996,561	74,016	175,368	43,721	40,536	21,000	9,958
\$100,000,000 or more.....	15	59	30,166,021	31,738,616	1,256,875	1,314,158	270,856	269,107	335,772	124,655
Wholesale trade.....	32	169	22,156,407	31,993,822	826,487	1,026,916	164,491	161,186	244,187	32,280
Under \$10,000,000.....	10	15	131,632	207,338	-3,725	6,981	583	528	1,102	3,715
\$10,000,000 under \$25,000,000.....	21	67	1,051,780	3,580,582	59,211	91,459	31,503	30,286	25,966	3,636
\$25,000,000 under \$50,000,000.....	14	33	1,295,587	3,345,790	74,687	98,969	23,648	23,680	20,441	1,665
\$50,000,000 under \$100,000,000.....	11	24	1,663,448	3,905,263	14,176	95,415	23,406	21,679	9,581	2,659
\$100,000,000 or more.....	6	30	18,013,959	20,954,850	682,138	734,091	85,013	85,013	187,097	20,605
Finance, insurance, and real estate.....	119	871	179,847,139	25,555,032	3,603,201	4,142,392	866,010	843,291	578,365	362,347
Under \$10,000,000.....	33	66	579,887	346,919	36,592	50,208	13,465	13,036	3,145	588
\$10,000,000 under \$25,000,000.....	69	211	3,464,283	1,133,056	88,047	175,125	40,332	38,028	35,571	5,420
\$25,000,000 under \$50,000,000.....	46	140	4,937,956	1,211,123	193,473	264,369	45,150	47,109	28,627	10,905
\$50,000,000 under \$100,000,000.....	56	131	9,527,007	1,586,375	182,463	246,773	45,734	44,914	31,800	12,153
\$100,000,000 or more.....	63	323	161,338,006	21,277,559	3,102,626	3,405,916	721,330	700,203	479,222	333,282
Banking.....	41	444	114,681,555	11,785,996	1,752,667	1,972,616	489,544	485,777	218,286	197,270
Under \$10,000,000.....	12	25	219,945	59,573	7,758	12,458	2,527	2,690	1,449	588
\$10,000,000 under \$25,000,000.....	23	88	1,444,902	359,255	7,564	46,998	12,720	14,246	7,044	8
\$25,000,000 under \$50,000,000.....	15	61	2,151,353	253,828	64,080	75,905	11,846	11,885	9,174	548
\$50,000,000 under \$100,000,000.....	25	73	5,256,765	638,228	94,157	121,999	16,060	15,393	20,825	801
\$100,000,000 or more.....	25	197	105,608,590	10,475,111	1,579,108	1,715,256	446,391	441,562	179,793	195,325

Footnotes at end of table.

Controlled Foreign Corporations, 1986

Table 4.--U.S. Corporation Returns with Total Assets of \$500 Million or More and their 7,500 Largest Controlled Foreign Corporations: Number, Total Assets, Receipts, Earnings, Taxes, Distributions and Subpart F Income of 7,500 Largest Controlled Foreign Corporations, by Selected Industry of U.S. Corporation and Size of Total Assets of Controlled Foreign Corporation--Continued

[Money amounts are in thousands of dollars]

Selected industry of U.S. corporation filing the return and size of total assets of 7,500 Largest Controlled Foreign Corporations	Number of U.S. corporation returns	7,500 Largest Controlled Foreign Corporations								
		Number of foreign corporations	Total assets	Business receipts	Current earnings and profits (less deficit) before taxes	Foreign corporations with current earnings and profits (+) before taxes		Foreign income taxes (net)	Actual distributions in current year	Subpart F income
						Current earnings and profits before taxes	Foreign income taxes (net)			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Finance, insurance, and real estate										
-Continued										
Credit agencies other than banks.....	14	62	14,454,208	1,799,863	295,778	335,253	44,878	46,791	118,299	88,042
Under \$10,000,000.....	**	**	**	**	**	**	**	**	**	**
\$10,000,000 under \$25,000,000.....	**	**	**	**	**	**	**	**	**	**
\$25,000,000 under \$50,000,000.....	4	13	474,735	85,452	-9,798	5,650	1,733	3,174	186	371
\$50,000,000 under \$100,000,000.....	3	9	741,226	142,913	24,192	24,192	9,269	9,269	2,318	4,689
\$100,000,000 or more.....	9	27	13,038,327	1,426,138	274,149	292,872	27,886	28,503	115,795	82,107
Insurance.....	39	176	23,506,769	4,497,431	394,687	557,106	68,321	67,863	158,573	53,791
Under \$10,000,000.....	9	9	80,957	30,714	-1,089	729	153	173	-	-
\$10,000,000 under \$25,000,000.....	24	51	853,555	207,943	36,149	48,903	3,535	2,846	8,994	1,779
\$25,000,000 under \$50,000,000.....	15	31	1,114,286	372,826	41,422	74,213	11,454	11,548	13,591	4,717
\$50,000,000 under \$100,000,000.....	19	32	2,335,711	400,357	29,115	51,020	10,150	9,579	2,701	2,162
\$100,000,000 or more.....	16	53	19,122,259	3,485,592	289,089	382,240	43,028	43,716	133,287	45,133
Holding and other investment companies, except bank holding companies.....	4	19	1,073,292	2,005,361	184,213	168,789	44,794	44,790	9,204	5,416
Under \$10,000,000.....	**	**	**	**	**	**	**	**	**	**
\$10,000,000 under \$25,000,000.....	3	7	112,983	115,576	3,047	7,584	1,471	1,466	7,235	-
\$25,000,000 under \$50,000,000.....	**	**	**	**	**	**	**	**	**	**
\$50,000,000 under \$100,000,000.....	**	**	**	**	**	**	**	**	**	**
\$100,000,000 or more.....	**	**	**	**	**	**	**	**	**	**
Services.....	38	193	6,506,722	3,442,382	534,595	619,133	142,617	143,970	175,254	51,399
Under \$10,000,000.....	16	33	293,427	126,588	17,414	27,249	7,374	6,973	2,972	-
\$10,000,000 under \$25,000,000.....	24	90	1,446,157	749,175	97,994	131,837	36,826	35,313	23,648	19,676
\$25,000,000 under \$50,000,000.....	21	37	1,301,320	1,051,015	93,748	100,766	29,331	29,631	1,733	1,956
\$50,000,000 under \$100,000,000.....	12	22	1,595,307	946,365	117,662	149,072	42,241	42,241	123,345	9,964
\$100,000,000 or more.....	7	11	1,870,512	569,239	207,777	210,209	26,846	29,812	23,555	19,803
Business services.....	10	64	1,487,140	993,290	82,710	93,343	35,895	36,917	15,534	12,794
Under \$10,000,000.....	4	12	104,102	50,966	15,603	16,262	3,475	3,726	847	-
\$10,000,000 under \$25,000,000.....	8	41	668,198	197,212	43,718	53,692	19,667	20,438	10,633	12,794
\$25,000,000 under \$50,000,000.....	4	7	238,316	531,566	14,624	14,624	6,211	6,211	1,733	-
\$50,000,000 under \$100,000,000.....	**	**	**	**	**	**	**	**	**	**
\$100,000,000 or more.....	**	**	**	**	**	**	**	**	**	**

**Data deleted to avoid disclosure of information for specific corporations.

Note: Detail may not add to total because of rounding and because agriculture, forestry, and fishing is not shown for U.S. parent corporations.

U.S. Possessions Corporation Returns, 1987

By John J. Bradford*

U.S. corporations are allowed a credit for the full amount of U.S. tax liability on certain income derived from sources in the U.S. possessions. For 1987, approximately \$2.8 billion was claimed as possessions tax credit on U.S. corporate income tax returns. This amount was more than 14 percent greater than the 1985 amount. There were 516 active possessions corporations for 1987, representing a decrease of 13 percent from 1985, the most recent prior year for which statistics were compiled.

The vast majority of possessions corporations conducted business in Puerto Rico. For 1987, nearly 97 percent of all U.S. possessions corporations operated in Puerto Rico and virtually all of the total possessions tax credit was claimed by these companies. Figure A shows the number of corporations reporting business activity in each possession [1].

Figure A
Possessions Corporations Filing a Form 5735 in Support of Possessions Tax Credit Claimed, 1987

[Money amounts are in thousands of dollars]

U.S. possession	Number of corporations	Possessions tax credit
Total	442	\$2,775,463
Puerto Rico	428	2,754,054
U.S. Virgin Islands	3	2,885
Guam	8	5,705
Other	3	12,820

As in past years, manufacturing companies claimed the bulk of the credit. These corporations represented 419 of the 516 possessions corporations. For 1987, almost 97 percent of the total possessions tax credit was claimed by manufacturers. Corporations in the chemicals and allied

products industry claimed the largest share, almost 57 percent, though they represented only 18 percent of all possessions corporations.

BACKGROUND

The main elements of the possessions corporation system of taxation were adopted with the Revenue Act of 1921. These provisions were enacted primarily to help U.S. corporations compete with foreign firms in the Philippines, which was a U.S. possession until 1946. An exemption from taxation on all income derived from sources outside the United States was granted to those corporations which met two gross income tests. First, the corporation had to derive at least 80 percent of its gross income from U.S. possessions. Second, 50 percent or more of the corporation's gross income had to come from the active conduct of trade or business in these possessions. For a corporation to qualify for this exemption, these conditions had to be met on an aggregate basis for the year of the exemption and the previous 2 years.

The Tax Reform Act of 1976 created a new section 936 of the Internal Revenue Code for the possessions corporation system of taxation. The new section significantly modified the previous provisions. Before the changes, a possessions corporation was allowed an exemption from U.S. taxation on *all* income derived from sources outside the United States. The 1976 Act granted a tax credit only on (1) income from the active conduct of trade or business in a possession and (2) "qualified possessions source investment income (see "Explanations of Selected Terms")." This new statute was enacted entirely for the benefit of Puerto Rico [2].

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) significantly altered the manner of determining

*Foreign Returns Analysis Section. Prepared under the direction of Chris Carson, Chief.

the taxable income of a possessions corporation by adding a new subsection (h) to section 936. This subsection provided that, in general, income of the possessions corporation from "intangibles," such as patents and copyrights, would be taxable to the U.S. shareholders. The purpose was to "lessen the abuse caused by taxpayers claiming tax-free income generated by intangibles developed outside of Puerto Rico [3]." However, the section also allowed for an election out of the general rule if the corporation demonstrated that it had a significant business presence in a possession with respect to a specific product or type of service. To demonstrate a significant business presence, a corporation had to satisfy either a value-added test or a direct labor test [4]. Eligible corporations could choose to allocate income between the possessions corporation and the U.S. parent through either the cost sharing or profit-split method [5].

With the Tax Reform Act of 1986, several modifications were made to the possessions provisions. One of the most important changes increased to 75 percent the required percentage of the corporation's income which had to come from the active conduct of trade or business in the particular possession. Also, the U.S. Virgin Islands was added to the list of eligible U.S. possessions. Congress retained the possessions tax credit provisions despite recommendations from both the Treasury Department and the President that it be replaced with a wage credit. The wage credit would have operated by granting a tax credit for a fixed dollar amount per hour worked by each employee.

Since 1948, Puerto Rico has provided its own tax incentives to companies involved in manufacturing and other business activities. The Government of the Commonwealth grants partial exemptions from income tax and other taxes for specified periods of time. However, in addition to its income tax, Puerto Rico imposes a "tollgate tax" on dividends paid out of Puerto Rican source earnings and profits to a U.S. or foreign parent corporation. Most countries impose similar taxes. This withholding rate ranges from a high of 25 percent to a low of 5 percent [6].

A corporation can elect the status of a possessions corporation by filing a Form 5712, Election to be Treated as a Possessions Corporation under Section 936. The election is valid for 10 years and cannot be revoked. For each year that the election is valid, the corporation must file a Form 5735, Computation of Possessions Corporation Tax Credit Allowed Under Section 936, even if no

possessions credit is claimed. In general, the term "possessions corporations" refers to all corporations which made the election and filed a Form 1120.

DATA HIGHLIGHTS

For 1987, there were 516 active possessions corporations, a decrease from the 594 corporations for 1985. The reduction in the number of possessions corporations may be a reflection of the uncertainty of the fate of the possessions provisions during the negotiations of the Tax Reform Act of 1986. In addition, mergers and acquisitions may have accounted for some of the difference.

The estimated reduction in U.S. tax liability as a result of the possessions tax credit for 1987 was approximately \$2.4 billion. This amount was less than the total possessions tax credit claimed because possessions corporations could not claim certain other tax benefits which would have otherwise been available to them [7]. As a result of the possessions credit, total U.S. income tax liability of possessions corporations amounted to only \$30.2 million, although these companies generated net income of almost \$7.1 billion. Most of these taxes were attributed to income derived from sources outside of the possessions.

Of the 516 possessions corporations which filed Forms 1120 for 1987, 452 claimed the possessions credit. As for the 64 corporations which claimed no possessions credit for 1987, the bulk of these, 55, had no taxable income. Forty of those corporations reported losses and, therefore, claimed no credit. Although the number of corporations which have claimed the possessions credit has declined over the years, the amount of the credit has increased steadily (Figure B).

Figure B
Corporations Claiming the Possessions Tax Credit, 1983-1987

[Money amounts are in billions of dollars]

Year	Number of corporations	Possessions tax credit
1983	553	\$2.0
1985	510	2.4
1987	452	2.8

Table 1 includes balance sheet and income statement data for all active possessions corporations. For 1987, 419 of the 516 possessions corporations reported a

manufacturing business activity. The predominance of manufacturing firms in Puerto Rico reflects the incentives which the Commonwealth has enacted to attract manufacturers. Under Puerto Rico's Industrial Incentive Act, most U.S. corporations which have established manufacturing subsidiaries on the island have been granted exemptions, up to 100 percent, from Puerto Rican taxes. For 1987, all Puerto Rican corporations paid an average of 3.7 percent of their earnings in taxes to the Commonwealth [8].

The industrial classification with the largest number of possessions corporations was chemicals and allied products, with 93 companies or approximately 18 percent of the total. These companies, which are predominantly drug manufacturers, also reported 56 percent of the income subject to tax and claimed 57 percent of the tax benefits claimed by all possessions corporations. This is a reflection of the rapid growth of the chemical industry in Puerto Rico during the 1970's [9]. For 1985, there were 109 possessions corporations in the chemicals and allied products industry and these companies claimed 48 percent of the tax benefits.

For 1987, the second largest industrial classification was electrical and electronic equipment. These 74 companies claimed approximately 16 percent of the total possessions tax credit. Figure C shows the percentages of corporations and possessions tax credit by industry for 1987.

For possessions corporations as a whole, average net income (less deficit) increased more than 51 percent from 1985 to 1987, to almost \$13.7 million. Similarly, average asset size grew almost 38 percent to \$64 million. These increases are reflections of the economic recovery of the mid-1980's which had spread to U.S. possessions. Earlier in the decade, the economic recession had been particularly hard on Puerto Rico. However, from 1985 to 1987, the Gross National Product (GNP) of Puerto Rico grew by more than 14 percent [10]. This compares favorably to the 12.7 percent GNP growth rate for the United States [11].

The largest corporations (as classified by size of assets) claimed the bulk of the possessions tax credit. The largest 20 corporations (less than 4 percent of all possessions corporations) claimed 48 percent of the total credit amount. Furthermore, the largest 50 corporations (ap-

proximately 10 percent of the total) claimed 66 percent of the credit.

EMPLOYMENT DATA

The stated objective of the possessions tax credit provisions was to provide jobs to the U.S. possessions by attracting employment-producing investment from U.S. firms. Unemployment has been a chronic problem in Puerto Rico, where the unemployment rate has not fallen below 10 percent since 1950 and has averaged more than twice the rate of the United States [12].

An examination of Federal unemployment insurance tax returns (Forms 940) for possessions corporations involved in manufacturing industries provides an indication of how the provisions have aided the Puerto Rican economy [13]. A total of 100,916 workers were employed by manufacturing possessions corporations for 1987, compared to 122,471 employed by all manufacturing firms in Puerto Rico. The average annual wages for employees of manufacturing possessions corporations amounted to \$17,818. This compares to an average annual wage of \$11,173 for all production workers in the Commonwealth [14].

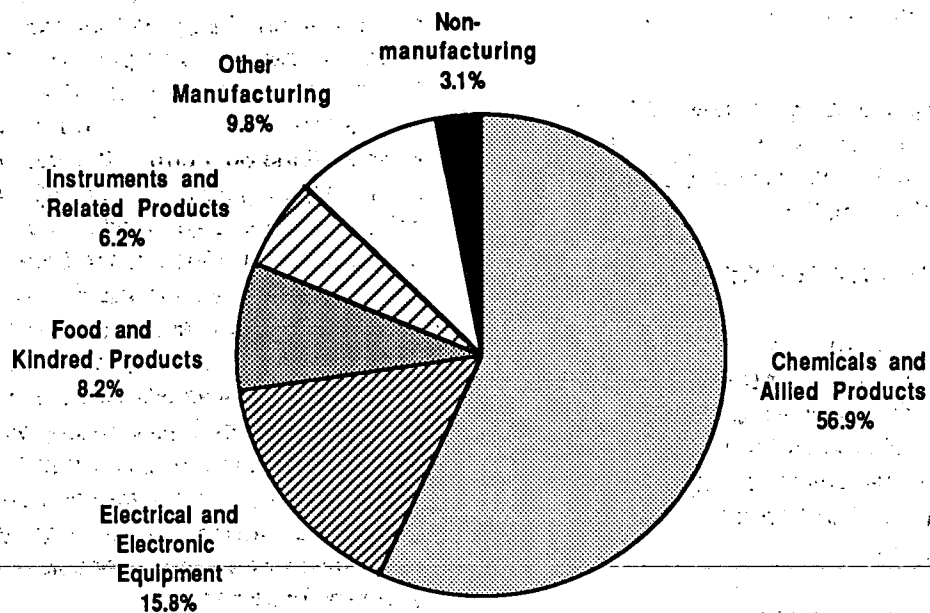
Table 2 presents tax benefit, employment, and compensation information classified by industry for Puerto Rican manufacturing corporations for which Federal unemployment data were available. Chemical companies, particularly drug manufacturers, claimed the highest amount of tax benefits per worker employed. Drug companies received nearly \$71,000 in tax benefits per worker and all chemical companies averaged more than \$65,000. For all possessions corporations, the average tax benefit per employee was \$16,835, about \$1,000 less than the average wage (\$17,818).

SUMMARY

Though the number of corporations claiming the possessions tax credit continued to decline for 1987, the amount of the credit continued to increase. For 1987, U.S. corporations claimed approximately \$2.8 billion as possessions tax credit, resulting in a net reduction of U.S. tax liability of more than \$2.4 billion.

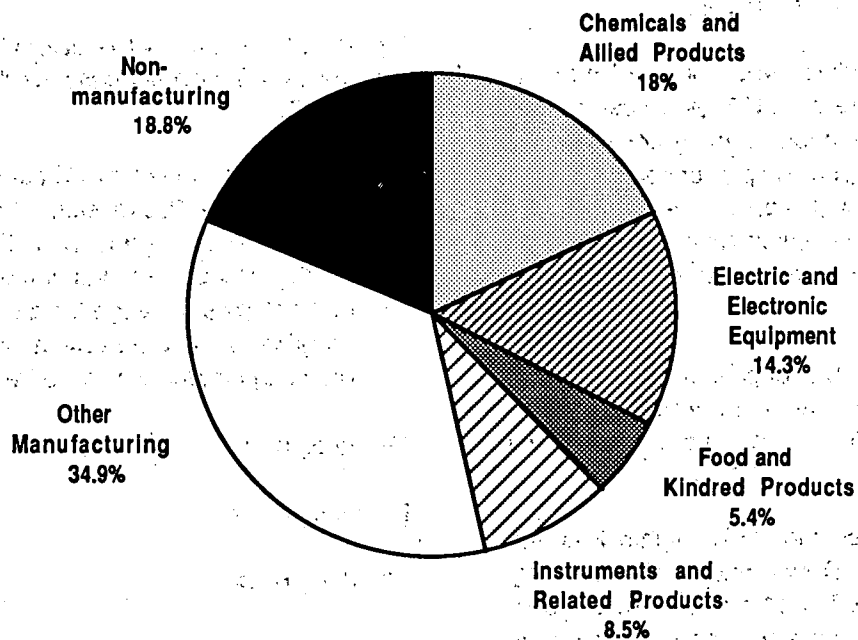
Puerto Rico remained the most common business location for possessions corporations to conduct business, with 97 percent of the total. Nearly 100 percent of the tax credit was claimed by these corporations.

Figure C
Percentage of Possessions Tax Credit by Industry, 1987



Total Credit \$2.8 Billion

Percentage of Possessions Corporations by Industry, 1987



516 Total Possessions Corporations

As in past years, manufacturing companies claimed the bulk of the credit. These corporations represented 419 of the 516 possessions corporations. For 1987, almost 97 percent of the total possessions tax credit was claimed by manufacturers. Corporations in the chemicals and allied products industry claimed the largest share, almost 57 percent, though they represented only 18 percent of possessions corporations.

Possessions corporations employed over 100,000 people for 1987, a 3 percent increase from 1985. The average tax benefit per worker for manufacturing possessions companies amounted to \$16,835.

EXPLANATION OF SELECTED TERMS

Qualified Gross Income in Current Year -- The sum of gross income (gross receipts minus cost of sales and operations) from the active conduct of a trade or business in the possessions, the net gain (or loss) from the sale or exchange of assets used by a possessions corporation in the active conduct of business, and "qualified possessions source investment income."

Qualified Possessions Source Investment Income -- Non-business income derived from the possession in which the possession had its trade or business and which was attributable to the investment of funds derived from such trade or business.

DATA SOURCES AND LIMITATIONS

The statistics in this article were compiled from all returns filed through June 1989 by U.S. possessions corporations with accounting periods ending between July 1987 and June 1988. Because 100 percent of the returns filed were prescribed for inclusion in the sample, the statistics are not subject to sampling error. General information regarding nonsampling error may be found in the Appendix to this report.

Information from Forms 1120 for possessions corporations was transferred from the annual Corporation Statistics of Income study. Additional data items from Forms 5712, 5735, and 940 were later obtained.

The statistics in this article may differ slightly from the data presented in the U.S. Department of the Treasury report, *The Operation and Effect of the Possessions Corporation System of Taxation* for 1987. These differences are due to minor revisions made to the underlying data by

the Office of Tax Analysis for estimates made in its report to Congress.

NOTES AND REFERENCES

- [1] The estimated reduction in U.S. tax liability was calculated by obtaining the "qualified taxable income" of each possessions corporation. This amount was found on Line 10 of the Form 5735. If the corporation did not file a Form 5735, then the sum of "taxable income" (Line 30, Form 1120) was used as a proxy. From these figures, an approximation of the accelerated depreciation deduction was calculated and subtracted. Once this reduced taxable income was obtained, it was multiplied by the appropriate tax rate. For 1987, an additional consideration had to be made for the change in the corporate tax structure which was effective July 1, 1987. Credits for taxes paid to possessions Governments (such as Puerto Rican income taxes and the "tollgate" tax) were estimated and subtracted from the tax liability since, in the absence of the possessions tax credit, these taxes would be creditable under the foreign tax credit provisions.
- [2] For the purposes of the possessions tax credit provisions, the eligible U.S. possessions include Puerto Rico, the U.S. Virgin Islands, American Samoa, Guam, the Northern Marianas, and other smaller U.S. territories.
- [3] Davidson, Ann, "A Credit for All Reasons," *University of Miami Inter-American Law Review*. Fall, 1987, pp. 97-136.
- [4] U.S. Department of the Treasury, *The Operation and Effect of the Possessions Corporation System of Taxation*, Sixth Report, p. 9. Prior to the revisions in 1982, U.S. corporations could develop certain technologies, arrange for a transfer of such an "intangible" to a possessions corporation, and the resulting income would be free from U.S. taxation.
- [5] *Ibid.*, p. 9.
- [6] *Ibid.*, p. 10.
- [7] *Ibid.*, p. 12.
- [8] This figure was supplied by the U.S. Department of the Treasury, Office of Tax Analysis.

- [9] Davidson, p. 120.
- [10] *Economic Report to the Governor*; Puerto Rico Planning Board, 1990. The statistics in this source were based on calendar year 1987 while the Statistics of Income figures were based on corporations with accounting periods ending between July, 1987 and June, 1988.
- [11] U.S. Bureau of Economic Analysis, *Survey of Current Business*, July, 1988.
- [12] Tax Analysts, *Tax Notes*, Volume 36, number 10, September 7, 1987, p. 945.
- [13] Possessions corporations outside of the manufacturing sector were not included in this analysis because they were presumed to pay income taxes to Puerto Rico at a rate at least equal to the effective U. S. corporate rate. In the absence of the possessions provisions, these non-manufacturing companies would be eligible for a foreign tax credit for the amount of these taxes. Therefore, U.S. tax liability would be effectively nullified for these corporations in the absence of the possessions provisions.
- [14] U.S. Department of Commerce, Bureau of the Census, *1987 Economic Censuses of Outlying Areas: Puerto Rico*. July, 1990.
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Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry

[Money amounts are in thousands of dollars]

Item	All industries	Agriculture, forestry, and fishing	Manufacturing						Chemicals and allied products	
			Total	Food and kindred products	Textile mill products	Apparel and other textile products	Paper and allied products	Printing and publishing		Total
Number of returns.....	516	4	419	28	5	57	7	5	93	
Total assets.....	33,183,925	41,337	24,375,852	2,792,280	13,414	570,028	19,301	56,187	11,725,444	
Cash.....	5,819,543	182	5,277,238	1,420,954	2,010	29,401	496	2,364	1,863,705	
Notes and accounts receivable.....	6,721,648	13,804	4,859,762	360,208	8,828	340,333	7,887	7,707	2,287,069	
Less: allowance for bad debts.....	35,912	—	17,565	6,133	83	333	121	61	4,886	
Ending inventories.....	1,953,225	12,992	1,811,620	236,561	2,338	86,989	3,038	1,404	568,878	
Investment in government obligations.....	1,031,552	—	645,884	291	—	2,558	2,365	—	452,532	
Other current assets.....	1,546,763	1,616	1,026,261	72,890	101	19,887	95	35,058	447,766	
Loans to stockholders.....	195,596	—	187,982	4,656	—	3,702	—	—	42,319	
Mortgage and real estate loans.....	2,912,182	—	135,064	—	—	—	—	—	1,200	
Other investments.....	7,702,153	4,997	6,708,361	105,357	—	27,821	—	325	4,421,708	
Depreciable assets.....	6,161,297	11,758	4,315,518	432,556	891	84,729	8,335	7,737	2,064,073	
Less: accumulated depreciation.....	2,326,662	4,033	1,690,853	153,687	786	43,266	3,517	4,380	729,642	
Depletable assets.....	3,700	—	3,154	911	—	—	—	—	—	
Less: accumulated depletion.....	1,606	—	1,464	668	—	—	—	—	—	
Land.....	131,900	—	87,274	12,450	—	692	471	9	44,809	
Intangible assets (amortizable).....	295,835	32	238,349	31,025	2	1,532	21	5,919	103,511	
Less: accumulated amortization.....	120,053	10	118,155	6,221	2	123	4	—	72,812	
Other assets.....	1,192,762	—	907,420	281,130	114	16,107	234	106	235,212	
Total liabilities and stockholders equity.....	33,183,925	41,337	24,375,852	2,792,280	13,414	570,028	19,301	56,187	11,725,444	
Accounts payable.....	2,382,749	5,116	1,640,383	265,533	266	150,690	980	3,230	750,593	
Mortgages, notes and bonds payable in less than 1 year.....	1,799,454	14,340	624,260	95,610	11	24,489	—	—	223,275	
Other current liabilities.....	4,980,770	1,546	631,672	71,551	18	17,880	1,242	17,688	159,247	
Loans from stockholders.....	75,261	—	51,589	—	224	1,128	171	—	21,407	
Mortgages, notes and bonds pay in 1 year or more.....	432,658	2,643	175,730	43,490	—	6,912	—	194	95,921	
Other liabilities.....	917,307	—	299,462	87,623	—	3,914	199	277	132,260	
Capital stock.....	433,495	13,051	334,044	21,575	96	13,567	472	691	186,870	
Paid-in or capital surplus.....	2,521,808	149	1,356,449	135,094	—	24,127	1,596	1,048	347,349	
Retained earnings, appropriated.....	1,334	—	1,126	—	—	122	1	—	—	
Retained earnings, unappropriated.....	19,677,072	4,492	19,286,785	2,072,618	12,798	334,354	14,931	33,654	9,808,534	
Less: cost of treasury stock.....	37,983	—	25,649	814	—	7,156	290	594	13	
Total receipts.....	20,024,446	81,152	17,393,500	2,112,331	11,005	666,127	25,000	35,937	6,611,605	
Business receipts.....	16,499,405	80,632	14,540,816	1,864,732	10,880	658,840	24,327	29,878	4,684,305	
Interest, except state and local government obligations.....	1,194,280	234	689,974	93,358	—	2,609	101	1,955	351,724	
Interest on state and local government obligations.....	41,286	—	39,019	6,432	96	271	185	—	15,424	
Rents.....	21,437	—	4,753	867	—	2	—	—	214	
Royalties.....	7,075	—	6,777	—	—	—	—	—	6,777	
Net short-term capital gain.....	1,545	—	1,544	—	—	32	10	—	1,420	
Net long-term capital gain.....	16,451	—	16,110	18	—	182	66	85	13,419	
Net gain, noncapital assets.....	16,772	—	2,901	14	(²)	94	—	—	924	
Dividends other than constructive distributions.....	18,049	—	12,679	31	—	63	—	—	8,585	
Other receipts.....	2,208,146	286	2,078,927	146,879	29	4,035	311	4,020	1,528,813	
Total deductions.....	12,915,562	76,486	10,530,939	1,525,687	9,823	568,731	20,129	22,797	2,618,199	
Cost of sales and operations.....	8,978,529	63,887	7,869,864	1,255,928	8,657	519,457	18,081	12,616	1,466,423	
Compensation of officers.....	30,071	—	10,279	2,767	—	497	30	191	2,171	
Salaries and wages.....	430,259	2,079	230,390	40,260	275	10,334	474	2,399	49,998	
Repairs.....	168,125	997	46,813	9,193	15	499	18	160	15,549	
Bad debts.....	29,705	—	4,014	1,212	43	34	11	66	439	
Rents paid.....	53,760	123	27,711	2,928	25	1,492	157	312	3,766	
Taxes paid.....	158,068	2,914	109,693	12,495	340	13,576	487	684	19,457	
Interest paid.....	306,609	1,102	29,174	8,978	1	2,617	8	110	5,483	
Contributions.....	4,902	(²)	4,732	473	1	32	1	19	1,823	
Amortization.....	14,964	3	9,586	29	—	15	—	594	1,535	
Depreciation.....	362,585	1,301	209,951	25,263	62	4,206	346	538	86,312	
Depletion.....	1,294	—	1,294	664	—	45	—	251	42	
Advertising.....	71,564	6	43,983	28,117	(²)	80	1	361	5,924	
Pension, profit-share, stock bonus and annuity plans.....	20,106	—	12,955	2,567	—	296	4	126	3,887	
Employee benefit programs.....	74,084	138	55,298	10,117	31	2,077	49	135	15,035	
Net loss, noncapital assets.....	4,357	—	4,305	925	—	11	—	—	1,748	
Other deductions.....	2,206,635	3,935	1,860,952	123,772	374	13,461	462	4,235	938,607	
Total receipts less total deductions.....	7,108,884	4,666	6,862,561	586,644	1,182	97,396	4,872	13,141	3,993,406	
Net income (less deficit).....	7,067,612	4,666	6,823,557	580,212	1,086	97,140	4,687	13,141	3,977,982	
Net income.....	7,112,940	5,181	6,841,675	581,034	1,086	103,059	4,689	13,141	3,978,391	
Deficit.....	45,328	515	18,118	822	—	5,919	2	—	409	
Net income (less deficit) per books.....	6,795,062	3,090	6,553,259	602,643	1,120	93,502	4,351	11,078	3,761,181	
Income subject to tax.....	7,075,466	5,181	6,824,276	581,009	1,086	102,128	4,689	13,141	3,970,481	
U.S. income tax before credits: total.....	2,819,720	1,917	2,719,974	229,101	403	39,499	1,844	5,218	1,598,841	
Regular and alternative tax.....	2,817,059	1,917	2,717,322	228,382	403	39,467	1,844	5,218	1,583,862	
U.S. possessions tax credit.....	2,784,931	1,858	2,697,350	227,530	403	39,467	1,844	5,218	1,583,862	
Foreign tax credit.....	4,774	—	525	11	—	—	—	—	226	
General business credit.....	155	35	91	—	—	—	—	—	25	
Total U.S. income tax after credits.....	30,212	24	22,314	1,568	—	32	—	5	15,436	
Reduction in U.S. tax liability.....	2,410,248	1,647	2,328,214	188,966	384	35,099	1,697	3,994	1,376,902	
Distributions to stockholders.....	2,938,289	—	2,788,608	398,374	—	14,546	412	18,535	1,418,123	

Footnotes at end of table.

U.S. Possessions Corporation Returns, 1987

Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry—Continued

(Money amounts are in thousands of dollars)

Item	Manufacturing								
	Chemicals and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Transportation equipment	Instruments and related products
	Drugs								
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Number of returns	62	5	15	15	31	6	74	6	44
Total assets	11,048,803	883,304	260,198	230,281	340,649	804,601	4,239,403	78,651	1,800,079
Cash.....	1,789,666	308,181	27,161	26,263	15,314	577,841	674,598	860	272,539
Notes and accounts receivable.....	2,105,112	74,113	87,960	47,377	61,345	31,308	1,038,292	22,207	355,943
Less: allowance for bad debts.....	3,977	18	94	56	1,172	3	3,145	16	463
Ending inventories.....	502,869	102,235	20,754	36,670	69,404	99,667	375,947	9,187	113,889
Investment in government obligations.....	442,365	15,000	1,141	49,727	—	775	68,978	—	39,346
Other current assets.....	386,069	37,055	605	643	43,664	2,553	240,861	149	88,053
Loans to stockholders.....	42,264	11,230	—	3,161	—	—	22,840	1,250	95,949
Mortgage and real estate loans.....	1,200	—	—	—	—	—	133,861	—	—
Other investments.....	4,236,848	166,288	42,338	57,122	46,486	1,691	1,259,531	38,698	444,248
Depreciable assets.....	1,921,951	391,817	108,268	13,947	155,132	121,581	491,732	8,694	312,033
Less: accumulated depreciation.....	675,943	225,870	35,491	5,271	59,690	65,709	239,535	2,514	77,286
Depletable assets.....	—	—	664	—	—	—	1,579	—	—
Less: accumulated depletion.....	—	—	—	—	—	—	796	—	—
Land.....	41,500	288	4,137	95	4,167	1,506	9,943	36	6,352
Intangible assets (amortizable).....	103,425	24,687	6	3	2,420	—	49,735	—	19,439
Less: accumulated amortization.....	72,770	21,729	1	3	141	—	1,031	—	16,087
Other assets.....	228,223	29	2,749	603	3,719	33,391	116,014	101	146,124
Total liabilities and stockholders equity ..	11,048,803	883,304	260,198	230,281	340,649	804,601	4,239,403	78,651	1,800,079
Accounts payable.....	710,653	25,397	11,193	21,619	45,739	8,893	242,058	1,314	85,015
Mortgages, notes and bonds payable in less than 1 year.....	219,073	2,744	9,258	119	2,615	—	91,805	—	136,706
Other current liabilities.....	145,772	3,708	6,340	3,848	21,223	64,540	120,840	3,445	124,798
Loans from stockholders.....	21,096	11,250	230	—	644	—	15,627	—	908
Mortgages, notes and bonds pay in 1 year or more.....	95,520	—	1,120	52	517	—	15,496	—	10,046
Other liabilities.....	131,687	5	426	798	348	85	21,381	142	37,689
Capital stock.....	162,929	35,156	2,558	13,652	1,113	734	11,502	62	43,574
Paid-in or capital surplus.....	345,056	406,887	24,369	1,248	60,501	3,585	248,642	761	42,470
Retained earnings, appropriated.....	—	—	—	—	—	—	241	—	—
Retained earnings, unappropriated.....	9,217,017	398,126	208,431	199,942	207,969	726,765	3,471,861	72,928	1,320,862
Less: cost of treasury stock.....	—	—	3,726	10,996	21	—	51	—	1,988
Total receipts	6,160,313	1,300,106	203,953	227,117	443,988	734,418	3,291,570	63,573	1,135,103
Business receipts ¹	4,330,767	1,280,006	188,326	218,144	434,243	667,528	3,002,882	63,147	908,671
Interest, except state and local government obligations ¹	333,679	16,717	4,640	1,861	4,643	36,598	124,790	91	37,966
Interest on state and local government obligations ¹	15,396	2,373	—	3,339	—	538	2,604	—	6,820
Rents ¹	141	—	3,150	—	182	—	53	—	282
Royalties ¹	6,769	—	—	—	—	—	—	—	—
Net short-term capital gain ¹	1,420	—	—	—	—	—	81	—	1
Net long-term capital gain ¹	9,936	—	770	1,379	—	—	143	—	5
Net gain, noncapital assets ¹	883	14	(²)	22	17	655	873	39	12
Dividends other than constructive distributions ¹	8,585	—	—	—	—	—	1,877	—	2,106
Other receipts ¹	1,452,736	996	7,066	2,371	4,904	29,100	158,267	296	179,241
Total deductions	2,383,879	1,220,225	127,925	186,326	380,779	583,818	2,163,597	45,066	703,302
Cost of sales and operations.....	1,313,463	1,141,336	100,094	171,499	337,592	402,865	1,668,894	39,929	409,445
Compensation of officers.....	1,746	274	139	128	222	45	2,236	57	1,174
Salaries and wages.....	41,139	12,074	5,038	1,974	8,791	17,148	53,331	774	17,269
Repairs.....	14,821	6,294	402	315	2,433	3,942	5,120	269	1,607
Bad debts.....	70	6	225	—	127	—	1,534	17	129
Rents paid.....	2,440	7,740	173	536	729	1,440	5,115	184	1,961
Taxes paid.....	17,275	7,393	3,494	2,083	4,930	6,120	23,780	840	5,750
Interest paid.....	4,607	787	804	326	548	180	2,890	5	4,137
Contributions.....	1,809	4	1,339	29	176	481	144	14	100
Amortization.....	1,495	1,217	1	18	6	—	1,655	—	4,364
Depreciation.....	81,507	17,094	2,860	902	11,268	11,870	30,953	615	10,265
Depletion.....	—	—	—	—	5	—	—	16	—
Advertising.....	215	105	1,433	76	41	685	417	2	334
Pension, profit-share, stock bonus and annuity plans.....	3,772	—	36	3	229	2,039	2,036	145	1,323
Employee benefit programs.....	14,377	3,191	1,242	2,517	1,730	331	10,514	867	3,140
Net loss, noncapital assets.....	1,738	20	17	8	359	9	747	—	359
Other deductions.....	883,207	22,689	10,627	5,912	11,594	116,663	354,285	1,330	241,944
Total receipts less total deductions	3,776,634	79,881	76,028	40,791	63,209	170,602	1,127,973	18,507	431,801
Net income (less deficit).....	3,761,238	77,508	76,028	37,451	63,209	170,062	1,125,369	18,507	424,981
Net income.....	3,761,621	81,170	76,028	37,451	63,296	170,062	1,132,446	18,507	425,121
Deficit.....	383	3,662	—	—	87	—	7,077	—	140
Net income (less deficit) per book.....	3,557,597	87,358	75,312	38,473	52,005	139,547	1,108,535	18,122	408,536
Income subject to tax	3,753,780	81,170	76,028	37,451	61,219	170,062	1,130,244	18,507	423,465
U.S. income tax before credits: total	1,514,115	33,090	29,884	14,313	25,568	58,722	440,836	7,667	173,381
Regular and alternative tax.....	1,513,489	32,428	29,884	14,313	25,568	58,722	440,743	7,667	172,876
U.S. possessions tax credit.....	1,498,596	32,279	29,855	13,506	25,519	58,722	440,109	7,631	172,175
Foreign tax credit.....	195	—	—	—	—	—	267	—	21
General business credit.....	25	—	—	—	—	—	—	—	67
Total U.S. income tax after credits.....	15,367	813	45	807	52	157	481	35	1,122
Reduction in U.S. tax liability.....	1,302,121	26,615	24,735	12,170	21,310	48,190	381,313	6,687	151,142
Distributions to stockholders	1,362,599	60,302	44,135	9,104	42,320	100,018	406,872	6,500	131,906

Footnotes at end of table.

Table 1.—All Returns of Active U.S. Possessions Corporations: Balance Sheets, Income Statements, Tax, and Distributions to Stockholders, by Selected Industry—Continued

[Money amounts are in thousands of dollars]

Item	Wholesale trade	Retail trade	Finance, insurance, and real estate	Services
	(19)	(20)	(21)	(22)
Number of returns	21	4	27	32
Total assets	278,644	195,960	6,819,273	200,971
Cash.....	40,930	16,728	441,093	18,174
Notes and accounts receivable.....	84,064	3,773	1,618,708	45,906
Less: allowance for bad debts.....	2,247	—	7,645	3,355
Ending inventories.....	51,279	33,692	1,742	5,026
Investment in government obligations.....	342	—	385,326	—
Other current assets.....	2,171	40,449	461,881	10,027
Loans to stockholders.....	44	—	—	7,556
Mortgage and real estate loans.....	41	—	2,777,076	—
Other investments.....	772	6	969,441	18,539
Depreciable assets.....	89,928	126,958	30,333	81,526
Less: accumulated depreciation.....	6,621	49,180	3,875	24,006
Depletable assets.....	—	—	233	2
Less: accumulated depletion.....	—	—	142	(¹)
Land.....	823	7,131	8,253	16,654
Intangible assets (amortizable).....	4	—	35,495	21,956
Less: accumulated amortization.....	—	—	—	1,888
Other assets.....	17,115	16,405	101,353	4,854
Total liabilities and stockholders equity	278,644	195,960	6,819,273	200,971
Accounts payable.....	56,352	42,687	570,103	16,465
Mortgages, notes and bonds payable in less than 1 year.....	67,879	9,790	1,061,936	13,938
Other current liabilities.....	66,598	20,608	4,174,120	15,916
Loans from stockholders.....	235	—	20,449	2,092
Mortgages, notes and bonds pay in 1 year or more.....	4,122	58,113	4,338	22,343
Other liabilities.....	256	1,262	615,323	850
Capital stock.....	14,775	4,915	66,064	381
Paid-in or capital surplus.....	13,682	10,643	94,402	66,067
Retained earnings, appropriated.....	—	—	208	—
Retained earnings, unappropriated.....	54,879	55,605	216,029	63,759
Less: cost of treasury stock.....	134	7,661	3,700	839
Total receipts	586,581	593,105	617,324	182,164
Business receipts ¹	573,881	587,462	55,100	112,715
Interest, except state and local government obligations ¹	2,259	1,075	494,809	3,426
Interest on state and local government obligations ¹	—	—	2,267	—
Rents ¹	1,857	3,252	350	11,224
Royalties ¹	—	—	298	—
Net short-term capital gain ¹	—	—	—	(¹)
Net long-term capital gain ¹	237	—	101	3
Net gain, noncapital assets ¹	—	1	13,870	1
Dividends other than constructive distributions ¹	—	741	4,629	—
Other receipts ¹	8,347	575	45,899	54,796
Total deductions	576,367	578,336	551,118	153,181
Cost of sales and operations.....	473,631	462,778	7,289	67,425
Compensation of officers.....	552	1,678	16,529	849
Salaries and wages.....	24,545	50,203	24,859	16,249
Repairs.....	1,376	2,454	2,786	1,086
Bad debts.....	499	1,100	12,918	2,728
Rents paid.....	2,085	9,914	3,996	6,055
Taxes paid.....	6,888	11,642	7,203	3,601
Interest paid.....	3,283	4,712	248,678	4,127
Contributions.....	110	9	33	18
Amortization.....	(¹)	—	55	241
Depreciation.....	6,155	6,730	6,437	5,608
Depletion.....	—	—	—	—
Advertising.....	9,447	4,396	8,518	2,746
Pension, profit-share, stock bonus and annuity plans.....	195	904	1,855	159
Employee benefit programs.....	994	66	1,490	724
Net loss, noncapital assets.....	—	51	—	(¹)
Other deductions.....	46,608	21,700	208,471	41,563
Total receipts less total deductions	10,213	14,770	66,207	28,983
Net income (less deficit).....	10,213	14,770	63,939	28,983
Net income.....	12,469	14,804	66,454	30,714
Deficit.....	-2,256	-35	-2,514	-1,731
Net income (less deficit) per books.....	9,730	6,278	64,753	27,141
Income subject to tax	12,279	14,212	51,931	28,545
U.S. income tax before credits: total	4,728	5,529	20,691	11,130
Regular and alternative tax.....	4,728	5,529	20,684	11,128
U.S. possessions tax credit.....	4,701	4,903	9,642	10,726
Foreign tax credit.....	(¹)	—	4,234	15
General business credit.....	—	—	—	29
Total U.S. income tax after credits.....	27	640	6,847	360
Reduction in U.S. tax liability.....	4,170	4,312	19,802	9,756
Distributions to stockholders	7,082	905	3,449	5,317

¹ These amounts were not required to be shown separately for 89 possessions corporations electing the profit-split method to allocate intangible property income. For these corporations, the individual line items were included in the "Other receipts" category.

² Money amount less than \$500.

Table 2.—Returns of Active Manufacturing U.S. Possessions Corporations: Tax Benefits, Employment, and Compensation of Employees, by Selected Industry¹

[Money amounts are in thousands of dollars, except as noted]

Selected Industries	Actual data			Weighted data					
	Number of returns	Reported number of workers	Reported compensation	Number of returns	Gross number of workers	Gross compensation ²	Compensation per worker (whole dollars)	Tax benefits per worker (whole dollars) ³	Tax benefits per worker over compensation per worker
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All manufacturing industries	299	76,253	1,394,188	397	100,916	1,798,127	17,818	16,835	94.5
Food and kindred products.....	17	8,731	147,981	25	10,364	174,072	16,795	17,338	103.2
Textile mill products.....	3	233	4,185	4	255	4,581	17,964	1,215	6.8
Apparel and other textile products.....	42	13,455	146,751	53	17,363	187,131	10,778	2,022	18.8
Men's and boys' clothing.....	8	4,076	47,272	12	4,546	52,727	11,597	2,585	22.3
Women's and children's clothing.....	20	6,383	67,177	24	7,004	73,711	10,524	2,164	20.6
Hats, caps, and other accessories.....	7	1,009	10,353	10	3,825	38,743	10,128	1,465	14.5
All other textile products.....	7	1,987	21,949	7	1,987	21,949	11,048	1,302	11.8
Paper and allied products.....	3	119	2,125	6	135	2,452	18,098	12,522	69.2
Printing and publishing.....	4	235	3,750	4	235	3,750	15,976	11,594	72.6
Chemicals and allied products.....	62	13,351	352,184	89	21,116	546,680	25,890	65,173	251.7
Industrial chemicals, plastics materials, and synthetics.....	6	549	15,556	11	1,012	27,694	27,362	45,476	166.2
Drugs.....	42	11,751	316,298	60	18,384	486,654	26,471	70,788	267.4
Soap, cleaners, and toilet goods.....	9	738	14,376	9	738	14,376	19,493	19,481	99.9
All other chemical and allied products.....	5	314	5,954	9	982	17,957	18,291	14,655	80.1
Petroleum (including integrated) and coal products.....	3	665	25,634	5	716	27,602	38,549	37,170	96.4
Rubber and miscellaneous plastics products.....	9	1,839	29,573	15	2,449	39,119	15,972	10,099	63.2
Leather and leather products.....	12	3,037	32,735	15	4,036	43,600	10,802	3,015	27.9
Footwear, except rubber.....	8	2,754	29,418	11	3,753	40,283	10,734	2,791	26.0
All other leather products.....	4	283	3,317	4	283	3,317	11,714	5,982	51.1
Fabricated metal products.....	22	2,689	44,063	29	3,189	52,130	16,348	5,793	35.4
Metal cans and containers.....	4	1,292	21,577	6	1,559	25,997	16,670	3,463	20.8
Cutlery, hand tools, screws, and bolts.....	4	335	4,094	5	384	4,628	12,048	2,723	22.6
All other fabricated metal products.....	14	1,063	18,391	18	1,245	21,505	17,270	9,658	55.9
Machinery, except electrical.....	5	2,794	69,440	6	2,799	69,582	24,858	17,216	69.3
Electrical and electronic equipment.....	60	19,770	333,493	73	23,180	390,793	16,859	16,450	97.6
Radio, television, and communication equipment.....	11	2,684	41,265	16	3,803	58,696	15,433	17,945	116.3
Electronic components.....	26	5,281	93,325	31	7,181	126,643	17,635	14,733	83.5
All other electrical and electronic equipment.....	23	11,805	198,903	26	12,195	205,453	16,847	16,995	100.9
Transportation equipment.....	4	838	12,390	5	858	12,689	14,795	7,731	52.3
Instruments and related products.....	32	6,473	130,854	43	7,071	143,685	20,319	21,374	105.2
Scientific instruments.....	5	774	19,207	9	1,040	25,728	24,750	50,405	203.7
All other instruments and related products.....	27	5,699	111,647	34	6,032	117,957	19,556	16,370	83.7
Miscellaneous manufacturing and manufacturing not allocable.....	17	2,912	44,005	19	3,115	47,333	15,193	8,125	53.5

¹ The data contained in this table represent those U.S. possessions corporations for which Federal unemployment tax return data were available for statistical processing for 1987.
² Gross compensation of employees is computed by multiplying total wages by 1.235. The additional 23.5 percent reflects employer paid non-payroll costs (such as social security payments) and is supplied by the Office of Tax Analysis.
³ To calculate the tax benefit, the qualified possessions source income of each corporation was multiplied by the appropriate corporate tax rate. Credits for taxes paid to possessions governments (such as Puerto Rican income taxes and the "tollgate" tax on dividends) were estimated and subtracted from this amount. The resulting figure was the estimated reduction in U.S. tax liability.

Sole Proprietorship Returns, 1989

By Louella Ballenger

For Tax Year 1989, nonfarm sole proprietors reported the smallest increase in profits and receipts since 1982, reflecting a weakening in the 7-year economic expansion [1,2]. Profits totaled \$132.7 billion for 1989, an increase of just over 5 percent from 1988 compared to an increase of almost 20 percent from 1987 to 1988. Total receipts rose 3.1 percent from 1988 to 1989 in contrast to the 10-percent increase from 1987 to 1988.

TOTAL RECEIPTS AND PROFITS

The number of individual income tax returns for 1989 reporting nonfarm sole proprietorship activity was up 4.5 percent, from 13.7 million for 1988 to 14.3 million for 1989 [3]. Sole proprietorship total receipts (the sum of "income from sales and operations" and "other income⁴⁾) increased from \$672 billion for 1988 to \$693 billion for 1989, a 3.1 percent increase that was the smallest since 1982. All industrial divisions showed increases in total receipts, except mining (made up almost entirely of the oil and gas extraction industry). Agricultural services, forestry, and fishing also showed a decline (Tables 1 and 2).

Sole proprietorship profits for 1989 rose for the seventh consecutive year, increasing \$6.4 billion to a total of \$132.7 billion. But, the 5-percent increase in profits for 1989 was the smallest since 1982 and was in sharp contrast to the annual increases that occurred after 1982. These annual increases ranged from a low of 11.3 percent for 1985 to a high of 19.8 percent for 1988, the largest increase of the decade (Figure A).

Figure B shows the relationship between total receipts, profits, and deductions over the 10-year period, 1980 to 1989. Beginning with 1983, total receipts grew more

Figure A.--Nonfarm Sole Proprietorship Profits, Tax Years 1980-1989
[Money amounts are in billions of dollars]

Tax year	Net income (less deficit)
1980.....	\$54.9
1981.....	53.1
1982.....	50.6
1983.....	60.4
1984.....	70.8
1985.....	78.8
1986.....	90.4
1987.....	105.5
1988.....	126.3
1989.....	132.7

rapidly than deductions, which boosted the profits reported.

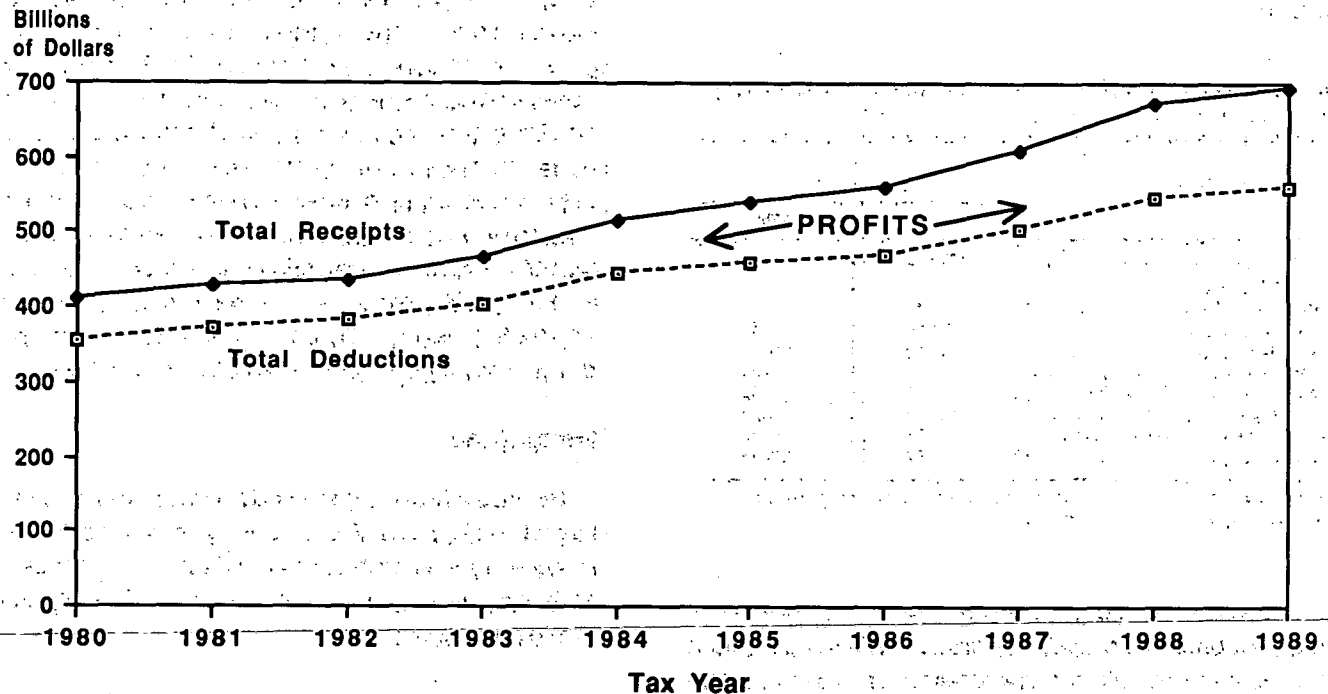
DEDUCTIONS AND LOSSES

Total business deductions (including the cost of sales and operations) rose over the decade ending with 1989. Beginning with 1983, however, deductions as a percentage of receipts began a decline that has continued through 1989.

Contributing to this slower growth in deductions was the decline in depreciation, one of the largest deductions. In contrast to the more substantial growth from 1980 through 1985, depreciation slowed for 1986 and then declined for 1987 under the new rules of the Tax Reform Act of 1986. These new rules lengthened the recovery period and changed the depreciation methods for business property placed in service after 1986. For 1987, the first full year under the new rules, depreciation fell 3 percent, the first decrease since 1961. After increasing slightly for 1988, depreciation declined for 1989 by 6

*Individual Returns Analysis Section. Prepared under the direction of Jeff Hartzok, Chief.

Figure B
Total Receipts, Deductions, and Profits, Tax Years 1980-1989



percent, to \$24.5 billion, which was only slightly above the 1984 level of \$23.9 billion (Figure C).

Figure C.--Nonfarm Sole Proprietorship Net Income, Net Loss (Deficit), and Depreciation, Tax Years 1980-1989 1/
 (Money amounts are in billions of dollars)

Tax year	Net Income (1)	Net losses (2)	Depreciation (3)
1980.....	\$68.0	\$13.1	\$14.0
1981.....	68.5	15.5	15.9
1982.....	68.6	18.1	19.1
1983.....	78.6	18.3	22.1
1984.....	89.8	19.1	23.9
1985.....	98.8	20.0	26.3
1986.....	110.5	20.1	26.4
1987.....	123.8	18.3	25.6
1988.....	145.5	19.2	26.1
1989.....	152.4	19.7	24.5

1/ Disallowed passive losses are not included in the net losses for 1987, 1988, and 1989 since they were not deductible for tax purposes. Therefore, the net losses shown are slightly understated for these years. For 1988 and 1989, the disallowed loss amounts were about \$0.1 billion for each year; the amount for 1987 is unavailable [4].

As a result of the slower growth in total deductions relative to receipts, losses reported by sole proprietors

decreased between 1985 and 1989 (Figure C). Although net losses increased 2.5 percent for 1989, the net loss total of \$19.7 billion for 1989 was less than the net loss for 1985 when there were 2.4 billion fewer sole proprietors. The new rules on depreciation contributed to this slower growth in losses. The restrictions on "passive" losses that began with 1987 seemed to have only a limited impact on sole proprietorship activity as indicated by the relatively small amount of disallowed passive losses reported for both 1988 and 1989 [4,5].

INDUSTRY TRENDS

All industrial divisions, except the finance, insurance, and real estate division, reported increased profits for 1989. Security and commodity brokers in the finance industry accounted for most of the decline as their profits for 1989 dropped by 50 percent. Mining and manufacturing, two of the less significant divisions for sole proprietorships, showed the largest percentage increases in profits for 1989. The mining division reported profits for the first time since 1985, with the oil and gas extraction industry

reporting almost all the increase (Figure D). The increase in profits of the oil and gas extraction industry, despite a decline in receipts, could be traced to substantially lower deductions for depreciation and the cost of sales and operations.

Figure D.--Nonfarm Profits by Industry, Tax Years 1988 and 1989
[Money amounts are in billions of dollars]

Industry	Net income (less deficit)	
	1988	1989
Total 1/.....	\$126.32	\$132.74
Agricultural services, forestry, and fishing.....	2.10	2.15
Mining.....	-0.04	0.53
Construction.....	16.46	17.23
Manufacturing.....	2.31	3.23
Transportation and public utilities.....	4.12	4.62
Wholesale and retail trade.....	13.15	13.55
Finance, insurance, and real estate.....	16.43	16.42
Services.....	68.27	73.45

1/ Included in the total but not in the detail are proprietorships whose business was not allocable by industry.

The services division, the largest division in terms of the number of businesses and the size of profits, accounted for 55 percent of all sole proprietors' profits for 1989 compared to 48 percent for 1980. Within the services division, the medical and health services group accounted for over 33 percent of the profits for 1989, about the same as for 1988, but down from the 40 percent reported for 1980.

SUMMARY

The increase in sole proprietorship profits and receipts for 1989 was the smallest since 1982, indicating a weakening of the 7-year economic expansion. Total deductions continued to decline as a percentage of receipts, and net losses remained below their 1986 high. Profits increased for all nonfarm industrial divisions except for the finance, insurance, and real estate division. The mining division reported profits for the first time since 1985.

DATA SOURCES AND LIMITATIONS

A general description of sampling procedures and data limitations applicable to the Statistics of Income (SOI) tabulations is contained in the Appendix to this issue. Specific information applicable to sole proprietorship data for 1989 is presented below.

