OTA Papers

The Corporate Alternative Minimum Tax
Aggregate Historical Trends

by

Curtis P. Carlson
U.S. Department of the Treasury

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Department of the Treasury

Assistant Secretary for Tax Policy

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Office of Tax Analysis
Department of the Treasury
Washington, DC 20220

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1. Introduction

Corporations are required to calculate their tax liability under two sets of rules – they compute their regular tax liability and their tentative alternative minimum tax (AMT) liability and pay whichever is greater. If the tentative AMT is more than the regular tax, the difference between them is AMT. The purpose of the AMT is to prevent companies from eliminating their tax liability from over use of certain corporate tax preferences. For example, the AMT rules prevent companies from using most business tax credits, such as the research and experimentation credit, the work opportunity credit and the welfare-to-work credit, to offset AMT or to reduce regular tax below tentative minimum tax. The AMT also serves to "smooth" a firm's corporate tax liability over time because the AMT may be credited against future regular tax liability. Nevertheless, credits from prior AMT many not be used to reduce regular tax liability below the tentative minimum AMT.

The original purpose of the AMT was to ensure that no taxpayer with substantial economic income could avoid significant tax liability by using exclusions, deductions and credits (JCT 1987). The AMT, however, creates economic inefficiencies, increases tax complexity and burden and is unlikely to be the best policy for achieving equity across taxpayers.[1] In addition, corporate tax return data show that the tax revenue collected from the AMT has declined dramatically in the last decade.

Total AMT payments reached an all time low of $1.8 billion in 2001 and slightly rebounded in 2002 to $2.5 billion. The number of firms affected by the AMT also reached new lows in the last few years. In 2001 and 2002 firms affected by the AMT accounted for 18.96 and

[1] See Lyon (1997) for a detailed economic analysis of the corporate AMT.

25.08 percent of all corporate assets respectively.[2] The figures are significantly lower than those seen in the early 1990s. The reduced effect of the AMT is likely the result of structural changes made to the AMT in the late 1990s and the Job Creation and Workers Assistance Act of 2002 (JCWAA) which temporarily reduced the effect of the AMT depreciation adjustment.

2. Brief History of the AMT

Since the passage of the Tax Reform Act of 1986 the overall structure of the AMT has remained basically the same, although several important modifications to the AMT rules have been made. The most significant changes affected how depreciable assets are recovered under the AMT versus the regular tax, although the changes under the 2002 Jobs Creation and Workers Assistance Act were temporary. Recovery periods were generally shortened for AMT purposes, which has the effect of bringing the treatment of depreciable assets under the AMT somewhat more in line to the treatment under the regular tax, thereby lowering AMT liability, by reducing the *difference* between regular taxable income and tentative AMT income.

The Omnibus Reconciliation Act of 1993 repealed one of the AMT's two depreciation adjustments, the ACE depreciation adjustment, for property placed in service after 1993. The Taxpayer Relief Act of 1997 modified the remaining depreciation adjustments and repealed the AMT for small corporations. For property placed in service after December 31, 1998, the AMT recovery period for computing the depreciation adjustment was made the same as for regular tax purposes, although, the AMT recovery method was not conformed. Property eligible for the 200-percent declining balance method under the regular tax must continue to be recovered using

[2] For similar analysis for earlier time periods see Lyon (1997) and Carlson (2001). For additional studies on corporate AMT see Gerardi, Milner and Silverstein (1993) and GAO (1995).

the slower 150-percent declining balance method under the AMT.[3] Property placed in service on or before December 31, 1998 is generally recovered over longer periods under the AMT than for regular tax purposes in addition to being subject to the slower recovery method. For taxable years beginning after December 31, 1997, a corporation with average gross receipts of less than $7.5 million for the prior three taxable years is exempt from the AMT. The $7.5 million threshold is reduced to $5 million for the corporation's first three-taxable year period.

