

Exempt Organization Business Income Tax Returns, 1992

by Margaret Riley

An extensive revision of the Tax Year 1992 Form 990-T, *Exempt Organization Business Income Tax Return*, introduced a change in reporting requirements, and this may be the chief reason for an overall 5-percent drop in the number of returns filed, from 32,690 for 1991 to 31,122 for 1992. However, the drop in the number of filers did not adversely affect the growth of the four major financial items for 1992: \$4.1 billion of gross "unrelated business income" (UBI), up 20 percent from 1991; \$5.2 billion of total deductions, up 28 percent; and \$485.9 million of "unrelated business taxable income" (UBTI) and \$132.4 million of total income tax, each up 13 percent [1].

Only 3 percent of the more than 1 million population of tax-exempt organizations to which the UBI tax provisions applied filed Tax Year 1992 Forms 990-T to report income from unrelated business activities [2]. The proportion of organizations reporting UBI was the same for Tax Year 1991.

Effect of Tax Year 1992 Reporting Requirement Changes

Tax-exempt organizations with gross UBI of \$10,000 or less, which accounted for 40 percent of all filers, were largely responsible for the 5-percent decrease in total Form 990-T filings (Figure A) [3]. They filed 16 percent fewer returns between 1991 and 1992. These smaller organizations were required for the first time to report itemized sources of gross unrelated business income, rather than the single total amount required previously [4]. (For a listing of these itemized sources, see the definition of gross UBI in the Explanation of Selected Terms section; see, also, the individual definitions of each source.)

The 16-percent decrease in the number of returns filed by smaller organizations likely was an effect of the new requirement for 1992 to calculate and report the detailed sources of gross UBI. The main purpose of the Form 990-T revision was to improve the accuracy of the information reported, by making the reporting format similar to other Federal business income tax forms and by providing the smaller organizations with a specific format for itemizing and computing gross UBI. In the absence of a specific format prior to 1992, it generally was not known how smaller organizations determined if their gross UBI was \$10,000 or less, which, in turn, allowed them to bypass the more detailed income and deduction sections of the return. With the requirement to follow an explicit itemization format, perhaps organizations that previously had reported

Figure A

Selected Financial Data from Exempt Organization Business Income Tax Returns, Tax Years 1990-1992

(Money amounts are in thousands of dollars)

Item	1990	1991	1992
	(1)	(2)	(3)
Number of returns, total	31,091	32,690	31,122
Number with gross unrelated business income (UBI) of \$10,000 or less.....	13,274	14,819	12,400
Number with gross UBI over \$10,000.....	17,817	17,871	18,722
Gross UBI.....	3,511,499	3,384,698	4,069,149
Total deductions.....	4,143,101	4,047,183	5,182,551
Unrelated business taxable income (UBTI)			
less deficit.....	-631,605	-662,487	-1,113,402
UBTI.....	388,890	431,143	485,874
Deficit.....	1,020,495	1,093,630	1,599,276
Total income tax.....	99,119	116,933	132,378

a single total of gross UBI between \$1,000 and \$10,000 (requiring only a "partial" return to be filed) found for 1992 that their calculated gross UBI was either below the \$1,000 filing threshold (requiring no return to be filed) or above \$10,000 (requiring a more detailed return to be filed) [5].

Larger organizations, those with gross UBI greater than \$10,000, filed 18,722 returns for 1992, a 5-percent increase over the number filed for 1991. As a whole, these organizations accounted for the growth in total gross UBI, total deductions, taxable income, and total income tax (Tables 2 and 3). The 1992 tax form revision did not greatly affect these organizations because they had always been required to calculate detailed gross income and expense items from unrelated business activities on schedules that were part of the tax return. They were still required to complete these schedules for 1992, but then had to transfer the schedule totals to the new income statement section of the tax form that applied to all organizations.

Primary Unrelated Business Activities

The discussion of unrelated business activities that follows takes into consideration only the primary (first) activity code of three possible codes reported on the Form 990-T. If an organization was engaged in more than one unrelated business activity, it was instructed to list the code of the largest activity in terms of gross UBI first, and then the codes for the next two largest activities. Because it is not possible to distribute gross UBI according to each type of activity when more than one activity was reported (filers were not required to do this), the amount of gross UBI assigned to primary unrelated business activities discussed in this section is overstated.

Three of the 10 principal industrial groupings--services; finance, insurance, and real estate; and retail trade--accounted for 91 to 92 percent of all Forms 990-T and the

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total gross UBI, total deductions, taxable income, and total income tax reported on those forms (Table 5). The predominance of these three industry groupings varied for small versus large organizations in terms of gross UBI, but they encompassed the primary unrelated business activities of both types of organizations (Figure B). About 84 percent of returns showing some type of service as a primary unrelated business activity could be classified under the sub-groupings of business services, amusement and recreation services, and health services [6]. More organizations reported the business service of advertising (including printing) as their primary business activity than any other single activity chosen from a list of 160 possibilities [7]. These organizations, most of which were charitable organizations, business leagues, chambers of commerce, and real estate boards, accounted for 18 percent of returns filed, 18 percent of gross UBI, and 8 percent of total tax.

Some form of finance, insurance, or real estate enterprise was given as the organization's primary unrelated business activity on nearly 40 percent of the Forms 990-T filed for 1992. Twenty-eight percent of total gross UBI and 63 percent of total income tax reported by all filers were attributable to this group of returns. Organizations whose primary business activities were included in the industrial sub-groupings of real estate; insurance; investment activities of Internal Revenue Code section 501(c)(7), (9), (17), and (20) organizations; and unrelated "debt-financed" activities accounted for 91 percent of gross UBI reported for the finance, insurance, and real estate grouping. (See the Appendix to this article for a description of the various types of tax-exempt organizations, which are listed by Internal Revenue Code section.)

Eleven percent of exempt organizations reported primary unrelated business activities in the retail trade industrial grouping. They accounted for 10 percent of gross UBI and 4 percent of total income tax. The majority of returns allocated to this grouping, about 69 percent, indicated that these organizations operated eating and drinking facilities as their primary business activity. Another 28 percent reported "miscellaneous" retail activities, which included the operation of pharmacies, book stores, and gift shops.

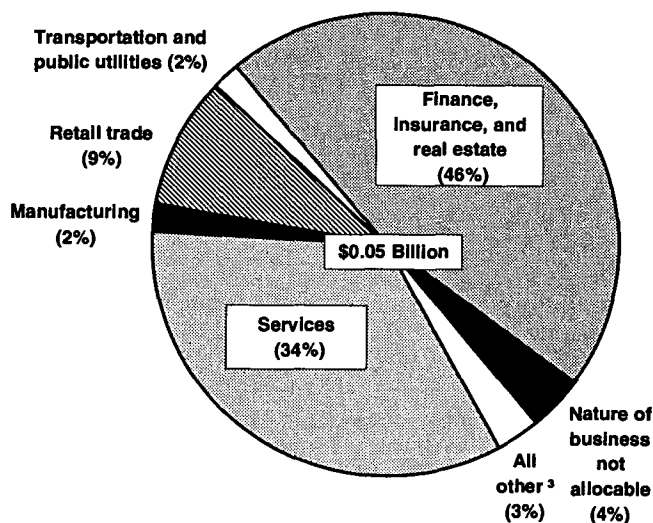
Unrelated Business Income

Ninety-nine percent of gross UBI was reported by the 18,722 larger organizations (those with gross UBI of more than \$10,000). The larger organizations also collectively accounted for between 97 and 98 percent of the total deductions, taxable income, and total income tax reported by all organizations.

