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The *Statistics of Income (SOI) Bulletin* is issued quarterly, in March, June, September, and December, by the Statistics of Income Division of the Internal Revenue Service. The report provides the earliest published annual financial statistics obtained from the various types of tax and information returns filed, as well as information from periodic or special analytical studies of particular interest to students of the U.S. tax system, tax policymakers, and tax administrators. It also includes personal income and tax data by State and historical data for selected types of taxpayers, in addition to data on tax collections and refunds and on other tax-related items.

Information on the availability of supplemental data on the topics included in this issue, special tabulations undertaken on a reimbursable basis, or other SOI subjects, may be obtained by telephoning the SOI Statistical Information Services office (202-874-0410), or by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, D.C. 20013-2608.

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Featured Articles:

- Sole Proprietorship Returns, 2004** 7
By Kevin Pierce and Michael Parisi
- Foreign-Controlled Domestic Corporations, 2003** 67
By James R. Hobbs
- U.S. Possessions Corporation Returns, 2003** 113
By Daniel S. Holik
- Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses** 128
By Martha Eller Gangi and Brian G. Raub
- Statistics of Income Studies of International Income and Taxes** 146
By Lissa Redmiles

Data Releases:

- Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005** 161

Departments:

- Bulletin Board 2
- Selected Historical and Other Data 173
- SOI Sampling Methodology and Data Limitations — Appendix 261
- SOI Projects and Contacts 264
- SOI Products & Services 269
- Index — Previously Published Articles and Data Releases Inside Back Cover

Bulletin Board

This Issue at a Glance

Sole Proprietorship Returns, 2004

by Kevin Pierce and Michael Parisi

For Tax Year 2004, there were approximately 20.6 million individual income tax returns that reported nonfarm sole proprietorship activity. Nearly every sole proprietor industrial sector reported an increase in profits. Total profits for all nonfarm sole proprietorships were \$247.6 billion, a 7.5-percent increase from Tax Year 2003. When adjusted for inflation, profits increased by 4.4 percent, the highest percentage increase in profits since 1998. The largest percentage increase in profits for a major industrial sector was 18.3 percent for the wholesale trade sector, followed by a 9.2-percent increase by both the real estate and rental and leasing sector and the professional, scientific, and technical services sector. Although overall profits for nonfarm sole proprietorship returns increased, deficits also increased by an amount of 7.5 percent in real terms from Tax Year 2003.

Foreign-Controlled Domestic Corporations, 2003

by James R. Hobbs

There were 58,945 domestic corporations each controlled by a foreign person for Tax Year 2003. These foreign-controlled domestic corporations (FCDCs) were relatively few in number, accounting for just 1.1 percent of the total of all U.S. corporations. However, these corporations generated \$2.6 trillion of total receipts and reported \$6.2 trillion of total assets, accounting for 12.4 percent of the receipts and 11.5 percent of the assets reported on all U.S. corporation income tax returns. Two industrial sectors, manufacturing and wholesale trade, generated 71.3 percent of the total FCDC receipts. Domestic corporations controlled by persons in Japan reported 19.6 percent of the FCDC total receipts. The profits (“net income less deficit”) reported by FCDCs for tax purposes were \$32.0 billion, accounting for 4.1 percent of the profits by all corporations for 2003.

U.S. Possessions Corporation Returns, 2003

by Daniel S. Holik

For Tax Year 2003, some 136 U.S. corporations reported \$1.1 billion of possessions tax credits. The number of U.S. corporations claiming a possessions tax credit and the total amount of the credit reported continued declines that began in the 1990s. These

declines coincided with increased legislative restrictions on the use of the possessions tax credit. As in prior years, pharmaceuticals and medicines manufacturers located in Puerto Rico reported the bulk of the possessions tax credit. For 2003, some 19 pharmaceuticals and medicines manufacturers reported possessions tax credits of \$0.6 billion, approximately 53.1 percent of the total. In addition, the food manufacturing and computers and electric equipment industries claimed approximately 11.8 percent and 10.7 percent of total possessions tax credits for 2003, respectively. Other industrial groups claiming relatively large amounts of possessions tax credits for 2003 included the medical equipment and supplies and textiles and apparel industries.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

by Martha Eller Gangi and Brian G. Raub

At various points in legislative history, the U.S. Congress has sought to protect family-owned farms and other businesses by lessening the burden of the Federal estate tax. Three estate tax provisions were available to decedents who died in 2001 if estates met certain requirements: special use valuation (SUV), the qualified family-owned business deduction (QFOBI), and the deferral of Federal estate tax liabilities (DOT). This article examines estates’ utilization of these three business provisions.

About 1,800 estates, or 1.7 percent of the 2001 estate tax decedent population, elected to use at least one of the provisions. The likelihood that an estate would utilize one of the provisions varied by provision and size of gross estate. Smaller estates were more likely than their larger counterparts to utilize SUV, while larger estates were more likely to utilize the QFOBI and DOT. The asset composition of estates varied considerably by provision and provision status—utilization or nonutilization of a provision. In terms of liquidity, smaller estates were more liquid than their larger counterparts, regardless of the provision or provision status.

Statistics of Income Studies of International Income and Taxes

by Lissa Redmiles

The Statistics of Income (SOI) Division conducts 14 studies of international income and taxes. Many of the trends noted in these studies show an increase in the

amount of foreign activity of U.S. persons and the amount of U.S. activity of foreign persons. Total receipts of the largest 7,500 Controlled Foreign Corporations, for example, grew at a higher rate than total receipts of U.S. corporations. The portion of total receipts from all U.S. corporations earned by those controlled by foreign persons grew from 2.1 percent for Tax Year 1971 to nearly 12.7 percent for Tax Year 2002. The real amount of transactions between large domestic foreign-owned corporations and related foreign persons almost doubled between Tax Year 1992 and Tax Year 2002. Individual foreign-source income and foreign-earned income also increased noticeably between Tax Years 1987 and 2001. Likewise, the real amount of payments distributed to foreign persons rose by a factor of 10 between 1980 and 2000. Over the past two decades, however, fluctuations in foreign-source taxable income from corporations have roughly followed the same pattern as fluctuations in worldwide taxable income.

Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

Data Release

The estate tax, one part of the Federal transfer tax system, is incurred on transfers of property at death. This tax applies to the estates of nonresident aliens who die owning property in the United States in addition to the estates of citizens and resident aliens. The number of returns filed for estates of nonresident aliens increased significantly in recent filing years, from 525 in Filing Year 2003 to 734 in Filing Year 2005. Within these totals, there were two main types of return: treaty status returns and nontreaty status returns.

Among treaty status returns, Canada, Germany, and the United Kingdom were the most common countries of domicile for decedents in each of the filing years. The U.S. total gross estate of treaty status returns increased from \$125.4 million in 2003 to \$292.4 million in 2005. For nontreaty status returns, U.S. total gross estate increased from \$48.4 million in 2003 to \$110.0 million in 2005. Estates with \$250,000 or more in gross estate accounted for most of the total reported by nontreaty status returns in each of the 3 years. Stocks and real estate combined to make up more than 75.0 percent of the gross estate reported by nontreaty status returns in each year.

Behind the Scenes

Joint Statistical Meetings

This year, the American Statistical Association (ASA) held its 166th annual meeting on August 6-10 in Seattle, WA, as part of the annual Joint Statistical Meetings. Each year at these meetings, statisticians, mathematicians, economists, computer specialists, and other professionals share data, ideas, and research. SOI, as a major Government statistical function, was once again well represented by a large contingent of SOI staff members who participated in many of the technical sessions, committee meetings, continuing education courses, and at the SOI display in the Exhibit Hall.

SOI organized two sessions. The first focused on innovative uses of longitudinal panels, information documents, and time-series analysis to study the impact of the U.S. tax system and included five papers: SOI Director Tom Petska and Mike Strudler, Individual Statistics Branch (ISB), copresented “Analysis of the Distributions of Income, Taxes, and Payroll Taxes via Cross-Section and Panel Data,” coauthored with Ryan Petska, Ernst and Young, and Lori Hentz, ISB; Pete Sailer, ISB, spoke on “Social Security Taxes, Social Security Benefits, and Social Security Benefits Taxation: 2002,” a paper he coauthored with former SOI staff member Evgenia Lomize; Karen Masken of IRS’s Office of Research presented “Longitudinal Analysis of the Earned Income Tax Credit”; Mike Weber, ISB, presented “The 1999-2003 Individual Income Tax Return Panel: A First Look at the Data”; and Barry Johnson and Lisa Schreiber, both of the Special Studies Branch (SSB), copresented “Constructing a Panel of Income and Estate Tax Data for Wealthy Individuals: Creativity and Compromise.” The presentations were followed by a brief discussion period.



The second session focused on efforts to measure, monitor, and evaluate Internal Revenue Service data and included four SOI papers. Joe Koshansky, Corporation Statistics Branch, presented a paper on “Monitoring SOI Samples”; Tamara Rib, Statistical Computing Branch (SCB), spoke on “Measuring Nonsampling Error in Exempt Organization Business Income Tax Data”; Ruth Schwartz, SSB, presented a paper coauthored with Beth Kilss, also of the SSB, entitled “Customer Satisfaction Initiatives at IRS’s Statistics of Income: Using Surveys To Improve Customer Service”; and Kevin Cecco, SCB, spoke on “Performance Measures Within the Statistics of Income Division.” The papers in this session were discussed by John Czajka, Mathematica Policy Research, and followed by a brief general discussion.

Three other SOI papers by members of SOI’s Statistical Computing Branch were presented as part of other contributed paper sessions. Charles Day, in a session on sample survey design, spoke on “An Application of Genetic Algorithms to Multivariate Optimal Allocation in Stratified Sample Designs”; Diane Milleville, in a session on broad quality issues in organizations, presented a paper entitled “Tying Web Site Performance to Mission Achievement in the Federal Government”; and Kim Henry, in a session on survey-based estimation, presented a paper she coauthored with Richard Valliant, University of Michigan, on “Comparing Procedures To Estimate the Measure of Heteroscedasticity and Their Effect on Estimating Totals and Their Variances.”

SOI Division was also well-represented in other areas of the conference. Senior SOI members Yahia Ahmed, Statistical Computing Branch, and SOI Director, Tom Petska, chaired technical sessions, and several SOI employees participated in ASA committee meetings. SOI also maintained a display in the vendor’s area of the convention, which showcased SOI products and services. Because of this, the SOI staff in attendance at the meetings did double duty as presenters and display workers and used the opportunity to talk about our products and services with other conference attendees, as well as answer their questions about SOI, what we do here, and also about job opportunities. The Exhibit Hall also included other Government agencies and software and book vendors. Finally, senior SOI managers used the meetings as an opportunity to recruit and interview potential candidates for mathematical statistician positions within the Division.

Once again, the ASA annual meeting was a good showcase for the full spectrum of work now being done in the Division. Thanks go to all the ASA presenters, coauthors, and staff behind the scenes who made it possible this year!

5th Annual IRS Research Conference

SOI participated in the 2006 IRS Research Conference, held at the Georgetown University Law Center on June 14 and 15. Conference presenters and attendees included

researchers from all areas of IRS, representatives of other government agencies (including from the United Kingdom, Australia, and New Zealand), and academic and private sector experts on tax policy, tax administration, and tax compliance. Janet McCubbin, Chief, Special Studies Branch, served as the conference co-chairperson, along with Janice Hedemann, Director of the Office of Research.

The program opened with a welcome from Janice, followed by a keynote address by Mark Matthews, Deputy Commissioner for Services and Enforcement. Mr. Matthews emphasized the importance of using high-quality data and analysis to drive key decisions. Mark Mazur, Director, Research, Analysis, and Statistics, then led a panel discussion on compliance and administrative aspects of tax reform. The panelists, including former Assistant Secretaries for Tax Policy Pamela Olson and Ronald Pearlman, former Deputy Assistant Secretary for Tax Analysis Leonard Burman, and Jane Gravelle of the Congressional Research Service, emphasized the need to use data and analysis to inform policies as they are first being formulated, rather than after positions have hardened.

The remainder of the conference consisted of sessions on corporate tax and compliance issues, individual taxpayer compliance and behavior, various uses of tax data by non-IRS researchers, the role of tax return preparers and other third parties in tax administration and compliance, and finally, new approaches to compliance and administration. In the first session, Ellen Legel (Corporation Statistics Branch) made an excellent presentation, in which she provided the very first look at data from the new Schedule M-3.

The session on uses of tax data, organized and moderated by Janet McCubbin, included presentations



by three users of SOI and other IRS data. Arthur Kennickell explained how SOI and Individual Returns Transaction File (IRTF) data are used to develop the sampling frame for the Federal Reserve Board's Survey of Consumer Finances. Ralph Rector discussed how the Individual Public Use File (PUF) and aggregate individual SOI data are used by the Heritage Foundation to model the tax system. Amy O'Hara described how she uses the PUF, IRTF, and aggregate data to perfect Census Bureau estimates of tax variables imputed from survey data. Discussant Rosemary Marcuss, Deputy Director and Acting Chief Economist of the Bureau of Economic Analysis summarized the session and provided suggestions for increasing access to SOI data and the interaction between SOI and users. All of the participants in the session agreed that SOI provides invaluable data and outstanding customer service.

This year's conference agenda is currently posted on the Tax Stats Web site at <http://www.irs.gov/taxstats/productsandpubs/article/0,,id=151642,00.html>. The conference papers will be available in a printed volume and on Tax Stats later this year.

What's New

Try Out the Statistics of Income Table Wizard

For the next 2 months, the Statistics of Income (SOI) Division of the Internal Revenue Service will be testing the prototype SOI Table Wizard. This tool will allow users to create their own custom tables from SOI tabulated data. This prototype uses data from the 1999 and 2000 *Corporation Source Books*, but, if adopted, data from other forms may be added.

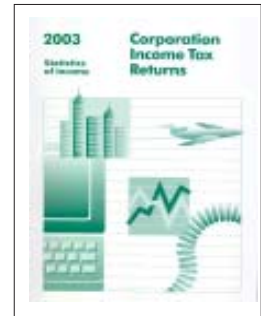
In addition, the prototype features redesigned navigation for presenting published *Corporation Source Book* tables and examples of metadata that can be used to better understand the information presented in the tables.

Even if you are not a corporate data user, please give this new application a try at: <http://soitablewizard.altaplana.com>. Afterwards, please provide feedback to us by taking the survey available on the prototype site or by contacting us through the Tax Stats pages on <http://www.irs.gov/taxstats/page/>

[0,,id=16804,00.html](http://www.irs.gov/taxstats/page/0,,id=16804,00.html). Your feedback will help determine whether or not this technology is permanently adopted on Tax Stats.

Statistics of Income—2003, Corporation Income Tax Returns

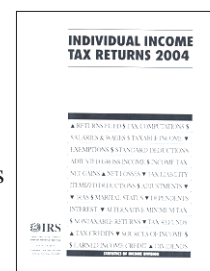
The latest edition of IRS Publication 16, an annual report that provides aggregate corporate statistics is now available. The report is based on returns filed for accounting periods that ended between July 2003 and June 2004. These data include balance sheet, income statement, and tax items, tabulated by industry, asset size, and business receipt class, accounting period, and type of return. Several new business receipt size breakouts are provided. Separate tables are published for: all returns filed by active corporations; Form 1120 returns; Form 1120-A returns; Form 1120-F returns; returns of active corporations other than 1120S, 1120-REIT, and 1120-RIC; and Form 1120S returns. The report also includes an overview of corporate activity for the year, a summary of recent changes in law and regulations affecting corporate filers, a description of the sample and data limitations, and definitions of the terms used in the tables. The tables are also available on the Tax Stats Web site at <http://www.irs.gov/taxstats/bustaxstats/article/0,,id=112834,00.html>.



Individual Income Tax Returns, 2004

The newest report from the Individual Statistics Branch, *Statistics of Income—Individual Income Tax Returns, 2004*, Publication 1304, contains data on sources of income, adjusted gross income, exemptions, deductions, taxable income, income tax, modified income tax, tax credits, self-employment tax, and tax payments. Returns are tabulated by tax status, size of adjusted gross income, marital status, and type of computation.

The report has six sections--Introduction and Changes in Law; Description of the Sample; Basic Tables (aggregate statistics on individual income tax returns); Explanation of Terms; 2004 (Individual Tax)



Bulletin Board

Forms; and an Index. Tables are also available on the Tax Stats Web site at www.irs.gov/stats/indtaxstats/article/0,,id=134951,00.html.

For those interested in obtaining a copy of these reports from the U.S. Government Printing Office, ordering and pricing information can be found under "SOI Products and Services," toward the back of this issue of the *Bulletin*.

Upcoming Features

The following articles or data releases are tentatively planned for inclusion in the Fall 2006 issue of

the *Statistics of Income Bulletin* scheduled to be published in December 2006:

- ❖ Individual Income Tax Returns, 2004;
- ❖ Integrated Business Data;
- ❖ Partnerships, 2004;
- ❖ Private Foundations and Charitable Trusts, 2003;
- ❖ Charities and Other Tax Exempt Organizations, 2003;
- ❖ Tax-Exempt Governmental and Private Activity Bonds, 2003 and 2004; and
- ❖ Foreign Tax Credit, 2002.

Sole Proprietorship Returns, 2004

by Kevin Pierce and Michael Parisi

For Tax Year 2004, there were approximately 20.6 million individual income tax returns that reported nonfarm sole proprietorship activity. Nearly every sole proprietor industrial sector reported an increase in profits. Total profits for all nonfarm sole proprietorships were \$247.6 billion, a 7.5-percent increase from Tax Year 2003. When adjusted for inflation, profits increased by 4.4 percent, the highest percentage increase in profits since 1998. The largest percentage increase in profits for a major industrial sector was 18.3 percent for the wholesale trade sector, followed by a 9.2-percent increase by both the real estate and rental and leasing sector and the professional, scientific, and technical services sector. Although overall profits for nonfarm sole proprietorship returns increased, deficits also increased by an amount of 7.5 percent in real terms from Tax Year 2003.

In addition to an increase in profits for sole proprietorships in Tax Year 2004, there was an increase of both receipts and deductions reported on these returns: total business receipts increased 8.5 percent to \$1,139.5 billion, and total business deductions grew 8.8 percent to \$892.4 billion. The finance and insurance sector reported the largest percentage increase in both receipts and deductions with a 13.6-percent increase in business receipts and a 15.5-percent increase in deductions. The construction sector reported the second largest growth in receipts at 12.8 percent. For 2004, when inflation is taken into account, sole proprietors reported the largest increase in both receipts and deductions since before 1988.

The North American Industry Classification System (NAICS) for industrial coding was introduced for the first time in Tax Year 1998. Because of the coding changes, comparisons between data from 1998-2004 with 1997 and prior years may show inconsistencies. A reason for this was that many sole proprietorships under the NAICS system were classified in completely different industrial groups, which

makes prior-year comparisons inappropriate. For example, in 1997, finance, insurance, and real estate were grouped by Standard Industrial Classification (SIC) codes as one industry, while, under the NAICS system, the group has been split into two industrial sectors. The industrial sectors based on the NAICS codes are reported in Tables 1 and 2.

Returns and Receipts

The number of individual income tax returns reporting nonfarm sole proprietorship activity for 2004 increased 4.5 percent to almost 20.6 million (Figure A)[1]. The two largest industrial sectors (in numbers of returns) showed an increase in the number of returns for Tax Year 2004; the professional, scientific, and technical services sector, with approximately 3.0 million returns, increased 7.2 percent, and the construction sector, with approximately 2.6 million returns, increased 3.8 percent. The largest reported increase for any industrial sector was in the wholesale trade sector, with a 21.6-percent increase to almost 351 thousand returns.