The Job Creation and Worker Assistance Act of 2002 (JCWAA) included 30 percent bonus depreciation, which allows a business to immediately write-off 30 percent of the original "adjusted (depreciable) basis" of most new investment in equipment, usually the fully installed cost of qualified property.[4] Property must be acquired after September 10, 2001, and before September 11, 2004. The bonus depreciation is allowed for both the regular tax and the AMT. In addition, businesses are entitled to "normal" first-year MACRS depreciation. If bonus depreciation is claimed, no AMT adjustment is required on the regular MACRS deductions.

In May 2003, the Jobs and Growth Tax Relief Reconciliation Act (JGTRRA) increased bonus depreciation to 50 percent. Under the JGTRRA, 50 percent "bonus" depreciation may be claimed for property acquired after May 5, 2003, and before January 1, 2005, and placed in service generally before January 1, 2005.[5] As with the JCWAA, bonus depreciation is allowed for both the regular tax and the AMT.

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[3] Property recovered under the 150 percent declining balance method or the straight-line method for regular tax purposes is recovered using the same method under the AMT.
[4] Property eligible for this treatment includes business equipment, computer hardware and most software, but not real estate or buildings.
[5] Property does not qualify for the 50 percent "bonus" depreciation if a binding written sales contract was in effect before May 6, 2003 (although the 30 percent "bonus" would be applicable). Property eligible for the 50 percent "bonus" depreciation is the same as for the 30 percent "bonus" under the JCWAA.

3. Historical Trends in the Corporate AMT: 1987-2002

Number of Firms Affected by the AMT

Even though a firm may not have AMT liability, it can still be affected by the AMT by having its use of tax credits limited by the tentative minimum tax. Generally, a corporation cannot use its tax credits to reduce its net regular tax below its tentative minimum tax. A firm whose use of tax credits is limited in this manner does not pay AMT, but its regular tax payment is larger than it otherwise would be. The number of corporations affected by the AMT, either through limits on the use of tax credits or direct AMT payments, has declined over the past decade, reaching lows of 12,385 in 2001 and 13,172 in 2002 (Table 1).[6] This is 28 percent and 30 percent respectively of the number of corporations affected by AMT in 1990 when the number of firms affected by AMT reached its height and 56 percent and 59 percent respectively of the number of corporations affected by AMT in 2000.[7] Of the firms affected by AMT in 2001, 57 percent (7,095) had AMT, while the remaining 43 percent (5,289) were constrained in their use of credits by the tentative minimum tax. In 2002, 52 percent (7,060) made positive AMT payments while the remaining 46 percent (6,111) were constrained in their use of credits by the tentative minimum tax. From 1993 through 2002 at least 60 percent of firms had losses and paid no tax. In 2002, the percent of firms with losses reached a high of 68 percent.

Table 2 shows the tax status of corporations from 1993 through 2002 weighted by total assets. In 2001, 19 percent of assets were held by firms paying higher taxes due to the AMT, a 30 percent drop from the previous year's 28 percent. This was the lowest total percentage of corporate assets affected by the AMT in the 1993-2001 period. In 2002, 25 percent of assets were held by firms affected by the AMT.

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[6] See Lyon (1997) for analysis of earlier years.
[7] The number of corporations affected by AMT in 1990 is based on Lyon (1997).

Total AMT Liabilities and Credits

In addition to the fall in the number of firms affected by the AMT, corporate AMT liabilities have also declined over the last several years. Corporate AMT payments peaked in 1990 at $8.1 billion, accounting for 8.4 percent of total corporate taxes (Table 3). By 2001, corporate AMT payments had shrunk to only $1.8 billion, accounting for 1.1 percent of total corporate taxes. AMT paid in 2001 is only about 20 percent of the AMT paid in 1990, when the AMT was at its peak and less than half of the corporate AMT paid in 2000. In 2002, AMT payments increased slightly to $2.5 billion.