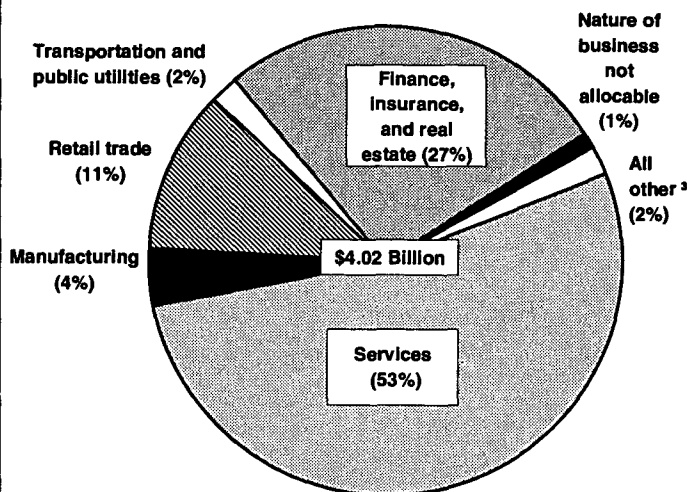
Figure B

Gross Unrelated Business Income (UBI), by Size of Organization and Industrial Grouping, Tax Year 1992

Gross UBI of Small Organizations ¹



Gross UBI of Large Organizations ²



¹ Small organizations are those with gross UBI of \$10,000 or less.

² Large organizations are those with gross UBI over \$10,000.

³ Includes "exploited exempt activities."

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The number of tax-exempt organizations reporting gross UBI of \$1 million or more grew by 45 percent between 1991 and 1992, and their aggregate gross UBI increased by 31 percent, to \$2.2 billion. The 627 organizations in this group were only 2 percent of all Form 990-T filers, but they accounted for 54 percent of total gross UBI and 64 percent of total income tax reported for 1992 (Table 2).

Gross profit (less loss) from sales and services and advertising income were the largest sources of gross UBI reported by all organizations, large and small, alike (Table 6). Combined, these two items accounted for 64 percent of the income of large organizations and 44 percent of the income of small organizations. Between 1991 and 1992, advertising income of large organizations rose by slightly more than 50 percent, mainly the result of a 146-percent increase in the advertising income of large nonprofit "charitable" organizations exempt from tax under section 501(c)(3) [8].

"Other" income (less loss), which includes types of income not specifically required to be reported elsewhere on the return (such as insurance benefits fees; member support fees; commissions; refunds of tax payments; recoveries of bad debts; and returned contributions, if they were previously reported as deductions), was the third largest source of gross UBI reported by large organizations, accounting for 14 percent of the total. Following gross profit (less loss) from sales and services and advertising income, investment, rental, and partnership income individually played an important role in the gross UBI of small organizations, with each source contributing 10 to 15 percent of the total. "Other" income (less loss) accounted for another 8 percent of small organizations' gross UBI.

Section 501(c)(3) charities accounted for over one-half of total gross UBI for 1992 (Table 1). They also produced about half of all large organizations' gross UBI. The charities and section 501(c)(7) social and recreational clubs each accounted for a quarter of total gross UBI reported by small organizations. Together, five types of organizations reported nearly 90 percent of total gross income from unrelated business activities: charitable organizations exempt under section 501(c)(3); civic leagues and social welfare organizations exempt under section 501(c)(4); business leagues, chambers of commerce, and real estate boards exempt under section 501(c)(6); social and recreational clubs exempt under section 501(c)(7); and voluntary employees' beneficiary associations exempt under section 501(c)(9) (Figure C) [9].

Deductions

Organizations with gross UBI of \$10,000 or less were not required either for 1992 or previous years to report the detailed expense and deduction items that larger organizations reported. Prior to 1992, smaller organizations were required to report only two deduction items, total deductions and the \$1,000 "specific deduction" allowed all organizations. For 1992, these organizations had to report a total for expenses directly allocable to certain gross UBI components and a total for any other deductions, excluding the "specific deduction" and any "net operating loss"

carryover, which had to be reported separately.

The largest portion of the \$5.2 billion of total deductions, 56 percent, was attributable to section 501(c)(3) organizations, followed in descending order by organizations tax exempt under sections

Gross profit (less loss) from sales and services and advertising income were the two largest sources of exempt organizations' gross unrelated business income.

501(c)(6), 501(c)(4), 501(c)(7), 501(c)(5), and 501(c)(9). These latter organizations collectively accounted for another 37 percent of the total. "Set-asides," a fairly large proportion of total deductions taken by section 501(c)(9) organizations with gross UBI over \$10,000, nearly doubled between 1991 and 1992, from \$55.1 million to \$109.1 million. (Set-asides are defined in the Explanation of Selected Terms section.)

Total deductions and some of its components are somewhat understated because of the way cost of sales and services was reported on Form 990-T. Filers had to deduct the cost of sales and services from their gross receipts from sales and services in order to compute gross profit (less loss) from sales and services, which was the amount reported as a gross UBI component in the income statement. As a consequence, cost of sales and services was not included in the deductions section of the return. Also, because cost of sales and services can include some of the same types of expenses that are reported as separate deductions elsewhere on the return, some of the separate components also are understated. The amount of cost of sales and services deducted from gross receipts in computing gross profit (less loss) from sales and services was \$1.4 billion, which means that prior to deducting these costs, the amount of gross receipts from sales and services (minus returns and allowances) was \$3.1 billion for 1992.

The four largest types of deductions taken by organizations with gross UBI over \$10,000 were the "net operating loss" carryover, "other" deductions (such as professional

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Figure C

Sources of Gross Unrelated Business Income (UBI), for Organizations Tax Exempt Under Selected Internal Revenue Code Sections, Tax Year 1992

(Money amounts are in thousands of dollars)

Item	Total		Organizations tax exempt under Internal Revenue Code section--				
	All Code sections	Selected Code sections	501(c)(3)	501(c)(4)	501(c)(6)	501(c)(7)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	31,122	22,933	8,666	1,702	5,111	6,554	900
Total gross unrelated business income (UBI).....	4,069,149	3,613,648	2,059,788	325,971	636,512	298,850	292,527
Gross profit (less loss) from sales and services.....	1,743,858	1,586,696	1,126,205	133,798	126,334	192,211	8,148
Gross receipts from sales and services.....	3,111,748	2,765,220	1,826,567	358,326	214,080	350,332	15,915
Cost of sales and services.....	1,367,889	1,178,523	700,361	224,528	87,746	158,121	7,767
Capital gain net income.....	102,988	96,089	18,361	746	544	7,009	69,429
Net capital loss (trusts only).....	-12	-6	--	--	--	--	-6
Net gain (less loss), sales of noncapital assets.....	-20,977	-21,147	-137	15	-197	700	-21,528
Income (less loss) from partnerships.....	58,839	39,991	43,110	--	-3,086	57	-90
Rental income.....	121,839	102,029	59,605	4,340	3,991	22,535	11,558
Unrelated debt-financed income.....	277,772	177,068	136,426	16,219	24,423	N/A	N/A
Investment income (less loss) of section 501(c)(7), (9), (17), and (20) organizations.....	263,703	263,702	N/A	N/A	N/A	49,235	214,467
Income from controlled organizations.....	40,827	35,033	25,621	875	7,073	1,176	288
Exploited exempt activity income, except advertising.....	74,024	63,907	25,438	3,110	35,359	N/A	N/A
Advertising income.....	857,443	794,596	358,278	72,383	363,935	N/A	N/A
Other income (less loss).....	548,846	475,690	266,881	94,485	78,137	25,927	10,260

N/A - Not applicable.

Note: Column detail may not add to totals because of rounding. See the Explanation of Selected Terms section for definitions of the components of gross UBI.

services fees, insurance costs not related to employee benefits, equipment costs, rent paid, travel expenses, educational expenses, utilities, and general office costs), salaries and wages (excluding executive compensation), and direct advertising costs (Table 7). Together, these deductions made up three-fourths of the \$5.1 billion of total deductions reported by large organizations. Executive compensation was a very small component of these total deductions, less than 1 percent.

Unrelated Business Income Tax

After deductions, exempt organizations reported a negative \$1.1 billion of unrelated business taxable income less deficit for 1992. However, of the 31,122 organizations filing Forms 990-T, 14,690 reported positive taxable income of \$485.9 million and 14,443 reported total income tax of \$132.4 million, an increase of 13 percent over the tax liability reported for 1991 (Table 4). The proportion of all filers reporting taxable income and total income tax was up 3 percent and 4 percent, respectively. A deficit was reported by 12,352 organizations and amounted to \$1.6 billion, a 46-percent increase over 1991 (Table 3).