Sample Selection Criteria

The 1989 sole proprietorship estimates are based on data from a sample of individual income tax returns, Forms 1040, processed by the Internal Revenue Service (IRS) during 1990. The sample was stratified based on presence or absence of Schedule C, Profit or Loss from Business (Sole Proprietorship); Schedule F, Farm Income and Expenses; Form 4835, Farm Rental Income/Loss; the larger of total income or total loss; and size of business plus farm receipts. The returns were selected at rates that ranged from 0.05 percent to 100 percent. For 1989, 33,196 nonfarm sole proprietorship returns were included in the sample; these were drawn from a population of 14,204,376 returns. By comparison, 36,263 returns were drawn from a population of 13,602,745 for 1988.

Limitations

Because the data presented in this article are estimates based on a sample of returns, they are subject to sampling as well as nonsampling error. To insure proper use of the estimates, the magnitude of the potential sampling error should be known.

Approximate coefficients of variation (CV's) for frequency estimates are presented in Figure E. These CV's can be used to obtain measures of the potential sampling error. They are shown here only as a general indication of data reliability. For numbers other than those shown, the corresponding CV's can be estimated by interpolation. The reliability of estimates based on samples and the use of CV's for evaluating the precision of sample estimates are discussed in the Appendix.

Figure E.--Coefficients of Variation for Frequency Estimates, Tax Year 1989

Estimated number of returns	Approximate coefficient of variation (CV)
13,574,400.....	.010
3,393,600.....	.020
543,000.....	.050
135,700.....	.100
34,000.....	.200
15,100.....	.300
11,100.....	.350
5,400.....	.500

NOTES AND REFERENCES

- [1] Profits are represented by net income less deficit (net losses), before Federal income tax. Proprietors compute their tax on their total "taxable income",

which includes their business profits plus any other income.

For the statistics, if a proprietor owned more than one business, the net income or deficit of each of the businesses was combined and reported under the industry of the proprietor's dominant business. The profits were calculated for the statistics as the sum of net income (for proprietors reporting a profit) reduced by the sum of net deficit (for proprietors reporting a deficit) for all returns within a particular industrial classification. Net income or net deficit for each return was calculated as business receipts minus the sum of cost of sales and operations and other business deductions.

Industry profits, as well as all other industry statistics, are based on the revised *Standard Industrial Classification Manual, 1987*, issued by the U.S. Office of Management and Budget. The Tax Year 1989 data are the first statistics to reflect the changes in the classification system made in 1987. These changes were not major and do not appear to have noticeably affected the comparability of the data from 1988 to 1989.

[2] Money amounts in this article are not adjusted for inflation.

[3] In this article, the terms "sole proprietor" and "sole proprietorship" are used interchangeably, but, in fact, there are always more sole proprietorships than sole proprietors because some individuals own more than one business. For 1989, the ratio of proprietorships to proprietors continued to be approximately 1.1 to 1. For a fuller explanation of the relationship between proprietors and proprietorships, see *Statistics of Income--1981, Sole Proprietorship Returns*.

[4] The estimate for Tax Year 1989 of the total disallowed passive losses reported by sole proprietors was \$102.0 million. For 1988, it was \$88.2 million; no estimate of these losses was available for 1987.

[5] Passive activity losses were those losses generated by any business activity in which the taxpayer did not materially participate (i.e., was not involved regularly and substantially in the operations of the activity). The Tax Reform Act of 1986 eliminated the use of passive losses to offset nonpassive income, such as wages or dividends. A 5-year phase in of the restrictions was allowed for pre-enactment investments. Exceptions up to \$25,000 were made for certain real estate loss activities. Under prior law, all losses were fully deductible.

Table 1.—Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Industry	Businesses with and without net income								Businesses with net income							
	Number of returns	Business receipts	Depreciation	Rent on:		Interest paid deduction 1/	Payroll 2/	Net income less deficit	Number of returns	Business receipts	Depreciation	Rent on:		Interest paid deduction 1/	Payroll 2/	Net income
				Machinery and equipment	Other business property							Machinery and equipment	Other business property			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
All nonfarm industries	14,297,558	692,810,938	24,479,083	2,975,857	17,975,775	13,279,935	68,008,805	132,737,680	11,017,545	600,723,578	17,501,404	2,309,577	14,021,270	6,493,124	56,682,763	152,416,377
Agricultural services, forestry, and fishing	342,300	14,704,382	930,652	41,201	256,361	364,745	1,299,825	2,147,459	259,093	12,111,836	628,077	30,936	202,716	225,386	966,118	2,761,993
Agricultural services	268,366	12,145,759	633,427	40,885	210,350	253,929	1,157,567	1,455,626	201,222	9,791,220	394,164	30,625	161,719	145,333	850,233	1,980,603
Veterinary services, including pets	15,725	1,803,303	85,117	21,876	37,609	52,141	242,648	396,381	11,154	1,661,589	73,066	17,149	37,609	50,089	225,112	418,235
Livestock breeding	15,903	173,593	41,199	148	10,187	21,644	5,989	-113,539	3,348	98,277	4,448	()	42	5,712	3	44,302
Animal services, except livestock breeding and veterinary	53,448	4,223,442	182,175	304	119,518	71,614	148,463	4,323	25,138	2,935,595	60,632	174	82,700	29,526	38,860	249,092
Landscape and horticultural services	139,653	4,894,936	269,914	17,410	40,993	90,386	696,565	1,001,271	124,769	4,133,382	210,636	12,451	39,969	48,980	534,989	1,061,240
Farm labor, management, and crop services	43,637	1,050,485	55,021	1,147	2,043	18,144	63,901	167,190	36,813	962,377	45,361	851	1,399	11,026	51,269	207,733
Forestry, except logging	14,831	499,812	59,933	3	2,059	14,812	66,013	114,347	10,870	440,060	47,610	()	1,768	10,485	63,689	133,687
Commercial fishing	54,553	2,051,404	233,592	313	43,953	95,438	75,857	579,166	44,283	1,875,449	186,302	311	39,229	69,569	643,117	1,450,253
Hunting and trapping	*4,550	*7,407	*3,700	()	()	*565	*388	*-1,678	*2,717	*5,108	()	()	()	()	()	*4,586
Mining	154,900	6,525,670	519,312	45,818	45,104	328,469	232,435	530,756	96,636	4,755,540	194,059	44,396	20,102	82,666	176,819	1,450,253
Metal mining	3,234	39,376	2,698	91	62	1,275	10,325	*1,851	*38,180	*1,587	*2,695	*91	*62	*1,081	*16,018	*16,018
Coal mining	11	84,141	2,095	120	80	1,699	1,318	3,207	6	75,352	1,378	50	76	1,215	6,030	6,030
Oil and gas extraction	147,515	6,213,121	480,862	42,961	35,757	309,597	212,957	541,216	94,741	4,600,145	189,295	41,612	19,924	80,057	169,847	1,421,995
Quarrying and nonmetallic minerals, except fuels	4,139	189,032	33,972	39	9,176	17,111	16,886	-23,992	37	41,863	1,799	39	12	1,332	4,710	6,211
Construction	1,757,120	100,915,543	3,244,596	420,062	615,453	1,387,376	15,683,229	17,230,782	1,540,101	91,923,877	2,673,168	359,670	523,944	1,051,176	14,164,131	18,397,830
General building contractors and operative builders	344,860	28,966,917	524,368	58,231	107,545	495,255	4,267,461	3,408,713	290,893	24,942,136	418,074	41,235	80,342	316,542	3,706,552	3,802,443
General building contractors	304,014	26,996,829	465,388	55,769	102,359	442,289	4,031,490	3,197,315	257,683	23,234,439	367,467	39,112	77,808	290,614	3,506,950	3,555,191
Operative builders	40,846	1,970,088	58,980	2,461	5,187	52,965	235,971	211,398	33,211	1,707,697	50,606	2,123	2,534	25,928	199,603	247,252
Heavy construction contractors	32,835	2,775,589	168,306	16,213	13,240	91,417	262,825	232,354	27,028	2,450,563	131,579	13,666	10,911	41,613	220,477	325,621
Highway and street construction	9,478	1,278,868	36,220	13,551	1,983	14,747	131,215	59,635	9,467	1,165,369	35,009	12,295	1,716	10,527	103,372	71,204
Heavy construction, except highway	23,357	1,496,820	132,085	2,261	11,257	76,669	131,610	172,719	17,561	1,285,195	96,571	1,371	9,195	31,086	117,105	254,417
Special trade contractors	1,379,425	69,172,937	2,551,922	345,618	494,668	800,705	11,152,943	13,589,715	1,222,180	64,531,178	2,123,515	304,769	432,691	693,021	10,237,101	14,269,766
Plumbing, heating and air conditioning	130,837	11,177,255	306,700	39,053	53,250	137,422	1,622,242	1,627,451	117,354	10,231,716	297,446	38,767	46,726	128,387	1,338,463	1,710,661
Painting and paperhanging	194,401	6,524,742	126,082	6,311	78,652	57,372	1,382,090	1,558,034	184,962	6,383,260	99,282	6,178	64,117	53,581	1,354,500	1,607,512
Electrical work	96,107	5,493,188	121,097	17,654	12,103	45,160	1,071,164	938,394	75,529	4,683,001	100,505	11,831	10,098	30,753	873,050	1,009,175
Masonry, stonework, tile setting, and plastering	150,879	10,005,416	240,456	28,421	55,409	95,027	2,466,555	1,899,798	140,191	9,856,538	210,854	26,961	51,098	90,430	2,425,409	1,919,051
Carpentering and flooring	416,077	13,952,898	417,876	33,591	111,145	122,796	1,317,497	3,722,125	380,976	13,402,969	386,822	32,638	105,222	103,606	1,273,148	3,832,895
Roofing, siding, and sheet metal work	94,018	5,441,766	163,300	11,222	36,749	22,285	894,776	1,181,634	68,115	5,299,748	148,817	11,222	36,749	20,892	893,841	1,190,039
Concrete work	34,787	2,169,886	98,277	10,139	2,334	14,831	502,206	398,601	30,187	1,880,414	52,608	10,139	2,334	14,443	461,394	411,141
Miscellaneous special trade contractors	262,319	14,407,787	1,078,135	199,228	145,026	305,813	1,896,413	2,263,678	204,866	12,793,530	827,182	167,034	116,348	250,929	1,617,297	2,589,291
Manufacturing	431,130	25,400,029	1,446,082	208,187	681,441	515,854	3,910,016	3,228,762	315,215	21,526,335	1,066,861	166,882	561,897	318,118	2,973,105	3,965,119
Food and kindred products	7,448	1,446,808	32,426	40	34,025	13,860	75,512	-26,678	2,381	1,257,084	21,803	21	2,510	4,465	70,801	74,720
Textile mill products	*5,492	*303,376	*907	()	*13,770	*1,682	*73,909	*70,925	*5,492	*303,376	*907	()	*13,770	*1,682	*73,909	*70,925
Apparel and other textile products	33,467	1,252,127	29,561	2,240	52,849	4,121	105,907	233,612	27,627	1,211,723	27,739	2,209	49,914	1,285	87,950	267,094
Lumber and wood products, except furniture (includes logging)	91,415	5,558,727	437,408	79,608	35,561	116,601	673,794	928,628	75,163	5,304,125	415,671	74,705	35,239	95,633	644,094	992,223
Furniture and fixtures	22,551	978,536	83,235	4,673	60,462	15,506	172,929	153,083	20,484	970,984	81,376	60,428	15,502	172,303	163,337	163,337
Printing, publishing, and allied industries	75,006	6,332,891	274,921	56,411	158,573	203,859	1,263,818	779,766	50,307	4,675,617	142,701	27,556	124,023	118,604	735,716	914,118
Leather and leather products	*7,630	*148,188	*3,419	*9,858	*13,114	*3,730	()	*-13,015	*3,630	*79,782	*259	*4,890	*9,169	*1,651	()	*8,287
Stone, clay, and glass products	20,229	455,474	37,056	35	17,491	21,877	56,753	-25,109	11,674	228,188	12,178	1	11,859	3,298	27,241	33,449
Primary metal industries	*1,626	*18,842	*6,294	*269	*25	*2	*3,336	*-1,384	5	14,154	198	269	25	2	3,336	6,142
Fabricated metal products	31,555	2,000,252	99,888	17,556	33,723	30,066	345,958	275,273	22,883	1,755,634	77,769	17,533	27,663	21,787	298,334	326,571
Machinery, except electrical	49,229	3,515,399	345,646	30,242	178,639	61,255	645,919	484,561	38,357	2,742,759	224,923	28,401	146,871	24,941	406,177	585,180
Electrical and electronic equipment	15,051	458,149	28,835	195	3,746	8,471	37,786	121,915	10,774	370,482	18,252	66	3,091	4,143	15,473	159,459
Paper and allied products	*1,359	*9,248	*144	*18	*8	*59	*1,151	*1,359	*9,248	*144	*18	*8	*59	*199	*1,151	*1,151
Other manufacturing industries	69,073	2,922,012	66,343	7,041	79,456	34,763	454,196	246,034	45,078	2,603,179	42,943	6,543	77,327	25,066	437,571	362,465

Footnotes at end of table.

Table 1.—Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry—Continued
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Industry	Businesses with and without net income								Businesses with net income							
	Number of returns	Business receipts	Depreciation	Rent on:		Interest paid deduction 1/	Payroll 2/	Net income less deficit	Number of returns	Business receipts	Depreciation	Rent on:		Interest paid deduction 1/	Payroll 2/	Net income
				Machinery and equipment	Other business property							Machinery and equipment	Other business property			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Transportation, communication, public utilities, and related services.....	623,046	30,831,223	2,466,795	337,943	371,232	818,440	2,927,991	4,619,598	491,417	25,263,707	1,499,124	272,714	310,495	542,129	1,974,756	5,703,074
Local and interurban passenger transit.....	88,009	1,833,106	108,828	69,766	57,133	71,990	75,494	425,709	68,796	1,469,826	68,551	64,464	40,778	59,266	74,563	486,980
Other highway passenger transportation	*2,717	*4,821	()	()	()	()	()	*384	*1,358	*1,775	()	()	()	()	()	*1,612
Taxicabs.....	46,346	626,054	15,506	35,690	39,155	35,636	475	170,021	38,378	585,785	14,364	30,905	37,671	32,973	475	194,250
Bus and limousine transportation.....	38,946	1,202,230	93,322	34,076	17,978	36,355	75,019	255,304	29,059	882,265	54,187	33,559	3,107	26,293	74,087	291,118
Trucking and warehousing.....	400,437	22,555,062	2,059,132	250,693	247,142	619,843	1,954,100	3,324,285	315,255	17,904,281	1,285,947	191,879	222,093	430,113	1,096,455	4,052,901
Trucking, local and long distance, including trash collection without own dump.....	351,283	21,969,465	2,027,791	250,307	239,078	600,475	1,950,150	3,175,722	275,511	17,350,983	1,261,825	191,503	216,998	423,370	1,093,064	3,861,925
Courier or package delivery service.....	49,053	556,372	27,970	321	6,866	12,510	1,525	150,016	39,726	533,619	23,530	321	4,353	6,476	1,525	185,973
Public warehousing.....	101	29,225	3,371	65	1,198	6,858	2,425	-1,453	*18	*19,678	*592	*55	*741	*267	*1,866	*5,003
Water transportation.....	8,473	525,734	64,774	28	10,900	20,901	68,865	72,663	4,613	268,351	14,650	13	8	1,057	106	186,928
Air transportation.....	15,415	345,323	61,572	655	4,397	35,588	8,520	-10,434	9,648	242,439	12,660	632	1,066	1,214	6,810	66,622
Transportation services.....	62,363	4,364,012	114,372	10,122	37,870	42,674	772,973	547,127	51,528	4,276,465	95,954	9,541	36,771	38,619	772,009	585,410
Travel agents and tour operators.....	23,342	1,854,179	19,570	5,463	32,006	24,941	194,565	187,200	17,601	1,834,816	15,156	5,456	31,874	24,829	193,881	209,240
Other transportation services.....	39,021	2,509,834	94,802	4,659	5,864	17,733	578,408	359,927	33,927	2,441,649	80,797	4,085	4,898	13,790	578,129	376,170
Communication services.....	35,308	1,123,268	42,480	6,608	12,739	23,533	45,247	234,620	30,256	1,026,641	18,529	6,160	9,266	10,929	22,303	281,875
Utilities, including dumps, snowplowing, road cleaning, etc.....	13,041	84,718	15,637	71	1,051	3,910	2,791	25,628	11,321	75,505	2,833	27	513	931	2,508	42,358
Wholesale and retail trade.....	2,438,472	234,071,082	4,191,257	654,974	6,200,339	3,188,005	16,248,020	13,547,817	1,524,152	194,115,894	2,930,254	419,397	4,347,044	2,017,512	12,567,419	18,849,499
Wholesale trade.....	328,758	36,856,645	492,783	61,350	474,590	333,069	1,317,506	4,444,936	257,567	32,841,703	377,232	44,307	-363,075	252,938	1,128,245	4,868,748
Durable goods, including machinery, wood, metals, etc.....	218,785	21,425,447	311,975	46,821	315,038	231,139	835,963	2,800,139	175,456	19,012,337	239,910	30,006	246,554	168,817	711,708	3,102,674
Nondurable goods, including food, fiber, chemicals, etc.....	109,973	15,431,198	180,808	14,529	159,552	101,930	481,543	1,644,798	82,111	13,829,366	137,323	14,301	116,521	84,120	416,537	1,766,074
Retail trade.....	2,109,713	197,214,437	3,698,474	593,624	5,725,749	2,854,937	14,930,514	9,102,881	1,266,585	161,274,191	2,553,022	375,090	3,983,969	1,764,574	11,439,174	13,980,752
Building materials, paint, hardware, garden supply, and mobile home dealers.....	54,198	6,851,474	135,449	3,034	176,764	106,083	630,804	497,480	32,461	5,319,350	79,126	1,853	143,653	34,586	478,927	633,363
Lumber and other building materials dealers.....	11,839	2,474,515	58,876	93	40,739	31,985	341,119	156,666	8,580	2,040,934	31,398	93	40,715	5,757	244,162	177,505
Paint, glass, and wallpaper stores.....	11,433	648,306	4,567	84	29,629	5,223	82,569	31,875	*4,100	*444,693	*3,786	*84	*7,937	*2,654	*68,797	*81,441
Hardware stores.....	12,163	2,122,886	34,663	6	69,618	26,633	131,586	156,772	9,039	2,074,487	32,944	6	69,583	15,498	129,983	178,295
Retail nurseries and garden supply stores.....	13,497	818,532	18,982	2,850	32,975	12,996	52,713	88,471	6,327	567,464	6,574	1,670	21,646	2,982	27,251	117,371
Mobile home dealers.....	5,266	787,236	18,361	()	3,803	29,246	22,818	63,696	4,414	191,771	2,425	()	3,772	7,695	8,734	78,751
General merchandise stores.....	51,404	3,718,966	55,157	5,748	131,170	52,732	202,200	336,051	35,031	2,972,362	26,427	4,560	91,441	28,180	156,497	395,722
Variety stores.....	20,107	1,377,102	13,889	4,887	48,838	17,596	60,337	138,237	13,258	1,211,000	4,447	4,432	44,076	10,505	52,468	153,392
Computer and software stores.....	10,283	175,656	4,604	62	3,104	1,380	2,901	12,454	5,737	127,276	3,140	61	308	1,251	2,795	18,354
Other general merchandise stores.....	21,014	2,166,207	36,664	799	79,228	33,755	138,961	185,361	16,036	1,634,085	18,841	67	47,057	16,424	101,234	223,976
Food stores.....	143,489	35,484,983	534,259	31,882	709,135	404,423	2,014,225	1,334,900	106,601	31,558,621	462,116	27,782	574,902	341,141	1,738,987	1,638,535
Grocery stores.....	104,444	28,053,890	408,782	26,087	468,542	324,124	1,470,283	1,031,747	82,398	25,430,196	369,472	24,035	385,188	283,830	1,364,209	1,262,120
Retail bakeries.....	6,830	526,521	12,651	134	29,447	12,027	143,565	29,994	*5,450	*518,941	*12,423	*119	*29,150	*11,761	*143,041	*31,687
Miscellaneous food stores.....	32,215	6,904,573	112,825	3,661	211,147	68,272	400,377	273,518	18,753	5,609,484	80,221	3,628	160,563	45,549	231,738	344,729
Automotive dealers and service stations.....	181,374	49,222,762	533,487	60,767	667,028	682,785	2,475,219	1,169,212	123,615	39,375,437	344,059	52,895	526,217	388,476	1,855,344	1,918,567
Motor vehicle dealers—new car dealers (franchised).....	13,890	2,481,328	4,171	2,272	1,596	23,721	44,969	141,509	10,558	2,314,963	1,942	2,272	533	13,135	34,520	211,702
Motor vehicle dealers—used cars only	66,057	10,996,479	65,591	8,190	147,836	164,167	200,886	197,752	43,984	9,517,155	46,134	4,588	113,140	120,108	153,362	442,707
Auto parts and accessories and selected home supply stores.....	38,239	6,742,861	161,364	27,977	102,900	146,979	650,731	171,452	27,274	5,440,186	92,040	27,287	93,202	97,648	498,838	302,701
Gasoline service stations.....	42,819	23,706,167	243,988	20,718	359,182	184,924	1,314,187	620,332	30,571	19,593,071	178,476	18,610	304,356	136,464	1,102,309	740,363
Boat dealers.....	3,616	600,408	2,184	1	-12,711	4,026	352	14,843	*1,830	*529,283	*2,105	()	*10,298	*3,770	()	*30,819
Miscellaneous automotive dealers.....	16,753	4,695,518	56,189	1,609	42,803	158,967	264,094	23,324	9,398	1,980,779	23,362	139	4,689	17,350	66,315	190,275

Footnotes at end of table.

Table 1.—Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry—Continued
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Industry	Businesses with and without net income								Businesses with net income							
	Number of returns	Business receipts	Depreciation	Rent on:		Interest paid deduction 1/	Payroll 2/	Net income less deficit	Number of returns	Business receipts	Depreciation	Rent on:		Interest paid deduction 1/	Payroll 2/	Net income
				Machinery and equipment	Other business property							Machinery and equipment	Other business property			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Wholesale and retail trade—Continued																
Retail trade—Continued																
Apparel and accessory stores.....	79,817	7,573,941	103,093	7,841	523,095	156,738	497,218	239,455	41,275	4,944,394	51,031	3,780	281,743	38,196	322,362	616,203
Men's and boy's clothing stores.....	*3,371	*1,241,519	*19,928	*3,777	*102,025	*4,461	*104,126	*81,393	*2,457	*1,187,932	*18,284	*3,774	*98,931	*2,103	*101,210	*85,793
Women's ready-to-wear stores.....	21,155	1,960,994	45,383	6	120,148	31,285	98,652	-6,780	9,677	1,124,702	16,751	6	39,033	8,034	49,495	121,753
Women's accessory and specialty stores.....	9,020	264,026	6,065	21	17,943	6,114	20,113	37,025	*3,900	*136,467	*1,760	()	*6,046	*24	*2,332	*57,697
Family clothing stores.....	16,040	1,604,662	5,521	620	147,526	33,973	76,783	83,055	10,792	1,076,985	2,146	()	86,312	2,751	62,142	169,625
Shoe stores.....	9,681	915,860	8,041	()	39,177	20,257	81,756	7,094	*4,710	*563,471	*5,239	()	*24,250	*13,563	*51,011	*65,911
Apparel and accessory stores, not elsewhere classified.....	20,550	1,586,880	18,155	3,417	96,276	60,649	115,788	37,668	9,739	854,838	6,852	()	27,170	11,721	56,173	115,424
Furniture and home furnishings stores.....	104,358	12,199,073	251,933	103,903	464,183	152,046	1,155,844	1,052,489	80,027	10,310,072	218,841	33,736	387,667	124,661	964,713	1,320,565
Furniture stores.....	30,004	4,781,949	96,155	99,280	193,393	81,146	444,981	365,098	22,601	3,995,826	80,576	29,171	150,674	62,583	394,276	448,803
Home furnishings and equipment stores, except appliances.....	27,111	1,879,618	33,899	4,173	51,489	16,442	129,169	354,528	20,625	1,654,237	30,097	4,173	44,205	15,442	111,087	396,961
Household appliance stores.....	20,034	3,112,462	23,706	377	138,505	28,552	285,174	197,440	17,353	2,444,397	20,618	377	133,431	26,727	269,320	218,585
Television, audio, and electronic stores.....	19,161	1,816,676	41,229	70	35,810	15,743	261,506	92,740	14,451	1,628,228	31,375	13	21,681	9,949	155,355	206,596
Music and record stores.....	8,049	608,369	56,944	2	44,986	10,164	35,014	42,683	4,997	587,384	56,175	1	37,676	9,962	34,675	49,620
Eating and drinking places.....	214,456	26,356,698	941,507	219,248	1,457,283	637,867	4,903,223	473,874	117,686	18,282,245	571,488	143,738	895,029	361,207	3,290,501	1,706,663
Eating places.....	140,623	19,745,233	715,147	185,376	1,234,972	474,400	3,982,226	279,364	78,470	13,955,880	428,861	123,847	786,438	281,044	2,615,629	1,204,409
Drinking places.....	53,491	6,251,483	208,761	30,940	218,422	159,638	888,372	171,018	26,565	4,020,610	132,653	16,960	105,519	77,821	642,615	405,473
Catering services.....	20,342	359,982	17,599	2,931	3,889	3,829	32,624	23,492	12,650	305,755	9,975	2,931	3,071	2,343	32,257	96,780
Miscellaneous retail stores.....	1,280,617	55,806,540	1,143,588	161,201	1,597,091	662,263	3,051,781	3,999,419	729,891	48,511,710	799,933	106,744	1,083,317	448,127	2,631,842	5,751,134
Drug stores and vending machine selling.....	32,621	4,618,524	128,573	13,360	61,279	39,142	298,015	523,963	18,242	4,558,930	108,389	13,360	57,997	37,610	295,645	568,406
Liquor stores.....	20,382	6,656,925	82,113	4,142	93,441	76,908	215,641	273,141	17,571	6,407,697	72,231	4,142	88,241	68,529	212,214	293,397
Used merchandise and antique stores.....	94,513	3,557,471	79,272	12,515	192,533	44,327	125,859	214,701	44,933	2,936,020	46,635	11,412	132,277	17,986	102,627	356,182
Sporting goods and bicycle shops.....	26,535	2,413,994	42,969	4,394	34,665	39,007	174,672	154,512	14,026	2,292,998	28,056	4,111	30,922	34,510	171,349	202,979
Book stores.....	8,547	1,617,683	18,381	1,370	62,705	12,855	106,667	126,540	7,243	1,584,330	18,272	1,370	57,070	11,610	98,881	137,124
Stationery stores.....	5,617	692,617	22,282	13,041	12,047	3,370	80,952	89,660	*5,531	*690,085	*22,249	*13,041	*11,945	*3,369	*80,809	*52,494
Jewelry stores.....	37,623	3,447,175	56,513	434	135,364	44,718	121,487	384,238	24,973	3,084,287	44,266	420	98,938	24,354	117,561	456,574
Hobby, toy, and game shops.....	35,507	623,668	37,380	554	29,835	13,741	1,325	-4,423	16,789	471,703	6,579	50	25,847	8,162	1,325	45,745
Camera and photographic supply stores.....	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
Luggage and leather goods stores.....	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**
Fabric and needlework stores.....	11,991	712,458	18,083	3,486	119,146	9,435	84,535	-30,133	*3,631	*198,335	*853	()	*11,773	*115	*27,560	*34,032
Catalog or mail order.....	51,294	1,782,913	27,826	6,773	22,652	23,829	90,809	87,171	19,165	1,609,467	20,788	6,510	17,142	23,396	90,674	149,559
Sales by door-to-door, telephone, etc.....	663,394	8,721,237	163,317	28,920	84,551	99,466	109,778	982,945	387,344	6,892,647	73,809	25,728	44,494	62,849	46,746	1,539,062
Gift, novelty, and souvenir shops.....	54,338	1,758,018	65,336	38,148	191,420	44,393	107,806	-15,106	26,596	1,138,390	36,180	10,878	90,114	23,202	72,590	158,215
Fuel oil dealers.....	5,762	2,186,729	48,201	273	3,591	28,621	61,579	41,699	5,391	2,038,006	47,963	273	148	16,865	31,067	60,673
Florists.....	41,876	2,740,897	63,524	16,969	139,562	23,886	417,386	43,019	22,818	2,424,586	44,756	9,881	107,570	18,301	383,020	171,555
Other miscellaneous retail stores.....	188,625	14,270,094	288,382	16,822	414,297	157,949	1,055,269	1,128,228	115,638	12,182,719	228,908	5,567	308,839	97,252	899,775	1,484,720
Finance, insurance, and real estate.....	1,270,410	49,574,462	1,539,618	158,294	1,086,959	1,934,150	2,602,059	16,423,266	965,867	42,189,156	1,166,027	138,312	932,667	900,617	2,127,216	19,004,971
Finance.....	58,948	4,500,610	47,716	2,387	62,581	431,187	123,732	668,304	45,490	2,050,899	33,157	2,110	41,877	56,182	82,475	1,011,628
Credit agencies and mortgage bankers..	6,274	144,422	3,653	28	413	4,622	3,274	66,503	6,110	135,655	3,232	8	298	1,769	973	78,925
Security and commodity brokers and services.....	52,674	4,356,188	44,063	2,360	62,168	426,566	120,458	601,801	39,379	1,915,245	29,925	2,101	41,579	54,414	81,502	932,704
Security brokers and dealers.....	20,509	1,561,707	8,489	903	10,863	347,731	50,249	158,561	16,974	737,252	4,790	888	8,611	12,768	45,957	293,488
Investment advisors and services.....	19,200	693,408	13,251	534	32,907	25,224	50,895	167,167	13,278	520,636	4,131	365	24,549	5,347	19,611	257,339
Commodity contract brokers, exchanges, and services.....	12,965	2,101,073	22,323	923	18,398	53,610	19,314	276,073	9,127	657,356	21,005	849	8,419	36,299	15,934	381,877
Insurance agents and brokers.....	344,244	16,129,885	475,137	82,048	547,250	310,827	1,667,399	5,639,920	264,789	15,546,619	417,793	74,218	491,444	288,399	1,577,650	6,140,476

Footnotes at end of table.

Table 1.—Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Industry	Businesses with and without net income								Businesses with net income							
	Number of returns	Business receipts	Depreciation	Rent on:		Interest paid deduction 1/	Payroll 2/	Net income less deficit	Number of returns	Business receipts	Depreciation	Rent on:		Interest paid deduction 1/	Payroll 2/	Net income
				Machinery and equipment	Other business property							Machinery and equipment	Other business property			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Finance, insurance, and real estate—Continued																
Real estate.....	867,217	28,943,968	1,016,764	73,859	477,128	1,192,136	810,928	10,115,042	655,588	24,591,637	715,077	61,984	399,345	556,035	467,091	11,852,867
Real estate property managers.....	32,755	1,035,250	40,879	676	30,847	65,868	44,836	299,873	26,930	729,907	21,399	585	22,472	21,971	4,657	353,383
Operators and lessors of buildings.....	14,906	517,865	61,778	146	5,908	133,203	40,344	58,675	8,897	326,414	20,091	40	1,897	32,059	20,576	152,795
Operators and lessors, other than buildings.....	10,171	706,419	77,146	305	45,654	127,417	20,028	78,473	7,255	645,544	66,684	293	44,757	112,232	15,232	100,615
Real estate agents and brokers.....	690,844	19,373,493	636,616	53,116	304,804	333,412	330,654	8,276,218	526,739	17,238,223	498,788	44,684	260,641	183,842	233,423	9,035,102
Title abstract companies.....	*1,621	*26,035	*215	()	()	()	()	*10,492	*1,621	*26,035	*215	()	()	()	*9,505	*10,492
Subdividers and developers, except cemeteries.....	14,593	2,595,943	68,946	1,896	7,216	335,317	162,280	-21,052	4,684	1,553,716	26,793	149	1,292	121,409	31,041	458,412
Miscellaneous insurance services.....	16,801	399,486	6,767	()	6,108	4,905	10,437	104,797	13,092	335,285	6,521	()	5,385	3,840	9,147	112,668
Miscellaneous finance and real estate.....	85,526	4,289,478	122,417	17,720	76,591	192,014	192,843	1,307,566	66,370	3,736,513	74,588	16,231	62,901	80,682	143,509	1,629,400
Services.....	7,038,940	225,547,569	10,009,741	1,101,626	8,575,165	4,685,479	24,854,450	73,454,722	5,626,419	204,156,888	7,244,699	870,093	6,996,423	3,315,837	21,485,330	80,499,343
Hotels and other lodging places.....	53,521	3,832,741	652,412	10,653	20,910	528,118	517,216	-243,793	26,610	2,067,841	266,174	4,723	10,311	194,407	248,810	254,846
Hotels, motels, and tourist courts.....	27,691	2,844,848	528,984	5,441	15,074	426,412	362,250	-251,997	11,628	1,567,442	213,260	3,572	7,578	148,272	201,588	158,409
Rooming and boarding houses.....	18,577	779,899	81,612	324	3,112	81,408	139,033	35,681	11,344	404,427	33,142	295	2,729	35,593	46,379	94,129
Camps and camping parks.....	7,254	207,994	41,816	4,889	2,724	20,298	15,933	-27,478	*3,638	*95,972	*19,772	*856	*3	*10,542	*843	*2,308
Personal services.....	1,093,817	22,699,136	1,012,606	216,144	1,570,641	385,547	2,674,039	5,925,926	873,719	19,563,980	680,926	196,096	1,203,255	271,703	2,110,622	6,730,010
Coin-operated laundries and dry cleaning.....	15,710	814,940	69,693	1,899	108,005	23,785	58,546	125,081	11,605	718,958	49,776	1,897	91,329	19,312	57,636	147,288
Other cleaning services, including laundry, dry cleaning, garment, carpet and upholstery.....	55,476	3,029,762	109,690	66,319	341,075	47,823	676,198	494,996	44,408	2,816,290	93,133	66,055	289,837	44,668	637,711	560,652
Photographic portrait studios.....	63,711	1,340,605	111,809	14,540	82,344	46,225	42,888	194,450	38,620	1,252,726	81,690	12,144	69,892	42,252	42,652	288,974
Beauty shops.....	304,064	6,165,704	223,830	58,572	675,898	92,445	1,052,901	1,599,171	255,740	5,130,156	117,753	58,374	520,911	62,654	687,871	1,799,578
Barber shops.....	47,850	975,600	19,326	24,276	66,067	11,089	144,731	439,165	46,491	971,289	19,326	23,810	60,429	11,089	144,731	444,094
Funeral service and crematories.....	8,855	348,094	19,001	3,395	1,614	17,367	46,468	37,412	5,668	255,586	11,158	2,193	1,557	962	46,039	58,348
Miscellaneous personal services.....	598,151	10,024,431	459,257	47,143	295,638	146,814	652,307	3,035,651	471,187	8,418,975	308,090	31,622	169,300	90,766	493,982	3,431,077
Business services.....	1,773,383	47,887,734	2,176,793	214,010	1,276,677	956,080	5,053,557	11,897,975	1,417,572	42,703,758	1,502,629	170,860	1,047,036	670,819	4,427,726	13,660,106
Advertising, except direct mail.....	80,915	4,712,979	118,830	16,217	115,776	35,175	470,881	946,895	64,696	4,530,346	95,328	11,456	106,943	21,761	464,303	1,016,192
Consumer credit reporting and collecting services.....	*4,410	*87,243	*45	*522	*2,198	*4,256	*735	*40,337	*3,631	*86,528	()	*522	*1,745	*4,256	*735	*43,345
Janitorial and related services to buildings.....	329,156	4,086,582	149,478	25,127	53,920	82,678	871,491	1,163,339	295,229	3,493,868	112,005	19,718	40,254	58,316	662,113	1,309,553
Computer and data processing services	152,526	3,487,322	225,323	7,125	134,638	75,073	69,539	1,285,064	106,831	3,179,941	134,917	6,441	102,724	56,759	63,014	1,408,960
Mailing, reproduction, commercial art and photography, and stenographic services.....	45,179	844,776	17,421	7,618	68,731	9,662	46,531	172,155	29,650	597,646	12,176	1,534	45,742	4,358	36,832	241,351
Computer repair, maintenance, and leasing.....	8,771	213,857	16,376	4,080	3,483	7,974	140	113,719	7,976	204,806	9,171	4,080	3,391	5,205	140	115,926
Equipment rental and leasing, except computer and automotive.....	26,027	3,628,890	582,807	10,123	30,023	260,470	322,909	217,330	16,620	2,530,898	330,400	3,672	12,562	160,652	278,692	367,309
Other business services.....	1,126,398	30,826,065	1,066,513	143,198	867,908	480,792	3,271,332	7,959,136	892,938	28,079,725	808,632	123,436	733,674	359,511	2,921,896	9,157,470
Automobile repair and services.....	331,537	19,520,534	794,898	91,589	696,487	306,932	2,580,492	2,186,042	255,303	16,968,369	648,006	77,681	535,483	208,784	2,191,095	2,612,664
Automotive rentals or leasing, without drivers.....	10,413	801,942	45,056	4,482	37,156	16,994	33,424	71,621	7,320	778,790	36,089	4,482	33,731	7,880	33,236	91,558
Automobile parking, except valet.....	*958	*11,838	*1,114	*1	*5	*2,312	*1,311	*863	*955	*6,105	*486	()	()	*187	*353	*4,344
Automotive repair shops.....	246,675	14,935,397	535,942	76,354	538,106	196,899	2,165,986	1,692,861	193,766	13,175,754	448,091	69,445	408,978	149,822	1,852,270	2,023,336
Automotive services, except repair.....	73,492	3,771,357	212,785	10,752	121,220	90,727	379,772	420,696	53,262	3,007,721	163,341	3,754	92,774	50,894	305,237	493,427

Footnotes at end of table.

Table 1.—Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industry	Businesses with and without net income							Businesses with net income								
	Number of returns	Business receipts	Depreciation	Rent on:		Interest paid deduction 1/	Payroll 2/	Net Income less deficit	Number of returns	Business receipts	Depreciation	Rent on:		Interest paid deduction 1/	Payroll 2/	Net Income
				Machinery and equipment	Other business property							Machinery and equipment	Other business property			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
Services—Continued																
Miscellaneous repair services.....	257,168	7,743,362	268,909	28,829	248,369	118,867	610,724	1,464,862	198,272	6,902,738	203,628	22,471	218,519	83,575	454,881	1,645,827
TV and audio equipment repair.....	21,366	466,259	8,547	1,767	21,146	2,687	17,965	82,206	14,025	447,845	6,351	1,710	15,940	2,447	17,817	98,044
Electrical repair, except TV and audio equipment.....	50,971	2,041,061	61,866	1,937	73,828	16,840	196,407	397,203	40,081	1,840,505	52,464	1,733	61,055	13,509	124,946	448,923
Reupholstery and furniture repair.....	37,465	887,362	40,429	5,085	48,416	33,320	122,949	136,965	29,474	601,634	24,164	101	40,940	10,287	50,482	176,740
Other miscellaneous repair.....	147,367	4,348,681	158,066	20,040	104,980	66,200	273,403	848,488	114,692	4,012,755	120,650	18,928	100,585	57,331	261,637	920,120
Motion pictures.....	57,884	2,437,881	314,082	13,445	224,453	53,933	308,360	180,855	37,814	2,052,339	191,479	1,616	163,747	31,064	263,146	355,921
Motion picture and video production.....	27,666	425,774	42,398	10,174	20,115	4,191	21,548	40,237	20,704	337,121	15,775	1,026	9,589	84	3,711	109,923
Motion picture and tape distribution and allied services.....	3,827	95,950	3,832	35	1,854	989	8,824	26,722	2,200	78,888	923	35	1,710	40	6,157	36,032
Motion picture theaters.....	*1,803	*115,240	*14,011	*78	*4,850	*14,379	*20,966	*32,475	*73	*5,513	*588	()	*30	*102	*129	*1,028
Video tape rentals.....	24,587	1,800,916	253,841	3,158	197,634	34,375	257,023	146,371	14,837	1,630,818	174,194	555	152,418	30,837	253,149	208,937
Amusement and recreation services, except motion pictures.....	527,515	8,768,888	790,800	108,843	355,551	232,183	706,222	1,557,064	308,151	7,159,645	314,599	34,031	204,031	100,965	571,455	2,826,403
Entertainers, producers, agents, and related services.....	280,313	4,336,882	298,822	17,385	115,877	38,678	301,831	1,263,125	171,266	3,904,883	160,226	10,874	89,775	15,881	298,231	1,701,977
Bowling centers.....	*707	*223,949	*24,964	()	()	*11,739	*36,226	*47,097	*707	*223,949	*24,964	()	()	*11,739	*36,226	*47,097
Professional sports and racing, including promoters and managers.....	74,848	1,480,808	248,178	7,789	14,754	40,492	47,629	-42,551	22,060	1,075,189	40,051	1,050	3,475	4,902	22,662	505,879
Other amusement and recreational services.....	149,636	1,774,984	127,493	27,522	90,841	78,447	102,032	251,926	100,928	1,419,859	46,921	22,106	59,676	32,605	65,307	477,456
Physical fitness facilities.....	22,011	952,266	91,342	56,148	134,078	62,828	218,504	37,467	13,190	535,766	42,436	()	51,105	35,839	149,029	93,993
Medical and health services.....	698,878	56,112,820	1,918,819	211,639	2,301,442	940,907	7,128,773	24,380,606	626,582	54,407,550	1,784,068	197,483	2,182,272	887,270	6,731,444	24,692,324
Offices of physicians.....	184,598	23,249,479	624,202	81,732	887,565	276,158	2,519,328	12,520,863	168,001	22,907,228	603,025	80,787	866,658	272,079	2,439,841	12,595,615
Offices of dentists.....	97,399	13,031,712	468,029	61,354	550,707	324,740	2,427,904	4,444,902	88,946	12,744,627	430,840	61,292	518,616	321,939	2,333,716	4,502,567
Offices of osteopathic physicians.....	8,547	1,368,079	49,697	477	29,072	16,378	135,347	745,209	8,473	1,367,631	49,665	477	29,042	18,378	135,008	745,425
Offices of chiropractors.....	27,272	3,906,389	216,831	43,591	223,531	74,982	502,571	1,595,019	25,651	3,685,970	199,102	42,442	223,531	66,144	428,950	1,603,449
Offices of optometrists.....	20,988	2,537,145	127,944	15,718	116,886	74,091	272,399	507,315	16,039	2,179,117	99,052	4,665	86,314	57,301	226,025	540,231
Offices of podiatrists.....	5,422	613,802	25,487	()	39,170	8,298	83,285	182,422	4,345	560,491	25,487	()	32,024	8,298	83,285	213,410
Registered and practical nurses.....	72,054	875,670	23,473	1,449	10,556	21,656	41,135	512,651	67,529	847,623	16,838	1,311	10,556	15,327	34,906	532,852
Nursing and personal care facilities.....	34,164	1,994,903	117,646	786	63,551	66,085	577,884	300,514	32,353	1,834,537	114,839	610	58,714	59,708	528,083	315,467
Medical and dental laboratories.....	26,819	1,396,289	69,679	1,551	52,238	16,829	159,690	489,288	25,894	1,388,918	69,634	1,551	52,195	16,829	159,555	489,346
Other medical and health services.....	221,616	7,139,353	195,832	4,980	328,172	59,690	409,229	3,082,425	189,350	6,891,407	175,585	4,347	304,622	51,266	362,075	3,153,962
Legal services.....	237,560	17,659,307	477,514	48,555	881,317	305,085	2,369,963	7,809,270	197,314	16,045,221	395,601	46,890	636,592	236,676	1,961,191	8,030,538
Educational services.....	179,589	1,427,388	86,953	7,587	40,740	15,661	89,260	565,395	141,735	1,255,704	52,415	7,587	33,478	8,105	48,049	647,579
Child day care.....	441,745	3,155,952	131,902	6,082	40,518	179,023	296,912	1,068,056	399,402	2,900,617	109,929	296	35,814	143,779	234,647	1,143,091
Ministers and chaplains.....	249,555	3,013,704	79,719	1,484	39,332	19,615	1,478	1,916,389	216,445	2,959,341	65,687	1,484	39,331	18,586	326	1,955,051
Engineering services.....	78,777	2,599,287	134,227	23,659	53,343	30,240	380,483	1,097,430	65,195	2,356,712	102,706	3,991	33,411	13,519	361,942	1,173,310
Architectural services.....	60,679	3,141,797	96,658	11,284	92,221	43,443	678,265	964,275	48,671	3,047,425	80,611	11,284	81,958	35,709	661,050	982,654
Surveying services.....	20,405	541,211	30,030	4,838	4,200	3,859	100,112	222,401	18,125	530,749	25,530	4,820	978	3,859	100,112	230,638
Accounting, auditing, and bookkeeping services.....	271,094	7,325,411	429,627	56,073	377,022	202,942	911,891	2,923,738	233,089	7,018,514	362,316	51,499	354,286	184,591	835,748	3,027,266
Management services.....	82,697	2,276,741	82,641	4,985	36,859	111,783	95,875	1,086,484	68,743	1,895,289	42,629	2,456	9,431	21,204	28,166	1,236,353
Consulting services.....	512,036	13,016,088	473,618	12,000	218,647	221,929	293,970	7,317,687	409,763	12,288,609	368,784	4,908	146,815	178,212	227,824	8,066,003
Public relations.....	27,547	562,781	10,936	932	37,343	8,190	36,846	148,994	21,447	289,681	5,260	932	7,480	2,207	6,620	180,797
Counseling, except health practitioners.....	83,553	1,804,804	46,595	28,996	59,093	21,139	22,011	985,066	61,968	1,742,807	41,722	28,985	52,196	20,605	20,474	1,057,961
Nature of business not allocable.....	241,240	5,240,978	131,030	7,752	143,721	57,416	250,780	1,554,517	198,644	4,680,345	99,134	7,177	125,982	39,683	227,869	1,784,294

1/ Interest paid is the sum of mortgage interest and other interest. These items are shown separately in Table 2.

2/ Payroll is the sum of net wages paid plus cost of labor. These items are shown separately in Table 2.

() Amount is less than \$500.

* This estimate should be used with caution because of the small number of sample returns on which it is based.

** The estimate for this cell is not shown to avoid disclosure of specific taxpayers. However, the data are included in the appropriate totals.

NOTE: Detail may not add to total because of rounding.

Table 2.--Nonfarm Sole Proprietorships: Income Statement for Selected Industries
 (All figures are estimates based on samples--money amounts are in thousands of dollars)

Item	All nonfarm industries	Agricultural services, forestry, and fishing					Mining			Construction				
		Total	Livestock breeding	Animal services, except livestock breeding and veterinary	Landscape and horticultural services	Other agricultural services, forestry, and fishing	Total	Oil and gas extraction	Other mining	Total	General contractors and operative builders	Special trade contractors		
												Total	Plumbing, heating, and air conditioning	Painting and paperhanging
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
Businesses with and without net income														
Number of returns.....	14,297,558	342,300	15,903	53,448	139,653	133,296	154,900	147,515	7,385	1,757,120	377,695	1,379,425	130,637	194,401
Business receipts, total.....	692,810,938	14,704,382	173,593	4,223,442	4,894,936	5,412,412	6,525,670	6,213,121	312,549	100,915,543	31,742,605	69,172,937	11,177,255	6,524,742
Income from sales and operations.....	678,616,316	14,558,679	139,078	4,185,316	4,854,103	5,380,181	6,015,495	5,705,975	309,521	99,494,850	31,198,707	68,296,143	10,789,499	6,485,322
Other business income.....	14,194,623	145,704	34,514	38,126	40,832	32,232	510,175	507,146	3,029	1,420,692	543,899	876,794	391,756	39,420
Business deductions, total 1/.....	560,175,242	12,563,173	291,386	4,220,444	3,893,665	4,157,579	5,996,542	5,673,115	323,427	83,685,124	28,101,902	55,583,222	9,549,805	4,966,707
Cost of goods sold and operations.....	283,709,263	5,804,377	12,413	2,824,572	1,868,461	1,098,931	1,504,774	1,390,123	114,651	50,267,973	19,358,435	30,909,539	6,273,209	2,848,652
Inventory, beginning of year.....	26,435,007	198,706	*2,686	109,828	24,230	61,963	84,343	79,869	*4,454	1,239,709	374,582	665,127	217,456	55,064
Cost of labor.....	22,539,717	537,501	*141	*2,384	403,330	131,646	69,715	53,383	*16,332	9,005,287	2,818,577	17,878,961	5,890,639	1,169,416
Purchases.....	204,681,257	4,189,066	*4,384	2,730,240	763,421	691,022	818,722	784,737	33,986	17,678,961	5,890,639	11,788,322	3,183,917	693,941
Materials and supplies.....	29,870,475	898,749	*91	*31,803	637,734	229,122	24,194	16,324	*7,870	16,544,587	7,206,495	9,338,092	1,568,564	159,642
Other costs.....	30,243,184	251,377	*8,509	33,841	73,543	135,485	599,632	542,272	57,360	7,233,112	3,632,086	3,601,025	452,013	159,642
Inventory, end of year.....	30,060,378	271,023	*3,397	83,523	33,797	150,307	91,832	86,482	*5,350	1,433,682	764,064	669,636	204,838	83,101
Advertising expenses.....	6,360,282	70,917	1,148	15,827	38,495	10,450	5,054	4,966	88	555,719	75,836	479,882	104,365	117,467
Bad debts from sales or services.....	1,109,638	12,051	*15	*21	*4,059	*7,756	21,676	21,186	*489	45,095	11,102	33,993	*14,648	*3,635
Car and truck expenses.....	20,789,123	487,981	5,570	77,446	251,846	183,119	101,982	3,029	6,903	3,918,895	877,197	3,041,698	431,267	336,293
Commissions.....	6,843,131	95,618	566	6,207	*2,493	*3,119	498,429	485,452	*214	456,660	126,198	330,462	*2,253	*86,029
Depreciation.....	697,527	3,534	*406	*9	269,914	437,363	219,312	480,862	38,450	3,244,596	692,674	2,551,922	306,700	126,082
Employee benefit programs.....	24,479,083	930,652	41,199	182,175	269,914	437,363	219,312	480,862	38,450	3,244,596	692,674	2,551,922	306,700	126,082
Insurance.....	791,918	5,231	*48	209	*393	4,581	2,115	1,998	*116	68,307	11,573	76,734	14,177	208,190
Legal and professional services.....	12,879,020	347,761	6,148	47,840	159,504	134,269	50,285	49,337	948	2,576,647	635,829	1,940,818	311,520	208,190
Meals and entertainment deducted.....	5,129,384	79,889	5,911	16,032	18,774	38,973	115,808	113,919	1,889	488,789	149,568	339,221	98,487	28,426
Total meals and entertainment expenses.....	4,121,487	46,691	211	17,394	18,396	10,690	31,549	23,778	2,378	240,645	75,732	165,114	11,903	14,134
Office expenses.....	5,152,504	58,372	264	21,743	22,998	13,367	39,437	36,466	2,972	301,105	94,677	206,428	14,883	17,669
Mortgage interest.....	5,971,296	187,576	12,777	44,481	15,047	115,270	75,947	68,781	*7,166	502,923	233,205	269,718	51,071	26,291
Other interest on business indebtedness.....	7,308,639	177,168	8,866	27,133	75,338	65,831	252,522	240,816	11,706	884,453	353,467	530,986	86,350	31,081
Office expenses.....	6,224,723	95,907	591	13,963	32,086	49,268	37,121	1,385	*202	455,356	111,590	343,966	60,416	49,266
Pension and profit-sharing plans.....	539,006	4,496	—	*129	*59	4,309	1,587	1,587	—	10,759	7,444	3,315	1,815	—
Rent on machinery and equipment.....	2,975,857	41,201	*148	*304	17,410	23,340	45,818	42,961	*2,858	420,062	120,759	299,303	39,053	6,311
Rent on business property.....	17,975,775	256,361	10,187	119,518	40,993	85,664	45,104	35,757	9,347	615,453	107,785	494,668	53,250	76,552
Repairs.....	8,149,168	289,736	3,206	29,123	95,791	161,615	71,271	50,329	20,942	1,082,924	265,349	817,575	62,698	31,738
Net salaries and wages.....	45,469,088	782,324	5,849	146,079	293,235	317,182	162,720	159,574	3,147	6,677,942	1,711,609	4,966,333	566,245	212,674
Taxes paid.....	9,947,561	149,128	1,605	21,221	74,602	51,699	77,122	170,988	6,133	1,306,533	349,073	957,458	214,557	108,483
Travel.....	4,494,274	4,960	4,960	50,990	75,653	49,268	37,121	1,385	*202	74,444	345,518	345,518	53,250	31,738
Utilities.....	13,600,896	202,047	6,366	50,990	75,653	69,039	45,779	43,676	7,166	251,685	96,499	155,186	8,641	18,461
Other business deductions.....	70,808,981	2,420,480	158,195	553,254	506,216	1,202,815	2,180,997	2,101,809	2,103	957,150	205,365	751,785	159,474	81,481
Net income less deficit 1/.....	132,737,680	2,147,459	-113,539	4,323	1,001,271	1,255,405	530,756	541,216	-10,460	8,590,405	2,542,084	6,048,321	1,627,451	1,558,034
Net income.....	152,416,377	2,761,993	44,302	249,092	1,061,240	1,407,358	1,450,253	1,421,995	28,258	17,230,782	3,641,067	13,589,715	1,627,451	1,558,034
Deficit.....	19,678,697	614,533	157,941	244,769	59,969	151,954	919,498	880,780	38,718	1,167,049	486,997	680,051	83,210	49,478
Businesses with net income														
Number of returns.....	11,017,545	259,093	3,348	25,138	124,769	105,838	96,636	94,741	1,895	1,540,101	317,921	1,222,180	117,354	184,962
Business receipts, total.....	600,723,578	12,111,836	98,277	2,935,585	4,133,362	4,944,583	4,755,540	4,600,145	155,395	91,923,677	27,392,699	64,531,178	10,231,716	6,363,260
Income from sales and operations.....	589,223,974	12,015,702	76,169	2,928,921	4,092,559	4,918,054	4,362,972	4,209,085	153,887	90,631,221	26,974,538	63,656,693	9,839,975	6,343,848
Other business income.....	11,499,604	96,134	*22,108	6,674	40,823	26,529	392,568	391,060	1,508	1,282,656	418,161	874,494	391,740	39,412
Business deductions, total.....	448,321,853	9,349,844	53,975	2,686,502	3,072,142	3,537,225	3,305,812	3,178,676	127,137	73,526,047	23,264,635	50,261,412	8,521,055	4,775,748
Cost of goods sold and operations.....	234,231,375	4,660,631	*4,947	2,145,802	1,532,790	977,092	1,133,387	1,060,558	72,829	44,365,360	16,187,058	28,178,302	5,449,007	2,776,885
Inventory, beginning of year.....	18,386,287	66,936	—	*18,314	24,230	26,393	69,666	67,958	*1,708	1,052,459	490,939	561,459	199,766	55,064
Cost of labor.....	19,363,645	472,939	—	*1,534	345,741	125,664	57,534	53,203	*4,331	8,227,309	2,577,157	5,645,152	791,725	1,142,089
Purchases.....	170,961,597	3,216,543	—	*2,125,644	501,447	589,453	787,643	780,383	*7,260	16,375,919	5,352,365	11,020,134	3,111,456	688,596
Materials and supplies.....	24,147,543	850,638	—	*1,863	632,136	216,639	15,230	7,459	*7,771	13,692,927	5,467,979	8,227,947	1,167,195	826,738
Other costs.....	22,867,413	186,154	*4,947	*16,732	63,033	101,442	281,186	227,329	*53,857	6,271,719	2,945,683	3,326,036	365,222	147,500
Inventory, end of year.....	21,495,109	134,580	—	4,571	32,431	9,577	3,508	3,479	*29	3,491,090	1,254,572	647,146	60,426	83,101
Advertising expenses.....	4,842,361	46,584	*6	*8,298	33,797	82,498	77,872	75,774	*2,099	1,254,572	647,146	60,426	186,358	83,101
Bad debts from sales or services.....	473,493	11,146	—	*208	*4,059	*6,879	4,139	4,115	*24	471,755	61,108	410,647	70,828	117,081
Car and truck expenses.....	16,735,211	399,332	*3,430	42,162	222,090	131,649	83,913	3,779	8,220	41,539	8,220	33,319	*14,443	*3,635
Commissions.....	5,631,503	70,398	*30	*1,840	*2,291	66,236	1,726	1,621	*108	386,229	741,430	2,749,661	410,367	324,463
Depreciation.....	437,616	*3,128	*21	—	—	*3,107	294,373	288,638	5,735	13,692,927	5,467,979	8,227,947	1,167,195	826,738
Employee benefit programs.....	17,501,404	628,077	*4,448	60,632	210,636	352,361	194,059	189,295	4,764	2,673,168	549,653	2,123,515	297,446	99,282
Insurance.....	697,668	4,573	—	*392	*1,267	4,180	1,267	1,188	*80	78,695	8,473	70,221	*14,177	*26,725
Legal and professional services.....	10,551,114	263,591	*947	21,742	127,950	112,951	37,823	37,043	780	2,336,622	546,602	1,790,021	299,857	195,307
Meals and entertainment deducted.....	3,796,628	51,919	*61	3,626	17,677	30,556	50,668	49,680	989	397,694	113,826	283,868	88,321	26,958
Total meals and entertainment expenses.....	3,387,544	35,299	*24	3,329	18,155	9,790	21,420	21,353	*67	215,342	66,904	146,438	10,482	

Table 2-Nonfarm Sole Proprietorships: Income Statement for Selected Industries-Continued
 [All figures are estimates based on samples-money amounts are in thousands of dollars]