Total business receipts (the sum of “income from sales and operations” and “other business income”) for all nonfarm sole proprietorship industries increased 8.5 percent, from \$1,050.2 billion to \$1,139.5 billion [2]. The finance and insurance sector showed the largest percentage increase in receipts, reporting an increase of \$8.7 billion or 13.6 percent. The second largest percentage increase in receipts for 2004 was in the construction sector, with an increase of 12.8 percent. This was followed closely by the 12.5-percent growth in receipts in the real estate and rental and leasing sector, as well as the 12.3-percent growth in the transportation and warehousing sector. Overall, in constant dollar terms, total business receipts had the largest annual increase over Tax Years 1988-2004 of 5.4 percent (Figure B) [3].

Deductions

Total business deductions (“cost of sales and operations” plus business expenses, including expenses for home office) in current dollars increased 8.8 percent from \$820.2 billion for 2003 to \$892.4 billion for 2004 (Figure A) [4,5]. The finance and insurance sector showed the largest percentage increase in deductions, with 15.5 percent. As shown in Figure B, when accounting for inflation, business deductions

Kevin Pierce and Michael Parisi are economists with the Individual Research Section and the Individual Returns Analysis Section, respectively. This article was prepared under the direction of Carl Greene, Chief of the Individual Research Section, and Jeff Hartzok, Chief of the Individual Returns Analysis Section.

Sole Proprietorship Returns, 2004

Figure A

Nonfarm Sole Proprietorship Returns, Receipts, and Deductions, by Selected Industrial Sectors, Tax Years 2003 and 2004

[Number of returns is in thousands--money amounts are in billions of dollars]

Industrial sector	Number of returns			Total business receipts			Total business deductions ¹		
	2003	2004	Percentage increase	2003	2004	Percentage increase	2003	2004	Percentage increase
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All nonfarm industries.....	19,710.1	20,590.7	4.5	1,050.2	1,139.5	8.5	820.2	892.4	8.8
Construction.....	2,491.2	2,586.8	3.8	175.8	198.4	12.8	146.9	167.3	13.9
Specialty trade contractors.....	1,998.4	2,084.0	4.3	120.0	134.7	12.2	97.2	110.2	13.4
Wholesale trade (merchant wholesalers).....	288.5	350.8	21.6	38.3	40.8	6.6	34.0	35.7	5.2
Retail trade.....	2,416.1	2,399.4	-0.7	177.0	187.1	5.7	169.1	179.0	5.9
Transportation and warehousing.....	944.6	982.8	4.0	58.1	65.3	12.3	49.9	56.6	13.3
Finance and insurance.....	659.0	672.7	2.1	64.4	73.1	13.6	48.1	55.6	15.5
Real estate and rental and leasing.....	1,074.1	1,179.4	9.8	62.7	70.5	12.5	37.2	42.6	14.6
Real estate.....	1,019.6	1,113.9	9.2	58.8	66.6	13.2	33.2	38.6	16.3
Professional, scientific, and technical services.....	2,752.8	2,951.0	7.2	128.5	137.7	7.1	76.5	80.9	5.8
Administrative and support and waste management and remediation services.....	1,881.2	1,994.8	6.0	46.7	50.0	7.1	33.7	35.9	6.7
Health care and social assistance.....	1,762.8	1,778.0	0.9	99.4	104.2	4.8	59.6	62.2	4.3
Child day care services.....	721.4	694.1	-3.8	9.8	10.0	2.1	6.3	6.4	1.3
Arts, entertainment, and recreation.....	1,098.5	1,132.2	3.1	24.1	26.4	9.4	18.7	20.6	10.1
Performing arts, spectator sports, and related industries.....	937.7	963.5	2.8	17.9	19.3	7.8	12.7	13.8	8.8
Other services.....	1,995.0	2,089.3	4.7	70.2	73.0	4.0	54.2	56.6	4.3
Personal and laundry services.....	1,239.5	1,338.7	8.0	31.9	33.6	5.2	22.2	23.0	3.9
All other industries.....	2,346.2	2,473.4	5.4	105.0	113.1	7.7	92.3	99.4	7.7

¹ Total business deductions are calculated before subtraction of nonallowable "passive" activity losses and any "passive loss" carryover from prior years.

NOTE: Detail may not add to totals because of rounding. Percentage increases were calculated before rounding.

increased 5.7 percent, the largest increase in deductions from Tax Years 1988-2004.

Representing 41.6 percent of total 2004 business deductions, the cost of sales and operations was approximately \$371.0 billion (Figure C), a 9.6-percent increase from the 2003 level. Total business "expenses" (total business deductions minus the cost of sales and operations) were \$521.5 billion for 2004, an 8.2-percent increase from the 2003 amount. Figure D graphically presents the main components of total business expenses. The largest component, salaries and wages, accounted for 13.6 percent of the total. For 2004, salaries and wages totaled \$71.1 billion, a 5.1-percent increase from 2003. The next largest components of business expenses were cars and trucks (11.3 percent), depreciation (8.2 percent), and rent on business property, machinery, and equipment (5.4 percent). For 2004, these items were \$59.0

billion, \$42.9 billion, and \$36.9 billion, respectively. Car and truck expenses showed a 10.3-percent increase from 2003; depreciation a 2.7-percent increase, and rent on business property, machinery, and equipment a 3.4-percent increase. While contract labor, represented only 3.5 percent of all business expenses for 2003, it had the largest percentage increase for 2004 of 45.4 percent and went up to 4.7 percent of all business expenses.

Beginning with 1993, constant dollar depreciation increased every year through 2003, except for 1995, when it decreased 1.9 percent to \$28.5 billion [6]. However, for 2004, constant dollar depreciation showed a decrease for the first time in 9 years. This was possibly due to the rather large increase in allowable expensing of depreciation for 2003, leaving less to expense for 2004. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, a

Sole Proprietorship Returns, 2004

Figure B

Nonfarm Sole Proprietorship Receipts, Deductions, and Profits, Tax Years 1988-2004

[Money amounts are in billions of dollars]

Tax year	Total business receipts			Total business deductions ¹			Net income less deficit (profits)		
	Current dollars	Constant dollars ²		Current dollars	Constant dollars ²		Current dollars	Constant dollars ²	
		Amount	Percentage increase		Amount	Percentage increase		Amount	Percentage increase
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1988.....	672.0	887.8	--	545.7	720.9	--	126.3	166.9	--
1989.....	692.8	881.9	-0.7	560.2	713.1	-1.1	132.7	168.9	1.2
1990.....	730.6	895.5	1.5	589.2	722.1	1.3	141.4	173.3	2.6
1991.....	712.6	843.9	-5.8	571.2	676.4	-6.3	141.5	167.6	-3.3
1992.....	737.1	853.3	1.1	583.1	675.0	-0.2	154.0	178.3	6.4
1993.....	757.2	856.8	0.4	600.8	679.7	0.7	156.5	177.0	-0.7
1994.....	790.6	876.0	2.2	623.8	691.2	1.7	166.8	184.8	4.4
1995.....	807.4	876.6	0.1	638.1	692.8	0.2	169.3	183.8	-0.6
1996.....	843.2	898.5	2.5	666.5	710.1	2.5	176.8	188.3	2.5
1997.....	870.4	912.2	1.5	683.9	716.7	0.9	186.6	195.6	3.9
1998.....	918.3	951.8	4.3	716.2	742.3	3.6	202.3	209.7	7.2
1999.....	969.3	990.5	4.1	761.4	778.0	4.8	207.9	212.5	1.3
2000.....	1,021.0	1,021.0	3.1	806.4	806.4	3.6	214.7	214.7	1.1
2001.....	1,016.8	993.3	-2.7	799.6	781.1	-3.1	217.4	212.3	-1.1
2002.....	1,029.7	990.6	-0.3	808.9	778.2	-0.4	221.1	212.7	0.2
2003.....	1,050.2	990.8	(³)	820.2	773.8	-0.6	230.3	217.3	2.1
2004.....	1,139.5	1,044.5	5.4	892.4	818.0	5.7	247.6	226.9	4.4

¹ Total business deductions are calculated before subtraction of nonallowable "passive" activity losses and any "passive loss" carryover from prior years. However, these losses (after subtraction) and any carryover are reflected in net income or deficit. Therefore, total business receipts minus total business deductions may not always equal net income or deficit.

² Constant dollars are based on the overall implicit price deflator for gross domestic product computed and reported by the U.S. Department of Commerce, Bureau of Economic Analysis, in the *Survey of Current Business*. The deflator represents the annual average of current-weighted prices, based on 2000 = 100.

³ Less than 0.05 percent.

NOTE: Percentage increases were calculated before rounding.

substantial increase in the maximum allowable Section 179 deduction from \$24,000 for 2002 to \$100,000 for 2003 led to depreciation increasing significantly by 11.7 percent in real terms. For 2004, with the 179 deduction increasing to \$102,000, depreciation deductions had only a slight change, a decrease (in real terms) of 0.2 percent (Figure E). Although not all of the growth in depreciation in 2003 can be attributed to the change in the Section 179 deduction, the significant increase in the deduction amount greatly impacted the depreciation deductions for sole proprietorships. With the extra depreciation expensed for 2003 and only a \$2,000 increase in the 179 deduction amount between 2003 and 2004, there was relatively no change in depreciation deductions for 2004 [7, 8].

Beginning with Tax Year 1992, certain smaller businesses could elect not to itemize depreciation and other business deductions by filing Schedule C-EZ, *Net Profit From Business*, a simplified version of

Schedule C, *Profit or Loss From Business*. (Schedule C and Schedule C-EZ are the source of sole proprietorship statistics.) For Tax Year 2004, taxpayers could use Schedule C-EZ if they: had business expenses of \$5,000 or less (this was \$2,500 for 2003); used the cash accounting method; had no inventories; did not report a deficit from the business; had only one business as a sole proprietor; had no employees; were not required to file Form 4562, *Depreciation and Amortization*, for the business; claimed no deduction for home business expenses; and had no prior-year disallowed passive activity losses from the business. Since taxpayers using Schedule C-EZ did not itemize business deductions, the detailed deductions in Table 2 are slightly understated and do not add to the totals.

Figure F presents the numbers and percentages of nonfarm sole proprietorship returns filed on Schedule C-EZ by industrial sector. Approximately 3.7 million taxpayers filed Schedule C-EZ for Tax Year

Sole Proprietorship Returns, 2004

Figure C

Components of Nonfarm Sole Proprietorship Business Deductions, Tax Years 2003 and 2004

[Money amounts are in millions of dollars]

Business deductions	2003	2004	Percentage increase
	(1)	(2)	(3)
Business deductions, total ¹	820,206,714	892,402,428	8.8
Cost of sales and operations, total	338,376,959	370,951,227	9.6
Inventory, beginning of year.....	34,924,642	35,761,115	2.4
Cost of labor.....	28,032,070	31,768,695	13.3
Purchases.....	218,445,328	238,922,503	9.4
Materials and supplies.....	46,554,634	53,267,879	14.4
Other costs.....	47,331,624	50,186,705	6.0
Inventory, end of year.....	36,911,339	38,955,669	5.5
Business expenses, total ¹	481,829,755	521,451,201	8.2
Advertising expenses.....	12,340,084	12,888,316	4.4
Car and truck expenses.....	53,466,645	58,980,274	10.3
Commissions.....	13,502,446	13,267,025	-1.7
Contract labor.....	16,977,798	24,686,741	45.4
Depletion.....	639,008	775,567	21.4
Depreciation ²	41,754,963	42,900,776	2.7
Employee benefit programs.....	2,421,673	2,617,800	8.1
Home office business deductions ²	7,047,483	7,807,037	10.8
Depreciation, Form 8829.....	858,891	1,093,415	27.3
Insurance.....	17,489,210	18,864,229	7.9
Legal and professional services.....	8,284,557	8,959,140	8.1
Meals and entertainment deducted.....	5,524,213	5,997,824	8.6
Mortgage interest.....	4,762,929	5,167,373	8.5
Other interest paid on business indebtedness.....	5,818,316	5,856,393	0.7
Office expenses.....	11,849,079	12,362,672	4.3
Pension and profit-sharing plans.....	1,182,019	1,202,228	1.7
Rent on machinery and equipment.....	8,470,304	8,728,363	3.0
Rent on other business property.....	27,201,706	28,139,206	3.4
Repairs.....	13,221,220	14,762,464	11.7
Supplies.....	25,507,159	27,302,886	7.0
Salaries and wages.....	67,640,849	71,068,517	5.1
Taxes paid.....	15,179,639	16,036,234	5.6
Travel.....	9,313,708	10,317,557	10.8
Utilities.....	21,661,093	21,477,462	-0.8
Other business deductions.....	89,092,512	98,293,189	10.3

¹ Includes returns with Schedule C-EZ attached. Because only a total is reported for business deductions on Schedule C-EZ, the totals shown in the statistics exceed the sum of the detailed deductions; the detailed deductions are, therefore, slightly understated.

² Depreciation claimed on Form 8829 is included in "home office business deductions" and excluded from "depreciation" shown above.

NOTE: Detail may not add to totals because of rounding. Percentage increases were calculated before rounding.

2004, representing a 25.2-percent increase from the number filed for 2003. This large increase was probably due to the raising of allowable expenses on a Schedule C-EZ from \$2,500 to \$5,000. Of the

returns filed for 2004 in the administrative and support services sector (the largest filers of this schedule), taxpayers filed approximately 565 thousand Schedule C-EZ returns, or 28.3 percent of the total for that sector [9]. For 2004, business receipts from Schedule C-EZ filers totaled \$24.6 billion, or 2.2 percent of total business receipts reported. Business deductions reported on Schedule C-EZ returns accounted for only 0.3 percent of total business deductions for all industries, or \$3.0 billion of the total \$892.4 billion. Even in the administrative and support services sector with its higher concentration of Schedule C-EZ filers, deductions reported on the Schedule C-EZ accounted for just 1.0 percent of that sector's total business deductions.

Profits and Losses

For 2004, nearly all of the principal industrial sectors reported increased sole proprietorship profits (net income less deficit). Figure B presents total profits for all industries (in both current and constant dollars) since 1988, while Figure G presents profits by industrial sector for 2003 and 2004 [10]. Total profits increased 7.5 percent from \$230.3 billion for 2003 to \$247.6 billion for 2004. The wholesale trade sector reported the largest percentage change in profits for 2004, increasing 18.3 percent to \$5.1 billion. The real estate and rental and leasing as well as the professional, scientific, and technical sector reported the second largest percentage increase in profits with 9.2 percent.

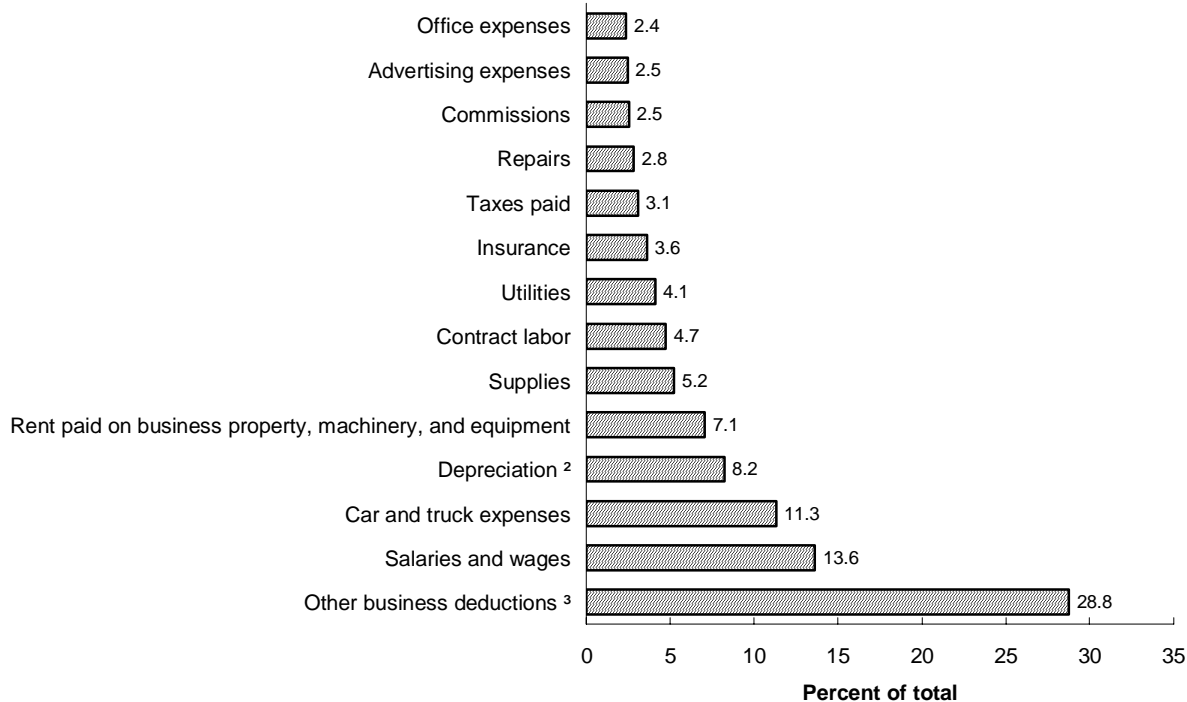
In constant dollars, total profits increased 4.4 percent for 2004 (Figure B), the largest increase in profits since 1998. Despite the significant increase in total profits (in real terms), profits as a percentage of business receipts went down for 2004. Figure H displays net income less deficits as a percentage of business receipts. For Tax Year 2004, profits as a percentage of business receipts was 21.7 percent, slightly below the 21.9 percent for 2003. Since 1987, the highest percentage was for 1998 at 22.0 percent, while the lowest was for 1988 at 18.8 percent. Figure E presents net income and deficit separately for 1988 through 2004, in current and constant dollars. For 2004, net income (in constant dollars) increased 4.9 percent, and deficit (in constant dollars) increased 7.5 percent.

Sole Proprietorship Returns, 2004

Figure D

Nonfarm Sole Proprietorship Total Business Expenses, Tax Year 2004 ¹

Type of expenses



¹ Total business expenses equals all business deductions minus cost of sales and operations.

² Depreciation claimed on Form 8829 is included in "home office business deductions" and excluded from "depreciation" shown above.

³ Other business deductions includes: depletion; employee benefit programs; interest; legal and professional services; pension and profit-sharing plans; travel, meals, and entertainment; and home office business deductions. Other business deductions also includes all Schedule C-EZ deductions (\$3.0 billion).

NOTES: Percents are based on an estimated total business expense of \$521.5 billion. Detail may not add to 100 percent because of rounding.

Industries

Using receipts as a measure of business size, Figures A and I show that construction was the largest sole proprietorship industrial sector for 2004, with 17.4 percent of all business receipts (surpassing the retail trade sector which was largest for 2003). Total receipts for the construction sector, at \$198.4 billion, were 12.8-percent higher than the \$175.8 billion reported for 2003, while deductions also increased by 13.9 percent, leading to a 7.4-percent increase in profits. The second largest industrial sector was retail trade, with receipts totaling \$187.1 billion. This amount was 16.4 percent of all sole proprietorship

receipts for 2004, and it represented a 5.7-percent increase from the 2003 amount. Deductions also increased in this sector by 5.9 percent. Retail trade profits increased 2.0 percent for 2004, totaling \$8.1 billion.