Some organizations made adjustments to the unrelated business income tax for additional taxes and certain credits. While the largest share of total income tax was the tax

on unrelated business income, total tax also could have included "recapture taxes" (such as from recomputation of prior-year investment or low-income housing credits), the "alternative minimum tax" (AMT), and the environmental tax. Also, the foreign tax credit, general business credit, prior-year minimum tax credit, and other credits (such as the U.S. possessions tax credit, nonconventional source fuel credit, and qualified electric vehicle credit) were subtracted from the unrelated business income tax in computing total tax.

Approximately \$1.2 million of total credits against unrelated business income tax was reported by 228 organizations. The total amount included \$0.5 million of general business credits, \$0.4 million of foreign tax credits, \$0.1 million of credits for prior-year minimum tax, and \$0.1 million of other credits. The AMT, an addition to "tax after credits" was reported on 28 Forms 990-T and amounted to \$0.6 million. Eleven organizations reported the additional environmental tax, amounting to \$0.1 million. No returns showed a "recapture tax."

There were 11,482 exempt corporations and 2,961 exempt trusts that reported total income tax, out of a respective total of 27,397 and 3,725 Form 990-T filers. Exempt corporations were liable for \$76.4 million, or 58 percent, of total income tax and exempt trusts were liable

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for \$56.0 million. The unrelated business taxable income of exempt corporations and trusts was taxed at the regular corporate or trust tax rates that were in effect for the 1992 Tax Year. The corporate tax rate schedule remained unchanged between 1991 and 1992. For trusts, the ceiling on income tax brackets was revised upward for 1992, resulting in lower marginal tax rates for some organizations. Overall, however, exempt trusts reported a 23-percent increase in taxable income and exempt corporations reported a 7-percent increase; resulting, for the most part, in the respective 21-percent and 8-percent increases in total income tax liability.

Thirty-five percent of total income tax liability was attributable to section 501(c)(3) charitable organizations; 33 percent to section 501(c)(9) voluntary employees' beneficiary associations; 12 percent to 501(c)(6) business leagues, chambers of commerce, and real estate boards; 8 percent to section 501(c)(7) social and recreational clubs; and 5 percent to section 401(a) trusts that acted as fiduciary agents for profit-sharing plans. Although section 501(c)(9) associations were liable for nearly one-third of the total income tax reported by all organizations, they accounted for only 3 percent of all returns filed and 7 percent of gross UBI.

The high percentage of tax reported by section 501(c)(9) associations can be attributed, in part, to a limitation on amounts deducted from income as "set-asides" for employee welfare benefit plans. If plans were overfunded, meaning that investment income was set aside that exceeded qualified asset account limits, then a deduction for the set-aside amount in excess of the limitation was not allowed; the excess amount was taxed as unrelated business income, instead. Another factor affecting the relatively high amount of tax reported by these associations is that their investment portfolios are usually overseen by only one or two trust managers, so deductions for salaries and wages, a significant deduction for many other types of organizations, are relatively small, resulting in higher taxable income.

Summary

Tax-exempt organizations filed 5 percent fewer Forms 990-T, *Exempt Organization Business Income Tax Return*, for 1992, most likely the result of a revised tax form that introduced more extensive reporting requirements aimed at improving the accuracy of information provided.

Organizations with gross unrelated business income (UBI)

Sixty-eight percent of the total unrelated business income tax was reported by non-profit charitable organizations and voluntary employee beneficiary associations.

of \$10,000 or less were largely responsible for this drop, with 16 percent fewer returns filed. Larger organizations, those with gross UBI over \$10,000, filed 5 percent more returns for 1992 over 1991 and accounted for the increases in gross UBI, total deductions, taxable income, and total income tax between the two years.

Three major industrial groups--services; finance, insurance, and real estate; and retail trade--accounted for 90 percent or more of all returns filed, total gross UBI, total deductions, taxable income, and total tax. Organizations reporting various types of services as primary business activities were responsible for 53 percent of gross UBI and 25 percent of total income tax. Finance, insurance, and real estate activities of tax-exempt organizations accounted for 28 percent of gross UBI and 63 percent of total tax.

Section 501(c)(3) charitable organizations accounted for 51 percent of gross UBI and 56 percent of total deductions reported on all Forms 990-T. As a group, four other types of organizations reported an additional 38 percent of gross UBI and 32 percent of total deductions: civic leagues and social welfare organizations, exempt under section 501(c)(4); business leagues, chambers of commerce, and real estate boards, exempt under section 501(c)(6); social and recreational clubs, exempt under section 501(c)(7); and voluntary employees' beneficiary associations, exempt under section 501(c)(9). The two largest sources of gross UBI were gross profit (less loss) from sales and services and advertising income, accounting for 43 percent and 21 percent, respectively, of the total.

For organizations with gross UBI over \$10,000, the largest components of total deductions were the net operating loss carryover, salaries and wages, direct advertising costs, and "other" deductions (not specifically reported elsewhere). These four types of deductions accounted for 75 percent of the total reported by all large organizations. Small organizations were not required for either 1992 or previous years to report all deduction items separately, as were the large organizations; therefore, comparisons with other years cannot be made. Small organizations reported less than 2 percent of the \$5.2 billion of aggregate total deductions taken by all organizations. After deductions, exempt organizations reported \$7.1 billion of unrelated business taxable income less deficit. About 53 percent of these organizations had no taxable income or they reported a deficit, amounting to \$1.6 billion. The remaining organizations reported taxable income of \$0.5 billion.

Total unrelated business income tax liability for 1992 was \$132.4 million, an increase of 13 percent over 1991. Seventy-nine percent of the organizations reporting the

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tax were exempt corporations and 21 percent were exempt trusts. Section 501(c)(3) charitable organizations; section 501(c)(6) business leagues, chambers of commerce, and real estate boards; section 501(c)(7) social and recreational clubs; section 501(c)(9) voluntary employees' beneficiary organizations; and section 401(a) trusts that were fiduciary agents for profit-sharing plans accounted for 92 percent of the total income tax reported on all Forms 990-T filed for 1992.

Data Sources and Limitations

The statistics in this article are based on a sample of Tax Year 1992 Forms 990-T, *Exempt Organization Business Income Tax Return*. The Internal Revenue Service required organizations having accounting periods beginning in 1992 (and, therefore, generally ending between December 1992 and November 1993) to file a 1992 Form 990-T. Because the accounting periods of the organizations filing a 1992 Form 990-T vary, the unrelated business financial activities covered in this article span the period January 1992 through November 1993 (although the majority of activities occurred during Calendar Year 1992).

The population from which the 1992 sample was drawn consisted of Form 990-T records posted to the IRS Business Master File system during 1993 and 1994. The returns in the sample were stratified based on the absolute value of gross unrelated business income (UBI). The sample of 5,181 returns was selected from a population of 41,496. After excluding returns that were selected for the sample but later rejected, the sample size was 5,017 and the estimated population was 31,122. Rejected returns included those which had gross UBI below the \$1,000 filing threshold, were filed only to claim a refund, or were filed for a part-year accounting period that began in a year other than 1992. (For example, a final return filed for January - June 1993 would have an ending accounting period that fit into the December 1992 to November 1993 ending range for a Tax Year 1992 return, but did not fit the criteria of having an accounting period beginning in 1992.)

Sampling rates ranged from 4.5 percent (returns with an absolute value of gross UBI less than \$20,000) to 100 percent (returns with an absolute value of gross UBI of \$300,000 or more). When it was determined that gross UBI was less than the \$1,000 filing threshold, the return was excluded from the study.

Only the primary unrelated business activity code was used for the statistics to present the types of unrelated business activities for exempt organizations. In addition to the primary activity code, up to two other codes could have been reported if the organization engaged in more

than one unrelated activity. However, because income was not reported separately by activity code if the organization entered more than one code, it was not possible to distribute gross UBI by type of activity when more than one business activity was reported. Therefore, when more than one code was provided, the statistics show all of gross UBI, as well as other financial information, assigned to the primary code given.

The data presented were obtained from returns as originally filed with the IRS. They were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment, were not incorporated into the data base.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure D shows CV's for selected financial data. CV's are not shown for classes of gross UBI in ranges above "\$100,000 under \$500,000" because returns with gross UBI of \$300,000 or more were sampled at the 100-percent rate and, therefore, are not subject to sampling variability. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix in this issue.