Item	Wholesale and retail trade													
	Total	Wholesale trade				Retail trade								
		Total	Durable goods, including machinery, wood, metals, etc.	Nondurable goods, including food, fibers, chemicals, etc.	Total	Building materials, paint, hardware, garden supply, and mobile-home dealers				General merchandise stores	Food stores			
						Total	Lumber and other building materials dealers	Paint, glass, and wallpaper stores	Hardware stores		Retail nurseries, garden supply stores, and mobile home dealers	Total	Grocery stores	Other food stores
(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	
Businesses with and without net income														
Number of returns	2,438,472	328,758	218,785	109,973	2,109,713	54,198	11,839	11,433	12,163	18,764	51,404	143,489	104,444	39,046
Business receipts, total	234,071,062	36,856,645	21,425,447	15,431,198	197,214,437	6,851,474	2,474,515	648,306	2,122,886	1,605,766	3,718,966	35,484,983	28,053,890	7,431,094
Income from sales and operations	231,269,531	36,244,366	20,909,058	15,335,308	195,025,165	6,841,396	2,471,937	647,257	2,118,198	1,604,004	3,576,369	35,131,923	27,738,661	7,393,062
Other business income	2,801,551	612,280	516,389	95,891	2,189,271	10,078	5,578	1,049	4,688	*1,783	142,577	353,061	142,577	38,031
Business deductions, total 1/	220,532,109	32,413,274	18,626,160	13,787,115	188,118,635	6,353,994	2,317,849	616,430	1,966,114	1,453,601	3,382,914	34,150,269	27,022,329	7,127,941
Cost of goods sold and operations	159,029,001	24,944,256	13,897,469	11,050,767	134,080,745	4,445,008	1,664,239	383,465	1,303,326	893,959	2,577,243	27,070,278	21,548,375	5,521,902
Inventory, beginning of year	19,938,814	1,984,725	1,580,313	86,412	17,954,089	1,056,177	146,892	*406,413	472,501	*30,372	795,035	1,915,258	1,541,932	373,327
Cost of labor	3,557,859	335,284	249,470	85,814	3,222,575	4,011,471	1,426,300	372,045	1,401,076	812,049	2,511,596	24,497,433	19,608,568	4,888,865
Purchases	146,213,241	24,290,861	13,451,491	10,839,370	121,922,380	54,392	*5,212	*17,375	465,739	*16,977	*111,229	476,345	276,412	*199,594
Materials and supplies	3,640,162	412,124	393,950	18,175	3,228,038	155,168	15,459	21,883	*21,883	*22,593	21,883	549,864	514,643	35,221
Other costs	7,867,037	467,709	306,250	161,459	7,399,328	155,168	15,459	21,883	*21,883	*22,593	21,883	549,864	514,643	35,221
Inventory, end of year	22,188,112	2,542,448	2,102,005	440,443	19,645,665	1,063,940	138,561	*417,365	43,894	54,242	23,646	1,653,818	1,229,516	424,302
Advertising expenses	2,402,136	145,663	113,638	32,026	2,256,473	117,568	117,568	*14,742	35,251	865,893	2,022,441	1,672,695	999,746	499,746
Bad debts from sales or services	272,612	41,193	39,049	2,145	231,419	15,745	*3,653	*2,404	*8,030	*1,658	72,198	136,429	91,689	44,739
Car and truck expenses	3,408,330	667,632	554,819	312,814	2,540,697	121,467	50,430	*10,378	19,470	54,294	15,470	163,105	100,891	*615
Commissions	1,433,834	397,725	215,515	182,209	1,036,110	5,990	*75	*14	*1,250	*4,650	13,680	4,789	*2,820	62,214
Depletion	19,669	6,047	5,879	*20	13,622	*20								*1,949
Depreciation	4,191,257	492,783	311,975	180,808	3,689,474	135,449	58,876	*4,567	34,663	37,344	55,157	534,239	408,782	125,477
Employee benefit programs	158,268	20,369	18,077	2,291	137,919	3,019	*1,859	*166	*1,859	*166	*1,859	16,627	8,727	*9,900
Insurance	2,459,066	287,569	176,221	111,347	2,171,498	123,224	54,821	*21,183	25,520	21,700	33,789	267,154	182,958	84,196
Legal and professional services	839,546	115,807	60,998	54,809	723,739	23,511	*1,984	*1,984	1,984	1,984	1,984	74,829	55,874	18,955
Meals and entertainment deducted	538,157	242,720	176,346	66,374	295,437	12,455	5,970	*445	*445	*445	4,097	7,205	1,743	
Mortgage interest	672,805	303,430	220,451	82,979	369,375	15,570	7,464	*557	*4,371	*5,124	5,124	11,186	9,007	2,180
Other interest on business indebtedness	1,356,236	99,264	73,587	25,677	1,456,972	42,877	*14,592	*2,099	*12,035	14,147	32,484	225,379	185,624	39,755
Office expenses	1,631,770	233,805	157,552	76,253	1,397,965	63,205	17,388	*3,124	14,598	28,095	20,248	179,044	138,300	40,744
Taxes paid	919,884	190,392	163,153	67,149	689,582	21,267	13,667	*1,244	2,799	16,656	37,984	26,928	11,058	
Pension and profit-sharing plans	57,869	9,259	8,621	16,024	38,472	257	*27	*223	*8	*13	9,675	6,535	2,740	
Rent on machinery and equipment	654,974	61,350	46,821	14,529	593,524	3,034	193	*84	*84	*2,850	*5,748	31,882	28,087	3,795
Rent on business property	6,200,339	474,590	315,038	159,552	5,725,749	176,764	40,739	*29,629	69,618	36,778	131,170	709,135	468,542	240,594
Repairs	1,548,408	163,405	100,939	62,106	1,385,363	59,309	28,845	*4,784	13,804	12,076	25,764	194,623	150,068	44,555
Net salaries and wages	12,690,161	982,223	586,494	395,729	11,707,939	399,063	170,410	*81,256	88,844	58,553	90,971	1,537,879	1,193,871	344,008
Taxes paid	3,676,926	352,357	136,220	216,137	3,324,568	86,049	35,219	*7,017	24,047	42,807	5,909	488,573	424,738	63,835
Travel	814,393	329,803	222,945	106,858	484,591	13,842	4,584	*10	*4,512	*7,572	9,909	660,135	63,322	1,587
Utilities	4,633,076	391,595	280,764	110,831	4,241,481	128,264	23,695	*22,401	41,301	40,866	57,891	837,686	660,135	177,551
Other business deductions	11,396,177	1,509,782	969,289	540,493	9,886,396	356,585	96,689	25,078	56,357	178,461	119,841	1,594,183	1,307,959	286,224
Net income less deficit 1/	13,547,817	4,444,936	2,800,139	1,644,798	9,102,881	497,480	156,666	31,875	156,772	152,167	336,051	1,334,900	1,031,747	303,153
Net income	18,849,499	4,868,748	3,102,674	1,766,074	13,980,752	633,363	177,505	*81,441	178,295	196,122	395,722	1,638,535	1,262,120	376,415
Deficit	5,301,682	423,811	302,535	121,276	4,877,871	135,883	*20,839	*49,565	*21,523	43,955	59,671	303,635	230,373	73,263
Businesses with net income														
Number of returns	1,524,152	257,567	175,456	82,111	1,266,585	32,461	8,580	*4,100	9,039	10,742	35,031	106,601	82,398	24,203
Business receipts, total	194,115,894	32,841,703	19,012,337	13,829,366	161,274,191	5,319,530	2,040,934	*444,693	2,074,487	759,236	2,972,362	31,556,621	25,430,196	6,128,425
Income from sales and operations	191,754,172	32,327,920	18,552,307	13,775,614	159,425,252	5,310,728	2,038,968	*444,043	2,070,200	757,517	2,879,246	31,230,369	25,139,575	6,090,794
Other business income	2,361,722	513,783	460,030	53,752	1,847,939	8,622	*1,966	*650	*4,287	*1,719	93,116	328,252	290,621	37,631
Business deductions, total	175,266,423	27,972,956	15,909,863	12,063,292	147,293,467	4,685,966	1,863,429	*363,252	1,896,191	563,114	2,576,640	29,920,066	24,166,076	5,752,009
Cost of goods sold and operations	130,481,827	21,825,746	11,986,944	9,838,802	108,656,081	3,366,800	1,373,944	*197,795	1,469,248	325,812	2,013,425	23,876,913	19,249,593	4,627,220
Inventory, beginning of year	13,808,189	1,539,977	1,256,998	282,879	12,268,212	598,612	95,295	*23,887	457,804	*21,826	597,665	1,422,070	1,296,362	125,708
Cost of labor	2,672,204	265,037	188,565	76,472	2,407,168	143,306	*37,969	*195,834	*41,260	*4,076	*73,940	408,164	278,243	*131,921
Purchases	120,759,628	21,291,659	11,660,737	9,630,922	99,467,969	3,133,902	1,238,988	*195,834	1,393,701	307,269	1,950,623	21,416,805	17,331,467	4,085,338
Materials and supplies	2,460,678	381,830	254,669	147,836	2,078,849	26,436	*1,945	*1,869	*21,869	*623	2,404	518,979	512,453	*6,527
Other costs	6,833,859	402,505	254,669	147,836	6,231,353	93,715	*52,537	*19,246	*19,246	*29,911	23,644	1,628,373	1,204,282	*424,091
Inventory, end of year	15,852,731	2,055,261	1,742,182	313,079	13,797,470	630,371	113,900	*21,926	464,634	*29,911	634,850	1,517,479	1,371,113	146,366
Advertising expenses	1,743,425	129,092	99,822	29,470	1,614,333	91,946	20,432	*8,997	34,631	27,886	35,861	88,693	68,693	34,194
Bad debts from sales or services	154,713	20,919	18,542	1,803	148,171	3,373	*3,573	*2,402	*7,468	*1,090	*9,288	14,571	13,956	*615
Car and truck expenses	2,518,375	752,369	477,674	279,895	1,766,006	67,956	23,477	*8,208	19,118	17,153	41,582	133,717	87,246	46,471
Commissions	1,002,235	316,272	186,462	107,079	815,963	10,079	*75	*14	*1,250	*68	*12,635	4,762	*2,813	*1,949
Depletion	15,909	5,830	5,662	*108	10,079	*20								
Depreciation	2,930,254	377,232	239,910	137,323	2,553,022	79,126	31,398	*3,786	32,944	10,999	26,427	462,116	369,472	92,644
Employee benefit programs	117,129	17,884	16,895	969	99,245	*2,361	*145	*338	*1,857	*20	2,214	15,646	8,611	*7,034
Insurance	1,866,056	245,427	151,494	93,934	1,620,629	94,497	46,490	*17,299	21,077	9,632	17,105	217,105	163,854	53,250
Legal and professional services	576,532	92,507	48,372	44,135	484,045	13,654	7,432	*1,560	3,482	6,173	6,173	44,970	35,861	12,777
Meals and entertainment deducted	415,264	209,382	149,533	59,849	205,882	8,411	2,121	*253	*3,497	*2,541	2,987	8,510	6,769	1,742
Total meals and entertainment expenses	519,151	261,751	186,932	74,819	257,400	10,514								

Table 2—Nonfarm Sole Proprietorships: Income Statement for Selected Industries—Continued
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Wholesale and retail trade—Continued														Sales by door-to-door, telephone, etc.
	Retail trade—Continued														
	Automotive dealers and service stations					Apparel and accessory stores	Furniture and home furnishings stores	Eating places	Drinking places	Drug stores and vending machines	Liquor stores	Used merchandise and antique stores	Sporting goods and bicycle stores		
	Total	New car dealers (franchised)	Used car dealers	Gasoline service stations	Other automotive dealers										
(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)		
Businesses with and without net income	181,374	13,890	66,057	42,819	58,608	79,817	104,358	140,623	53,491	32,621	20,382	94,513	26,535	663,394	
Number of businesses	181,374	13,890	66,057	42,819	58,608	79,817	104,358	140,623	53,491	32,621	20,382	94,513	26,535	663,394	
Business receipts, total	49,222,762	2,461,328	10,996,479	23,706,167	12,038,787	7,573,941	12,199,073	19,745,233	6,251,483	4,618,524	6,656,925	3,557,471	2,413,994	8,721,237	
Income from sales and operations	48,958,765	2,443,397	10,961,261	23,603,086	11,951,021	7,527,121	12,016,656	19,628,473	6,206,435	4,577,780	6,621,746	3,489,112	2,280,499	8,277,491	
Other business income	263,996	37,932	35,217	103,081	87,766	46,820	182,417	116,759	45,048	40,744	35,178	68,358	133,495	443,746	
Business deductions, total 1/	48,053,761	2,339,819	10,798,767	23,085,835	11,829,339	7,334,495	11,146,584	19,465,873	6,060,465	4,094,561	6,383,784	3,342,854	2,259,482	7,738,312	
Cost of goods sold and operations	39,436,270	2,037,563	9,190,129	19,483,101	8,725,477	5,013,491	7,240,550	8,925,738	3,271,236	3,168,724	5,402,482	2,315,398	1,686,474	4,309,859	
Inventory, beginning of year	3,441,957	46,519	1,060,567	562,758	1,774,013	1,765,608	1,407,887	236,448	163,705	478,794	541,012	1,182,495	513,493	603,951	
Cost of labor	460,010	5,519	152,833	188,085	104,248	501,916	616,678	1,586,786	40,836	4,246,977	1,709,959	379,819	52,726	244,541	
Purchases	37,018,428	2,133,082	8,466,356	18,070,848	6,346,142	5,146,203	5,882,850	7,885,474	2,930,087	1,236,396	3,096	1,173,032	254,086	26,635	
Materials and supplies	1,065,665	535	335,990	636,060	393,080	23,355	220,720	728,042	294,831	128,153	58,354	117,032	26,635	66,789	
Other costs	1,145,300	16,579	304,899	602,226	221,995	71,484	1,484	1,500,565	249,468	147,527	552,537	561,656	1,215,615	613,815	
Inventory, end of year	3,695,091	160,205	1,097,823	539,625	1,897,438	2,097,228	1,284,474	339,801	392,314	109,511	22,973	30,964	33,578	102,019	
Advertising expenses	275,066	8,554	37,369	53,451	175,892	128,474	8,077	9,550	14,170	5,670	6,429	6,424	94,469	25,390	
Bad debts from sales or services	54,677	72	11,970	15,456	27,179	8,077	9,550	14,170	5,670	6,429	6,424	94,469	25,390	726,997	
Car and truck expenses	285,277	10,801	106,660	31,596	28,561	33,201	112,979	7,573	7,290	15,366	4	11	3,782	463,897	
Commissions	196,288	29,472	106,660	2,456	1	305	1,144	659	208,761	128,573	82,113	79,272	42,969	163,317	
Depreciation	533,487	4,171	65,591	243,988	219,737	103,093	251,933	715,147	9,157	643	715	58	2	4,395	
Employee benefit programs	46,220	957	166	21,842	23,255	10,594	6,603	6,328	130,667	40,623	41,422	30,288	22,671	63,605	
Legal and professional services	522,264	11,839	124,055	195,018	191,351	69,641	181,980	349,488	130,667	40,623	41,422	30,288	22,671	63,605	
Meals and entertainment deducted	142,734	2,401	32,132	51,854	56,346	34,212	29,790	122,537	47,219	16,090	16,088	11,101	8,639	57,468	
Mortgage interest	368,279	560	8,539	8,467	22,383	17,202	45,754	13,277	465	5,945	5,522	4,417	9,978	4,560	
Other interest on business indebtedness	314,506	4,380	10,676	6,467	22,383	17,202	45,754	13,277	465	5,945	5,522	4,417	9,978	4,560	
Office expenses	74,644	1,150	23	7,136	155	1,907	4,092	1,327	242	13,360	4,142	12,515	4,394	29,920	
Pension and profit-sharing plans	60,767	2,272	8,190	20,718	29,587	7,841	103,903	185,376	30,940	13,360	4,142	12,515	4,394	29,920	
Rent on machinery and equipment	667,028	1,596	147,836	359,182	158,414	523,095	454,183	1,234,972	218,422	61,279	93,441	192,533	64,665	84,551	
Rent on business property	330,438	10,147	123,611	98,657	58,023	29,352	62,170	269,656	96,555	28,091	25,885	21,234	7,012	34,086	
Repairs	2,015,209	44,016	82,746	1,161,354	342,124	392,969	653,928	3,365,548	731,586	257,179	215,641	121,204	155,188	79,633	
Net salaries and wages	720,170	71,529	83,425	348,633	216,583	143,999	297,295	637,327	230,354	39,481	63,104	48,297	32,452	64,709	
Taxes paid	31,598	2,192	10,568	14,362	53,264	58,349	22,946	22,946	919	9,343	105,789	64,247	31,770	116,291	
Travel	545,688	6,825	105,648	233,719	199,496	131,464	255,849	993,130	262,069	52,594	135,922	178,528	202,142	146,144	
Utilities	1,373,458	68,944	392,658	476,590	435,266	360,415	562,749	1,557,264	512,995	135,922	178,528	202,142	146,144	994,549	
Other business deductions	1,169,212	141,509	197,752	620,332	209,619	238,455	1,052,489	279,364	171,018	523,963	273,141	214,701	154,512	982,945	
Net income less deficit 1/	1,918,567	211,702	442,707	740,363	523,795	616,203	1,320,565	1,204,409	405,473	568,406	293,397	356,182	202,979	1,539,062	
Net income	749,355	70,193	244,955	120,031	314,177	376,747	268,075	925,045	234,455	44,443	20,256	141,481	48,467	556,117	
Deficit	1,169,212	141,509	197,752	620,332	209,619	238,455	1,052,489	279,364	171,018	523,963	273,141	214,701	154,512	982,945	
Businesses with net income	123,615	10,558	43,984	30,571	38,502	41,275	80,027	78,470	26,565	18,242	17,571	44,933	14,026	387,344	
Number of businesses	123,615	10,558	43,984	30,571	38,502	41,275	80,027	78,470	26,565	18,242	17,571	44,933	14,026	387,344	
Business receipts, total	39,375,437	2,314,963	9,517,155	19,593,071	7,950,248	4,944,394	10,310,072	13,955,880	4,020,610	4,558,930	6,407,697	2,936,020	2,292,998	6,892,647	
Income from sales and operations	39,170,416	2,282,564	9,493,672	19,511,302	7,882,872	4,907,645	10,135,452	13,883,964	3,986,591	4,520,165	6,373,439	2,875,995	2,163,625	6,502,211	
Other business income	205,021	32,399	23,483	81,769	67,370	36,749	174,621	116,915	34,019	38,764	34,258	60,025	129,373	390,436	
Business deductions, total	37,456,870	2,103,261	9,074,448	18,852,708	7,426,453	4,328,200	8,969,508	12,751,471	3,615,137	3,990,523	6,114,300	2,579,838	2,090,019	5,363,605	
Cost of goods sold and operations	31,473,984	1,892,197	7,898,544	15,919,769	5,763,475	3,043,612	5,793,291	5,924,444	1,927,771	3,134,923	5,200,118	1,878,660	1,587,634	3,340,326	
Inventory, beginning of year	3,441,957	46,519	1,060,567	562,758	1,774,013	1,765,608	1,407,887	236,448	163,705	478,794	541,012	1,182,495	513,493	603,951	
Cost of labor	379,604	5,519	152,833	188,085	104,248	501,916	616,678	1,586,786	40,836	4,246,977	1,709,959	379,819	52,726	244,541	
Purchases	30,035,303	1,909,021	7,457,477	15,194,213	5,474,591	3,173,956	5,051,461	5,338,734	1,699,685	3,103,106	4,039,474	1,282,738	1,630,090	2,850,965	
Materials and supplies	404,926	438	268,816	59,789	27,425	62,335	410,004	353,606	146,660	40,687	2,558	1,099	109,427	118,224	
Other costs	989,766	16,392	184,543	590,734	198,097	54,972	219,282	76,299	56,233	1,173,002	246,105	25,587	418,227	354,415	
Inventory, end of year	2,543,080	56,329	928,102	476,559	1,081,090	1,078,152	1,174,497	148,731	63,797	21,576	18,375	30,429	21,325	61,743	
Advertising expenses	171,317	5,331	31,141	41,988	92,858	60,441	289,081	266,714	63,797	4,931	6,420	6,424	94,469	6,089	
Bad debts from sales or services	44,771	72	11,970	15,456	27,179	8,077	9,550	14,170	5,670	6,429	6,424	94,469	25,390	726,997	
Car and truck expenses	201,944	7,634	61,317	55,374	77,620	43,660	217,858	77,820	21,214	7,290	15,366	4	3,782	463,897	
Commissions	164,716	28,378	91,906	2,456	1	305	1,144	659	208,761	128,573	82,113	79,272	42,969	163,317	
Depreciation	534,059	4,171	65,591	243,988	219,737	103,093	251,933	715,147	9,157	643	715	58	2	4,395	
Employee benefit programs	17,230	398	101	11,684	12,507	5,047	10,493	5,776	5,792	7,183	622	715	58	4,563	
Legal and professional services	380,732	9,429	89,558	168,727	113,018	35,277	162,326	236,138	88,710	39,247	39,947	23,200	21,644	42,969	
Meals and entertainment deducted	77,944	1,223	11,064	40,976	24,681	15,891	21,599	80,479	31,196	15,185	14,796	7,986	7,844	31,984	
Mortgage interest	203,959	422	3,941	1,768	13,883	7,294	30,041	6,501	319	5,335	5,522	4,417	9,978	4,560	
Other interest on business indebtedness	184,517	527	4,929	2,211	17,355	9,119	37,557	10,628	41,753	24,055	53,150	5,732	4,223	15,913	
Office expenses	74,644	1,150	23	7,136	155	1,907	4,092	1,327	242	13,360	4,142	12,515	4,394	29,920	
Pension and profit-sharing plans	60,767	2,272	8,190	20,718	29,587	7,841	103,903	185,376	30,940	13,360	4,142	12,515	4,394	29,920	
Rent on machinery and equipment	526,217	1,													

Table 2.—Nonfarm Sole Proprietorships: Income Statement for Selected Industries—Continued
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Services—Continued														
	Hotels and other lodging places			Personal services							Business services				
	Total	Hotels, motels, and tourist courts	Other lodging services	Total	Coin-operated laundry and dry cleaning	Other cleaning, including laundry, dry cleaning, etc.	Photographic portrait studios	Beauty shops	Barber shops	Other personal services	Total	Advertising, except direct mail	Janitorial and related services to buildings	Other business services	
	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)	(81)	(82)	(83)	(84)	
Businesses with and without net income															
Number of businesses.....	53,521	27,691	25,831	1,093,817	15,710	55,476	63,711	304,064	47,850	607,006	1,773,383	80,915	329,156	1,363,312	
Business receipts, total.....	3,832,741	2,844,848	987,893	22,699,136	814,940	3,029,762	1,340,605	6,165,704	975,600	10,372,525	47,867,734	4,712,979	4,086,582	39,088,173	
Income from sales and operations.....	3,765,353	2,779,448	985,904	22,295,265	814,099	2,991,667	1,300,264	6,072,853	974,065	10,146,317	46,846,936	4,699,655	4,052,834	38,094,448	
Other business income.....	67,389	65,400	-1,989	399,871	641	38,095	40,341	92,851	1,534	226,208	1,040,797	13,324	33,749	993,725	
Business deductions, total 1/.....	4,088,948	3,109,246	979,707	16,774,144	689,677	2,534,766	1,146,155	4,566,534	536,435	7,300,377	36,001,554	3,766,084	2,923,243	29,312,227	
Cost of goods sold and operations.....	355,209	285,229	89,980	4,460,036	46,942	592,959	231,695	1,097,169	14,460	2,476,812	14,038,763	1,986,267	593,623	11,458,873	
Inventory, beginning of year.....	21,285	20,312	954	330,471	343	5,094	16,004	72,025	*272	236,733	451,386	51,286	*4,577	440,683	
Cost of labor.....	58,059	25,008	*33,051	818,757	—	*289,538	*2,472	326,684	—	200,064	2,210,381	316,246	385,207	1,508,928	
Purchases.....	232,987	209,831	*23,157	1,912,284	*26,001	*73,758	38,881	410,438	*5,742	1,357,463	9,055,722	1,261,186	45,227	7,749,308	
Materials and supplies.....	21,248	7,576	*13,672	1,025,092	*1,194	122,433	161,155	288,972	*6,735	444,602	1,587,632	47,963	127,085	1,412,584	
Other costs.....	40,345	40,146	*199	657,137	*19,820	104,354	*30,456	77,998	*3,621	420,887	2,264,492	359,786	*5,041	1,847,981	
Inventory, end of year.....	18,696	17,644	*1,052	283,704	*416	*2,219	*17,273	78,948	*1,910	182,937	1,530,851	132,456	69,285	347,607	
Bad debts from sales or services.....	83,421	78,536	4,885	268,114	6,928	24,762	30,559	88,755	9,335	107,775	549,349	*1,955	*3,678	141,997	
Car and truck expenses.....	14,830	1,612	*13,218	14,589	*26	*954	*3,122	78,948	—	—	2,112,836	152,590	394,371	1,565,515	
Commissions.....	59,038	29,100	29,939	822,621	13,353	76,961	67,182	91,554	12,131	561,440	6,106,678	69,434	17,394	523,850	
Depreciation.....	10,594	8,825	*1,769	295,266	*258	*28,843	33,593	99,400	*31,269	101,922	610,678	69,434	17,394	523,850	
Employee benefit programs.....	2,135	—	—	2,135	—	—	*70	*2,195	—	936	9,340	*113	*1,406	7,821	
Insurance.....	652,412	528,984	123,428	1,012,606	69,693	109,690	111,800	223,830	19,326	478,258	2,176,793	118,830	149,478	1,908,485	
Legal and professional services.....	6,789	5,448	*3,341	13,402	—	*299	89	5,845	*2,930	4,239	71,497	3,782	*1,683	66,032	
Meals and entertainment deducted.....	126,767	96,560	30,207	379,143	21,437	80,490	15,275	72,684	11,113	178,144	759,547	43,498	119,247	596,802	
Mortgage interest.....	48,328	30,433	17,895	204,524	3,585	18,082	12,028	49,427	6,635	114,767	413,313	24,834	27,475	361,204	
Other interest on business indebtedness.....	5,223	2,610	2,613	139,347	*118	3,054	11,277	11,457	*1,856	11,794	429,180	72,949	13,061	343,170	
Office expenses.....	401,807	320,467	81,340	1,97,908	18,214	3,820	14,098	14,328	*2,072	139,752	536,553	91,194	16,329	429,029	
Pension and profit-sharing plans.....	6,532	3,265	3,267	174,218	*148	3,420	14,098	14,328	—	77,536	348,606	20,888	11,672	316,047	
Rent on machinery and equipment.....	401,807	320,467	81,340	1,97,908	18,214	3,820	14,098	14,328	—	77,536	348,606	20,888	11,672	316,047	
Rent on business property.....	126,311	105,945	20,366	187,638	5,570	34,396	13,466	45,791	*1,770	86,844	607,474	14,287	71,006	522,180	
Repairs.....	19,150	12,637	6,512	233,470	4,233	20,324	21,789	57,526	2,155	127,443	579,085	81,577	60,239	437,269	
Net salaries and wages.....	1,033	1,033	—	216,144	*1,899	66,319	*14,540	58,572	*24,276	50,538	214,010	15,217	25,127	172,666	
Taxes paid.....	10,653	5,441	*5,213	157,641	108,005	341,075	82,344	675,898	66,067	297,252	1,276,677	115,776	53,229	1,106,381	
Travel.....	193,834	164,988	28,846	331,123	28,395	60,564	11,433	67,517	5,451	157,763	433,220	10,720	31,932	390,568	
Utilities.....	459,156	337,242	121,915	1,855,283	*58,546	396,661	40,416	726,217	*144,731	498,712	2,843,177	154,635	486,284	2,202,258	
Other business deductions.....	201,389	159,979	41,409	295,804	14,837	50,692	23,924	115,091	13,019	78,247	573,436	39,548	81,179	452,709	
Net income less deficit 1/.....	12,876	7,089	5,788	169,752	*16	1,122	35,442	14,852	*1,127	117,395	490,148	44,088	15,173	430,887	
Net income.....	473,888	357,761	116,127	995,811	184,765	446,946	315,684	711,664	115,130	1,405,851	6,362,182	574,745	360,455	5,156,981	
Deficit.....	801,192	552,118	249,074	3,098,332	103,056	446,946	194,450	1,599,171	439,165	3,073,063	11,897,975	946,895	1,163,339	9,987,741	
Net income.....	254,846	158,409	96,437	6,730,010	147,288	560,652	288,974	1,799,578	444,094	3,489,424	13,660,106	1,016,192	1,309,553	11,334,360	
Deficit.....	498,640	410,406	88,233	804,084	22,207	65,656	94,524	200,407	*4,928	416,361	1,762,131	69,297	146,214	1,546,620	
Businesses with net income															
Number of businesses.....	26,610	11,628	14,982	873,719	11,605	44,408	36,620	255,740	46,491	476,855	1,417,572	64,696	295,229	1,057,646	
Business receipts, total.....	2,067,841	1,567,442	500,399	19,563,980	718,596	2,816,290	1,252,726	5,130,156	971,289	8,674,561	42,703,758	4,530,346	3,493,868	34,679,544	
Income from sales and operations.....	2,024,402	1,525,808	498,595	19,202,447	718,119	2,779,131	1,216,647	5,047,205	969,755	8,471,591	41,691,597	4,517,161	3,480,167	33,714,269	
Other business income.....	43,439	41,635	*1,804	361,532	*839	37,159	36,079	82,951	*1,534	202,971	1,012,162	13,185	33,701	965,275	
Business deductions, total 1/.....	1,813,222	1,409,260	403,962	12,833,982	571,669	2,255,638	963,752	3,330,578	527,196	5,185,149	29,051,091	3,514,154	2,184,314	23,362,623	
Cost of goods sold and operations.....	159,310	156,477	*2,832	3,437,266	*28,322	582,435	185,029	791,525	14,460	1,835,494	11,924,488	1,949,267	466,842	9,508,380	
Inventory, beginning of year.....	14,848	14,848	—	219,641	—	*4,945	*1,644	38,718	*272	174,063	312,759	*3,148	*4,168	305,443	
Cost of labor.....	*1,344	*1,344	—	633,112	—	*288,570	*2,472	*206,040	—	136,030	2,102,913	315,752	314,116	1,473,043	
Purchases.....	142,458	139,626	*2,832	1,536,931	*7,500	70,862	*11,604	270,262	*5,742	1,170,961	8,161,598	1,233,395	103,348	6,882,976	
Materials and supplies.....	*616	*616	—	664,600	*1,194	116,012	142,208	245,684	*6,735	152,766	1,267,155	45,804	355,027	2,481,109,496	
Other costs.....	*12,741	*12,741	—	532,529	*19,629	104,001	*29,932	77,948	*3,621	297,398	1,475,384	127,133	*24,879	1,366,581	
Inventory, end of year.....	12,697	12,697	—	149,547	—	*1,956	*2,831	47,125	*1,910	95,724	1,395,321	*3,861	45,270	1,366,581	
Advertising expenses.....	34,312	32,388	1,924	183,521	*3,144	17,994	24,158	65,411	9,335	63,479	437,651	127,133	*2,414	32,105	
Bad debts from sales or services.....	4,365	395	*3,970	12,962	—	*644	*3,122	*967	*27	7,901	36,473	*1,955	—	32,105	
Car and truck expenses.....	33,003	18,517	14,486	652,719	*11,510	67,239	56,252	79,071	12,131	426,514	1,701,231	132,261	339,386	1,229,584	
Commissions.....	1,761	1,711	*50	230,976	*258	*1,825	*33,277	90,780	*31,269	73,567	446,890	60,209	13,482	373,200	
Depreciation.....	*14	—	—	3,110	—	—	*2,195	—	—	915	7,843	*113	—	7,730	
Employee benefit programs.....	266,174	213,260	52,914	680,926	*49,776	93,133	81,890	117,753	19,326	319,249	1,502,629	95,328	112,005	1,295,296	
Insurance.....	2,255	1,419	*836	12,519	—	*299	89	*5,845	*2,930	3,356	65,514	3,782	*1,680	61,052	
Legal and professional services.....	57,831	43,483	14,347	303,537	18,516	76,913	11,601	52,161	11,113	133,233	609,335	38,617	74,454	496,864	
Meals and entertainment deducted.....	22,406	14,905	7,501	131,685	*2,468	16,021	10,008	36,501	6,635	80,053	297,264	22,664	12,160	256,857	
Mortgage interest.....	3,739	1,949	*1,789	88,804	*102	*1,688	8,108	9,513	*1,156	67,757	329,100	59,473	12,160	257,467	
Other interest on business indebtedness.....	4,676	2,438	*2,237	111,031	*127	*1,688	10,136	11,895	*2,072	84,715	411,433	74,348	15,202	321,883	
Office expenses.....	153,033	110,451	*42,582	131,156	*127	*1,688	8,108	9,513	*1,156	67,757	329,100	59,473	12,160	257,467	
Repairs.....	41,374	37,821	*3,553	140,547	*4,237	32,158	12,338	37,832	*1,770	52,212	431,998	12,069	52,880	367,049	
Net salaries and wages.....	8,678	5,757	*2,922	183,906	*2,572	18,293	16,979	48,301	2,155	95,606	452,505	66,556	30,047	355,903	
Taxes paid.....	*483	*483	—	—	—	—	*3	—	—	9,366	44,157	*5,522	*351	38,284	
Travel.....	4,723	3,572	*1,151	196,096	*1,897	*66,055	12,144	58,374	*23,810	33,815	170,860	11,456	19,718	139,686	
Utilities.....	7,578	7,578	—	2,732	—	*91,229	269,837	69,892	520,911	60,429	170,856	1,047,036	106,943	40,254	899,838
Other business deductions.....	117,439	100,454	16,985	265,330	25,290	55,947	9,673	54,305	5,451	114,65					

Table 2.—Nonfarm Sole Proprietorships: Income Statement for Selected Industries—Continued
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Services—Continued										
	Automobile repair and services				Amusement and recreation services, including motion pictures			Medical and health services			
	Total	Automobile repair shops	Automobile parking and other services	Miscellaneous repair services	Total	Entertainers, producers, agents, and related services	Other amusement and recreation services	Total	Offices of physicians	Offices of dentists	Other medical and health services
	(85)	(86)	(87)	(88)	(89)	(90)	(91)	(92)	(93)	(94)	(95)
Businesses with and without net income											
Number of returns.....	331,537	246,675	84,862	257,168	585,398	280,313	581,571	698,878	184,598	97,399	416,880
Business receipts, total.....	19,520,534	14,935,397	4,585,137	7,743,362	11,206,769	4,336,882	11,110,819	56,112,820	23,249,479	13,031,712	19,831,629
Income from sales and operations.....	19,218,143	14,881,974	4,336,168	7,715,189	10,779,305	4,218,767	10,684,078	55,504,538	22,850,308	12,934,337	19,719,893
Other business income.....	302,391	53,423	248,969	28,173	427,464	118,115	426,740	608,282	399,171	97,375	111,736
Business deductions, total 1/.....	17,334,634	13,242,536	4,092,097	6,278,500	9,474,405	3,073,838	9,405,177	31,734,431	10,729,148	8,566,812	12,418,471
Cost of goods sold and operations.....	9,764,366	7,571,894	2,192,472	2,917,485	1,391,541	223,003	1,367,251	3,377,712	450,046	907,453	2,020,213
Inventory, beginning of year.....	448,411	344,001	104,410	326,716	369,335	10,916	369,335	212,273	25,200	90,000	180,000
Purchases.....	912,250	812,158	100,092	104,338	247,556	9,647	104,125	347,321	83,932	95,380	168,008
Materials and supplies.....	7,077,241	5,192,387	1,884,854	1,896,225	939,396	44,981	924,808	1,403,267	119,133	153,594	1,130,539
Other costs.....	1,303,899	1,260,676	43,223	515,000	131,718	77,790	122,874	902,490	117,419	358,851	426,210
Inventory, end of year.....	644,981	405,728	239,253	274,440	198,206	88,613	197,559	731,456	132,092	294,234	305,130
Advertising expenses.....	158,678	133,949	24,730	342,452	351,451	8,944	351,451	219,095	27,731	*1,686	189,678
Bad debts from sales or services.....	38,837	36,211	*2,627	110,189	133,067	48,112	132,905	353,206	55,217	72,591	225,398
Car and truck expenses.....	406,273	252,985	153,288	371,946	548,680	*10,836	31,921	41,651	3,416	*987	37,248
Commissions.....	134,056	82,499	*51,558	*27,298	177,598	303,018	177,524	817,229	241,557	88,559	487,113
Depreciation.....	*1,941	*1,941	()	*19	358	98,437	*111	8,961	358	16,828	94,416
Depreciation.....	794,898	535,942	258,956	268,909	1,104,882	298,822	1,101,050	1,918,819	624,202	468,029	826,588
Employee benefit programs.....	21,212	15,866	*5,546	*2,135	13,229	440	13,174	114,572	41,900	44,420	28,252
Insurance.....	454,554	318,382	136,172	171,553	148,530	38,932	147,150	1,832,260	1,014,204	328,137	489,919
Legal and professional services.....	142,600	110,468	46,439	67,543	101,969	84,982	168,133	735,246	301,909	135,062	298,276
Meals and entertainment deducted.....	33,493	18,883	22,030	27,543	181,370	112,318	180,330	277,899	100,527	65,645	111,727
Total meals and entertainment expenses.....	41,876	23,610	18,265	22,735	140,411	102,863	140,411	347,414	125,670	82,667	139,677
Mortgage interest.....	143,300	90,065	53,235	66,549	119,882	108,983	108,983	439,084	117,371	145,216	176,497
Other interest on business indebtedness.....	163,632	106,834	56,798	52,318	166,234	27,815	166,234	158,786	158,786	179,524	163,513
Office expenses.....	111,251	77,456	33,795	64,283	110,612	54,346	109,163	1,057,718	412,169	242,022	403,525
Pension and profit-sharing plans.....	*734	*277	*456	*1,591	9,805	8,051	9,805	187,797	112,518	61,732	145,216
Rent on machinery and equipment.....	91,589	76,354	*15,235	28,829	122,288	17,385	122,253	211,639	81,732	61,354	68,553
Rent on business property.....	696,487	538,106	158,381	248,369	580,004	115,877	578,150	2,301,442	887,565	550,707	863,169
Repairs.....	204,791	114,136	90,655	73,235	194,646	38,504	194,646	329,999	97,822	93,848	138,248
Net salaries and wages.....	1,668,243	1,353,828	314,414	363,168	908,244	292,184	901,633	6,781,452	2,435,396	2,332,522	2,013,532
Taxes paid.....	448,745	364,561	84,184	170,818	30,465	170,818	30,465	902,413	289,443	303,777	309,193
Travel.....	20,190	10,950	9,240	104,588	286,882	155,511	284,246	1,067,587	92,842	41,017	160,319
Utilities.....	527,084	378,668	148,416	298,970	293,568	82,869	293,568	251,996	328,701	272,750	466,136
Other business deductions.....	1,307,679	1,052,481	255,198	993,406	2,609,779	1,020,857	2,591,994	8,036,768	2,841,125	2,197,385	2,998,258
Net income less deficit 1/.....	2,186,042	1,692,861	493,180	1,464,862	1,737,919	1,263,125	1,711,197	24,380,606	12,320,863	4,444,902	7,414,842
Net income.....	2,612,664	2,023,336	589,329	1,645,827	3,182,324	1,701,977	3,146,291	24,692,324	12,595,615	4,502,567	7,594,142
Deficit.....	426,623	330,474	96,148	180,965	1,444,404	438,852	1,435,094	311,718	74,752	57,665	179,301
Businesses with net income											
Number of returns.....	255,303	193,766	61,537	198,272	345,965	171,266	343,765	626,582	168,001	88,946	369,635
Business receipts, total.....	16,968,369	13,175,754	3,792,616	6,902,738	9,211,984	3,904,883	9,133,096	54,407,550	22,907,228	12,744,627	18,755,694
Income from sales and operations.....	16,672,127	13,126,788	3,545,339	6,874,692	8,866,731	3,825,983	8,788,126	53,829,448	22,516,262	12,655,298	18,657,888
Other business income.....	296,242	48,965	247,277	28,046	345,253	78,899	344,971	578,102	390,966	89,329	97,806
Business deductions, total.....	14,355,791	11,152,418	3,203,373	5,256,911	6,029,881	2,202,968	5,987,026	29,715,778	10,312,145	8,242,060	11,161,573
Cost of goods sold and operations.....	8,255,472	6,496,666	1,758,806	2,514,134	1,144,421	196,461	1,134,718	3,127,945	396,287	905,417	1,826,241
Inventory, beginning of year.....	382,064	304,352	*77,713	246,574	286,202	4,719	286,202	208,400	25,200	*7,070	176,130
Purchases.....	738,579	699,243	69,336	175,287	88,814	6,934	88,814	331,665	83,475	95,590	152,809
Materials and supplies.....	6,218,451	4,678,936	1,541,455	1,690,010	839,327	40,359	839,327	1,317,987	118,716	153,594	1,045,677
Other costs.....	942,639	924,082	18,577	421,349	98,577	7,379	98,577	875,530	117,367	358,155	400,009
Inventory, end of year.....	498,207	313,272	184,935	246,498	130,649	71,561	130,027	587,384	79,260	292,904	215,220
Advertising expenses.....	524,467	391,257	133,210	265,584	299,148	80,267	299,148	193,020	27,731	*1,686	163,603
Bad debts from sales or services.....	128,100	108,034	20,066	92,964	96,262	37,552	96,262	315,245	53,054	60,116	202,074
Car and truck expenses.....	15,832	14,392	*1,440	7,227	8,986	*21	8,950	25,005	2,475	*987	21,543
Commissions.....	326,867	212,174	114,692	305,407	365,291	205,389	362,893	764,886	233,710	88,108	445,068
Depreciation.....	130,078	80,262	*49,816	*23,414	145,782	88,444	145,718	137,952	27,834	15,857	94,262
Depreciation.....	*1,941	*1,941	-	*19	153	*111	153	8,457	6,660	*1,754	744
Employee benefit programs.....	648,006	448,091	199,915	203,628	506,078	160,226	505,155	1,784,068	603,025	430,840	750,202
Insurance.....	19,199	13,675	*5,524	*2,135	11,639	411	11,638	113,137	41,322	44,183	27,632
Legal and professional services.....	366,312	255,272	111,040	149,470	83,284	24,292	81,945	1,749,366	993,487	313,896	441,983
Meals and entertainment deducted.....	110,441	80,766	29,678	39,417	65,579	108,002	124,370	692,750	290,254	131,746	270,749
Total meals and entertainment expenses.....	25,363	15,503	9,860	19,083	109,671	74,335	108,002	252,749	95,912	62,873	93,964
Mortgage interest.....	31,711	19,384	12,327	23,856	125,374	92,825	125,374	408,912	116,826	78,601	117,474
Other interest on business indebtedness.....	119,155	84,702	34,453	41,088	156,730	4,306	156,730	315,974	119,500	116,826	146,999
Office expenses.....	89,629	65,120	24,508	42,487	50,240	11,575	50,240	478,358	155,253	176,852	146,253
Pension and profit-sharing plans.....	83,921	55,576	28,345	42,487	83,016	47,018	83,016	402,605	236,160	236,160	358,538
Rent on machinery and equipment.....	*734	*277	*456	*1,591	9,743	8,051	9,743	186,342	111,073	37,222	38,047
Rent on business property.....	77,681	69,445	*8,236	22,471	35,647	10,874	35,612	197,483	80,787	61,292	55,403
Repairs.....	535,483	408,978	126,505	218,519	367,778	89,775	366,068	2,182,272	866,658	518,616	796,998
Net salaries and wages.....	1,674,553	1,359,696	269,489	278,584	75,981	20,477	75,981	3,311,319	96,370	89,761	128,188
Taxes paid.....	377,848	316,946	60,902	74,831	745,788	291,297	739,843	6,399,779	2,356,366	2,238,335	1,805,078
Travel.....	14,749	9,629	5,119	34,748	119,122	25,685	118,624	861,286	283,486	293,461	284,339
Utilities.....	409,774	291,477	118,297	235,011	178,223	104,131	176,143	264,721	89,070	40,303	135,348
Other business deductions.....	999,233	840,766	158,467	836,931	1,506,922	59,307	1,493,853	7,462,871	3,164,421	2,653,900	411,251
Net income.....	2,612,664	2,023,336	589,329	1,645,827	3,182,324	1,701,977	3,146,291	24,692,324	12,595,615	4,502,567	7,594,142

Table 2.—Nonfarm Sole Proprietorships: Income Statement for Selected Industries—Continued
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Services—Continued					Nature of business not allocable
	Legal services	Educational services	Accounting, auditing, and bookkeeping services	Counseling, except health practitioners	Other services	
	(96)	(97)	(98)	(99)	(100)	
Businesses with and without net income						(101)
Number of businesses.....	237,560	179,589	271,094	83,553	1,473,441	241,240
Business receipts, total.....	17,659,307	1,427,388	7,325,411	1,804,804	28,327,563	5,240,978
Income from sales and operations.....	17,052,743	1,353,700	7,155,761	1,789,920	27,067,705	4,909,047
Other business income.....	606,564	73,688	169,650	14,885	1,259,858	331,931
Business deductions, total 1/.....	9,850,149	861,993	4,401,673	825,589	14,507,795	3,688,476
Cost of goods sold and operations.....	906,307	128,613	376,583	33,315	1,899,325	2,003,358
Inventory, beginning of year.....	33,173	6,266	*8,629	*10,520	90,096	420,840
Cost of labor.....	302,564	*24,197	160,351	*2,067	459,817	57,268
Purchases.....	132,188	11,334	153,532	*1,862	693,345	1,610,598
Materials and supplies.....	24,551	51,464	25,791	18,101	369,410	78,882
Other costs.....	456,254	45,262	37,361	10,922	406,054	229,479
Inventory, end of year.....	42,423	9,910	*9,080	*10,157	119,396	393,708
Advertising expenses.....	126,812	10,724	55,768	15,706	227,304	38,914
Bad debts from sales or services.....	11,468	*1,434	*335	*1	54,634	66,226
Car and truck expenses.....	335,834	91,433	278,518	88,403	1,250,676	165,445
Commissions.....	54,101	*650	52,067	*14,004	137,789	29,783
Depletion.....	1,862	*1,607	*9,725	*150	24,671	560
Depreciation.....	477,514	86,955	429,627	46,595	1,039,731	131,030
Employee benefit programs.....	44,282	*411	15,439	*14,091	58,615	2,527
Insurance.....	408,817	19,588	110,934	15,345	326,865	56,012
Legal and professional services.....	360,493	14,290	74,277	41,530	478,372	27,541
Meals and entertainment deducted.....	200,224	12,833	83,555	21,647	346,611	31,440
Total meals and entertainment expenses.....	250,298	16,052	104,458	27,066	433,331	39,304
Mortgage interest.....	160,502	8,980	81,443	12,280	306,215	31,522
Other interest on business indebtedness.....	144,583	6,681	121,499	8,859	311,868	25,894
Office expenses.....	498,787	32,070	188,267	35,367	507,245	28,935
Pension and profit-sharing plans.....	55,788	*4,028	3,825	*20	92,587	1,167
Rent on machinery and equipment.....	48,555	*7,587	56,073	28,996	65,263	7,732
Rent on business property.....	881,317	40,740	377,022	59,093	522,464	143,721
Repairs.....	109,004	12,073	46,641	9,017	176,915	51,437
Net salaries and wages.....	2,067,399	65,063	751,540	19,943	1,424,124	193,512
Taxes paid.....	245,595	11,315	88,783	8,756	237,183	51,231
Travel.....	117,162	25,182	98,094	32,353	779,622	55,969
Utilities.....	412,365	35,812	169,309	33,267	528,174	86,216
Other business deductions.....	2,181,377	243,925	932,350	286,851	3,711,721	458,283
Net income less deficit 1/.....	7,809,270	565,395	2,923,738	985,066	13,821,717	1,554,517
Net income.....	8,030,538	647,579	3,027,266	1,057,961	14,957,898	1,784,294
Deficit.....	221,268	82,185	103,528	72,895	1,136,181	229,776
Businesses with net income						
Number of businesses.....	197,314	141,735	233,089	61,968	1,248,290	198,644
Business receipts, total.....	16,045,221	1,255,704	7,018,514	1,742,807	26,268,423	4,680,945
Income from sales and operations.....	15,473,977	1,186,930	6,849,050	1,727,927	25,205,110	4,352,753
Other business income.....	571,244	68,774	169,463	14,880	1,063,313	327,591
Business deductions, total.....	8,014,776	608,125	3,991,248	684,846	11,312,638	2,896,051
Cost of goods sold and operations.....	775,007	105,229	374,786	19,873	1,601,984	1,590,754
Inventory, beginning of year.....	31,765	*4,413	*6,967	*637	48,170	400,671
Cost of labor.....	302,104	*10,039	160,351	*2,067	426,802	54,779
Purchases.....	82,647	*8,985	153,532	*150	567,064	1,090,845
Materials and supplies.....	16,096	48,573	25,361	*4	352,108	61,494
Other costs.....	384,245	42,209	36,354	*10,886	292,289	151,777
Inventory, end of year.....	41,850	*8,990	*7,778	*53	84,449	168,811
Advertising expenses.....	109,534	6,967	41,670	13,937	100,670	31,473
Bad debts from sales or services.....	8,338	*1,284	*308	*1	30,860	*3,419
Car and truck expenses.....	278,423	68,053	246,552	63,346	998,559	127,593
Commissions.....	53,155	*628	52,067	*15,560	60,151	26,173
Depletion.....	1,823	*30	*9,725	*30	9,303	*3,555
Depreciation.....	395,901	52,416	362,316	41,722	801,136	99,134
Employee benefit programs.....	35,766	*411	15,312	*14,091	55,423	2,436
Insurance.....	325,619	12,275	102,400	13,385	235,223	48,033
Legal and professional services.....	248,587	7,223	71,314	33,992	351,292	24,642
Meals and entertainment deducted.....	167,140	8,356	79,373	17,096	285,278	26,840
Total meals and entertainment expenses.....	208,939	10,456	99,228	21,376	356,650	33,552
Mortgage interest.....	134,862	3,863	73,959	11,748	182,759	24,387
Other interest on business indebtedness.....	101,814	4,241	110,632	8,856	234,517	15,296
Office expenses.....	432,409	171,342	171,342	28,742	407,967	22,422
Pension and profit-sharing plans.....	55,196	*4,028	3,825	*20	91,995	1,036
Rent on machinery and equipment.....	46,890	*7,587	51,499	28,985	30,171	*7,177
Rent on business property.....	636,592	33,478	354,286	52,196	355,217	125,982
Repairs.....	90,792	8,272	43,068	8,117	107,261	50,346
Net salaries and wages.....	1,659,088	38,010	675,397	18,407	1,193,886	173,091
Taxes paid.....	203,313	5,257	84,131	7,040	189,268	41,829
Travel.....	84,548	16,993	89,486	22,288	607,751	51,994
Utilities.....	307,287	26,881	158,614	28,497	387,395	79,691
Other business deductions.....	1,862,985	177,174	827,186	237,796	2,994,574	321,749
Net income.....	8,030,538	647,579	3,027,266	1,057,961	14,957,898	1,784,294

1/ Nonallowable passive losses are included in total business deductions, but not in net income less deficit.
 () Amount is less than \$500.
 * This estimate should be used with caution because of the small number of sample returns on which it is based.
 NOTE: Detail may not add to total because of rounding.

Data Release

Corporation Statistics For 1988

Reflecting the continued economic growth of the 1980's and also the effects of the 1986 tax reform, corporate net income (less deficit) before tax for Income Year 1988 rose by 25.8 percent over 1987, to \$413.0 billion. Total income tax (before credits) for 1988 increased 10.9 percent to \$131.4 billion. For comparison, total receipts reported on corporation income tax returns for 1988 amounted to \$10.3 trillion, 7 percent more than 1987.

Corporation statistics for 1988 are summarized on the following pages, in Tables 1 and 2, by industrial division and size of total assets. More about these statistics will be covered in the article, "Corporation Income Tax Returns, 1988," by Amy Pavelko and Patrice Treubert, to be included in the Fall 1991 issue of the *Statistics of Income Bulletin*.

Table 1.—Selected Balance Sheet, Income Statement, and Tax Items by Asset Size 1/

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Total	Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns.....	3,562,789	210,248	1,795,643	612,426	361,296	242,809	251,870	36,387	24,157	10,511	7,022	5,326	5,094
Total assets.....	16,568,467,823	—	59,419,658	98,815,330	127,924,546	171,357,088	523,523,599	251,522,895	375,970,770	384,179,230	496,617,609	848,780,276	13,230,356,822
Cash.....	784,815,919	—	13,043,591	16,973,753	18,279,991	21,153,165	48,793,315	19,441,311	27,870,803	24,613,554	29,423,039	39,821,101	525,402,296
Notes and accounts receivable.....	4,099,147,501	—	6,892,104	15,511,368	22,827,231	33,760,384	114,687,843	56,638,975	94,414,470	106,155,891	138,250,086	202,422,720	3,307,586,429
Less: Allowance for bad debts.....	96,744,285	—	249,581	124,735	265,518	398,902	1,849,988	1,190,571	2,048,974	2,587,854	3,330,758	5,595,556	79,101,848
Inventories.....	845,783,685	—	6,879,949	15,068,270	21,105,841	32,087,458	116,335,083	53,268,094	58,877,278	39,154,668	37,409,684	53,604,296	411,993,064
Investment in government obligations	1,094,749,402	—	46,575	138,346	334,943	715,418	3,522,670	3,944,744	20,033,535	35,107,111	54,867,378	80,139,773	895,898,910
Other current assets.....	912,145,245	—	2,809,333	5,072,612	6,695,247	8,459,914	28,358,437	14,357,906	21,367,881	20,177,497	24,204,266	37,784,970	742,857,182
Loans to stockholders.....	79,855,312	—	4,248,335	5,004,497	4,889,621	4,069,373	7,564,453	2,626,225	2,206,024	1,892,632	1,717,675	5,622,933	40,013,544
Mortgage and real estate loans.....	1,604,896,498	—	429,552	1,212,594	1,875,265	1,833,870	5,851,822	2,795,759	7,805,527	20,112,064	43,077,274	107,329,983	1,412,572,789
Other investments.....	3,614,438,470	—	1,448,399	4,103,591	6,294,718	9,079,202	32,380,417	20,115,730	40,782,583	49,736,455	74,675,893	154,321,641	3,221,499,840
Depreciable assets.....	3,820,961,787	—	55,288,686	65,428,666	79,772,708	95,026,204	240,904,570	108,081,691	133,074,261	101,619,699	102,878,377	166,294,458	2,672,592,466
Less: Accumulated depreciation.....	1,593,226,079	—	37,667,512	40,443,360	47,867,571	54,274,943	124,683,817	51,033,139	59,915,989	42,420,263	42,005,516	63,724,139	1,029,189,621
Depletable assets.....	124,421,968	—	165,974	313,548	369,567	578,949	2,099,007	818,714	2,309,057	3,148,849	3,364,281	5,117,909	106,136,113
Less: Accumulated depletion.....	50,921,656	—	113,758	133,738	181,442	213,087	1,102,944	253,102	888,429	1,572,415	1,374,656	1,627,442	43,460,644
Land.....	177,037,541	—	1,789,098	4,666,361	7,383,943	12,033,967	28,661,420	10,691,160	12,427,061	8,616,830	7,975,632	11,205,643	71,600,425
Intangible assets.....	329,484,622	—	2,384,385	2,729,792	2,734,664	3,135,857	8,674,130	4,754,670	7,343,298	8,696,332	10,914,565	24,154,552	253,962,376
Less: Accumulated amortization.....	67,703,687	—	1,257,385	1,125,531	1,478,784	1,217,025	2,803,636	1,575,993	1,842,130	1,859,808	1,825,437	4,192,534	48,855,426
Other assets.....	889,325,583	—	3,281,914	4,419,292	4,824,334	5,523,284	16,130,815	8,040,723	12,154,516	13,587,985	16,413,826	36,099,967	768,848,927
Total liabilities.....	16,568,467,823	—	59,419,658	98,815,330	127,924,546	171,357,088	523,523,599	251,522,895	375,970,770	384,179,230	496,617,609	848,780,276	13,230,356,822
Accounts payable.....	1,022,810,938	—	9,052,304	13,170,736	17,507,768	26,024,917	81,317,116	34,892,426	43,575,433	32,289,494	30,363,786	44,163,749	690,453,208
Mortgages, notes, and bonds payable in less than 1 year.....	1,431,308,911	—	9,690,134	9,673,712	14,305,003	20,067,170	87,124,695	43,563,426	48,125,940	35,821,554	33,576,500	48,883,447	1,080,477,332
Other current liabilities.....	5,092,190,043	—	6,802,931	8,583,482	9,679,706	13,089,255	47,762,481	29,973,143	77,039,614	128,804,733	206,537,968	331,555,137	4,232,361,593
Loans from stockholders.....	243,230,029	—	21,050,829	16,985,983	15,735,651	14,044,451	29,621,669	8,399,649	8,208,520	5,250,107	4,766,783	9,532,007	109,634,379
Mortgages, notes, and bonds payable in 1 year or more.....	2,352,107,056	—	15,938,036	20,331,288	28,115,209	36,219,753	104,935,954	49,666,418	69,994,982	61,001,781	65,767,159	118,912,662	1,781,203,812
Other liabilities.....	2,219,993,412	—	3,161,531	3,147,376	4,132,255	4,996,977	19,775,767	10,529,004	18,827,793	21,446,305	26,934,708	55,353,906	2,051,687,789
Capital stock.....	1,429,486,841	—	14,179,704	11,670,808	12,823,639	14,656,876	35,168,141	16,250,342	22,204,972	20,906,955	27,956,675	59,200,624	1,194,468,106
Paid-in or capital surplus.....	2,154,243,458	—	9,387,713	8,231,795	10,141,824	12,946,109	41,977,725	24,367,690	42,663,276	50,479,618	73,340,612	139,028,000	1,741,679,097
Retained earnings, appropriated.....	77,508,595	—	153,119	168,107	419,610	541,117	1,144,589	385,587	558,175	869,222	1,278,695	2,888,806	69,101,569
Retained earnings, unappropriated.....	1,313,070,807	—	-13,923,427	12,597,217	17,924,512	27,343,352	53,607,559	16,843,596	24,716,088	19,930,705	25,790,514	51,870,140	1,076,370,551
Other retained earnings (Form 1120S)	102,816,168	—	-13,468,493	-2,420,801	1,150,878	6,250,092	33,605,433	20,857,300	24,904,087	12,346,583	9,109,715	6,806,656	3,674,719
Less: Cost of treasury stock.....	870,298,430	—	2,604,723	3,324,372	4,011,507	4,822,982	12,517,529	4,225,686	4,848,109	4,967,826	8,805,505	19,414,860	800,755,332
Total receipts.....	10,264,867,461	187,881,514	317,869,252	309,919,984	314,925,483	375,360,375	1,123,631,339	480,307,941	533,605,908	368,702,491	348,750,703	528,828,571	5,375,083,901
Business receipts.....	8,949,846,244	120,422,381	310,316,427	298,990,232	306,166,608	364,938,056	1,090,893,208	464,119,131	507,428,249	340,013,706	310,512,330	464,665,025	4,371,380,891
Interest.....	772,316,565	—	600,954	1,069,820	1,420,586	1,623,487	5,347,458	2,782,842	8,145,585	13,462,771	21,593,829	37,474,774	624,983,192
Interest on government obligations.....	32,308,213	—	3,110	6,853	18,076	17,830	134,897	112,321	378,578	730,079	1,304,564	2,163,699	27,273,735
Rents.....	92,309,807	1,393,092	742,309	1,119,374	1,432,646	1,891,724	4,951,658	2,366,455	3,075,474	2,500,969	2,364,666	3,876,166	66,595,273
Royalties.....	23,942,535	159,177	151,672	86,524	69,329	122,824	390,956	194,674	252,421	417,857	486,229	959,433	20,651,439
Net short-term capital gain less net long-term capital loss.....	5,574,907	67,548	*8,594	40,053	54,218	33,041	152,802	68,887	106,536	299,736	174,796	368,627	4,200,069
Net long-term capital gain less net short-term capital loss.....	56,684,288	2,133,317	484,427	552,922	584,024	689,628	2,131,224	1,227,676	1,711,239	1,574,441	1,694,183	2,803,026	41,098,180
Net gain, noncapital assets.....	36,522,792	2,200,920	658,632	662,684	657,701	673,158	1,833,537	777,419	1,305,211	1,448,173	1,239,746	1,451,094	24,250,315
Dividends, domestic corporations.....	15,165,056	408,255	101,691	44,960	95,507	126,725	385,104	231,307	358,682	471,928	362,201	796,359	11,782,337
Dividends, foreign corporations.....	42,281,099	524,206	*3,368	*70	*7,717	861	26,576	34,352	216,944	166,746	303,388	954,724	40,042,146
Other receipts.....	237,915,957	6,596,881	4,797,866	7,382,491	4,419,070	5,243,041	17,383,919	8,392,876	10,626,989	8,216,066	8,714,770	13,315,644	142,826,323

Footnotes at end of table.