AMT paid by a corporation in one year is available as a credit against its regular tax liability in future years. Table 4 shows that net minimum taxes (AMT payments minus AMT credits) exceeded AMT payments from 1995 to 2001. In 2002 net minimum taxes were slightly positive ($0.5 billion) and the total number of unused AMT credits were just over $20 billion.[8]

Since 1987, firms with assets over $1 billion have paid most of the corporate AMT (Table 5). These very large corporations accounted for between 63.9 percent and 84.4 percent of all AMT payments from 1987 through 2002. Very large corporations paid their highest share of AMT in 1991 (71.6 percent) and 2002 (84.4 percent).[9]

AMT Status by Firm Size and Industry Classification

Table 6 shows the tax status of corporations by asset size in 2002. The percentage of firms affected by the AMT increases significantly for firms with assets exceeding $10 million. Only 0.26 percent of firms with an asset size of less than $1 million were affected by the AMT.

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[8] The AMT credit figure does not include unallowed nonconventional source fuel credits and unallowed qualified electric vehicle credits. Total credits available in 2002 were $26.2 billion including these credits.
[9] For comparison, firms with assets over $1 billion in 2002 paid 74 percent of total corporate taxes.

For firms larger than $10 million, the percentage of firms affected by the AMT ranges from 7 percent to 16 percent.

Table 7 shows the percentage of firms in loss status for regular tax purposes that paid AMT in 2002. The percentage of firms paying AMT increases from 0.10 percent for the smallest firms to 6.4 percent for the largest firms. Although approximately 0.2 percent of loss firms pay AMT, about 47 percent of firms with positive AMT payments were in a loss position for regular tax purposes in 2002.

Table 8 shows the percentage of firms in each major industry by their tax status in 2002. The largest percentage of firms affected by the AMT is in mining (2.3 percent), transportation and warehousing (1.2 percent) and manufacturing (1.3 percent). The majority of firms in each industry are in loss status. Table 9 shows the percentage of corporate assets in each industry by their tax status for 2002. More than 40 percent of the manufacturing industry's assets are held by firms affected by the AMT. Tables 10 and 11 show the percentage of corporate assets in the manufacturing and mining industry from 1993-2002.[10] In the manufacturing industry, between 58 and 76 percent of the industry's assets were in loss status or affected by the AMT. During this time, 60 percent or more of the mining industry's assets were in loss status or affected by the AMT. Both the manufacturing and mining industries had a large decrease in the percent of assets affected by AMT in 2001 but they also had a large increase in the percent of assets in corporations in a loss state. In 2002, the percent of assets affected by the AMT in the manufacturing industry increased back to historic levels.

[10] For years 1993-1997 industry classifications are based on SIC codes. For 1998-2001 industry classifications are based on NAICS codes.

Major AMT Adjustments and Preferences

Adjustments and preferences account for the most significant differences between alternative minimum taxable income and regular taxable income. In 2002, the most important upward adjustments for computing alternative minimum taxable income (AMTI) were the adjusted current earnings (ACE) adjustment and the Blue Cross, Blue Shield adjustment (Table 12). The ACE adjustment accounted for a majority of all adjustments and preferences for the first time in 2001 and was equal to 68 percent of all adjustment and preferences in 2002.[11] Total depreciation adjustments dropped by over 83 percent from 2000 to 2002. For comparison, total depreciation deductions for regular tax purposes increased by over 2 percent from 2000 to 2002. Table 13 shows that over 66 percent of firms paying AMT had a depreciation adjustment in 2002. The ACE adjustment and other adjustment were the other two most significant adjustments.

4. Conclusion

The number of corporate taxpayers affected by the AMT and the amount of corporate AMT payments made have steadily declined over the last decade. Results from aggregate data show that these declines increased significantly in 2001. The "bonus" depreciation rules in JCWAA as well as other changes to the AMT rules in the 1990's have significantly reduced the effect of the corporate AMT. The "bonus" depreciation rules are temporary, however, so it is not clear that the smaller effect of the AMT seen in 2001 and 2002 will continue into the future.

Even if the effect of the AMT has lessened in recent years, it still continues to create economic inefficiencies by its disparate affect on firms from different industries and firms of

[11] The total of all positive adjustments can exceed 100 percent because other adjustments, notably the basis adjustment, can be negative.

different sizes. A more efficient tax system would treat all firms equally, leaving investment and other business decisions to be undertaken based on their economic fundamentals rather than based on their tax consequences.