The third largest sector was professional, scientific, and technical services, which accounted for 12.1 percent of sole proprietorship receipts for 2004. Receipts increased 7.1 percent to \$137.7 billion, and deductions increased 5.8 percent to \$80.9 billion. Although this sector was the third largest sector in terms of business receipts, the professional, scientific, and technical services sector had the largest percent-

Sole Proprietorship Returns, 2004

Figure E

Nonfarm Sole Proprietorship Net Income, Deficit, and Depreciation, Tax Years 1988-2004

[Money amounts are in billions of dollars]

Tax year	Current dollars			Constant dollars ¹			Percentage increase in constant dollars ¹		
	Net income	Deficit	Depreciation ²	Net income	Deficit	Depreciation ²	Net income	Deficit	Depreciation ²
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1988.....	145.5	19.2	26.1	192.2	25.4	34.5	--	--	--
1989.....	152.4	19.7	24.5	194.0	25.1	31.2	0.9	-1.1	-9.6
1990.....	161.7	20.2	23.7	198.2	24.8	29.0	2.2	-1.3	-6.9
1991.....	162.4	20.9	23.1	192.3	24.8	27.4	-3.0	(³)	-5.8
1992.....	173.5	19.5	23.3	200.8	22.6	27.0	4.4	-8.8	-1.4
1993.....	177.0	20.5	25.0	200.3	23.2	28.3	-0.3	2.8	4.9
1994.....	187.8	21.0	26.2	208.1	23.3	29.0	3.9	0.3	2.6
1995.....	191.7	22.5	26.2	208.2	24.4	28.5	(³)	4.8	-1.9
1996.....	200.1	23.4	27.4	213.2	24.9	29.2	2.4	2.1	2.4
1997.....	210.5	23.8	28.6	220.6	25.0	30.0	3.4	0.3	2.9
1998.....	226.2	23.9	29.1	234.5	24.8	30.2	6.3	-0.7	0.7
1999.....	233.4	25.5	30.6	238.5	26.0	31.3	1.7	4.9	3.7
2000.....	245.2	30.5	32.2	245.2	30.5	32.2	2.8	17.3	2.8
2001.....	250.2	32.8	33.4	244.4	32.0	32.7	-0.3	5.0	1.4
2002.....	257.3	36.2	36.6	247.5	34.8	35.3	1.3	8.7	8.0
2003.....	269.1	38.8	41.8	253.9	36.6	39.4	2.6	5.1	11.7
2004.....	290.5	42.9	42.9	266.3	39.3	39.3	4.9	7.5	-0.2

¹ Constant dollars are based on the overall implicit price deflator for gross domestic product computed and reported by the U.S. Department of Commerce, Bureau of Economic Analysis, in the *Survey of Current Business*. The deflator represents the annual average of current-weighted prices, based on 2000 = 100.

² Excludes depreciation claimed on Form 8829, Expenses for Business Use of Your Home.

³ Less than 0.05 percent.

Figure F

Nonfarm Sole Proprietorship Returns with Schedule C-EZ, by Selected Industrial Sectors, Tax Year 2004

[Money amounts are in millions of dollars]

Industrial sector	Number of returns			Total business receipts			Total business deductions ¹		
	Total	With Schedule C-EZ	Percentage of total	Total	On Schedule C-EZ	Percentage of total	Total	On Schedule C-EZ	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All nonfarm industries.....	20,590,691	3,703,927	18.0	1,139,523.8	24,574.8	2.2	892,402.4	2,991.9	0.3
Construction.....	2,586,774	417,400	16.1	198,364.4	3,135.2	1.6	167,342.7	403.8	0.2
Wholesale trade (merchant wholesalers).....	350,824	51,572	14.7	40,849.6	442.4	1.1	35,735.4	35.4	0.1
Retail trade.....	2,399,442	238,773	10.0	187,076.7	1,018.0	0.5	179,018.0	160.2	0.1
Transportation and warehousing.....	982,832	129,112	13.1	65,303.9	947.9	1.5	56,584.5	152.3	0.3
Finance and insurance.....	672,687	65,770	9.8	73,125.9	642.1	0.9	55,556.1	59.0	0.1
Real estate and rental and leasing.....	1,179,391	90,140	7.6	70,504.2	859.4	1.2	42,591.5	110.0	0.3
Professional, scientific, and technical services.....	2,950,964	492,948	16.7	137,681.8	4,922.4	3.6	80,934.2	486.3	0.6
Administrative and support and waste management and remediation services.....	1,994,817	564,644	28.3	49,986.8	3,342.1	6.7	35,935.7	365.9	1.0
Health care and social assistance.....	1,778,007	457,059	25.7	104,158.8	3,083.7	3.0	62,205.0	327.4	0.5
Arts, entertainment, and recreation.....	1,132,171	195,987	17.3	26,359.3	737.5	2.8	20,571.7	165.4	0.8
Other services.....	2,089,346	396,413	19.0	73,006.2	2,523.0	3.5	56,559.5	389.8	0.7
All other industries.....	2,473,436	604,109	24.4	113,106.0	2,921.3	2.6	99,368.1	336.3	0.3

¹ Total business deductions are calculated before subtraction of nonallowable "passive" activity losses and any "passive loss" carryover from prior years.

² Less than 0.05 percent.

NOTE: Certain smaller sole proprietorships could elect not to itemize business deductions by filing Schedule C-EZ, Net Profit from Business. See the text of this article for a full list of the requirements to be eligible to file Schedule C-EZ.

Sole Proprietorship Returns, 2004

Figure G

Nonfarm Sole Proprietorship Profits, by Selected Industrial Sectors, Tax Years 2003 and 2004

[Money amounts are in billions of dollars]

Industrial sector	Net income less deficit (profits)		
	2003	2004	Percentage increase
	(1)	(2)	(3)
All nonfarm industries.....	230.3	247.6	7.5
Construction.....	28.9	31.0	7.4
Specialty trade contractors.....	22.9	24.5	7.3
Wholesale trade (merchant wholesalers).....	4.3	5.1	18.3
Retail trade.....	7.9	8.1	2.0
Transportation and warehousing.....	8.2	8.8	6.6
Finance and insurance.....	16.3	17.6	8.2
Real estate and rental and leasing.....	25.5	27.9	9.2
Real estate.....	25.6	27.9	9.3
Professional, scientific, and technical services.....	52.1	56.9	9.2
Administrative and support and waste management and remediation services.....	13.0	14.1	8.2
Health care and social assistance.....	39.8	42.0	5.4
Child day care services.....	3.5	3.6	3.0
Arts, entertainment, and recreation.....	5.5	5.8	6.2
Performing arts, spectator sports, and related industries.....	5.2	5.5	4.8
Other services.....	16.0	16.5	3.2
Personal and laundry services.....	9.8	10.6	8.1
All other industries.....	12.8	13.9	8.7

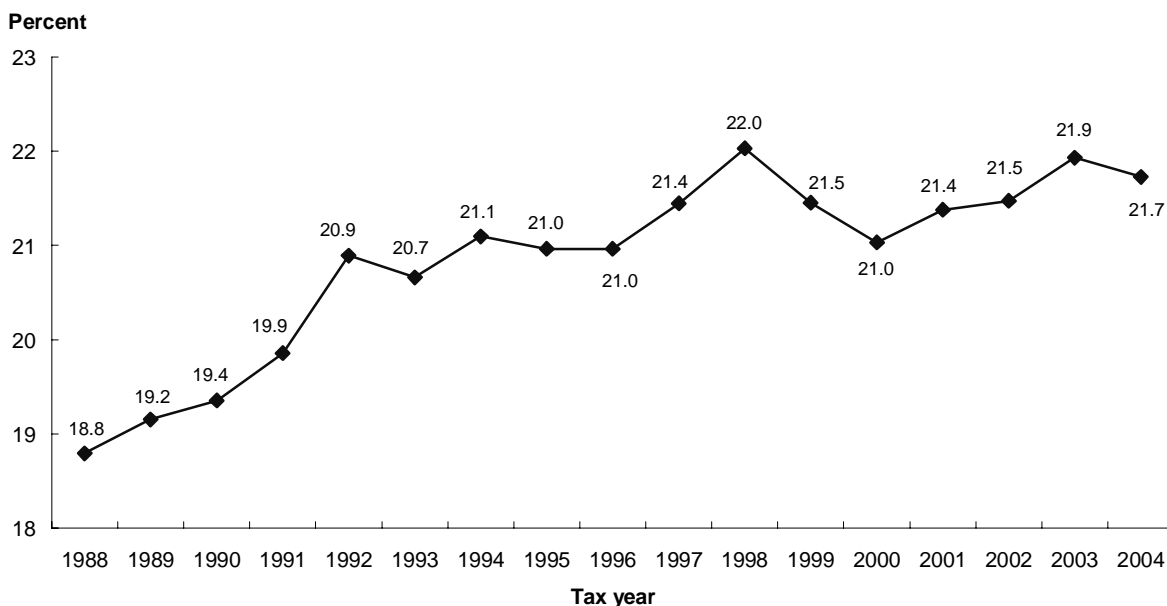
NOTE: Detail may not add to totals because of rounding. Percentage increases were calculated before rounding.

age of sole proprietorship profits with 23.0 percent (see Figure J). For 2004, the professional, scientific, and technical services sector's profits went from \$52.1 billion to \$56.9 billion, a 9.2-percent increase from 2003 profits. The sector with the second largest profits was health care and social assistance. These profits rose to \$42.0 billion for 2004, a 5.4-percent increase from 2003 levels.

Tax Year 2001 is the first year in which data became available on the number of Limited Liability Companies (LLCs) among sole proprietorship returns. LLC entities have the limited liability of corporations, but are taxed as sole proprietorships--income and expenses flow through to the owner to be taxed. In 2001, there were approximately 126 thousand sole proprietorship returns that indicated status as an LLC (Figure K). This increased by 15.3 percent for 2002 and 51.2 percent for 2003. For Tax Year 2004, the number of these sole proprietorships rose to approximately 310 thousand, a 40.4-percent increase from 2003 [11]. Though the 2004 level of LLCs among sole proprietorship returns only counts for 1.5 percent of the total nonfarm sole proprietorships, these numbers are growing fast.

Figure H

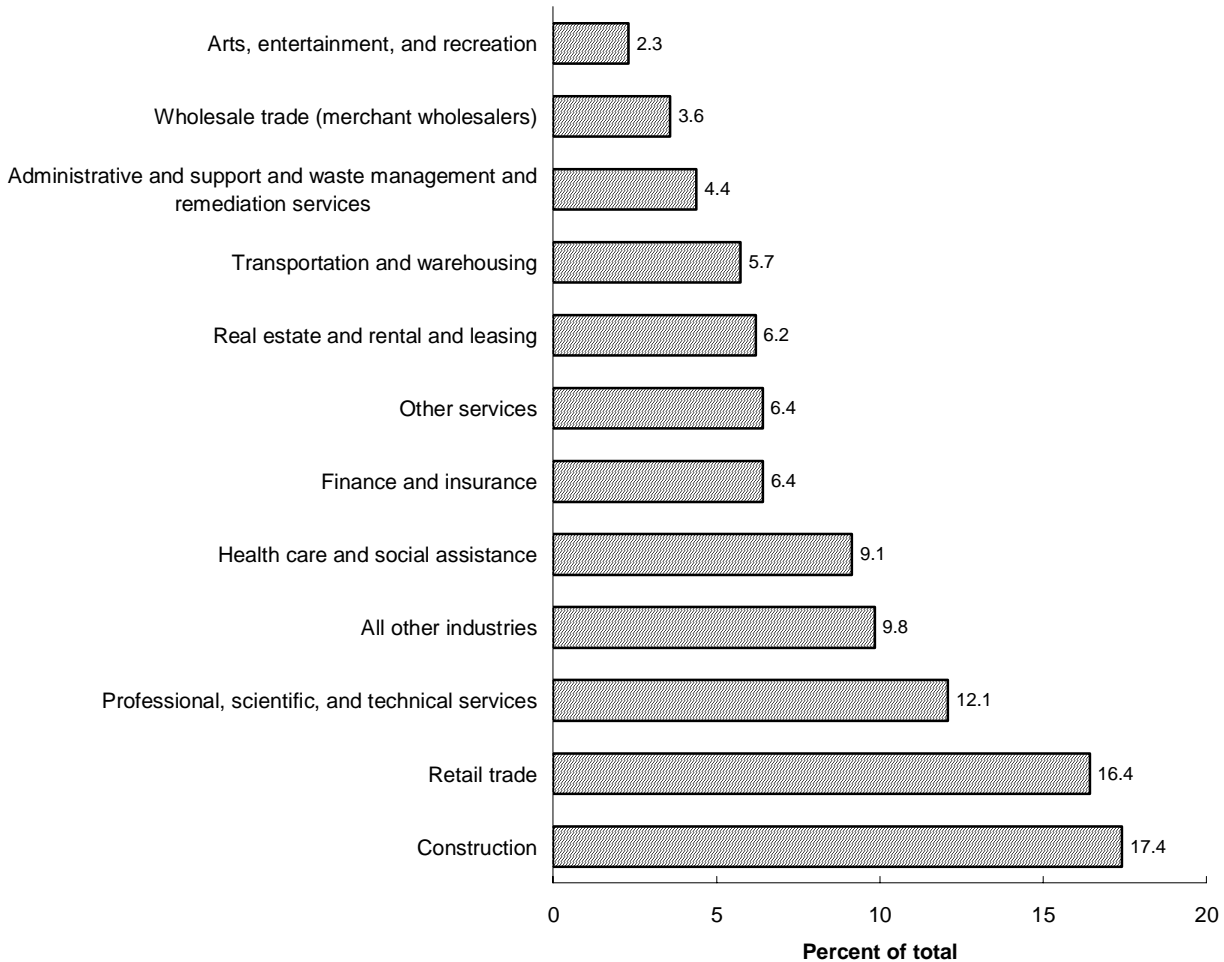
Net Income Less Deficit (Profits) as a Percentage of Business Receipts, Tax Years 1988-2004



Sole Proprietorship Returns, 2004

Figure I

Nonfarm Sole Proprietorship Total Business Receipts by Selected Industrial Sectors, Tax Year 2004



NOTES: Percents are based on an estimated total business receipts of \$1,139.5 billion. Detail may not add to 100 percent because of rounding.

Summary

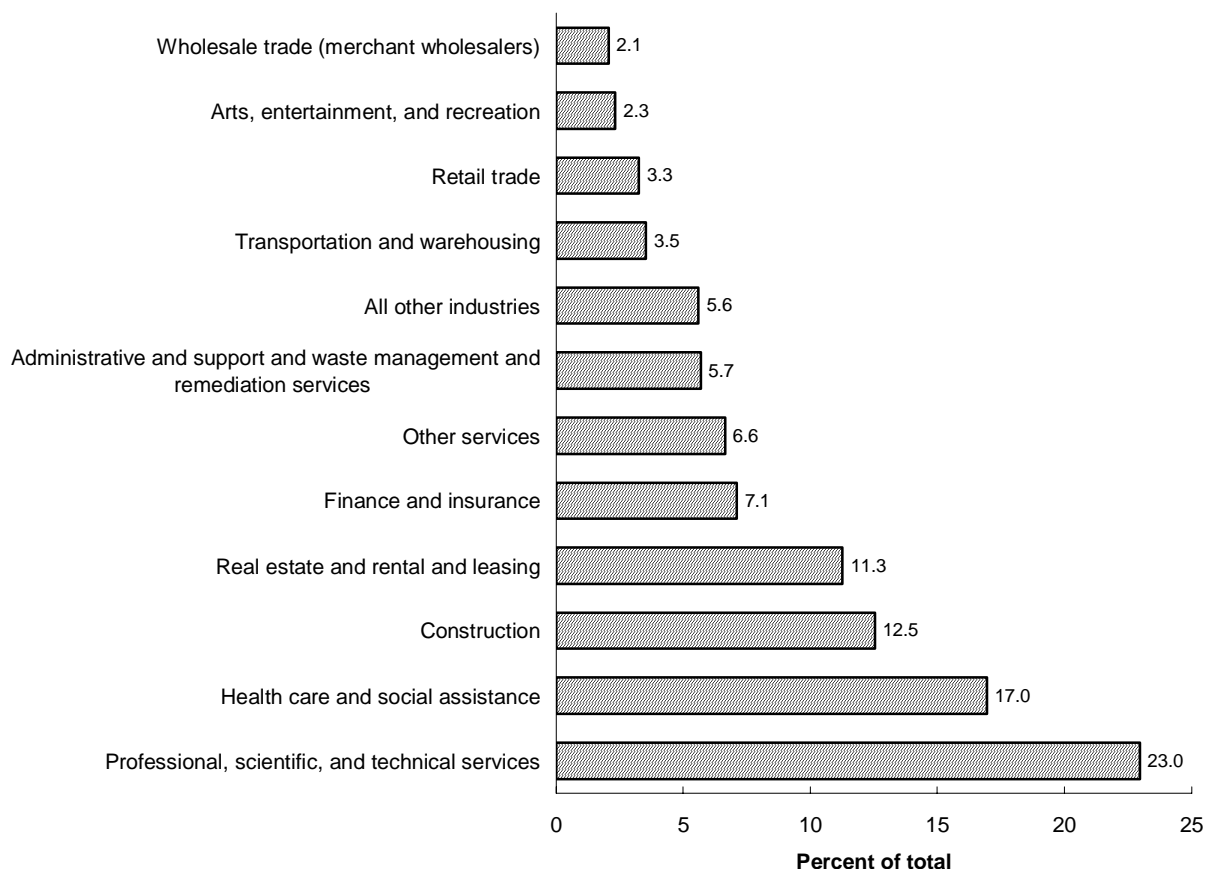
Profits for the 20.6 million returns with sole proprietorship activity for Tax Year 2004 grew 7.5 percent to a level of \$247.6 billion. In constant dollars, total nonfarm sole proprietorship profits increased 4.4 percent, the largest increase since 1998. The wholesale trade sector reported the largest percentage growth in profits at 18.3 percent. The professional, scientific, and technical services sector had the

largest profits of any sector at \$56.9 billion, representing 23.0 percent of total sole proprietorship profits, followed by the health care and social assistance sector at \$42.0 billion, or 17.0 percent of total profits. For all sole proprietorships, receipts and deductions increased 8.5 percent and 8.8 percent, respectively. The largest sole proprietorship industrial sector, based on business receipts was the construction sector, accounting for 17.4 percent of

Sole Proprietorship Returns, 2004

Figure J

Nonfarm Sole Proprietorship Total Business Profits by Selected Industrial Sectors, Tax Year 2004



NOTES: Percents are based on an estimated total business profits of \$247.6 billion. Detail may not add to 100 percent because of rounding. Profits is a designation for "net income less deficit," shown elsewhere in this article.

receipts. This sector reported a 7.4-percent increase in profits. The finance and insurance sector showed the largest percentage increase in both receipts and deductions, reporting a 13.6-percent increase in receipts and a 15.5-percent increase in deductions. Filings of Schedules C-EZ increased rapidly (25.1 percent) with the doubling of allowable expenses on this form for 2004.