Table 1.—Selected Balance Sheet, Income Statement, and Tax Items by Asset Size 1/—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Total	Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total deductions.....	9,853,420,138	183,397,352	317,795,486	307,313,445	311,869,056	370,581,533	1,108,037,602	471,342,917	521,788,600	358,757,149	336,423,392	506,539,927	5,059,573,679
Cost of sales and operations.....	5,944,935,455	79,906,847	141,902,717	168,280,796	181,769,070	237,108,191	797,433,787	351,319,896	378,463,579	251,741,325	225,017,899	328,602,853	2,803,388,495
Compensation of officers.....	203,220,587	3,478,359	35,236,627	25,593,242	21,798,032	19,305,684	36,088,710	10,749,347	9,657,309	5,177,826	4,378,432	5,073,977	26,683,041
Repairs.....	86,236,215	817,845	2,615,351	2,342,672	2,703,768	2,747,859	5,541,097	1,938,606	2,284,103	1,611,302	1,628,669	2,762,576	59,242,369
Bad debts.....	58,644,690	1,564,754	560,503	731,531	964,473	1,117,513	3,273,640	1,255,830	2,052,100	1,877,523	2,129,734	2,852,068	40,265,021
Rent paid on business property.....	161,141,584	2,579,275	13,821,406	9,805,002	8,612,408	8,314,192	15,570,586	5,491,138	6,232,740	4,205,940	4,671,616	7,026,928	74,810,353
Taxes paid.....	222,323,028	3,097,013	9,552,220	8,183,269	8,384,648	9,055,366	20,705,116	7,884,830	8,949,087	6,248,331	6,177,677	9,785,794	124,299,676
Interest paid.....	672,447,709	49,855,077	2,740,833	3,358,624	4,323,194	5,328,126	17,553,027	8,081,314	12,652,124	14,394,112	19,095,082	32,535,802	502,530,394
Contributions or gifts.....	4,893,019	48,380	47,161	58,782	80,801	91,500	221,753	101,243	138,331	133,532	169,559	249,378	3,552,599
Amortization.....	20,325,739	310,888	313,235	355,855	296,111	315,875	990,762	547,222	800,256	831,926	864,249	1,539,670	13,159,750
Depreciation.....	327,516,917	3,147,046	6,401,551	6,967,037	8,016,337	8,970,059	21,538,688	9,166,554	11,633,054	8,542,864	9,115,018	14,655,433	219,363,277
Depletion.....	8,716,602	118,961	30,114	41,169	35,721	35,625	163,891	76,279	170,409	203,690	251,423	438,801	7,150,519
Advertising.....	114,408,994	1,615,297	4,703,554	2,860,539	2,936,050	3,871,077	9,308,542	4,413,842	3,696,430	3,945,320	3,945,320	5,557,659	66,759,055
Pension, profit sharing, stock bonus, and annuity plans.....	45,183,078	516,033	2,120,817	1,611,980	1,565,253	1,816,952	3,943,313	1,423,162	1,587,130	1,084,335	1,093,921	2,021,828	26,398,353
Employee benefit programs.....	94,322,487	1,039,300	1,675,108	1,522,634	1,809,876	2,129,077	6,161,705	2,854,779	3,458,876	2,700,922	2,802,129	5,129,871	63,041,212
Net loss, noncapital assets.....	14,094,202	1,309,960	293,625	159,667	175,050	175,327	545,645	254,334	652,966	588,787	652,966	847,167	8,016,460
Other deductions.....	1,875,009,779	33,992,317	95,780,666	75,440,645	68,398,266	70,199,109	168,997,343	65,784,542	77,895,662	55,654,126	54,493,878	87,460,120	1,020,913,105
Total receipts less total deductions.....	411,447,323	4,484,162	73,766	2,606,559	3,056,426	4,778,842	15,593,737	8,965,024	11,817,308	9,945,342	12,327,311	22,288,644	315,510,222
Constructive taxable income from related foreign corporations....	33,977,330	220,370	*1,434	*1,002	*2,055	*39	*46,283	10,862	99,762	152,046	235,826	742,562	32,465,090
Net income (less deficit).....	412,982,753	4,540,004	47,632	2,591,777	3,033,800	4,749,263	15,451,599	8,856,456	11,530,001	9,361,444	11,258,349	20,863,431	320,699,597
Net income, total.....	555,850,912	12,254,616	12,072,766	9,964,624	10,017,324	11,766,882	33,071,925	16,067,002	21,367,991	16,174,548	17,943,517	29,988,424	365,161,293
Deficit, total.....	142,868,159	7,714,612	12,025,134	7,373,447	6,983,524	7,017,682	17,620,326	7,210,546	9,837,990	6,813,104	6,685,168	9,124,993	44,461,695
Net income (less deficit) Form 1120-A.....	-125,045	-3,341	-151,270	30,351	*786	—	—	—	—	—	—	—	—
Net income (less deficit) Form 1120S 2/.....	33,403,456	509,857	1,920,709	1,388,297	1,180,387	1,891,221	8,075,334	4,985,464	6,014,762	2,838,574	2,405,764	1,389,290	803,797
Net income (less deficit) Form 1120F.....	2,627	126,437	*82	*-776	*-157	*86	*5,616	*4,226	*63,419	*-4,234	5,149	6,894	-204,114
Statutory special deductions, total.....	117,452,980	4,231,534	2,349,110	1,654,038	1,590,756	1,580,198	3,653,919	1,840,269	3,001,310	2,669,209	4,123,736	8,874,946	81,883,953
Net operating loss deduction.....	51,418,150	2,845,400	2,256,835	1,621,674	1,521,142	1,483,195	3,215,562	1,438,585	2,124,369	1,610,098	2,168,670	3,661,067	27,471,553
Dividends received deduction.....	12,868,162	302,720	92,276	—	—	68,303	284,186	181,896	312,334	407,713	337,386	723,537	10,053,789
Public utility dividend paid deduction..	84,221	—	—	—	—	—	—	—	—	—	—	—	83,935
Income subject to tax, total.....	383,201,978	6,390,145	2,888,369	4,272,419	4,766,924	5,745,648	15,472,379	7,452,154	10,619,867	9,979,228	11,117,180	19,571,657	284,926,007
Income tax before credits, total.....	131,367,397	2,175,328	481,969	728,115	907,248	1,292,950	4,762,067	2,554,654	3,708,516	3,515,872	3,903,953	6,900,954	100,435,772
Regular tax.....	126,899,211	2,084,062	476,606	722,285	895,991	1,273,384	4,617,359	2,493,257	3,592,919	3,391,280	3,776,264	6,656,049	96,919,757
Personal holding company tax.....	17,729	*273	*948	*441	*449	*349	8,151	*524	1,142	*312	*321	904	3,915
Recapture of investment credit.....	552,398	19,260	1,763	1,457	3,629	4,358	17,082	7,776	14,241	9,128	14,096	16,466	443,140
Alternative minimum tax.....	3,352,845	45,311	2,584	3,920	6,731	11,958	115,128	50,954	87,765	102,830	98,239	263,833	2,633,833
Environmental tax.....	487,926	7,798	*16	*12	*26	*10	1,082	1,012	5,192	8,004	10,478	23,449	430,845
Foreign tax credit.....	27,068,104	289,412	*2,197	*815	*2,685	*1,305	32,503	20,651	81,177	95,187	175,013	477,121	25,890,036
U.S. possessions tax credit.....	2,318,021	36,537	232	29	402	2,116	26,386	29,478	115,361	190,201	302,951	374,385	1,239,944
Orphan drug credit.....	8,053	—	—	—	—	—	—	—	—	—	—	—	8,053
Nonconventional source fuel credit.....	49,517	—	—	—	—	—	*40	*662	*466	*1,050	134	1,528	45,349
General business credit.....	5,559,174	60,955	30,884	36,107	42,149	50,035	138,210	61,945	91,698	75,948	84,457	168,149	4,718,637
Prior year minimum tax credit.....	468,767	4,420	*27	*466	*436	4,136	15,890	16,232	9,369	12,787	9,740	21,251	374,650

1/ Excludes Foreign Sales Corporations (Form 1120-FSC) and Interest-Charge Domestic International Sales Corporations (Form 1120-IC-DISC).

2/ Net Income of S Corporations was taxed (with few exceptions) through their shareholders. Therefore, the net income of these corporations was excluded from income subject to tax.

*Estimate should be used with caution because of the small number of sample returns on which it was based.

**Amount is less than \$500.

Note: Detail may not add to totals due to rounding.

Table 2--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size 1/--Continued

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Item, industrial division	Total	Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
TRANSPORTATION AND PUBLIC UTILITIES													
Number of returns.....	149,248	7,282	75,103	26,348	14,923	11,560	10,469	1,573	920	343	195	171	341
Total assets.....	1,411,201,395	—	2,703,619	4,231,462	5,294,657	8,091,738	21,249,714	10,844,066	13,677,451	18,723,592	13,436,117	28,646,682	1,284,302,298
Total receipts.....	838,753,393	6,203,913	14,725,269	16,609,228	15,274,855	20,095,859	41,760,489	14,652,506	17,486,807	18,029,360	12,463,737	22,261,826	639,189,744
Business receipts.....	779,584,504	5,664,910	14,431,975	16,000,646	14,887,594	19,545,900	40,452,925	14,080,410	16,567,388	16,103,180	11,402,228	20,901,383	589,545,966
Interest paid.....	50,934,990	284,872	179,942	200,099	266,125	296,922	659,475	395,049	563,129	963,547	607,055	1,459,045	44,859,730
Net income (less deficit).....	46,943,801	-94,107	-38,498	101,054	169,996	-26,856	384,159	411,453	275,371	294,877	358,205	425,450	44,682,658
Income tax, total.....	17,762,410	45,058	12,837	31,212	43,654	53,181	244,997	153,996	170,305	185,923	174,632	387,185	16,249,431
Income tax (after credits).....	15,429,291	44,673	11,562	27,769	38,436	46,705	227,595	147,511	164,222	187,436	164,406	371,520	13,996,461
Net worth.....	519,388,496	—	-88,665	753,622	1,135,608	1,828,336	4,682,082	2,965,113	3,160,509	3,032,245	3,372,613	5,874,186	492,672,842
WHOLESALE AND RETAIL TRADE													
Number of returns.....	984,553	48,550	429,037	199,183	121,187	81,231	86,037	10,893	5,398	1,540	687	447	364
Total assets.....	1,295,819,375	—	17,087,270	32,013,129	42,746,356	57,276,444	178,581,233	74,334,084	81,014,554	52,854,456	47,318,050	70,917,058	641,676,739
Total receipts.....	2,977,982,750	47,646,445	90,124,763	119,803,828	139,393,515	174,390,418	587,849,973	247,575,735	233,016,391	141,783,051	117,288,188	161,377,674	917,732,771
Business receipts.....	2,891,336,187	45,720,662	88,502,747	118,198,955	137,285,420	171,864,582	577,803,039	242,952,598	227,487,368	138,813,822	114,236,932	156,698,876	871,171,187
Interest paid.....	53,360,602	749,385	727,288	1,076,578	1,379,817	1,759,982	5,927,418	2,643,213	2,707,515	1,763,126	1,721,570	2,687,214	30,217,496
Net income (less deficit).....	42,844,883	137,373	-672,606	405,129	902,553	1,849,377	6,562,373	3,240,320	4,177,924	2,299,738	1,780,471	2,982,588	19,179,642
Income tax, total.....	14,116,720	208,422	104,516	205,305	263,770	437,885	1,531,377	697,310	870,022	715,581	582,175	1,127,705	7,372,651
Income tax (after credits).....	12,733,094	190,463	96,678	196,143	252,632	427,894	1,492,911	676,624	840,511	681,436	553,857	1,067,629	6,256,318
Net worth.....	331,968,322	—	-4,211,696	7,765,336	12,960,011	19,480,666	54,372,302	18,984,646	23,519,565	14,084,063	13,026,826	21,024,302	150,962,298
FINANCE, INSURANCE, AND REAL ESTATE													
Number of returns.....	572,418	46,915	251,484	94,365	62,134	40,350	45,111	7,941	7,977	5,286	4,360	3,405	3,091
Total assets.....	9,411,547,140	—	7,856,397	15,120,950	22,111,912	28,318,236	93,811,675	55,366,150	130,047,835	189,848,682	307,737,884	532,438,627	8,028,888,792
Total receipts.....	1,714,352,381	68,640,824	24,556,478	15,560,643	16,739,493	15,018,571	40,472,420	19,619,475	35,924,844	37,340,432	54,376,493	98,155,944	1,287,946,765
Business receipts.....	860,415,865	9,868,627	22,956,795	12,994,281	14,230,587	11,915,561	31,886,236	14,713,115	24,636,722	20,809,377	28,450,638	52,944,869	615,008,695
Interest paid.....	415,952,696	46,837,533	296,427	400,250	712,231	831,545	3,254,157	1,744,914	4,857,748	7,695,677	12,616,655	21,000,905	315,704,653
Net income (less deficit).....	91,892,954	1,675,344	176,834	143,800	33,044	725,475	901,244	539,349	983,856	952,544	2,646,258	6,882,370	76,232,837
Income tax, total.....	20,899,804	849,243	66,231	87,593	117,003	159,277	490,058	290,874	516,297	645,648	930,154	1,526,139	15,221,287
Income tax (after credits).....	17,858,549	808,402	62,078	85,015	115,547	156,493	478,549	285,086	506,364	621,020	894,552	1,462,448	12,382,995
Net worth.....	1,779,467,330	—	141,582	4,745,469	7,249,203	9,348,500	25,680,893	15,853,575	31,687,412	39,834,904	65,385,238	136,635,447	1,442,905,105
SERVICES													
Number of returns.....	995,425	61,291	653,940	148,574	64,880	32,492	27,527	3,359	1,914	647	372	259	171
Total assets.....	530,326,395	—	18,944,606	23,706,807	22,554,151	22,666,067	56,460,154	23,194,487	29,259,751	28,151,316	26,386,915	41,070,063	237,932,077
Total receipts.....	695,265,170	12,283,521	113,840,295	77,150,257	58,616,655	48,784,191	96,595,115	34,486,828	34,509,393	26,292,252	27,605,408	36,631,785	128,469,469
Business receipts.....	643,748,105	10,648,931	111,327,288	72,414,203	56,705,728	47,186,816	91,822,784	32,352,608	31,558,874	23,759,969	24,861,571	32,856,257	108,253,277
Interest paid.....	23,077,104	517,484	748,655	789,727	789,683	815,253	2,241,519	859,265	1,070,202	1,063,762	1,118,324	1,816,233	11,246,997
Net income (less deficit).....	9,276,631	31,795	596,417	907,429	906,923	656,138	618,853	166,680	-387,315	665,846	434,302	493,934	4,185,630
Income tax, total.....	5,049,797	106,479	177,963	185,333	186,561	176,375	467,667	216,715	289,109	274,708	284,715	466,674	2,217,298
Income tax (after credits).....	4,112,219	98,550	168,079	179,280	174,691	166,176	438,476	200,869	258,308	254,095	223,490	402,062	1,548,144
Net worth.....	128,119,335	—	782,720	6,975,973	6,433,350	6,520,161	11,787,773	5,481,957	7,138,116	6,457,457	6,316,049	9,054,580	61,171,201

1/ Excludes Foreign Sales Corporations (Form 1120-FSC) and Interest Charge Domestic International Sales Corporations (Form 1120-IC-DISC).

2/ Includes "Nature of business not allocable" which is not shown separately.

Table 2.—Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size 1/

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item, Industrial division	Total	Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
ALL INDUSTRIES 2/													
Number of returns.....	3,562,789	210,248	1,795,643	612,426	361,296	242,809	251,870	36,387	24,157	10,511	7,022	5,326	5,094
Total assets.....	16,568,467,823	—	59,419,658	98,815,330	127,924,546	171,357,088	523,523,599	251,522,895	375,970,770	384,179,230	496,617,609	848,780,276	13,230,356,822
Total receipts.....	10,264,867,461	187,881,514	317,869,252	309,919,984	314,925,483	375,360,375	1,123,631,339	480,307,941	533,605,908	368,702,491	348,750,703	528,828,571	5,375,083,901
Business receipts.....	8,949,646,244	120,422,381	310,316,427	298,990,232	306,166,608	364,938,056	1,090,893,208	464,119,131	507,428,249	340,013,706	310,512,330	464,665,025	4,371,380,891
Interest paid.....	672,447,709	49,855,077	2,740,833	3,358,624	4,323,194	5,328,126	17,553,027	8,081,314	12,652,124	14,394,112	19,095,082	32,535,802	502,530,394
Net income (less deficit).....	412,982,753	4,540,004	47,632	2,591,177	3,033,800	4,749,263	15,451,599	8,856,456	11,530,001	9,361,444	11,258,349	20,863,431	320,699,597
Income tax, total.....	131,367,397	2,175,328	481,969	728,115	907,248	1,292,950	4,762,067	2,554,654	3,708,516	3,515,872	3,903,953	6,900,954	100,435,772
Income tax (after credits).....	95,895,759	1,783,917	448,656	691,137	861,546	1,235,358	4,549,238	2,425,486	3,410,445	3,140,699	3,331,658	5,858,520	68,159,104
Net worth.....	4,206,827,439	—	-6,276,107	26,922,754	38,448,956	56,914,564	152,985,918	74,478,829	110,198,489	99,565,257	128,670,706	240,379,366	3,284,538,710
AGRICULTURE, FORESTRY, AND FISHING													
Number of returns.....	119,902	5,014	48,700	23,114	19,011	14,134	8,846	638	275	94	44	25	7
Total assets.....	60,491,780	—	1,757,716	3,851,034	6,763,768	10,174,280	16,165,669	4,430,536	4,251,741	3,206,836	2,984,272	3,916,052	2,989,875
Total receipts.....	86,258,094	1,072,148	6,244,918	10,919,098	9,992,855	9,821,860	18,603,740	5,115,007	5,071,220	4,566,774	4,601,844	6,516,297	3,732,334
Business receipts.....	80,520,140	886,862	5,783,798	10,433,122	9,228,443	8,916,980	17,132,932	4,831,237	4,745,663	4,367,511	4,328,753	6,301,578	3,563,260
Interest paid.....	2,497,991	57,312	115,088	207,045	263,378	408,112	691,933	176,003	164,354	91,168	118,240	160,635	64,722
Net income (less deficit).....	1,615,921	120,120	122,529	134,233	178,785	279,727	235,771	15,288	44,132	72,164	75,601	154,351	183,219
Income tax, total.....	554,457	23,365	18,914	21,098	33,255	50,795	101,337	45,550	28,415	53,778	44,851	68,785	64,314
Income tax (after credits).....	500,206	17,409	15,800	18,849	30,618	45,404	96,120	44,620	27,453	49,036	43,797	64,904	46,198
Net worth.....	20,271,852	—	-55,636	846,562	2,129,754	4,491,317	5,432,414	1,300,997	1,120,859	1,049,200	931,538	1,487,040	1,537,807
MINING													
Number of returns.....	41,080	2,904	20,951	5,462	4,362	3,266	2,792	462	432	168	115	87	79
Total assets.....	225,639,336	—	658,114	808,532	1,600,200	2,313,035	5,880,152	3,290,689	6,464,783	5,965,955	9,871,728	22,611,586	166,174,561
Total receipts.....	100,426,996	2,016,467	1,883,627	1,528,573	2,837,794	2,969,670	5,300,644	2,694,887	4,579,613	4,072,824	6,154,169	14,494,392	51,894,338
Business receipts.....	87,350,933	1,679,093	1,735,684	1,383,872	2,659,872	2,744,858	4,683,673	2,255,665	4,072,525	3,438,868	5,359,591	13,059,827	44,277,406
Interest paid.....	5,916,281	115,793	33,923	34,086	45,893	66,404	248,830	62,866	187,052	192,808	248,511	623,252	4,056,864
Net income (less deficit).....	4,111,855	19,318	-54,025	-59,170	-16,271	-32,048	-189,663	93,468	-52,698	80,555	180,176	944,349	3,197,864
Income tax, total.....	1,815,670	54,087	*6,694	*4,962	8,583	18,592	40,872	30,229	69,849	61,830	109,636	169,306	1,241,028
Income tax (after credits).....	1,072,855	13,904	*6,694	4,642	8,214	17,380	35,749	28,711	67,835	58,391	79,779	144,652	606,898
Net worth.....	111,829,193	—	-1,058,120	-16,316	13,724	675,546	1,504,775	1,475,610	2,293,418	2,424,243	3,783,239	8,307,303	92,425,771
CONSTRUCTION													
Number of returns.....	381,499	17,303	197,591	63,422	40,135	28,406	28,989	3,429	1,579	375	166	64	40
Total assets.....	241,395,405	—	6,344,221	10,419,374	14,258,574	20,261,514	59,502,756	23,546,433	23,014,999	12,831,983	12,271,288	9,442,181	49,502,082
Total receipts.....	499,690,338	8,089,011	46,249,491	41,281,258	39,978,574	50,662,014	130,779,046	47,058,166	43,008,169	21,849,858	17,950,196	14,794,167	37,990,387
Business receipts.....	485,711,849	7,663,052	45,827,439	40,812,814	39,523,981	50,041,644	128,490,490	46,062,662	41,826,302	21,175,798	17,213,415	14,204,512	32,869,739
Interest paid.....	6,926,137	93,834	395,150	354,156	413,016	455,116	1,331,203	401,663	414,633	234,052	300,888	267,828	2,264,598
Net income (less deficit).....	11,343,920	366,146	375,192	734,304	665,293	644,004	2,926,476	1,480,587	1,310,102	604,902	471,030	169,564	1,596,321
Income tax, total.....	2,497,276	59,381	52,515	100,873	141,409	179,674	644,430	320,051	281,926	170,227	144,077	74,049	328,662
Income tax (after credits).....	2,274,530	49,624	50,432	94,047	134,953	173,536	615,478	298,741	269,848	161,363	141,889	71,531	213,086
Net worth.....	62,524,744	—	-557,233	3,444,471	4,792,626	6,615,492	15,839,179	6,139,280	5,407,799	3,584,427	3,065,677	1,953,175	12,239,853
MANUFACTURING													
Number of returns.....	299,538	16,193	107,078	50,369	34,177	31,048	41,963	8,054	5,648	2,057	1,083	868	1,001
Total assets.....	3,390,433,557	—	3,814,647	8,415,381	12,428,010	22,051,854	91,695,507	56,209,466	87,982,502	72,596,410	76,611,356	139,738,027	2,818,890,397
Total receipts.....	3,348,965,911	41,864,371	18,793,197	26,859,802	31,743,709	53,431,345	201,951,035	108,737,867	159,781,395	114,767,940	108,310,669	174,596,487	2,308,128,095
Business receipts.....	3,118,059,530	38,230,623	18,317,487	26,557,028	31,298,354	52,539,410	198,304,682	106,509,877	156,308,962	111,544,821	104,659,201	167,697,722	2,106,091,361
Interest paid.....	113,699,987	1,198,690	193,686	289,083	449,187	692,917	2,995,510	1,789,626	2,681,453	2,389,972	2,363,840	4,540,691	94,115,332
Net income (less deficit).....	205,083,651	2,327,328	-386,139	221,980	200,498	685,136	4,008,124	2,891,801	5,179,589	4,390,817	5,312,306	8,810,784	171,441,427
Income tax, total.....	68,661,707	828,324	40,873	90,246	112,746	216,341	1,240,460	796,443	1,482,172	1,398,178	1,633,712	3,081,112	57,741,100
Income tax (after credits).....	41,905,884	559,921	35,936	83,900	105,189	200,941	1,163,704	740,222	1,275,480	1,127,927	1,229,886	2,273,775	33,109,006
Net worth.....	1,253,269,531	—	-1,168,622	2,349,108	3,731,049	7,975,336	33,688,451	22,362,655	35,776,143	29,098,719	32,789,523	56,043,332	1,030,623,835

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NOTICE

Data on the following pages are the latest and most accurate available at time of publication. However, they are subject to continuous revision as more information becomes available. Data labeled as preliminary should be used with caution.

Selected Historical Data

Table 1.—Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1970–1989

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1985	1987	1988	p1989
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns	74,279,831	82,229,332	93,902,469	101,660,287	106,996,270	109,708,280	112,279,988
Form 1040 returns.....	74,279,831	54,527,726	57,122,592	67,006,425	71,032,103	71,359,242	71,488,116
Form 1040A returns.....	N/A	27,701,606	36,779,877	18,124,702	17,446,685	19,066,165	20,622,888
Form 1040EZ returns.....	N/A	N/A	N/A	16,529,160	18,517,482	19,282,873	20,168,984
Adjusted gross income (AGI)¹	631,692,540	947,784,873	1,613,731,497	2,305,951,483	2,773,824,198	3,083,019,783	3,291,413,132
Salaries and wages:							
Number of returns.....	66,965,659	73,520,046	83,802,109	87,198,001	90,984,304	93,257,370	95,866,668
Amount.....	531,883,892	795,399,462	1,349,842,802	1,928,200,978	2,163,905,509	2,337,984,129	2,467,497,707
Taxable interest received:							
Number of returns.....	32,630,355	40,378,240	49,019,575	64,526,434	67,933,810	69,421,338	70,089,293
Amount.....	22,021,267	43,433,554	102,009,444	182,109,194	168,966,067	186,981,636	215,920,904
Dividends in AGI: ²							
Number of returns.....	7,729,939	8,853,491	10,738,982	15,527,579	22,324,321	22,903,155	23,136,383
Amount.....	15,806,924	21,892,126	38,761,253	55,046,351	66,791,158	77,329,507	82,123,818
Business or profession net income:							
Number of returns.....	4,827,064	5,434,857	6,305,794	8,640,701	9,884,338	10,491,980	11,020,470
Amount.....	33,542,837	44,861,623	66,995,010	98,775,563	123,782,540	145,517,755	148,995,296
Business or profession net loss: ³							
Number of returns.....	1,332,921	1,807,685	2,575,325	3,259,640	3,117,717	3,079,460	3,130,697
Amount.....	2,988,636	5,440,145	11,865,856	20,002,986	18,321,913	19,194,505	18,084,125
Net capital gain in AGI: ⁴							
Number of returns.....	5,488,224	5,798,724	8,015,377	9,991,808	11,713,723	9,678,528	10,685,562
Amount.....	10,655,553	16,034,430	33,092,772	72,183,321	144,176,315	161,874,539	151,830,767
Net capital loss in AGI:							
Number of returns.....	2,474,439	2,513,399	1,955,544	2,667,409	3,753,877	4,630,707	4,265,560
Amount.....	1,648,870	1,727,272	3,063,698	3,905,541	6,774,029	8,106,330	7,689,362
Pensions and annuities in AGI: ⁵							
Number of returns.....	3,249,558	5,088,937	7,373,704	13,133,295	16,497,586	16,481,248	16,985,119
Amount.....	7,878,808	20,886,871	43,339,736	95,096,003	124,754,833	138,785,886	149,429,780
Unemployment compensation in AGI: ⁶							
Number of returns.....	N/A	N/A	1,798,210	4,771,546	7,370,742	6,974,262	7,218,544
Amount.....	N/A	N/A	2,028,456	6,355,539	12,286,674	11,626,600	12,102,695
Social security benefits in AGI:							
Number of returns.....	N/A	N/A	N/A	2,956,073	3,637,211	4,024,093	4,723,734
Amount.....	N/A	N/A	N/A	9,594,182	12,524,112	14,361,470	17,576,516
Rent net income: ⁷							
Number of returns.....	3,595,041	3,737,264	3,653,996	3,541,964	3,601,804	3,722,828	3,746,531
Amount.....	4,884,370	8,053,918	13,664,671	16,340,908	18,721,293	21,139,837	23,634,516
Rent net loss: ⁷							
Number of returns.....	2,456,606	2,834,547	3,809,821	5,390,750	5,257,231	5,157,554	5,102,038
Amount.....	2,457,918	4,621,220	13,464,274	36,163,023	34,482,957	33,004,254	30,977,945
Royalty net income: ⁸							
Number of returns.....	473,160	547,192	707,018	960,701	978,531	1,066,348	1,087,228
Amount.....	877,106	1,867,085	4,213,345	7,243,748	3,792,149	3,804,387	3,900,958
Royalty net loss: ⁸							
Number of returns.....	32,691	24,809	37,297	77,189	45,330	83,318	58,250
Amount.....	70,741	97,700	308,361	385,360	120,014	91,684	103,637
Partnership and S Corporation net income less loss: ⁹							
Number of returns.....	n.a.	n.a.	n.a.	5,487,671	5,574,532	5,899,223	5,646,507
Amount.....	12,637,912	12,811,091	10,099,346	-2,526,591	24,314,070	57,080,226	72,986,750
Estate or trust net income:							
Number of returns.....	573,700	676,691	865,381	1,075,119	679,413	529,013	460,576
Amount.....	1,533,321	2,740,733	4,974,127	10,328,599	5,048,869	4,559,070	4,400,362
Estate or trust net loss:							
Number of returns.....	41,473	56,990	40,916	73,534	116,547	67,540	78,744
Amount.....	84,521	186,410	414,096	652,621	724,886	464,811	453,070
Farm net income: ⁹							
Number of returns.....	1,792,438	1,340,485	1,123,085	891,562	1,053,695	992,432	1,029,050
Amount.....	5,688,226	10,112,147	9,938,950	6,493,117	10,714,192	11,241,087	11,625,384
Farm net loss: ⁹							
Number of returns.....	1,234,092	1,414,556	1,485,345	1,729,299	1,366,491	1,375,095	1,331,965
Amount.....	2,899,513	6,548,822	11,731,416	18,498,600	12,037,656	12,417,624	11,479,787
Total statutory adjustments:							
Number of returns ¹⁰	6,370,552	9,024,255	13,148,919	37,763,418	11,620,127	10,747,370	9,930,468
Total amount ¹⁰	7,665,251	15,101,999	28,614,061	95,082,299	30,116,329	28,201,888	24,578,569
Individual Retirement Arrangements: ¹¹							
Number of returns.....	N/A	1,211,794	2,564,421	16,205,846	7,318,727	6,361,421	5,882,181
Amount.....	N/A	1,436,443	3,430,894	38,211,574	14,065,722	11,881,754	10,960,015
Self-employed retirement plans:							
Number of returns.....	591,655	595,892	568,936	675,822	759,083	814,586	826,969
Amount.....	847,692	1,603,788	2,007,666	5,181,993	6,183,441	6,626,908	6,348,332
Married couples who both work:							
Number of returns.....	N/A	N/A	N/A	24,835,278	N/A	N/A	N/A
Amount.....	N/A	N/A	N/A	24,614,983	N/A	N/A	N/A

Table 1. (Continued)—Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1970–1989

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1985	1987	1988	p1989
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Exemptions:							
Number of exemptions, total ¹²	204,126,402	212,202,596	227,925,098	244,180,202	217,495,163	221,884,006	224,208,434
Number, age 65 or over.....	8,904,331	9,937,208	11,847,168	16,748,810	N/A	N/A	N/A
Amount ¹²	127,531,202	159,140,845	227,569,280	253,720,447	408,773,173	430,771,177	448,100,195
Total deductions:							
Number of returns ¹³	73,862,448	81,585,541	88,491,251	96,848,626	106,005,861	108,819,935	111,556,928
Amount ¹³	120,549,755	233,181,778	346,000,155	554,733,523	607,223,513	685,954,065	735,872,561
Standard deductions: ¹⁴							
Number of returns, total.....	38,432,401	55,511,480	59,540,969	57,000,442	69,099,180	76,471,827	79,626,854
Total Amount.....	32,371,271	100,921,181	127,972,016	149,709,998	212,066,815	289,564,223	311,185,648
Returns with additional standard deductions for age 65 or blindness:							
Number of returns.....	N/A	N/A	N/A	N/A	10,111,806	10,292,748	10,650,900
Amount.....	N/A	N/A	N/A	N/A	8,996,598	9,222,833	9,533,509
Itemized deductions:							
Number of returns ¹⁵	35,430,047	26,074,061	28,950,282	39,848,184	35,627,790	31,902,985	31,930,074
Total amount ¹⁵	88,178,487	122,260,601	218,028,139	405,023,525	392,020,128	395,216,456	424,686,913
Medical and dental expense: ¹⁶							
Number of returns.....	27,437,549	19,483,273	19,458,318	10,777,296	5,356,057	4,810,032	5,074,083
Amount.....	10,585,749	11,422,312	14,972,082	22,926,214	17,151,819	17,993,829	20,498,643
Taxes paid: ¹⁷							
Number of returns.....	35,160,636	25,929,082	28,749,278	39,548,023	34,866,323	31,327,781	31,383,714
Amount.....	32,014,673	44,141,289	69,404,275	128,084,618	119,388,068	120,628,182	131,409,531
Interest paid: ¹⁸							
Number of returns.....	29,205,679	23,385,461	26,676,836	36,286,822	33,125,737	29,631,009	29,391,090
Amount.....	23,929,477	38,885,282	91,187,006	180,094,578	179,942,422	179,737,720	188,411,379
Contributions:							
Number of returns.....	33,633,601	24,642,672	26,601,428	36,162,178	32,229,545	29,110,570	29,162,820
Amount.....	12,892,732	15,393,331	25,809,608	47,962,848	49,623,907	50,949,273	55,328,974
Taxable income:¹⁹							
Number of returns.....	59,593,598	65,852,602	88,104,696	96,124,046	90,079,102	90,281,729	92,581,269
Amount.....	401,154,285	595,492,866	1,279,985,360	1,820,740,833	1,850,597,119	2,069,966,980	2,198,730,116
Income tax before credits:^{20,21}							
Number of returns.....	59,596,755	65,854,734	76,135,819	85,994,216	89,717,924	90,218,979	92,243,199
Amount.....	84,156,695	132,452,044	256,294,315	332,165,333	373,857,125	418,889,165	438,240,125
Total tax credits:							
Number of returns ²²	n.a.	n.a.	19,674,483	20,995,285	12,901,020	14,099,023	12,066,181
Total amount ²²	396,610	8,069,846	7,215,839	10,248,044	6,329,438	7,047,140	5,919,096
Child care credit:							
Number of returns.....	n.a.	n.a.	4,230,757	8,417,522	8,519,523	9,023,458	6,043,145
Amount.....	n.a.	n.a.	956,439	3,127,702	3,438,314	3,812,849	2,442,239
Credit for the elderly and disabled:							
Number of returns.....	n.a.	n.a.	561,918	462,548	354,308	356,973	325,585
Amount.....	167,656	128,968	134,993	108,642	66,633	68,904	65,663
Residential energy credit:							
Number of returns.....	N/A	N/A	n.a.	n.a.	N/A	N/A	N/A
Amount.....	N/A	N/A	562,141	811,675	N/A	N/A	N/A
Foreign tax credit:							
Number of returns.....	200,397	n.a.	393,074	453,863	559,555	559,217	638,602
Amount.....	169,623	381,985	1,341,675	782,561	1,099,484	1,087,203	1,219,723
Investment credit: ²³							
Number of returns.....	n.a.	n.a.	n.a.	(²³)	(²³)	(²³)	(²³)
Amount.....	30,554	1,593,150	3,288,415	(²³)	(²³)	(²³)	(²³)
General business credit: ²³							
Number of returns.....	N/A	N/A	N/A	4,614,307	514,112	364,169	320,850
Amount.....	N/A	N/A	N/A	4,791,132	1,018,624	718,209	534,003
Income tax after credits:							
Number of returns.....	59,314,011	61,483,928	73,840,395	82,762,130	86,694,480	87,120,969	89,410,490
Amount.....	83,787,323	124,382,197	249,078,475	321,917,289	367,527,887	411,842,025	438,776,326
Total income tax:²⁴							
Number of returns.....	59,317,371	61,490,737	73,906,244	82,846,420	86,723,796	87,135,332	89,422,362
Amount.....	83,909,311	124,526,297	250,341,440	325,710,254	369,202,757	412,869,909	439,427,062
Overpayments, total:²⁵							
Number of returns.....	55,273,385	63,825,188	69,868,451	77,424,003	79,804,878	79,143,548	81,240,462
Total amount.....	15,727,692	29,363,945	49,458,344	76,220,146	79,108,896	78,837,972	79,536,606
Overpayment refunds:							
Number of returns.....	53,126,294	62,660,424	68,232,903	74,914,665	77,608,482	76,414,800	78,689,923
Amount.....	14,043,494	27,252,870	46,680,072	68,933,993	69,627,753	68,990,260	71,558,378
Tax due at time of filing:²⁶							
Number of returns.....	16,478,813	15,842,400	21,755,516	21,210,194	23,776,240	27,185,438	27,936,061
Amount.....	8,725,671	14,208,747	32,843,576	39,091,228	49,921,337	61,507,880	65,158,451

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
UNITED STATES 2/								
Number of returns.....	113,242,080	47,712,287	28,878,414	20,778,918	10,028,345	2,949,224	2,104,698	790,194
Number of exemptions.....	244,351,038	71,665,193	65,809,897	57,711,036	30,836,764	9,169,557	6,633,874	2,524,717
Adjusted gross income.....	3,250,669,292	278,070,847	627,215,508	806,270,986	601,590,121	251,165,126	277,539,475	408,817,228
Salaries and wages:								
Number of returns.....	95,374,189	37,185,837	25,005,533	18,946,317	9,202,390	2,635,877	1,767,596	630,639
Amount.....	2,451,493,264	253,763,444	503,602,901	671,968,165	492,915,102	190,149,541	174,969,934	164,124,176
Interest income:								
Number of returns.....	70,190,273	20,590,628	17,791,610	16,849,273	9,273,270	2,843,079	2,058,814	783,599
Amount.....	219,055,532	36,437,158	40,204,514	38,803,193	29,207,671	14,465,129	20,222,004	39,715,863
Dividends:								
Number of returns.....	23,112,757	4,864,251	4,696,186	5,631,683	4,207,635	1,653,133	1,422,389	637,480
Amount.....	80,080,288	7,044,447	9,169,377	11,368,468	10,671,190	6,544,348	10,916,886	24,365,572
Net capital gain (less loss):								
Number of returns.....	12,991,868	2,404,413	2,461,609	2,923,210	2,343,214	1,100,009	1,156,842	602,571
Amount.....	143,433,451	7,931,729	4,361,924	7,766,128	10,204,813	8,476,465	19,995,304	84,697,089
Taxable pensions and annuities:								
Number of returns.....	16,698,852	5,039,266	4,709,972	3,656,549	2,081,074	640,384	428,888	142,719
Amount.....	145,966,450	25,616,246	40,339,183	35,491,670	23,087,964	8,879,353	7,598,736	4,953,298
Unemployment compensation:								
Number of returns.....	7,023,685	2,453,409	2,276,557	1,632,983	527,986	91,037	36,800	4,913
Amount.....	12,325,280	3,863,005	4,265,676	2,917,506	988,615	188,653	88,044	13,783
Total itemized deductions:								
Number of returns.....	33,014,609	2,302,176	6,089,171	11,042,633	8,107,706	2,700,395	2,000,926	771,602
Amount.....	442,391,630	23,920,365	50,960,556	105,708,761	102,478,310	47,087,425	51,974,767	60,261,447
Taxable income:								
Number of returns.....	92,610,860	27,662,664	28,380,064	20,720,295	10,013,977	2,944,892	2,100,532	788,436
Amount.....	2,176,335,173	95,495,578	362,570,205	544,806,645	430,479,401	185,496,252	212,841,943	344,645,149
Total tax liability:								
Number of returns.....	94,081,688	29,102,358	28,397,208	20,726,801	10,017,363	2,946,206	2,102,315	789,437
Amount.....	453,493,931	16,945,399	58,620,047	94,390,236	85,878,539	42,614,364	56,603,475	98,441,872
Average (whole dollars).....	4,820	582	2,064	4,554	8,573	14,464	26,924	124,699
Earned income credit:								
Number of returns.....	11,918,403	8,970,621	2,947,782	--	--	--	--	--
Amount.....	6,695,917	6,050,240	645,677	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	8,349,978	7,883,950	466,028	--	--	--	--	--
Amount.....	4,710,515	4,619,404	91,111	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ALABAMA								
Number of returns.....	1,670,001	792,494	417,445	283,324	121,839	29,296	18,328	7,275
Number of exemptions.....	3,799,991	1,338,980	1,060,363	839,823	385,401	92,408	58,906	24,110
Adjusted gross income.....	40,953,727	5,223,104	9,025,644	10,951,053	7,263,457	2,484,704	2,412,069	3,593,696
SALARIES AND WAGES:								
Number of returns.....	1,453,083	657,776	371,038	263,494	113,387	26,272	15,198	5,918
Amount.....	32,106,421	4,493,178	7,485,218	9,411,243	6,059,700	1,838,808	1,409,755	1,408,520
INTEREST INCOME:								
Number of returns.....	835,775	245,749	216,130	211,350	109,623	27,880	17,822	7,221
Amount.....	2,214,259	416,275	441,868	408,385	299,869	139,921	185,467	322,475
DIVIDENDS:								
Number of returns.....	242,620	46,703	48,854	62,957	48,497	16,718	12,827	6,064
Amount.....	689,094	58,877	73,552	98,072	98,127	60,477	97,148	202,841
NET CAPITAL GAIN (LESS LOSS):								
Number of returns.....	132,562	23,645	25,419	31,438	25,516	10,798	10,168	5,578
Amount.....	1,191,934	53,378	47,134	77,875	96,624	73,956	166,351	676,614
TAXABLE PENSIONS AND ANNUITIES:								
Number of returns.....	233,863	73,406	67,110	51,781	28,117	7,769	4,361	1,319
Amount.....	2,133,809	405,473	610,917	532,969	339,236	123,399	88,192	33,623
UNEMPLOYMENT COMPENSATION:								
Number of returns.....	146,455	65,534	45,888	28,246	5,952	679	145	11
Amount.....	145,261	67,572	44,970	25,952	5,727	763	263	14
TOTAL ITEMIZED DEDUCTIONS:								
Number of returns.....	412,869	30,313	90,184	145,527	96,172	26,179	17,316	7,178
Amount.....	4,482,163	242,802	734,466	1,251,823	1,067,868	390,092	368,932	426,180
TAXABLE INCOME:								
Number of returns.....	1,283,854	412,497	411,841	282,938	121,750	29,264	18,306	7,258
Amount.....	25,934,242	1,361,633	4,897,073	7,392,243	5,327,947	1,903,266	1,927,937	3,124,144
TOTAL TAX LIABILITY:								
Number of returns.....	1,306,866	435,925	411,328	282,987	121,768	29,278	18,314	7,266
Amount.....	5,158,165	239,456	780,718	1,227,383	1,050,518	439,497	518,843	901,750
Average (whole dollars).....	3,946	549	1,898	4,337	8,627	15,011	28,330	124,105
EARNED INCOME CREDIT:								
Number of returns.....	295,661	235,404	60,257	--	--	--	--	--
Amount.....	175,570	162,019	13,551	--	--	--	--	--
EXCESS EARNED INCOME CREDIT: 3/								
Number of returns.....	222,291	213,072	9,219	--	--	--	--	--
Amount.....	130,989	129,182	1,807	--	--	--	--	--

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ALASKA								
Number of returns.....	313,505	152,542	55,921	49,471	33,905	13,135	6,954	1,577
Number of exemptions.....	524,906	105,921	118,589	128,043	103,503	41,586	22,305	4,959
Adjusted gross income.....	8,367,174	494,828	1,229,254	1,936,395	2,067,010	1,119,105	884,997	635,583
SALARIES AND WAGES:								
Number of returns.....	217,878	70,832	49,994	45,506	31,941	12,316	6,103	1,186
Amount.....	6,447,903	445,598	983,643	1,594,200	1,725,830	911,877	579,207	207,548
INTEREST INCOME:								
Number of returns.....	169,705	54,254	30,348	35,636	29,003	12,195	6,707	1,562
Amount.....	292,624	35,252	33,365	50,784	54,126	32,593	38,906	47,597
DIVIDENDS:								
Number of returns.....	73,040	22,617	12,944	14,109	11,852	6,202	4,145	1,171
Amount.....	118,875	17,758	14,581	18,872	19,337	12,288	16,276	19,762
NET CAPITAL GAIN (LESS LOSS):								
Number of returns.....	28,949	4,250	3,883	5,939	6,690	3,975	3,149	1,063
Amount.....	181,265	7,689	5,398	11,415	18,079	17,757	37,244	83,682
TAXABLE PENSIONS AND ANNUITIES:								
Number of returns.....	27,235	4,059	6,091	6,885	5,920	2,672	1,364	244
Amount.....	357,628	23,820	63,039	95,896	92,066	46,998	28,521	7,287
UNEMPLOYMENT COMPENSATION:								
Number of returns.....	28,763	6,692	8,167	7,807	4,713	1,108	253	23
Amount.....	58,208	11,138	16,581	17,193	10,411	2,303	541	42
TOTAL ITEMIZED DEDUCTIONS:								
Number of returns.....	72,968	3,999	8,743	19,746	22,456	10,712	5,969	1,343
Amount.....	888,388	36,722	72,289	190,255	270,490	156,452	116,895	45,286
TAXABLE INCOME:								
Number of returns.....	281,357	121,470	54,965	49,380	33,881	13,130	6,954	1,577
Amount.....	6,054,250	237,363	744,626	1,366,076	1,538,480	868,564	719,518	579,624
TOTAL TAX LIABILITY:								
Number of returns.....	285,996	125,743	55,302	49,397	33,890	13,133	6,954	1,577
Amount.....	1,302,720	42,102	125,851	252,729	320,067	201,389	193,656	166,925
Average (whole dollars).....	4,555	334	2,275	5,116	9,444	15,334	27,848	105,849
EARNED INCOME CREDIT:								
Number of returns.....	15,757	10,583	5,174	--	--	--	--	--
Amount.....	7,721	6,631	1,090	--	--	--	--	--
EXCESS EARNED INCOME CREDIT: 3/								
Number of returns.....	9,385	8,704	681	--	--	--	--	--
Amount.....	4,514	4,389	125	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989—(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ARIZONA								
Number of returns.....	1,573,126	696,583	406,250	274,492	126,775	35,470	24,684	8,872
Number of exemptions.....	3,608,609	1,190,457	999,816	800,686	398,764	111,141	78,689	29,056
Adjusted gross income.....	41,173,935	3,935,051	8,782,053	10,632,531	7,595,492	3,018,355	3,255,058	3,955,396
Salaries and wages:								
Number of returns.....	1,296,936	546,999	339,913	241,340	111,881	30,349	19,674	6,780
Amount.....	30,870,207	3,814,178	6,797,699	8,509,488	5,956,876	2,172,143	1,946,382	1,673,441
Interest income:								
Number of returns.....	921,322	271,617	249,772	218,047	115,153	33,915	24,032	8,786
Amount.....	3,211,156	563,172	632,821	590,841	440,270	217,194	311,471	455,387
Dividends:								
Number of returns.....	318,450	71,661	74,164	77,742	52,800	19,470	15,966	6,647
Amount.....	1,138,208	128,743	177,243	199,124	169,965	94,516	138,895	229,723
Net capital gain (less loss):								
Number of returns.....	215,024	45,110	47,466	49,360	35,836	15,457	14,870	6,925
Amount.....	1,782,197	170,777	55,238	118,385	162,937	126,058	287,396	861,407
Taxable pensions and annuities:								
Number of returns.....	264,039	76,634	79,222	59,317	31,627	9,280	6,086	1,873
Amount.....	2,593,281	408,382	732,704	672,492	420,609	154,021	123,022	82,052
Unemployment compensation:								
Number of returns.....	73,535	31,346	23,010	13,564	4,173	892	499	51
Amount.....	113,361	47,609	35,945	20,775	6,416	1,503	997	116
Total itemized deductions:								
Number of returns.....	531,081	54,735	125,349	176,243	109,269	32,993	23,748	8,744
Amount.....	6,650,872	534,181	1,041,015	1,747,218	1,436,371	592,071	636,468	663,549
Taxable income:								
Number of returns.....	1,233,863	370,536	394,655	273,435	126,496	35,363	24,568	8,810
Amount.....	26,205,459	1,301,753	4,751,184	6,904,303	5,319,340	2,208,104	2,475,047	3,245,728
Total tax liability:								
Number of returns.....	1,256,396	391,670	395,644	273,660	126,564	35,395	24,622	8,841
Amount.....	5,299,806	228,630	762,633	1,175,348	1,045,768	503,966	655,619	927,841
Average (whole dollars).....	4,218	583	1,927	4,294	8,262	14,238	26,627	104,947
Earned income credit:								
Number of returns.....	200,235	154,243	45,992	—	—	—	—	—
Amount.....	114,078	103,853	10,224	—	—	—	—	—
Excess earned income credit: 3/								
Number of returns.....	150,230	140,004	10,226	—	—	—	—	—
Amount.....	86,201	84,113	2,087	—	—	—	—	—
ARKANSAS								
Number of returns.....	953,523	474,506	255,503	148,210	51,289	11,750	8,888	3,377
Number of exemptions.....	2,216,969	848,646	679,848	450,160	161,971	36,835	28,520	10,989
Adjusted gross income.....	20,693,073	2,815,611	5,500,382	5,681,701	3,039,701	998,887	1,179,942	1,476,850
Salaries and wages:								
Number of returns.....	796,596	378,640	220,216	133,131	45,308	9,585	6,950	2,766
Amount.....	15,692,974	2,569,730	4,355,432	4,615,977	2,299,666	613,773	599,726	638,671
Interest income:								
Number of returns.....	487,987	165,864	139,626	112,679	46,507	11,281	8,687	3,343
Amount.....	1,480,415	311,753	345,733	283,886	185,059	83,989	105,021	164,975
Dividends:								
Number of returns.....	138,973	32,339	34,895	35,460	20,738	6,761	6,057	2,723
Amount.....	365,652	41,550	53,119	57,523	47,923	27,352	43,321	94,863
Net capital gain (less loss):								
Number of returns.....	97,690	23,218	24,480	22,943	13,922	5,241	5,311	2,575
Amount.....	597,964	42,764	48,744	65,194	67,161	47,896	95,137	231,068
Taxable pensions and annuities:								
Number of returns.....	132,572	45,685	42,412	27,873	11,617	2,767	1,681	537
Amount.....	1,105,926	234,500	360,830	280,363	141,121	42,556	29,151	17,405
Unemployment compensation:								
Number of returns.....	75,678	34,194	27,042	12,382	1,813	173	62	12
Amount.....	109,538	46,204	40,512	18,969	3,322	374	121	38
Total itemized deductions:								
Number of returns.....	192,869	17,545	43,423	69,301	40,275	10,543	8,458	3,324
Amount.....	2,097,720	130,104	327,923	597,310	446,508	160,365	189,429	246,081
Taxable income:								
Number of returns.....	716,814	241,464	252,116	148,015	51,243	11,738	8,870	3,368
Amount.....	12,691,394	793,206	2,930,692	3,826,318	2,228,160	763,767	936,738	1,212,514
Total tax liability:								
Number of returns.....	741,760	266,450	252,059	148,011	51,249	11,740	8,880	3,371
Amount.....	2,506,137	150,272	478,305	642,168	448,318	181,773	255,041	350,259
Average (whole dollars).....	3,378	563	1,897	4,338	8,747	15,483	28,720	103,903
Earned income credit:								
Number of returns.....	168,592	131,332	37,260	—	—	—	—	—
Amount.....	97,414	89,158	8,256	—	—	—	—	—
Excess earned income credit: 3/								
Number of returns.....	122,023	116,613	5,410	—	—	—	—	—
Amount.....	69,283	68,242	1,041	—	—	—	—	—

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CALIFORNIA								
Number of returns.....	13,485,607	5,439,925	3,318,065	2,444,280	1,344,960	467,426	345,352	125,599
Number of exemptions.....	30,021,266	9,204,004	7,579,561	6,399,298	3,995,139	1,407,471	1,046,921	388,872
Adjusted gross income.....	428,913,734	28,906,334	72,262,471	95,049,286	81,284,747	39,885,494	45,492,041	66,033,363
Salaries and wages:								
Number of returns.....	11,267,260	4,242,768	2,841,411	2,179,605	1,212,371	412,550	282,939	95,616
Amount.....	317,298,054	30,620,128	58,196,249	77,820,334	65,703,350	30,202,325	28,181,015	26,574,653
Interest income:								
Number of returns.....	8,090,726	2,054,742	1,955,877	1,939,853	1,230,181	448,769	336,914	124,390
Amount.....	29,425,323	3,850,673	4,451,741	4,835,589	4,072,155	2,285,819	3,380,096	6,549,250
Dividends:								
Number of returns.....	2,524,442	460,781	475,883	583,458	479,616	225,260	207,956	91,488
Amount.....	9,650,911	803,561	1,085,317	1,369,474	1,278,911	824,980	1,359,675	2,928,994
Net capital gain (less loss):								
Number of returns.....	1,593,259	243,495	264,908	339,678	304,563	164,974	183,024	92,617
Amount.....	24,275,118	1,384,101	506,899	1,092,211	1,688,069	1,591,060	4,000,298	14,012,481
Taxable pensions and annuities:								
Number of returns.....	1,743,407	434,943	476,225	396,699	257,123	91,643	65,973	20,801
Amount.....	17,544,010	2,369,193	4,413,737	4,402,915	3,157,467	1,295,533	1,155,736	749,428
Unemployment compensation:								
Number of returns.....	901,552	376,745	256,442	168,837	72,643	17,276	8,523	1,086
Amount.....	1,413,989	558,907	434,892	263,766	110,943	27,724	15,362	2,395
Total itemized deductions:								
Number of returns.....	4,598,759	347,978	800,108	1,405,418	1,138,235	444,793	337,882	124,345
Amount.....	80,699,929	4,542,052	8,396,984	16,771,567	18,073,664	9,595,239	10,914,966	12,405,458
Taxable income:								
Number of returns.....	10,778,652	2,879,660	3,197,312	2,425,742	1,340,487	466,046	344,197	125,208
Amount.....	280,934,637	10,416,147	40,647,561	61,731,856	54,702,297	27,565,701	32,669,873	53,201,199
Total tax liability:								
Number of returns.....	10,980,027	3,063,684	3,206,147	2,431,379	1,342,071	466,569	344,741	125,436
Amount.....	60,679,215	1,904,668	6,626,031	11,049,260	10,950,625	6,289,209	8,642,991	15,216,431
Average (whole dollars).....	5,526	621	2,066	4,544	8,159	13,479	25,070	121,308
Earned income credit:								
Number of returns.....	1,538,104	1,207,813	330,291	--	--	--	--	--
Amount.....	905,554	833,228	72,325	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	1,180,800	1,094,959	85,841	--	--	--	--	--
Amount.....	695,681	678,170	17,512	--	--	--	--	--