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Table 1. Corporations by Tax Status 1993-2002

Percent

Year	*Alternative Minimum Tax*					
	Positive AMT Payments	*Tentative Minimum Tax*	*Total AMT*	*Loss*	*Regular Tax*	*Total Number of Firms*
1993	1.43	0.66	2.09	60.46	37.45	2,055,982
1994	1.28	0.60	1.88	60.77	37.35	2,310,703
1995	1.12	0.60	1.72	60.48	37.81	2,312,382
1996	1.20	0.56	1.76	59.82	38.42	2,317,885
1997	1.11	0.60	1.71	60.41	37.87	2,248,064
1998	0.82	0.53	1.35	60.41	38.25	2,249,969
1999	0.68	0.37	1.05	60.73	38.25	2,198,739
2000	0.60	0.42	1.02	62.56	36.42	2,172,705
2001	0.33	0.25	0.58	64.49	34.93	2,136,756
2002	0.34	0.29	0.63	68.04	31.33	2,100,074

Source: Statistics of Income Corporate Tax Return Files, 1993-2002.
Data excludes S-corporations, regulated investment companies, and real estate investment trusts
Percents may not equal 100 due to rounding

Table 2. Corporate Assets by Tax Status 1993-2002

Percent

Year	Alternative Minimum Tax				
	Positive AMT Payments	*Tentative Minimum Tax*	*Total AMT*	*Loss*	*Regular Tax*
1993	17.50	18.29	35.79	12.08	52.12
1994	18.32	15.21	33.53	11.12	55.35
1995	16.25	15.79	32.04	10.18	57.77
1996	13.50	14.83	28.33	9.52	62.15
1997	14.13	14.07	28.20	8.86	62.94
1998	15.43	11.46	26.89	12.65	60.45
1999	14.83	19.27	34.10	13.91	52.00
2000	13.54	13.96	27.50	16.81	55.68
2001	8.65	10.31	18.96	23.64	57.40
2002	10.61	14.47	25.08	23.63	51.29

Source: Statistics of Income Corporate Tax Return Files, 1993-2002.
Data exclude S-corporations, regulated investment companies, and real estate investment trusts.
Percents may not equal 100 due to rounding.

Table 3. Number of Corporate Returns and Taxes Paid by Corporations with Alternative Minimum Tax: 1987-2002[a]

Year	*Number of returns with AMT (thousands)*	*AMT returns as a percent of total returns (percent)*	*Alternative minimum tax ($ billions)*	*Taxes paid by AMT taxpayers ($ billions)*	*Taxes paid by AMT taxpayers as a percent of total taxes paid (percent)*	*AMT paid as a percent of total taxes paid (percent)*
1987	17.4	0.7	2.2	5.8	6.7	2.6
1988	25.2	1.1	3.4	6.3	6.6	3.5
1989	25.2	1.1	3.5	7.9	8.2	3.7
1990	32.5	1.5	8.1	20.7	21.5	8.4
1991	30.5	1.5	5.3	13	14.2	5.8
1992	28.0	1.3	4.9	12.5	12.3	4.8
1993	29.3	1.4	4.9	10.2	8.5	4.1
1994	29.5	1.3	4.5	8.2	6.0	3.3
1995	25.8	1.1	4.3	8.1	5.2	2.7
1996	27.7	1.2	3.8	6.8	4.0	2.3
1997	25.0	1.1	3.9	7.2	3.9	2.1
1998	18.4	0.8	3.3	6.0	3.3	1.8
1999	14.9	0.7	3.0	6.3	3.3	1.6
2000	13.1	0.6	3.9	5.8	2.9	1.9
2001	7.1	0.3	1.8	3.9	2.3	1.1
2002	7.1	0.3	2.5	3.0	2.6	1.7

Source: Statistics of Income Corporate Tax Return Files, 1987-2002. Data exclude S-corporations, regulated investment companies, and real estate investment trusts

a. Alternative minimum tax does not include increases in tax liability from firms unable to claim reugular business tax credits against the regular tax because of the AMT.