Figure D

Coefficients of Variation for Selected Financial Items, Tax Year 1992

Size of gross unrelated business income	Gross unrelated business income	Total deductions	Unrelated business taxable income	Total income tax
	Coefficient of variation (percentages)			
	(1)	(2)	(3)	(4)
Total.....	0.64	1.87	9.42	2.52
\$1,000 under \$10,001 ¹	2.59	10.73	6.22	7.15
\$10,001 under \$100,000 ¹	0.67	10.19	4.09	5.41
\$100,000 under \$500,000.....	0.56	2.58	4.23	4.51
\$500,000 under \$1,000,000.....	N/A	N/A	N/A	N/A
\$1,000,000 under \$5,000,000.....	N/A	N/A	N/A	N/A
\$5,000,000 or more.....	N/A	N/A	N/A	N/A

¹ The bracketed gross unrelated business income (UBI) amounts of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required).

N/A - Not applicable.

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Explanation of Selected Terms

Advertising Income.--Gross income realized by an exempt organization from the sale of advertising in a periodical was gross income from an unrelated trade or business activity involving the "exploitation of an exempt activity," namely, the circulation and readership of the periodical developed by producing and distributing the readership content of that periodical. Advertising income was reported separately from other types of "exploited exempt activity income." (See the explanation of Exploited Exempt Activity Income.) Section 501(c)(7), (9), (17), and (20) organizations (each described in the Appendix to this article) reported gross advertising income, as well as other types of "exploited exempt activity income," as gross receipts from sales and services. All other organizations reported this income separately.

Capital Gain Net Income.--Generally, organizations required to file Form 990-T (except organizations exempt under sections 501(c)(7), (9), (17), and (20)) were not taxed on the net gains from the sale, exchange, or other disposition of property. However, net capital gains on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in sections 1245, 1250, 1252, 1254, and 1255) were taken into account in computing capital gain net income. (See the explanation of Investment Income (Less Loss) for information regarding investment income of section 501(c)(7), (9), (17), and (20) organizations.)

Deductions Directly Connected With Unrelated Business Income.--These were deductions allowed in computing "unrelated business taxable income," if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a "proximate and primary" relationship to the carrying on of an unrelated trade or business. Allowable deductions included those directly connected with rental of personal property; those allocable to unrelated debt-financed income; those directly connected with investment income of Code section 501(c)(7), (9), (17), and (20) organizations; those allocable to interest, annuities, royalties, and rents received from controlled organizations; those allocable to "exploited exempt activity income" other than advertising; direct advertising costs; and deductions for compensation of officers, directors, and trustees; salaries and wages; repairs; bad debts; interest; taxes; depreciation (unless deducted elsewhere); depletion; contributions to deferred compensation plans; contributions to employee benefit plans; the "net operating loss" carryover; and "other deductions." Exempt organizations with gross unrelated business income (UBI) above \$10,000 were required to report each deduction

component separately. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 reported a single total of the first five types of directly connected expenses listed above (those described as "allocable to") and a single total for all other types of deductions (both deductions directly connected with UBI and those not directly connected, both defined below), except for two items that were required to be reported separately: the "net operating loss" deduction and the "specific deduction," also defined below.

Deductions Not Directly Connected With Unrelated Business Income.--The component deductions were "set-asides," "excess exempt expenses," charitable contributions, and the "specific deduction." The specific deduction was reported by all organizations; the other types of deductions not directly connected with UBI were reported separately only by exempt organizations with gross UBI above \$10,000. (See, also, the explanations of Set-asides, Excess Exempt Expenses, and the Specific Deduction.)

Excess Exempt Expenses.--Two types of "excess" expenses were allowed as a deduction from unrelated business income: (1) excess exempt expenses attributable to commercial exploitation of exempt activities, and (2) excess exempt expenses attributable to advertising income. In the case of "exploited" exempt activity income (see the explanation of Exploited Exempt Activity Income, Except Advertising, below), if the expenses of the organization's exempt activity exceeded the income from the exempt activity, then the excess of exempt expenses over exempt income could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of a commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity if the unrelated activity did not exploit that particular exempt activity. In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

Exploited Exempt Activity Income, Except Advertising.--In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial manner. When an organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income it produced was gross income

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from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufacturers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types of exploited exempt activity income (see the explanation of Advertising Income). Section 501(c)(7), (9), (17), and (20) organizations reported income from exploited exempt activities as gross receipts from sales and services. All other organizations reported this income separately.

Gross Profit (Less Loss) from Sales and Services.--This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. It did not include income from unrelated business activities that were required to be reported separately on any of the tax return schedules. For example, a section 501(c)(7) social club would include gross restaurant and bar receipts from nonmembers in the calculation of gross profit (less loss) from sales and services, but would report its investment income from sales of securities on the required return schedule. Gross profit (less loss) from sales and services is computed as gross receipts from sales or services, less returns and allowances, minus cost of sales and services.

Gross Unrelated Business Income (UBI). --This was the total gross unrelated business income (see the explanation of Unrelated Business Income), prior to reduction by allowable deductions used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross UBI. The components of gross UBI, as shown on the tax return, were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss), sales of noncapital assets; net capital loss deduction (trusts only); income (less loss) from partnerships; rental income; unrelated debt-financed income; investment income (less loss) of Code section 501(c)(7), (9), (17), and (20) organizations; annuities, interest, rents, and royalties from controlled organizations; "exploited exempt activity" income; advertising income; and "other income" (less loss). (For an explanation of how income is allocated to the components of gross UBI, see the separate listings of each component.)

Income from Controlled Organizations.--When an exempt organization controls another organization, the

gross interest, annuities, royalties, and rents from the controlled organization are included in the gross UBI of the controlling organization at a specified ratio, depending on whether the controlled organization is exempt or nonexempt. The rules for debt-financed property did not apply to passive income from controlled organizations. (See the explanation of Unrelated Debt-financed Income.)

Income (Less Loss) from Partnerships.--If an organization was a partner in any partnership that carried on an unrelated trade or business, this was the organization's share of partnership gross unrelated business income less its share of partnership deductions that were directly connected with the unrelated income.

Investment Income (Less Loss).--This item was reported only by organizations exempt under sections 501(c)(7), (9), (17), and (20) (each described in the Appendix to this article) and included income such as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-asides.) All gross rents (except those that were exempt-function income) of section 501(c)(7), (9), (17), and (20) organizations were treated as unrelated business income and were reported as "rental income." Organizations exempt under sections other than 501(c)(7), (9), (17), and (20) did not report "investment income (less loss)." Generally, these organizations' dividend, interest, rental and annuity income was not taxed as unrelated business income, unless it was income from a controlled organization or debt-financed income, or if the rents were of the type described in the explanation of rental income. (See explanations of Income from Controlled Organizations, Rental Income, and Unrelated Debt-financed Income.)

Net Capital Loss (Trusts Only).--If an exempt trust had a net capital loss, it was subject to a \$3,000 limitation. This item was reported on Form 990-T as a negative component of gross unrelated business income.

Net Gain (Less Loss), Sales of Noncapital Assets.--This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, *Sales of Business Property*. Property other than capital assets generally included property of a business nature, in contrast to personal and investment properties which were capital assets.

Net Operating Loss Carryover.--The net operating loss carryover (as described in Code section 172) was allowed as a deduction in computing unrelated business taxable income. However, the net operating loss carryback or

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carryover (allowed only to or from a tax year for which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of exempt-function income or deductions that had been excluded from the computation of unrelated business taxable income. A "net operating loss" represented the excess of deductions over receipts for specified prior or future years for which an organization reported an overall deficit. The statistics in this article represent only the net operating loss carryover because carrybacks from future years would be reported on an amended return, not on the return as initially filed, which served as the basis for the statistics.

Other Deductions.--This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for financial management, accounting, legal, or consulting services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

Other Income (Less Loss).--This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefits fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local tax payments, if the payments were previously reported as a deduction.