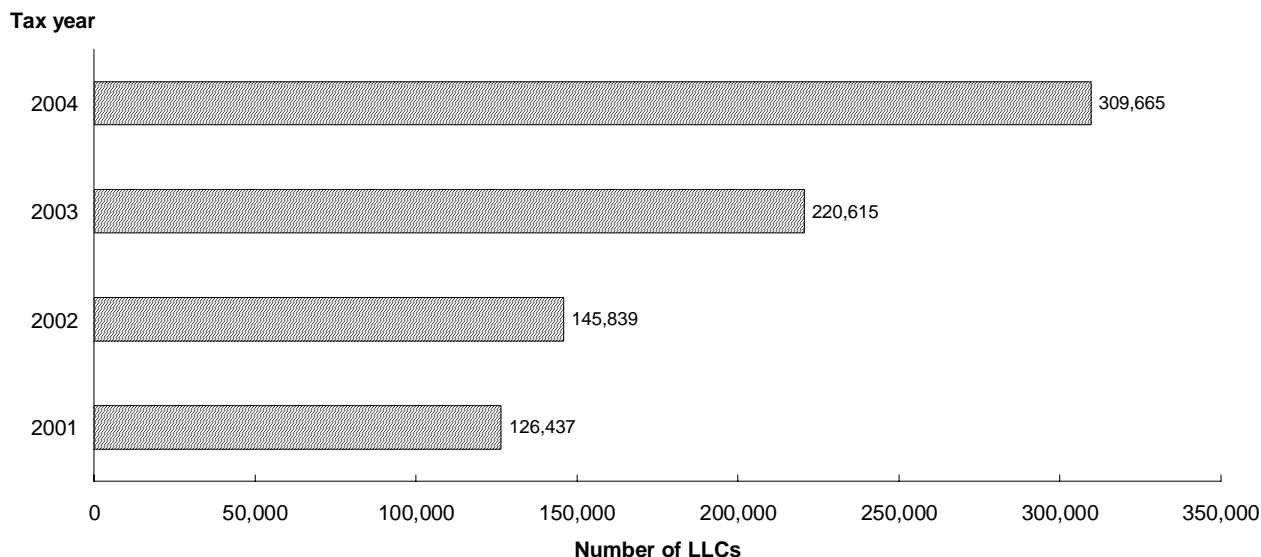
Data Sources and Limitations

The 2004 sole proprietorship estimates are based on a stratified probability sample of unaudited Individual Income Tax Returns, Form 1040 (including electronically-filed returns), processed by the Internal Revenue

Service during Calendar Year 2004. Returns in the sample were stratified based on: (1) the presence or absence of Schedule C, *Profit or Loss From Business (Sole Proprietorship)*, or Schedule C-EZ, *Net Profit From Business*, and Schedule F, *Farm Income and Expenses*; (2) the larger of positive income or negative income (i.e., "adjusted gross income" before statutory adjustments); and (3) tax year. The returns were selected at rates that ranged from 0.05 percent to 100 percent. The 2004 nonfarm sole proprietorship data are based on a sample of 62,926 returns and a population of 20,848,447 returns [11]. The corresponding sample and population for the 2003 data were 55,935 and 19,987,964 returns, respectively.

Figure K

Number of Nonfarm Sole Proprietorships Registered as Limited Liability Companies (LLCs), Tax Years 2001-2004



Since the data presented in this article are estimates based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data estimates provided, the magnitude of the potential sampling error must be known; coefficients of variation (CVs) are used to measure that magnitude. Figure L presents estimated coefficients of variation for the number of returns and money amounts for selected items and industrial sectors. Generally, the smaller the coefficient of variation, the more reliable the estimate is judged to be. The Appendix to this issue of the *Bulletin* discusses the reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of estimates based on samples.

Notes and References

[1] For 2004, the 20,590,691 nonfarm sole proprietorship returns accounted for an estimated 22,886,863 nonfarm businesses. For purposes of the statistics, if a proprietor owned more than one business, the statistics for each business were combined with those of the proprietor's dominant business and included in the industrial

group for that business activity. When this occurred, the sum of net incomes (for businesses reporting a positive net income) reduced by the sum of net deficits (for businesses reporting a deficit) yielded the profits for a specific industrial group.

The *North American Industry Classification System (NAICS)* was used to classify data by industries for 2004. These classifications were applied on a "per business" (rather than on a "per establishment") basis for *Statistics of Income* by combining various industry groups, although businesses were further combined as described above. While the wording of the industry titles used for the sole proprietorship statistics diverge somewhat from those appearing in *NAICS*, the definitions are consistent.

[2] Statistics for "business receipts, total" in Table 2 represent the total receipts of the business, mainly gross receipts from sales and operations. Business receipts also include miscellaneous business receipts, such as incidental sales of scrap, shown separately in the statistics as "other business income." However, business

Figure L

Nonfarm Sole Proprietorships: Coefficients of Variation for Selected Items, by Selected Industrial Sectors, Tax Year 2004

[Coefficients of variation are in percentages]

Industrial sector	Coefficients of variation				
	Total business receipts ¹	Total business deductions	Depreciation ²	Net income	Deficit
	(1)	(2)	(3)	(4)	(5)
All nonfarm industries.....	0.64	0.71	1.35	0.91	1.72
Construction.....	2.29	2.36	3.88	2.97	6.01
Specialty trade contractors.....	2.80	2.89	4.60	3.51	7.46
Wholesale trade (merchant wholesalers).....	5.31	5.48	10.56	8.02	12.35
Retail trade.....	2.30	2.27	4.19	3.86	4.49
Transportation and warehousing.....	3.28	3.35	4.56	4.45	7.47
Finance and insurance.....	2.69	2.66	8.20	4.57	8.13
Real estate and rental and leasing.....	2.85	3.00	4.94	3.62	6.32
Real estate.....	2.96	3.16	5.42	3.68	7.10
Professional, scientific, and technical services.....	2.09	2.37	4.12	2.51	5.28
Administrative and support and waste management and remediation services.....	3.68	4.21	6.52	3.85	7.75
Health care and social assistance.....	2.12	2.21	3.95	2.57	8.88
Child day care services.....	5.86	7.10	11.97	6.11	18.11
Arts, entertainment, and recreation.....	4.27	4.26	6.42	5.92	6.05
Performing arts, spectator sports, and related industries.....	4.82	4.67	7.68	6.44	6.81
Other services.....	3.22	3.48	5.55	3.92	7.47
Personal and laundry services.....	3.97	4.29	8.43	5.00	9.90
All other industries.....	2.46	2.52	3.79	3.32	4.36

¹ Positive only.

² Excludes depreciation claimed on Form 8829.

receipts exclude incidental investment income received through the business. Examples of such incidental investment income are interest, dividends, income or loss from rents or royalties, and capital or ordinary gain or loss from the sale of investment and business property. Sole proprietors report incidental investment income, in combination with nonbusiness related investment income, as part of their total incomes on their individual income tax returns.

- [3] Based on the overall implicit price deflator for Gross Domestic Product (GDP). See U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*. Indices used for this article were:

Year	Indices	Year	Indices	Year	Indices
1988	75.7	1994	90.3	2000	100.0
1989	78.6	1995	92.1	2001	102.4
1990	81.6	1996	93.9	2002	103.9

1991	84.4	1997	95.4	2003	106.0
1992	86.4	1998	96.5	2004	109.1
1993	88.4	1999	97.9		

- [4] Sole proprietors report personal, i.e., nonbusiness, income and expense items apart from business income or loss, which is reported on the attached Schedule C, *Profit or Loss From Business* (or, to a lesser extent, on Schedule C-EZ, *Net Profit From Business*). Salaries paid to owners qualify as personal income, not as a business expense, and are, therefore, part of the owner's taxable income. Similarly, sole proprietors deduct charitable contributions made through the business as personal expenses on Schedule A, *Itemized Deductions*. However, the owner of a sole proprietorship may choose to deduct any foreign taxes paid as a business expense, unless the owner elects to claim these taxes as a credit against U.S. income tax.

Sole Proprietorship Returns, 2004

- [5] Business deductions include home office business deductions. After 1990, home office expenses were calculated separately on Form 8829, *Expenses for Business Use of Your Home*, and the deductible portion brought forward to the Schedule C. In some cases, these expenses were limited. Prior to 1990, these expenses were not limited and were included with other expenses, such as depreciation deductions, utilities, and “other” expenses on Schedule C.
- [6] The increase in the depreciation deduction for 1993 may be attributed, in part, to a provision of the Omnibus Budget Reconciliation Act of 1993 (OBRA93). The cost of certain tangible property (as described in Internal Revenue Code section 179) may be treated as a current expense rather than a capital expenditure subject to depreciation deductions. The provision of OBRA93 (related to these expenses) increased the maximum amount of investment certain small businesses could immediately deduct on property placed in service after 1992, from \$10,000 to \$17,500. Following the enactment of this provision, the deduction increased 32.4 percent to \$13.5 billion for 1993.
- [7] Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, the maximum amount of Section 179 deduction (the amount of depreciable property that can be expensed for the cost of certain qualifying property) increased from \$24,000 for 2002 to \$100,000 for 2003 and \$102,000 for 2004. For all tax returns that filed Form 4562, *Depreciation and Amortization*, the Section 179 property deducted as an expense increased by 8.7 percent to \$39.7 billion for 2004. The Jobs Creation and Worker Assistance Act of 2002 introduced 30-percent bonus depreciation, and the Jobs and Growth Tax Relief Reconciliation Act of 2003 increased the bonus percentage to 50 percent, for property placed in service by January 1, 2005. While bonus depreciation was available to sole proprietors, it was generally not as advantageous as immediate expensing and therefore likely had less effect on their depreciation deductions.
- [8] For 2004, there were \$19.9 billion deducted as Section 179 property on returns that had a Schedule C. This number does not reflect depreciation solely deducted on Schedule C as this could also include depreciation taken on Schedule E, *Supplemental Income and Loss*, and Schedule F, *Profit or Loss from Farming*.
- [9] Based on the NAICS system, the full name of the administrative and support services sector is the administrative and support and waste management and remediation services sector. The waste management and remediation services portions make up a small percentage of the overall numbers reported under this classification, which are detailed in Table 1.
- [10] Net income minus deficit (loss) before Federal income tax yields profits. Proprietors compute their tax on total “taxable income,” which includes their business profits, plus any other income.
- [11] The difference between the number of returns in the population and the total number of returns in Tables 1 and 2 is mainly due to returns in which Schedule C income was moved to other income or wages to avoid double counting of taxpayers for Gross Domestic Product calculations. In addition, data from amended returns and tentative returns are not reflected in these statistics.

Sole Proprietorship Returns, 2004

Table 1.--Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors Classified with the North American Industry Classification System

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

Industrial sector	Businesses with and without net income							
	Number of returns	Business receipts	Depreciation deduction ^{1,2}	Rent paid on machinery and equipment ¹	Rent paid on other business property ¹	Interest paid deduction ^{1,3}	Payroll ^{1,4}	Net income less deficit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All nonfarm industries.....	20,590,691	1,139,523,760	43,994,191	8,728,363	28,139,206	11,023,767	102,837,211	247,567,189
Agriculture, forestry, hunting, and fishing.....	281,915	15,878,032	1,669,142	161,583	191,813	244,989	1,480,454	660,369
Animal production (including breeding of cats and dogs).....	35,273	1,462,902	196,715	30,717	35,243	37,846	87,449	-282,054
Forestry and logging (including forest nurseries, timber tracts).....	48,400	5,947,055	557,233	63,917	35,460	74,980	506,887	360,087
Fishing.....	70,441	2,166,336	350,443	* 4,589	33,681	42,690	69,143	291,632
Hunting and trapping.....	8,665	211,979	79,022	* 252	* 795	14,248	4,165	-67,714
Support activities for agriculture and forestry.....	119,137	6,089,760	485,729	62,107	86,633	75,225	812,810	358,419
Mining.....	125,923	9,202,124	723,616	24,968	52,068	88,646	377,073	1,372,340
Oil and gas extraction.....	103,469	6,650,892	517,910	11,332	41,400	61,205	107,482	992,096
Coal mining.....	1,135	507,160	33,171	* 1,274	* 711	* 6,708	* 66,319	-20,424
Metal ore mining.....	* 1,335	* 110,121	* 21,411	* 2,369	* 39	* 370	* 12,443	* 15,679
Nonmetallic mineral mining and quarrying.....	4,527	467,784	45,803	3,147	3,297	9,476	61,869	71,173
Support activities for mining.....	15,458	1,466,167	105,322	6,847	6,622	10,886	128,960	313,817
Utilities.....	11,795	308,232	23,832	* 10,090	* 5,311	* 9,673	* 8,443	41,922
Construction.....	2,586,774	198,364,423	8,032,625	1,378,644	1,044,355	1,364,121	26,964,195	31,038,488
Residential building construction.....	374,490	46,626,584	1,306,249	213,176	134,396	329,870	5,495,273	4,913,506
Nonresidential building construction.....	80,950	9,541,450	276,377	62,918	27,218	71,521	1,145,922	932,519
Heavy and civil engineering construction.....	47,320	7,508,085	598,615	176,561	27,441	148,328	586,424	654,918
Specialty trade contractors.....	2,084,014	134,688,305	5,851,383	925,989	855,300	814,402	19,736,577	24,537,546
Manufacturing.....	351,204	25,824,798	1,145,102	185,809	800,530	282,152	3,410,268	3,018,241
Food manufacturing.....	29,074	3,449,144	79,700	4,452	150,973	23,977	339,003	180,805
Textile and textile product mills.....	4,551	316,682	* 12,537	* 2,016	* 1,119	* 3,602	* 37,890	44,382
Apparel.....	29,678	1,585,687	39,339	8,584	63,671	11,182	167,305	313,302
Leather and allied products.....	* 3,838	* 99,464	* 2,941	--	* 120	* 213	* 1,276	* 1,629
Wood products.....	51,401	3,232,481	156,759	27,163	67,416	33,793	523,968	348,726
Paper products.....	* 18	* 27,629	* 2,783	* 693	* 258	* 420	* 4,268	* -709
Printing and related support activities.....	38,532	2,563,190	81,536	35,670	144,532	23,357	341,146	199,361
Petroleum and coal products.....	* 407	* 130,793	* 727	* 17	* 20	* 26	* 1,411	* 6,093
Chemical manufacturing.....	11,169	497,290	21,701	* 2,452	* 4,926	* 2,462	* 33,454	58,692
Plastics, rubber, clay, refractory, and glass products.....	18,696	746,391	53,363	* 1,416	32,315	20,213	104,815	68,035
Nonmetallic mineral products.....	8,578	992,138	47,024	* 6,714	* 5,300	9,477	172,281	92,249
Primary metal industries.....	* 5,133	* 162,506	* 20,298	* 23	* 162	* 234	* 579	* 40,598
Fabricated metal products.....	35,016	3,574,350	244,734	51,698	78,453	43,538	585,232	312,585
Machinery.....	24,222	2,661,245	184,319	2,927	63,550	25,711	413,157	415,265
Computer and electronic products.....	8,370	230,494	9,506	* 4	* 6,443	* 611	* 8,253	71,908
Electrical equipment, appliances, and components.....	5,665	551,221	11,183	* 662	12,966	* 5,459	63,786	69,363
Transportation equipment.....	10,288	955,764	16,624	* 18,970	21,605	36,145	104,964	36,531
Furniture and related products.....	28,287	1,917,331	75,849	10,448	85,564	13,813	163,699	432,369
Medical equipment and supplies.....	3,864	448,767	* 4,275	* 3,816	* 20,354	* 1,139	* 29,779	158,137
Other miscellaneous manufacturing.....	34,417	1,682,231	79,903	8,084	40,782	24,672	314,004	168,919
Wholesale trade (merchant wholesalers).....	350,824	40,849,558	598,001	139,742	434,172	204,294	1,273,027	5,128,810
Durable goods, including machinery, wood, metals, etc.....	149,399	18,307,028	306,032	78,142	223,059	89,997	547,124	2,008,014
Non-durable goods, including food, fiber, chemicals, etc.....	118,760	16,338,556	191,979	52,577	164,408	99,082	638,846	1,428,062
Wholesale electronic markets and agents and brokers.....	82,665	6,203,974	99,990	9,024	46,704	15,215	87,057	1,692,734
Retail trade.....	2,399,442	187,076,742	3,137,131	784,146	5,707,590	1,512,244	11,274,485	8,101,744
Motor vehicle and parts dealers.....	158,658	37,368,327	383,744	76,427	395,909	290,415	1,708,524	1,307,471
Furniture and home furnishing stores.....	55,791	6,345,917	103,138	19,779	326,574	59,254	531,515	477,484
Electronic and appliance stores.....	44,865	4,883,913	126,071	15,405	240,386	35,160	569,537	320,731
Building material and garden equipment and supplies dealers.....	50,761	9,107,146	185,646	28,541	137,764	95,268	956,486	615,612
Food and beverage stores.....	85,108	26,133,236	276,708	66,211	735,749	112,431	1,725,492	1,012,664
Health and personal care stores.....	156,954	9,763,099	190,165	71,324	268,526	42,267	768,658	512,215
Gasoline stations.....	20,851	22,544,731	267,504	48,229	290,877	167,009	779,287	274,447
Clothing and accessories stores.....	120,231	11,868,512	162,874	95,367	919,601	80,068	884,291	934,908
Sporting goods, hobby, book, and music stores.....	133,070	7,479,548	171,461	24,257	386,629	84,617	451,685	217,403
General merchandise stores.....	34,661	5,388,473	72,038	6,342	201,128	45,421	349,470	183,609
Miscellaneous store retailers.....	551,143	28,161,353	725,716	253,735	1,391,168	302,167	1,770,561	1,624,375
Nonstore retailers.....	987,350	18,032,484	472,065	78,529	413,280	198,167	778,977	620,825

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 1.--Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors Classified with the North American Industry Classification System
--Continued