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
COLORADO								
Number of returns.....	1,533,471	639,626	387,563	288,916	141,176	40,366	27,262	8,562
Number of exemptions.....	3,247,365	900,596	871,727	800,546	434,236	126,068	87,021	27,171
Adjusted gross income.....	42,447,900	3,276,904	8,443,242	11,220,263	8,465,077	3,433,560	3,579,014	4,029,840
Salaries and wages:								
Number of returns.....	1,294,121	499,326	336,010	263,231	129,787	36,180	22,896	6,691
Amount.....	32,607,937	3,380,072	6,746,229	9,299,096	6,927,135	2,580,642	2,226,457	1,448,307
Interest income:								
Number of returns.....	999,984	295,677	254,517	243,451	132,048	39,067	26,725	8,499
Amount.....	2,661,973	453,883	475,098	485,525	365,103	187,007	255,038	440,320
Dividends:								
Number of returns.....	350,405	74,866	72,334	88,695	64,636	24,089	18,808	6,977
Amount.....	994,378	109,035	128,562	160,423	145,947	87,778	138,443	224,190
Net capital gain (less loss):								
Number of returns.....	224,934	45,121	44,493	52,613	40,895	18,007	16,864	6,941
Amount.....	1,838,829	143,924	55,350	104,137	133,005	114,799	258,866	1,028,747
Taxable pensions and annuities:								
Number of returns.....	219,957	58,297	62,819	52,781	30,128	9,107	5,420	1,405
Amount.....	2,162,926	324,436	597,440	585,328	374,836	136,633	100,929	43,324
Unemployment compensation:								
Number of returns.....	71,768	24,400	24,992	16,503	4,756	785	305	27
Amount.....	129,809	41,100	46,653	30,641	9,014	1,691	646	65
Total itemized deductions:								
Number of returns.....	546,575	44,727	115,895	189,617	123,485	38,033	26,374	8,444
Amount.....	6,716,515	397,124	936,731	1,902,013	1,610,562	659,844	653,220	557,019
Taxable income:								
Number of returns.....	1,262,335	376,818	380,115	288,284	141,044	40,320	27,207	8,547
Amount.....	28,015,253	1,284,151	4,771,542	7,329,457	5,926,779	2,520,350	2,759,007	3,423,967
Total tax liability:								
Number of returns.....	1,287,433	400,781	381,061	288,382	141,081	40,335	27,239	8,554
Amount.....	5,772,313	234,242	780,771	1,265,476	1,170,623	578,082	736,188	1,006,931
Average (whole dollars).....	4,483	584	2,048	4,388	8,297	14,332	27,026	117,714
Earned income credit:								
Number of returns.....	141,033	103,942	37,091	--	--	--	--	--
Amount.....	77,446	69,382	8,064	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	96,420	90,133	6,287	--	--	--	--	--
Amount.....	52,856	51,649	1,207	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
CONNECTICUT								
Number of returns.....	1,677,947	561,582	417,775	341,613	209,907	70,117	54,259	22,694
Number of exemptions.....	3,293,984	626,049	766,448	832,654	612,347	213,530	170,191	72,765
Adjusted gross income.....	63,645,158	3,268,658	9,201,550	13,383,993	12,663,170	5,979,326	7,224,300	11,924,161
Salaries and wages:								
Number of returns.....	1,417,795	417,223	363,347	310,962	194,670	64,644	47,851	19,098
Amount.....	48,179,431	2,729,619	7,413,281	11,091,012	10,586,825	4,832,391	5,119,981	6,406,323
Interest income:								
Number of returns.....	1,267,727	328,165	292,300	300,543	201,590	68,884	53,659	22,586
Amount.....	4,281,208	625,472	706,824	814,080	650,066	287,633	386,100	811,034
Dividends:								
Number of returns.....	476,661	96,255	84,235	106,741	91,486	40,293	38,411	19,240
Amount.....	1,878,668	141,255	179,220	262,915	265,501	152,339	270,956	606,482
Net capital gain (less loss):								
Number of returns.....	239,074	37,306	36,000	49,524	46,317	24,115	28,759	17,053
Amount.....	3,128,064	96,737	51,798	115,134	189,063	171,376	444,759	2,059,198
Taxable pensions and annuities:								
Number of returns.....	259,909	68,423	67,364	57,650	38,808	13,171	10,127	4,366
Amount.....	2,165,259	308,867	491,426	491,873	364,186	154,516	163,353	191,018
Unemployment compensation:								
Number of returns.....	101,976	22,400	32,873	29,153	13,918	2,363	1,090	179
Amount.....	209,905	46,395	69,935	58,533	26,401	4,982	2,803	856
Total itemized deductions:								
Number of returns.....	552,126	30,652	74,926	159,015	151,431	61,841	51,859	22,402
Amount.....	8,735,338	383,708	698,373	1,639,151	1,932,653	1,041,740	1,380,567	1,659,146
Taxable income:								
Number of returns.....	1,493,859	386,799	410,924	339,898	209,456	70,007	54,117	22,658
Amount.....	46,038,200	1,360,789	5,886,060	9,392,202	9,271,804	4,487,117	5,511,411	10,128,816
Total tax liability:								
Number of returns.....	1,504,884	395,471	412,568	340,329	209,590	70,044	54,193	22,689
Amount.....	10,167,402	233,125	957,587	1,701,313	1,883,113	1,032,993	1,466,944	2,892,327
Average (whole dollars).....	6,756	589	2,321	4,999	8,984	14,747	27,068	127,477
Earned income credit:								
Number of returns.....	72,663	48,648	24,015	--	--	--	--	--
Amount.....	36,747	31,651	5,096	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	42,283	39,566	2,717	--	--	--	--	--
Amount.....	22,235	21,715	520	--	--	--	--	--
DELAWARE								
Number of returns.....	324,166	125,860	81,557	63,006	34,609	10,377	6,705	2,052
Number of exemptions.....	670,521	166,395	171,068	167,164	105,844	32,436	21,149	6,465
Adjusted gross income.....	9,842,474	829,774	1,765,656	2,457,128	2,082,477	882,585	873,143	951,711
Salaries and wages:								
Number of returns.....	282,644	101,980	72,227	58,531	32,657	9,636	5,951	1,662
Amount.....	7,563,578	690,736	1,419,061	2,048,472	1,745,932	700,494	579,360	379,524
Interest income:								
Number of returns.....	201,687	53,143	47,453	50,419	32,050	10,030	6,554	2,038
Amount.....	519,528	82,477	100,396	99,622	78,494	38,150	48,297	72,091
Dividends:								
Number of returns.....	86,141	15,073	16,142	22,164	18,507	7,260	5,206	1,789
Amount.....	358,429	20,196	30,452	42,422	42,400	27,541	45,664	149,755
Net capital gain (less loss):								
Number of returns.....	34,856	5,060	5,616	7,658	7,230	3,898	3,802	1,592
Amount.....	329,554	7,474	9,043	20,288	29,689	27,178	62,703	173,177
Taxable pensions and annuities:								
Number of returns.....	52,521	14,268	14,544	12,009	7,529	2,314	1,433	424
Amount.....	507,934	75,516	133,753	126,198	89,972	34,691	29,086	18,718
Unemployment compensation:								
Number of returns.....	17,674	4,032	4,664	6,109	2,473	324	65	7
Amount.....	27,580	6,209	8,368	8,911	3,443	499	134	16
Total itemized deductions:								
Number of returns.....	105,257	4,717	16,309	35,828	29,838	9,961	6,576	2,028
Amount.....	1,319,511	39,742	119,436	320,632	356,755	161,795	161,509	159,642
Taxable income:								
Number of returns.....	278,511	81,159	80,743	62,909	34,585	10,371	6,694	2,050
Amount.....	6,657,873	293,349	1,069,507	1,688,790	1,497,312	656,565	671,851	780,499
Total tax liability:								
Number of returns.....	279,240	81,899	80,694	62,923	34,594	10,376	6,702	2,052
Amount.....	1,351,750	48,117	170,297	290,557	293,872	148,356	176,574	223,977
Average (whole dollars).....	4,840	587	2,110	4,617	8,494	14,297	26,346	109,150
Earned income credit:								
Number of returns.....	27,786	20,193	7,593	--	--	--	--	--
Amount.....	15,339	13,652	1,687	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	18,524	17,608	916	--	--	--	--	--
Amount.....	10,493	10,315	177	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
DISTRICT OF COLUMBIA								
Number of returns.....	322,628	124,636	103,626	51,450	21,986	8,747	8,405	3,778
Number of exemptions.....	583,492	184,343	195,532	100,112	49,048	21,217	22,122	11,118
Adjusted gross income.....	10,030,094	696,145	2,231,098	1,964,180	1,328,530	748,594	1,123,479	1,938,067
Salaries and wages:								
Number of returns.....	270,801	97,176	92,478	45,394	18,924	7,414	6,789	2,626
Amount.....	7,071,012	740,022	1,904,894	1,603,033	1,021,327	538,273	679,387	584,077
Interest income:								
Number of returns.....	162,072	36,508	48,189	37,809	19,373	8,282	8,159	3,752
Amount.....	621,318	53,551	61,884	79,402	71,759	46,499	81,088	227,134
Dividends:								
Number of returns.....	52,489	7,985	9,484	11,795	8,945	5,000	5,999	3,281
Amount.....	358,737	13,446	18,581	30,083	36,084	28,773	65,401	166,370
Net capital gain (less loss):								
Number of returns.....	27,887	3,140	3,536	5,408	4,953	3,224	4,615	3,011
Amount.....	690,309	61,626	6,127	13,366	21,587	24,165	83,307	480,130
Taxable pensions and annuities:								
Number of returns.....	47,009	12,794	14,049	9,954	5,177	2,170	2,055	810
Amount.....	737,852	98,962	188,501	178,283	118,720	58,962	62,626	31,798
Unemployment compensation:								
Number of returns.....	10,031	4,970	3,404	1,129	374	82	66	6
Amount.....	26,961	11,984	10,189	3,266	1,083	246	175	18
Total itemized deductions:								
Number of returns.....	99,196	6,418	22,070	30,812	19,503	8,396	8,241	3,756
Amount.....	1,701,339	97,672	172,706	302,481	272,187	162,273	257,536	436,483
Taxable income:								
Number of returns.....	270,050	73,527	102,531	51,230	21,901	8,729	8,375	3,757
Amount.....	6,911,151	296,177	1,389,661	1,397,262	956,821	546,292	826,548	1,498,390
Total tax liability:								
Number of returns.....	268,305	72,575	101,680	51,236	21,914	8,735	8,391	3,774
Amount.....	1,513,769	46,969	214,062	259,332	205,229	130,792	223,426	433,959
Average (whole dollars).....	5,641	647	2,105	5,061	9,365	14,973	26,626	114,986
Earned income credit:								
Number of returns.....	40,659	28,179	12,480	--	--	--	--	--
Amount.....	21,827	19,098	2,729	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	26,817	24,884	1,933	--	--	--	--	--
Amount.....	15,141	14,778	363	--	--	--	--	--
FLORIDA								
Number of returns.....	5,970,839	2,663,179	1,601,891	983,103	436,656	129,528	105,403	51,079
Number of exemptions.....	12,972,987	4,352,189	3,723,750	2,702,327	1,313,929	396,199	325,568	159,025
Adjusted gross income.....	169,688,335	16,593,941	34,388,320	37,961,303	26,163,295	11,046,507	14,086,023	29,448,946
Salaries and wages:								
Number of returns.....	4,752,691	2,054,218	1,297,110	825,187	362,717	102,131	75,740	35,588
Amount.....	110,066,825	14,614,358	25,408,993	28,429,740	18,761,339	7,014,793	7,077,201	8,760,403
Interest income:								
Number of returns.....	3,502,161	1,081,712	972,747	774,139	396,502	123,750	102,697	50,614
Amount.....	17,286,456	2,504,963	3,130,658	2,939,082	2,149,147	1,080,632	1,663,807	3,818,167
Dividends:								
Number of returns.....	1,316,861	315,083	321,728	298,316	193,582	74,390	72,481	41,281
Amount.....	7,246,028	665,498	954,845	1,083,344	932,373	545,029	938,268	2,126,671
Net capital gain (less loss):								
Number of returns.....	862,967	177,744	191,785	190,168	135,053	60,349	66,685	41,183
Amount.....	12,700,493	550,086	245,399	554,750	783,952	656,476	1,564,073	8,345,756
Taxable pensions and annuities:								
Number of returns.....	1,052,932	306,308	324,360	228,190	119,181	36,067	27,090	11,736
Amount.....	10,982,789	1,582,945	3,018,236	2,787,889	1,789,006	654,621	597,733	552,358
Unemployment compensation:								
Number of returns.....	190,349	74,280	62,653	37,738	11,892	2,460	1,145	181
Amount.....	337,168	116,612	116,149	70,732	24,341	5,734	3,077	523
Total itemized deductions:								
Number of returns.....	1,544,586	165,958	361,211	469,628	305,976	103,846	90,424	47,543
Amount.....	19,786,065	1,670,392	3,025,594	4,439,074	3,661,601	1,656,374	2,104,088	3,228,942
Taxable income:								
Number of returns.....	4,798,471	1,524,092	1,573,820	979,739	435,659	129,172	105,088	50,901
Amount.....	116,522,150	5,551,979	19,558,534	26,113,183	19,437,637	8,550,169	11,345,104	25,965,541
Total tax liability:								
Number of returns.....	4,888,055	1,611,872	1,574,567	980,252	435,877	129,282	105,205	51,000
Amount.....	25,034,769	986,454	3,148,960	4,503,706	3,932,796	1,995,632	3,058,989	7,408,229
Average (whole dollars).....	5,121	611	1,999	4,594	9,022	15,436	29,076	145,259
Earned income credit:								
Number of returns.....	697,369	534,231	163,138	--	--	--	--	--
Amount.....	404,053	367,620	36,432	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	494,586	468,576	26,010	--	--	--	--	--
Amount.....	283,859	278,706	5,152	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
GEORGIA								
Number of returns.....	2,820,274	1,226,772	729,592	490,579	238,519	69,338	48,459	17,015
Number of exemptions.....	6,085,284	1,879,225	1,673,432	1,372,630	733,158	216,985	154,517	55,337
Adjusted gross income.....	76,935,880	7,565,733	15,746,609	19,015,050	14,310,303	5,903,552	6,384,654	8,009,977
Salaries and wages:								
Number of returns.....	2,500,366	1,039,868	659,871	457,399	223,553	63,658	42,021	13,996
Amount.....	61,374,791	7,309,692	13,377,155	16,299,840	12,069,070	4,658,154	4,244,313	3,416,567
Interest income:								
Number of returns.....	1,397,545	361,558	344,386	351,180	210,881	65,583	47,093	16,864
Amount.....	3,930,982	617,008	670,648	694,726	551,337	281,578	412,108	703,579
Dividends:								
Number of returns.....	447,701	76,056	81,013	110,931	94,465	38,741	32,724	13,771
Amount.....	1,333,806	99,396	125,447	171,755	186,913	121,786	208,212	420,297
Net capital gain (less loss):								
Number of returns.....	250,366	39,070	41,650	55,699	49,660	24,740	26,467	13,080
Amount.....	2,910,973	258,946	90,781	160,018	211,174	180,530	424,241	1,585,284
Taxable pensions and annuities:								
Number of returns.....	345,654	83,332	95,095	86,627	52,262	15,799	9,679	2,860
Amount.....	3,126,022	438,795	830,033	832,963	569,097	210,443	166,303	78,388
Unemployment compensation:								
Number of returns.....	180,679	69,387	57,537	40,366	11,096	1,649	592	52
Amount.....	204,891	74,700	63,459	47,280	15,426	2,750	1,167	108
Total itemized deductions:								
Number of returns.....	840,012	50,238	162,139	287,140	209,466	66,609	47,531	16,889
Amount.....	10,990,837	463,536	1,386,832	2,756,681	2,682,899	1,189,625	1,275,114	1,236,150
Taxable income:								
Number of returns.....	2,266,476	685,299	718,826	489,486	238,241	69,263	48,379	16,982
Amount.....	49,768,987	2,401,947	8,909,438	12,629,811	10,058,835	4,282,714	4,813,816	6,672,427
Total tax liability:								
Number of returns.....	2,296,244	715,060	718,450	489,703	238,324	69,288	48,412	17,007
Amount.....	10,116,957	416,487	1,427,648	2,140,550	1,970,401	972,415	1,274,201	1,915,256
Average (whole dollars).....	4,405	582	1,987	4,371	8,267	14,034	26,319	112,615
Earned income credit:								
Number of returns.....	415,852	319,436	96,416	--	--	--	--	--
Amount.....	240,054	218,352	21,702	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	298,208	283,954	14,254	--	--	--	--	--
Amount.....	172,909	170,156	2,753	--	--	--	--	--
HAWAII								
Number of returns.....	542,943	215,976	147,699	96,448	53,223	15,753	10,225	3,619
Number of exemptions.....	1,120,071	279,369	315,592	266,091	167,138	49,262	31,494	11,125
Adjusted gross income.....	15,851,813	1,224,813	3,182,649	3,748,463	3,206,430	1,338,860	1,352,584	1,798,014
Salaries and wages:								
Number of returns.....	463,687	170,133	131,348	87,883	49,086	14,146	8,380	2,711
Amount.....	11,617,774	1,195,986	2,606,984	3,024,794	2,534,960	945,348	721,904	587,798
Interest income:								
Number of returns.....	396,550	117,113	112,366	86,547	51,372	15,475	10,074	3,603
Amount.....	879,035	128,976	154,189	165,812	142,729	67,690	84,913	134,726
Dividends:								
Number of returns.....	113,021	21,737	24,309	26,521	22,066	8,787	6,795	2,806
Amount.....	333,059	27,238	36,243	51,268	51,970	32,032	51,290	83,020
Net capital gain (less loss):								
Number of returns.....	60,537	8,796	10,637	13,648	12,446	6,220	6,005	2,785
Amount.....	1,064,861	74,868	20,950	48,351	77,337	77,274	183,196	582,885
Taxable pensions and annuities:								
Number of returns.....	80,881	20,143	23,162	18,478	11,721	3,850	2,607	920
Amount.....	936,935	107,658	233,454	249,895	186,112	71,885	55,563	32,368
Unemployment compensation:								
Number of returns.....	19,676	5,224	6,735	5,238	2,028	284	143	24
Amount.....	31,699	8,532	11,229	7,962	3,123	498	305	51
Total itemized deductions:								
Number of returns.....	163,183	8,924	29,079	52,287	44,659	14,781	9,902	3,551
Amount.....	2,333,700	83,637	238,731	540,513	623,125	271,054	271,484	305,157
Taxable income:								
Number of returns.....	461,745	137,502	145,422	96,128	53,143	15,727	10,207	3,616
Amount.....	10,579,739	519,004	1,883,940	2,491,707	2,219,961	969,911	1,022,315	1,472,902
Total tax liability:								
Number of returns.....	467,371	142,665	145,752	96,201	53,177	15,741	10,217	3,618
Amount.....	2,177,174	88,340	302,591	434,807	437,966	222,271	273,713	417,485
Average (whole dollars).....	4,658	619	2,076	4,519	8,236	14,120	26,789	115,391
Earned income credit:								
Number of returns.....	36,535	23,852	12,683	--	--	--	--	--
Amount.....	18,301	15,567	2,734	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	21,662	19,838	1,824	--	--	--	--	--
Amount.....	11,008	10,655	353	--	--	--	--	--

See notes following Table 20.

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IDAHO								
Number of returns.....	409,201	185,618	110,306	74,831	26,330	6,134	4,434	1,548
Number of exemptions.....	1,002,399	311,383	311,757	248,155	89,494	20,881	15,498	5,231
Adjusted gross income.....	9,649,104	925,199	2,405,399	2,876,162	1,561,339	522,586	588,542	769,876
Salaries and wages:								
Number of returns.....	338,044	144,005	93,759	67,414	23,300	5,030	3,367	1,169
Amount.....	7,133,529	950,074	1,847,746	2,317,809	1,169,924	313,719	282,724	251,532
Interest income:								
Number of returns.....	247,961	83,244	68,623	59,941	24,345	5,932	4,337	1,539
Amount.....	677,208	148,411	155,466	131,931	85,308	37,603	52,016	66,474
Dividends:								
Number of returns.....	76,470	18,740	18,471	19,911	11,665	3,562	2,914	1,207
Amount.....	214,508	26,938	32,572	34,361	27,243	14,233	21,438	57,723
Net capital gain (less loss):								
Number of returns.....	60,431	15,020	14,881	14,453	8,827	3,149	2,855	1,246
Amount.....	458,478	41,508	37,174	50,569	48,706	33,110	61,203	186,208
Taxable pensions and annuities:								
Number of returns.....	58,661	19,837	18,625	12,811	5,225	1,171	744	248
Amount.....	483,114	101,534	159,032	123,704	60,365	17,767	13,722	6,989
Unemployment compensation:								
Number of returns.....	38,636	13,792	15,438	7,900	1,284	138	73	11
Amount.....	56,865	17,839	24,184	12,268	2,119	268	160	26
Total itemized deductions:								
Number of returns.....	116,854	10,515	27,547	45,079	22,436	5,595	4,163	1,519
Amount.....	1,281,657	85,346	209,643	406,441	270,984	91,853	102,457	114,933
Taxable income:								
Number of returns.....	323,534	102,860	107,558	74,705	26,315	6,129	4,422	1,545
Amount.....	5,990,660	322,353	1,238,549	1,841,359	1,098,470	388,540	456,264	645,126
Total tax liability:								
Number of returns.....	333,362	112,325	107,974	74,652	26,309	6,131	4,424	1,547
Amount.....	1,201,016	62,485	205,859	312,801	219,948	92,421	123,364	184,138
Average (whole dollars).....	3,602	556	1,906	4,190	8,360	15,074	27,885	119,029
Earned income credit:								
Number of returns.....	49,972	36,126	13,846	--	--	--	--	--
Amount.....	27,560	24,581	2,979	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	33,683	31,091	2,592	--	--	--	--	--
Amount.....	18,557	18,049	508	--	--	--	--	--
ILLINOIS								
Number of returns.....	5,295,982	2,121,656	1,322,953	1,027,982	523,604	146,934	108,652	44,201
Number of exemptions.....	11,362,690	3,021,442	2,899,555	2,856,823	1,633,374	461,113	346,225	144,158
Adjusted gross income.....	162,700,520	12,388,586	28,836,030	40,024,829	31,384,559	12,506,097	14,379,570	23,180,849
Salaries and wages:								
Number of returns.....	4,476,508	1,633,274	1,146,589	946,093	487,096	133,179	93,633	36,644
Amount.....	122,658,970	10,523,109	23,162,743	33,755,732	26,200,917	9,624,882	9,462,752	9,928,836
Interest income:								
Number of returns.....	3,524,438	1,042,637	851,533	851,071	487,505	141,716	106,130	43,846
Amount.....	11,125,563	1,908,484	2,036,667	1,967,548	1,483,342	695,341	958,760	2,075,421
Dividends:								
Number of returns.....	1,230,441	267,657	241,405	292,392	226,899	87,476	77,554	37,058
Amount.....	4,347,031	374,875	483,582	615,752	596,174	365,043	596,144	1,315,461
Net capital gain (less loss):								
Number of returns.....	621,320	106,101	108,292	139,600	118,392	54,735	60,045	34,155
Amount.....	7,340,688	320,884	162,590	326,520	461,046	385,845	967,217	4,716,585
Taxable pensions and annuities:								
Number of returns.....	830,719	270,466	227,449	175,733	100,824	29,071	19,816	7,360
Amount.....	6,174,249	1,234,477	1,710,232	1,423,002	894,222	341,067	314,351	256,897
Unemployment compensation:								
Number of returns.....	283,410	88,559	91,175	72,767	25,290	3,743	1,651	225
Amount.....	607,649	174,847	212,159	155,036	52,151	8,526	4,316	613
Total itemized deductions:								
Number of returns.....	1,452,266	86,114	230,915	475,648	386,648	127,900	101,519	43,522
Amount.....	18,394,210	1,020,068	1,933,455	4,294,775	4,422,511	1,953,938	2,236,315	2,533,147
Taxable income:								
Number of returns.....	4,432,374	1,277,857	1,305,390	1,026,403	523,219	146,819	108,536	44,150
Amount.....	113,869,446	4,296,046	17,292,518	27,719,182	23,138,160	9,576,853	11,463,414	20,383,274
Total tax liability:								
Number of returns.....	4,469,615	1,316,492	1,303,537	1,026,625	523,341	146,852	108,584	44,184
Amount.....	24,165,951	740,816	2,782,325	4,837,782	4,650,619	2,219,225	3,076,513	5,858,669
Average (whole dollars).....	5,406	562	2,134	4,712	8,886	15,111	28,333	132,597
Earned income credit:								
Number of returns.....	481,993	357,685	124,308	--	--	--	--	--
Amount.....	262,665	235,785	26,879	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	333,510	314,497	19,013	--	--	--	--	--
Amount.....	184,724	180,986	3,738	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989—(Continued)

(Money amounts are in thousands of dollars, except where indicated)

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
INDIANA								
Number of returns.....	2,490,485	1,061,382	620,406	497,659	219,421	50,325	30,029	11,263
Number of exemptions.....	5,485,826	1,539,131	1,474,658	1,470,136	702,433	163,019	98,834	37,615
Adjusted gross income.....	65,784,634	6,441,419	13,493,098	19,356,684	13,072,714	4,255,505	3,952,744	5,212,471
Salaries and wages:								
Number of returns.....	2,123,656	831,230	540,369	465,322	206,422	45,610	25,239	9,464
Amount.....	51,678,444	5,324,033	10,897,638	16,763,210	11,089,402	3,208,574	2,271,082	2,124,505
Interest income:								
Number of returns.....	1,535,032	476,159	372,707	395,175	201,950	48,434	29,416	11,191
Amount.....	3,828,686	805,678	861,770	756,904	511,981	216,962	267,684	407,706
Dividends:								
Number of returns.....	472,940	101,254	94,271	125,621	92,517	29,176	20,861	9,240
Amount.....	1,221,365	120,384	159,070	187,856	170,596	98,420	153,890	331,148
Net capital gain (less loss):								
Number of returns.....	241,287	46,917	47,807	59,442	44,900	17,531	16,321	8,369
Amount.....	1,593,034	109,510	86,944	146,698	168,291	115,276	241,217	725,097
Taxable pensions and annuities:								
Number of returns.....	414,523	150,085	112,708	85,858	46,508	11,702	5,813	1,849
Amount.....	2,819,941	731,467	871,805	615,288	344,955	117,193	85,107	54,127
Unemployment compensation:								
Number of returns.....	122,542	39,144	40,726	32,190	9,147	1,106	209	20
Amount.....	132,651	44,191	46,738	31,976	8,438	954	320	34
Total itemized deductions:								
Number of returns.....	603,605	34,844	99,565	222,780	162,319	44,604	28,403	11,090
Amount.....	6,442,482	464,422	721,602	1,811,481	1,668,282	608,443	572,097	596,155
Taxable income:								
Number of returns.....	2,045,069	622,940	613,955	497,257	219,352	50,308	30,004	11,253
Amount.....	44,026,453	2,083,454	7,804,591	13,352,247	9,745,330	3,304,154	3,187,417	4,549,261
Total tax liability:								
Number of returns.....	2,068,785	646,558	614,041	497,228	219,369	50,315	30,015	11,259
Amount.....	8,742,593	358,135	1,256,535	2,257,801	1,937,429	764,336	862,142	1,306,215
Average (whole dollars).....	4,225	553	2,046	4,540	8,831	15,191	28,723	116,015
Earned Income credit:								
Number of returns.....	237,619	173,545	64,074	--	--	--	--	--
Amount.....	130,371	116,413	13,957	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	157,959	150,524	7,435	--	--	--	--	--
Amount.....	88,209	86,815	1,393	--	--	--	--	--
IOWA								
Number of returns.....	1,248,721	552,506	325,588	238,806	92,795	20,610	13,881	4,535
Number of exemptions.....	2,792,255	798,840	817,911	740,631	305,290	68,003	46,416	15,164
Adjusted gross income.....	30,584,442	3,116,454	7,117,078	9,218,220	5,501,591	1,749,336	1,828,646	2,053,117
Salaries and wages:								
Number of returns.....	999,443	405,730	266,524	212,837	82,386	17,133	11,048	3,785
Amount.....	21,988,402	2,465,276	5,181,705	7,275,221	4,186,247	1,108,585	972,477	798,891
Interest income:								
Number of returns.....	900,810	324,847	238,093	210,391	89,090	20,179	13,704	4,506
Amount.....	2,546,756	567,018	641,330	532,074	328,074	133,311	160,262	184,687
Dividends:								
Number of returns.....	287,745	74,959	69,640	73,695	43,034	12,746	9,889	3,782
Amount.....	667,337	81,423	108,298	117,818	97,683	52,877	76,359	132,878
Net capital gain (less loss):								
Number of returns.....	192,547	47,975	49,529	46,506	27,082	9,535	8,418	3,502
Amount.....	1,023,797	85,354	120,942	148,937	119,043	71,530	117,154	360,837
Taxable pensions and annuities:								
Number of returns.....	189,984	68,615	56,041	39,355	18,288	4,313	2,556	816
Amount.....	1,152,367	290,048	377,855	257,097	133,165	42,797	34,841	16,564
Unemployment compensation:								
Number of returns.....	72,462	23,021	27,614	17,725	3,717	275	99	11
Amount.....	113,973	35,615	46,222	26,527	4,914	445	221	29
Total itemized deductions:								
Number of returns.....	323,369	31,118	65,020	116,699	73,924	18,809	13,308	4,491
Amount.....	3,370,312	330,324	457,118	934,001	769,305	272,165	292,373	315,027
Taxable income:								
Number of returns.....	1,031,980	340,178	321,401	238,638	92,756	20,603	13,874	4,530
Amount.....	19,871,024	1,054,764	4,016,754	6,250,547	4,049,826	1,340,405	1,448,041	1,710,688
Total tax liability:								
Number of returns.....	1,056,142	364,308	321,524	238,535	92,761	20,603	13,877	4,534
Amount.....	3,971,919	196,333	674,649	1,078,452	821,510	318,712	392,400	489,864
Average (whole dollars).....	3,760	538	2,098	4,521	8,856	15,469	28,277	108,042
Earned Income credit:								
Number of returns.....	98,520	69,557	28,963	--	--	--	--	--
Amount.....	51,701	45,554	6,147	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	61,204	57,720	3,484	--	--	--	--	--
Amount.....	31,772	31,116	656	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

(Money amounts are in thousands of dollars, except where indicated)

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
KANSAS								
Number of returns.....	1,098,337	462,883	285,197	210,753	93,516	23,706	16,401	5,881
Number of exemptions.....	2,477,207	681,885	709,666	635,451	299,536	76,507	54,352	19,810
Adjusted gross income.....	29,761,093	2,568,979	6,221,465	8,159,756	5,585,327	2,015,571	2,157,086	3,052,909
Salaries and wages:								
Number of returns.....	903,706	350,053	240,892	189,696	84,375	20,448	13,443	4,799
Amount.....	21,782,735	2,250,855	4,761,968	6,581,812	4,397,878	1,404,088	1,271,729	1,114,405
Interest income:								
Number of returns.....	718,234	228,003	183,909	174,041	87,347	22,978	16,104	5,852
Amount.....	2,296,895	441,804	496,789	445,861	313,374	135,296	179,428	284,343
Dividends:								
Number of returns.....	235,048	50,471	52,087	60,944	41,267	13,988	11,405	4,886
Amount.....	815,932	62,077	83,865	99,418	94,949	53,573	85,237	336,813
Net capital gain (less loss):								
Number of returns.....	150,611	31,238	33,416	36,238	25,308	10,089	9,629	4,693
Amount.....	1,253,159	78,195	61,966	91,293	95,439	61,297	126,171	738,799
Taxable pensions and annuities:								
Number of returns.....	171,147	51,284	49,578	39,725	20,738	5,540	3,306	976
Amount.....	1,201,876	225,741	355,539	302,999	180,836	62,380	47,532	26,849
Unemployment compensation:								
Number of returns.....	62,219	22,064	21,805	14,140	3,576	462	152	20
Amount.....	114,090	37,480	41,418	27,017	6,757	971	371	75
Total itemized deductions:								
Number of returns.....	304,736	22,597	57,063	107,087	74,990	21,506	15,685	5,808
Amount.....	3,525,115	218,300	439,468	930,746	853,977	336,079	360,234	386,312
Taxable income:								
Number of returns.....	906,611	275,760	280,928	210,515	93,462	23,691	16,386	5,869
Amount.....	19,803,237	897,373	3,489,177	5,502,041	4,063,714	1,524,154	1,692,712	2,634,067
Total tax liability:								
Number of returns.....	924,765	293,647	281,169	210,506	93,474	23,701	16,392	5,876
Amount.....	4,154,205	164,383	576,106	945,765	816,765	357,000	456,031	838,156
Average (whole dollars).....	4,492	559	2,048	4,492	8,737	15,062	27,820	142,640
Earned income credit:								
Number of returns.....	97,835	68,745	29,090	--	--	--	--	--
Amount.....	51,764	45,532	6,252	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	62,807	58,593	4,214	--	--	--	--	--
Amount.....	33,742	32,933	809	--	--	--	--	--

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
KENTUCKY								
Number of returns.....	1,496,099	704,736	382,169	262,140	101,141	22,823	16,311	6,779
Number of exemptions.....	3,351,305	1,155,957	950,647	776,803	320,218	72,724	52,837	22,119
Adjusted gross income.....	36,215,257	4,374,837	8,289,268	10,120,247	5,999,924	1,936,815	2,164,797	3,329,368
Salaries and wages:								
Number of returns.....	1,264,401	553,692	335,374	243,435	93,389	19,923	13,163	5,425
Amount.....	27,527,568	3,655,984	6,688,934	8,600,038	4,888,694	1,344,784	1,171,855	1,177,279
Interest income:								
Number of returns.....	812,442	258,628	215,814	201,682	91,862	21,845	15,899	6,712
Amount.....	2,229,332	479,505	491,927	424,866	279,871	122,828	166,372	263,964
Dividends:								
Number of returns.....	231,836	48,581	50,020	60,857	41,739	13,551	11,535	5,553
Amount.....	719,978	65,361	82,573	103,254	98,930	59,840	106,448	203,572
Net capital gain (less loss):								
Number of returns.....	135,685	28,280	28,738	32,196	22,870	9,048	9,444	5,109
Amount.....	1,475,131	94,144	64,544	97,657	109,681	83,136	171,219	854,750
Taxable pensions and annuities:								
Number of returns.....	212,672	76,679	61,379	44,350	20,894	5,067	3,190	1,113
Amount.....	1,604,982	385,174	504,817	374,660	200,458	61,748	48,911	29,215
Unemployment compensation:								
Number of returns.....	127,399	43,279	46,427	30,139	6,749	601	181	23
Amount.....	162,262	57,182	60,977	35,239	7,585	899	333	48
Total itemized deductions:								
Number of returns.....	363,067	24,861	75,391	137,524	82,401	20,762	15,519	6,609
Amount.....	3,945,118	309,310	544,206	1,151,731	905,802	314,603	336,852	382,615
Taxable income:								
Number of returns.....	1,165,266	378,286	378,180	261,870	101,067	22,805	16,292	6,766
Amount.....	23,189,251	1,267,896	4,590,440	6,842,432	4,378,986	1,473,609	1,726,340	2,909,548
Total tax liability:								
Number of returns.....	1,204,463	417,104	378,520	261,869	101,083	22,812	16,302	6,773
Amount.....	4,644,028	236,122	746,747	1,147,304	868,864	344,469	467,887	832,636
Average (whole dollars).....	3,855	566	1,972	4,381	8,595	15,100	28,701	122,934
Earned income credit:								
Number of returns.....	202,806	155,443	47,363	--	--	--	--	--
Amount.....	114,347	103,935	10,412	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	142,068	136,481	5,587	--	--	--	--	--
Amount.....	78,089	77,048	1,041	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

(Money amounts are in thousands of dollars, except where indicated)

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
LOUISIANA								
Number of returns.....	1,646,453	813,268	400,992	266,500	112,050	27,042	18,792	7,809
Number of exemptions.....	3,863,229	1,439,157	1,059,959	818,146	368,615	88,663	62,299	26,390
Adjusted gross income.....	38,354,212	4,375,730	8,661,534	10,314,033	6,674,578	2,295,986	2,498,508	3,533,842
Salaries and wages:								
Number of returns.....	1,402,186	659,582	351,265	244,810	102,643	23,418	14,580	5,888
Amount.....	29,971,375	4,425,742	7,054,821	8,696,223	5,428,224	1,630,688	1,337,606	1,398,071
Interest income:								
Number of returns.....	843,995	271,031	218,212	202,388	100,743	25,670	18,238	7,713
Amount.....	2,436,438	459,920	484,240	457,317	326,094	153,511	213,762	341,595
Dividends:								
Number of returns.....	246,955	50,828	52,935	64,709	44,602	15,089	12,569	6,223
Amount.....	696,300	66,108	82,483	105,720	99,615	58,414	103,554	180,407
Net capital gain (less loss):								
Number of returns.....	132,877	25,700	25,417	31,498	24,302	9,964	10,152	5,844
Amount.....	1,070,256	52,491	30,943	58,163	75,134	56,434	127,940	669,149
Taxable pensions and annuities:								
Number of returns.....	219,479	68,000	63,099	50,034	26,420	6,603	3,981	1,342
Amount.....	2,014,882	388,772	587,197	503,013	310,104	103,397	79,612	42,788
Unemployment compensation:								
Number of returns.....	99,123	43,107	32,665	18,462	4,203	510	155	21
Amount.....	147,816	58,338	52,164	29,029	6,962	957	329	39
Total itemized deductions:								
Number of returns.....	328,660	25,362	69,528	112,611	75,471	21,583	16,506	7,599
Amount.....	3,689,592	216,977	622,996	980,773	808,938	312,625	340,315	406,967
Taxable income:								
Number of returns.....	1,224,608	398,685	394,286	266,096	111,971	27,018	18,759	7,793
Amount.....	24,788,929	1,272,705	4,648,437	6,995,704	4,966,790	1,794,380	2,031,930	3,078,983
Total tax liability:								
Number of returns.....	1,252,078	426,421	393,978	266,103	111,979	27,024	18,772	7,801
Amount.....	5,018,008	232,671	746,677	1,179,012	994,404	420,754	557,955	886,535
Average (whole dollars).....	4,007	545	1,895	4,430	8,880	15,569	29,722	113,643
Earned income credit:								
Number of returns.....	317,394	257,312	60,082	--	--	--	--	--
Amount.....	186,837	173,383	13,455	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	245,544	235,190	10,354	--	--	--	--	--
Amount.....	142,474	140,431	2,043	--	--	--	--	--
MAINE								
Number of returns.....	568,388	243,251	157,785	109,328	40,082	8,788	6,780	2,374
Number of exemptions.....	1,196,936	332,441	360,581	320,840	125,824	27,878	21,887	7,485
Adjusted gross income.....	14,337,811	1,591,068	3,419,646	4,218,571	2,370,487	747,761	900,198	1,090,080
Salaries and wages:								
Number of returns.....	484,019	194,260	138,284	100,678	36,289	7,368	5,302	1,838
Amount.....	10,659,068	1,289,440	2,735,425	3,516,107	1,853,967	475,995	442,800	345,333
Interest income:								
Number of returns.....	377,093	120,997	106,425	93,519	38,394	8,669	6,720	2,369
Amount.....	924,418	175,610	203,822	189,847	124,019	56,081	79,832	95,206
Dividends:								
Number of returns.....	105,596	25,171	25,396	26,798	16,308	5,161	4,804	1,958
Amount.....	372,829	35,974	51,049	65,118	58,831	34,359	57,164	70,335
Net capital gain (less loss):								
Number of returns.....	57,421	11,260	12,674	14,146	9,599	3,814	4,092	1,836
Amount.....	632,125	33,588	37,877	62,961	76,451	52,701	109,548	258,999
Taxable pensions and annuities:								
Number of returns.....	78,999	25,227	24,521	17,591	7,884	1,925	1,404	447
Amount.....	655,241	125,749	212,552	169,051	89,167	26,337	23,106	9,278
Unemployment compensation:								
Number of returns.....	40,941	16,313	14,306	8,555	1,512	186	60	9
Amount.....	61,963	24,737	22,125	12,077	2,328	358	314	23
Total itemized deductions:								
Number of returns.....	146,323	9,840	29,345	56,204	33,707	8,307	6,579	2,341
Amount.....	1,696,311	91,066	226,279	508,376	401,356	139,318	164,237	165,680
Taxable income:								
Number of returns.....	475,504	152,534	155,938	109,099	40,015	8,780	6,769	2,369
Amount.....	9,201,489	540,352	1,977,148	2,828,026	1,695,908	553,780	695,047	911,227
Total tax liability:								
Number of returns.....	484,885	161,488	156,299	109,118	40,048	8,783	6,776	2,373
Amount.....	1,808,122	96,304	323,071	476,296	334,994	129,471	187,344	260,642
Average (whole dollars).....	3,728	596	2,067	4,364	8,364	14,741	27,648	109,836
Earned income credit:								
Number of returns.....	50,529	35,521	15,008	--	--	--	--	--
Amount.....	26,529	23,296	3,233	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	30,845	29,167	1,678	--	--	--	--	--
Amount.....	15,782	15,464	318	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MARYLAND								
Number of returns.....	2,314,426	827,341	587,743	451,154	271,863	96,517	60,977	18,831
Number of exemptions.....	4,704,697	1,035,370	1,165,943	1,136,709	811,579	299,762	193,206	62,128
Adjusted gross income.....	76,934,281	5,079,017	12,797,203	17,620,024	16,462,428	8,225,831	7,909,272	8,840,507
Salaries and wages:								
Number of returns.....	2,001,509	657,425	520,915	412,406	252,440	89,278	53,688	15,357
Amount.....	59,294,346	4,483,292	10,642,077	14,783,300	13,804,773	6,641,761	5,359,449	3,579,693
Interest income:								
Number of returns.....	1,508,413	365,244	348,584	369,651	252,538	93,600	60,073	18,723
Amount.....	4,190,846	541,617	594,806	698,876	628,280	356,970	477,774	892,523
Dividends:								
Number of returns.....	491,616	86,496	80,207	112,658	104,688	50,776	41,312	15,479
Amount.....	1,628,709	115,516	149,273	223,820	246,714	170,405	274,328	448,653
Net capital gain (less loss):								
Number of returns.....	244,167	32,657	33,466	50,350	51,595	30,386	31,387	14,326
Amount.....	3,129,822	158,675	61,202	126,676	202,803	191,217	479,013	1,910,239
Taxable pensions and annuities:								
Number of returns.....	347,191	80,191	88,429	81,819	57,792	21,813	13,760	3,387
Amount.....	4,124,128	464,345	893,661	1,055,349	876,909	399,108	320,087	114,671
Unemployment compensation:								
Number of returns.....	91,142	28,892	29,126	21,701	8,990	1,725	632	76
Amount.....	167,850	53,500	55,442	37,329	16,366	3,550	1,466	196
Total itemized deductions:								
Number of returns.....	900,742	41,226	143,817	293,162	248,760	94,641	60,395	18,741
Amount.....	13,122,700	445,515	1,195,134	3,068,170	3,459,996	1,781,834	1,643,874	1,528,177
Taxable income:								
Number of returns.....	2,011,174	533,993	579,614	449,907	271,547	96,436	60,885	18,792
Amount.....	51,674,421	1,897,784	7,744,083	11,710,751	11,335,340	5,873,365	5,902,273	7,210,826
Total tax liability:								
Number of returns.....	2,019,035	541,967	579,089	450,118	271,636	96,475	60,932	18,818
Amount.....	10,720,245	316,685	1,228,362	2,037,117	2,210,702	1,312,575	1,542,432	2,072,372
Average (whole dollars).....	5,309	584	2,121	4,525	8,138	13,605	25,313	110,127
Earned income credit:								
Number of returns.....	186,960	131,139	55,821	--	--	--	--	--
Amount.....	100,430	88,294	12,136	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	119,522	112,233	7,289	--	--	--	--	--
Amount.....	66,046	64,664	1,382	--	--	--	--	--

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MASSACHUSETTS								
Number of returns.....	2,956,473	1,045,236	805,027	586,417	320,583	99,438	74,001	25,771
Number of exemptions.....	5,770,456	1,240,202	1,481,079	1,474,447	954,669	304,078	233,018	82,963
Adjusted gross income.....	96,339,543	6,063,542	17,604,856	22,819,808	19,308,373	8,472,177	9,757,232	12,313,554
Salaries and wages:								
Number of returns.....	2,525,377	794,279	708,366	543,860	301,178	91,557	64,825	21,312
Amount.....	73,551,332	5,324,094	14,330,270	19,260,734	16,311,088	6,716,335	6,476,172	5,132,638
Interest income:								
Number of returns.....	2,212,082	606,117	580,968	520,199	308,013	97,743	73,346	25,696
Amount.....	6,585,471	997,304	1,176,877	1,192,522	926,235	461,640	665,079	1,165,815
Dividends:								
Number of returns.....	672,455	138,403	131,657	153,399	123,573	53,956	50,142	21,325
Amount.....	2,355,787	183,919	226,789	300,000	303,609	209,417	391,633	740,420
Net capital gain (less loss):								
Number of returns.....	333,139	52,216	52,852	69,811	64,793	34,373	39,589	19,505
Amount.....	4,186,823	186,846	88,014	173,144	279,524	259,410	706,122	2,493,763
Taxable pensions and annuities:								
Number of returns.....	441,713	130,040	126,735	93,273	56,007	18,121	13,078	4,459
Amount.....	3,499,169	633,043	1,015,447	809,244	507,112	206,529	193,908	133,887
Unemployment compensation:								
Number of returns.....	225,708	56,561	73,425	62,086	26,206	4,964	2,173	293
Amount.....	624,918	132,779	215,813	179,065	74,345	14,808	7,109	999
Total itemized deductions:								
Number of returns.....	967,404	58,149	150,174	300,204	265,688	94,754	72,817	25,618
Amount.....	13,986,978	624,877	1,317,167	3,118,306	3,473,177	1,675,882	1,929,817	1,847,751
Taxable income:								
Number of returns.....	2,606,938	711,721	792,181	584,097	320,081	99,283	73,848	25,727
Amount.....	67,128,704	2,605,726	11,202,753	15,703,767	13,721,770	6,192,645	7,385,826	10,316,217
Total tax liability:								
Number of returns.....	2,630,568	731,451	795,144	584,713	320,234	99,340	73,927	25,759
Amount.....	14,139,090	447,660	1,818,244	2,807,001	2,743,673	1,416,456	1,956,417	2,949,639
Average (whole dollars).....	5,374	612	2,286	4,800	8,567	14,258	26,464	114,509
Earned income credit:								
Number of returns.....	151,178	103,095	48,083	--	--	--	--	--
Amount.....	77,302	67,093	10,209	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	90,417	84,545	5,872	--	--	--	--	--
Amount.....	47,362	46,230	1,132	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MICHIGAN								
Number of returns.....	4,144,719	1,704,800	951,453	821,780	444,382	126,635	71,897	23,772
Number of exemptions.....	8,777,674	2,279,394	2,101,103	2,282,538	1,397,826	406,545	232,974	77,294
Adjusted gross income.....	121,711,416	10,499,033	20,741,215	32,152,713	26,719,976	10,745,148	9,350,197	11,503,134
Salaries and wages:								
Number of returns.....	3,521,530	1,315,376	812,832	767,255	422,198	118,896	64,245	20,728
Amount.....	95,557,258	7,955,212	16,102,524	27,514,565	23,005,400	8,791,655	6,542,208	5,645,695
Interest income:								
Number of returns.....	2,724,237	808,951	615,991	671,469	411,901	122,050	70,266	23,609
Amount.....	6,770,961	1,244,642	1,370,389	1,233,028	952,291	451,837	556,322	962,451
Dividends:								
Number of returns.....	1,052,114	208,914	192,309	272,193	225,559	80,938	52,248	19,953
Amount.....	2,805,782	273,408	360,873	422,640	397,881	232,506	334,772	783,702
Net capital gain (less loss):								
Number of returns.....	501,095	90,739	92,213	118,531	99,684	43,693	38,141	18,094
Amount.....	3,248,711	162,906	149,896	254,655	314,977	237,766	450,852	1,677,659
Taxable pensions and annuities:								
Number of returns.....	758,276	252,858	188,705	157,659	104,651	33,445	16,607	4,351
Amount.....	5,691,153	1,381,046	1,676,573	1,203,704	762,068	307,311	237,853	122,599
Unemployment compensation:								
Number of returns.....	409,105	93,437	116,629	135,125	53,149	8,831	1,788	146
Amount.....	834,058	176,854	281,005	259,000	96,176	16,108	4,466	448
Total itemized deductions:								
Number of returns.....	1,369,697	75,951	213,702	478,584	385,242	121,919	70,667	23,632
Amount.....	15,356,052	669,205	1,546,650	4,002,363	4,221,536	1,834,220	1,600,484	1,481,595
Taxable income:								
Number of returns.....	3,456,089	1,026,843	941,848	821,032	444,185	126,577	71,848	23,756
Amount.....	82,677,001	3,469,337	12,333,171	22,119,566	19,474,886	8,098,922	7,302,851	9,878,267
Total tax liability:								
Number of returns.....	3,488,858	1,058,692	942,661	821,020	444,243	126,598	71,875	23,769
Amount.....	16,806,803	589,796	1,985,447	3,809,905	3,848,824	1,831,811	1,923,084	2,817,937
Average (whole dollars).....	4,817	557	2,106	4,640	8,663	14,469	26,755	118,555
Earned income credit:								
Number of returns.....	308,556	226,429	82,127	--	--	--	--	--
Amount.....	163,306	145,669	17,637	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	205,310	195,505	9,805	--	--	--	--	--
Amount.....	109,445	107,590	1,855	--	--	--	--	--

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MINNESOTA								
Number of returns.....	1,994,366	798,177	509,433	404,198	187,890	48,363	34,897	11,408
Number of exemptions.....	4,261,461	1,022,728	1,131,820	1,190,512	606,175	157,142	115,809	37,275
Adjusted gross income.....	57,353,862	4,655,997	11,129,418	15,721,317	11,206,133	4,116,256	4,605,247	5,919,495
Salaries and wages:								
Number of returns.....	1,682,679	614,039	434,875	372,889	175,973	44,223	30,857	9,823
Amount.....	43,707,855	3,899,515	8,574,295	13,063,301	9,360,272	3,172,898	3,178,290	2,459,283
Interest income:								
Number of returns.....	1,432,450	455,407	359,051	347,943	177,331	47,018	34,347	11,353
Amount.....	3,593,479	709,806	755,853	663,469	440,416	199,509	277,716	546,709
Dividends:								
Number of returns.....	473,876	106,001	101,303	119,992	83,400	29,062	24,658	9,460
Amount.....	1,268,336	142,224	164,059	185,976	158,800	91,352	149,728	376,195
Net capital gain (less loss):								
Number of returns.....	306,902	64,236	67,233	72,009	51,653	21,406	21,233	9,132
Amount.....	2,199,131	151,437	144,585	186,396	173,788	121,443	256,649	1,164,833
Taxable pensions and annuities:								
Number of returns.....	273,456	87,554	83,120	58,660	28,478	7,882	5,769	1,993
Amount.....	2,098,688	405,572	673,408	511,338	269,786	94,067	86,643	57,873
Unemployment compensation:								
Number of returns.....	123,832	31,592	43,963	35,363	10,579	1,570	662	103
Amount.....	279,892	56,834	105,917	86,378	24,734	3,983	1,740	306
Total itemized deductions:								
Number of returns.....	708,931	43,601	136,171	264,708	171,581	47,020	34,482	11,368
Amount.....	8,784,436	387,606	1,054,808	2,443,973	2,134,753	831,726	939,059	992,510
Taxable income:								
Number of returns.....	1,715,854	527,939	502,097	403,553	187,727	48,305	34,847	11,386
Amount.....	37,623,366	1,738,454	6,493,569	10,299,161	7,808,193	2,975,522	3,444,371	4,864,096
Total tax liability:								
Number of returns.....	1,744,696	555,894	502,967	403,459	187,773	48,325	34,876	11,402
Amount.....	7,643,842	312,006	1,072,287	1,764,979	1,524,028	677,262	905,168	1,388,112
Average (whole dollars).....	4,381	561	2,131	4,374	8,116	14,014	25,953	121,742
Earned income credit:								
Number of returns.....	125,594	87,083	38,511	--	--	--	--	--
Amount.....	65,011	56,857	8,154	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	76,160	71,095	5,065	--	--	--	--	--
Amount.....	38,368	37,417	951	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
MISSISSIPPI								
Number of returns.....	995,697	529,960	241,690	146,013	54,583	11,890	8,370	3,191
Number of exemptions.....	2,341,712	983,551	651,702	452,850	177,108	38,477	27,484	10,540
Adjusted gross income.....	20,784,199	3,284,622	5,191,752	5,618,636	3,237,759	1,008,826	1,112,691	1,329,911
Salaries and wages:								
Number of returns.....	872,768	452,144	216,729	135,001	49,818	10,134	6,474	2,468
Amount.....	16,424,800	3,068,044	4,332,924	4,743,318	2,577,210	663,545	540,444	499,316
Interest income:								
Number of returns.....	422,884	134,335	114,182	103,756	48,096	11,238	8,113	3,164
Amount.....	1,186,652	238,129	259,794	233,674	163,675	69,748	97,722	123,910
Dividends:								
Number of returns.....	119,789	25,457	26,688	31,742	20,926	6,646	5,719	2,611
Amount.....	297,333	28,896	37,224	46,332	43,268	25,991	45,309	70,312
Net capital gain (less loss):								
Number of returns.....	67,968	13,547	14,086	16,512	12,031	4,636	4,756	2,400
Amount.....	512,645	37,897	31,977	50,154	59,142	41,120	87,969	204,385
Taxable pensions and annuities:								
Number of returns.....	113,842	35,715	33,938	26,700	12,497	2,784	1,695	513
Amount.....	948,753	189,373	266,464	251,682	140,612	39,851	28,588	12,183
Unemployment compensation:								
Number of returns.....	74,777	41,227	21,029	10,555	1,746	169	45	6
Amount.....	90,090	49,333	25,839	12,108	2,440	280	84	5
Total itemized deductions:								
Number of returns.....	194,861	14,539	43,438	71,876	43,273	10,669	7,923	3,143
Amount.....	2,067,816	145,323	328,567	613,673	473,985	155,868	169,884	180,516
Taxable income:								
Number of returns.....	707,624	245,967	237,853	145,846	54,544	11,869	8,358	3,187
Amount.....	12,431,349	779,426	2,731,186	3,756,658	2,369,775	774,322	890,197	1,129,784
Total tax liability:								
Number of returns.....	724,282	263,100	237,361	145,837	54,548	11,879	8,366	3,191
Amount.....	2,432,710	140,764	439,265	626,034	472,849	183,080	243,080	327,637
Average (whole dollars).....	3,358	535	1,850	4,292	8,668	15,412	29,055	102,675
Earned income credit:								
Number of returns.....	243,888	203,062	40,826	--	--	--	--	--
Amount.....	147,891	138,639	9,252	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	194,273	187,484	6,789	--	--	--	--	--
Amount.....	115,841	114,492	1,349	--	--	--	--	--
MISSOURI								
Number of returns.....	2,268,576	994,018	577,356	420,436	185,991	47,671	31,295	11,809
Number of exemptions.....	4,961,608	1,489,831	1,377,320	1,214,267	587,286	152,017	101,840	39,047
Adjusted gross income.....	59,895,558	5,954,273	12,536,082	16,281,445	11,106,570	4,050,987	4,123,391	5,842,810
Salaries and wages:								
Number of returns.....	1,897,829	774,250	491,338	383,647	170,873	42,222	25,918	9,581
Amount.....	45,350,406	5,005,990	9,776,218	13,575,853	9,097,131	2,998,792	2,496,824	2,399,598
Interest income:								
Number of returns.....	1,414,103	445,654	364,473	342,983	172,585	45,988	30,684	11,736
Amount.....	4,344,811	843,848	967,384	832,963	571,442	255,963	324,057	549,154
Dividends:								
Number of returns.....	485,151	101,684	104,948	127,522	88,453	29,811	22,743	9,990
Amount.....	1,612,658	134,075	191,319	230,740	212,921	131,674	215,550	496,379
Net capital gain (less loss):								
Number of returns.....	281,687	59,454	61,947	66,805	46,697	19,314	18,229	9,241
Amount.....	2,007,645	131,308	114,427	164,988	181,391	131,415	268,826	1,015,290
Taxable pensions and annuities:								
Number of returns.....	357,700	117,318	106,147	75,613	39,048	10,777	6,582	2,215
Amount.....	2,654,571	556,444	829,982	627,008	354,957	124,601	99,787	61,791
Unemployment compensation:								
Number of returns.....	166,722	65,210	51,947	38,469	9,686	1,063	301	46
Amount.....	238,656	92,264	77,607	53,173	13,448	1,549	532	84
Total itemized deductions:								
Number of returns.....	572,963	36,464	103,838	205,041	143,745	42,645	29,605	11,625
Amount.....	6,362,874	327,829	777,821	1,731,149	1,559,866	627,451	634,747	704,013
Taxable income:								
Number of returns.....	1,849,839	582,656	570,625	419,964	185,896	47,643	31,265	11,790
Amount.....	39,967,890	1,943,710	7,181,944	11,173,846	8,199,769	3,108,684	3,290,994	5,068,944
Total tax liability:								
Number of returns.....	1,886,457	618,856	570,961	420,000	185,916	47,647	31,276	11,801
Amount.....	8,124,862	346,864	1,169,278	1,910,680	1,638,529	721,339	885,695	1,452,476
Average (whole dollars).....	4,306	560	2,047	4,549	8,813	15,139	28,318	123,080
Earned income credit:								
Number of returns.....	244,393	181,992	62,401	--	--	--	--	--
Amount.....	134,914	121,311	13,603	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	166,192	158,409	7,783	--	--	--	--	--
Amount.....	91,551	90,055	1,495	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MONTANA								
Number of returns.....	349,307	172,423	89,095	59,438	19,933	4,241	3,130	1,047
Number of exemptions.....	792,811	277,813	236,261	186,514	64,858	13,675	10,278	3,412
Adjusted gross income.....	7,517,876	758,305	1,938,107	2,286,516	1,173,557	361,366	413,841	586,182
Salaries and wages:								
Number of returns.....	272,552	125,299	72,655	51,873	16,733	3,137	2,137	718
Amount.....	5,196,262	781,728	1,397,506	1,747,406	805,220	179,020	160,271	125,112
Interest income:								
Number of returns.....	234,650	91,123	64,798	51,598	18,869	4,151	3,073	1,038
Amount.....	676,809	149,374	156,218	137,989	88,944	37,816	45,314	61,152
Dividends:								
Number of returns.....	84,281	25,457	21,796	20,732	10,300	2,829	2,294	873
Amount.....	310,994	33,498	40,413	41,474	32,664	14,621	21,810	126,515
Net capital gain (less loss):								
Number of returns.....	62,087	19,268	15,714	14,113	7,443	2,486	2,215	848
Amount.....	458,696	44,357	40,492	51,488	49,417	30,583	53,642	188,716
Taxable pensions and annuities:								
Number of returns.....	52,328	19,698	16,566	10,362	4,021	940	569	172
Amount.....	431,380	98,832	146,799	108,771	49,773	13,890	9,835	3,479
Unemployment compensation:								
Number of returns.....	23,879	9,016	9,214	4,804	739	73	28	5
Amount.....	36,772	12,564	15,253	7,602	1,158	125	61	10
Total itemized deductions:								
Number of returns.....	94,855	12,157	24,538	34,629	15,901	3,717	2,895	1,018
Amount.....	987,426	90,503	177,424	298,491	179,527	57,495	66,750	117,235
Taxable income:								
Number of returns.....	267,509	92,427	87,420	59,343	19,911	4,236	3,126	1,046
Amount.....	4,741,272	286,953	1,031,806	1,505,763	850,576	276,261	327,227	462,666
Total tax liability:								
Number of returns.....	277,896	102,737	87,527	59,312	19,909	4,238	3,127	1,046
Amount.....	979,813	56,745	173,513	258,730	173,678	67,149	90,095	159,902
Average (whole dollars).....	3,525	552	1,982	4,362	8,723	15,844	28,811	152,869
Earned income credit:								
Number of returns.....	40,760	30,744	10,016	--	--	--	--	--
Amount.....	22,158	19,986	2,172	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	27,734	26,146	1,588	--	--	--	--	--
Amount.....	14,379	14,075	304	--	--	--	--	--
NEBRASKA								
Number of returns.....	721,760	324,465	190,066	133,404	50,680	11,814	8,232	3,099
Number of exemptions.....	1,609,601	464,670	482,375	417,879	167,451	39,229	27,663	10,334
Adjusted gross income.....	17,773,115	1,811,264	4,136,297	5,135,601	3,006,321	1,005,593	1,085,827	1,592,212
Salaries and wages:								
Number of returns.....	588,644	247,699	159,217	118,317	44,531	9,859	6,492	2,529
Amount.....	12,745,257	1,594,395	3,118,293	4,030,826	2,241,442	634,589	563,477	562,234
Interest income:								
Number of returns.....	496,410	176,525	133,803	115,172	48,201	11,525	8,099	3,085
Amount.....	1,425,758	299,824	337,076	297,867	179,757	73,270	91,482	146,481
Dividends:								
Number of returns.....	156,676	37,777	37,920	41,335	24,068	7,251	5,741	2,584
Amount.....	390,201	45,131	58,246	67,393	56,963	29,581	47,966	84,922
Net capital gain (less loss):								
Number of returns.....	106,486	25,924	26,370	25,723	15,363	5,534	5,108	2,464
Amount.....	721,048	54,955	64,594	81,920	70,262	42,901	85,056	321,360
Taxable pensions and annuities:								
Number of returns.....	90,174	29,063	27,045	19,834	9,459	2,511	1,638	624
Amount.....	649,916	118,027	192,655	164,301	100,124	31,563	24,235	19,010
Unemployment compensation:								
Number of returns.....	26,558	10,735	9,604	5,208	877	98	36	*
Amount.....	33,246	13,078	12,473	6,344	1,126	171	54	*
Total itemized deductions:								
Number of returns.....	177,546	14,263	36,581	66,205	39,485	10,300	7,657	3,055
Amount.....	1,942,222	126,841	275,594	565,062	442,488	159,770	170,524	201,944
Taxable income:								
Number of returns.....	594,779	200,398	187,309	133,289	50,652	11,807	8,226	3,098
Amount.....	11,567,783	649,635	2,299,511	3,434,413	2,186,453	764,525	861,589	1,371,657
Total tax liability:								
Number of returns.....	609,210	214,968	187,249	133,200	50,657	11,810	8,227	3,099
Amount.....	2,349,704	120,100	385,170	593,622	443,916	181,214	233,450	392,233
Average (whole dollars).....	3,856	558	2,056	4,456	8,763	15,344	28,376	126,567
Earned income credit:								
Number of returns.....	65,244	46,426	18,818	--	--	--	--	--
Amount.....	34,740	30,693	4,047	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	42,041	39,181	2,860	--	--	--	--	--
Amount.....	22,139	21,592	547	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NEVADA								
Number of returns.....	583,408	240,764	159,933	108,588	48,335	12,434	8,906	4,448
Number of exemptions.....	1,207,556	350,714	341,277	293,024	145,642	37,200	26,542	13,157
Adjusted gross income.....	17,175,259	1,341,776	3,449,688	4,206,187	2,888,366	1,054,951	1,185,048	3,049,243
Salaries and wages:								
Number of returns.....	500,805	194,568	142,044	99,474	44,086	10,725	6,746	3,162
Amount.....	12,368,874	1,452,506	2,853,834	3,523,058	2,323,865	737,120	618,011	860,481
Interest income:								
Number of returns.....	302,569	79,021	80,849	76,447	41,723	11,628	8,524	4,377
Amount.....	1,197,441	141,851	170,099	171,079	134,517	74,392	118,301	387,203
Dividends:								
Number of returns.....	93,080	18,441	20,463	23,418	16,427	5,917	5,188	3,226
Amount.....	388,933	32,006	40,832	50,138	43,758	26,203	46,425	149,571
Net capital gain (less loss):								
Number of returns.....	65,634	11,850	13,322	15,179	11,455	5,094	5,242	3,492
Amount.....	1,133,332	38,854	20,853	47,954	65,253	56,276	138,000	766,140
Taxable pensions and annuities:								
Number of returns.....	81,146	21,410	23,995	19,090	10,788	3,104	1,986	773
Amount.....	835,404	120,532	227,938	219,959	141,719	50,559	39,846	34,851
Unemployment compensation:								
Number of returns.....	33,763	10,674	10,805	8,751	2,929	403	176	25
Amount.....	54,116	17,243	18,300	13,175	4,293	692	364	49
Total itemized deductions:								
Number of returns.....	160,911	13,969	35,196	54,107	35,702	10,287	7,610	4,040
Amount.....	2,024,628	126,469	290,789	526,017	435,230	169,135	175,344	301,646
Taxable income:								
Number of returns.....	483,050	143,326	157,424	108,317	48,255	12,417	8,878	4,433
Amount.....	12,064,381	559,392	2,024,320	2,864,747	2,109,862	806,282	955,528	2,744,251
Total tax liability:								
Number of returns.....	489,002	149,107	157,497	108,372	48,277	12,423	8,888	4,438
Amount.....	2,562,152	94,772	323,943	496,067	422,496	188,132	260,523	776,219
Average (whole dollars).....	5,239	635	2,056	4,577	8,751	15,143	29,311	174,902
Earned income credit:								
Number of returns.....	54,497	39,266	15,231	--	--	--	--	--
Amount.....	30,167	26,753	3,415	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	36,674	34,140	2,534	--	--	--	--	--
Amount.....	20,645	20,145	500	--	--	--	--	--
NEW HAMPSHIRE								
Number of returns.....	553,090	200,021	145,982	115,589	60,541	16,488	11,035	3,434
Number of exemptions.....	1,135,396	238,913	292,083	319,600	186,760	52,002	35,283	10,755
Adjusted gross income.....	17,145,953	1,058,794	3,179,243	4,517,214	3,629,342	1,403,626	1,441,435	1,916,298
Salaries and wages:								
Number of returns.....	478,651	158,326	129,551	107,248	56,601	14,902	9,299	2,724
Amount.....	13,233,940	1,064,651	2,617,155	3,839,137	3,060,182	1,080,807	903,984	668,025
Interest income:								
Number of returns.....	397,170	107,897	100,280	100,216	58,150	16,254	10,950	3,423
Amount.....	1,092,120	173,110	196,975	207,806	160,361	79,473	115,467	158,929
Dividends:								
Number of returns.....	122,491	24,848	24,270	29,937	24,030	9,165	7,450	2,791
Amount.....	451,617	33,208	46,730	59,193	60,715	39,160	71,536	141,074
Net capital gain (less loss):								
Number of returns.....	64,457	10,396	11,203	14,584	13,163	6,207	6,244	2,660
Amount.....	1,011,381	29,001	25,747	48,088	68,316	58,006	136,791	645,432
Taxable pensions and annuities:								
Number of returns.....	73,109	19,542	20,349	16,929	10,285	3,140	2,171	693
Amount.....	610,969	89,012	155,722	150,411	106,208	43,695	40,092	25,829
Unemployment compensation:								
Number of returns.....	29,461	6,766	10,075	8,817	3,108	501	173	21
Amount.....	47,182	9,382	15,589	14,237	6,209	1,185	520	61
Total itemized deductions:								
Number of returns.....	176,576	11,905	29,710	58,968	47,739	14,751	10,232	3,271
Amount.....	2,293,261	132,175	265,130	604,995	620,716	254,400	243,863	171,980
Taxable income:								
Number of returns.....	481,045	131,206	143,281	115,177	60,474	16,469	11,016	3,422
Amount.....	11,905,662	469,763	1,930,139	3,029,898	2,582,009	1,040,767	1,128,112	1,724,974
Total tax liability:								
Number of returns.....	487,507	136,730	144,055	115,296	60,494	16,476	11,025	3,431
Amount.....	2,463,817	82,259	316,340	525,238	510,809	238,471	300,082	490,617
Average (whole dollars).....	5,053	601	2,195	4,555	8,443	14,473	27,218	142,995
Earned income credit:								
Number of returns.....	31,858	21,455	10,403	--	--	--	--	--
Amount.....	16,469	14,221	2,248	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	18,454	17,200	1,254	--	--	--	--	--
Amount.....	9,594	9,365	229	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NEW JERSEY								
Number of returns.....	3,832,302	1,348,922	963,858	739,872	453,802	162,713	120,149	42,986
Number of exemptions.....	7,834,394	1,704,248	1,899,675	1,845,884	1,353,672	505,252	384,642	141,021
Adjusted gross income.....	137,226,543	8,251,670	21,088,580	28,881,828	27,490,474	13,884,327	15,794,358	21,835,306
Salaries and wages:								
Number of returns.....	3,250,817	1,013,796	837,204	677,676	425,574	151,812	107,853	36,902
Amount.....	105,132,049	6,795,193	17,023,367	24,185,969	23,340,886	11,422,069	11,382,000	10,982,566
Interest income:								
Number of returns.....	2,717,645	717,319	637,300	623,057	423,529	156,763	117,106	42,571
Amount.....	9,043,111	1,281,174	1,500,148	1,565,205	1,258,876	648,224	892,888	1,896,597
Dividends:								
Number of returns.....	1,015,983	206,183	177,468	222,012	198,837	92,586	83,263	35,634
Amount.....	3,573,844	305,126	392,805	514,537	503,898	309,655	509,061	1,038,763
Net capital gain (less loss):								
Number of returns.....	470,388	73,440	69,961	93,761	91,173	50,938	59,245	31,870
Amount.....	5,566,659	164,299	84,833	192,783	311,392	304,136	813,400	3,695,815
Taxable pensions and annuities:								
Number of returns.....	580,645	156,442	154,475	123,715	85,198	31,086	22,486	7,243
Amount.....	4,786,630	732,288	1,211,417	1,111,779	812,810	342,953	331,431	243,951
Unemployment compensation:								
Number of returns.....	249,533	74,342	74,275	59,888	30,663	6,775	3,147	443
Amount.....	602,190	166,212	192,057	144,077	72,577	17,114	8,883	1,269
Total itemized deductions:								
Number of returns.....	1,378,967	82,021	211,893	397,581	374,519	153,118	117,151	42,684
Amount.....	21,044,345	861,374	1,997,467	4,157,332	5,061,261	2,763,439	3,128,025	3,075,448
Taxable income:								
Number of returns.....	3,348,313	887,065	945,915	736,821	453,111	162,501	119,978	42,922
Amount.....	95,770,250	3,078,885	12,949,462	19,756,840	19,448,119	10,102,357	11,923,951	18,510,635
Total tax liability:								
Number of returns.....	3,370,562	905,552	948,340	737,704	453,363	162,585	120,064	42,954
Amount.....	20,772,128	523,315	2,086,771	3,541,068	3,886,729	2,289,189	3,135,734	5,309,322
Average (whole dollars).....	6,162	577	2,200	4,800	8,573	14,079	26,117	123,604
Earned income credit:								
Number of returns.....	271,824	194,190	77,634	--	--	--	--	--
Amount.....	147,271	130,340	16,931	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	174,789	163,698	11,091	--	--	--	--	--
Amount.....	96,249	94,094	2,156	--	--	--	--	--
NEW MEXICO								
Number of returns.....	643,490	319,576	160,374	100,646	42,302	11,155	7,283	2,154
Number of exemptions.....	1,499,527	574,167	421,269	305,983	133,889	34,776	22,832	6,611
Adjusted gross income.....	14,547,844	1,851,743	3,455,041	3,878,275	2,523,119	948,470	950,379	940,817
Salaries and wages:								
Number of returns.....	540,483	256,762	138,766	90,076	37,838	9,623	5,830	1,588
Amount.....	11,029,527	1,693,827	2,768,040	3,138,200	1,965,885	660,350	522,156	281,069
Interest income:								
Number of returns.....	343,237	111,864	93,379	79,101	38,801	10,780	7,171	2,141
Amount.....	936,294	171,761	192,657	185,970	136,708	67,386	82,985	98,826
Dividends:								
Number of returns.....	109,694	24,404	24,727	28,146	18,819	6,711	5,143	1,744
Amount.....	331,670	35,497	43,532	55,677	48,477	28,264	51,338	68,884
Net capital gain (less loss):								
Number of returns.....	70,858	15,369	15,211	16,782	12,107	5,040	4,608	1,741
Amount.....	521,010	33,490	24,476	43,063	51,360	40,175	87,246	241,200
Taxable pensions and annuities:								
Number of returns.....	93,329	28,609	27,600	21,367	10,541	2,953	1,817	442
Amount.....	988,440	165,067	281,332	271,309	159,828	56,692	38,436	15,775
Unemployment compensation:								
Number of returns.....	32,994	16,597	10,588	4,564	1,010	166	60	9
Amount.....	56,759	27,768	18,899	7,794	1,800	350	125	23
Total itemized deductions:								
Number of returns.....	153,097	13,628	34,450	52,526	33,439	10,072	6,880	2,102
Amount.....	1,749,381	112,448	267,765	488,493	403,986	164,443	162,896	149,350
Taxable income:								
Number of returns.....	473,788	153,440	157,102	100,434	42,260	11,139	7,267	2,146
Amount.....	8,979,847	512,911	1,839,461	2,571,436	1,818,680	713,110	743,705	780,544
Total tax liability:								
Number of returns.....	487,895	167,496	157,094	100,470	42,268	11,143	7,274	2,150
Amount.....	1,772,913	93,631	295,840	434,983	361,841	164,310	198,417	223,890
Average (whole dollars).....	3,633	559	1,883	4,329	8,560	14,745	27,277	104,134
Earned income credit:								
Number of returns.....	112,334	88,731	23,603	--	--	--	--	--
Amount.....	63,871	58,611	5,260	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	85,682	81,077	4,605	--	--	--	--	--
Amount.....	47,766	46,835	931	--	--	--	--	--

See notes following Table 20.