Rental Income.--For organizations tax exempt under sections other than 501(c)(7), (9), (17), and (20), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation covered above, gross rents from real property generally were excluded in computing "unrelated business taxable income." In addition, gross rents from personal property that did not exceed 10 percent of the total rents from all leased property were excluded. Any rents excluded from the explanation of "rental income" had to be considered in terms of their taxability as unrelated business income from controlled organizations or unrelated debt-financed income, in that order. For organizations tax exempt under sections 501(c)(7), (9), (17),

and (20), rental income included all gross rents (except those that were exempt-function income), with no exclusions. (See explanations of Income from Controlled Organizations and Unrelated Debt-financed Income.)

Set-asides.--These amounts were allowed to social clubs (Code section 501(c)(7)), voluntary employees' beneficiary associations (section 501(c)(9)), supplemental unemployment benefit trusts (section 501(c)(17)), and group legal service organizations (section 501(c)(20)) as a deduction from investment income when passive income (generally, investment income) was set aside for one of the following described purposes: (1) the passive income of section 501(c)(7), (9), (17), and (20) organizations generally was not taxed if it was set aside to be used for charitable purposes; (2) in the case of section 501(c)(9), (17), and (20) organizations, passive income was generally not taxed if it was set aside to provide for the payment of life, sick, accident, or other benefits. However, any amounts set aside that exceeded the "qualified asset account" limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section 419A qualified asset account is any account consisting of assets set aside to provide for the payment of disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

Specific Deduction.--The specific deduction was a \$1,000 deduction, considered "not directly connected" with gross unrelated business income, allowed to all organizations which had positive taxable income after all other types of deductions were taken. If positive taxable income was less than \$1,000, then an organization could take a specific deduction equal to its taxable income.

Total Income Tax.--Total income tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the tax from recomputing certain prior-year credits ("recapture taxes"), the "alternative minimum tax," and the environmental tax.

Unrelated Business Income.--This was income of a tax-exempt organization that was from a trade or business which was regularly carried on by the organization and which was not substantially related to the performance of the organization's exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term "trade or business" generally comprised any activity carried on for the production of income from selling goods or performing services. Activities of producing or distributing goods or performing services from which gross income was derived did not lose their identity as trades or businesses merely because

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they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization.

Unrelated Business Income Tax.--This was the tax imposed on "unrelated business taxable income (UBTI)." It was determined based on the regular corporate or trust income tax rates that were in effect for the 1992 Tax Year, as specified in the 1992 *Instructions for Form 990-T, Exempt Organization Business Income Tax Return* booklet.

Unrelated Business Taxable Income (UBTI).--This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deductions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. UBTI included only positive amounts of net income and was the "taxable income" amount that was subject to the unrelated business income tax. (See, also, explanations of Deductions Directly Connected With Unrelated Business Income and Deductions Not Directly Connected With Unrelated Business Income.)

Unrelated Business Taxable Income (UBTI) Less Deficit.--This was derived as described in the explanation of Unrelated Business Taxable Income (UBTI). UBTI less deficit included both positive amounts (net income) and negative amounts (deficit).

Unrelated Debt-financed Income.--Gross income from investment property for which there was acquisition indebtedness outstanding at any time during the tax year was subject to the unrelated business income (UBI) tax. The percentage of investment income to be included as gross UBI was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization's tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was considered debt-financed property and the gain treated as unrelated debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture leased with real property), certain passive income from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income.

Notes and References

- [1] Discussions using the term "unrelated business taxable income (UBTI)" in this article refer only to positive amounts of net income (gross income minus total expenses and deductions). This is "taxable income." Data shown as "unrelated business taxable income (UBTI) less deficit" include both positive and negative amounts reported. UBTI less deficit is analogous to the term "net income (less deficit)" used in all other *Statistics of Income* business programs.
- [2] Based on a total of 1,083,028 exempt organizations reported in the *Internal Revenue Service Data Book, Fiscal Years 1993-94*. The total excludes Internal Revenue Code section 501(d) religious and apostolic organizations, farmers' cooperatives, and nonexempt charitable trusts treated as exempt organizations, none of which reports tax on the Form 990-T. Also, the total is understated because it excludes churches, exempt under Code section 501(c)(3), which are not required to apply for recognition of tax exemption unless they desire to obtain an Internal Revenue Service (IRS) ruling. However, these churches are required to file Form 990-T if they have unrelated business income. Because of the understatement of the total number of exempt organizations, the proportion of all exempt organizations that filed a Form 990-T is lower than 3 percent.
- [3] Organizations which are determined by the Internal Revenue Service to be tax-exempt under the Internal Revenue Code must file a Federal income tax return (Form 990-T) if they received \$1,000 or more of gross income from business activities that were considered unrelated to the purposes for which they received tax exemption.
- [4] The most significant change made to the 1992 Form 990-T was an extensively revised income statement section of the main part of the tax return for reporting unrelated business income. It contained three columns: (A) gross unrelated business income (UBI); (B) expenses directly related to the type of gross income reported in column (A); and (C) the resulting net UBI. All Form 990-T filers were required to fill out the gross UBI column. Large organizations (those with gross UBI more than \$10,000) also had to fill out columns (B) and (C), while smaller organizations had to report only totals for these two columns. Previously, small organizations had to report only a single total for gross UBI and large organizations reported only net UBI amounts on the income state-

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ment. For 1992, as was the case for prior years, large organizations were required to fill out return schedules to compute gross UBI and related expenses for specified income items. New for 1992, small organizations were instructed to follow the format given in applicable schedules to compute the gross UBI amounts reported in column (A) of the income statement; however, as in previous years, they were not required to complete the schedules.

- [5] Returns filed by organizations with gross unrelated business income (UBI) below the filing requirement threshold (less than \$1,000) were excluded from the statistics presented in this article. Some of these returns were filed inadvertently; others were filed for a specific reason, such as to claim a refund of Form 1099 backup withholding that was withheld erroneously on interest or dividend payments because the payer didn't realize that the payee was a tax-exempt organization.
- [6] Most of the data in this section on industry sub-groups are from unpublished *Statistics of Income* tabulations.
- [7] The total of 160 industry classifications were combined to form the 10 major groupings shown in Table 5. See Office of Management and Budget, *Standard Industrial Classification Manual*, 1972 and 1987, which lists all of the 4-digit industry codes used by businesses, except for the five additional categories that reflect certain provisions of the Internal Revenue

Code pertaining to exempt organizations. These additional categories include exploited exempt activities and the first four activities classified under finance, insurance and real estate in Table 5.

- [8] The term "charitable" refers to tax-exempt activities which are charitable, educational, scientific, social, literary or religious in nature.
- [9] For the most recent annual data on Internal Revenue Code section 501(c)(3) through (9) tax-exempt organizations (excluding private foundations and most religious organizations), see Hilgert, Cecelia, "Charities and Other Tax-Exempt Organizations, 1991," *Statistics of Income Bulletin*, Summer 1995, Volume 15, Number 1. For the most recent annual data on private foundations, see Arnsberger, Paul and Eastep, Susan, "Private Foundations and Charitable Trusts, 1992," *Statistics of Income Bulletin*, Winter 1995-1996, Volume 15, Number 3. Previous articles and papers on tax-exempt organizations and charitable giving for the years 1974-1992 have been published in Internal Revenue Service, *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, and *Compendium of Studies of Tax-Exempt Organizations, 1986-1992, Volume 2*. See, also, Skelly, Daniel F., "Tax-Based Research and Data on Nonprofit Organizations, 1975-1990," *Statistics of Income Bulletin*, Summer 1994, Volume 14, Number 1.

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Appendix

Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
401(a)	Qualified pension, profit sharing, or stock bonus plans	Fiduciary agent for pension, profit sharing, or stock bonus plans
408(e)	Individual Retirement Arrangements	Fiduciary agent for retirement funds
501(c)(2)	Title holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, sickness, accident, or other benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, sickness, accident, or other benefits to members
(10)	Domestic fraternal societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, sickness, or accident benefits to members
(11)	Teachers' retirement fund associations	Fiduciary association providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State chartered credit unions and mutual reserve funds	Providing loans to members

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Appendix

Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section—Continued

Code section	Description of organization	General nature of activities
501(c)(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Activities implied by the nature of the organization
(20)	Prepaid legal service funds ¹	Providing legal services exclusively to employees
(21)	Black lung benefit trusts	Created by coal mine operators to satisfy their liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multi-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income
(25)	Title holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit sharing, or stock bonus plans; or governmental units
501(e)	Cooperative hospital service organizations	Performing cooperative services for exempt hospitals
501(f)	Cooperative service organizations of operating educational organizations	Performing collective investment services for exempt educational organizations

¹ Beginning with tax years after June 30, 1992, section 501(c)(20) organizations were no longer tax-exempt.