Table 4. Alternative Minimum Tax Credit Use: 1987-2002[b]

Year	*Alternative minimum tax payments*	*Alternative Minimum tax credits*	*Net minimum tax (after credits)[a]*	*Minimum Tax Credits Balance*
1987	2.2	-	2.2	2.2
1988	3.4	0.5	2.9	5.1
1989	3.5	0.8	2.7	7.8
1990	8.1	0.7	7.4	15.2
1991	5.3	1.5	3.8	19
1992	4.9	2.3	2.6	21.6
1993	4.9	3.1	1.8	23.4
1994	4.5	3.3	1.2	24.6
1995	4.3	4.8	-0.5	24.1
1996	3.8	4.7	-0.9	23.2
1997	3.9	4.1	-0.2	23
1998	3.3	3.4	-0.1	22.9
1999	3	3.4	-0.4	22.5
2000	3.9	5.2	-1.3	21.2
2001	1.8	3.3	-1.5	19.7
2002	2.5	2.0	0.5	20.2
Total	63.3	43.1	20.2	-

Source: Statistics of Income Corporate Tax Return Files, 1993-2002.
Data exclude S-corporations, regulated investment companies, and real estate investment trusts.
Percents may not equal 100 due to rounding.
b. Does not include unallowed nonconventional source fuel credit and unallowed qualified electric vehicle credit.

Table 5. Distribution of Corporate AMT Liabilities by Asset Size Class, 1987-2002

Percent of
Corporations

Asset Size	*1987*	*1988*	*1989*	*1990*	*1991*	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*
$0-$1 million	2.6	2.1	3.1	1.0	1.2	1.2	1.4	1.9	2.0	2.7	2.4	3.6	4.6	3.2	1.1	0.7
$1-$10 million	5.2	5.0	5.1	2.8	4.4	4.4	4.1	4.8	4.5	5.4	4.7	3.7	3.4	1.9	2.4	1.8
$10-$50 million	5.8	5.6	5.7	3.3	4.6	5.5	4.6	5.4	4.8	5.1	4.7	4.9	4.7	3.2	3.3	2.1
$50-$100 million	3.3	2.9	3.1	2.2	2.6	3.2	3.2	3.1	2.8	5.1	3.0	3.2	2.8	1.6	2.3	1.3
$100-$250 million	5.4	5.2	5.3	3.3	4.8	5.2	4.6	5.7	5.3	6.1	5.1	6.1	6.1	3.0	3.7	2.9
$250-$500 million	5.3	4.1	5.9	4.1	4.5	5.4	5.7	5.1	3.9	4.7	4.5	5.2	4.1	3.8	4.9	3.9
$500-$1,000 million	4.2	5.4	7.9	5.7	6.3	8.5	8.6	7.6	6.7	6.7	7.6	7.4	7.7	5.5	6.6	2.9
Over $1 billion	68.1	69.8	63.9	77.6	71.6	66.6	67.7	66.4	70.0	64.2	68.0	65.9	66.7	77.7	75.8	84.4
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Total AMT Liability ($ billions)	2.2	3.4	3.5	8.1	5.3	4.9	4.9	4.5	4.3	3.8	3.9	3.3	3	3.9	1.8	2.5

Source: Statistics of Income Corporate Tax Return Files, 1987-2002.
Data exclude S-corporations, regulated investment companies, and real estate investment trusts.

Table 6. Tax Status by Firm Size, 2002
Percent of Corporations

Asset Size	AMT: Positive AMT Payments	AMT: Tentative minimum tax	AMT: Total AMT	Loss	Regular Tax	Total number of firms
$0-$1 million	0.13	0.13	0.26	70.60	29.14	1,852,825
$1 million-$10 million	1.33	1.09	2.42	49.43	48.14	203,489
$10 million-$50 million	3.96	2.55	6.51	50.54	42.95	26,277
$50 million-$100 million	4.45	3.10	7.55	45.34	47.12	5,563
$100 million-$250 million	5.79	3.60	9.39	36.96	53.65	5,212
$250 million-$500 million	5.75	3.69	9.44	35.74	54.82	2,521
$500 million-$1 billion	5.52	3.97	9.49	37.49	53.01	1,611
Over $1 billion	8.07	8.03	16.10	36.67	47.23	2,577
Total	0.32	0.29	0.61	67.84	31.55	2,100,074
Addendum: Percentage of corporate assets in each tax status	10.61	14.47	25.08	23.63	51.29	100