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

Industrial sector	Businesses with and without net income							
	Number of returns	Business receipts	Depreciation deduction ^{1,2}	Rent paid on machinery and equipment ¹	Rent paid on other business property ¹	Interest paid deduction ^{1,3}	Payroll ^{1,4}	Net income less deficit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Transportation and warehousing.....	982,832	65,303,903	5,539,440	1,828,319	640,671	906,945	4,292,880	8,756,499
Air and rail transportation.....	15,824	970,991	328,036	10,163	22,748	54,203	41,612	-271,833
Water transportation.....	5,606	377,275	27,838	* 63	11,298	2,605	4,517	152,804
General freight trucking, local.....	216,673	18,221,665	1,490,437	294,684	103,423	209,736	2,043,744	2,319,481
General freight trucking, long-distance and specialized freight trucking.....	305,173	31,598,902	2,972,169	907,980	184,357	506,068	1,385,060	3,370,129
Urban transit.....	* 8	* 7,076	--	--	--	--	* 4,873	* -1,027
Interurban and rural bus transportation.....	* 1,946	* 79,362	* 9,294	* 6,637	--	--	* 10,800	* 7,908
Taxi and limousine service.....	132,510	3,906,844	114,431	459,295	113,051	38,978	79,752	1,081,961
School, employee, and charter bus industry.....	23,218	824,329	87,751	* 26,294	* 3,264	27,196	61,948	235,821
Other transit and ground passenger transportation.....	24,556	1,105,269	49,442	* 13,949	* 20,211	* 11,333	* 211,961	163,559
Pipeline transportation.....	--	--	--	--	--	--	--	--
Scenic and sightseeing transportation.....	2,875	102,087	33,458	* 4,334	* 4,418	11,635	* 1,749	-47,131
Support activities for transportation (including motor vehicle towing).....	37,500	2,164,631	185,587	19,193	112,470	21,825	216,094	292,535
Couriers and messengers.....	208,050	5,428,770	168,564	82,581	32,616	13,503	187,018	1,408,386
Warehousing and storage facilities.....	8,893	516,701	72,434	3,147	32,814	9,864	43,749	43,907
Information.....	295,031	8,044,330	441,967	80,003	242,063	68,264	719,281	1,901,666
Publishing industries (except internet).....	91,795	2,405,480	65,626	13,960	24,575	17,303	177,608	673,220
Motion picture and sound recording.....	64,025	1,954,105	257,644	55,666	147,937	15,826	113,930	127,482
Broadcasting (except internet) and telecommunications.....	44,285	1,692,541	87,126	3,422	54,037	25,491	222,155	280,667
Internet publishing and broadcasting.....	24,636	345,060	4,211	* 5,292	* 851	* 5,527	* 12,846	141,102
Internet service providers, web search portals, and data processing.....	70,289	1,647,144	27,360	1,663	14,663	4,117	192,743	679,195
Finance and insurance.....	672,687	73,125,906	1,332,606	290,373	1,399,366	621,998	3,915,629	17,598,689
Credit intermediation and related activities.....	100,590	5,354,120	225,624	20,313	144,833	120,779	267,382	1,441,206
Securities, commodity contracts, and other financial investments.....	154,797	38,721,972	304,813	103,921	387,119	298,767	1,108,358	4,196,085
Investment bankers and securities dealers.....	7,654	2,218,751	8,509	6,763	12,296	9,172	36,840	511,954
Securities brokers.....	18,323	4,952,584	34,720	43,887	41,396	28,951	176,483	1,022,002
Commodity contracts brokers and dealers.....	10,396	727,299	12,554	* 2,713	39,004	5,525	30,115	-45,928
Securities and commodity exchanges.....	605	1,240,237	1,225	--	* 621	1,279	* 1,840	-43,974
Other financial investment activities (investment advice).....	117,818	29,583,101	247,806	50,558	293,802	253,840	863,081	2,752,031
Insurance agents, brokers, and related activities.....	417,301	29,049,814	802,169	166,140	867,414	202,452	2,539,889	11,961,398
Insurance agencies and brokerages.....	321,451	24,897,407	675,048	149,058	800,557	169,697	2,463,075	10,129,012
Other insurance related activities.....	95,850	4,152,407	127,121	17,081	66,857	32,755	76,814	1,832,386
Real estate and rental and leasing.....	1,179,391	70,504,236	3,874,335	494,374	1,176,160	1,237,175	1,941,274	27,906,990
Real estate.....	1,113,911	66,553,847	2,629,771	421,889	1,014,109	1,069,617	1,639,014	27,943,474
Lessors of real estate (including miniwarehouses and self storage).....	38,277	2,191,958	229,066	23,744	85,181	301,750	128,525	218,955
Offices of real estate agents, brokers, property managers, and appraisers.....	880,577	51,239,559	1,959,354	353,151	799,480	360,447	1,162,232	24,150,911
Other activities related to real estate.....	195,057	13,122,330	441,352	44,994	129,448	407,419	348,257	3,573,608
Rental and leasing services.....	65,479	3,950,389	1,244,564	72,485	162,051	167,558	302,260	-36,484
Automotive equipment rental and leasing.....	12,623	526,696	202,142	* 13,678	8,365	21,360	19,910	9,427
Consumer electronics and appliances rental.....	* 352	* 83,869	* 5,456	* 243	* 13,681	* 702	* 35,940	* -7,931
Formal wear and costume rental.....	* 2,408	* 42,479	* 2,150	* 46	* 2,694	* 5	* 6,121	* 11,251
Video tape and disc rental.....	7,939	569,876	55,534	* 3,402	89,854	17,520	63,937	20,175
General rental centers and other consumer goods rental.....	16,679	759,490	105,886	18,114	18,874	18,511	66,330	-13,915
Commercial and industrial machinery and equipment rental and leasing.....	25,479	1,967,980	873,396	37,001	28,583	109,460	110,022	-55,492
Professional, scientific, and technical services.....	2,950,964	137,681,834	4,637,792	850,710	3,394,650	927,546	11,229,728	56,861,810
Legal services.....	352,504	35,245,418	720,607	205,575	1,473,641	209,113	3,978,112	16,048,668
Office of certified public accountants.....	55,696	3,471,238	113,011	17,139	188,581	28,809	563,847	1,304,100
Other accounting services.....	351,845	7,780,208	314,423	51,656	195,644	112,302	795,138	3,028,344
Architectural, engineering, and related services.....	290,762	14,172,954	559,134	79,056	217,484	87,285	1,706,862	4,156,847
Architectural services.....	99,930	6,249,719	254,389	38,436	107,912	43,259	868,098	1,521,083
Engineering services.....	99,262	5,740,327	191,339	29,239	68,829	34,842	609,348	1,858,477
Drafting, building inspections, and geophysical surveying.....	66,619	1,251,984	43,677	* 3,280	24,969	* 4,070	106,907	475,766
Surveying and mapping (except geophysical) services.....	22,656	799,849	57,886	* 6,279	9,723	* 3,235	94,904	270,575
Testing laboratories.....	2,295	131,075	* 11,843	* 1,821	* 6,051	* 1,879	* 27,605	30,946

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 1.--Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors Classified with the North American Industry Classification System
--Continued

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

Industrial sector	Businesses with and without net income							
	Number of returns	Business receipts	Depreciation deduction ^{1,2}	Rent paid on machinery and equipment ¹	Rent paid on other business property ¹	Interest paid deduction ^{1,3}	Payroll ^{1,4}	Net income less deficit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Professional, scientific, and technical service								
--Continued								
Specialized design services.....	217,654	7,361,378	290,744	31,981	111,720	38,495	312,399	1,976,455
Computer systems design services.....	255,947	8,816,742	376,350	61,631	98,659	53,142	316,254	4,727,399
Other professional, scientific, and technical services.....	1,426,556	60,833,895	2,263,524	403,672	1,108,921	398,400	3,557,117	25,619,996
Management, scientific, and technical consulting services.....	735,232	31,394,764	1,061,518	170,119	383,391	192,816	1,340,983	16,062,373
Scientific research and development services.....	28,188	1,013,759	45,779	2,084	11,596	4,057	69,454	497,151
Advertising and related services.....	137,802	6,212,967	155,824	27,156	132,142	30,395	239,379	2,032,110
Market research and public opinion polling.....	40,527	1,180,626	39,633	10,557	25,672	3,255	84,422	400,948
Other miscellaneous services.....	484,808	21,031,781	960,770	193,756	556,121	167,878	1,822,878	6,627,415
Administrative and support and waste management and remediation services.....	1,994,817	49,986,835	2,521,071	451,614	608,086	394,303	5,217,819	14,074,703
Administrative and support services.....	1,962,607	47,848,873	2,317,657	403,325	588,761	358,125	5,062,278	13,869,633
Waste management and remediation services.....	32,210	2,137,961	203,414	48,289	19,325	36,179	155,541	205,070
Educational services.....	473,778	6,926,461	332,491	35,240	414,450	64,154	436,208	2,455,538
Health care and social assistance.....	1,778,007	104,158,816	3,144,642	574,507	4,259,913	1,029,938	14,701,921	41,963,329
Ambulatory health care services.....	867,154	87,670,394	2,542,630	482,104	3,795,910	651,108	13,004,899	36,691,252
Offices of physicians (except mental health specialists).....	183,041	30,856,608	625,287	180,715	1,194,327	132,195	3,982,558	14,505,727
Offices of physicians, mental health specialists.....	35,087	2,859,686	63,792	15,535	184,245	7,279	210,069	1,524,436
Offices of dentists.....	92,024	29,269,421	1,090,504	123,800	1,078,893	317,670	6,409,817	10,082,600
Offices of chiropractors.....	37,158	4,426,015	168,444	59,545	314,931	58,924	500,638	1,742,985
Offices of optometrists.....	12,662	2,892,474	139,182	10,252	169,376	24,481	526,004	737,340
Offices of mental health practitioners and social therapists.....	175,642	7,493,224	191,774	61,289	448,312	46,667	419,570	3,950,018
Offices of podiatrists.....	9,127	1,186,771	20,203	10,502	113,951	4,249	121,647	466,846
Outpatient care centers and other miscellaneous health practitioners.....	105,666	3,596,663	103,197	11,035	193,160	7,984	215,136	1,669,438
Medical and diagnostic laboratories.....	22,127	1,616,631	63,821	3,829	41,519	22,406	241,829	578,110
Home health care services.....	166,920	2,766,603	64,346	3,724	26,579	25,479	307,625	1,142,637
Other ambulatory health care services (including ambulance services, blood and organ banks).....	27,701	706,298	12,080	* 1,878	30,616	* 3,774	70,008	291,113
Hospitals.....	11,556	449,632	12,077	* 1,263	* 7,309	* 2,567	* 52,661	225,583
Nursing and residential care facilities.....	55,771	3,558,970	145,589	12,940	145,733	199,160	901,463	396,212
Social assistance.....	149,411	2,490,455	77,332	8,607	131,139	49,665	203,914	1,089,198
Child day care services.....	694,116	9,989,364	367,015	69,592	179,823	127,438	538,984	3,561,084
Arts, entertainment, and recreation.....	1,132,171	26,359,320	1,775,313	174,572	828,264	253,500	1,321,054	5,792,899
Performing arts, spectator sports, and related industries.....	963,514	19,310,715	1,268,420	101,094	441,944	150,539	726,269	5,466,714
Museums, historical sites, and similar institutions.....	* 3,035	* 74,365	* 1,731	--	--	* 158	--	* 43,101
Amusement, gambling, and recreation industries.....	165,621	6,974,240	505,162	73,478	386,320	102,804	594,785	283,084
Accommodation, food services, and drinking places.....	383,770	39,720,751	1,715,793	278,651	2,406,618	889,159	7,054,580	1,391,146
Accommodation.....	48,805	4,807,254	557,429	30,715	104,703	476,092	651,219	8,822
Travel accommodation (including hotels, motels, and bed and breakfast inns).....	30,236	3,797,085	419,083	24,240	79,885	363,772	568,756	92,686
RV (recreational vehicle) parks and recreational camps.....	10,256	605,999	90,421	4,495	21,959	76,530	24,278	-29,282
Rooming and boarding houses.....	8,314	404,170	47,926	1,980	* 2,859	35,790	58,184	-54,583
Food services and drinking places.....	334,965	34,913,497	1,158,364	247,936	2,301,915	413,067	6,403,361	1,382,324
Other services.....	2,089,346	73,006,151	3,113,737	947,472	4,458,533	872,891	7,070,915	16,457,988
Auto repair and maintenance.....	344,689	24,419,559	1,145,520	227,408	837,953	358,419	3,045,612	2,930,959
Automotive mechanical and electrical repair and maintenance..	179,170	11,649,920	472,405	108,645	400,088	143,635	1,578,647	1,356,007
Automotive body shops.....	95,334	8,395,054	413,331	75,757	260,015	125,531	905,495	1,205,974
Other auto repair and maintenance (including oil change, lubrication, and car washes).....	70,186	4,374,585	259,784	43,005	177,850	89,254	561,469	368,978
Miscellaneous repairs.....	405,970	14,994,662	612,207	152,436	381,421	196,913	1,252,775	2,948,041
Personal and laundry services.....	1,338,687	33,591,931	1,356,010	567,628	3,239,159	317,559	2,772,528	10,578,988
Religious, grantmaking, civic, professional and similar organizations.....	265,620	3,635,138	56,853	11,860	40,206	* 12,318	* 49,885	1,681,245
Unclassified establishments.....	284,398	3,566,169	178,702	25,686	34,386	39,458	98,091	1,362,773

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 1.--Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors Classified with the North American Industry Classification System
--Continued

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

Industrial sector	Businesses with net income							
	Number of returns	Business receipts	Depreciation deduction ^{1,2}	Rent paid on machinery and equipment ¹	Rent paid on other business property ¹	Interest paid deduction ^{1,3}	Payroll ^{1,4}	Net income
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All nonfarm industries.....	15,053,252	971,377,184	29,362,885	6,839,094	21,976,979	6,648,429	83,455,835	290,486,159
Agriculture, forestry, hunting, and fishing.....	169,072	12,203,678	875,157	91,956	109,266	138,511	1,130,204	2,308,533
Animal production (including breeding of cats and dogs).....	11,802	1,185,643	59,300	* 2,857	26,529	21,097	* 76,560	207,116
Forestry and logging (including forest nurseries, timber tracts).....	28,058	4,475,983	372,547	45,785	13,261	43,654	361,769	578,150
Fishing.....	47,819	1,662,031	182,488	* 1,509	20,711	21,591	* 43,941	574,269
Hunting and trapping.....	5,795	131,585	* 11,195	--	--	* 5,197	* 36	28,970
Support activities for agriculture and forestry.....	75,599	4,748,437	249,626	41,805	48,765	46,972	647,898	920,030
Mining.....	98,943	7,275,659	437,892	17,372	42,615	52,338	247,399	2,080,574
Oil and gas extraction.....	82,834	5,353,963	300,864	7,237	34,614	34,249	62,960	1,624,615
Coal mining.....	* 1,051	* 77,068	* 2,441	* 42	* 330	* 178	* 9,826	* 17,971
Metal ore mining.....	* 354	* 109,798	* 21,319	* 1,605	* 16	* 370	* 12,227	* 18,057
Nonmetallic mineral mining and quarrying.....	2,508	389,079	32,962	* 2,399	* 1,389	7,228	50,516	81,668
Support activities for mining.....	12,196	1,345,751	80,306	6,088	6,266	10,313	111,870	338,264
Utilities.....	9,146	251,675	* 12,391	* 1,623	* 2,792	* 451	* 8,228	99,146
Construction.....	2,127,410	174,956,534	6,195,445	1,113,350	860,074	985,755	22,621,722	35,130,228
Residential building construction.....	302,012	40,918,175	1,059,927	168,675	109,488	233,445	4,658,313	5,741,610
Nonresidential building construction.....	63,983	7,774,489	193,599	46,124	25,148	38,270	922,475	1,220,989
Heavy and civil engineering construction.....	37,124	6,180,477	504,161	162,398	19,755	106,255	471,730	880,302
Specialty trade contractors.....	1,724,291	120,083,392	4,437,758	736,153	705,683	607,785	16,569,204	27,287,328
Manufacturing.....	224,199	21,979,899	824,575	129,652	600,827	184,553	2,770,917	3,980,453
Food manufacturing.....	20,124	2,974,797	48,577	2,617	118,440	10,965	253,155	294,382
Textile and textile product mills.....	* 2,524	* 256,523	* 10,775	* 795	--	* 2,902	* 18,890	* 66,763
Apparel.....	17,677	1,435,185	23,537	* 8,560	32,397	* 5,067	153,886	378,246
Leather and allied products.....	* 1,850	* 97,537	* 7	--	* 120	* 213	* 1,276	* 8,919
Wood products.....	35,298	2,893,226	107,019	25,633	55,715	26,892	500,228	424,441
Paper products.....	* 7	* 23,155	* 1,147	* 693	* 258	* 331	* 3,825	* 272
Printing and related support activities.....	23,862	2,072,384	53,568	22,284	100,850	18,172	251,535	318,381
Petroleum and coal products.....	* 393	* 130,570	* 626	* 17	* 20	* 26	* 1,411	* 6,596
Chemical manufacturing.....	5,160	404,583	18,900	* 2,452	* 4,198	* 1,651	* 30,433	85,743
Plastics, rubber, clay, refractory, and glass products.....	13,482	609,210	21,206	* 496	* 26,167	* 12,114	* 93,477	121,486
Nonmetallic mineral products.....	6,904	717,978	37,579	* 5,410	* 1,915	* 3,610	104,026	101,850
Primary metal industries.....	* 3,851	* 158,756	* 17,103	* 23	* 162	* 481	* 579	* 45,427
Fabricated metal products.....	20,462	2,820,617	199,698	31,023	40,443	27,793	471,180	455,896
Machinery.....	19,131	2,406,330	141,596	2,383	50,198	19,003	376,175	461,357
Computer and electronic products.....	* 2,761	* 207,516	* 2,134	--	* 5,918	* 387	* 4,019	* 122,184
Electrical equipment, appliances, and components.....	4,328	504,764	9,034	* 239	* 10,504	* 4,716	* 48,147	105,486
Transportation equipment.....	4,400	633,854	* 9,854	* 18,935	* 17,793	* 15,490	* 28,950	95,955
Furniture and related products.....	20,314	1,750,824	57,438	* 1,624	83,944	12,551	154,426	467,551
Medical equipment and supplies.....	3,852	443,802	* 3,884	* 3,809	* 20,001	* 1,007	* 27,190	160,417
Other miscellaneous manufacturing.....	17,820	1,438,288	60,894	* 2,657	31,784	21,182	248,110	259,099
Wholesale trade (merchant wholesalers).....	235,915	35,783,987	397,381	115,956	313,215	146,929	1,005,268	6,070,740
Durable goods, including machinery, wood, metals, etc.....	88,536	16,787,457	214,924	62,391	173,343	65,873	464,343	2,402,728
Nondurable goods, including food, fiber, chemicals, etc.....	86,462	13,280,104	107,414	45,856	109,213	69,128	464,183	1,822,211
Wholesale electronic markets and agents and brokers.....	60,917	5,716,426	75,043	7,709	30,659	11,928	76,742	1,845,801
Retail trade.....	1,203,794	149,998,167	1,813,784	514,288	3,982,267	843,138	8,751,547	15,672,409
Motor vehicle and parts dealers.....	112,012	31,096,834	269,181	60,454	276,637	182,611	1,442,753	1,844,493
Furniture and home furnishing stores.....	31,781	5,286,450	80,257	17,886	234,919	50,542	415,662	733,814
Electronic and appliance stores.....	27,747	4,382,867	112,540	13,082	192,254	24,248	505,370	483,389
Building material and garden equipment and supplies dealers.....	36,017	7,224,426	132,537	16,895	109,339	68,648	700,475	876,775
Food and beverage stores.....	61,963	23,750,297	218,513	57,906	618,074	78,626	1,552,139	1,365,979
Health and personal care stores.....	55,600	8,681,185	100,849	64,187	193,041	30,142	719,962	1,038,328
Gasoline stations.....	14,055	16,610,552	161,606	34,425	226,211	107,110	514,973	432,009
Clothing and accessories stores.....	70,967	9,752,412	100,812	72,708	724,730	50,886	714,553	1,394,513
Sporting goods, hobby, book, and music stores.....	64,205	5,027,062	79,352	11,766	234,932	42,821	244,735	697,063
General merchandise stores.....	23,656	4,197,939	32,832	4,222	145,187	22,678	269,146	348,427
Miscellaneous store retailers.....	268,485	20,836,053	316,023	112,000	802,292	117,264	1,177,316	3,525,283
Nonstore retailers.....	437,307	13,152,090	209,283	48,756	224,652	67,563	494,463	2,932,335

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 1.--Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors Classified with the North American Industry Classification System
--Continued