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Table 1.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit, and Total Income Tax, by Internal Revenue Code Section Describing Type of Tax-Exempt Organization

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

Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions ^{1,2}		Unrelated business taxable income (UBTI) less deficit		Total income tax ⁴	
			Number of returns	Amount	Number of returns ³	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All sections, total.....	31,122	4,069,149	30,765	5,182,551	27,043	-1,113,402	14,443	132,378
401(a).....	770	39,228	748	29,053	722	10,176	582	6,125
408(e).....	1,987	11,298	1,965	4,491	1,921	6,806	1,867	1,669
501(c)(2).....	208	58,293	203	114,580	165	-56,287	58	605
501(c)(3).....	8,666	2,059,788	8,558	2,888,756	7,694	-828,968	2,797	46,744
501(c)(4).....	1,702	325,971	1,677	396,846	1,544	-70,875	586	2,518
501(c)(5).....	2,491	148,095	2,469	233,680	1,906	-85,585	801	1,952
501(c)(6).....	5,111	636,512	5,068	791,314	4,226	-154,802	1,557	15,272
501(c)(7).....	6,554	298,850	6,484	310,342	5,835	-11,492	4,581	10,495
501(c)(8).....	869	55,708	869	77,864	777	-22,155	363	1,106
501(c)(9).....	900	292,527	882	161,087	633	131,440	473	43,142
501(c)(10).....	261	9,342	261	14,775	261	-5,433	160	176
501(c)(11).....	-	-	-	-	-	-	-	-
501(c)(12).....	98	10,141	98	14,008	76	-3,868	21	442
501(c)(13).....	*27	*468	*27	*468	-	-	-	-
501(c)(14).....	*92	*6,547	*92	*9,126	*49	*-2,579	*37	*114
501(c)(15).....	**	**	**	**	**	**	**	**
501(c)(16).....	-	-	-	-	-	-	-	-
501(c)(17).....	*11	*354	*11	*451	*11	*-97	-	-
501(c)(18).....	-	-	-	-	-	-	-	-
501(c)(19).....	1,340	101,467	1,319	123,370	1,194	-21,903	540	997
501(c)(20).....	-	-	-	-	-	-	-	-
501(c)(21).....	-	-	-	-	-	-	-	-
501(c)(22).....	-	-	-	-	-	-	-	-
501(c)(23).....	**	**	**	**	**	**	**	**
501(c)(24).....	*17	*1,372	*17	*501	*17	*870	*17	*257
501(c)(25).....	*5	*5,225	*4	*3,727	*5	*1,498	**	**
501(e).....	-	-	-	-	-	-	-	-
501(f).....	-	-	-	-	-	-	-	-
Not allocable.....	*10	*3,837	*10	*3,909	*6	*-72	**	**

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

**Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

¹ Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations, cost of sales and services was \$1.4 billion.

² *Total deductions* includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

³ Excludes returns with unrelated business taxable income (UBTI) less deficit equal to zero.

⁴ Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the *alternative minimum tax,* and the environmental tax.

NOTE: Detail may not add to totals because of rounding. See the Appendix to this article for a listing of the types of tax-exempt organizations, by the Internal Revenue Code section describing them.

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Table 2.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit, and Total Income Tax, by Size of Gross UBI

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions ^{1,2}		Unrelated business taxable income (UBTI) less deficit		Total income tax ⁴	
			Number of returns	Amount	Number of returns ³	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total.....	31,122	4,069,149	30,765	5,182,551	27,043	-1,113,402	14,443	132,378
\$1,000 under \$10,001 ⁵	12,400	49,772	12,117	81,925	10,261	-32,153	6,724	2,211
\$10,001 under \$100,000 ⁵	13,199	484,806	13,137	853,635	11,715	-368,830	5,543	12,836
\$100,000 under \$500,000.....	4,258	912,990	4,249	1,246,426	3,909	-333,436	1,720	21,262
\$500,000 under \$1,000,000.....	637	440,165	635	554,416	591	-114,251	254	11,792
\$1,000,000 under \$5,000,000.....	541	1,077,687	541	1,390,907	490	-313,221	172	23,181
\$5,000,000 or more.....	86	1,103,730	86	1,055,241	76	48,489	31	61,097

¹ Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations, cost of sales and services was \$1.4 billion.

² "Total deductions" includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

³ Excludes returns with unrelated business taxable income (UBTI) less deficit equal to zero.

⁴ Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

⁵ The bracketed gross unrelated business income (UBI) amounts of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required).

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

Table 3.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit, and Total Income Tax, by Size of UBTI

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of unrelated business taxable income (UBTI)	Number of returns	Gross unrelated business income (UBI)	Total deductions ^{1,2}		Unrelated business taxable income (UBTI) less deficit		Total income tax ⁴	
			Number of returns	Amount	Number of returns ³	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total.....	31,122	4,069,149	30,765	5,182,551	27,043	-1,113,402	14,443	132,378
Deficit.....	12,352	2,163,269	12,352	3,762,545	12,352	-1,599,276	42	111
Zero.....	4,080	360,799	4,080	360,799	-	-		
\$1 under \$1,000.....	3,201	33,033	3,201	31,529	3,201	1,504	3,105	218
\$1,000 under \$10,000.....	7,354	226,287	7,070	196,645	7,354	29,641	7,194	4,598
\$10,000 under \$100,000.....	3,622	479,631	3,560	372,479	3,622	107,151	3,590	18,921
\$100,000 under \$500,000.....	428	295,995	419	209,087	428	86,908	427	25,712
\$500,000 under \$1,000,000.....	37	75,713	35	50,729	37	24,985	36	8,024
\$1,000,000 or more.....	48	434,422	48	198,737	48	235,684	48	74,793

¹ Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations, cost of sales and services was \$1.4 billion.

² "Total deductions" includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

³ Excludes returns with unrelated business taxable income (UBTI) less deficit equal to zero.

⁴ Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

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

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Table 4.—Returns with Positive Unrelated Business Taxable Income (UBTI): Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (UBTI), and Total Income Tax, by Size of Gross UBI

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

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions ^{1,2}		Unrelated business taxable income (UBTI)		Total income tax ³	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total.....	14,690	1,545,081	14,333	1,059,206	14,690	485,874	14,401	132,268
\$1,000 under \$10,001 ⁴	6,898	24,928	6,614	10,617	6,898	14,311	6,724	2,211
\$10,001 under \$100,000 ⁴	5,605	201,533	5,543	127,558	5,605	73,974	5,521	12,809
\$100,000 under \$500,000.....	1,738	367,859	1,728	276,541	1,738	91,317	1,711	21,255
\$500,000 under \$1,000,000.....	254	172,975	252	132,348	254	40,627	252	11,792
\$1,000,000 under \$5,000,000.....	166	319,542	166	245,133	166	74,408	164	23,111
\$5,000,000 or more.....	30	458,244	30	267,008	30	191,236	30	61,089

¹ Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations with positive unrelated business taxable income (UBTI), cost of sales and services was \$0.5 billion.

² "Total deductions" includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

³ Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

⁴ The bracketed gross unrelated business income (UBI) amounts of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required).