Source: Statistics of Income Corporate Tax Return Files, 2002.
Data exclude S-corporations, regulated investment companies, and real estate investment trusts
Percents may not equal 100 due to rounding

Table 7. Loss Firms and the Alternative Minimum Tax, 2002

Percent of Corporations

Asset Size	*Positive AMT payments conditional on loss status (for regular tax purposes)*
$0-$1 million	0.10
$1 million-$10 million	1.20
$10 million-$50 million	3.88
$50 million-$100 million	5.02
$100 million-$250 million	6.75
$250 million-$500 million	4.56
$500 million-$1 billion	5.18
Over $1 billion	6.44
Total	0.24

Source: Statistics of Income Corporate Tax Return Files, 1993-2002.

Data exclude S-corporations, regulated investment companies, and real estate investment trusts.

Table 8. Tax Status by Industry, 2002

Percent

Industry	Alternative Minimum Tax: Positive AMT Payments	Alternative Minimum Tax: Tentative Minimum Tax	Alternative Minimum Tax: Total AMT	Loss	Regular Tax	Total Number of Firms
Agriculture, Forestry, Fishing and Hunting	0.40	0.21	0.61	64.74	34.65	62,927
Mining	1.46	0.88	2.34	70.36	27.31	13,689
Utilities	0.46	0.44	0.90	75.01	24.09	6,148
Construction	0.34	0.15	0.49	67.08	32.42	229,765
Manufacturing	0.68	0.65	1.33	66.39	32.28	136,154
Wholesale and Retail Trade	0.30	0.21	0.51	64.68	34.81	421,528
Transportation and Warehousing	0.79	0.41	1.20	70.3	28.50	79,149
Information	0.24	0.14	0.38	78.97	20.64	53,442
Finance, Insurance, Real Estate & Management of Companies	0.55	0.59	1.14	64.00	34.86	326,120
Health Care, Services and Other	0.14	0.18	0.32	71.34	28.34	795,765
Total	0.34	0.29	0.63	68.04	31.33	2,100,074

Source: Statistics of Income Corporate Tax Return Files, 1993-2002.

Data exclude S-corporations, regulated investment companies, and real estate investment trusts.

Percentages may not sum to 100 due to rounding.

Table 9. Corporate Assets in Each Tax Status by Industry, 2002

Percent

	Alternative Minimum Tax					
Industry	*Positive AMT Payments*	*Tentative Minimum Tax*	*Total AMT*	*Loss*	*Regular Tax*	*Addenda: Percent of Total Corporate Assets in Each Industry*
Agriculture, Forestry, Fishing and Hunting	3.20	1.62	4.82	59.81	35.37	0.15
Mining	21.01	10.46	31.47	37.88	30.65	1.05
Utilities	10.20	25.27	35.47	28.62	35.91	3.59
Construction	1.92	2.02	3.94	41.92	54.14	0.73
Manufacturing	17.59	24.07	41.66	34.17	24.17	19.60
Wholesale and Retail Trade	4.34	8.70	13.04	31.13	55.83	4.81
Transportation and Warehousing	9.91	1.98	11.89	46.86	41.26	1.20
Information	1.87	4.82	6.69	72.24	21.07	7.29
Finance, Insurance, Real Estate & Management of Companies	10.13	13.26	23.39	10.84	65.77	58.55
Health Care, Services and Other	5.28	5.10	10.38	47.15	42.47	3.02
Total	10.61	14.47	25.08	23.63	51.29	100

Source: Statistics of Income Corporate Tax Return Files, 1993-2002.

Data exclude S-corporations, regulated investment companies, and real estate investment trusts.

Percentages may not sum to 100 due to rounding.