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

Industrial sector	Businesses with net income							
	Number of returns	Business receipts	Depreciation deduction ^{1,2}	Rent paid on machinery and equipment ¹	Rent paid on other business property ¹	Interest paid deduction ^{1,3}	Payroll ^{1,4}	Net income
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Transportation and warehousing.....	801,855	53,661,944	3,608,928	1,525,014	491,327	600,200	2,757,661	10,981,020
Air and rail transportation.....	10,124	386,707	22,480	* 3,011	* 7,970	7,118	* 11,929	87,896
Water transportation.....	2,279	287,902	* 7,218	* 4	* 11,020	* 553	* 3,719	199,147
General freight trucking, local.....	169,596	14,312,066	979,916	255,931	75,643	142,387	1,224,249	2,930,162
General freight trucking, long-distance and specialized freight trucking.....	240,916	25,999,235	2,113,660	732,234	138,364	356,664	840,319	4,101,740
Urban transit.....	--	--	--	--	--	--	--	--
Interurban and rural bus transportation.....	* 1,946	* 79,362	* 9,294	* 6,637	--	--	* 10,800	* 7,908
Taxi and limousine service.....	116,848	3,378,867	100,666	422,563	90,755	34,026	* 41,272	1,174,729
School, employee, and charter bus industry.....	20,909	670,329	39,047	* 6,941	* 2,753	18,794	* 39,967	279,101
Other transit and ground passenger transportation.....	18,343	1,037,321	* 22,309	* 3,610	* 19,873	* 8,060	* 211,961	209,229
Pipeline transportation.....	--	--	--	--	--	--	--	--
Scenic and sightseeing transportation.....	* 1,231	* 55,457	* 1,968	* 58	* 2	* 1,892	* 4	* 26,868
Support activities for transportation (including motor vehicle towing).....	31,176	1,945,094	141,501	13,730	102,720	17,023	173,586	337,287
Couriers and messengers.....	180,923	5,165,310	148,590	79,283	32,071	11,866	184,124	1,517,639
Warehousing and storage facilities.....	7,565	344,293	22,278	* 1,012	* 10,158	* 1,818	* 15,731	109,313
Information.....	195,125	6,979,492	225,021	54,453	112,463	25,363	512,066	3,024,488
Publishing industries (except internet).....	65,773	2,088,071	44,490	11,079	20,543	10,570	105,442	943,862
Motion picture and sound recording.....	34,637	1,595,438	105,865	40,735	44,955	8,139	87,506	614,601
Broadcasting (except internet) and telecommunications.....	31,592	1,471,265	54,493	* 1,815	42,475	* 2,665	162,142	443,451
Internet publishing and broadcasting.....	15,823	313,502	* 3,121	* 12	* 192	* 151	* 2,948	184,697
Internet service providers, web search portals, and data processing.....	47,299	1,511,217	17,053	811	4,299	3,839	154,027	837,878
Finance and insurance.....	469,714	49,765,512	941,927	259,079	1,216,272	349,366	3,442,906	19,913,216
Credit intermediation and related activities.....	79,258	4,887,670	113,774	17,802	112,775	50,061	237,590	1,741,384
Securities, commodity contracts, and other financial investments.....	88,644	17,842,789	187,073	86,077	295,232	123,837	770,595	5,433,611
Investment bankers and securities dealers.....	3,878	885,263	7,537	6,723	11,229	* 2,691	25,982	570,757
Securities brokers.....	12,309	2,974,186	25,953	43,449	38,536	24,440	134,495	1,107,284
Commodity contracts brokers and dealers.....	2,928	370,441	2,711	* 16	31,692	* 657	* 8,250	168,865
Securities and commodity exchanges.....	* 18	* 224,349	* 384	--	* 290	* 7	* 75	* 1,593
Other financial investment activities (investment advice).....	69,511	13,388,551	150,488	35,889	213,485	96,041	601,793	3,585,112
Insurance agents, brokers, and related activities.....	301,812	27,035,053	641,080	155,200	808,266	175,468	2,434,721	12,738,222
Insurance agencies and brokerages.....	229,432	23,175,424	569,471	138,127	748,672	143,878	2,360,056	10,744,526
Other insurance related activities.....	72,379	3,859,629	71,609	17,072	59,594	31,590	74,665	1,993,696
Real estate and rental and leasing.....	840,003	63,625,097	2,319,943	400,145	930,680	530,983	1,507,800	31,090,576
Real estate.....	802,223	60,885,984	1,858,565	343,965	822,986	468,003	1,316,214	30,504,507
Lessors of real estate (including miniwarehouses and self storage).....	23,102	1,533,765	78,940	22,598	50,889	114,017	57,822	454,579
Offices of real estate agents, brokers, property managers, and appraisers.....	642,935	48,048,447	1,520,908	286,491	666,290	209,999	993,543	25,752,325
Other activities related to real estate.....	136,186	11,303,773	258,717	34,876	105,807	143,986	264,849	4,297,604
Rental and leasing services.....	37,780	2,739,113	461,378	56,180	107,694	62,980	191,586	586,069
Automotive equipment rental and leasing.....	8,801	377,419	61,785	* 11,425	* 5,261	8,648	* 12,764	84,852
Consumer electronics and appliances rental.....	* 3	* 99	* 42	--	--	--	--	* 51
Formal wear and costume rental.....	* 2,408	* 42,479	* 2,150	* 46	* 2,694	* 5	* 6,121	* 11,251
Video tape and disc rental.....	4,159	420,416	48,238	* 742	61,706	5,912	* 36,529	67,595
General rental centers and other consumer goods rental.....	6,747	644,613	67,474	* 13,497	* 15,955	8,012	* 57,333	106,880
Commercial and industrial machinery and equipment rental and leasing.....	15,662	1,254,087	281,689	30,470	22,079	40,403	78,839	315,439
Professional, scientific, and technical services.....	2,183,278	125,295,367	3,340,795	723,672	2,892,611	632,247	9,196,686	61,721,883
Legal services.....	275,016	33,900,532	600,340	188,077	1,398,911	162,631	3,765,676	16,486,633
Office of certified public accountants.....	46,813	3,213,170	90,830	15,184	163,317	23,522	518,553	1,376,228
Other accounting services.....	277,418	7,286,000	224,249	42,400	163,401	87,985	721,087	3,430,675
Architectural, engineering, and related services.....	216,046	12,165,793	380,706	64,061	170,653	53,028	1,320,710	4,585,371
Architectural services.....	76,756	5,417,147	181,960	30,904	90,927	38,578	710,050	1,691,417
Engineering services.....	74,069	4,760,617	117,523	22,546	50,204	6,076	413,301	2,035,129
Drafting, building inspections, and geophysical surveying.....	44,508	1,155,790	22,972	* 2,740	* 21,048	* 4,070	97,232	523,365
Surveying and mapping (except geophysical) services.....	19,429	754,171	52,118	* 6,279	4,730	* 3,235	94,904	296,324
Testing laboratories.....	* 1,285	* 78,067	* 6,132	* 1,592	* 3,744	* 1,070	* 5,223	* 39,135

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 1.--Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industrial Sectors Classified with the North American Industry Classification System
--Continued

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

Industrial sector	Businesses with net income							
	Number of returns	Business receipts	Depreciation deduction ^{1,2}	Rent paid on machinery and equipment ¹	Rent paid on other business property ¹	Interest paid deduction ^{1,3}	Payroll ^{1,4}	Net income
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Professional, scientific, and technical service								
--Continued								
Specialized design services.....	149,577	6,633,893	213,243	22,549	88,834	29,021	258,617	2,242,233
Computer systems design services.....	191,675	7,874,626	234,715	47,943	72,580	16,322	245,588	5,019,271
Other professional, scientific, and technical services.....	1,026,734	54,221,354	1,596,712	343,457	834,914	259,737	2,366,456	28,581,472
Management, scientific, and technical consulting services.....	529,879	27,659,193	774,107	147,718	232,494	108,275	571,103	17,649,438
Scientific research and development services.....	21,097	872,620	29,076	* 1,771	* 1,644	* 1,815	* 19,267	593,965
Advertising and related services.....	103,250	5,881,554	129,164	25,497	108,308	25,782	223,017	2,274,191
Market research and public opinion polling.....	28,737	1,137,042	13,835	10,557	25,661	* 1,435	84,422	445,111
Other miscellaneous services.....	343,770	18,670,945	650,530	157,915	466,808	122,431	1,468,647	7,618,767
Administrative and support and waste management and remediation services.....	1,643,845	43,701,525	1,760,187	275,823	438,843	247,955	4,088,011	16,277,863
Administrative and support services.....	1,621,349	42,102,400	1,603,797	260,343	429,063	216,416	3,969,889	15,966,737
Waste management and remediation services.....	22,496	1,599,125	156,391	15,480	9,780	31,539	118,122	311,125
Educational services.....	379,545	6,385,017	197,540	19,597	348,010	16,321	378,673	2,977,993
Health care and social assistance.....	1,483,957	98,388,798	2,555,082	498,751	3,829,368	732,088	13,371,335	43,796,313
Ambulatory health care services.....	728,547	84,697,189	2,197,793	437,572	3,491,392	547,671	12,355,918	37,684,712
Offices of physicians (except mental health specialists).....	155,788	29,838,904	543,316	168,741	1,110,924	114,330	3,758,792	14,883,180
Offices of physicians, mental health specialists.....	30,868	2,724,653	60,596	11,753	168,345	2,836	180,112	1,541,268
Offices of dentists.....	79,388	28,639,982	975,276	116,566	1,026,278	280,220	6,217,984	10,234,813
Offices of chiropractors.....	32,360	4,225,063	142,592	47,139	292,743	49,421	466,988	1,803,021
Offices of optometrists.....	12,137	2,803,900	108,791	9,782	160,066	24,325	512,334	742,993
Offices of mental health practitioners and social therapists.....	141,045	7,220,090	177,363	58,941	398,436	45,208	409,206	4,057,996
Offices of podiatrists.....	5,927	1,180,553	20,203	* 8,084	113,928	4,061	121,647	475,430
Outpatient care centers and other miscellaneous health practitioners.....	81,650	3,403,537	72,152	10,788	138,900	4,030	193,999	1,769,781
Medical and diagnostic laboratories.....	21,311	1,512,694	54,276	1,829	37,857	20,973	226,772	592,832
Home health care services.....	146,471	2,524,594	33,840	3,603	17,476	1,718	227,283	1,243,696
Other ambulatory health care services (including ambulance services, blood and organ banks).....	21,600	623,219	9,387	* 345	26,440	* 548	* 40,803	339,702
Hospitals.....	11,399	351,432	* 10,786	* 765	* 4,249	* 860	* 3,157	235,657
Nursing and residential care facilities.....	41,889	2,374,206	73,193	3,360	93,018	89,081	465,153	591,808
Social assistance.....	113,115	2,201,397	44,942	2,775	103,693	15,821	138,145	1,260,970
Child day care services.....	589,008	8,764,574	228,368	54,279	137,015	78,655	408,962	4,023,167
Arts, entertainment, and recreation.....	676,031	21,143,256	752,903	102,721	423,605	96,008	939,009	9,071,473
Performing arts, spectator sports, and related industries.....	563,076	16,167,978	519,300	52,061	198,191	52,288	540,461	8,062,708
Museums, historical sites, and similar institutions.....	* 3,021	* 74,257	* 1,367	--	--	--	--	* 43,742
Amusement, gambling, and recreation industries.....	109,935	4,901,020	232,236	50,660	225,414	43,719	398,548	965,023
Accommodation, food services, and drinking places.....	245,617	29,544,477	885,340	199,504	1,643,369	467,329	4,879,350	3,413,616
Accommodation.....	23,438	3,015,227	241,502	16,312	60,879	219,911	325,747	561,093
Travel accommodation (including hotels, motels, and bed and breakfast inns).....	16,349	2,432,727	193,099	10,848	38,137	203,572	287,218	431,088
RV (recreational vehicle) parks and recreational camps.....	4,032	383,605	38,319	* 4,204	* 19,969	13,068	18,519	72,229
Rooming and boarding houses.....	3,056	198,895	* 10,084	* 1,260	* 2,773	* 3,272	* 20,010	57,775
Food services and drinking places.....	222,179	26,529,250	643,838	183,191	1,582,490	247,418	4,553,604	2,852,524
Other services.....	1,635,119	63,786,547	2,102,675	768,224	3,678,638	586,671	5,715,593	19,228,424
Auto repair and maintenance.....	252,943	21,145,775	790,447	207,972	710,515	246,618	2,580,881	3,730,555
Automotive mechanical and electrical repair and maintenance.....	130,225	10,185,391	337,624	93,910	328,179	111,333	1,422,524	1,652,555
Automotive body shops.....	73,696	7,262,105	303,647	72,330	219,474	74,892	723,514	1,499,617
Other auto repair and maintenance (including oil change, lubrication, and car washes).....	49,023	3,698,278	149,176	41,732	162,862	60,392	434,843	578,383
Miscellaneous repairs.....	308,261	13,005,927	447,385	118,344	261,111	99,458	1,081,594	3,461,532
Personal and laundry services.....	1,073,915	29,634,845	864,843	441,908	2,707,013	240,595	2,053,118	12,036,337
Religious, grantmaking, civic, professional and similar organizations.....	199,047	3,410,095	34,634	* 6,580	* 35,898	* 1,535	* 48,295	1,992,736
Unclassified establishments.....	231,636	3,240,458	81,285	21,335	24,839	10,689	83,164	1,654,474

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

¹ Excludes amounts reported on Schedule C-EZ filed by certain small businesses not required to itemize their business deductions. Therefore, totals shown may be slightly understated.

² Includes depreciation claimed on Form 8829.

³ Interest paid is the sum of mortgage interest and other interest paid on business indebtedness.

⁴ Payroll is the sum of salaries and wages plus the cost of labor reported as part of cost of sales and operations.

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

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System**

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

Net income status, item	All nonfarm industries	Agriculture, forestry, hunting, and fishing						Mining
		Total	Animal production (including breeding of cats and dogs)	Forestry and logging (including forest nurseries, timber tracts)	Fishing	Hunting and trapping	Support activities for agriculture and forestry	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
BUSINESSES WITH AND WITHOUT NET INCOME								
Number of returns ¹	20,590,691	281,915	35,273	48,400	70,441	8,665	119,137	125,923
Business receipts, total ¹.....	1,139,523,760	15,878,032	1,462,902	5,947,055	2,166,336	211,979	6,089,760	9,202,124
Income from sales and operations ¹	1,122,226,857	15,515,105	1,394,826	5,805,868	2,117,396	211,478	5,985,538	8,914,512
Other business income.....	17,296,903	362,927	68,076	141,187	48,941	*501	104,222	287,612
Business deductions, total^{1,2}.....	892,402,428	15,232,473	1,747,516	5,587,068	1,874,718	279,968	5,743,203	7,836,034
Cost of sales and operations, total.....	370,951,227	4,864,964	538,467	2,198,929	309,508	61,609	1,756,451	1,879,807
Inventory, beginning of year.....	35,761,115	450,637	75,045	122,353	*24,660	*24,351	204,229	154,949
Cost of labor.....	31,768,695	237,260	*33,150	80,763	*60,722	*651	61,974	76,364
Purchases.....	238,922,503	3,110,514	407,609	1,041,536	*164,931	*19,619	1,476,819	519,149
Materials and supplies.....	53,267,879	437,925	28,129	238,773	39,154	*10,836	121,032	325,490
Other costs.....	50,186,705	1,120,825	75,336	869,100	44,502	*36,041	95,847	989,122
Inventory, end of year.....	38,955,669	492,197	80,802	153,595	*24,461	*29,889	203,449	185,267
Advertising expenses.....	12,888,316	100,088	11,058	14,875	10,477	4,423	59,254	15,475
Car and truck expenses.....	58,980,274	716,128	63,034	175,492	128,295	6,972	342,335	187,192
Commissions.....	13,267,025	101,605	5,744	37,693	*706	*1,641	55,821	13,330
Contract labor.....	24,686,741	517,297	54,888	214,093	77,345	6,179	164,792	204,060
Depletion.....	775,567	6,976	*1	*6,971	--	--	*5	652,450
Depreciation.....	42,900,776	1,663,360	193,695	556,430	349,296	79,022	484,917	722,527
Employee benefit programs.....	2,617,800	21,450	4,159	6,969	*82	*33	10,207	21,840
Insurance.....	18,864,229	444,033	32,653	190,531	60,483	5,050	155,316	109,190
Legal and professional services.....	8,959,140	101,240	25,388	24,348	19,445	2,142	29,916	104,725
Meals and entertainment deducted.....	5,997,824	54,166	7,868	7,023	24,081	*688	14,507	20,944
Mortgage interest.....	5,167,373	105,893	24,606	15,998	21,743	*12,367	31,179	22,336
Other interest paid on business indebtedness.....	5,856,393	139,096	13,240	58,982	20,947	*1,882	44,046	66,310
Office expenses.....	12,362,672	62,112	8,707	13,303	9,197	528	30,378	49,620
Pension and profit-sharing plans.....	1,202,228	8,002	--	2,890	--	--	*5,113	3,013
Rent on machinery and equipment.....	8,728,363	161,583	30,717	63,917	*4,589	*252	62,107	24,968
Rent on other business property.....	28,139,206	191,813	35,243	35,460	33,681	*795	86,633	52,068
Repairs.....	14,762,464	659,372	33,511	321,265	106,430	3,831	194,335	192,034
Supplies.....	27,302,886	539,356	98,368	114,460	96,581	11,472	218,474	72,787
Salaries and wages.....	71,068,517	1,243,193	54,300	426,123	*8,421	3,513	750,836	300,709
Taxes paid.....	16,036,234	296,504	12,366	96,811	43,280	5,550	138,497	263,747
Travel.....	10,317,557	100,975	22,890	14,895	27,636	*760	34,794	36,982
Utilities.....	21,477,462	224,233	34,922	54,333	31,211	10,734	93,034	90,475
Other business deductions.....	98,293,189	2,856,618	439,083	931,936	476,194	59,643	949,762	2,699,160
Home office business deductions.....	7,807,037	29,488	*827	3,186	*8,641	*883	15,952	12,803
Depreciation, Form 8829.....	1,093,415	5,782	*3,020	*803	*1,147	--	813	1,090
Casualty loss, Form 8829.....	38,187	*84	*14	--	--	--	*69	--
Excess--casualty depreciations, Form 8829.....	679,264	4,705	*1,353	*602	*971	--	*1,780	*479
Net income less deficit ^{1,2}.....	247,567,189	660,369	-282,054	360,087	291,632	-67,714	358,419	1,372,340
Net income ^{1,2}	290,486,159	2,308,533	207,116	578,150	574,269	28,970	920,030	2,080,574
Deficit ²	42,918,970	1,648,164	489,169	218,063	282,637	96,684	561,610	708,234