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

Exempt Organization Business Income Tax Returns, 1992

Table 5.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit, and Total Income Tax, by Unrelated Business Activity or Industrial Grouping

[All data are estimates based on samples--money amounts are in thousands of dollars]

Unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income (UBI)	Total deductions ^{1,2}		Unrelated business taxable income (UBTI) less deficit		Total income tax ⁴	
			Number of returns	Amount	Number of returns ³	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All activities and groupings, total.....	31,122	4,069,149	30,765	5,182,551	27,043	-1,113,402	14,443	132,378
Agriculture, forestry, and fishing.....	203	16,285	199	54,480	160	-38,194	*45	*390
Mining.....	123	13,005	123	10,471	101	2,534	71	959
Construction.....	-	-	-	-	-	-	-	-
Manufacturing.....	786	143,305	786	171,954	677	-28,649	286	6,274
Transportation and public utilities.....	384	75,547	384	104,289	360	-28,743	153	759
Wholesale trade.....	141	5,441	141	5,551	119	-110	*61	*109
Retail trade.....	3,409	427,117	3,366	591,271	3,119	-164,154	1,464	4,856
Services.....	12,762	2,161,183	12,637	2,980,243	10,802	-819,060	4,342	33,282
Finance, insurance, and real estate, total.....	12,159	1,119,850	11,975	1,132,069	10,616	-12,219	7,470	83,938
Unrelated debt-financed activity, except rental of real estate.....	1,171	99,090	1,149	113,503	1,164	-14,413	927	7,892
Investment activities of Code section 501(c)(7), (9), (17), and (20) organizations.....	4,407	373,247	4,345	219,682	3,810	153,565	3,438	47,425
Rental of personal property.....	843	38,153	843	52,166	759	-14,013	427	726
Passive income activities with controlled organizations.....	327	36,807	306	47,127	324	-10,320	251	1,091
Other finance, insurance, and real estate.....	5,411	572,553	5,332	699,591	4,559	-127,038	2,427	26,804
Exploited exempt activities.....	354	60,616	354	70,246	343	-9,631	162	945
Not allocable.....	800	46,800	800	61,976	746	-15,176	388	867

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

¹ Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations, cost of sales and services was \$1.4 billion.

² "Total deductions" includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

³ Excludes returns with unrelated business taxable income (UBTI) less deficit equal to zero.

⁴ Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

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

Exempt Organization Business Income Tax Returns, 1992

Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Total gross unrelated business income (UBI)					
	All organizations		Organizations with gross UBI of \$10,000 or less ¹		Organizations with gross UBI over \$10,000 ¹	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total.....	31,122	4,069,149	12,400	49,772	18,722	4,019,377
\$1,000 under \$10,001 ¹	12,400	49,772	12,400	49,772	-	-
\$10,001 under \$100,000 ¹	13,199	484,806	-	-	13,199	484,806
\$100,000 under \$500,000.....	4,258	912,990	-	-	4,258	912,990
\$500,000 under \$1,000,000.....	637	440,165	-	-	637	440,165
\$1,000,000 under \$5,000,000.....	541	1,077,687	-	-	541	1,077,687
\$5,000,000 or more.....	86	1,103,730	-	-	86	1,103,730

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)					
	All organizations					
	Gross profit (less loss) from sales and services		Capital gain net income		Net capital loss (trusts only)	
Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
(7)	(8)	(9)	(10)	(11)	(12)	
Total.....	13,639	1,743,858	429	102,988	4	-12
\$1,000 under \$10,001 ¹	3,493	13,267	*65	*199	-	-
\$10,001 under \$100,000 ¹	6,666	214,672	260	4,477	-	-
\$100,000 under \$500,000.....	2,734	480,581	60	7,800	}	-12
\$500,000 under \$1,000,000.....	388	214,075	18	4,796		
\$1,000,000 under \$5,000,000.....	320	485,090	15	11,268		
\$5,000,000 or more.....	39	336,174	10	74,448	-	-

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)-- Continued					
	All organizations--Continued					
	Net gain (less loss), sales of noncapital assets ²		Income (less loss) from partnerships		Rental income ³	
Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
(13)	(14)	(15)	(16)	(17)	(18)	
Total.....	228	-20,977	2,290	58,839	3,562	121,839
\$1,000 under \$10,001 ¹	-	-	1,790	4,817	1,288	5,257
\$10,001 under \$100,000 ¹	136	908	370	7,371	1,748	32,452
\$100,000 under \$500,000.....	65	-508	69	7,054	415	34,281
\$500,000 under \$1,000,000.....	10	143	23	3,143	54	12,256
\$1,000,000 under \$5,000,000.....	14	-2	28	9,523	52	29,936
\$5,000,000 or more.....	3	-21,518	10	26,931	5	7,656

Footnotes at end of table.

Exempt Organization Business Income Tax Returns, 1992

Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI--Continued

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)--Continued					
	All organizations--Continued					
	Unrelated debt-financed income		Investment income (less loss) ⁴		Income from controlled organizations ⁵	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)
Total	2,350	277,772	5,551	263,703	1,223	40,827
\$1,000 under \$10,001 ¹	589	2,796	2,752	7,936	546	1,829
\$10,001 under \$100,000 ¹	1,181	33,251	1,981	26,261	424	5,901
\$100,000 under \$500,000.....	398	51,692	691	40,838	177	8,824
\$500,000 under \$1,000,000.....	78	27,060	77	24,329	38	7,263
\$1,000,000 under \$5,000,000.....	82	86,148	38	45,920	31	9,149
\$5,000,000 or more.....	22	76,825	12	118,419	7	7,860

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)-- Continued					
	All organizations--Continued					
	Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)
Total	797	74,024	6,561	857,443	6,108	548,846
\$1,000 under \$10,001 ¹	175	849	2,118	8,829	1,528	3,993
\$10,001 under \$100,000 ¹	328	7,462	3,013	86,263	3,065	65,786
\$100,000 under \$500,000.....	192	18,291	1,039	156,777	1,162	107,362
\$500,000 under \$1,000,000.....	43	9,410	181	83,126	176	54,564
\$1,000,000 under \$5,000,000.....	53	30,727	185	229,177	148	140,762
\$5,000,000 or more.....	7	7,285	26	293,272	29	176,379

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)-- Continued					
	Organizations with gross UBI over \$10,000 ¹					
	Gross profit (less loss) from sales and services		Capital gain net income		Net capital loss (trusts only)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(31)	(32)	(33)	(34)	(35)	(36)
Total	10,146	1,730,592	363	102,788	4	-12
\$1,000 under \$10,001 ¹	-	-	-	-	-	-
\$10,001 under \$100,000 ¹	6,666	214,672	260	4,477	-	-
\$100,000 under \$500,000.....	2,734	480,581	60	7,800	-	-
\$500,000 under \$1,000,000.....	388	214,075	18	4,796	} 4	-12
\$1,000,000 under \$5,000,000.....	320	485,090	15	11,268		
\$5,000,000 or more.....	39	336,174	10	74,448	-	-

Footnotes at end of table.

Exempt Organization Business Income Tax Returns, 1992

Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI--Continued

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)--Continued					
	Organizations with gross UBI over \$10,000 ¹ --Continued					
	Net gain (less loss), sales of noncapital assets ²		Income (less loss) from partnerships		Rental income ³	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(37)	(38)	(39)	(40)	(41)	(42)
Total	228	-20,977	500	54,022	2,274	116,581
\$1,000 under \$10,001 ¹	-	-	-	-	-	-
\$10,001 under \$100,000 ¹	136	908	370	7,371	1,748	32,452
\$100,000 under \$500,000.....	65	-508	69	7,054	415	34,281
\$500,000 under \$1,000,000.....	10	143	23	3,143	54	12,256
\$1,000,000 under \$5,000,000.....	14	-2	28	9,523	52	29,936
\$5,000,000 or more.....	3	-21,518	10	26,931	5	7,656

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)-- Continued					
	Organizations with gross UBI over \$10,000 ¹ --Continued					
	Unrelated debt-financed income		Investment income (less loss) ⁴		Income from controlled organizations ⁵	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(43)	(44)	(45)	(46)	(47)	(48)
Total	1,761	274,976	2,799	255,767	677	38,997
\$1,000 under \$10,001 ¹	-	-	-	-	-	-
\$10,001 under \$100,000 ¹	1,181	33,251	1,981	26,261	424	5,901
\$100,000 under \$500,000.....	398	51,692	691	40,838	177	8,824
\$500,000 under \$1,000,000.....	78	27,060	77	24,329	38	7,263
\$1,000,000 under \$5,000,000.....	82	86,148	38	45,920	31	9,149
\$5,000,000 or more.....	22	76,825	12	118,419	7	7,860

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)-- Continued					
	Organizations with gross UBI over \$10,000 ¹ --Continued					
	Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)
Total	623	73,176	4,444	848,615	4,580	544,853
\$1,000 under \$10,001 ¹	-	-	-	-	-	-
\$10,001 under \$100,000 ¹	328	7,462	3,013	86,263	3,065	65,786
\$100,000 under \$500,000.....	192	18,291	1,039	156,777	1,162	107,362
\$500,000 under \$1,000,000.....	43	9,410	181	83,126	176	54,564
\$1,000,000 under \$5,000,000.....	53	30,727	185	229,177	148	140,762
\$5,000,000 or more.....	7	7,285	26	293,272	29	176,379

¹ Estimate should be used with caution because of the small number of sample returns on which it is based.