Table 10. Manufacturing Industry Tax Status, 1993-2002

Percent of corporate assets

	Alternative Minimum Tax				
Year[a]	*Positive AMT Payments*	*Tentative Minimum Tax*	*Total AMT*	*Loss*	*Regular Tax*
1993	20.02	31.83	51.85	15.27	32.88
1994	21.75	30.49	52.24	12.49	35.27
1995	23.54	24.40	47.94	13.22	38.84
1996	27.31	19.81	47.12	11.28	41.60
1997	20.76	28.24	49.00	9.54	41.46
1998	28.17	23.08	51.25	13.41	35.33
1999	16.35	34.36	50.71	14.80	34.50
2000	18.68	24.08	42.76	17.88	39.36
2001	7.16	19.27	26.43	33.51	40.06
2002	17.59	24.07	41.66	34.17	24.17

Source: Statistics of Income Corporate Tax Return Files, 1993-2002

Data exclude S-corporations, regulated investment companies, and real estate investment trusts

a. For years 1993-1997 industry classifications are based on SIC codes. For 1998-2002 industry classifications are based on NAICS codes.

Table 11. Mining Industry Tax Status, 1993-2002

Percent of corporate assets

	Alternative Minimum Tax				
Year[a]	*Positive AMT Payments*	*Tentative Minimum Tax*	*Total AMT*	*Loss*	*Regular Tax*
1993	33.45	10.78	44.23	49.77	6.01
1994	55.28	8.19	63.47	23.29	13.24
1995	57.50	12.19	69.69	22.82	7.49
1996	27.49	35.44	62.93	25.97	11.10
1997	33.27	30.62	63.89	17.11	19.00
1998	20.48	26.43	46.91	38.09	15.00
1999	49.16	6.14	55.30	31.42	13.29
2000	28.18	12.57	40.75	19.28	39.98
2001	11.83	8.68	20.51	40.12	39.38
2002	21.01	10.46	31.47	37.88	30.65

Source: Statistics of Income Corporate Tax Return Files, 1993-2002

Data exclude S-corporations, regulated investment companies, and real estate investment trusts

a. For years 1993-1997 industry classifications are based on SIC codes. For 1998-2002 industry classifications are based on NAICS codes.

Table 12. Percent of Total for Major Adjustment and Preference Items, 1993-2002
Percent

Adjustment or preference	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Depreciation adjustment	52.9	61.2	66.4	82.0	75.3	80.3	63.2	48.4	27.8	8.0
Adjusted current earnings (ACE) adjustment	46.7	37.8	37.2	37.0	31.5	29.9	48.5	60.2	56.1	67.8
Basis adjustment	-8.8	-9.4	-16.2	-27.9	-15.7	-21.6	-21.4	-21.8	-11.2	-9.9
Percentage depletion preference	3.1	5.3	7.2	5.1	6.3	5.2	4.6	3.9	4.2	6.0
Blue Cross, Blue Shield adjustment	5.3	2.7	1.7	1.3	1.1	2.2	2.7	7.3	19.8	23.6
Long-term contracts adjustment	1.1	1.1	2.0	2.3	1.9	0.9	0.9	0.8	1.0	1.0
Mining exploration and development adjustment	0.3	0.4	0.8	-0.1	0.1	0.0	-0.2	0.5	0.0	-0.4
Other Adjustments	-1.7	-0.6	-0.3	-0.2	-1.9	2.4	-0.7	-1.6	-0.7	-2.1

Source: Statistics of Income Corporate Tax Return Files, 1993-2002. Data exclude S- corporations, regulated investment companies, and real estate investment trusts.

Table 13. Relative Importance of Specific Alternative Minimum Tax Adjustments and Preferences, 2002

Adjustment or preference	*Percent of AMT payers with item*
Depreciation adjustment	66
Adjusted current earnings (ACE) adjustment	46
Other Adjustments	30
Basis adjustment	25
Long-term contracts adjustment	5
Depletion preference	3
Accelerated depreciation of real property preference	2
Tax -exempt interest preference	1
Passive activities adjustment	1

Source: Statistics of Income Corporate Tax Return Files, 1993-2002. Data exclude S-corporations, regulated investment companies, and real estate investment trusts.