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	All nonfarm industries	Agriculture, forestry, hunting, and fishing						Mining
		Total	Animal production (including breeding of cats and dogs)	Forestry and logging (including forest nurseries, timber tracts)	Fishing	Hunting and trapping	Support activities for agriculture and forestry	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
BUSINESSES WITH NET INCOME								
Number of returns ¹	15,053,252	169,072	11,802	28,058	47,819	5,795	75,599	98,943
Business receipts, total¹.....	971,377,184	12,203,678	1,185,643	4,475,983	1,662,031	131,585	4,748,437	7,275,659
Income from sales and operations ¹	957,180,075	11,939,861	1,128,473	4,378,259	1,622,161	131,427	4,679,541	7,075,818
Other business income.....	14,197,110	263,818	57,170	97,724	39,870	*157	68,896	199,841
Business deductions, total^{1,2}.....	680,922,716	9,895,158	978,527	3,897,833	1,087,775	*102,615	3,828,408	5,195,499
Cost of sales and operations, total.....	287,540,846	3,673,695	490,658	1,631,510	173,493	*6,101	1,371,932	1,199,404
Inventory, beginning of year.....	22,889,773	185,749	47,576	43,195	*9,691	*1,141	84,146	83,221
Cost of labor.....	25,594,783	194,160	*30,474	61,077	*43,303	*36	59,270	19,541
Purchases.....	182,919,335	2,277,075	379,937	689,433	*85,966	--	1,121,739	309,699
Materials and supplies.....	44,088,243	399,298	*26,082	226,978	*21,927	*6,190	118,120	301,981
Other costs.....	37,131,891	813,928	*46,965	673,981	*22,130	--	70,852	579,637
Inventory, end of year.....	25,083,180	196,514	40,375	63,154	*9,524	*1,267	82,195	94,674
Advertising expenses.....	9,946,038	51,574	3,228	9,175	9,878	*3,416	25,878	9,621
Car and truck expenses.....	45,032,334	464,218	39,947	94,937	76,969	*3,202	249,163	167,848
Commissions.....	10,596,604	71,120	*3,890	*22,113	*678	*1,602	42,837	9,762
Contract labor.....	20,263,337	307,528	43,369	153,471	*18,478	*4,911	87,298	157,954
Depletion.....	630,899	*2,317	*1	*2,312	--	--	*5	541,710
Depreciation.....	28,579,782	873,131	59,300	371,865	181,417	*11,195	249,352	436,814
Employee benefit programs.....	2,185,157	17,669	*3,574	5,315	*32	--	8,748	18,357
Insurance.....	14,879,267	290,637	19,840	128,225	35,053	*2,473	105,047	90,569
Legal and professional services.....	6,654,261	51,956	6,615	15,029	8,613	*1,892	19,808	63,774
Meals and entertainment deducted.....	4,741,255	42,679	3,981	4,411	21,802	*672	11,814	17,802
Mortgage interest.....	2,964,033	52,176	*14,726	5,237	*7,735	*5,146	19,333	19,808
Other interest paid on business indebtedness.....	3,684,395	86,334	6,371	38,417	13,856	*51	27,639	32,530
Office expenses.....	9,597,963	38,310	4,713	9,652	7,251	*334	16,360	39,771
Pension and profit-sharing plans.....	1,142,795	7,690	--	*2,841	--	--	*4,849	2,294
Rent on machinery and equipment.....	6,839,094	91,956	*2,857	45,785	*1,509	--	41,805	17,372
Rent on other business property.....	21,976,979	109,266	26,529	13,261	20,711	--	48,765	42,615
Repairs.....	10,500,594	394,932	9,092	210,519	58,928	*1,616	114,777	141,679
Supplies.....	20,980,798	368,902	30,868	78,348	75,200	*4,825	179,660	52,088
Salaries and wages.....	57,861,052	936,044	*46,087	300,691	*638	--	588,628	227,859
Taxes paid.....	12,398,929	206,739	8,244	59,886	33,113	*3,523	101,973	205,659
Travel.....	7,681,995	58,431	10,681	13,188	13,941	*527	20,094	19,141
Utilities.....	16,006,315	138,268	21,740	37,640	22,549	*3,325	53,014	68,488
Other business deductions.....	69,222,553	1,513,209	120,463	641,040	291,358	*46,922	413,425	1,583,409
Home office business deductions.....	6,090,685	24,010	--	2,809	*8,123	*883	12,195	12,487
Depreciation, Form 8829.....	783,103	2,026	--	*682	*1,071	--	*274	1,079
Casualty loss, Form 8829.....	26,973	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829.....	66,388	*1,322	--	*425	*897	--	--	*244
Net income^{1,2}.....	290,486,159	2,308,533	207,116	578,150	574,269	28,970	920,030	2,080,574
Returns with Schedule C-EZ:								
Number of returns.....	3,703,927	37,609	*990	*4,306	12,313	*2,151	17,850	26,599
Business receipts.....	24,574,808	206,934	*1,999	*71,050	55,475	*6,146	72,264	116,743
Business deductions.....	2,991,929	22,929	*1,779	*156	6,449	--	14,545	17,484
Net income.....	21,582,879	184,005	*220	*70,894	49,026	*6,146	57,719	99,258

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Mining--continued					Utilities	Construction
	Oil and gas extraction	Coal mining	Metal ore mining	Nonmetallic mineral mining and quarrying	Support activities for mining	Total	Total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	103,469	1,135	*1,335	4,527	15,458	11,795	2,586,774
Business receipts, total ¹	6,650,892	507,160	*110,121	467,784	1,466,167	308,232	198,364,423
Income from sales and operations ¹	6,399,459	503,085	*110,042	464,557	1,437,370	305,414	196,965,287
Other business income.....	251,433	*4,075	*79	3,227	28,798	*2,818	1,399,137
Business deductions, total ^{1,2}	5,666,958	525,673	*94,442	396,612	1,152,350	275,435	167,342,724
Cost of sales and operations, total, total.....	971,870	*350,642	*6,124	117,403	433,768	*33,700	87,352,291
Inventory, beginning of year.....	67,756	*4,571	--	62,462	*20,159	*582	4,461,608
Cost of labor.....	15,761	*45,400	--	*9,431	*5,772	--	16,355,362
Purchases.....	193,251	*95,996	*59	93,348	136,496	*24,114	26,898,873
Materials and supplies.....	24,689	*83	*4,748	*5,538	290,432	*9,500	30,746,065
Other costs.....	747,890	*210,380	*1,318	25,535	*4,000	--	14,201,019
Inventory, end of year.....	77,476	*5,789	--	78,911	*23,091	*496	5,310,636
Advertising expenses.....	4,977	*202	*35	2,332	7,931	*986	982,799
Car and truck expenses.....	126,347	*368	*856	15,770	43,852	*39,365	11,239,455
Commissions.....	8,325	*3,985	*38	*87	*894	*277	747,887
Contract labor.....	112,913	*16,657	*73	5,372	69,045	*26,717	9,603,708
Depletion.....	632,275	*7,567	*1,135	5,164	6,309	*28	5,079
Depreciation.....	516,882	33,171	*21,411	45,801	105,262	23,684	7,927,571
Employee benefit programs.....	8,474	*5,266	*862	*1,027	6,210	*250	378,773
Insurance.....	45,643	*4,144	*1,238	14,696	43,468	8,997	4,245,542
Legal and professional services.....	93,231	2,688	*232	2,685	5,890	3,201	875,964
Meals and entertainment deducted.....	9,047	*50	*7	90	11,750	*1,316	505,516
Mortgage interest.....	14,433	*139	--	*3,918	3,846	--	541,826
Other interest paid on business indebtedness.....	46,773	*6,569	*370	5,557	7,041	*9,673	822,294
Office expenses.....	29,618	*404	*360	1,199	18,039	5,593	943,559
Pension and profit-sharing plans.....	2,015	*141	*156	*214	*488	--	66,090
Rent on machinery and equipment.....	11,332	*1,274	*2,369	3,147	6,847	*10,090	1,378,644
Rent on other business property.....	41,400	*711	*39	3,297	6,622	*5,311	1,044,355
Repairs.....	91,576	*15,156	*14,923	23,224	47,154	12,956	1,837,717
Supplies.....	42,629	*3,913	*2,547	3,812	19,886	15,596	6,928,892
Salaries and wages.....	91,721	*20,918	*12,443	52,439	123,188	*8,443	10,608,833
Taxes paid.....	217,562	5,698	*2,215	13,043	25,229	2,823	2,085,405
Travel.....	27,931	*394	*506	1,631	6,520	*9,954	651,253
Utilities.....	45,714	1,880	*5,874	9,275	27,732	11,906	2,177,276
Other business deductions.....	2,452,516	43,737	*20,629	65,403	116,876	42,674	13,099,646
Home office business deductions.....	7,338	--	--	*29	*5,437	*967	888,515
Depreciation, Form 8829.....	1,028	--	--	*2	*60	*148	105,053
Casualty loss, Form 8829.....	--	--	--	--	--	--	*3,037
Excess--casualty depreciations, Form 8829.....	*479	--	--	--	--	--	48,187
Net income less deficit ^{1,2}.....	992,096	-20,424	*15,679	71,173	313,817	41,922	31,038,488
Net income ^{1,2}	1,624,615	*17,971	*18,057	81,668	338,264	99,146	35,130,228
Deficit ²	632,519	38,395	*2,378	10,495	24,447	*57,224	4,091,740

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Mining--continued					Utilities	Construction
	Oil and gas extraction	Coal mining	Metal ore mining	Nonmetallic mineral mining and quarrying	Support activities for mining	Total	Total
	(9)	(10)	(11)	(12)	(13)	(14)	(15)
BUSINESSES WITH NET INCOME							
Number of returns ¹	82,834	*1,051	*354	2,508	12,196	9,146	2,127,410
Business receipts, total ¹.....	5,353,963	*77,068	*109,798	389,079	1,345,751	251,675	174,956,534
Income from sales and operations ¹	5,183,799	*76,815	*109,718	386,058	1,319,428	248,894	173,761,946
Other business income.....	170,164	*253	*79	*3,021	*26,323	*2,781	1,194,588
Business deductions, total ^{1,2}.....	3,729,761	*59,097	*91,741	307,411	1,007,488	152,547	139,825,752
Cost of sales and operations, total.....	705,509	*1,655	*6,124	91,725	394,390	*33,700	74,558,516
Inventory, beginning of year.....	32,351	--	--	*31,640	*19,230	*582	3,377,295
Cost of labor.....	*9,439	--	--	*6,523	*3,579	--	13,925,151
Purchases.....	137,088	*151	*59	*70,026	*102,375	*24,114	22,838,715
Materials and supplies.....	6,976	*69	*4,748	*2,456	*287,731	*9,500	26,010,144
Other costs.....	556,284	*1,436	*1,318	*19,726	*875	--	12,229,512
Inventory, end of year.....	36,628	--	--	*38,646	*19,400	*496	3,822,301
Advertising expenses.....	2,681	*38	*35	1,261	5,607	*459	789,339
Car and truck expenses.....	112,887	*358	*425	12,783	41,395	*27,214	9,157,444
Commissions.....	5,748	*3,893	*38	*83	--	--	586,404
Contract labor.....	87,813	*11	*73	*1,383	68,674	*26,717	8,292,302
Depletion.....	526,093	*4,264	*1,135	*5,034	5,184	*28	*4,870
Depreciation.....	299,848	*2,441	*21,319	32,959	80,246	*12,243	6,122,083
Employee benefit programs.....	7,274	*3,350	*833	*892	*6,008	*250	288,013
Insurance.....	36,482	*1,739	*1,233	11,744	39,372	*4,008	3,504,287
Legal and professional services.....	56,592	*1,248	*184	1,244	4,506	1,911	679,781
Meals and entertainment deducted.....	6,481	*(Z)	*4	*48	11,270	*657	413,879
Mortgage interest.....	11,965	*101	--	*3,918	*3,824	--	352,428
Other interest paid on business indebtedness....	22,284	*77	*370	3,310	6,489	*451	633,327
Office expenses.....	21,342	*210	*350	1,070	16,799	*2,776	745,561
Pension and profit-sharing plans.....	1,480	*3	*156	*177	*479	--	61,974
Rent on machinery and equipment.....	7,237	*42	*1,605	*2,399	6,088	*1,623	1,113,350
Rent on other business property.....	34,614	*330	*16	*1,389	6,266	*2,792	860,074
Repairs.....	67,152	*3,041	*14,917	19,529	37,040	*4,212	1,398,919
Supplies.....	25,298	*3,385	*2,540	3,019	17,848	*1,921	5,753,666
Salaries and wages.....	53,522	*9,826	*12,227	43,993	108,291	*8,228	8,696,572
Taxes paid.....	167,346	*2,494	*1,998	10,456	23,365	2,392	1,655,368
Travel.....	12,679	*(Z)	*474	860	5,128	*4,898	514,110
Utilities.....	33,708	*1,033	*5,859	8,123	19,765	*4,261	1,740,019
Other business deductions.....	1,403,089	*19,558	*19,825	49,984	90,953	10,042	10,753,550
Home office business deductions.....	7,021	--	--	*29	*5,437	*837	752,258
Depreciation, Form 8829.....	1,017	--	--	*2	*60	*148	73,362
Casualty loss, Form 8829.....	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829....	*244	--	--	--	--	--	9,314
Net income^{1,2}.....	1,624,615	*17,971	*18,057	81,668	338,264	99,146	35,130,228
Returns with Schedule C-EZ:							
Number of returns.....	24,272	*971	--	*347	*1,010	*2,026	417,400
Business receipts.....	63,712	*9,414	--	*38,524	*5,093	*3,026	3,135,165
Business deductions.....	14,417	--	--	--	*3,067	*927	403,833
Net income.....	49,295	*9,414	--	*38,524	*2,026	*2,099	2,731,332

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Construction--continued				Manufacturing		
	Residential building construction	Nonresidential building construction	Heavy and civil engineering construction	Specialty trade contractors	Total	Food manufacturing	Textile and textile product mills
	(16)	(17)	(18)	(19)	(20)	(21)	(22)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	374,490	80,950	47,320	2,084,014	351,204	29,074	4,551
Business receipts, total ¹	46,626,584	9,541,450	7,508,085	134,688,305	25,824,798	3,449,144	316,682
Income from sales and operations ¹	46,252,315	9,492,659	7,431,186	133,789,127	25,721,668	3,431,449	316,570
Other business income.....	374,269	48,792	76,898	899,178	103,130	17,696	*112
Business deductions, total ^{1,2}	41,716,258	8,608,931	6,854,190	110,163,345	22,901,141	3,286,342	272,300
Cost of sales and operations, total.....	27,693,714	5,322,635	3,529,938	50,806,005	11,939,926	2,161,857	*142,106
Inventory, beginning of year.....	2,484,769	224,988	819,182	932,668	1,217,340	194,844	*27,688
Cost of labor.....	3,864,065	727,804	189,998	11,573,495	1,370,135	59,100	*12,814
Purchases.....	9,157,136	1,939,614	1,420,225	14,381,898	7,248,540	1,709,670	*75,552
Materials and supplies.....	8,852,109	1,553,702	998,363	19,341,891	2,324,883	237,120	*27,702
Other costs.....	6,453,889	1,121,708	1,063,403	5,562,019	1,067,429	174,395	*10,858
Inventory, end of year.....	3,118,255	245,181	961,234	985,966	1,288,401	213,272	*12,509
Advertising expenses.....	142,141	26,372	38,329	775,957	269,957	22,835	*2,357
Car and truck expenses.....	1,469,631	437,494	215,430	9,116,899	792,198	65,886	*11,362
Commissions.....	146,749	32,080	64,176	504,882	147,075	9,062	*3,947
Contract labor.....	1,903,854	381,492	207,476	7,110,886	470,190	18,562	*662
Depletion.....	*4,467	*3	*152	*458	1,996	--	--
Depreciation.....	1,284,367	275,065	596,285	5,771,854	1,120,661	79,524	*12,537
Employee benefit programs.....	52,799	11,312	13,972	300,690	80,351	10,760	*1,676
Insurance.....	670,967	182,014	189,924	3,202,637	398,900	33,924	*4,422
Legal and professional services.....	180,120	44,199	50,641	601,003	193,980	25,283	*3,289
Meals and entertainment deducted.....	58,100	17,412	12,061	417,943	54,034	4,279	*725
Mortgage interest.....	158,562	32,366	46,825	304,074	127,406	3,696	*82
Other interest paid on business indebtedness.....	171,308	39,155	101,503	510,327	154,746	20,281	*3,520
Office expenses.....	175,052	37,813	35,671	695,023	228,891	15,874	*4,985
Pension and profit-sharing plans.....	5,802	*390	3,255	56,643	17,227	876	*96
Rent on machinery and equipment.....	213,176	62,918	176,561	925,989	185,809	4,452	*2,016
Rent on other business property.....	134,396	27,218	27,441	855,300	800,530	150,973	*1,119
Repairs.....	215,903	114,500	172,597	1,334,718	304,026	42,840	*844
Supplies.....	1,433,559	257,892	185,862	5,051,578	625,829	29,139	*14,872
Salaries and wages.....	1,631,208	418,118	396,425	8,163,082	2,040,133	279,903	*25,075
Taxes paid.....	348,835	142,299	110,170	1,484,102	470,998	50,037	*3,996
Travel.....	80,057	41,931	20,071	509,194	161,405	14,390	*4,300
Utilities.....	341,072	124,868	79,296	1,632,039	616,414	70,465	*13,395
Other business deductions.....	2,978,463	563,964	565,088	8,992,131	1,513,243	169,035	*12,213
Home office business deductions.....	156,119	15,380	9,888	707,129	168,135	*2,410	--
Depreciation, Form 8829.....	21,881	1,313	*2,330	79,529	24,441	*175	--
Casualty loss, Form 8829.....	*49	--	--	*2,988	--	--	--
Excess--casualty depreciations, Form 8829.....	6,833	*434	*1,558	39,362	16,965	--	--
Net income less deficit ^{1,2}.....	4,913,506	932,519	654,918	24,537,546	3,018,241	180,805	44,382
Net income ^{1,2}	5,741,610	1,220,989	880,302	27,287,328	3,980,453	294,382	*66,763
Deficit ²	828,104	288,470	225,384	2,749,782	962,212	113,577	*22,382