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	Adjusted gross income							
	All returns	Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NEW YORK								
Number of returns.....	8,179,689	3,127,528	2,166,342	1,524,625	803,123	269,166	202,233	86,672
Number of exemptions.....	16,822,971	4,365,816	4,543,344	3,862,688	2,367,027	811,199	608,178	264,719
Adjusted gross income.....	275,422,642	18,800,349	47,221,195	59,272,391	48,394,693	22,965,026	26,767,047	52,001,942
Salaries and wages:								
Number of returns.....	6,869,647	2,329,619	1,892,567	1,402,506	749,423	248,061	176,840	70,631
Amount.....	201,341,991	15,934,172	38,348,364	49,752,784	40,405,305	18,244,175	17,921,856	20,735,336
Interest income:								
Number of returns.....	5,676,244	1,604,353	1,451,324	1,311,714	762,309	262,212	198,355	85,977
Amount.....	20,934,791	3,134,268	3,361,014	3,331,237	2,593,637	1,316,137	1,882,544	5,315,951
Dividends:								
Number of returns.....	1,884,260	401,748	363,924	432,089	334,367	145,048	135,202	71,882
Amount.....	8,135,689	594,448	741,258	927,653	891,992	568,159	1,032,008	3,380,170
Net capital gain (less loss):								
Number of returns.....	969,020	163,610	163,312	206,002	176,552	90,735	103,269	65,540
Amount.....	13,987,477	515,189	229,251	433,788	611,816	557,225	1,438,397	10,201,812
Taxable pensions and annuities:								
Number of returns.....	1,197,888	370,117	332,506	245,834	147,324	50,232	37,130	14,745
Amount.....	10,135,372	1,795,131	2,714,675	2,312,928	1,552,870	633,929	596,104	529,737
Unemployment compensation:								
Number of returns.....	516,745	171,509	163,326	116,458	49,262	10,708	4,703	779
Amount.....	1,100,132	326,737	375,149	250,518	107,797	25,041	12,533	2,359
Total itemized deductions:								
Number of returns.....	2,891,307	166,806	507,476	944,771	723,582	262,431	199,904	86,337
Amount.....	46,494,439	1,952,432	4,313,976	9,314,986	9,679,282	4,951,131	5,934,119	10,348,515
Taxable income:								
Number of returns.....	6,957,017	1,951,494	2,128,743	1,518,356	801,570	268,703	201,738	86,413
Amount.....	186,245,193	6,771,730	28,114,988	40,085,332	33,800,324	16,441,955	19,708,785	41,322,081
Total tax liability:								
Number of returns.....	7,034,284	2,026,090	2,128,927	1,519,732	802,099	268,871	201,987	86,578
Amount.....	40,309,231	1,185,846	4,490,368	7,097,947	6,747,686	3,750,460	5,226,494	11,810,432
Average (whole dollars).....	5,730	585	2,109	4,670	8,412	13,948	25,875	136,413
Earned income credit:								
Number of returns.....	745,760	537,180	208,580	--	--	--	--	--
Amount.....	408,300	363,575	44,725	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	487,157	457,332	29,825	--	--	--	--	--
Amount.....	270,748	265,095	5,654	--	--	--	--	--
NORTH CAROLINA								
Number of returns.....	3,002,276	1,357,162	784,913	519,796	223,825	59,198	41,769	15,613
Number of exemptions.....	6,347,208	2,017,751	1,805,221	1,473,221	685,998	184,112	131,592	49,313
Adjusted gross income.....	77,688,926	9,306,256	16,842,333	20,086,158	13,375,571	5,034,853	5,525,833	7,517,921
Salaries and wages:								
Number of returns.....	2,657,318	1,157,383	709,030	484,027	207,245	52,851	34,720	12,062
Amount.....	59,490,101	8,189,845	14,067,734	16,960,579	10,872,317	3,651,114	3,206,275	2,542,237
Interest income:								
Number of returns.....	1,624,263	461,598	434,802	406,484	207,058	57,567	41,191	15,563
Amount.....	4,109,207	684,963	770,202	737,516	563,928	276,859	400,058	675,680
Dividends:								
Number of returns.....	508,302	96,304	103,822	129,287	99,792	35,981	29,977	13,139
Amount.....	1,524,301	122,183	170,011	222,259	226,184	139,707	239,326	404,632
Net capital gain (less loss):								
Number of returns.....	282,383	46,856	52,161	65,105	55,564	24,661	25,281	12,755
Amount.....	3,745,507	119,333	118,166	216,829	288,855	238,750	598,761	2,164,813
Taxable pensions and annuities:								
Number of returns.....	407,483	107,077	116,158	100,877	54,416	15,204	10,020	3,731
Amount.....	3,310,701	495,390	892,303	878,419	579,440	208,995	169,515	86,641
Unemployment compensation:								
Number of returns.....	192,968	76,006	68,064	40,918	6,830	794	314	42
Amount.....	199,482	72,737	70,751	43,732	9,907	1,589	672	94
Total itemized deductions:								
Number of returns.....	840,790	56,019	173,185	301,867	196,934	56,689	40,700	15,396
Amount.....	9,926,604	472,087	1,337,227	2,719,022	2,401,346	955,070	1,007,691	1,034,160
Taxable income:								
Number of returns.....	2,442,171	806,493	776,552	519,048	223,619	59,147	41,716	15,596
Amount.....	49,761,300	2,877,120	9,526,363	13,448,218	9,522,869	3,717,631	4,272,203	6,396,896
Total tax liability:								
Number of returns.....	2,476,455	840,562	776,558	519,147	223,682	59,168	41,735	15,603
Amount.....	9,997,526	491,983	1,531,236	2,253,468	1,874,419	853,843	1,140,470	1,852,107
Average (whole dollars).....	4,037	585	1,971	4,340	8,379	14,430	27,326	118,701
Earned income credit:								
Number of returns.....	414,663	315,330	99,333	--	--	--	--	--
Amount.....	238,623	216,131	22,492	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	285,352	273,722	11,630	--	--	--	--	--
Amount.....	163,686	161,495	2,191	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NORTH DAKOTA								
Number of returns.....	279,909	132,746	73,680	49,578	16,727	3,578	2,768	832
Number of exemptions.....	639,883	201,367	197,376	160,229	56,759	11,907	9,377	2,868
Adjusted gross income.....	6,154,757	665,909	1,599,010	1,909,806	987,199	304,307	365,528	322,996
Salaries and wages:								
Number of returns.....	217,588	96,893	58,485	42,490	14,214	2,739	2,074	693
Amount.....	4,282,005	605,051	1,097,898	1,413,316	683,984	161,515	177,931	142,309
Interest income:								
Number of returns.....	199,745	78,209	55,001	43,570	15,922	3,492	2,727	824
Amount.....	543,823	122,735	146,234	120,280	66,482	28,292	32,532	27,269
Dividends:								
Number of returns.....	53,353	14,734	13,629	13,388	7,048	2,053	1,837	664
Amount.....	101,949	15,600	20,045	20,477	15,900	7,763	11,663	10,502
Net capital gain (less loss):								
Number of returns.....	44,042	13,098	11,980	9,921	5,049	1,707	1,671	616
Amount.....	196,849	28,755	34,714	36,430	25,408	14,630	22,084	34,829
Taxable pensions and annuities:								
Number of returns.....	29,927	9,586	9,619	6,769	2,698	625	484	146
Amount.....	199,037	39,943	65,434	51,662	25,284	7,192	6,574	2,947
Unemployment compensation:								
Number of returns.....	16,970	5,526	7,024	3,771	586	39	20	4
Amount.....	28,407	7,605	12,469	7,095	1,131	68	37	3
Total itemized deductions:								
Number of returns.....	55,465	5,977	11,969	20,510	11,132	2,673	2,400	804
Amount.....	616,721	124,497	86,553	169,134	115,229	37,152	47,729	34,427
Taxable income:								
Number of returns.....	225,598	79,563	72,609	49,535	16,719	3,573	2,767	832
Amount.....	3,963,224	248,962	869,581	1,287,993	734,747	240,282	298,545	283,116
Total tax liability:								
Number of returns.....	234,396	88,562	72,471	49,469	16,720	3,574	2,768	832
Amount.....	799,317	49,597	149,926	225,717	152,512	58,677	81,603	81,285
Average (whole dollars).....	3,410	560	2,068	4,562	9,121	16,417	29,480	97,698
Earned income credit:								
Number of returns.....	27,189	19,414	7,775	--	--	--	--	--
Amount.....	14,211	12,528	1,683	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	17,008	15,795	1,213	--	--	--	--	--
Amount.....	8,294	8,059	235	--	--	--	--	--

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
OHIO								
Number of returns.....	5,016,684	2,100,706	1,351,275	991,107	390,347	93,300	64,678	25,271
Number of exemptions.....	10,463,468	2,889,548	2,957,697	2,780,362	1,240,734	299,299	211,966	83,862
Adjusted gross income.....	133,501,983	13,552,243	29,421,002	38,366,398	23,177,658	7,935,462	8,530,915	12,518,306
Salaries and wages:								
Number of returns.....	4,265,924	1,638,574	1,179,259	923,899	363,899	83,702	55,063	21,528
Amount.....	103,082,033	10,428,080	23,733,019	32,962,548	19,356,570	5,928,387	5,372,306	5,301,125
Interest income:								
Number of returns.....	3,185,756	984,928	855,510	805,468	361,167	90,142	63,440	25,101
Amount.....	7,860,318	1,564,710	1,785,443	1,553,132	984,195	431,852	547,541	993,446
Dividends:								
Number of returns.....	1,097,090	235,012	241,764	300,843	188,867	60,267	48,335	22,002
Amount.....	3,158,925	291,707	405,037	494,490	439,879	258,551	419,186	850,075
Net capital gain (less loss):								
Number of returns.....	489,620	89,237	100,252	122,976	86,948	35,614	35,582	19,011
Amount.....	3,806,327	141,534	155,259	279,164	334,135	243,470	492,952	2,159,813
Taxable pensions and annuities:								
Number of returns.....	845,235	298,168	248,718	174,776	84,039	21,740	13,257	4,537
Amount.....	6,375,087	1,544,386	2,043,531	1,430,082	753,889	263,723	210,510	128,964
Unemployment compensation:								
Number of returns.....	299,082	89,997	99,242	84,231	22,292	2,493	742	85
Amount.....	532,890	152,588	200,038	140,052	34,260	4,134	1,600	220
Total itemized deductions:								
Number of returns.....	1,372,099	71,227	292,773	520,457	313,580	86,397	62,605	25,060
Amount.....	15,000,190	684,159	1,855,538	4,267,648	3,480,925	1,339,756	1,482,814	1,889,353
Taxable income:								
Number of returns.....	4,203,167	1,300,172	1,339,608	990,182	390,117	93,235	64,612	25,241
Amount.....	88,733,132	4,493,304	17,748,711	26,479,763	16,903,369	5,989,869	6,643,645	10,474,471
Total tax liability:								
Number of returns.....	4,241,782	1,338,002	1,340,161	990,274	390,178	93,254	64,647	25,266
Amount.....	17,740,229	760,860	2,870,549	4,577,676	3,362,198	1,387,507	1,781,002	3,000,437
Average (whole dollars).....	4,182	568	2,141	4,622	8,617	14,878	27,549	118,753
Earned income credit:								
Number of returns.....	417,877	303,718	114,159	--	--	--	--	--
Amount.....	224,177	199,711	24,465	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	275,025	262,523	12,502	--	--	--	--	--
Amount.....	150,421	148,078	2,343	--	--	--	--	--

See notes following Table 20.

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
OKLAHOMA								
Number of returns.....	1,298,190	598,900	338,914	225,444	91,727	22,554	15,080	5,571
Number of exemptions.....	2,984,123	1,009,361	878,246	671,401	288,016	71,194	48,081	17,824
Adjusted gross income.....	31,060,146	3,111,679	7,343,441	8,697,703	5,461,806	1,914,192	1,992,674	2,538,649
Salaries and wages:								
Number of returns.....	1,058,803	455,197	285,512	201,608	81,523	19,009	11,666	4,288
Amount.....	23,433,785	3,043,161	5,726,815	7,077,656	4,268,319	1,307,757	1,082,108	927,969
Interest income:								
Number of returns.....	711,017	221,773	191,828	172,674	83,034	21,535	14,670	5,503
Amount.....	2,250,906	418,226	474,040	424,077	310,552	142,633	191,599	289,779
Dividends:								
Number of returns.....	206,604	41,759	45,112	55,940	37,105	12,545	9,843	4,300
Amount.....	573,208	54,630	69,753	86,082	79,561	48,121	74,307	160,754
Net capital gain (less loss):								
Number of returns.....	133,468	29,660	29,297	31,660	21,624	8,702	8,397	4,128
Amount.....	825,451	81,762	44,445	62,611	71,891	51,130	104,650	408,963
Taxable pensions and annuities:								
Number of returns.....	200,885	59,030	61,195	47,278	22,872	5,947	3,533	1,030
Amount.....	1,891,400	335,987	585,808	500,006	283,755	90,639	65,126	30,080
Unemployment compensation:								
Number of returns.....	58,583	23,186	21,517	10,879	2,522	338	123	18
Amount.....	97,307	38,194	35,589	18,181	4,400	647	255	41
Total itemized deductions:								
Number of returns.....	354,617	31,225	79,451	127,540	75,617	20,799	14,497	5,488
Amount.....	3,855,378	279,964	598,867	1,108,930	857,438	320,216	328,977	360,985
Taxable income:								
Number of returns.....	999,723	306,193	333,664	225,085	91,641	22,523	15,060	5,557
Amount.....	19,951,968	1,010,749	3,965,167	5,828,095	3,973,974	1,452,632	1,573,237	2,148,113
Total tax liability:								
Number of returns.....	1,034,084	340,073	334,079	225,101	91,668	22,530	15,069	5,564
Amount.....	4,012,707	195,594	650,422	988,355	793,117	338,419	426,782	620,017
Average (whole dollars).....	3,880	575	1,946	4,390	8,652	15,020	28,321	111,433
Earned income credit:								
Number of returns.....	178,748	135,459	43,289	--	--	--	--	--
Amount.....	100,317	90,846	9,471	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	125,300	118,744	6,556	--	--	--	--	--
Amount.....	69,438	68,178	1,260	--	--	--	--	--
OREGON								
Number of returns.....	1,271,165	553,072	332,396	238,692	97,047	24,861	18,610	6,487
Number of exemptions.....	2,801,940	854,388	793,088	695,522	301,225	77,632	59,557	20,528
Adjusted gross income.....	33,361,153	3,326,807	7,247,783	9,217,722	5,775,922	2,115,911	2,467,255	3,209,754
Salaries and wages:								
Number of returns.....	1,033,152	416,143	277,240	213,283	86,146	20,727	14,590	5,023
Amount.....	23,695,715	2,705,797	5,523,748	7,412,370	4,409,263	1,358,330	1,282,243	1,003,963
Interest income:								
Number of returns.....	815,600	259,529	217,099	198,745	91,282	24,206	18,294	6,445
Amount.....	2,372,015	468,788	518,404	457,278	309,312	143,675	193,886	280,671
Dividends:								
Number of returns.....	261,670	63,953	60,569	64,242	40,897	14,317	12,529	5,163
Amount.....	790,389	94,545	121,206	135,212	107,725	63,367	93,403	174,932
Net capital gain (less loss):								
Number of returns.....	193,573	43,137	44,259	46,020	30,955	12,386	11,695	5,121
Amount.....	1,639,526	90,871	91,014	153,141	177,405	130,444	263,600	733,052
Taxable pensions and annuities:								
Number of returns.....	197,357	70,340	60,401	39,337	18,000	4,960	3,275	1,044
Amount.....	1,710,841	349,308	541,954	428,427	231,242	73,196	54,010	32,704
Unemployment compensation:								
Number of returns.....	102,250	35,125	36,566	23,869	5,537	800	307	46
Amount.....	176,108	53,557	67,342	42,122	10,545	1,698	722	121
Total itemized deductions:								
Number of returns.....	442,707	44,499	99,740	161,134	88,694	24,003	18,214	6,423
Amount.....	5,103,136	343,431	759,905	1,494,458	1,122,560	427,780	473,253	481,750
Taxable income:								
Number of returns.....	1,025,733	313,690	326,879	238,294	96,963	24,835	18,594	6,478
Amount.....	21,273,417	1,051,939	4,054,838	6,016,917	4,035,322	1,540,808	1,881,840	2,691,753
Total tax liability:								
Number of returns.....	1,045,128	332,385	327,541	238,311	96,972	24,838	18,597	6,484
Amount.....	4,327,741	189,657	665,468	1,030,508	803,899	361,176	507,582	769,449
Average (whole dollars).....	4,140	570	2,031	4,324	8,290	14,541	27,293	118,668
Earned income credit:								
Number of returns.....	117,817	86,740	31,077	--	--	--	--	--
Amount.....	64,260	57,566	6,694	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	79,764	75,060	4,704	--	--	--	--	--
Amount.....	43,905	42,986	919	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989—(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
PENNSYLVANIA								
Number of returns.....	5,505,648	2,296,933	1,450,585	1,060,373	455,762	119,163	88,170	34,662
Number of exemptions.....	11,562,397	3,215,634	3,194,026	2,974,124	1,405,762	374,558	284,611	113,682
Adjusted gross income.....	153,471,041	14,551,402	31,553,951	41,029,578	27,196,092	10,141,378	11,668,215	17,330,425
Salaries and wages:								
Number of returns.....	4,542,699	1,692,243	1,245,430	976,110	420,397	106,089	73,852	28,578
Amount.....	114,491,428	10,842,050	24,847,173	34,565,248	22,387,115	7,525,105	7,196,712	7,128,023
Interest income:								
Number of returns.....	3,778,289	1,210,584	993,142	906,730	430,749	115,846	86,755	34,483
Amount.....	9,864,202	2,032,824	2,130,735	1,844,556	1,217,541	541,516	742,118	1,354,912
Dividends:								
Number of returns.....	1,271,700	308,192	276,652	310,292	208,457	73,818	64,838	29,451
Amount.....	4,343,960	432,193	565,337	665,445	580,371	338,774	559,269	1,202,572
Net capital gain (less loss):								
Number of returns.....	550,483	106,070	107,343	124,956	95,858	43,066	47,330	25,860
Amount.....	5,235,294	215,309	185,236	330,591	427,192	325,611	749,070	3,002,285
Taxable pensions and annuities:								
Number of returns.....	971,023	370,321	273,679	184,115	91,794	25,993	18,526	6,595
Amount.....	7,460,986	1,827,166	2,240,629	1,589,766	909,829	337,057	298,305	258,234
Unemployment compensation:								
Number of returns.....	423,189	131,708	149,843	108,575	27,551	3,780	1,500	232
Amount.....	913,100	241,399	354,740	237,889	63,461	10,318	4,386	907
Total itemized deductions:								
Number of returns.....	1,401,642	76,219	248,370	503,613	349,357	106,863	83,184	34,036
Amount.....	16,317,849	786,955	1,923,369	4,355,150	3,914,298	1,636,664	1,830,012	1,871,403
Taxable income:								
Number of returns.....	4,621,950	1,429,997	1,435,889	1,058,849	455,412	119,076	88,104	34,623
Amount.....	104,379,381	4,910,214	18,879,299	28,290,091	20,031,062	7,733,075	9,288,191	15,247,449
Total tax liability:								
Number of returns.....	4,668,592	1,475,176	1,437,128	1,058,928	455,482	119,103	88,129	34,646
Amount.....	21,436,087	837,983	3,050,772	4,859,705	4,018,512	1,801,281	2,504,018	4,363,813
Average (whole dollars).....	4,591	568	2,122	4,589	8,822	15,123	28,413	125,954
Earned income credit:								
Number of returns.....	427,130	302,939	124,191	--	--	--	--	--
Amount.....	227,340	200,635	26,705	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	269,543	255,754	13,789	--	--	--	--	--
Amount.....	145,931	143,350	2,581	--	--	--	--	--
RHODE ISLAND								
Number of returns.....	476,028	189,163	128,073	93,596	42,832	11,145	8,071	3,148
Number of exemptions.....	950,613	238,166	258,865	254,040	129,488	34,589	25,401	10,064
Adjusted gross income.....	13,698,028	1,179,171	2,775,080	3,634,644	2,557,812	947,725	1,070,723	1,532,872
Salaries and wages:								
Number of returns.....	408,138	149,511	112,593	86,670	39,959	10,003	6,776	2,626
Amount.....	10,299,500	1,016,563	2,238,812	3,046,867	2,102,701	689,869	612,605	592,084
Interest income:								
Number of returns.....	326,075	95,415	87,257	80,748	40,650	10,884	7,987	3,134
Amount.....	956,825	162,710	200,254	190,629	131,404	61,197	82,648	127,983
Dividends:								
Number of returns.....	103,585	22,875	23,024	25,771	17,452	6,303	5,584	2,576
Amount.....	326,395	25,392	36,155	46,463	43,939	27,033	48,878	98,534
Net capital gain (less loss):								
Number of returns.....	45,557	7,404	8,308	10,630	8,498	4,005	4,369	2,343
Amount.....	523,218	19,297	14,250	30,487	47,993	42,250	90,331	278,611
Taxable pensions and annuities:								
Number of returns.....	69,461	21,223	20,651	15,351	7,863	2,217	1,563	593
Amount.....	568,437	95,347	161,182	143,604	88,798	33,960	28,401	17,144
Unemployment compensation:								
Number of returns.....	44,628	13,421	14,421	12,165	3,699	588	286	48
Amount.....	98,262	25,855	34,125	26,966	8,670	1,598	883	164
Total itemized deductions:								
Number of returns.....	139,428	8,065	24,038	49,801	35,915	10,585	7,906	3,118
Amount.....	1,817,125	82,798	200,710	478,297	445,483	178,872	203,983	226,982
Taxable income:								
Number of returns.....	411,094	126,273	126,372	93,363	42,771	11,128	8,049	3,138
Amount.....	9,262,267	465,785	1,696,464	2,463,781	1,827,544	700,618	819,439	1,288,635
Total tax liability:								
Number of returns.....	414,698	129,430	126,720	93,416	42,793	11,135	8,058	3,146
Amount.....	1,884,733	78,139	273,688	424,232	360,632	160,687	219,532	367,823
Average (whole dollars).....	4,544	603	2,159	4,541	8,427	14,430	27,243	116,917
Earned income credit:								
Number of returns.....	33,649	24,029	9,620	--	--	--	--	--
Amount.....	18,019	15,904	2,114	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	21,215	20,148	1,067	--	--	--	--	--
Amount.....	11,569	11,370	199	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(2)	(3)	(4)	(5)	(6)	(7)	(8)
SOUTH CAROLINA								
Number of returns.....	1,512,913	705,094	396,269	254,876	107,281	26,122	17,302	5,969
Number of exemptions.....	3,272,026	1,083,897	942,500	747,570	339,650	83,409	55,719	19,281
Adjusted gross income.....	36,548,640	4,626,868	8,488,237	9,861,143	6,392,404	2,219,663	2,278,704	2,681,620
Salaries and wages:								
Number of returns.....	1,346,987	609,682	358,940	237,043	99,168	23,221	14,230	4,703
Amount.....	28,869,734	4,229,401	7,164,875	8,356,534	5,210,127	1,604,338	1,304,430	1,000,029
Interest income:								
Number of returns.....	747,703	206,940	203,828	191,390	97,454	25,162	16,998	5,931
Amount.....	1,814,312	309,572	358,573	348,527	260,297	124,395	167,233	245,715
Dividends:								
Number of returns.....	222,995	41,348	46,144	58,643	44,477	15,442	12,084	4,857
Amount.....	663,023	53,350	78,025	103,753	102,037	61,995	101,837	162,027
Net capital gain (less loss):								
Number of returns.....	126,742	20,977	23,920	30,708	25,568	10,707	10,134	4,728
Amount.....	1,215,244	55,032	47,122	85,228	115,051	91,462	200,579	620,769
Taxable pensions and annuities:								
Number of returns.....	204,678	52,638	59,049	51,799	28,152	7,303	4,480	1,257
Amount.....	1,871,712	261,689	509,311	514,541	338,252	116,224	92,571	39,124
Unemployment compensation:								
Number of returns.....	88,086	40,944	27,299	16,299	3,014	368	153	9
Amount.....	95,692	44,276	28,683	17,797	4,014	609	285	28
Total itemized deductions:								
Number of returns.....	412,828	26,550	91,750	151,659	95,002	25,000	16,956	5,911
Amount.....	4,974,452	237,225	746,660	1,432,019	1,197,588	440,009	443,685	477,267
Taxable income:								
Number of returns.....	1,189,706	389,048	390,259	254,098	107,053	26,061	17,233	5,954
Amount.....	22,672,767	1,374,024	4,703,599	6,509,892	4,507,530	1,624,062	1,734,682	2,218,977
Total tax liability:								
Number of returns.....	1,205,268	404,471	390,108	254,263	107,124	26,077	17,262	5,963
Amount.....	4,410,132	233,127	748,792	1,081,733	878,012	371,664	461,589	635,215
Average (whole dollars).....	3,659	576	1,919	4,254	8,196	14,252	26,740	106,526
Earned income credit:								
Number of returns.....	238,564	184,302	54,262	--	--	--	--	--
Amount.....	139,108	126,837	12,271	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	172,683	164,794	7,889	--	--	--	--	--
Amount.....	101,449	99,936	1,513	--	--	--	--	--
SOUTH DAKOTA								
Number of returns.....	305,055	150,329	81,687	50,602	15,200	3,524	2,681	1,032
Number of exemptions.....	695,086	233,097	222,507	164,576	50,677	11,693	9,045	3,491
Adjusted gross income.....	6,490,107	770,340	1,770,077	1,932,013	896,215	300,572	355,556	465,334
Salaries and wages:								
Number of returns.....	240,714	112,285	66,827	43,684	12,525	2,608	1,955	830
Amount.....	4,427,892	698,728	1,265,273	1,425,700	572,223	142,959	146,027	176,983
Interest income:								
Number of returns.....	203,263	81,369	57,307	43,131	14,359	3,428	2,642	1,027
Amount.....	577,478	134,885	148,580	118,691	69,313	29,111	34,749	42,149
Dividends:								
Number of returns.....	59,671	17,527	15,926	14,652	6,971	2,057	1,743	795
Amount.....	137,221	20,104	25,185	25,063	18,996	9,728	13,579	24,565
Net capital gain (less loss):								
Number of returns.....	55,126	16,641	15,547	12,586	5,858	1,939	1,750	805
Amount.....	304,259	40,247	50,501	58,791	39,892	20,387	31,914	62,527
Taxable pensions and annuities:								
Number of returns.....	36,753	13,066	11,955	7,686	2,772	665	446	163
Amount.....	244,153	51,698	82,453	63,505	28,165	8,150	5,283	4,898
Unemployment compensation:								
Number of returns.....	9,685	3,882	3,771	1,760	228	33	10	*
Amount.....	13,243	5,089	5,252	2,434	368	78	17	*
Total itemized deductions:								
Number of returns.....	46,987	5,229	11,257	17,296	8,404	2,184	1,785	832
Amount.....	454,840	48,298	84,368	141,136	85,913	28,995	31,461	34,668
Taxable income:								
Number of returns.....	239,845	86,461	80,379	50,575	15,195	3,523	2,681	1,031
Amount.....	4,180,901	271,400	954,238	1,306,855	679,396	242,947	302,767	423,298
Total tax liability:								
Number of returns.....	249,104	95,859	80,298	50,516	15,194	3,524	2,681	1,032
Amount.....	858,627	53,300	163,367	228,503	145,441	60,817	85,530	121,669
Average (whole dollars).....	3,446	556	2,034	4,523	9,572	17,257	31,902	117,896
Earned income credit:								
Number of returns.....	33,534	24,321	9,213	--	--	--	--	--
Amount.....	17,840	15,843	1,997	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	21,880	20,454	1,426	--	--	--	--	--
Amount.....	11,141	10,873	267	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TENNESSEE								
Number of returns.....	2,134,316	981,639	561,895	366,741	148,284	37,317	27,388	11,052
Number of exemptions.....	4,635,192	1,543,413	1,340,405	1,050,843	460,056	116,827	88,211	35,437
Adjusted gross income.....	53,532,682	6,123,466	12,124,238	14,137,616	8,832,587	3,173,342	3,632,502	5,508,930
Salaries and wages:								
Number of returns.....	1,859,366	811,725	504,431	341,307	137,253	32,993	22,682	8,975
Amount.....	41,995,450	5,494,799	10,177,878	12,176,746	7,310,954	2,325,290	2,191,229	2,318,554
Interest income:								
Number of returns.....	1,117,257	334,121	298,842	276,949	133,978	35,688	26,723	10,956
Amount.....	3,242,523	599,122	646,323	587,093	419,094	199,336	274,705	516,851
Dividends:								
Number of returns.....	300,674	60,935	62,721	76,384	54,422	19,747	17,723	8,742
Amount.....	938,354	77,663	94,202	116,823	113,466	72,354	126,230	337,616
Net capital gain (less loss):								
Number of returns.....	176,409	32,863	34,851	40,455	30,828	13,855	15,115	8,442
Amount.....	2,033,822	111,200	70,859	115,770	135,767	110,037	247,153	1,243,036
Taxable pensions and annuities:								
Number of returns.....	276,263	87,989	81,049	61,277	30,424	8,116	5,425	1,983
Amount.....	2,179,973	435,120	635,711	541,626	322,732	110,831	90,039	43,913
Unemployment compensation:								
Number of returns.....	165,716	70,945	56,614	31,054	5,924	803	333	43
Amount.....	192,927	79,888	66,582	35,983	8,284	1,417	683	91
Total itemized deductions:								
Number of returns.....	417,297	29,957	83,554	141,936	98,635	29,689	23,349	10,177
Amount.....	4,594,687	269,054	635,915	1,214,093	1,062,095	423,889	471,517	518,124
Taxable income:								
Number of returns.....	1,685,604	539,367	556,061	366,311	148,181	37,290	27,358	11,036
Amount.....	35,501,634	1,843,354	6,864,690	9,777,176	6,631,249	2,487,086	2,974,152	4,923,927
Total tax liability:								
Number of returns.....	1,721,749	575,348	556,109	366,378	148,197	37,302	27,372	11,043
Amount.....	7,222,309	329,012	1,103,711	1,648,770	1,336,155	584,551	810,589	1,409,523
Average (whole dollars).....	4,194	571	1,984	4,500	9,016	15,670	29,613	127,639
Earned income credit:								
Number of returns.....	309,643	236,863	72,780	--	--	--	--	--
Amount.....	176,003	159,741	16,262	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	218,078	209,052	9,026	--	--	--	--	--
Amount.....	122,788	121,083	1,704	--	--	--	--	--

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TEXAS								
Number of returns.....	7,237,421	3,354,598	1,755,143	1,193,619	588,594	175,421	124,143	45,903
Number of exemptions.....	16,646,156	5,799,964	4,439,240	3,464,171	1,847,998	551,932	394,669	148,182
Adjusted gross income.....	191,165,392	15,976,476	37,977,897	46,262,302	35,350,710	14,940,386	16,349,869	24,307,752
Salaries and wages:								
Number of returns.....	6,165,485	2,703,950	1,543,765	1,087,083	537,635	155,668	102,688	34,696
Amount.....	147,696,707	18,197,390	31,297,474	38,746,701	29,048,040	11,320,591	10,288,706	8,797,804
Interest income:								
Number of returns.....	3,705,310	1,069,431	904,768	878,976	520,605	165,791	120,331	45,408
Amount.....	13,626,033	2,234,682	2,118,261	2,192,415	1,801,725	958,580	1,379,098	2,941,273
Dividends:								
Number of returns.....	1,101,153	200,696	204,166	270,080	219,685	92,037	79,046	35,443
Amount.....	3,943,005	316,099	346,489	471,876	486,014	316,955	543,348	1,462,225
Net capital gain (less loss):								
Number of returns.....	731,059	131,315	129,877	162,760	137,714	66,090	68,139	35,164
Amount.....	8,318,423	937,330	180,325	305,012	415,641	346,551	864,078	5,269,486
Taxable pensions and annuities:								
Number of returns.....	900,083	232,837	245,823	216,929	130,368	40,039	25,987	8,100
Amount.....	8,447,877	1,251,248	2,152,833	2,160,595	1,503,630	573,241	494,968	311,360
Unemployment compensation:								
Number of returns.....	335,946	142,286	105,706	61,587	20,481	3,917	1,758	211
Amount.....	636,994	240,631	213,003	125,232	44,020	8,988	4,497	623
Total itemized deductions:								
Number of returns.....	1,553,908	115,114	269,673	482,831	397,509	140,505	106,187	42,089
Amount.....	19,623,358	1,360,828	2,318,924	4,413,396	4,518,295	2,108,266	2,307,207	2,596,445
Taxable income:								
Number of returns.....	5,497,731	1,652,723	1,721,023	1,191,260	587,875	175,184	123,891	45,775
Amount.....	130,965,136	5,495,253	21,060,452	31,823,595	26,319,941	11,606,907	13,219,126	21,439,860
Total tax liability:								
Number of returns.....	5,642,172	1,796,089	1,721,191	1,191,682	588,086	175,270	124,006	45,848
Amount.....	27,691,584	1,031,466	3,420,366	5,498,032	5,324,022	2,707,472	3,570,532	6,139,695
Average (whole dollars).....	4,907	574	1,987	4,613	9,053	15,447	28,793	133,914
Earned income credit:								
Number of returns.....	1,127,639	886,536	241,103	--	--	--	--	--
Amount.....	655,009	601,288	53,721	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	845,993	799,779	46,214	--	--	--	--	--
Amount.....	486,344	476,992	9,354	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(2)	(3)	(4)	(5)	(6)	(7)	(8)
UTAH								
Number of returns.....	661,441	286,778	165,652	135,258	52,201	11,146	7,830	2,576
Number of exemptions.....	1,682,324	406,445	477,892	508,276	203,737	43,050	32,150	10,774
Adjusted gross income.....	16,766,778	1,540,238	3,640,606	5,231,280	3,091,173	946,587	1,036,713	1,280,182
Salaries and wages:								
Number of returns.....	565,235	228,953	143,070	126,018	48,525	9,900	6,655	2,114
Amount.....	13,159,609	1,446,656	2,905,020	4,478,449	2,547,854	681,983	639,188	460,458
Interest income:								
Number of returns.....	421,427	132,446	109,184	110,863	48,019	10,710	7,646	2,559
Amount.....	843,456	167,158	181,848	162,156	112,294	52,420	65,316	102,265
Dividends:								
Number of returns.....	111,331	24,725	25,096	30,523	18,581	5,702	4,780	1,924
Amount.....	295,323	31,204	39,022	47,125	41,597	22,612	36,579	77,183
Net capital gain (less loss):								
Number of returns.....	78,618	17,123	17,283	19,964	13,161	4,687	4,484	1,916
Amount.....	514,939	36,576	27,027	39,361	45,523	32,633	69,433	264,387
Taxable pensions and annuities:								
Number of returns.....	96,622	27,770	30,332	23,213	10,972	2,458	1,443	434
Amount.....	962,597	163,080	313,939	262,567	142,692	40,037	27,575	12,707
Unemployment compensation:								
Number of returns.....	31,963	10,213	11,646	8,155	1,689	192	68	*
Amount.....	53,299	15,244	20,587	13,988	2,949	386	146	*
Total itemized deductions:								
Number of returns.....	242,323	18,568	56,353	98,758	47,701	10,717	7,676	2,550
Amount.....	2,823,219	139,658	442,317	977,880	637,106	200,279	216,316	209,662
Taxable income:								
Number of returns.....	532,931	164,930	159,541	134,807	52,147	11,132	7,805	2,569
Amount.....	9,931,568	508,584	1,831,178	3,084,795	2,034,552	661,296	758,742	1,052,421
Total tax liability:								
Number of returns.....	542,724	172,935	161,213	134,886	52,161	11,132	7,822	2,575
Amount.....	1,932,021	90,188	298,094	510,894	386,340	149,586	199,269	297,650
Average (whole dollars).....	3,559	521	1,849	3,787	7,406	13,437	25,475	115,592
Earned income credit:								
Number of returns.....	65,817	46,617	19,200	--	--	--	--	--
Amount.....	35,223	31,121	4,102	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	44,123	40,220	3,903	--	--	--	--	--
Amount.....	23,702	22,930	772	--	--	--	--	--

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
		(2)	(3)	(4)	(5)	(6)	(7)	(8)
VERMONT								
Number of returns.....	267,517	111,751	72,774	51,055	21,295	5,507	3,909	1,226
Number of exemptions.....	553,456	147,636	158,657	146,713	66,651	17,395	12,504	3,900
Adjusted gross income.....	7,102,811	719,678	1,578,235	1,973,917	1,269,281	469,743	515,676	576,281
Salaries and wages:								
Number of returns.....	226,475	87,114	64,075	47,096	19,427	4,734	3,112	917
Amount.....	5,180,246	583,320	1,262,056	1,626,072	989,026	304,778	261,387	153,607
Interest income:								
Number of returns.....	184,622	59,460	49,892	44,287	20,477	5,409	3,873	1,224
Amount.....	469,374	89,636	98,220	91,106	65,089	31,411	44,163	49,749
Dividends:								
Number of returns.....	62,526	15,240	13,598	15,555	10,384	3,693	3,003	1,053
Amount.....	236,373	22,727	30,790	36,779	34,788	22,552	39,173	49,564
Net capital gain (less loss):								
Number of returns.....	35,240	7,359	7,298	8,207	6,155	2,669	2,548	1,004
Amount.....	374,248	18,505	22,543	37,024	44,034	33,544	68,983	149,615
Taxable pensions and annuities:								
Number of returns.....	32,981	10,704	9,421	7,200	3,655	975	765	261
Amount.....	250,389	47,122	70,751	61,637	37,886	13,417	12,424	7,151
Unemployment compensation:								
Number of returns.....	17,499	6,649	6,243	3,819	651	95	36	6
Amount.....	26,728	10,074	9,557	5,682	1,110	197	88	20
Total itemized deductions:								
Number of returns.....	74,675	5,602	14,572	26,618	17,733	5,166	3,773	1,211
Amount.....	885,331	50,153	115,901	240,367	207,007	83,943	92,842	95,117
Taxable income:								
Number of returns.....	226,530	71,893	71,806	50,939	21,263	5,503	3,903	1,223
Amount.....	4,662,545	259,682	931,244	1,330,266	916,013	350,988	400,345	474,007
Total tax liability:								
Number of returns.....	231,335	76,456	72,024	50,951	21,271	5,504	3,904	1,225
Amount.....	935,899	46,678	153,660	227,979	183,482	82,160	106,923	135,018
Average (whole dollars).....	4,045	610	2,133	4,474	8,625	14,927	27,388	110,218
Earned income credit:								
Number of returns.....	20,463	14,289	6,174	--	--	--	--	--
Amount.....	10,616	9,279	1,337	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	12,148	11,485	663	--	--	--	--	--
Amount.....	6,044	5,923	121	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VIRGINIA								
Number of returns.....	2,863,544	1,100,800	729,172	548,032	296,605	103,162	67,452	18,321
Number of exemptions.....	5,953,357	1,456,915	1,564,181	1,454,234	889,600	319,075	210,434	58,918
Adjusted gross income.....	88,219,678	7,025,141	15,904,071	21,313,265	17,909,082	8,805,345	8,718,408	8,544,365
Salaries and wages:								
Number of returns.....	2,500,165	903,066	651,270	503,815	273,614	94,530	59,187	14,683
Amount.....	68,407,640	6,261,265	13,305,540	18,005,744	14,799,558	6,933,046	5,806,391	3,296,095
Interest income:								
Number of returns.....	1,712,486	427,319	407,189	424,634	270,198	99,021	65,950	18,175
Amount.....	4,719,544	677,327	754,911	830,131	722,150	394,012	527,552	813,462
Dividends:								
Number of returns.....	609,986	103,808	105,305	149,426	130,726	59,113	46,568	15,040
Amount.....	1,875,951	130,012	174,048	261,017	297,549	203,222	320,050	490,053
Net capital gain (less loss):								
Number of returns.....	308,875	43,104	47,000	67,176	65,623	35,975	35,803	14,194
Amount.....	3,440,064	181,821	96,125	178,751	264,721	247,435	607,351	1,863,859
Taxable pensions and annuities:								
Number of returns.....	422,708	97,053	109,269	100,741	67,718	25,918	18,158	3,851
Amount.....	4,971,948	520,116	1,022,753	1,243,515	1,073,489	528,925	451,718	131,431
Unemployment compensation:								
Number of returns.....	129,830	45,650	46,716	28,938	6,736	1,239	498	53
Amount.....	131,762	44,071	46,613	28,701	9,036	2,223	981	136
Total itemized deductions:								
Number of returns.....	953,331	46,468	157,685	311,600	254,599	98,646	66,206	18,127
Amount.....	13,214,423	460,947	1,346,255	3,134,374	3,429,568	1,800,379	1,721,910	1,320,989
Taxable income:								
Number of returns.....	2,442,508	691,373	719,436	546,693	296,304	103,075	67,352	18,275
Amount.....	58,870,222	2,460,782	9,365,727	14,289,286	12,561,174	6,371,616	6,597,800	7,223,837
Total tax liability:								
Number of returns.....	2,464,438	712,056	720,219	546,953	296,395	103,108	67,405	18,302
Amount.....	12,066,851	413,900	1,497,573	2,454,630	2,472,814	1,434,356	1,728,122	2,065,457
Average (whole dollars).....	4,896	581	2,079	4,487	8,342	13,911	25,637	112,854
Earned income credit:								
Number of returns.....	253,093	183,935	69,158	--	--	--	--	--
Amount.....	141,158	126,037	15,121	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	168,378	159,385	8,993	--	--	--	--	--
Amount.....	95,927	94,219	1,707	--	--	--	--	--
WASHINGTON								
Number of returns.....	2,232,220	873,053	572,921	459,004	217,613	57,608	39,053	12,968
Number of exemptions.....	4,797,608	1,221,370	1,274,436	1,289,595	670,733	177,271	123,302	40,901
Adjusted gross income.....	65,106,425	5,105,863	12,524,482	17,829,014	13,019,783	4,898,239	5,134,605	6,594,438
Salaries and wages:								
Number of returns.....	1,865,141	678,695	483,284	414,267	197,445	49,972	31,442	10,036
Amount.....	47,962,200	4,547,625	9,791,655	14,669,850	10,412,037	3,458,834	2,920,272	2,161,926
Interest income:								
Number of returns.....	1,467,825	407,245	372,376	378,476	202,550	55,887	38,398	12,893
Amount.....	4,179,033	670,206	816,582	813,505	610,836	292,161	387,373	588,370
Dividends:								
Number of returns.....	482,238	97,599	102,143	123,534	88,978	32,946	26,624	10,414
Amount.....	1,535,117	138,468	195,922	241,007	216,613	123,243	192,563	427,300
Net capital gain (less loss):								
Number of returns.....	328,952	58,437	67,261	80,141	61,538	26,386	24,660	10,529
Amount.....	3,307,138	196,163	123,641	236,431	319,702	251,055	523,590	1,656,556
Taxable pensions and annuities:								
Number of returns.....	354,378	97,341	100,580	83,549	48,789	13,887	7,991	2,241
Amount.....	3,332,025	535,389	958,752	873,866	551,893	192,372	142,295	77,458
Unemployment compensation:								
Number of returns.....	167,317	53,039	56,651	42,528	12,510	1,818	695	76
Amount.....	310,759	89,082	111,953	79,022	24,611	4,273	1,622	196
Total itemized deductions:								
Number of returns.....	629,897	45,082	115,585	221,636	155,808	46,687	33,449	11,650
Amount.....	7,042,758	486,202	911,223	1,976,223	1,742,035	685,403	697,570	544,102
Taxable income:								
Number of returns.....	1,883,157	533,067	564,808	458,319	217,456	57,561	38,996	12,950
Amount.....	45,204,555	1,886,957	7,411,627	12,258,602	9,673,026	3,820,119	4,180,507	5,973,717
Total tax liability:								
Number of returns.....	1,903,285	552,453	565,449	458,350	217,487	57,576	39,013	12,957
Amount.....	9,351,678	335,674	1,206,451	2,130,689	1,954,779	896,823	1,128,334	1,698,929
Average (whole dollars).....	4,913	607	2,133	4,648	8,988	15,576	28,922	131,120
Earned income credit:								
Number of returns.....	171,827	124,224	47,603	--	--	--	--	--
Amount.....	91,635	81,526	10,109	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	114,621	107,673	6,948	--	--	--	--	--
Amount.....	62,243	60,908	1,336	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and Item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
WEST VIRGINIA								
Number of returns.....	688,409	321,700	176,039	126,558	46,626	9,100	6,125	2,261
Number of exemptions.....	1,581,656	543,639	454,038	380,088	147,593	28,588	19,958	7,752
Adjusted gross income.....	16,192,043	2,159,830	3,810,550	4,897,359	2,750,586	772,147	810,919	990,653
Salaries and wages:								
Number of returns.....	573,534	246,104	151,865	118,052	43,225	7,774	4,751	1,763
Amount.....	12,310,438	1,562,438	2,990,908	4,209,199	2,265,938	520,014	401,865	360,076
Interest income:								
Number of returns.....	403,069	136,313	107,483	99,750	42,555	8,778	5,947	2,243
Amount.....	970,718	232,389	240,949	187,721	116,957	49,777	61,240	81,686
Dividends:								
Number of returns.....	122,363	28,098	26,881	33,669	21,552	5,792	4,450	1,921
Amount.....	356,653	34,791	48,688	57,324	50,731	29,461	50,908	84,750
Net capital gain (less loss):								
Number of returns.....	52,690	11,344	11,384	12,709	8,861	3,371	3,355	1,666
Amount.....	348,529	13,339	22,773	33,957	37,955	28,164	53,481	158,861
Taxable pensions and annuities:								
Number of returns.....	127,047	51,590	35,976	23,389	11,676	2,530	1,450	436
Amount.....	973,599	276,994	310,018	207,185	114,656	34,604	22,108	8,034
Unemployment compensation:								
Number of returns.....	59,044	21,519	22,311	12,690	2,228	224	62	10
Amount.....	99,011	31,017	41,461	21,909	3,980	471	163	11
Total itemized deductions:								
Number of returns.....	107,611	5,779	18,073	40,102	28,305	7,453	5,680	2,219
Amount.....	1,235,077	128,088	170,037	323,569	279,563	98,620	113,436	121,764
Taxable income:								
Number of returns.....	538,548	173,417	174,600	126,457	46,601	9,095	6,115	2,259
Amount.....	10,290,058	562,499	2,106,383	3,405,314	2,091,313	611,240	658,629	854,680
Total tax liability:								
Number of returns.....	551,750	186,499	174,699	126,463	46,609	9,098	6,121	2,261
Amount.....	1,996,890	100,454	339,225	566,465	418,238	144,846	180,997	246,665
Average (whole dollars).....	3,619	538	1,941	4,479	8,973	15,920	29,569	109,095
Earned income credit:								
Number of returns.....	90,383	67,900	22,483	--	--	--	--	--
Amount.....	49,810	44,874	4,936	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	62,957	60,282	2,675	--	--	--	--	--
Amount.....	34,774	34,296	478	--	--	--	--	--
WISCONSIN								
Number of returns.....	2,221,738	937,124	556,170	458,477	189,864	41,278	28,468	10,357
Number of exemptions.....	4,758,350	1,250,051	1,259,182	1,371,962	613,868	134,477	94,798	34,012
Adjusted gross income.....	59,257,300	5,818,735	12,158,209	17,808,042	11,256,002	3,503,468	3,765,167	4,947,677
Salaries and wages:								
Number of returns.....	1,888,749	728,461	482,969	428,815	177,844	37,115	24,583	8,962
Amount.....	45,581,936	4,573,496	9,565,542	15,166,202	9,332,922	2,564,359	2,362,852	2,016,563
Interest income:								
Number of returns.....	1,643,275	556,686	414,044	410,837	182,788	40,458	28,144	10,318
Amount.....	3,713,039	804,446	833,937	705,699	464,154	195,627	253,753	455,422
Dividends:								
Number of returns.....	515,119	127,749	113,650	134,004	84,906	25,464	20,651	8,695
Amount.....	1,387,246	156,810	201,334	228,390	198,150	111,401	174,017	317,145
Net capital gain (less loss):								
Number of returns.....	302,495	68,865	69,110	73,702	48,524	17,648	16,747	7,899
Amount.....	1,880,721	140,437	182,238	251,186	243,113	148,449	273,446	641,852
Taxable pensions and annuities:								
Number of returns.....	333,829	120,137	96,211	69,677	32,865	7,760	5,158	2,021
Amount.....	2,252,295	541,763	719,487	509,052	266,853	88,507	74,914	51,720
Unemployment compensation:								
Number of returns.....	189,991	49,981	66,974	57,048	14,347	1,211	385	45
Amount.....	304,235	73,655	116,119	89,100	22,516	2,026	735	85
Total itemized deductions:								
Number of returns.....	695,735	43,224	125,016	280,622	169,135	39,586	27,857	10,295
Amount.....	7,646,538	354,579	986,373	2,410,177	1,920,527	635,122	659,874	679,885
Taxable income:								
Number of returns.....	1,888,833	611,042	549,883	458,064	189,783	41,259	28,451	10,351
Amount.....	38,772,752	1,990,632	7,142,951	11,869,722	8,035,580	2,602,490	2,924,712	4,206,666
Total tax liability:								
Number of returns.....	1,911,996	633,904	550,314	457,905	189,796	41,262	28,460	10,355
Amount.....	7,645,959	341,733	1,160,833	1,999,681	1,571,177	597,169	775,885	1,199,480
Average (whole dollars).....	3,998	539	2,109	4,367	8,278	14,472	27,262	115,835
Earned income credit:								
Number of returns.....	153,100	109,623	43,477	--	--	--	--	--
Amount.....	81,364	72,053	9,311	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	97,543	92,334	5,209	--	--	--	--	--
Amount.....	51,880	50,889	991	--	--	--	--	--

See notes following Table 20.