² All organizations were required to report each income item, as shown in columns 7 through 30. However, only organizations with gross UBI over \$10,000 were required to report each expense item and deduction, as shown in columns 10 through 59 of Table 7. Sources of gross UBI are shown separately for these larger organizations in columns 31 through 54 of this table in order to facilitate comparison with Table 7.

³ Property other than capital assets generally included property of a business nature, in contrast to personal and investment property which were capital assets.

⁴ Income from real property and personal property leased with real property.

⁵ Reported by Internal Revenue Code section 501(c)(7), (9), (17), and (20) organizations only.

⁶ Annuities, interest, rents, and royalties.

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

Exempt Organization Business Income Tax Returns, 1992

Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income (UBI)

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Total number of returns	Total deductions ^{1,2}		Organizations with gross unrelated business income (UBI) of \$10,000 or less ³					
		Number of returns	Amount	Total deductions ^{2,4}		Net operating loss carryover		Specific deduction	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total.....	31,122	30,765	5,182,551	12,117	81,925	1,244	41,317	7,881	7,348
\$1,000 under \$10,001 ⁵	12,400	12,117	81,925	12,117	81,925	1,244	41,317	7,881	7,348
\$10,001 under \$100,000 ⁵	13,199	13,137	853,635	-	-	-	-	-	-
\$100,000 under \$500,000.....	4,258	4,249	1,246,426	-	-	-	-	-	-
\$500,000 under \$1,000,000.....	637	635	554,416	-	-	-	-	-	-
\$1,000,000 under \$5,000,000.....	541	541	1,390,907	-	-	-	-	-	-
\$5,000,000 or more.....	86	86	1,055,241	-	-	-	-	-	-

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 ³								
	Total deductions ^{2,5}		Deductions directly connected with UBI						
	Number of returns	Amount	Total		Allocable to rental income ⁶		Allocable to debt-financed income ⁶		Allocable to investment income ^{6,7}
Number of returns			Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Total.....	18,848	5,100,826	17,763	4,803,213	967	60,981	1,825	302,343	858
\$1,000 under \$10,001 ⁵	-	-	-	-	-	-	-	-	-
\$10,001 under \$100,000 ⁵	13,137	853,635	12,378	826,079	687	15,305	1,065	39,477	513
\$100,000 under \$500,000.....	4,249	1,246,426	4,162	1,194,170	216	21,927	384	54,453	281
\$500,000 under \$1,000,000.....	635	554,416	615	524,168	30	5,067	77	30,399	40
\$1,000,000 under \$5,000,000.....	541	1,390,907	527	1,318,026	31	18,154	78	86,621	17
\$5,000,000 or more.....	86	1,055,241	81	940,770	3	528	22	91,393	5

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 ³ -Continued								
	Deductions directly connected with UBI-Continued								
	Allocable to investment income ^{6,7} -Continued	Allocable to income from controlled organizations ⁶		Allocable to exploited exempt activity income except advertising ⁶		Direct advertising costs ⁶		Compensation of officers, directors, and trustees	
Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
Total.....	12,402	348	23,842	580	60,888	4,194	681,403	1,702	35,510
\$1,000 under \$10,001 ⁵	-	-	-	-	-	-	-	-	-
\$10,001 under \$100,000 ⁵	2,381	212	3,102	298	5,220	2,832	75,718	965	7,263
\$100,000 under \$500,000.....	2,732	94	5,074	167	13,571	982	126,994	579	12,729
\$500,000 under \$1,000,000.....	1,835	21	6,197	40	7,883	177	65,463	78	2,435
\$1,000,000 under \$5,000,000.....	1,534	20	9,269	48	27,183	179	181,788	66	5,522
\$5,000,000 or more.....	4,121	20	9,269	7	7,052	24	231,440	16	7,561

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 ³ -Continued								
	Deductions directly connected with UBI-Continued								
	Salaries and wages		Repairs		Bad debts		Interest		
Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)		
Total.....	9,169	741,760	5,213	35,207	770	19,511	2,810	49,782	
\$1,000 under \$10,001 ⁵	-	-	-	-	-	-	-	-	
\$10,001 under \$100,000 ⁵	5,751	101,175	3,425	8,289	340	1,437	1,815	4,612	
\$100,000 under \$500,000.....	2,688	225,932	1,400	12,296	282	1,967	768	12,075	
\$500,000 under \$1,000,000.....	379	92,943	203	3,986	63	2,238	114	5,747	
\$1,000,000 under \$5,000,000.....	312	202,846	166	8,123	73	6,731	95	15,145	
\$5,000,000 or more.....	38	118,863	20	2,534	12	7,139	18	12,183	

Footnotes at end of table.

Exempt Organization Business Income Tax Returns, 1992

Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income (UBI)--Continued

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 ² --Continued							
	Deductions directly connected with UBI--Continued							
	Taxes paid deduction		Depreciation		Depletion		Contributions to deferred compensation plans	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
Total	9,694	121,123	6,749	108,565	73	2,560	800	7,281
\$1,000 under \$10,001 ³	-	-	-	-	-	-	-	-
\$10,001 under \$100,000 ³	6,659	27,510	4,396	18,484	*36	*310	491	479
\$100,000 under \$500,000.....	2,488	48,523	1,800	31,862	30	1,438	216	1,450
\$500,000 under \$1,000,000.....	296	14,367	280	13,708	3	86	48	758
\$1,000,000 under \$5,000,000.....	219	17,689	241	29,228	4	726	38	1,567
\$5,000,000 or more.....	32	13,034	33	15,283	-	-	7	3,007

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 ² --Continued							
	Deductions directly connected with UBI--Continued							
	Contributions to employee benefit plans		Net operating loss carryover		Other deductions		Deductions not directly connected with UBI	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
Total	3,587	92,064	4,962	1,236,598	12,230	1,211,634	9,741	297,410
\$1,000 under \$10,001 ³	-	-	-	-	-	-	-	-
\$10,001 under \$100,000 ³	1,919	5,228	3,017	374,740	8,195	135,349	6,958	27,554
\$100,000 under \$500,000.....	1,210	18,629	1,462	342,429	3,130	262,091	2,155	52,256
\$500,000 under \$1,000,000.....	225	12,522	214	113,858	457	144,917	330	30,247
\$1,000,000 under \$5,000,000.....	206	25,271	233	297,383	394	389,160	253	72,881
\$5,000,000 or more.....	27	32,414	36	108,187	54	280,116	45	114,471

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 ² --Continued							
	Deductions not directly connected with UBI--Continued							
	Specific deduction		Contributions		Set-asides ⁷		Excess exempt expenses	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
Total	7,936	7,577	1,268	32,052	272	116,024	1,703	141,757
\$1,000 under \$10,001 ³	-	-	-	-	-	-	-	-
\$10,001 under \$100,000 ³	5,824	5,511	842	4,639	152	4,628	966	12,776
\$100,000 under \$500,000.....	1,681	1,640	332	6,154	76	15,386	472	29,076
\$500,000 under \$1,000,000.....	243	240	41	610	22	12,717	104	16,679
\$1,000,000 under \$5,000,000.....	161	159	40	2,100	16	24,338	123	46,284
\$5,000,000 or more.....	27	27	13	18,549	6	58,954	18	36,942

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

¹ Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations, cost of sales and services was \$1.4 billion.

² "Total deductions" includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

³ Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss carryover, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown in columns 10 through 59.

⁴ Excludes \$40.0 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1.

⁵ Excludes \$1.3 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1.

⁶ This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

⁷ Reported by Internal Revenue Code section 501(c)(7), (9), (17), and (20) organizations only.

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