

2002 BUSINESS EXPENSES SURVEY MERCHANT WHOLESALE

GENERAL INFORMATION AND INSTRUCTIONS FOR COMPLETING FORM SA-42(B)

GENERAL INFORMATION

The Business Expenses Survey (BES), conducted quinquennially in conjunction with the Nation's economic census, collects and publishes information on business operating expenses, and in conjunction with data on sales and inventories, derives measures of value produced. This information is used to measure America's economic performance.

Your response to the survey is required by law (Title 13, United States Code). This same law guarantees that the information furnished is kept **confidential**. The data you supply are used solely for developing summary statistics and cannot be used for purposes of taxation, investigation, or regulation.

We estimate that it will take an average of 2.2 hours to complete this questionnaire for multi-location companies and 1.2 hours for single-location companies. This includes time to read instructions, assemble and review information, and record answers on the questionnaire. Mail comments regarding this burden estimate or any other aspect of this collection of

information, including suggestions for reducing this burden, to Paperwork Project 0607-0901, U.S. Census Bureau, 4700 Silver Hill Road, Stop 1500, Washington, D.C. 20233-1500. You may e-mail comments to <Paperwork@census.gov>; use "Paperwork Project 0607-0901" as the subject.

If you have any questions concerning your report, or wish to obtain an extension of your filing due date, call **1-800-772-7851**. You also can FAX your request to **1-800-447-4613** or write the Bureau of the Census, Attn.: BES, 1201 East 10th Street, Jeffersonville, IN 47132-0001.

PLEASE INCLUDE FORM NUMBER **SA-42(B)** AND THE ID NUMBER ON THE FRONT OF YOUR REPORT (THE FIRST FOURTEEN DIGITS SHOWN TO THE LEFT IN THE MAILING LABEL) IN ALL CORRESPONDENCE.

Note that respondents are not required to respond to any Federal information collection unless it displays a valid approval number from the U.S. Office of Management and Budget. This 8-digit number appears at the top of the report form.

GENERAL INSTRUCTIONS

Please read all instructions and complete all items in this report to avoid costly and time-consuming correspondence.

This report should include domestic merchant wholesale locations operated by your company and its subsidiaries, but exclude operating units for which separate reports for this survey have been received for completion. If the mailing label displays a Federal Employer Identification Number (EIN) of your firm, then this report should cover only merchant wholesale operations conducted under this EIN.

Data should be included in this report for support facilities which you own, such as warehouses, garages, central administrative offices, and repair facilities which provide services primarily to the merchant wholesale locations covered by this report.

Report expenses data for **calendar year 2002**. Except for payroll and fringe benefits, if calendar year records are not available, data for the latest fiscal year are acceptable. Please note, however, that **carefully prepared estimates for calendar year 2002 are acceptable** and preferable to book figures covering a different time period.

If you owned the location(s) for only part of calendar year 2002, report expenses only for the period that the location(s) were operated by this company or under any Federal Employer Identification Number (EIN) shown in the address label.

Data for locations operated by other companies, such as by franchise, should be excluded entirely from this report.

Please make a photocopy of your completed form and retain that copy in your files.

OPERATING EXPENSES

Instructions for completing selected operating expense questions

Line 2a – TOTAL ANNUAL PAYROLL IN 2002, BEFORE DEDUCTIONS

Definitions are the same as those on the Employer's Quarterly Federal Tax Return, Form 941, and as described in Circular E, Employer's Tax Guide. Report the amount of payroll actually paid during the four quarters of **calendar year 2002**.

Include – Salaries, wages, commissions (to your own employees), bonuses, and dismissal pay, before deductions for employee contributions such as Social Security (FICA), income tax withholding, group insurance premiums, union dues, and savings bonds; cash equivalent of compensation paid in kind; allowances for vacation, holiday, and sick leave paid to your own employees in 2002; and employee contributions to

qualified pension plans. For corporations, include the amount paid to officers and executives and the spread on stock options that is taxable to employees as income.

Exclude – Employer contributions to employee benefit plans required by law and any fringe benefits your company gives its employees. For unincorporated businesses, exclude profit or other compensation of proprietors or partners. Exclude full- and part-time employees whose payroll was filed under an employee leasing company's employee identification number (EIN), but for whom you maintain day to day control of their activities (such as hiring/firing decisions, determining base pay rates, and selecting benefits options). Also exclude temporary staffing obtained from a temporary help service.