Selected Historical Data

Table 2. Individual Income and Tax Data by State and Size of Adjusted Gross Income, 1989--(Continued)

[Money amounts are in thousands of dollars, except where indicated]

State and item	All returns	Adjusted gross income						
		Under \$15,000 1/	\$15,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$75,000	\$75,000 under \$100,000	\$100,000 under \$200,000	\$200,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
WYOMING								
Number of returns.....	200,704	87,708	48,600	41,208	16,996	3,281	2,125	786
Number of exemptions.....	460,360	127,678	126,160	129,439	57,109	10,691	6,850	2,433
Adjusted gross income.....	5,220,416	404,079	1,064,155	1,607,623	1,004,703	277,822	279,363	582,672
Salaries and wages:								
Number of returns.....	168,695	68,898	41,664	37,802	15,544	2,732	1,551	504
Amount.....	3,790,418	431,641	827,975	1,348,456	807,918	170,120	118,465	85,843
Interest income:								
Number of returns.....	129,541	42,777	31,654	33,442	15,611	3,176	2,098	783
Amount.....	375,843	65,504	68,523	66,518	46,032	21,676	30,327	77,263
Dividends:								
Number of returns.....	43,208	10,250	9,336	11,926	7,540	1,994	1,502	660
Amount.....	149,770	16,107	18,796	23,808	19,710	10,256	17,056	44,037
Net capital gain (less loss):								
Number of returns.....	28,581	6,838	6,363	7,181	4,584	1,530	1,422	663
Amount.....	288,306	17,645	13,479	19,872	21,494	16,325	29,721	169,770
Taxable pensions and annuities:								
Number of returns.....	27,369	8,279	7,824	6,523	3,383	797	417	146
Amount.....	240,243	42,752	68,572	61,706	36,499	12,805	7,769	10,141
Unemployment compensation:								
Number of returns.....	12,632	4,249	5,120	2,700	510	40	13	*
Amount.....	22,002	6,695	9,565	4,712	898	102	30	*
Total itemized deductions:								
Number of returns.....	44,630	3,715	8,667	17,129	10,769	2,218	1,516	616
Amount.....	433,111	30,482	63,859	138,821	106,364	28,048	29,054	36,484
Taxable income:								
Number of returns.....	161,306	49,062	47,895	41,183	16,987	3,278	2,118	783
Amount.....	3,595,937	153,660	586,559	1,099,118	756,218	224,334	234,769	541,279
Total tax liability:								
Number of returns.....	165,216	52,879	47,988	41,173	16,993	3,277	2,121	785
Amount.....	738,713	28,590	97,184	187,604	152,413	53,918	64,999	154,006
Average (whole dollars).....	4,471	540	2,025	4,556	8,969	16,453	30,645	196,185
Earned income credit:								
Number of returns.....	19,865	14,505	5,360	--	--	--	--	--
Amount.....	10,725	9,560	1,165	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	13,340	12,539	801	--	--	--	--	--
Amount.....	7,180	7,028	153	--	--	--	--	--
OTHER AREAS 4/								
Number of returns.....	1,087,903	680,819	225,621	99,851	41,728	15,769	16,467	7,648
Number of exemptions.....	2,168,679	1,041,046	600,469	285,256	121,906	46,578	50,149	23,275
Adjusted gross income.....	20,372,526	2,083,114	4,721,030	3,793,598	2,518,216	1,352,211	2,227,490	3,676,869
Salaries and wages:								
Number of returns.....	780,909	418,613	200,746	89,072	37,354	14,091	14,548	6,485
Amount.....	24,105,529	6,365,708	4,902,823	3,908,098	2,632,312	1,437,701	2,356,087	2,502,800
Interest income:								
Number of returns.....	538,410	249,027	136,395	78,952	37,249	14,415	15,222	7,150
Amount.....	1,718,765	440,682	295,967	266,398	188,998	98,598	148,036	280,086
Dividends:								
Number of returns.....	189,888	68,817	38,758	34,533	21,127	9,446	11,263	5,944
Amount.....	670,447	94,215	75,324	84,933	76,850	48,614	90,269	200,243
Net capital gain (less loss):								
Number of returns.....	123,783	52,933	20,598	18,036	12,234	6,306	8,419	5,257
Amount.....	1,212,978	109,313	56,022	76,476	77,130	64,606	172,923	656,508
Taxable pensions and annuities:								
Number of returns.....	67,810	27,075	16,599	11,507	6,538	2,461	2,536	1,094
Amount.....	807,553	191,505	204,590	166,248	108,502	43,782	50,389	42,537
Unemployment compensation:								
Number of returns.....	9,219	4,042	3,260	1,258	398	123	111	27
Amount.....	21,573	9,611	7,036	2,959	1,084	428	366	89
Total itemized deductions:								
Number of returns.....	182,421	67,523	32,666	30,968	21,560	10,458	12,806	6,440
Amount.....	1,863,103	220,883	260,417	304,014	273,329	166,221	280,963	357,277
Taxable income:								
Number of returns.....	710,773	309,502	220,482	99,330	41,634	15,746	16,439	7,640
Amount.....	14,531,465	1,314,529	2,497,314	2,630,221	1,916,211	1,071,141	1,832,871	3,269,177
Total tax liability:								
Number of returns.....	770,592	384,441	211,772	94,306	40,675	15,527	16,289	7,582
Amount.....	2,581,596	320,909	366,477	414,379	350,787	205,203	329,224	594,616
Average (whole dollars).....	3,350	834	1,730	4,393	8,624	13,215	20,211	78,424
Earned income credit:								
Number of returns.....	47,642	27,295	20,347	--	--	--	--	--
Amount.....	22,754	18,025	4,729	--	--	--	--	--
Excess earned income credit: 3/								
Number of returns.....	29,773	24,988	4,785	--	--	--	--	--
Amount.....	15,150	14,252	898	--	--	--	--	--

See notes following Table 20.

Table 3.—Number of Individual Returns, Income, Tax and Average Tax by Size of Income, Tax Years 1986–1989

[All figures are estimates based on samples—money amounts are in thousands of dollars except as indicated]

Size of adjusted gross income	Number of returns for ⁴		Adjusted gross income (AGI) ^{1,4}		Taxable income ⁴	
	1986	1987	1986	1987	1986	1987
	(1)	(2)	(3)	(4)	(5)	(6)
Total	103,045,170	106,996,270	2,481,681,046	2,773,824,198	1,947,024,584	1,850,597,119
Less than \$1,000 ^{1,2}	3,082,866	3,691,379	- 41,192,239	- 38,160,729	2,988	155,369
\$1,000 under \$3,000	6,943,446	7,433,802	14,071,650	14,894,572	6,091,094	1,360,813
\$3,000 under \$5,000	6,918,848	6,691,090	27,868,449	26,725,935	16,360,716	3,759,804
\$5,000 under \$7,000	6,476,499	6,422,132	38,957,006	38,413,878	24,601,096	8,264,832
\$7,000 under \$9,000	6,193,124	6,300,234	49,544,545	50,368,689	33,689,430	15,178,900
\$9,000 under \$11,000	6,143,571	5,928,842	61,191,194	59,187,847	43,902,314	21,801,837
\$11,000 under \$13,000	5,555,106	5,580,094	66,594,415	66,951,853	49,577,787	29,932,090
\$13,000 under \$15,000	5,248,065	5,292,576	73,308,776	73,989,299	56,529,121	36,864,357
\$15,000 under \$17,000	4,744,416	4,800,582	75,841,890	76,680,566	59,389,086	41,945,445
\$17,000 under \$19,000	4,478,236	4,487,621	80,591,475	80,697,963	64,065,790	46,210,802
\$19,000 under \$22,000	6,070,710	5,879,795	124,453,078	120,205,955	98,830,208	72,352,317
\$22,000 under \$25,000	5,218,320	5,297,494	122,393,950	124,251,696	98,488,143	78,121,158
\$25,000 under \$30,000	7,559,001	7,494,827	207,876,371	205,551,504	165,356,830	133,895,752
\$30,000 under \$35,000	11,489,629	11,604,644	398,161,168	402,500,618	313,916,975	270,913,902
\$35,000 under \$40,000						
\$40,000 under \$50,000	7,458,776	7,862,901	332,210,863	350,409,748	259,365,436	242,712,736
\$50,000 under \$75,000	6,427,825	8,110,447	381,831,768	484,023,071	295,296,881	347,978,968
\$75,000 under \$100,000	1,546,776	2,064,189	131,926,730	175,453,698	100,211,601	129,661,327
\$100,000 under \$150,000	1,115,593	1,513,654	146,973,805	200,973,127	112,757,958	153,927,488
\$150,000 under \$200,000						
\$200,000 under \$300,000	290,946	429,671	82,840,607	124,073,791	64,277,685	100,643,815
\$300,000 under \$500,000	51,558	75,352	33,670,463	50,898,244	27,327,574	42,794,638
\$500,000 under \$1,000,000						
\$1,000,000 or more	31,859	34,944	72,565,082	85,732,872	56,985,871	72,120,769

Size of adjusted gross income	Total income tax ^{3,4}		Percentage of returns showing no total income tax ⁴		Returns showing total income tax			
	1986	1987	1986	1987	Average tax (whole dollars) ⁴		Tax as percentage of AGI ⁴	
					1986	1987	1986	1987
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
Total	367,287,213	369,202,757	18.5	18.9	4,374	4,257	15.1	13.7
Less than \$1,000 ^{1,2}	315,949	180,244	99.5	79.6	19,520	240	—	—
\$1,000 under \$3,000	58,848	183,643	94.1	70.0	143	82	7.1	4.0
\$3,000 under \$5,000	331,163	435,734	51.8	55.4	99	146	2.3	3.6
\$5,000 under \$7,000	1,047,045	998,787	35.1	36.4	249	244	4.1	4.1
\$7,000 under \$9,000	1,953,699	1,790,904	29.1	34.3	445	433	5.5	5.4
\$9,000 under \$11,000	3,203,202	2,581,645	13.3	29.2	601	615	6.0	6.1
\$11,000 under \$13,000	4,326,834	3,649,095	6.2	18.8	831	806	6.9	6.7
\$13,000 under \$15,000	5,409,582	4,701,766	3.9	9.0	1,073	976	7.7	7.0
\$15,000 under \$17,000	6,304,604	5,671,873	2.4	3.5	1,361	1,225	8.5	7.7
\$17,000 under \$19,000	7,243,966	6,288,383	1.6	2.9	1,644	1,444	9.1	8.0
\$19,000 under \$22,000	11,947,487	10,034,366	1.3	2.0	1,995	1,742	9.7	8.5
\$22,000 under \$25,000	12,727,389	11,357,271	0.8	1.7	2,459	2,181	10.5	9.3
\$25,000 under \$30,000	22,850,961	20,395,355	0.8	0.7	3,047	2,741	11.1	10.7
\$30,000 under \$35,000	48,628,502	42,809,754	0.5	0.5	4,253	3,708	12.3	10.0
\$35,000 under \$40,000								
\$40,000 under \$50,000	45,744,224	41,345,872	0.2	0.3	6,143	5,274	13.8	11.8
\$50,000 under \$75,000	62,459,834	69,872,423	0.2	0.2	9,737	8,630	16.4	14.5
\$75,000 under \$100,000	26,280,965	31,277,163	0.2	0.1	17,027	15,171	20.0	17.8
\$100,000 under \$150,000	37,289,197	43,415,426	0.2	0.2	33,498	28,754	25.4	21.7
\$150,000 under \$200,000								
\$200,000 under \$300,000	27,066,736	32,978,242	0.2	0.1	93,196	76,866	32.7	26.6
\$300,000 under \$500,000	12,928,118	14,745,147	0.2	0.2	251,192	196,006	38.5	29.0
\$500,000 under \$1,000,000								
\$1,000,000 or more	29,168,908	24,489,662	0.2	0.3	917,031	702,777	40.3	28.7

Selected Historical Data

Table 3. (Continued)—Number of Individual Returns, Income, Tax and Average Tax, by Size of Income, Tax Years 1986–1989
 [All figures are estimates based on samples—money amounts are in thousands of dollars, except as indicated]

Size of adjusted gross income	Number of returns for ⁴		Adjusted gross income (AGI) ^{1,4}		Taxable income ⁴	
	1988	p1989	1988	p1989	1988	p1989
	(1)	(2)	(3)	(4)	(5)	(6)
Total	109,708,280	112,279,988	3,083,019,783	3,291,413,132	2,069,966,980	2,198,730,116
Less than \$1,000 ^{1,2}	3,962,269	3,750,196	-39,276,968	-28,661,153	171,676	156,648
\$1,000 under \$3,000	7,456,433	7,321,075	14,705,001	14,343,265	1,044,277	1,002,741
\$3,000 under \$5,000	6,466,607	6,412,122	25,721,364	25,441,776	2,469,667	2,254,899
\$5,000 under \$7,000	6,217,629	6,089,665	37,397,442	36,337,887	6,409,823	5,187,395
\$7,000 under \$9,000	6,191,294	6,069,349	49,432,507	48,442,203	12,109,174	11,424,402
\$9,000 under \$11,000	5,849,931	5,958,037	58,404,122	59,619,926	18,399,630	17,485,718
\$11,000 under \$13,000	5,429,777	5,859,194	65,153,426	70,388,533	24,954,851	26,336,145
\$13,000 under \$15,000	5,428,329	5,405,240	75,824,890	75,540,232	33,820,451	32,334,104
\$15,000 under \$17,000	4,965,547	4,913,768	79,375,440	78,586,372	39,607,433	38,595,090
\$17,000 under \$19,000	4,652,964	4,704,473	83,613,482	84,609,546	44,192,736	45,354,887
\$19,000 under \$22,000	11,420,481	11,504,650	249,606,773	251,389,916	147,530,356	146,207,421
\$22,000 under \$25,000						
\$25,000 under \$30,000	7,517,739	7,649,155	206,201,583	210,132,688	130,581,873	132,712,746
\$30,000 under \$35,000	11,956,600	12,136,095	415,310,640	421,525,845	274,610,362	279,440,690
\$35,000 under \$40,000						
\$40,000 under \$50,000	8,264,514	8,577,459	369,115,675	383,083,044	255,121,323	262,904,579
\$50,000 under \$75,000	8,904,085	9,978,417	523,715,520	598,214,907	383,088,855	427,835,858
\$75,000 under \$100,000	2,520,476	3,044,653	214,204,828	259,758,935	159,574,120	192,722,378
\$100,000 under \$150,000	1,778,258	2,097,490	236,074,161	277,814,410	183,252,229	214,377,898
\$150,000 under \$200,000						
\$200,000 under \$300,000	548,472	625,710	161,914,657	183,081,370	134,674,810	150,636,899
\$300,000 under \$500,000	114,808	121,253	77,893,798	82,341,696	67,559,945	70,842,571
\$500,000 under \$1,000,000						
\$1,000,000 or more	62,065	61,987	169,631,441	159,421,731	150,793,390	140,917,045

Size of adjusted gross income	Total income tax ^{3,4}		Percentage of returns showing no total income tax ⁴		Returns showing total income tax			
	1988	p1989	1988	p1989	Average tax (whole dollars) ⁴		Tax as percentage of AGI ⁴	
	(7)	(8)	(9)	(10)	1988	p1989	1988	p1989
Total	412,869,909	439,427,062	20.6	20.4	4,738	4,914	13.8	14.3
Less than \$1,000 ^{1,2}	139,877	76,725	77.0	79.6	154	100	—	—
\$1,000 under \$3,000	173,108	166,698	73.6	72.5	88	83	4.6	1.1
\$3,000 under \$5,000	396,062	361,281	64.6	65.4	173	163	4.4	1.4
\$5,000 under \$7,000	944,306	807,137	35.7	38.6	236	216	3.9	2.2
\$7,000 under \$9,000	1,803,321	1,702,704	37.7	37.9	468	452	5.8	3.4
\$9,000 under \$11,000	2,548,936	2,476,124	32.7	34.6	648	635	6.5	4.2
\$11,000 under \$13,000	3,351,471	3,565,525	26.4	27.2	839	836	7.0	5.5
\$13,000 under \$15,000	4,511,389	4,361,156	19.2	19.8	1,029	1,006	7.4	5.8
\$15,000 under \$17,000	5,453,776	5,333,485	8.2	8.7	1,197	1,189	7.5	6.7
\$17,000 under \$19,000	6,385,486	6,513,040	3.8	4.5	1,427	1,449	7.9	7.8
\$19,000 under \$22,000	21,744,141	21,757,767	1.6	1.6	1,935	1,922	8.8	8.7
\$22,000 under \$25,000								
\$25,000 under \$30,000	20,361,642	20,850,923	0.7	0.9	2,729	2,751	9.9	10.1
\$30,000 under \$35,000	44,138,991	45,751,377	0.5	0.4	3,710	3,786	10.7	11.0
\$35,000 under \$40,000								
\$40,000 under \$50,000	42,768,361	43,964,967	0.2	0.3	5,184	5,143	11.6	11.9
\$50,000 under \$75,000	74,340,917	81,856,332	0.1	0.1	8,356	8,215	14.0	15.4
\$75,000 under \$100,000	35,685,329	42,559,708	0.1	0.1	14,169	13,994	16.7	19.9
\$100,000 under \$150,000	47,837,393	55,092,016	0.1	0.1	26,934	26,295	20.3	23.3
\$150,000 under \$200,000								
\$200,000 under \$300,000	38,699,740	42,861,424	0.1	0.1	70,637	68,593	23.9	26.5
\$300,000 under \$500,000	19,162,981	19,996,004	0.1	0.1	167,097	165,109	24.6	25.7
\$500,000 under \$1,000,000								
\$1,000,000 or more	42,422,678	39,372,672	0.1	0.1	684,546	635,997	25.0	23.2

See notes following Table 20.

Table 4.—Reconciliation of Adjusted Gross Income (AGI) and Personal Income Used in the National Income and Product Accounts (NIPA), for Specified Years, 1970–1988

[All figures are estimates—money amounts are in billions of dollars]

Income and adjustment items	1970	1975	1980	1985	1986	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Personal income (per NIPA)	831.8	1,313.4	2,258.5	3,325.3	3,526.2	3,766.4	4,070.8
2. Portion of personal income not included in AGI	181.2	350.5	608.5	1,021.4	1,100.6	1,093.9	1,151.6
Transfer payments (except taxable military pay and taxable Government pensions)	79.3	176.9	290.3	416.8	440.8	458.4	486.3
Other labor income (except fees)	31.9	65.0	136.5	184.3	195.7	205.5	221.2
Imputed income	25.5	33.4	45.1	55.3	71.1	87.1	87.4
Investment income received by nonprofit institutions or retained by fiduciaries	7.7	11.2	21.7	34.8	33.0	33.4	36.3
Investment income retained by life insurance carriers and noninsured pension funds ¹	12.5	23.5	59.9	112.8	119.0	136.2	148.7
Net differences in accounting treatment (NIPA vs. IRS)	8.5	16.0	14.1	87.3	97.7	108.1	108.2
Other excluded or tax exempt income	15.8	24.4	41.0	130.2	143.3	65.3	63.4
3. Portion of AGI not included in personal income	47.7	85.1	157.8	299.4	397.8	432.0	534.5
Personal contributions for social insurance	27.9	50.4	88.6	149.3	161.9	172.9	194.1
Net capital gain from sales of property	8.9	14.2	29.7	69.8	133.6	138.0	154.5
Taxable private pensions	6.3	13.1	28.3	72.9	94.1	103.7	127.6
S Corporation income (taxed through shareholders)	1.7	2.1	.7	6.2	7.5	17.9	37.7
Other taxable income	2.9	5.4	10.5	1.2	.6	-.5	20.6
4. Total net adjustment for conceptual differences (line 2 minus line 3)	133.5	265.4	450.7	722.0	702.8	661.9	617.1
5. Estimated total AGI (per NIPA) (line 1 minus line 4)	698.3	1,048.0	1,807.9	2,603.4	2,823.4	3,104.4	3,453.7
6. Adjusted gross income (AGI) (SOI)	631.7	947.8	1,613.7	2,306.0	2,481.7	2,773.8	3,083.0²
7. Estimated difference in AGI (NIPA vs. SOI) (line 5 minus line 6)²	66.6	100.2	194.1	297.4	341.7	330.6	370.7²

See notes following Table 20.

Selected Historical Data

Table 5.—Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1947–1990

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) ¹	Total adjusted gross income (AGI) (per NIPA) ¹	Difference	
			Amount	Percentage of personal income
	(1)	(2)	(3)	(4)
1947.....	190.2	170.6	19.6	10.3
1948.....	209.2	184.6	24.6	11.8
1949.....	206.4	181.7	24.7	12.0
1950.....	228.1	201.4	26.7	11.7
1951.....	256.5	228.8	27.7	10.8
1952.....	273.8	241.8	32.0	11.7
1953.....	290.5	257.1	33.4	11.5
1954.....	293.0	256.4	36.6	12.5
1955.....	314.2	277.1	37.1	11.8
1956.....	337.2	297.9	39.3	11.7
1957.....	356.3	310.7	45.6	12.8
1958.....	367.1	316.0	51.1	13.9
1959.....	390.7	338.7	52.0	13.3
1960.....	409.4	352.5	56.9	13.9
1961.....	426.0	365.8	60.2	14.1
1962.....	453.2	387.8	65.4	14.4
1963.....	476.3	408.7	67.6	14.2
1964.....	510.2	442.0	68.2	13.4
1965.....	552.0	479.4	72.6	13.2
1966.....	600.8	520.0	80.8	13.4
1967.....	644.5	555.4	89.1	13.8
1968.....	707.2	610.0	97.2	13.7
1969.....	772.9	663.4	109.5	14.2
1970.....	831.8	698.3	133.5	16.0
1971.....	894.0	745.6	148.4	16.6
1972.....	981.6	824.7	156.9	16.0
1973.....	1,101.7	926.0	175.7	15.9
1974.....	1,210.1	1,004.0	206.1	17.0
1975.....	1,313.4	1,048.0	265.4	20.2
1976.....	1,451.4	1,166.7	284.7	19.6
1977.....	1,607.5	1,297.0	310.5	19.3
1978.....	1,812.4	1,466.9	345.5	19.1
1979.....	2,034.0	1,647.3	386.7	19.0
1980.....	2,258.5	1,807.9	450.6	20.0
1981.....	2,520.9	1,990.0	530.9	21.1
1982.....	2,670.8	2,059.4	611.4	22.9
1983.....	2,838.6	2,176.3	662.3	23.3
1984.....	3,108.7	2,407.3	701.4	22.6
1985.....	3,325.3	2,603.4	713.7	21.5
1986.....	3,526.2	2,823.4	702.8	19.9
1987.....	3,766.4	3,104.4 ²	637.8 ²	16.9 ²
1988.....	4,070.8	3,453.7 ²	617.1 ²	15.2 ²
1989.....	4,384.3	n.a.	n.a.	n.a.
p1990.....	4,645.6	n.a.	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 6.—Total Adjusted Gross Income Estimated from National Income and Product Accounts (NIPA) and Adjusted Gross Income Reported on Individual Income Tax Returns per SOI, Tax Years 1947–1989

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Adjusted gross income (AGI)		Difference	
	Total (per NIPA) ^{1,2}	Reported on tax returns (per SOI) ²	Amount ²	Percentage of total ²
	(1)	(2)	(3)	(4)
1947.....	170.6	149.7	20.9	12.3
1948.....	184.6	163.6	21.0	11.4
1949.....	181.7	160.6	21.1	11.6
1950.....	201.4	179.1	22.3	11.1
1951.....	228.8	202.4	26.4	11.5
1952.....	241.8	215.3	26.5	11.0
1953.....	257.1	228.7	28.4	11.0
1954.....	256.4	229.2	27.2	10.6
1955.....	277.1	248.5	28.6	10.3
1956.....	279.9	267.8	30.1	10.1
1957.....	310.7	280.4	30.3	9.8
1958.....	316.0	281.2	34.8	11.0
1959.....	338.7	305.1	33.6	9.9
1960.....	352.5	315.5	37.0	10.5
1961.....	365.8	329.9	35.9	9.8
1962.....	387.8	348.7	39.1	10.1
1963.....	408.7	368.8	39.9	9.8
1964.....	442.0	396.7	45.3	10.2
1965.....	479.4	429.2	50.2	10.5
1966.....	520.0	468.5	51.5	9.9
1967.....	555.4	504.8	50.6	9.1
1968.....	610.0	554.4	55.6	9.1
1969.....	663.4	603.5	59.9	9.0
1970.....	698.3	631.7	66.6	9.5
1971.....	745.6	673.6	72.0	9.7
1972.....	824.7	746.0	78.7	9.5
1973.....	926.0	827.1	98.9	10.7
1974.....	1,004.0	905.5	98.5	9.8
1975.....	1,048.0	947.8	100.2	9.6
1976.....	1,166.7	1,053.9	112.8	9.7
1977.....	1,297.0	1,158.5	138.5	10.7
1978.....	1,466.9	1,302.4	164.5	11.2
1979.....	1,647.3	1,465.4	181.9	11.0
1980.....	1,807.9	1,613.7	194.2	10.7
1981.....	1,990.0	1,772.6	217.4	10.9
1982.....	2,059.4	1,852.1	207.3	10.1
1983.....	2,176.3	1,942.6	233.7	10.7
1984.....	2,407.3	2,139.9	267.4	11.1
1985.....	2,603.4	2,306.0	297.4	11.4
1986.....	2,823.4	2,481.7	341.7	12.1
1987.....	3,104.4	2,773.8	330.6	10.7
1988.....	3,453.7	3,083.0	370.7	10.7
p1989.....	n.a.	3,291.4	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 7.—Standard, Itemized and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1944–1989

[All figures are estimates based on samples—number of returns are in millions; money amounts are in billions of dollars]

Tax year	Total number of returns	Standard deduction ¹		Itemized deductions		Total deductions	
		Number of returns ²	Amount	Number of returns ²	Amount ³	Amount ⁴	Percentage of adjusted gross income (AGI) ⁵
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1944.....	47.1	38.7	8.0	8.4	4.8	12.8	11.0
1945.....	49.9	41.5	8.1	8.5	5.5	13.6	11.3
1946.....	52.8	44.1	8.9	8.8	6.3	15.2	11.3
1947.....	55.1	44.7	9.8	10.4	7.8	17.6	11.8
1948.....	52.1	43.2	11.5	8.8	7.9	19.4	11.9
1949.....	51.8	42.1	11.1	9.7	8.8	19.9	12.4
1950.....	53.1	42.7	12.0	10.3	9.9	21.9	12.2
1951.....	55.4	43.9	13.3	11.6	11.9	25.2	12.5
1952.....	56.5	43.7	13.7	12.8	13.6	27.3	12.7
1953.....	57.8	43.4	14.2	14.4	15.6	29.8	13.0
1954.....	56.7	41.0	13.3	15.7	17.4	30.7	13.4
1955.....	58.3	41.4	13.6	16.9	20.0	33.6	13.5
1956.....	59.2	40.7	13.8	18.5	22.6	36.4	13.6
1957.....	59.8	39.7	13.8	20.2	25.7	39.5	14.1
1958.....	59.1	38.3	13.2	20.8	27.5	40.7	14.5
1959.....	60.3	37.8	13.4	22.5	32.0	45.4	14.9
1960.....	61.0	36.9	13.1	24.1	35.3	48.4	15.3
1961.....	61.5	36.2	12.9	25.3	38.4	51.3	15.6
1962.....	62.7	36.3	13.1	26.5	41.7	54.8	15.7
1963.....	63.9	35.8	13.1	28.2	46.1	59.2	16.1
1964.....	65.4	38.5	20.2	26.9	46.8	67.0	16.9
1965.....	67.6	39.7	20.6	27.9	50.7	71.4	16.6
1966.....	70.2	41.6	21.8	28.6	54.6	76.4	16.3
1967.....	71.7	41.9	22.1	29.8	59.6	81.7	16.2
1968.....	73.7	41.7	22.1	32.0	69.2	91.3	16.4
1969.....	75.8	40.9	21.6	34.9	80.2	101.8	16.8
1970.....	74.3	38.8	32.4	35.4	88.2	120.5	19.0
1971.....	74.6	43.9	48.1	30.7	91.9	139.9	20.7
1972.....	77.6	50.6	69.8	27.0	96.7	166.4	22.2
1973.....	80.7	52.6	73.6	28.0	107.0	180.6	21.8
1974.....	83.3	53.8	76.1	29.6	119.4	195.5	21.6
1975.....	82.2	56.1	100.9	26.1	122.3	233.2	23.5
1976.....	84.7	58.7	113.8	26.0	133.9	247.6	23.5
1977.....	86.6	63.7	137.7	22.9	138.5	276.2	23.8
1978.....	89.8	64.0	139.8	25.8	164.4	304.3	23.4
1979.....	92.7	66.2	148.8	26.5	184.2	333.0	22.7
1980.....	93.9	65.0	146.0	29.0	218.0	346.0	22.6
1981.....	95.4	63.8	144.7	31.6	256.4	401.2	22.6
1982.....	95.3	61.9	140.2	33.4	284.5	425.2	22.9
1983.....	96.3	61.1	138.5	35.2	309.6	448.7	23.1
1984.....	99.4	61.2	139.5	38.2	358.9	499.6	23.3
1985.....	101.7	61.8	145.0	39.8	405.0	554.7	23.9
1986.....	103.0	62.4	151.0	40.7	447.1	611.3	24.6
1987.....	107.0	71.4	215.2	35.6	392.0	607.2	21.9
1988.....	109.7	76.5r	289.6	31.9	395.2	686.0	22.2
p1989.....	112.3	79.6	311.2	31.9	424.7	735.9	22.4

See notes following Table 20.

Table 8.—Personal Income per National Income and Product Accounts (NIPA), and Taxable Income and Individual Income Tax per SOI, Tax Years 1947–1990

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) ¹	Taxable income (per SOI) ²		Total income tax (per SOI) ³		
		Amount	As a percentage of personal income	Total	As a percentage of—	
					Personal income	Taxable income
	(1)	(2)	(3)	(4)	(5)	(6)
1947.....	190.2	75.4	39.6	18.1	9.5	24.0
1948.....	209.2	74.8	35.8	15.4	7.4	20.6
1949.....	206.4	71.7	34.7	14.5	7.0	20.2
1950.....	228.1	84.3	37.0	18.4	8.1	21.8
1951.....	256.5	99.2	38.7	24.2	9.4	25.9
1952.....	273.8	107.2	39.2	27.8	10.2	25.9
1953.....	290.5	114.3	39.3	29.4	10.1	25.7
1954.....	293.0	115.3	39.4	26.7	9.1	23.2
1955.....	314.2	128.0	40.7	29.6	9.4	23.1
1956.....	337.2	141.5	42.0	32.7	9.7	23.1
1957.....	356.3	149.4	41.9	34.4	9.7	23.0
1958.....	367.1	149.3	40.7	34.3	9.3	23.0
1959.....	390.7	166.5	42.6	38.6	9.9	23.2
1960.....	409.4	171.6	41.9	39.5	9.6	23.0
1961.....	426.0	181.8	42.7	42.2	9.9	23.2
1962.....	453.2	195.3	43.1	44.9	9.9	23.0
1963.....	476.3	209.1	43.9	48.2	10.1	23.1
1964.....	510.2	229.9	45.1	47.2	9.3	20.5
1965.....	552.0	255.1	46.2	49.6	9.0	19.4
1966.....	600.8	286.3	47.7	56.1	9.3	19.6
1967.....	644.5	315.1	48.9	63.0	9.8	20.0
1968.....	707.2	352.8	49.9	76.7	10.8	21.7
1969.....	772.9	388.8	50.3	86.6	11.2	22.3
1970.....	831.8	401.2	48.2	83.9	10.1	20.9
1971.....	894.0	414.0	46.3	85.4	9.6	20.6
1972.....	981.6	447.6	45.6	93.6	9.5	20.9
1973.....	1,101.7	511.9	46.5	108.1	9.8	21.1
1974.....	1,210.1	573.6	47.4	123.6	10.2	21.5
1975.....	1,313.4	595.5	45.3	124.5	9.5	20.9
1976.....	1,451.4	674.9	46.5	141.8	9.8	21.0
1977.....	1,607.5	733.8	45.6	159.8	9.9	21.8
1978.....	1,812.4	846.4	46.7	188.2	10.4	22.2
1979.....	2,034.0	926.6	45.6	214.5	10.5	23.2
1980.....	2,258.5	1,045.2	46.3	250.3	11.1	24.0
1981.....	2,520.9	1,170.1	46.4	284.1	11.3	24.3
1982.....	2,670.8	1,231.9	46.1	277.6	10.4	22.6
1983.....	2,838.6	1,300.2	45.8	274.2	9.7	21.1
1984.....	3,108.7	1,447.0	46.5	301.9	9.7	20.9
1985.....	3,325.3	1,550.5	46.6	325.7	9.8	21.0
1986.....	3,526.2	1,665.6	47.2	367.3	10.4	22.1
1987.....	3,766.4	1,850.6	49.1	369.2	9.8	20.0
1988.....	4,070.8	2,070.0	50.9	412.9	10.1	20.0
1989.....	4,384.3	2,198.7	50.2	439.4	10.0	20.0
p1990.....	4,645.6	n.a.	n.a.	n.a.	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 9.—Number of Individual Income Tax Returns by Type of Tax Settlement, Tax Years 1944–1990

[All figures are estimates based on samples—number of returns are in millions].

Tax year	Total number of returns	Returns with—		
		Tax due at time of filing	Overpayments	No overpayments or tax due at time of filing
	(1)	(2)	(3)	(4)
1944.....	47.1	22.6	22.9	1.6
1945.....	49.9	14.5	33.5	1.9
1946.....	52.8	13.6	34.4	4.8
1947.....	55.1	15.3	33.0	6.7
1948.....	52.1	8.1	38.4	5.6
1949.....	51.8	13.8	30.2	7.9
1950.....	53.1	14.3	32.0	6.8
1951.....	55.4	18.6	31.0	5.8
1952.....	56.5	19.3	32.1	5.1
1953.....	57.8	19.0	32.7	6.2
1954.....	56.7	16.6	35.2	5.0
1955.....	58.3	18.7	35.4	4.2
1956.....	59.2	19.4	36.1	3.7
1957.....	59.8	18.6	37.6	3.6
1958.....	59.1	18.1	37.4	3.6
1959.....	60.3	19.1	38.4	2.8
1960.....	61.0	18.1	39.4	3.5
1961.....	61.5	18.6	40.0	2.9
1962.....	62.7	18.7	40.9	3.1
1963.....	63.9	19.3	41.4	3.3
1964.....	65.4	22.5	39.3	3.5
1965.....	67.6	20.0	44.3	3.2
1966.....	70.2	17.8	49.4	3.0
1967.....	71.7	17.5	51.2	3.0
1968.....	73.7	20.3	50.6	2.8
1969.....	75.8	17.9	54.9	3.0
1970.....	74.3	16.5	55.3	2.5
1971.....	74.6	17.0	55.3	2.4
1972.....	77.6	11.9	63.3	2.3
1973.....	80.7	14.2	64.2	2.2
1974.....	83.3	15.4	65.8	2.1
1975.....	82.2	15.8	63.8	2.6
1976.....	84.7	16.9	65.0	2.8
1977.....	86.6	17.8	66.0	2.8
1978.....	89.8	21.6	65.5	2.7
1979.....	92.7	18.8	71.4	2.4
1980.....	93.9	21.8	69.9	2.3
1981.....	95.4	23.0	70.0	2.4
1982.....	95.3	20.3	72.4	2.6
1983.....	96.3	18.5	75.0	2.9
1984.....	99.4	21.2	75.6	2.7
1985.....	101.7	21.2	77.4	3.0
1986.....	103.0	21.5	78.1	3.5
1987.....	107.0	23.8	79.8	3.4
1988.....	109.7	27.2	79.1	3.4
1990.....	112.3	27.9	81.2	3.2

See notes following Table 20.

Table 10.—Nonfarm Sole Proprietorship Returns: Selected Income Statement Items for Specified Income Years, 1970–1989

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1985	1988	1989
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total.....	5,769,741	7,221,346	8,931,712	11,928,573	13,679,302	14,297,558
Number with net income.....	n.a.	n.a.	n.a.	8,640,701	10,491,980	11,017,545
Business receipts, total.....	198,582,172	273,954,741	411,205,713	540,045,430	671,969,931	692,810,938
Income from sales and operations.....	n.a.	272,342,560	407,169,299	528,675,271	658,687,319	678,616,316
Total deductions.....	168,044,746	234,318,288	356,258,495	461,272,852	545,734,861¹	560,175,242
Cost of sales and operations.....	109,148,811	146,261,435	209,889,809	232,294,132	277,880,196	283,709,263
Inventory, beginning-of-year.....	n.a.	n.a.	n.a.	21,435,438	25,826,139	26,435,007
Inventory, end of year.....	11,060,775	15,578,040	21,996,236	24,969,895	27,312,780	30,060,378
Purchases.....	88,585,913	117,722,352	168,301,517	n.a.	197,219,846	204,681,257
Cost of labor.....	7,704,285	8,791,083	10,922,221	14,504,201	21,143,176	22,539,717
Materials and supplies.....	6,216,057	9,090,638	12,909,222	n.a.	27,800,391	29,870,475
Advertising.....	n.a.	n.a.	n.a.	n.a.	6,151,675	6,360,282
Car and truck expenses.....	n.a.	n.a.	13,378,289	17,044,421	19,640,064	20,789,123
Commissions.....	1,274,016	2,225,830	3,333,345	n.a.	6,539,971	6,843,131
Depletion.....	n.a.	n.a.	n.a.	n.a.	658,821	697,527
Depreciation.....	5,451,525	7,958,143	13,952,703	26,291,389	26,078,240	24,479,083
Pension and profit sharing plans.....	72,741	125,296	141,463	311,323	450,388	539,006
Employee benefit programs.....	n.a.	n.a.	n.a.	n.a.	563,019	791,918
Insurance.....	2,309,608	3,503,812	6,003,126	n.a.	12,527,976	12,879,020
Interest paid.....	1,784,276	3,390,845	7,190,257	11,913,982	12,070,600	13,279,935
Mortgage interest.....	n.a.	n.a.	n.a.	n.a.	5,668,298	5,971,296
Other interest.....	n.a.	n.a.	n.a.	n.a.	6,402,302	7,308,639
Meals and entertainment expenses, total.....	n.a.	n.a.	n.a.	n.a.	4,589,832	5,152,504
Meals and entertainment deduction.....	n.a.	n.a.	n.a.	n.a.	3,671,407	4,121,487
Office expenses.....	n.a.	n.a.	n.a.	n.a.	5,315,870	6,224,723
Rent paid.....	4,636,528	6,676,314	9,636,290	15,258,690	19,470,237	20,951,632
On machinery.....	n.a.	n.a.	n.a.	n.a.	n.a.	2,975,857
On other business property.....	n.a.	n.a.	n.a.	n.a.	19,470,237	17,975,775
Repairs.....	2,444,607	3,044,175	5,031,573	n.a.	8,103,581	8,149,168
Net salaries and wages.....	15,107,047	20,227,859	26,560,821	38,265,691	43,007,261	45,469,088
Taxes paid.....	3,775,502	5,423,961	7,672,459	n.a.	9,494,998	9,947,661
Travel.....	n.a.	n.a.	n.a.	n.a.	3,896,634	4,494,275
Utilities.....	n.a.	n.a.	4,790,337	n.a.	14,618,337	13,600,896
Bad debts from sales or service.....	n.a.	n.a.	n.a.	600,613	914,014	1,109,658
Net income (less deficit).....	30,537,426	39,636,453^r	54,947,219	78,772,578	126,323,251	132,737,680
Net income.....	33,735,732	45,624,890	68,010,051	98,775,563	145,517,755	152,416,377
Deficit.....	3,198,306	5,988,437	13,062,832	20,002,986	19,194,505	19,678,697

See notes following Table 20.

Table 11.—Partnership Returns: Selected Balance Sheet and Income Statement Items for Specified Income Years, 1970–1989

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1985	1988	1989
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of active partnerships.....	936,133	1,073,094	1,379,654	1,713,603	1,654,245	1,635,164
Number with net income.....	639,795	661,134	774,173	875,846	901,297	897,950
Number with balance sheets.....	555,741	783,271	1,194,236	1,227,498	1,154,882	1,137,048
Number of partners.....	3,697,818	4,950,634	8,419,899	13,244,824	17,291,178	18,431,918
Total assets¹.....	116,752,751	235,468,301	597,503,923	1,269,434,302	1,580,194,209	1,791,027,273
Depreciable assets (net).....	n.a.	113,124,969	239,139,823	695,878,822	933,428,499	1,002,296,389
Inventories, end of year.....	n.a.	11,985,431	33,218,272	27,279,234	51,151,852	59,442,619
Land.....	n.a.	36,731,958	70,241,248	152,179,314	200,268,647	213,854,531
Total liabilities¹.....	n.a.	193,875,629	488,734,023	1,069,221,649	1,313,087,261	1,435,245,691
Accounts payable.....	n.a.	12,302,055	33,899,048	40,871,755	48,882,276	51,695,075
Short-term debt ²	n.a.	22,709,476	48,001,839	102,760,363	86,552,615	86,933,328
Long-term debt ³	n.a.	136,296,764	178,044,406	381,960,685	473,597,425	512,127,625
Nonrecourse loans.....	n.a.	n.a.	118,910,380	327,558,208	436,916,024	461,008,315
Partners' capital accounts¹.....	n.a.	41,592,672	108,769,900	200,212,653	267,106,948	355,781,582
Total receipts⁴.....	93,348,080	148,417,529	291,998,115	367,117,316	540,193,912	505,222,543
Business receipts ⁵	90,208,834	142,505,781	271,108,832	302,733,374	463,956,020	464,951,817
Interest received.....	942,304	2,477,173	10,869,323	20,558,966	19,776,489	20,941,861
Total deductions⁴.....	83,557,684	140,679,959	283,749,480	376,000,991	526,217,080	536,749,152
Cost of sales and operations.....	46,040,874	64,672,843	113,885,668	146,315,315	252,590,549	232,797,570
Purchases.....	31,820,581	42,608,734	70,439,607	91,925,923	173,024,428	137,011,049
Cost of labor.....	4,146,927	4,585,836	7,015,547	8,845,106	11,535,738	13,376,307
Salaries and wages.....	8,129,233	12,489,039	22,336,337	33,884,204	47,098,641	54,051,875
Taxes paid.....	3,159,258	5,770,918	9,553,145	7,745,756	7,993,317	8,873,071
Interest paid.....	4,470,206	12,097,100	28,362,385	28,674,933	23,242,437	32,747,005
Depreciation.....	4,578,820	10,108,834	21,576,189	53,650,790	61,839,261	64,368,099
Net income (less deficit).....	9,790,396	7,737,570	8,248,655	-8,883,674	14,493,114	14,099,275
Net income.....	14,419,124	22,431,931	45,061,756	77,044,693	111,384,545	113,885,966
Deficit.....	4,628,728	14,694,361	36,813,100	85,928,367	96,891,431	99,786,691

See notes following Table 20.

Selected Historical Data

Table 12.—Number of Business Income Tax Returns by Size of Business for Specified Years, 1970–1989

[All figures are estimates based on samples—number of businesses are in thousands]

Size of business	Number of business for returns—					
	1970	1975	1980	1985	1988	1989
	(1)	(2)	(3)	(4)	(5)	(6)
CORPORATIONS						
Receipt size¹						
Under \$25,000 ²	451.9	468.9	557.0	710.8	818.4	n.a.
\$25,000 under \$50,000.....	170.7	186.4	207.7	236.6	227.9	n.a.
\$50,000 under \$100,000.....	219.8	260.7	322.7	330.2	350.4	n.a.
\$100,000 under \$250,000.....	516.9	673.9	558.4	620.5	617.8	n.a.
\$250,000 under \$500,000.....						
\$500,000 under \$1,000,000.....						
\$1,000,000 or more.....	141.1	184.2	279.8	352.4	409.1	n.a.
	165.0	249.5	417.7	537.6	622.8	n.a.
Asset size						
Under \$100,000 ³	961.0	1,177.7	1,514.6	1,833.5	2,005.9	n.a.
\$100,000 under \$1 million.....	599.1	704.6	968.9	1,152.5	1,216.5	n.a.
\$1 million under \$10 million.....	87.0	116.4	191.8	245.4	288.3	n.a.
\$10 million under \$25 million.....	9.8	12.2	16.6	20.9	24.2	n.a.
\$25 million under \$50 million.....	3.9	5.6	7.8	10.4	10.5	n.a.
\$50 million under \$100 million.....	2.1	3.1	4.8	6.2	7.0	n.a.
\$100 million under \$250 million.....	1.4	2.1	3.2	4.4	5.3	n.a.
\$250 million and over.....	1.2	1.9	2.9	4.1	5.1	n.a.
PARTNERSHIPS						
Receipt size^{1,4}						
Under \$25,000 ²	501.7	549.7	638.0	840.1 ⁴	829.8	779.0
\$25,000 under \$50,000.....	125.2	141.0	181.8	195.5	117.5	155.6
\$50,000 under \$100,000.....	119.6	133.7	183.6	199.5	183.3	201.6
\$100,000 under \$250,000.....	97.2	114.0	155.2	190.1	160.4	219.2
\$250,000 under \$500,000.....	65.2	90.6	135.6	165.5	159.3	122.4
\$500,000 under \$1,000,000.....	17.0	25.5	48.1	66.9	73.9	77.9
\$1,000,000 or more.....	10.3	18.6	37.4	56.0	69.7	79.5
Asset size⁵						
Under \$25,000 ³	635.7	611.0	541.9	794.1	783.5	757.8
\$25,000 under \$50,000.....	80.8	105.9	156.3	132.7	117.7	126.4
\$50,000 under \$100,000.....	73.5	106.8	180.2	165.8	133.1	122.1
\$100,000 under \$250,000.....	74.7	116.0	219.1	210.9	127.2	192.1
\$250,000 under \$500,000.....	33.8	56.9	117.9	142.8	195.0	133.9
\$500,000 under \$1,000,000.....	19.3	35.3	72.1	100.0	108.8	109.6
\$1,000,000 or more.....	18.3	41.2	92.2	167.2	188.6	193.3
NONFARM SOLE PROPRIETORSHIPS						
Receipt size						
Under \$2,500 ²	1,894.3	2,299.9	2,783.1	3,067.5	3,364.9	3,623.1
\$2,500 under \$5,000.....	815.1	959.4	1,158.6	1,444.6	1,509.9	1,621.5
\$5,000 under \$10,000.....	891.5	1,041.7	1,262.9	1,633.6	1,962.8	1,998.2
\$10,000 under \$25,000.....	1,137.4	1,325.7	1,711.8	2,104.6	2,509.2	2,612.7
\$25,000 under \$50,000.....	746.4	849.5	1,079.1	1,393.9	1,601.6	1,660.0
\$50,000 under \$100,000.....	562.0	644.5	835.6	1,094.1	1,225.8	1,259.0
\$100,000 under \$200,000.....	297.4	380.9	795.8	1,060.2	967.6	779.0
\$200,000 under \$500,000.....	122.3	209.2				
\$500,000 under \$1,000,000.....	20.8	35.3	73.9	89.3	118.3	139.7
\$1,000,000 or more.....	6.6	13.5	29.2	40.7	49.5	49.5

See notes following Table 20.

Selected Historical Data

Table 13.—Corporation Income Tax Returns: Balance Sheet, Income Statement and Tax Items for Specified Years, 1970–1988

[All figures are estimates based on samples — money amounts are in thousands of dollars]

Items	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	1,665,477	2,023,647	2,710,538	3,277,219	3,612,133	3,562,789¹
Number with net income	1,008,337	1,226,208	1,596,632	1,820,120	1,995,452	1,908,799 ¹
Consolidated returns ^{2,3}	19,871	38,307	57,890	79,598	80,070	74,247
S Corporation returns ^{3,4}	257,475	358,413	545,389	724,749	1,127,905	1,257,191
DISC returns ^{3,5}	N/A	6,431	8,665	1,383	1,185	(¹)
FSC returns ^{3,6}	N/A	N/A	N/A	2,341	2,613	(¹)
Total assets	2,634,706,564	4,286,556,273	7,617,238,403	12,773,093,888	15,310,615,602	16,568,467,823¹
Cash	176,924,573	290,426,439	528,914,747	683,204,264	754,042,297	784,815,919
Notes and accounts receivable	614,667,367	1,051,542,806	1,984,601,790	3,317,635,191	3,763,230,257	4,099,147,501
Less: Allowance for bad debts	20,030,327	31,032,998	50,057,307	61,580,335	95,203,843	96,744,285
Inventories	190,401,642	317,718,545	534,806,547	714,722,928	829,272,682	845,783,686
Investments in Government obligations	196,625,390	316,131,699	472,059,737	916,550,098	1,092,370,975	1,094,749,402
Other current assets	73,058,482	145,101,716	310,177,160	629,136,396	836,599,341	912,145,245
Loans to stockholders	4,774,082	9,355,636	29,873,250	56,761,232	71,237,313	79,855,312
Mortgage and real estate loans	327,593,354	548,054,483	894,323,489	1,258,672,577	1,455,222,233	1,604,896,498
Other investments	401,389,022	626,266,074	1,213,986,210	2,413,551,474	3,227,237,568	3,614,438,470
Depreciable assets	868,908,018	1,276,564,500	2,107,027,914	3,174,193,649	3,602,960,891	3,820,961,787
Less: Accumulated depreciation	334,646,086	483,798,526	767,841,763	1,232,072,530	1,483,312,181	1,593,226,079
Depletable assets	18,517,264	38,511,396	71,901,490	112,339,389	123,104,144	124,421,968
Less: Accumulated depletion	6,774,796	14,501,561	19,569,556	37,203,920	49,686,832	50,921,656
Land	46,626,157	66,819,206	92,931,935	141,448,357	158,817,879	177,037,541
Intangible assets (amortizable)	12,818,168	12,823,183	45,480,694	145,290,625	262,309,525	329,484,622
Less: Accumulated amortization	5,984,184	4,491,990	18,393,037	42,505,240	55,540,169	67,703,687
Other assets	69,838,438	121,065,665	187,015,106	582,949,738	817,953,526	889,325,583
Total liabilities	2,634,706,564	4,286,556,273	7,617,238,403	12,773,093,888	15,310,615,602	16,568,467,823¹
Accounts payable	148,812,597	263,417,584	542,172,368	891,571,443	997,768,767	1,022,810,938
Mortgages, notes, and bonds payable in less than 1 year	170,884,261	272,123,551	504,802,288	1,001,337,795	1,247,450,987	1,431,308,911
Other current liabilities	892,218,397	1,577,425,991	2,706,796,360	4,234,983,432	4,822,312,874	5,092,190,043
Loans from stockholders	24,573,814	38,143,936	85,718,510	174,317,253	211,854,134	243,230,029
Mortgages, notes, and bonds payable in 1 year or more	362,700,303	586,703,526	986,663,932	1,699,272,481	2,141,169,042	2,352,107,056
Other liabilities	283,106,029	451,676,880	846,696,691	1,467,912,913	1,942,679,565	2,219,993,412
Capital stock	201,213,719	251,715,862	417,153,783	920,182,882	1,291,674,344	1,429,486,814
Paid-in or capital surplus	196,642,421	298,534,854	532,039,407	1,420,996,805	1,988,355,017	2,154,243,458
Retained earnings, appropriated	16,657,051	29,955,676	41,461,644	54,074,364	83,651,846	77,508,595
Retained earnings, unappropriated	349,225,750	537,631,026	1,027,902,049	1,311,512,589	1,257,000,416	1,313,070,807
Less: Cost of treasury stock	11,327,778	20,772,613	74,168,627	403,068,064	749,174,866	870,298,430
Total receipts	1,750,776,503	3,198,627,860	6,361,284,012	8,398,278,426	9,580,720,701^{7,8}	10,264,867,461^{1,7,8}
Business receipts	1,620,886,576	2,961,729,640	5,731,616,337	7,369,538,953	8,414,537,647 ^{7,8}	8,949,846,244 ^{7,8}
Interest on State and local Government obligations	3,775,917	6,711,606	12,620,876	20,164,514	30,764,430	32,308,213
Other interest	67,794,508	136,587,304	354,243,674	617,622,425 ⁹	589,989,252	772,316,565
Dividends received from domestic corporations	5,238,421	8,818,282	18,654,800	16,967,379	13,864,647	15,165,056
Dividends received from foreign corporations	3,466,515	5,467,726	14,563,353	20,770,361	25,180,395	42,281,099
Rents	13,938,502	21,765,130	41,371,141	89,700,937	92,105,433	92,309,807
Royalties	2,586,387	5,167,141	12,450,250	15,237,421	20,743,856	23,942,535
Net short-term capital gain reduced by net long-term capital loss	190,439	301,601	2,013,510	7,032,062	8,453,030	5,574,907
Net long-term capital gain reduced by net short-term capital loss	5,481,580	8,364,523	24,910,957	53,771,685	63,754,106	56,684,288
Net gain, noncapital assets	5,315,562	7,757,287	20,117,615	33,537,842	29,568,649 ⁸	36,522,792 ⁸
Other receipts	22,102,096	35,957,620	128,721,498	153,934,848	206,857,448	237,915,957

Selected Historical Data

Table 13. (Continued)—Corporation Income Tax Returns: Balance Sheet, Income Statement and Tax Items for Specified Years, 1970–1988

[All figures are estimates based on samples — money amounts are in thousands of dollars]

Items	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
Total deductions	1,682,778,847	3,052,674,597	6,125,365,155	8,158,144,126	9,243,903,854⁷	9,853,420,138^{1,7}
Cost of sales and operations	1,146,263,273	2,129,928,467	4,204,905,905	4,894,254,081	5,596,218,574	5,944,935,455
Compensation of officers	32,846,381	57,832,552	108,973,751	170,737,540	200,048,676	203,220,587
Repairs	13,986,819	23,422,171	42,407,967	81,495,784	86,425,629	86,236,216
Bad debts	6,479,814	13,781,147	18,769,771	43,333,588	54,578,189	58,644,690
Rent paid on business property	23,842,355	40,769,829	71,990,832	134,661,335	153,781,416	161,141,584
Taxes paid	49,523,243	81,530,302	163,003,622	200,977,161	211,346,315	222,323,028
Interest paid	62,055,010	129,307,921	344,612,542	568,645,475	589,989,252	672,447,709
Contributions or gifts	797,029	1,202,130	2,358,554	4,471,736	4,980,027	4,893,019
Amortization	745,005	717,398	1,374,658	6,133,737	17,407,143	20,325,799
Depreciation	52,941,266	86,295,664	157,345,828	304,380,703	316,710,668	327,516,917
Depletion	5,623,339	5,341,489	8,871,993	7,779,731 ¹⁰	8,460,962 ¹⁰	8,716,602
Advertising	18,089,097	26,605,786	52,266,004	91,922,667	106,556,998	114,408,994
Pension, profit-sharing, stock bonus, and annuity plans	12,225,912	26,526,129	51,529,310	49,588,712 ¹⁰	46,533,727 ¹⁰	45,183,078
Employee benefit programs	7,398,283	15,690,563	40,179,104	71,601,577 ¹⁰	84,603,727 ¹⁰	94,322,487
Net loss, noncapital assets	1,289,305	1,804,079	5,903,104	7,893,175	12,047,435 ⁸	14,094,202 ⁸
Other deductions	248,672,716	411,918,970	850,872,216	1,520,267,133 ¹⁰	1,754,216,022 ¹⁰	1,875,009,779
Total receipts less total deductions	67,997,656	145,953,263	235,918,858	240,134,300	336,816,848⁸	411,447,323^{1,8}
Constructive taxable income from related foreign corporations	1,679,875	3,395,169	15,708,560	20,299,335	22,226,855	33,977,330
Net income (less deficit)	65,901,614	142,636,826	239,006,542	240,119,020	328,223,710 ⁷	412,982,753 ^{1,7}
Net income	83,710,924	169,483,336	296,787,201	363,867,384	465,234,737 ⁷	555,850,912 ^{1,7}
Deficit	17,809,310	26,846,510	57,780,659	123,748,365	137,011,027 ⁷	142,868,159 ^{1,7}
Income subject to tax ¹¹	72,374,437	146,589,287	246,598,486	266,060,609	311,840,615	383,201,978
Income tax, total	33,293,018¹²	66,144,308	105,142,436	111,340,839	118,484,975	131,367,397
Regular and alternative tax	32,949,937	65,769,822	103,831,172	109,106,358	115,073,572	126,899,211 ¹³
Recapture of prior-year investment credit	77,832	217,138	867,571	1,497,597	783,953	552,398
Recapture of prior-year work incentive (WIN) credit	N/A	608	4,873	N/A	N/A	N/A
Additional tax for tax preferences and alternative minimum tax	265,249	156,740	438,820	725,878	2,229,107 ¹⁴	3,352,845 ¹⁴
Environmental tax	N/A	N/A	N/A	N/A	351,253	487,926
Foreign tax credit	4,548,986	19,987,724	24,879,737	24,263,487	20,812,861	27,068,104
U.S. possessions tax credit	N/A	N/A	1,572,734	2,450,583	2,666,634	2,318,021
Investment credit	865,954	6,459,746	15,102,812	(¹⁵)	(¹⁵)	(¹⁵)
Work incentive (WIN) credit	N/A	5,321	36,483	N/A	N/A	N/A
Jobs credit	N/A	N/A	601,444	(¹⁵)	(¹⁵)	(¹⁵)
Nonconventional source fuel credit	N/A	N/A	2	43,267	52,439	49,517
Alcohol fuel credit	N/A	N/A	4	(¹⁵)	(¹⁵)	(¹⁵)
Research activities credit	N/A	N/A	N/A	1,627,997	(¹⁵)	(¹⁵)
Employees stock ownership credit	N/A	N/A	N/A	(¹⁵)	(¹⁵)	N/A
Orphan drug credit	N/A	N/A	N/A	*204	5,154	8,053
General business credit	N/A	N/A	N/A	19,607,097 ¹⁵	7,959,117 ¹⁵	5,559,174 ¹⁵
Prior year minimum tax credit	N/A	N/A	N/A	N/A	14	468,767
Distributions to stockholders:						
Cash and property except in own stock	32,012,677	45,224,392	97,378,617	n.a.	n.a.	n.a.
Corporation's own stock	1,922,810	2,066,559	3,525,549	n.a.	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

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Table 14.—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement and Tax Items by Industrial Division for Specified Income Years, 1970–1988

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industrial division and items	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
AGRICULTURE, FORESTRY AND FISHING						
Number of returns, total.....	37,283	56,280	80,883	103,156	116,544	119,902
Number with net income.....	19,843	33,328	43,827	52,776	65,059	63,943
Total assets.....	11,909,403	21,177,941	40,738,977	52,651,197	55,374,698	60,491,780
Net worth.....	4,012,068	6,844,949	11,460,935	15,406,221	18,201,394	20,271,852
Total receipts.....	14,277,707	28,118,514	52,089,915	70,491,486	77,057,114 ¹	86,258,094 ¹
Business receipts.....	13,591,763	26,624,149	48,850,056	65,419,402	71,809,603	80,520,140
Interest received.....	69,742	171,732	476,654	775,383 ²	490,401 ¹	578,950 ¹
Total deductions.....	14,209,713	27,369,286	51,418,280	70,559,478	75,422,713 ¹	84,637,081 ¹
Cost of sales and operations.....	10,555,539	19,738,447	35,798,332	45,085,526	50,565,416	57,188,712
Interest paid.....	356,225	797,420	2,184,441	2,758,952	2,272,546	2,497,991
Net income (less deficit).....	65,295	746,908	673,158	-74,270	1,626,501 ¹	1,615,921 ¹
Net income.....	493,400	1,493,168	2,464,381	2,930,905	4,010,915 ¹	4,184,927 ¹
Deficit.....	428,105	746,260	1,791,222	3,005,175	2,384,414 ¹	2,569,006 ¹
Regular and alternative tax.....	113,115 ³	351,059	533,768	531,787	496,874 ⁴	538,994 ⁴
Total income tax after credits ⁵	107,023 ³	294,584	422,356	344,626	497,427	500,206
Distributions to stockholders except in own stock.....	65,824	244,524	304,733	n.a.	n.a.	n.a.
MINING						
Number of returns, total.....	14,465	14,242	25,576	41,426	42,050	41,080
Number with net income.....	7,303	8,297	12,698	18,031	16,764	16,133
Total assets.....	23,972,812	64,505,341	126,947,880	240,815,996	220,137,063	225,639,336
Net worth.....	13,381,821	32,765,690	54,068,148	104,772,797	109,553,353	111,829,194
Total receipts.....	17,747,750	65,909,994	176,672,390	142,038,595	96,805,871 ¹	100,426,996 ¹
Business receipts.....	16,699,586	63,670,496	167,397,918	126,710,610	85,846,689	87,350,933
Interest received.....	176,728	522,757	1,301,266	3,584,890 ²	2,622,570 ¹	3,233,553 ¹
Total deductions.....	15,927,348	42,348,765	169,051,624	145,389,514	96,660,686 ¹	96,765,413 ¹
Cost of sales and operations.....	9,955,600	30,171,612	116,989,880	87,972,035	56,325,162	54,573,351 ¹
Interest paid.....	388,032	1,166,182	3,440,080	7,789,995	5,442,124	5,916,281
Net income (less deficit).....	1,834,315	23,574,833	7,750,561	-2,543,487	275,048 ¹	4,111,855 ¹
Net income.....	2,399,507	24,347,893	10,133,685	6,166,623	6,039,881 ¹	8,581,355 ¹
Deficit.....	565,192	773,060	2,383,124	8,710,110	5,764,833 ¹	4,469,500 ¹
Regular and alternative tax.....	1,031,550 ³	11,361,037	3,947,569	1,736,952	1,143,473 ⁴	1,577,438 ⁴
Total income tax after credits ⁵	342,928 ³	1,051,138	1,674,566	557,519	810,619	1,072,854
Distributions to stockholders except in own stock.....	1,177,550	1,015,895	4,757,780	n.a.	n.a.	n.a.
CONSTRUCTION						
Number of returns, total.....	138,905	191,219	272,432	318,276	371,169	381,499
Number with net income.....	82,078	108,852	150,368	185,613	222,498	222,350
Total assets.....	42,719,792	76,691,947	132,939,026	215,297,771	222,064,937	241,395,405
Net worth.....	11,819,604	19,029,077	32,826,174	54,687,270	53,926,258	62,524,744
Total receipts.....	90,610,644	146,955,117	267,205,356	387,232,953	454,831,094 ¹	499,690,338 ¹
Business receipts.....	88,945,385	143,412,715	260,387,692	374,590,273	442,491,245	485,711,849
Interest received.....	219,698	614,583	2,073,650	3,851,628 ²	3,479,339 ¹	3,582,186 ¹
Total deductions.....	89,070,022	144,717,309	262,116,275	382,823,113	446,096,648 ¹	488,357,231 ¹
Cost of sales and operations.....	73,434,969	116,845,554	208,064,925	295,803,244	344,505,785	375,920,136
Interest paid.....	711,496	1,973,244	4,278,502	6,407,652	6,319,837	6,926,137
Net income (less deficit).....	1,538,418	2,236,262	5,271,209	4,370,924	8,700,642 ¹	11,343,920 ¹
Net income.....	2,548,013	4,514,864	8,911,143	11,053,145	15,360,778 ¹	17,946,717 ¹
Deficit.....	1,009,595	2,278,602	3,639,934	6,682,220	6,660,136 ¹	6,602,797 ¹
Regular and alternative tax.....	776,979 ³	1,320,196	2,521,507	2,243,786	2,351,230 ⁴	2,381,580 ⁴
Total income tax after credits ⁵	756,637 ³	1,131,960	1,973,659	1,662,563	2,337,107	2,274,530
Distributions to stockholders except in own stock.....	299,204	464,553	793,764	n.a.	n.a.	n.a.
MANUFACTURING						
Number of returns, total.....	197,807	217,354	242,550	276,545	294,211	299,538
Number with net income.....	120,814	136,839	153,640	159,778	169,988	172,955
Total assets.....	612,912,516	944,581,970	1,709,471,700	2,644,393,424	3,111,708,665 ¹	3,390,433,557
Net worth.....	308,923,293	442,587,674	749,186,774	1,099,645,876	1,191,672,658	1,253,269,530
Total receipts.....	722,952,890	1,296,359,650	2,404,323,844	2,831,062,496	3,141,406,444	3,348,965,911 ¹
Business receipts.....	700,090,661	1,258,338,650	2,301,056,550	2,656,345,750	2,946,695,175	3,118,059,530
Interest received.....	4,748,499	8,691,092	28,315,784	47,753,626 ²	50,334,403 ¹	57,663,685 ¹
Total deductions.....	692,455,462	1,230,689,496	2,290,593,808	2,733,105,346	3,012,111,231 ¹	3,169,974,645 ¹
Cost of sales and operations.....	495,879,549	925,111,030	1,707,143,900	1,797,852,805	2,034,818,784	2,117,827,704
Interest paid.....	12,570,242	22,055,903	54,177,356	90,452,072	100,783,073	113,699,987
Net income (less deficit).....	31,846,078	68,406,627	125,667,815	113,758,645	145,493,891 ¹	205,083,651
Net income.....	37,925,489	74,466,554	141,547,510	142,541,119	172,315,960 ¹	232,182,692 ¹
Deficit.....	6,079,411	6,059,927	15,879,695	28,782,474	26,822,069 ¹	27,099,041 ¹
Regular and alternative tax.....	16,744,905 ³	32,306,739	59,577,413	55,553,921	56,040,361 ⁴	66,691,829 ⁴
Total income tax after credits ⁵	13,242,226 ³	21,024,964	32,726,986	25,382,459	34,048,160	41,905,883
Distributions to stockholders except in own stock.....	14,616,282	19,973,061	37,306,509	n.a.	n.a.	n.a.