CONTINUE ON REVERSE

OPERATING EXPENSES (Continued)

Line 2c – CONTRACT LABOR

Include – Contractual payments made to suppliers for leased employees and temporary help such as office or warehouse workers, provided they are NOT on your payroll but ARE under your firm's supervision.

Exclude – Professional and nonprofessional services of persons supervised by the supplying firm, such as contracted legal, accounting, janitorial, and building maintenance services. These costs should be reported on other expense lines as a "purchased service".

Line 2f – INDUSTRY SPECIFIC MATERIALS, PARTS, AND SUPPLIES, FOR OWN USE

Include – Materials, parts, and supplies purchased in 2002 which are used in your business operations. Examples include protective clothing and coverings, and motor vehicle parts used for self-repair.

Exclude – Non-industry specific materials, parts, and supplies such as office supplies (include these on line 2g). Also exclude purchases of items for resale.

Line 2l – PURCHASED REPAIR AND MAINTENANCE SERVICES

Include – All noncapitalized repairs to buildings, structures, offices, machinery, and equipment; for example, vehicle repairs, painting, and roof repairs. Also, include the cost of repairs to equipment and fixtures that are integral or permanent parts of a building or structure, such as elevators, furnaces, and central air conditioners. Purchased janitorial services and building and grounds maintenance should be included on this line.

Exclude – Repair and maintenance costs included in normal lease or rental payments, improvements for which depreciation accounts are maintained, and repairs and maintenance performed by employees of your company and its subsidiaries.

Line 2t – COMMISSIONS EXPENSE

Include – Commissions paid to other firms for sales of merchandise on your account.

Exclude – Commissions paid to your own employees (include these on line 2a, annual payroll).

Line 2u – COST OF CONTRACT WORK

Include – Contractual payments made in 2002 to other firms for readying your merchandise for sale, such as blending, assembly, printing, repacking, bottling, or other processing. Such services are performed under the supervision of the contractor.

Exclude – Contractual payments made to suppliers of leased employees and temporary help. These cost should be reported on line 2c, contract labor. The cost of other types of services purchased from contractors, such as maintenance services, should be reported on other expense lines as a "purchased service".

Line 2w – COST OF INSURANCE

Include – Payments made on insurance policies. Examples include property insurance, fire insurance, medical malpractice insurance, credit insurance, product liability insurance and vehicle insurance.

Exclude – Insurance costs incurred on behalf of employees and reported on line 2b, fringe benefits, such as workman's compensation insurance, disability insurance, life insurance, and insurance premiums on hospital and medical plans.

Line 2x – TAXES AND LICENSE FEES

Include – Business license fees, liquor and tobacco stamps, business real and personal property taxes (such as taxes on real estate, motor vehicles, machinery, equipment, and inventories), and special assessments paid to government agencies.

Exclude – Income, sales, payroll, excise taxes (other than for liquor and tobacco stamps), and other taxes collected from customers and paid to local, state, or federal government agencies. Also exclude the cost of computer software purchased under licensing agreements, and license fees paid to other than government agencies.

Line 2y – DEPRECIATION AND AMORTIZATION CHARGES

Include – Depreciation charges taken in 2002 against tangible assets owned and used by your firm, tangible assets and improvements owned by your firm within leaseholds, and tangible assets obtained through capital lease agreements. Also include amortization charges against intangible assets (i.e., goodwill, patents, copyrights, etc.).

Exclude – Accumulated depreciation. Do not adjust for the value of depreciable assets sold/traded for replacement purposes.

Line 2z – OTHER OPERATING EXPENSES

Include – Items such as gasoline and other fuel purchased for motor vehicles, damage not covered by insurance, losses by theft, bad debt, and grants paid out by tax-exempt organizations. Also on line 2z, describe and report the amount for the largest type of other operating expenses.

Exclude – Cost of goods sold items, interest on loans, income taxes, and local sales and excise taxes collected from customers.

If records are not available for other operating expenses, report the amount of total operating expenses from your financial statement on line 2aa, total operating expenses. Subtract from this amount the total of the right-most column of Item 2, lines a through y, and enter the difference on line 2z.

Line 2aa – TOTAL OPERATING EXPENSES

Report the sum of expenses in the right-most column of Item 2, lines a through z.