Selected Historical Data

Table 14. (Continued)—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement and Tax Items by Industrial Division for Specified Income Years, 1970-1988

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industrial division and items	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
TRANSPORTATION AND PUBLIC UTILITIES						
Number of returns, total.....	67,398	80,701	111,324	138,337	147,893	149,248 ⁶
Number with net income.....	38,204	45,360	62,232	69,938	80,304	78,583 ⁶
Total assets.....	287,740,207	443,236,797	758,364,400	1,246,426,899	1,352,512,937	1,411,201,395
Net worth.....	121,205,022	176,444,407	290,655,693	490,481,127	510,064,082	519,388,495
Total receipts.....	135,495,271	243,480,637	523,807,396	772,358,188	786,179,466 ¹	838,753,393 ¹
Business receipts.....	131,463,171	234,689,427	507,372,820	733,943,970	736,633,389	779,584,504
Interest received.....	930,266	1,520,913	5,760,072	12,310,594	12,695,723 ¹	14,802,683 ¹
Total deductions.....	127,931,131	233,409,166	503,954,285	747,836,158	749,024,805 ¹	792,540,311 ¹
Cost of sales and operations.....	77,743,359	143,932,463	336,868,172	381,028,354	339,840,645	356,253,750
Interest paid.....	7,364,200	13,761,062	27,638,591	44,880,858	47,132,799	50,934,990
Net income (less deficit).....	7,543,718	10,099,571	20,046,155	25,087,629	37,466,726 ¹	46,943,801 ¹
Net income.....	9,471,595	12,088,189	24,917,293	37,880,144	50,070,763 ¹	59,870,499 ¹
Deficit.....	1,927,877	1,988,618	4,871,138	12,792,516 ²	12,604,037 ¹	12,926,698 ¹
Regular and alternative tax.....	4,342,334 ³	5,107,158	10,532,722	14,881,470	16,976,595 ⁴	17,089,778 ⁴
Total income tax after credits ⁵	4,036,650 ³	2,836,470	5,322,655	8,432,924	14,769,151	15,429,292
Distributions to stockholders except in own stock.....	5,837,565	8,900,353	17,329,807	n.a.	n.a.	n.a.
WHOLESALE AND RETAIL TRADE						
Number of returns, total.....	518,062	614,632	799,628	917,301	971,758	984,553 ⁶
Number with net income.....	339,987	399,668	487,300	510,825	537,686	562,082 ⁶
Total assets.....	192,181,800	323,496,726	646,901,005	1,009,965,739	1,177,668,920	1,295,819,375
Net worth.....	77,002,132	122,649,734	222,289,687	286,260,274	316,458,705	331,968,322
Total receipts.....	522,547,923	969,938,872	1,955,523,778	2,473,865,453	2,766,717,240 ¹	2,977,982,750 ¹
Business receipts.....	511,316,883	951,463,550	1,919,347,689	2,408,174,933	2,691,275,402	2,891,336,187
Interest received.....	1,291,906	3,857,318	10,503,989	21,633,480 ²	22,041,565 ¹	24,914,583 ¹
Total deductions.....	512,910,193	947,511,780	1,919,454,218	2,440,403,373	2,728,491,327	2,935,533,099 ¹
Cost of sales and operations.....	392,391,856	745,299,204	1,538,128,634	1,869,766,621	2,076,485,794 ¹	2,230,936,367
Interest paid.....	4,309,663	8,587,173	25,645,855	38,217,998	43,641,104	53,360,602
Net income (less deficit).....	9,671,044	22,489,430	38,309,671	33,126,702	38,040,057 ¹	42,844,883 ¹
Net income.....	12,395,511	27,881,721	49,426,500	51,434,500	60,276,175 ¹	66,594,873 ¹
Deficit.....	2,724,367	5,192,291	11,116,829	18,307,798	22,236,117 ¹	23,749,990 ¹
Regular and alternative tax.....	4,476,047 ³	8,103,316	13,515,653	16,130,885	14,672,865 ⁴	13,843,495 ⁴
Total income tax after credits ⁵	4,237,181 ³	7,348,619	10,564,358	13,396,555	13,994,767	12,733,094
Distributions to stockholders except in own stock.....	2,068,501	5,029,897	10,343,087	n.a.	n.a.	n.a.
FINANCE, INSURANCE, AND REAL ESTATE						
Number of returns, total.....	406,235	411,846	493,426	518,432	521,136	572,418 ⁶
Number with net income.....	248,586	243,409	273,853	285,273	275,637	275,198 ⁶
Total assets.....	1,401,153,520	2,321,965,956	4,022,206,073	7,029,452,681	8,732,320,235	9,411,547,140
Net worth.....	196,480,448	269,770,527	530,541,317	1,161,968,009	1,634,925,235	1,779,467,329
Total receipts.....	177,321,173	315,795,981	697,460,846	1,182,034,309	1,589,218,435 ^{1,7}	1,714,352,381 ^{1,7}
Business receipts.....	92,091,887	157,126,715	256,892,475	501,993,840	818,286,705 ⁷	860,415,865 ^{1,7}
Interest received.....	63,694,046	127,040,303	315,146,115	541,268,193 ²	606,143,965 ¹	688,751,005 ^{1,7}
Total deductions.....	161,630,060	297,963,817	652,637,787	1,104,572,202	1,476,737,395 ^{1,7}	1,596,044,566 ^{1,7}
Cost of sales and operations.....	48,434,362	84,614,209	129,644,330	237,577,803	470,673,440	501,018,140
Interest paid.....	34,548,509	77,677,659	219,167,684	363,009,417	364,541,038	415,952,696
Net income (less deficit).....	12,214,079	11,663,330	33,122,792	60,670,526	87,403,218 ¹	91,892,954 ¹
Net income.....	15,081,939	18,825,003	46,040,390	90,546,934	129,179,849 ¹	136,443,479 ¹
Deficit.....	2,867,860	7,161,673	12,917,599	29,876,408	41,776,631 ¹	44,550,525 ¹
Regular and alternative tax.....	4,404,449 ³	5,558,647	9,680,755	13,369,981	18,510,796 ⁴	19,918,799 ⁴
Total income tax after credits ⁵	4,150,009 ³	4,673,705	7,699,628	10,193,877	16,342,990	17,858,548
Distributions to stockholders except in own stock.....	7,387,211	8,729,977	24,692,146	n.a.	n.a.	n.a.
SERVICES						
Number of returns, total.....	281,218	435,672	671,338	939,390	1,119,604	995,425 ⁶
Number with net income.....	150,525	249,641	408,716	529,337	619,923	512,464 ⁶
Total assets.....	61,875,140	90,534,067	178,163,737	330,982,941	435,561,919	530,326,395
Net worth.....	19,529,062	26,855,374	52,865,513	89,852,365	112,415,645	128,119,335
Total receipts.....	69,572,626	131,377,364	279,883,187	534,587,609	663,133,101 ¹	695,265,170 ¹
Business receipts.....	66,459,515	125,747,462	266,088,619	497,980,990	616,469,154	643,748,105
Interest received.....	435,070	875,506	3,269,412	6,561,301 ²	7,806,764 ¹	11,078,904 ¹
Total deductions.....	68,384,452	127,996,443	271,792,974	528,685,613	653,953,599 ¹	686,267,928 ¹
Cost of sales and operations.....	37,733,747	63,724,869	129,352,692	176,070,808	219,817,625	249,228,959
Interest paid.....	1,802,802	3,279,438	8,033,612	15,027,259	19,750,647	23,077,104
Net income (less deficit).....	1,198,703	3,396,744	8,193,903	5,883,782	9,251,928 ¹	9,276,631 ¹
Net income.....	3,384,869	6,025,592	13,246,601	21,124,460	27,731,097 ¹	29,951,299 ¹
Deficit.....	2,186,166	2,628,848	5,052,698	15,240,678	18,479,168 ¹	20,674,668 ¹
Regular and alternative tax.....	1,058,264	1,625,093	3,497,265	4,621,875	4,858,810 ⁴	4,847,966 ⁴
Total income tax after credits ⁵	1,003,130	1,323,637	2,603,370	3,343,830	4,212,339	4,112,219
Distributions to stockholders except in own stock.....	558,452	855,402	1,841,945	n.a.	n.a.	n.a.

See notes following Table 20.

Table 15.—Corporation Profits Before Taxes per National Income and Product Accounts (NIPA) and per SOI, and Income Subject to Tax per SOI, Income Years 1960–1990

[All figures are estimates—money amounts are in billion of dollars]

Income year	Profits before taxes (per NIPA) ¹	Net income (less deficit) (per SOI)	Income subject to tax (per SOI)
	(1)	(2)	(3)
1960	49.9	43.5	47.2
1961	49.8	45.9	47.9
1962	55.1	49.6	51.7
1963	59.8	54.3	54.3
1964	66.7	61.6	60.4
1965	77.4	73.9	70.8
1966	83.3	80.5	77.1
1967	80.1	78.2	74.8
1968	89.1	86.0	81.4
1969	87.2	80.2	81.2
1970	76.0	65.9	72.4
1971	87.3	79.7	83.2
1972	101.5	96.8	95.1
1973	122.2	120.4	115.5
1974	138.9	148.2	144.0
1975	134.8	142.6	146.6
1976	170.3	185.4	183.5
1977	200.4	219.2	212.5
1978	233.5	246.9	239.6
1979	257.2	284.6	279.4
1980	237.1	239.0	246.6
1981	226.5	213.6	241.5
1982	169.6	154.3	205.2
1983	207.6	188.3	218.7
1984	240.0	232.9	257.1
1985	224.3	240.1	266.1
1986	221.6	269.5	276.2
1987	275.3	328.2	311.8
p1988	316.7	413.0	383.2
p1989	307.7	n.a.	n.a.
p1990	305.4	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 16.—Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1986–1991

[Money amounts are in millions of dollars]

Quarter and fiscal year	Total	Amount collected by type of return				
		Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1986, TOTAL	782,252	416,965	80,442	33,672	243,978	7,195
October 1985–December 1985.....	167,836	86,608	18,854	9,321	51,354	1,699
January 1986–March 1986.....	186,178	97,804	16,243	8,175	62,309	1,647
April 1986–June 1986.....	240,680	134,129	25,703	8,191	70,687	1,970
July 1986–September 1986.....	187,558	98,424	19,642	7,985	59,628	1,879
FISCAL YEAR 1987, TOTAL	886,290	465,452	102,859	33,311	277,000	7,668
October 1986–December 1986.....	180,580	92,346	22,466	8,281	55,615	1,872
January 1987–March 1987.....	209,032	105,483	22,649	7,925	71,156	1,819
April 1987–June 1987.....	265,477	164,008	29,748	8,493	81,139	2,089
July 1–September 1987.....	211,201	103,615	27,996	8,612	69,090	1,888
FISCAL YEAR 1988, TOTAL	935,107	473,667	109,683	25,934	318,039	7,784
October 1987–December 1987.....	197,095	97,479	24,828	6,475	66,500	1,813
January 1988–March 1988.....	220,447	111,215	22,006	5,304	80,161	1,761
April 1988–June 1988.....	296,175	160,018	35,991	6,550	91,426	2,190
July 1988–September 1988.....	221,390	104,955	26,858	7,605	79,952	2,020
FISCAL YEAR 1989, TOTAL	1,013,322	515,732	117,015	25,977	345,625	8,973
October 1988–December 1988.....	213,518	104,522	29,551	6,657	70,632	2,156
January 1989–March 1989.....	235,883	114,475	20,760	6,097	92,587	1,964
April 1989–June 1989.....	331,478	180,947	40,825	6,900	100,077	2,729
July 1989–September 1989.....	232,441	115,788	25,879	6,323	82,329	2,124
FISCAL YEAR 1990, TOTAL	1,056,365	540,228	110,017	27,139	367,219	11,762
October 1989–December 1989.....	220,077	110,077	26,390	6,184	74,982	2,444
January 1990–March 1990.....	249,737	127,277	21,433	5,868	92,868	2,291
April 1990–June 1990.....	341,287	181,180	37,398	8,144	110,281	4,284
July 1990–September 1990.....	245,264	121,694	24,796	6,943	89,088	2,743
FISCAL YEAR 1991:						
October 1990–December 1990.....	240,039	118,047	29,248	6,363	83,646	2,735
January 1991–March 1991.....	254,158	119,891	22,974	7,106	101,569	2,618

See notes following Table 20.

Table 17.—Internal Revenue Refunds: Amount Refunded by Quarter and Fiscal Year, 1986–1991

[Money amounts are in millions of dollars]

Quarter and fiscal year	Total	Amount refunded by type of return				
		Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1986, TOTAL	94,424	73,078	18,297	962	1,800	287
October 1985–December 1985.....	7,948	3,003	4,268	128	488	61
January 1986–March 1986.....	25,895	19,950	4,997	320	577	51
April 1986–June 1986.....	50,200	44,375	5,058	232	435	100
July 1986–September 1986.....	10,381	5,750	3,974	282	300	75
FISCAL YEAR 1987, TOTAL	96,969	73,583	19,891	1,381	1,900	214
October 1986–December 1986.....	8,668	3,406	4,789	111	312	50
January 1987–March 1987.....	28,422	22,198	5,296	479	1,393	56
April 1987–June 1987.....	50,063	42,858	5,948	332	1,869	57
July 1987–September 1987.....	9,816	5,121	3,858	459	326	52
FISCAL YEAR 1988, TOTAL	94,480	74,399	16,477	1,114	2,263	227
October 1987–December 1987.....	7,701	3,437	3,727	207	275	55
January 1988–March 1988.....	27,798	21,744	5,248	198	553	55
April 1988–June 1988.....	49,202	43,769	3,848	421	1,114	50
July 1988–September 1988.....	9,776	5,449	3,654	288	321	67
FISCAL YEAR 1989, TOTAL	93,613	73,597	14,921	2,054	2,771	269
October 1988–December 1988.....	8,380	3,362	4,461	118	359	80
January 1989–March 1989.....	32,041	26,759	4,462	182	570	67
April 1989–June 1989.....	43,538	38,895	3,849	350	381	63
July 1989–September 1989.....	9,654	4,581	2,149	1,404	1,461	59
FISCAL YEAR 1990, TOTAL	99,856	76,065	18,324	2,261	2,677	329
October 1989–December 1989.....	8,487	3,094	4,605	300	409	79
January 1990–March 1990.....	37,121	31,367	4,922	342	423	67
April 1990–June 1990.....	43,308	36,952	4,209	549	1,492	106
July 1990–September 1990.....	10,740	4,652	4,588	1,070	353	77
FISCAL YEAR 1991:						
October 1990–December 1990.....	8,284	3,367	4,148	344	323	102
January 1991–March 1991.....	38,020	32,811	4,286	293	538	92

See notes following Table 20.

Selected Historical Data

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Table 18.—Classes of Excise Taxes by Specified Fiscal Years, 1970–1990

(Money amounts are in thousands of dollars)

Selected class of tax	Taxes collected by fiscal year					
	1970	1975	1980	1985	1989	1990
	(1)	(2)	(3)	(4)	(5)	(6)
ALCOHOL AND TOBACCO TAXES, TOTAL	6,840,594	7,665,948	8,151,184	9,881,293	10,229,638¹	10,149,541¹
Distilled spirits	3,469,508	3,851,837	3,927,235	3,501,559	3,862,326	3,774,461
Wine	180,353	172,440	211,493	305,339	270,061	267,665
Beer	1,076,148	1,305,034	1,545,441	1,569,726	1,806,971	1,710,322
Cigarettes and Cigars	2,092,935	2,312,342	2,442,357	4,473,210	4,290,280	4,267,013
MANUFACTURERS EXCISE TAXES, TOTAL	6,683,061	5,516,611	6,487,421	10,020,574	11,213,143	11,024,753
Gasoline and gasohol	3,517,586 ²	4,071,465 ²	4,326,549	9,062,630	9,957,579	9,694,512
Tires, tubes and tread rubber ³	614,795	697,660	682,624	242,923	312,829	296,042
Motor vehicles, bodies, parts ⁴	1,753,327	662,556	1,088,696	N/A	N/A	N/A
Recreational products	53,427	84,946	136,521	166,666	224,478	227,221
Black lung taxes	N/A	N/A	251,288	548,356	588,800	649,500
SPECIAL FUELS, AND RETAILERS TAXES, TOTAL ⁵	257,820	404,187	560,144	3,802,608	5,622,564	4,493,712
Diesel and special motor fuels	257,712	370,489	512,718	2,430,165	3,912,604	3,190,281
Truck and trailer chassis and bodies	N/A	N/A	N/A	1,289,750	1,258,900	1,169,312
MISCELLANEOUS EXCISE TAXES, TOTAL	2,084,730	3,306,077	6,359,198	11,044,833	9,316,603	8,889,559
Telephone and teletype ⁶	1,469,562	2,023,744	1,117,834	2,307,607	2,820,528	3,075,209
Air transportation	250,802	850,567	1,748,837	2,589,818	3,569,447	3,400,513
Highway use tax	135,086	207,663	263,272	456,143	574,698	583,621
Foreign insurance	8,614	19,458	74,630	73,494	63,511	77,089
Exempt organization net investment income	N/A	63,828	65,280	136,153	168,814	206,630
Crude oil windfall profit ⁷	N/A	N/A	3,051,719	5,073,159	29,997	-85,839
Environmental taxes ⁸	N/A	N/A	N/A	272,957	1,009,760	1,237,368

Selected class of tax	Fiscal year quarter ending					
	June 1989	Sept. 1989	Dec. 1989	March 1990	June 1990	Sept. 1990
	(7)	(8)	(9)	(10)	(11)	(12)
ALCOHOL AND TOBACCO TAXES, TOTAL ¹	2,486,435	2,591,579	2,781,735	2,175,944	2,663,967	2,527,895
Distilled spirits	804,609	1,146,581	1,138,798	806,318	1,113,806	715,539
Wine	202,208	-301,524	94,118	54,033	56,840	62,674
Beer	363,789	696,107	387,642	365,029	446,300	511,351
Cigarettes and cigars	1,115,829	1,050,415	1,147,560	945,553	979,920	1,193,980
MANUFACTURERS EXCISE TAXES, TOTAL	2,523,743	2,822,633	2,871,408	2,741,716	2,483,185	2,928,444
Gasoline and gasohol	2,224,923	2,470,701	2,535,410	2,457,312	2,130,973	2,570,820
Tires, tubes and tread rubber ³	70,104	79,799	82,904	49,804	75,334	88,000
Recreational products	62,091	60,211	53,156	50,527	66,498	57,041
Black lung taxes	128,300	168,600	156,900	157,700	169,500	165,400
SPECIAL FUELS AND RETAILERS TAXES, TOTAL ⁵	1,067,603	1,199,666	1,139,256	1,131,185	1,067,329	1,155,943
Diesel and special motor fuels	729,706	821,303	807,391	795,360	750,115	837,420
Truck and trailer chassis and bodies	283,667	353,872	295,819	303,019	285,473	285,000
MISCELLANEOUS EXCISE TAXES, TOTAL	2,195,379	2,790,514	2,061,623	2,009,090	2,561,100	2,769,138
Telephone and teletype ⁶	736,957	563,249	902,758	697,713	720,844	753,893
Air transportation	840,613	1,029,991	801,217	799,064	810,076	990,156
Highway use tax	102,160	299,836	48,819	135,467	94,487	304,848
Foreign insurance	5,330	13,057	15,881	13,202	23,113	24,893
Exempt organization net investment income	63,630	50,471	25,518	40,880	80,080	58,474
Crude oil windfall profit ⁷	-2,204	8,372	-35,652	-15,967	-204,098	169,878
Environmental taxes ⁸	247,070	250,130	244,260	243,430	416,393	333,285

See notes following Table 20.

Selected Historical Data

Table 19.—Selected Returns and Forms Filed or to be Filed by Type During Specified Calendar Years, 1970–1991

Type of return or form	Number filed in calendar year—						
	1970	1975	1980	1985	1989	1990	1991 (Projected)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Individual income	77,281,384	84,026,785	93,196,076	99,704,246	110,129,087	112,596,000	113,724,000
Form 1040	77,143,251	61,450,279	55,360,030	64,010,068	71,671,599	74,488,600	74,698,100
Nonbusiness	68,129,351	51,377,153	43,957,141	49,873,300	56,076,424	58,318,300	58,455,600
Business	9,013,900	10,073,126	11,402,889	14,136,768	15,595,175	16,170,200	16,242,500
Schedule C	6,351,304	7,438,968	8,944,298	11,767,348	13,528,998	14,149,000	14,325,900
Schedule F	2,662,596	2,634,158	2,458,591	2,369,420	2,066,177	2,021,300	1,916,600
Form 1040A	N/A	22,462,776	37,692,282	18,779,084	18,713,110	18,380,000	20,386,600
Form 1040EZ	N/A	N/A	N/A	16,739,767	19,483,620	19,436,400	17,900,200
Other ¹	138,133	113,730	143,764	175,327	260,758	291,000	291,000
Corporation income	1,772,600	2,132,758	2,675,704	3,437,249	4,196,872	4,319,500	4,432,200
Forms 1120, L, M and PC ²	1,523,664	1,762,920	2,115,542	2,432,265	2,438,779	2,334,600	2,287,700
Form 1120A	N/A	N/A	N/A	199,665	296,726	332,000	327,500
Form 1120S	248,936	367,219	528,070	736,945	1,351,092	1,536,100	1,691,100
Other ³	—	2,619	32,092	68,374	110,275	116,800	125,900
Partnership, Form 1065	991,904	1,132,839	1,401,567	1,755,339	1,779,617	1,750,900	1,741,300
Fiduciary, Forms 1041 and 1041S	1,149,445	1,558,570	1,876,392	2,124,969	2,625,347	2,680,900	2,761,600
Estate Tax, Forms 706 and 706NA	141,156	225,827	147,303	80,768	55,833	60,400	65,200
Gift Tax, Form 709	146,338	273,184	214,789	97,720	123,530	147,700	166,900
Exempt Organization	387,469	403,809	442,607	454,097	491,060	487,400	496,900
Forms 990 and 990EZ	365,700	377,030	346,627	362,632	365,506	367,654	359,700
Form 990-PF	N/A	29,637	33,137	32,005	43,791	44,700	44,900 ⁴
Form 990-T	5,046	19,683	23,455	26,181	37,991	39,100	41,000
Forms 990C, 4720, and 5227	5,393	7,862	23,383	30,405	41,624	43,900	45,300

See notes on following Table 20.

Table 20.—Taxpayers Receiving Assistance, Paid and Unpaid, Tax Years 1986–1990

(Some estimates based on samples—all amounts are in thousands)

Type of assistance	Tax year				
	1986	1987	1988	1989	p1990
	(1)	(2)	(3)	(4)	(5)
Returns with paid preparer signature:¹					
All returns	48,049	50,991	51,507	54,808	49,680
1040EZ	655	836	887	725	563
1040A	4,135	3,922	4,290	3,885	4,842
1040, total	43,259	46,232	46,330	48,197	39,485
1040 Business, total	11,087	11,398	11,570	12,092	24,791
Nonfarm	9,385	9,824	9,981	10,371	n.a.
Farm	1,702	1,575	1,590	1,721	n.a.
1040 Nonbusiness, total	32,172	34,834	34,759	36,105	n.a.
With itemized deductions	18,732	16,965	14,929	17,002	n.a.
Without itemized deductions	12,627	17,868	19,831	19,103	n.a.
Electronically filed ²	n.a.	n.a.	n.a.	n.a.	4,791
Assistance provided by IRS:³					
Telephone inquiries	34,655	38,526	36,982	33,906	27,071
Recorded telephone information	10,892	13,405	27,812	22,178	27,181
Office walk-ins, information	7,090	7,408	7,008	7,104	5,501
Written inquiries	169	166	187	172	108
Special programs:					
Community classes and seminars (taxpayers assisted)	903	1,013	952	722	679
Volunteer Income Tax Assistance (VITA) (returns prepared)	337	387	404	466	373
Tax Counseling for the Elderly (returns prepared)	331	377	419	448	428

See notes on following page.

General notations

N/A - Not applicable

n.a. - Not available

p - Preliminary

r - Revised

* - See Appendix, General Description of Statistics of Income Sample Procedures and Data Limitations.

Table 1

- [1] Less deficit. Starting 1987, data are not comparable with earlier years because of major changes in the law, many of which are referred to in other footnotes.
- [2] Starting 1987, represents total dividends; previously, represented total dividends after statutory exclusion.
- [3] Starting 1987, losses are after "passive loss" limitation.
- [4] Starting 1987, represents total capital gains; previously, represented total capital gains after statutory exclusion. For other changes affecting capital gains, see *Statistics of Income--Individual Income Tax Returns*, various years.
- [5] Before 1980 and starting again with 1988, excludes Individual Retirement Arrangement (IRA) distributions; for intervening years, pensions and IRA distributions in AGI were reported together. Effective during 1986, the more liberal of the two methods of computing the nontaxable portion of pensions and annuities (representing taxpayer contributions to certain pension plans) was repealed.
- [6] Starting 1987, represents total unemployment compensation; previously, all or part was excludable under certain conditions.
- [7] Excludes sole proprietorship (including farm) rental income or loss. Starting 1987, rental losses are before "passive loss" limitation and, therefore, exceed the amount included in AGI.
- [8] Excludes certain royalties included in computations of capital gain or loss and of ordinary gain or loss, sales of noncapital assets.
- [9] See footnote 3.
- [10] Includes adjustments not shown separately below. Starting 1987, excludes employee moving and certain other business-related expenses, deduction for married two-earner couples, and certain alimony payments, but includes self-employed health insurance deduction; see also footnote 11. For changes in adjustments for earlier years, see *Statistics of Income--Individual Income Tax Returns*.
- [11] Deductible Individual Retirement Arrangement (IRA) contributions, reflected in adjustment statistics starting 1980, were limited starting 1987.
- [12] Includes exemptions for blindness, repealed effective 1987.
- [13] In general, represents the sum of standard and itemized deductions. For 1980 and 1985 data, includes total itemized deductions before subtraction of "zero bracket amount", plus, for non-itemized deduction returns, the zero bracket amount and, for 1985 data only, charitable contributions deduction. Starting 1987, includes revised itemized deductions (see also footnotes 15-18), "basic" standard deduction and "additional" standard deductions for age 65 and over or for blindness (for changes in the standard deduction and its relation to the zero bracket amount, see *Statistics of Income--Individual Income Tax Returns* for appropriate years.) In addition, statistics for 1987 and 1988 include zero bracket amount reported on the small number of prior-year returns filed in 1988 and 1989, respectively.
- [14] For 1980 and 1985 data, represents "zero bracket amount" used on returns of non-itemizers; see also footnote 19.
- [15] Includes itemized deductions not shown separately below, including revised deductions, starting 1987, for miscellaneous expenses after limitations and for employee moving expenses; see also footnotes 16-18. For changes in deductions for earlier years, see *Statistics of Income--Individual Income Tax Returns*.

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- [16] Deductible medical and dental expenses were limited, starting 1987, based on a revised percentage of AGI. For changes in the deduction for 1987 and earlier years, see *Statistics of Income--Individual Income Tax Returns*.
- [17] Starting 1987, State sales taxes were no longer deductible.
- [18] Starting 1987, deductions for "personal" interest and mortgage real estate loan interest were limited.
- [19] For 1980 and 1985 data, taxable income *includes* the "zero bracket amount," repealed effective 1987 and partially replaced by standard deductions which were *subtracted* in computing taxable income. A standard deduction was similarly used prior to 1980.
- [20] Tax rate structure was revised effective 1981-1984 and 1987-1988. Indexing of tax rates for inflation was introduced starting 1985. For other changes affecting tax computation, see *Statistics of Income--Individual Income Tax Returns* for the years concerned.
- [21] For 1970, includes surcharge of \$2,018,078,000.
- [22] Includes credits not shown separately below, such as the political contributions credit (repealed effective 1987), earned income credit (liberalized starting 1987), and low-income housing credit (introduced effective 1987); see also footnote 23. For changes in credits allowed for earlier years, see *Statistics of Income--Individual Income Tax Returns*.
- [23] Investment credit was included in the more-inclusive general business tax credit starting 1984. With exceptions, investment credit was repealed effective 1986.
- [24] Includes income tax after credits, additional tax for tax preferences, i.e., "minimum tax" (applicable for 1970-1982) and "alternative minimum tax" (applicable after 1979 and revised effective 1987).
- [25] Includes refunds and credits to the following year's estimated tax; includes refundable portion of earned income credit. Reflects overpayments of income tax, tax recapture of certain prior-year tax credits, tax applicable to Individual Retirement Arrangements (IRA's), self-employment (social security) tax, social

security tax on certain tip income, and certain other income-related taxes (for the taxes applicable to the years shown, see *Statistics of Income--Individual Income Tax Returns*).

- [26] Reflects taxes enumerated in footnote 23.

SOURCE: *Statistics of Income--Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific *Statistics of Income* reports for a description of sampling error and of the changes mentioned above.

Table 2

- [1] Includes returns with adjusted gross deficit.
- [2] U.S. totals in Table 2 do not agree with Tables 1 and 3 because they were obtained from a different source. In addition, for purposes of Table 2:
- a. "Number of exemptions" also includes responses of taxpayers who checked the boxes on their tax return for age 65 or over or for blindness in order to claim the additional standard deductions for age or blindness. This treatment enables some comparability to be maintained between State data for 1987-1989 and data for years prior to 1987. Number of exemptions are still understated, however, because these boxes are not checked if taxpayers itemize deductions. Prior to 1987, checking these boxes entitled taxpayers to additional personal exemptions.
 - b. "Itemized deductions" includes any amounts reported by the taxpayer that were not used in computing taxable income.
 - c. "Total tax liability" includes income tax after credits, alternative minimum tax, tax recapture of prior-year investment or low-income housing credits, tax applicable to Individual Retirement Arrangements (IRA's), self-employment (social security) tax, social security tax on certain tip income, and certain other income-related taxes. Total tax liability is certain before reduction by earned income credit (see footnotes 1(d) and 3, below).

d. "Earned income credit" includes both the refundable and nonrefundable portions. The nonrefundable portion could reduce income tax and certain related taxes to zero. See also footnote 3.

- [3] "Excess earned income credit" represents the refundable portion of the credit (see footnote 1(d)) and equals the amount in excess of total tax liability (defined in footnote 1(c)), including any advance earned income credit payments for those returns which had such an excess.
- [4] Includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by members of the armed forces stationed overseas; returns filed by other U.S. citizens abroad; and returns filed by residents of Puerto Rico with income from sources outside of Puerto Rico or with income earned as U.S. Government employees.

NOTE: This table presents aggregates of all returns filed and processed through the Individual Master File (IMF) system during Calendar Year 1990. Data have not been edited for Statistics of Income purposes.

SOURCE: Internal Revenue Service, Tax Processing Systems Division, IMF Returns Systems Branch.

Table 3

- [1] Includes returns with adjusted gross deficit.
- [2] In addition to low income taxpayers, this size class (and others) includes taxpayers with "tax preferences," not reflected in adjusted gross income or taxable income, which are subject to the "alternative minimum tax" (included in "total income tax").
- [3] Includes income tax after credits and the additional tax for tax preferences, i.e., the "alternative minimum tax" (see footnote 2).
- [4] There were major changes in filing requirements and in the definitions of adjusted gross income (AGI) and taxable income starting with 1987. Percentages based on AGI for 1987 and 1988 are therefore not comparable with 1986 and earlier years. For explanation, see "Individual Income Tax Returns,

Preliminary 1987," *Statistics of Income Bulletin*, Spring 1989, Volume 8, Number 4, and *Statistics of Income--1987, Individual Income Tax Returns*.

SOURCE: *Statistics of Income--Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 4

- [1] Imputed interest received by persons from life insurance carriers and private non-insured pension plans.
- [2] Represents income of low-income individuals not required to file individual income tax returns, unreported income, and statistical errors or omissions.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Tables 5 and 6

- [1] See Table 4 for the differences between personal income and adjusted gross income.
- [2] Beginning with 1987, data are not comparable with earlier years because of major changes in the definition of adjusted gross income.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

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Table 7

- [1] Amount of standard deduction for 1944-1957 estimated by Joseph A. Pechman, The Brookings Institution, on the basis of the distribution of the number of tax returns by income classes and marital status in *Statistics of Income--Individual Income Tax Returns*, and for 1958-1988 obtained directly from *Statistics of Income* tabulations for these years. Represents "zero bracket amount" for 1977-1986. Starting with 1987, represents the sum of "basic" and "additional" standard deductions (for age 65 and over and for blindness); also includes zero bracket amount reported on the small number of prior-year returns filed in 1988 (or 1989) that were included in the 1987 (or 1988) statistics.
- [2] Returns with standard deduction, 1955-1988, includes a small number with no adjusted gross income and no deductions. (For 1977-1986, standard deduction is the "zero bracket amount," which was also reported on a small number of returns included in the 1987 and 1988 statistics; see footnote 1.) For 1944-1954, includes a small number with no adjusted gross income and no deductions. For 1944-1954, returns with no adjusted gross income are included in the number of returns with itemized deductions.
- [3] For 1977-1986, itemized deductions are before subtraction of "zero bracket amount."
- [4] Sum of standard and itemized deductions, plus charitable deduction reported on standard deduction returns for Tax Years 1982-1986. For 1987 and 1988, total deductions also includes "zero bracket amount" reported on a small number of returns (see footnote 1).
- [5] See footnote 2, Tables 5 and 6.

SOURCE: Except as indicated in footnote 1, *Statistics of Income--Individual Income Tax Returns*, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 8

- [1] See Table 4 for the differences between personal income and adjusted gross income.
- [2] Taxable income excludes "zero bracket amount" for 1977-1986. Because of major changes in law, taxable income starting with 1987 is not comparable with earlier years.
- [3] For the definition of total income tax, see footnote 9, Table 1.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income--Individual Income Tax Returns*, appropriate years. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 9

SOURCE: *Statistics of Income--Individual Income Tax Returns*, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 10

- [1] Includes disallowed "passive losses." Therefore, business receipts minus total deductions do not equal net income (less deficit).

SOURCE: *Statistics of Income--Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most years). Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 11

- [1] Total assets, total liabilities, and partners' capital account are somewhat understated because not all partnership returns included a complete balance sheet.
- [2] Short-term debt is the abbreviated title given to mortgages, notes, and bonds payable in less than 1 year.
- [3] Long-term debt is the abbreviated title given to mortgages, notes, and bonds payable in 1 year or more. In addition, for Tax Year 1975, long-term debt included nonrecourse loans.
- [4] Prior to 1981, "total receipts" included gross receipts from farming and gross income from rents and royalties. Expenses related to farming, rents and royalties were included under "total deductions." Starting with 1981, only the net income from farming, rents and royalties were included under total receipts. Expenses related to farming, rents and royalties were not tabulated.
- [5] Prior to 1981, if gross rentals were reported as the principal operating income, they were included in "business receipts."
- [6] For 1982-1986, also includes certain dividends. Starting with 1987, represents only portfolio interest distributed to partners.
- [7] After 1980, represents the more all-inclusive amounts reported in depreciation computation schedules rather than the amounts reported as the depreciation deduction (augmented by depreciation identified in cost of sales and operations schedules).

SOURCE: *Statistics of Income--Partnership Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most years). Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 12

- [1] Size classes are based on business receipts, i.e. gross amounts from sales and operations, for industries except those in finance, insurance and real estate. For the latter industries, total receipts, which is the sum of business receipts and investment income, was used. For partnerships, comparability of data by size of receipts is affected by revisions to the definition of receipts; see also footnotes 4 and 5, Table 11. To help minimize the break in comparability caused by this change in statistical treatment of farm and rental income, an effort was made for 1981-1987 only, to include rental (though not farm) gross receipts in the receipts used for the size distribution in Table 12. For 1988, only net rentals are reflected in the size distribution.
- [2] Includes returns with no business receipts.
- [3] Includes corporations with zero assets and liabilities. In addition, for partnerships, includes partnerships without balance sheet information (see also footnote 5, below).
- [4] See footnote 4, Table 11.
- [5] Prior to 1979, partnerships that had liquidated were assumed to have zero assets and liabilities, even if their balance sheets showed otherwise, and were included in the "under \$25,000" asset size class. Beginning with 1980, balance sheet data reported for liquidated partnerships were tabulated as reported and were included in the appropriate asset size classes.

SOURCE: *Statistics of Income--Corporation Income Tax Returns*, appropriate years, *Statistics of Income--Partnership Returns*, appropriate years, *Statistics of Income--Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most years). Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 13

- [*] Estimate should be used with caution because of the small number of sample returns on which it is based.

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- [1] Number of returns for 1988 exclude those filed by Foreign Sales Corporations (FISC's) and Interest-Charge Domestic International Sales Corporations (IC-DISC's); see also footnotes 5 and 6, below. Because of the omission of these returns, totals for all income and financial items shown below (except those not applicable to IC-DISC's and FISC's, such as "income subject to tax" and "income tax" and tax credits) are somewhat understated.
- [2] Consolidated returns were filed on an elective basis for affiliated groups of corporations (with exceptions), in general, if 80 percent or more of the stock of the affiliates was owned within the group and a common parent corporation owned at least 80 percent of the stock of at least one of the affiliates.
- [3] Included in "Number of returns, total" and "Number with net income."
- [4] Generally, small corporations with no more than 35 shareholders (10 prior to 1983), most of them individuals, electing to be taxed at the shareholder level.
- [5] Domestic International Sales Corporations (DISC's) were designed to promote U.S. exports. They were taxed through parent corporations, but only when profits were distributed or deemed distributed to them. This system of tax deferral was generally replaced after 1984 with a new system of Foreign Sales Corporations (FSC's); see footnote 6. Tax benefits of DISC's remaining after 1984 were limited and an interest charge for tax deferred amounts was imposed on the parent corporations.
- [6] Foreign Sales Corporations (FSC's) generally replaced DISC's as a means of promoting U.S. exports (see footnote 5). Under the FSC provisions, a portion of these subsidiaries' "foreign trade income" was exempt from U.S. income tax.
- [7] Starting with 1987, receipts, deductions and net income (or deficit) of S Corporations are limited to those attributable to trade or business. Therefore, investment or portfolio income (or loss), such as from interest, dividends, rents, royalties, and gain (loss) from sales of investment property, and the deductions related to this income, are excluded from net income (and allocated directly to shareholders).
- [8] Starting with 1987, "business receipts" includes the full amount reported by stock and commodity brokers and exchanges, and by real estate subsidiaries, developers and operative builders, even when they bought and sold securities, commodities and real estate on their own account. Previously, such transactions were treated as "net gain (loss), noncapital assets."
- [9] Includes dividends reported in combination with interest on Form 1120-S by S Corporations, i.e., certain corporations that elect to be taxed through shareholders (see footnote 4). Based on prior years, when Form 1120-S required each to be reported separately, nearly all of the combined amount represents interest.
- [10] From 1984 through 1987, "other deductions" includes depletion and employer contributions to pension, profit-sharing, stock bonus and annuity plans, and to employee benefit programs, reported on the Form 1120-A short form. Starting with 1988, identifiable amounts reported on Form 1120-A for any of these items are included in the statistics for the appropriate deduction.
- [11] For most years, "income subject to tax" (the corporate tax base) exceeds "net income less deficit" chiefly because of the deficits reported on returns without net income. Moreover, it is the sum of the several tax bases applicable over time to different classes of corporations, not all of which were directly related to net income. Income subject to tax thus includes the "taxable income" base used by most companies (and defined as net income minus certain statutory special deductions); prior to 1989, a variation of this base in combination with net long-term capital gains in certain situations when the lower capital gains tax applied; the special tax bases applicable to S Corporations and insurance businesses; and the amounts taxable to certain investment companies. Profits of Domestic International Sales Corporations were tax-deferred; most of those of qualifying Foreign Sales Corporations were tax-exempt and those of S Corporations were taxed (with few exceptions) through their individual shareholders, so that the net income of these corporations is excluded from income subject to tax.

- [12] Includes surcharge of \$784,437,000.
- [13] In general, starting with tax years beginning during 1987, the "alternative tax" that provided for a maximum tax on long-term capital gains that was less than the tax that would have applied if the regular tax rates had been used was repealed.
- [14] Effective with tax years beginning during 1987, the "alternative minimum tax" replaced the "minimum tax" (formerly referred to as the "additional tax for tax preferences").
- [15] General business credit includes alcohol fuel, investment, jobs, and employee stock ownership plan (ESOP) credits which were reported separately for previous years. Also included are the research credit (starting 1986) and the low-income housing credit (starting 1986). With exceptions, investment credit was repealed effective 1986; employee stock ownership plan contributions credit was repealed effective 1987. For changes in definitions of component credits, see *Statistics of Income--Corporation Income Tax Returns*, for the years concerned.

NOTE: Detail may not add to totals because of rounding.

SOURCE: *Statistics of Income--Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 14

- [1] See footnote 7, Table 13.
- [2] See footnote 9, Table 13.
- [3] See footnote 12, Table 13.
- [4] See footnote 13, Table 13.
- [5] Also includes additional tax for tax preferences ("minimum tax"), for years prior to 1987, "alternative minimum tax" starting with 1987; recapture of investment and work incentive (WIN) credits, for 1975 and 1980; Personal Holding Company tax; and, beginning with 1987, environmental tax.

Credits include those appropriate for the given tax year (see Table 13 and *Statistics of Income--Corporation Income Tax Returns*).

- [6] See footnote 1, Table 13.
- [7] See footnote 8, Table 13.

SOURCE: *Statistics of Income--Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 15

- [1] Profits shown are without inventory valuation and capital-consumption adjustment. SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income--Corporation Income Tax Returns*, appropriate years. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Tables 16 and 17

- [1] Individual income tax collected includes that portion which was designated for the presidential election campaign fund by taxpayers on their returns. Also included is the fiduciary income tax collected (from estates and trusts). Fiduciary income tax collected was \$5.9 billion in 1990, \$6.0 billion in 1989, \$6.5 billion in 1988, \$8.4 billion in 1987, and \$4.5 billion in 1986. Presidential election campaign designations amounted to \$32.5 billion in 1990, \$32.3 million in 1989, \$33.2 million in 1988, \$33.2 million in 1987, and \$35.9 million in 1986.
- [2] Corporation income tax collected includes various taxes applicable to tax-exempt organizations, including the tax on "unrelated business income." Total taxes collected from tax-exempt organizations

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were \$127.9 million in 1990, \$115.6 million in 1989, \$137.5 billion in 1988, \$30.2 million in 1986.

- [3] Excise taxes are imposed on selected products, services, and activities, such as on sales of alcohol and tobacco products and on the manufacture of gasoline.
- [4] Employment taxes include payroll taxes levied on salaries and wages, such as social security, railroad retirement, and unemployment taxes; plus the self-employment tax imposed on "self-employment income."

NOTES: Refunds in Table 17 are associated with the taxes described in footnotes 1-4, Tables 16. Collection (or refunds) are those made during time periods indicated, regardless of the year or other period during which the tax liability was incurred (or to which the refund applied).

Collections represent the gross amounts before refunds and include amounts paid with the return; prior to filing the return (as applicable; income tax withheld by employers and estimated tax payments); and subsequent to filing the return (chiefly the result of initial return processing or of examination and enforcement activities). Collections also include interest and penalties. Refunds result chiefly from tax overpayments determined at time of filing a return. Also included are amounts subsequently determined as due the taxpayer as a result of an amended return or a claim for refund (including those produced by "net operating loss" and other carryback adjustments from future taxable years); or as a result of initial return processing or of IRS examination and other activities. Individual income tax refunds are net of offsets under laws which require IRS to act as collection agent for delinquent payments owed various U.S. agencies under specific programs. All refund data include interest paid by IRS (\$2.4 billion in 1990).

Detail may not add to totals because of rounding.

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Accounting Branch.

Table 18

- [1] Alcohol and tobacco taxes each include special (occupational) taxes prior to Fiscal Year 1988. Starting with FY 1988, occupational taxes are excluded from these separate amounts shown for

alcohol and tobacco taxes although they are reflected in the combined total for all alcohol and tobacco taxes.

- [2] Also includes lubricating oil taxes. Effective January 7, 1983, taxes on lubricating oil were repealed.
- [3] Effective January 1, 1984, taxes on tubes and tread rubber were repealed, and dealers holding taxable tires were assessed a one-time floor stock tax.
- [4] Effective January 7, 1983, the excise taxes on parts and accessories for trucks and buses, which are included in this classification, were repealed. Beginning with the quarter ending December 1983, taxes on motor vehicles are excluded.
- [5] Special fuels, total, includes taxes on diesel and special motor fuels which were classified as miscellaneous excise taxes in 1970. Also, beginning with the quarter ending December 1983, taxes on motor vehicles are included.
- [6] Repealed effective August 23, 1988. Amounts reported for more recent quarters result from amended filings, delinquent taxes, examination activities, and refunds.
- [7] Expired September 30, 1985; reimposed in January 1987.

NOTES: For 1970 and 1975, the fiscal year was defined as July of the previous calendar year through June of the year noted. Starting with 1980, the fiscal year was redefined as October of the previous calendar year through September of the year noted.

Starting with Fiscal Year 1988, additional detail on manufacturers' excise taxes, retailers' and special fuel taxes, and miscellaneous excise taxes is available in the fourth quarter Internal Revenue Report of Excise Taxes; previously this information was published in the *Annual Report of the Commissioner and Chief Counsel, Internal Revenue Service*. For additional detail for alcohol and tobacco taxes, see the Statistical Release, "Alcohol and Tobacco Tax Collections," Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury, 1989.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, Returns Processing and Accounting

Division, Revenue and Accounting Branch; and Financial Management Service.

Table 19

- [1] Includes Forms 1040C, 1040NR, 1040PR, and 1040SS; excludes amended returns (Form 1040X).
- [2] Starting with Calendar Year 1988, includes Form 1120-PC and excludes Form 1120-M.
- [3] Includes Forms 1120F, 1120 POL, and 1120H; starting with Calendar Year 1986, Forms 1120-FISC; and, starting with Calendar Year 1988, Forms 1120-REIT and 1120-RIC; excludes Forms 1120-DISC and 1120-IC-DISC, and amended returns (Form 1120X).
- [4] Includes Form 1041A.
- [5] Includes Form 990A.

SOURCE: Internal Revenue Service, Research Division, Projections and Forecasting Group.

Table 20

- [1] Estimates of returns with paid preparer assistance are based on different sources, depending on the year. For 1986, they were obtained by converting the Taxpayer Usage Study (TPUS) sample of individual income tax returns to the equivalent of the Statistics of Income (SOI) sample. (For additional information about the TPUS sample, see, for example, "Taxpayer Usage of Forms 1040, 1040A, and 1040EZ," *Statistics of Income Bulletin*, Fall 1989, Volume 9, Number 2.) The adjustment for 1986 was made because the TPUS sample represented returns filed only through April, while the SOI sample represented all returns filed during entire calendar

year. The TPUS sample was also used for the 1990 estimates; however, an adjustment similar to 1986 could not be computed in time for the Summer 1991 *Bulletin*. Therefore, the estimates for 1990 are slightly understated and should be regarded as preliminary. Revised data for 1990 covering the entire calendar year will be included in the Fall issue of the *Bulletin*, based on the Tax Year 1990 Individual Master File (IMF) of all individual income taxpayers. Estimates for 1989 were also based on the IMF, except for the number of returns with or without itemized deductions. For the latter returns, the data were estimated based on the 1989 TPUS sample. All estimates for 1987 and 1988 are based on the SOI samples for those years.

- [2] Data on IRS Taxpayer Service Programs are collected on a fiscal-year basis. In general, assistance rendered in a given fiscal year may be related to returns due on April 15th during that fiscal year and are for the tax year ending with the previous December. As a result, data in Table 20, which are presented on a tax year basis, are actually for a fiscal year. Therefore, data shown as for Tax Year 1988, for example, are actually for Fiscal Year 1989. However, data shown as for Tax Year 1989 are actually for the first 7 months of Fiscal Year 1990; the revised data will represent the entire Fiscal Year 1990.

NOTE: Data on IRS assistance represent taxpayer contacts. Some taxpayers make more than one contact. The number of taxpayers assisted (in contrast to the number of contacts made) is not known.

SOURCE: Data on paid preparers were obtained from Statistics of Income and Taxpayer Usage Study samples. Data on IRS assistance were compiled by the Taxpayer Service Division.

Appendix*

General Description of Statistics of Income Sample Procedures and Data Limitations

This appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see the References at the end of this Appendix). More technical information is available, upon request, by writing to the Director, Statistics of Income Division, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608.

SAMPLE CRITERIA AND SELECTION OF RETURNS

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on criteria such as: industry, presence or absence of a tax form or schedule, accounting period, State from which filed, and various income factors or other measures of economic size (total assets, for example, is used for the corporation and partnership statistics). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years--3 for corporations because of the prevalence of fiscal (non-calendar) year reporting. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means, in practice, that both the population and the sample size can differ from that planned. However, these factors do not compromise the validity of the estimates. The probability of a return being designated depends on

its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the estimated cost or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master File based on the taxpayer identification number (TIN), which is either the social security number (SSN) or the employer identification number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise, it is counted (for estimation purposes) but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TIN's designed from one year's sample are for the most part selected for the next year's, so that a very high proportion of the returns selected in the current sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from one year to the next.

METHOD OF ESTIMATION

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. Weights are, in general, computed by dividing the count of returns filed for a given stratum by the count of sample returns for that same stratum. "Weights" are used to adjust for the various sampling rates used--the lower the rate, the larger the weight. For some studies, it is

*Compiled by Bettye Jamerson, Coordination and Publications Staff, under the direction of Robert Wilson, Chief, Publications Team. Major contributions were made by Paul McMahon, Mathematical Statistics Team.

possible to improve the estimates by subdividing the original sampling classes into "post-strata," based on additional criteria or refinements of those used in the original stratification. Weights are then computed for these post-strata using additional population counts. The data on each return in a stratum are multiplied by that weight. To produce the tabulated estimates, these weighted data are summed to produce the published statistical totals.

SAMPLING VARIABILITY

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in decimal form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 0.02, then the following arithmetic procedure would be followed to construct a 68 percent confidence interval estimate:

$$\begin{array}{r}
 150,000 \qquad \qquad \qquad \text{(sample estimate)} \\
 \times 0.02 \qquad \qquad \qquad \text{(coefficient of variation)} \\
 \hline
 = 3,000 \qquad \qquad \qquad \text{(standard error of estimate)} \\
 \\
 150,000 \qquad \qquad \qquad \text{(sample estimate)} \\
 + \text{ or } - 3,000 \qquad \qquad \qquad \text{(standard error)} \\
 \hline
 = 147,000-153,000 \qquad \text{(68 percent confidence interval)}
 \end{array}$$

Based on these data, the interval estimate is from 147 to 153 thousand returns. A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds of all possible similarly selected samples. To obtain this interval estimate with 95 percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this

particular case, the resulting interval would be from 144 to 156 thousand returns.)

Generally in the *SOI Bulletin* only conservative upper limit CV's are provided for frequency estimates. These do, however, provide a rough guide to the order of magnitude of the sampling error.

Further details concerning sample design, sample selection, estimation method, and sampling variability for a particular SOI study, may be obtained on request by writing the Director, Statistics of Income Division.

NONSAMPLING ERROR CONTROLS AND LIMITATIONS

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors, processing errors, and effects of an early cut-off of sampling. More extensive information on nonsampling error is presented in SOI reports, when appropriate. In transcribing and tabulating the information from the returns or forms selected for the sample, checks are imposed to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during statistical "editing" in order both to improve data consistency from return to return and to achieve definitions of the data items that are more in keeping with the needs of major users. In some cases not all of the data are available from the tax return as originally filed. Sometimes the missing data can be obtained through field follow up. More often, though, they are obtained through imputation methods. As examples, other information in the return or in accompanying schedules may be sufficient to enable an estimate to be made; prior-year data for the same taxpayer may be used for the same purpose; or data from another return for the same year that has similar characteristics may be substituted. Research to improve methods of imputing data that are missing from returns continues to be an ongoing process [1].

Quality of the basic data abstracted from the returns is subjected to a number of quality control steps including 100-percent key verification. The data are then subjected to many tests based on the structure of the tax law and the improbability of various data combinations. Records failing these tests are then subjected to further review and any necessary corrections are made. In addition, the Statistics of Income Division in the National Office con-

ducts an independent reprocessing of a small subsample of statistically-processed returns as a further check [2].

Finally, before publication, all statistics are reviewed for accuracy and reasonableness in light of provisions of the tax laws, taxpayer reporting variations and limitations, economic conditions, comparability with other statistical series, and statistical techniques used in data processing and estimating.

TABULAR CONVENTIONS

Estimates of frequencies and money amounts, that are considered unreliable due to the small sample size on which they are based, are noted in SOI tables by an asterisk (*) to the left of the data item(s). The presence of an asterisk indicates that the sample rate is less than 100 percent of the population and that there are fewer than 10 sample observations available for estimation purposes.

A dash in place of a frequency or amount indicates that no sample return had that characteristic. In addition, a dash in place of a coefficient of variation for which there is an estimate indicates that all returns contributing to the estimate were selected at the 100-percent rate.

Whenever a weighted frequency in a data cell is less than 3, the estimate is either combined with other cells or deleted in order to avoid disclosure of information about individual taxpayers or businesses [3]. These combinations and deletions are indicated.

NOTES

[1] See, for example, Hinkins, Susan M., "Matrix Sampling and the Effects of Using Hot Deck Imputation,"

in *1984 Proceedings: American Statistical Association, Section on Survey Research Methods*. Other research efforts are included in *Statistical Uses of Administrative Records: Recent Research and Present Prospects*, Volume 1, Internal Revenue Service, March 1984.

- [2] Quality control activities for all SOI studies are published from time to time in a series of separate reports. These reports provide detailed information relating to quality in all phases of SOI processing.
- [3] For geographic statistics, these same steps are taken when a weighted frequency is less than 10.

REFERENCES

For information about the samples used for specific SOI programs see:

Statistics of Income--1987, Individual Income Tax Returns, (see especially pages 13-17).

Statistics of Income--1987, Corporation Income Tax Returns (see especially pages 11-19).

Statistics of Income--1978-82, Partnership Returns (see especially pages 237-244).

Statistics of Income--1979-83, Compendium of Studies of International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns (see information about the samples used at the end of each chapter).

SOI Bulletin (see each issue).

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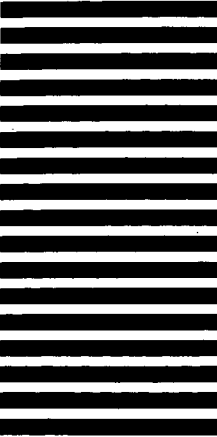
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