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Construction--continued				Manufacturing		
	Residential building construction	Nonresidential building construction	Heavy and civil engineering construction	Specialty trade contractors	Total	Food manufacturing	Textile and textile product mills
	(16)	(17)	(18)	(19)	(20)	(21)	(22)
BUSINESSES WITH NET INCOME							
Number of returns ¹	302,012	63,983	37,124	1,724,291	224,199	20,124	*2,524
Business receipts, total ¹.....	40,918,175	7,774,489	6,180,477	120,083,392	21,979,899	2,974,797	*256,523
Income from sales and operations ¹	40,628,102	7,743,177	6,120,645	119,270,022	21,937,761	2,964,100	*256,523
Other business income.....	290,073	31,312	59,833	813,370	42,138	10,696	--
Business deductions, total ^{1,2}.....	35,176,689	6,553,500	5,299,499	92,796,064	18,003,130	2,680,414	*189,759
Cost of sales and operations, total.....	23,946,238	4,172,374	2,629,689	43,810,215	9,774,623	1,816,921	*115,433
Inventory, beginning of year.....	1,931,653	162,066	549,222	734,354	801,896	93,986	*18,540
Cost of labor.....	3,278,847	588,855	166,045	9,891,405	1,052,988	*25,869	*5,896
Purchases.....	7,757,364	1,285,841	1,039,597	12,755,913	5,812,273	1,482,891	*66,587
Materials and supplies.....	7,158,431	1,391,211	860,193	16,600,308	2,073,541	224,082	*21,652
Other costs.....	6,054,224	927,288	620,613	4,627,388	884,910	107,958	*8,381
Inventory, end of year.....	2,234,281	182,887	605,981	799,152	850,984	117,866	*5,623
Advertising expenses.....	110,452	16,698	26,760	635,430	197,214	15,088	*2,314
Car and truck expenses.....	1,101,284	321,099	186,316	7,548,745	567,797	55,026	*4,581
Commissions.....	129,682	18,888	40,392	397,442	97,005	4,964	*57
Contract labor.....	1,509,347	255,993	182,852	6,344,111	349,541	*16,263	*226
Depletion.....	*4,338	*3	*148	*381	*1,418	--	--
Depreciation.....	1,044,228	192,719	503,385	4,381,750	810,767	48,571	*10,775
Employee benefit programs.....	47,182	8,242	11,311	221,277	68,004	8,605	--
Insurance.....	562,223	132,157	156,398	2,653,509	330,840	24,920	*1,200
Legal and professional services.....	135,230	35,207	33,725	475,620	123,262	17,873	*794
Meals and entertainment deducted.....	39,261	13,259	8,496	352,863	36,256	2,007	*99
Mortgage interest.....	112,728	13,142	22,521	204,037	99,893	*2,095	*82
Other interest paid on business indebtedness....	120,717	25,128	83,735	403,747	84,660	8,870	*2,820
Office expenses.....	134,543	31,088	27,301	552,629	163,521	12,948	*3,268
Pension and profit-sharing plans.....	5,680	*181	1,965	54,148	15,382	*869	--
Rent on machinery and equipment.....	168,675	46,124	162,398	736,153	129,652	2,617	*795
Rent on other business property.....	109,488	25,148	19,755	705,683	600,827	118,440	--
Repairs.....	162,958	62,446	146,751	1,026,764	227,498	32,949	*467
Supplies.....	1,158,539	180,001	156,081	4,259,046	435,253	17,485	*11,128
Salaries and wages.....	1,379,467	333,621	305,686	6,677,799	1,717,930	227,286	*12,993
Taxes paid.....	296,803	109,306	72,138	1,177,121	379,130	38,499	*3,111
Travel.....	53,278	33,362	12,310	415,161	115,373	9,203	*546
Utilities.....	271,418	90,474	63,164	1,314,962	479,995	56,241	*12,506
Other business deductions.....	2,385,315	422,899	434,686	7,510,650	1,068,034	142,656	*3,862
Home office business deductions.....	121,777	13,901	6,389	610,192	112,173	*21	--
Depreciation, Form 8829.....	15,699	*879	*776	56,008	13,808	*6	--
Casualty loss, Form 8829.....	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829....	*784	--	--	8,530	*22	--	--
Net income^{1,2}.....	5,741,610	1,220,989	880,302	27,287,328	3,980,453	294,382	*66,763
Returns with Schedule C-EZ:							
Number of returns.....	59,516	*6,355	2,940	348,589	47,038	*1,942	*936
Business receipts.....	445,922	*45,394	15,176	2,628,673	303,878	*24,993	*4,532
Business deductions.....	65,838	*40	5,153	332,801	17,082	*(Z)	*2,704
Net income.....	380,084	*45,353	10,023	2,295,872	286,796	*24,993	*1,828

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Manufacturing--continued								
	Apparel	Leather and allied products	Wood products	Paper products	Printing and related support activities	Petroleum and coal products	Chemical manufacturing	Plastics, rubber, clay, refractory, and glass products	Nonmetallic mineral products
	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
BUSINESSES WITH AND WITHOUT NET INCOME									
Number of returns ¹	29,678	*3,838	51,401	*18	38,532	*407	11,169	18,696	8,578
Business receipts, total ¹	1,585,687	*99,464	3,232,481	*27,629	2,563,190	*130,793	497,290	746,391	992,138
Income from sales and operations ¹	1,584,637	*97,263	3,230,167	*27,610	2,549,076	*130,644	466,237	743,412	987,514
Other business income.....	1,050	*2,201	2,314	*18	14,113	*150	*31,053	*2,979	*4,624
Business deductions, total ^{1,2}	1,326,063	*97,834	2,884,487	*28,338	2,364,668	*124,700	443,471	682,236	899,889
Cost of sales and operations, total.....	687,324	*23,263	1,728,382	*16,410	1,047,605	*117,022	197,968	185,793	564,691
Inventory, beginning of year.....	107,183	*2,491	109,075	*1,589	71,775	*580	*4,985	29,063	*16,860
Cost of labor.....	30,790	--	353,266	--	144,011	--	*16,937	12,298	*72,067
Purchases.....	345,946	*12,457	743,091	*14,702	513,885	*116,609	95,878	136,909	296,703
Materials and supplies.....	75,040	*9,005	568,442	*821	243,122	--	*61,378	30,707	197,979
Other costs.....	239,165	*2,341	104,188	*1,349	134,055	--	*22,144	27,663	*8,628
Inventory, end of year.....	110,801	*3,031	149,679	*2,050	59,244	*167	*3,355	50,847	*27,546
Advertising expenses.....	17,760	*91	26,242	*7	57,117	*55	5,210	20,830	4,035
Car and truck expenses.....	57,069	*1,017	96,443	*24	91,216	*130	15,208	34,126	*16,119
Commissions.....	3,649	--	6,688	--	27,991	--	*408	*733	*953
Contract labor.....	26,134	*45	15,110	--	43,051	--	*33,624	10,062	*9,873
Depletion.....	--	--	*20	--	*(Z)	*131	*788	--	--
Depreciation.....	37,148	*2,941	148,656	*2,783	80,031	*727	21,693	52,698	46,891
Employee benefit programs.....	*4,270	*20	9,114	--	*3,625	--	*3,677	*552	*2,232
Insurance.....	9,455	*76	69,133	*600	40,027	*231	5,911	20,033	20,627
Legal and professional services.....	6,787	*30	10,802	*153	18,627	*93	13,543	7,574	4,792
Meals and entertainment deducted.....	3,062	--	4,950	*39	3,889	*(Z)	675	4,764	2,802
Mortgage interest.....	*1,024	--	24,342	*331	*5,771	*26	--	*5,707	*7,148
Other interest paid on business indebtedness.....	10,157	*213	9,451	*89	17,586	--	*2,462	14,507	*2,329
Office expenses.....	6,480	*2	16,150	*64	51,527	--	14,705	11,850	2,882
Pension and profit-sharing plans.....	*315	*117	*1,340	--	*1,800	*32	*320	*560	--
Rent on machinery and equipment.....	8,584	--	27,163	*693	35,670	*17	*2,452	*1,416	*6,714
Rent on other business property.....	63,671	*120	67,416	*258	144,532	*20	*4,926	32,315	*5,300
Repairs.....	9,381	*2	67,524	*547	31,570	*42	6,565	7,013	11,415
Supplies.....	24,636	*20,627	63,946	*7	132,031	*49	12,353	39,305	13,729
Salaries and wages.....	136,515	*1,276	170,702	*4,268	197,135	*1,411	*16,517	92,517	100,213
Taxes paid.....	29,911	*250	41,061	*582	51,941	*2,937	10,487	23,690	21,144
Travel.....	6,609	*173	15,927	*597	11,195	*(Z)	3,216	8,194	*2,798
Utilities.....	29,403	*123	63,210	*339	76,398	*125	17,523	30,423	10,766
Other business deductions.....	132,634	*47,448	149,156	*547	171,906	*1,494	48,252	73,085	41,832
Home office business deductions.....	*14,074	--	45,504	--	21,718	--	*3,471	*3,972	*605
Depreciation, Form 8829.....	*2,191	--	*8,104	--	*1,505	--	*8	*665	*134
Casualty loss, Form 8829.....	--	--	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829.....	*263	--	*9,261	--	--	--	*8	*965	--
Net income less deficit ^{1,2}.....	313,302	*1,629	348,726	*-709	199,361	*6,093	58,692	68,035	92,249
Net income ^{1,2}	378,246	*8,919	424,441	*272	318,381	*6,596	85,743	121,486	101,850
Deficit ²	64,945	*7,290	75,715	*981	119,020	*503	27,051	53,451	*9,600

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Manufacturing--continued								
	Apparel	Leather and allied products	Wood products	Paper products	Printing and related support activities	Petroleum and coal products	Chemical manufacturing	Plastics, rubber, clay, and glass products	Nonmetallic mineral products
	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
BUSINESSES WITH NET INCOME									
Number of returns ¹	17,677	*1,850	35,298	*7	23,862	*393	5,160	13,482	6,904
Business receipts, total ¹.....	1,435,185	*97,537	2,893,226	*23,155	2,072,384	*130,570	404,583	609,210	717,978
Income from sales and operations ¹	1,434,156	*95,337	2,891,214	*23,140	2,067,639	*130,420	402,818	609,104	717,419
Other business income.....	*1,029	*2,201	2,013	*15	*4,745	*150	*1,765	*107	*558
Business deductions, total ^{1,2}.....	1,056,939	*88,618	2,468,785	*22,883	1,754,003	*123,973	318,841	487,724	616,128
Cost of sales and operations, total.....	555,808	*23,257	1,513,395	*13,249	851,456	*117,022	*137,011	135,259	394,972
Inventory, beginning of year.....	53,065	*2,489	65,389	*904	61,925	*580	*2,095	24,810	*15,278
Cost of labor.....	*19,345	--	337,880	--	110,096	--	*14,749	*7,648	*24,614
Purchases.....	280,939	*12,453	584,040	*11,231	398,406	*116,609	*45,909	110,133	*168,469
Materials and supplies.....	*35,574	*9,005	521,308	*821	209,791	--	*57,792	*20,331	*197,942
Other costs.....	236,043	*2,341	93,999	*1,349	110,012	--	*18,138	*7,968	*6,549
Inventory, end of year.....	69,159	*3,031	89,221	*1,055	38,775	*167	*1,672	35,633	*17,880
Advertising expenses.....	10,897	*91	20,383	*3	49,303	*55	*1,108	15,413	*2,175
Car and truck expenses.....	28,938	*1,017	78,697	--	64,572	*130	*13,648	22,042	*7,550
Commissions.....	*3,115	--	6,405	--	*13,771	--	*408	*355	*953
Contract labor.....	*15,052	*45	4,086	--	36,408	--	*33,621	*2,195	*908
Depletion.....	--	--	*20	--	*(Z)	*108	*245	--	--
Depreciation.....	21,608	*7	103,752	*1,147	52,063	*626	18,892	20,837	37,445
Employee benefit programs.....	*4,234	*20	8,774	--	*1,139	--	*3,623	*287	*1,749
Insurance.....	9,359	*76	63,972	*600	32,795	*231	5,736	17,388	12,371
Legal and professional services.....	4,604	*30	8,068	*120	14,676	*93	*1,624	4,713	2,847
Meals and entertainment deducted.....	2,424	--	4,140	*39	3,286	*(Z)	*521	*3,114	*744
Mortgage interest.....	*986	--	20,890	*331	*4,086	*26	--	*5,707	*2,941
Other interest paid on business indebtedness....	*4,081	*213	6,002	--	14,086	--	*1,651	*6,408	*668
Office expenses.....	5,341	*2	11,605	*64	26,617	--	*14,425	9,728	*1,162
Pension and profit-sharing plans.....	*315	*117	*972	--	*1,426	*32	*320	*270	--
Rent on machinery and equipment.....	*8,560	--	25,633	*693	22,284	*17	*2,452	*496	*5,410
Rent on other business property.....	32,397	*120	55,715	*258	100,850	*20	*4,198	*26,167	*1,915
Repairs.....	7,714	*2	55,843	*547	29,484	*42	*4,463	6,180	4,885
Supplies.....	14,940	*14,353	55,973	*1	64,608	*49	*11,518	27,581	*10,813
Salaries and wages.....	134,541	*1,276	162,348	*3,825	141,439	*1,411	*15,684	*85,828	*79,413
Taxes paid.....	29,018	*250	37,771	*569	33,907	*2,923	3,900	21,776	12,403
Travel.....	1,113	*173	12,166	*578	9,413	*(Z)	*945	*5,170	*2,139
Utilities.....	27,738	*122	53,102	*318	54,922	*125	10,231	24,446	3,796
Other business deductions.....	121,182	*47,446	124,969	*541	111,913	*906	30,180	42,619	*28,263
Home office business deductions.....	*12,959	--	28,050	--	18,792	--	*917	*3,227	*605
Depreciation, Form 8829.....	*1,928	--	*3,267	--	*1,505	--	*8	*369	*134
Casualty loss, Form 8829.....	--	--	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829....	--	--	--	--	--	--	*8	--	--
Net income^{1,2}.....	378,246	*8,919	424,441	*272	318,381	*6,596	85,743	121,486	101,850
Returns with Schedule C-EZ:									
Number of returns.....	*5,975	--	*11,887	*4	*2,343	*39	*2,958	*4,966	*2,989
Business receipts.....	*55,148	--	*81,273	*97	*5,165	*6,102	*3,386	*19,089	*35,657
Business deductions.....	*13	--	*6,055	--	*709	*159	*1,518	*518	--
Net income.....	*55,135	--	*75,218	*97	*4,456	*5,942	*1,868	*18,571	*35,657

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Manufacturing--continued						
	Primary metal industries	Fabricated metal products	Machinery	Computer and electronic products	Electrical equipment, appliances, and components	Transportation equipment	Furniture and related products
	(32)	(33)	(34)	(35)	(36)	(37)	(38)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	*5,133	35,016	24,222	8,370	5,665	10,288	28,287
Business receipts, total ¹.....	*162,506	3,574,350	2,661,245	230,494	551,221	955,764	1,917,331
Income from sales and operations ¹	*161,738	3,578,548	2,653,652	230,442	547,606	954,377	1,915,946
Other business income.....	*768	-4,198	7,593	*52	*3,615	*1,387	*1,385
Business deductions, total ^{1,2}.....	*121,908	3,261,765	2,245,980	158,587	489,757	919,234	1,484,963
Cost of sales and operations, total.....	*35,324	1,430,011	1,189,511	66,668	279,125	535,153	822,236
Inventory, beginning of year.....	*6,601	137,847	153,013	*10,669	*41,051	97,470	58,721
Cost of labor.....	*131	215,991	202,575	*1,433	*20,041	*61,284	78,272
Purchases.....	*23,350	792,742	750,492	55,836	167,562	461,503	593,393
Materials and supplies.....	*13,283	278,856	158,885	*5,851	*49,685	*6,848	123,649
Other costs.....	--	163,434	75,457	*4,376	*12,447	5,878	28,967
Inventory, end of year.....	*8,041	158,859	150,910	*11,497	*11,659	97,831	60,765
Advertising expenses.....	*67	30,488	14,694	*3,591	2,357	12,251	16,340
Car and truck expenses.....	*5,352	123,342	69,234	*7,754	27,609	28,117	44,305
Commissions.....	*25	26,500	*3,989	*2,581	*339	*7,346	19,319
Contract labor.....	*13,183	122,555	79,331	*2,398	*7,745	*29,762	*4,187
Depletion.....	--	--	--	--	*606	--	*11
Depreciation.....	*20,298	242,239	180,680	9,053	11,183	14,922	74,421
Employee benefit programs.....	--	16,516	18,063	*232	*3,352	*530	*486
Insurance.....	*2,114	86,738	40,214	*582	8,054	13,916	19,477
Legal and professional services.....	*1,360	25,004	21,436	*1,022	4,549	12,012	14,936
Meals and entertainment deducted.....	*22	12,699	1,876	2,567	1,301	668	5,908
Mortgage interest.....	*1,859	20,588	*11,444	--	*388	*27,191	*8,701
Other interest paid on business indebtedness.....	*481	22,950	14,266	*611	*5,072	*8,954	5,113
Office expenses.....	*1,353	29,130	15,903	*1,870	4,792	5,626	23,876
Pension and profit-sharing plans.....	*11	6,462	*3,150	--	*77	--	*1,050
Rent on machinery and equipment.....	*23	51,698	2,927	*4	*662	*18,970	10,448
Rent on other business property.....	*162	78,453	63,550	*6,443	12,966	21,605	85,564
Repairs.....	*19	53,676	21,930	*1,321	1,498	13,462	18,893
Supplies.....	*8,535	71,842	55,423	13,005	4,379	17,494	46,531
Salaries and wages.....	*448	369,242	210,582	*6,819	43,745	43,679	85,427
Taxes paid.....	*1,749	90,669	52,683	*2,725	9,047	16,972	18,243
Travel.....	--	31,024	4,843	*7,617	4,517	5,749	12,666
Utilities.....	*7,342	85,336	87,846	*7,345	10,064	26,661	45,648
Other business deductions.....	*22,181	214,435	64,323	13,075	45,570	48,662	84,859
Home office business deductions.....	--	20,055	15,479	*356	*750	*9,532	*15,835
Depreciation, Form 8829.....	--	*2,495	*3,639	*453	--	*1,702	*1,428
Casualty loss, Form 8829.....	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829.....	--	*928	*2,249	*105	*695	*2,185	*305
Net income less deficit ^{1,2}.....	*40,598	312,585	415,265	71,908	69,363	36,531	432,369
Net income ^{1,2}	*45,427	455,896	461,357	*122,184	105,486	95,955	467,551
Deficit ²	*4,829	143,311	46,092	*50,276	*36,123	59,424	35,183

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Manufacturing--continued						
	Primary metal industries	Fabricated metal products	Machinery	Computer and electronic products	Electrical equipment, appliances, and components	Transportation equipment	Furniture and related products
	(32)	(33)	(34)	(35)	(36)	(37)	(38)
BUSINESSES WITH NET INCOME							
Number of returns ¹	*3,851	20,462	19,131	*2,761	4,328	4,400	20,314
Business receipts, total ¹.....	*158,756	2,820,617	2,406,330	*207,516	504,764	633,854	1,750,824
Income from sales and operations ¹	*157,988	2,825,587	2,400,321	*207,517	501,205	632,466	1,749,487
Other business income.....	*768	-4,971	6,009	--	*3,559	*1,387	*1,337
Business deductions, total ^{1,2}.....	*113,329	2,364,721	1,944,973	*85,332	399,278	537,899	1,283,273
Cost of sales and operations, total.....	*33,929	1,089,606	1,093,927	*42,946	253,874	282,042	721,726
Inventory, beginning of year.....	*6,601	84,676	127,259	*8,319	*34,905	*46,117	*55,367
Cost of labor.....	*131	145,287	190,721	*1,386	*17,694	*4,131	*71,457
Purchases.....	*23,350	580,290	703,462	*38,832	*145,450	282,574	501,144
Materials and supplies.....	*11,888	253,483	120,918	*176	*49,665	*390	120,447
Other costs.....	--	135,033	73,077	*742	*11,980	*4,839	*27,595
Inventory, end of year.....	*8,041	109,164	121,510	*6,509	*5,820	*56,010	*54,284
Advertising expenses.....	*67	15,091	12,921	*2,770	*2,137	*4,808	11,802
Car and truck expenses.....	*5,352	79,681	48,334	*2,812	21,976	*16,550	40,831
Commissions.....	*25	10,408	*1,860	*2,567	*74	*7,336	11,898
Contract labor.....	*13,183	57,119	77,080	*2,237	*6,969	*29,176	*2,517
Depletion.....	--	--	--	--	*606	--	--
Depreciation.....	*17,103	198,130	140,254	*1,786	9,034	*9,845	56,052
Employee benefit programs.....	--	15,946	16,873	--	*1,992	*277	*435
Insurance.....	*1,846	70,363	35,875	*520	7,630	*7,710	18,483
Legal and professional services.....	*1,295	12,618	12,795	*269	2,031	*10,244	12,310
Meals and entertainment deducted.....	*22	7,806	1,662	*1,699	*1,166	*567	4,817
Mortgage interest.....	--	19,657	*11,365	--	*154	*14,470	*8,682
Other interest paid on business indebtedness....	*481	8,136	7,638	*387	*4,562	*1,019	*3,869
Office expenses.....	*1,316	18,244	9,589	*918	4,355	*4,945	21,279
Pension and profit-sharing plans.....	*11	6,453	*3,051	--	*59	--	*1,050
Rent on machinery and equipment.....	*23	31,023	2,383	--	*239	*18,935	*1,624
Rent on other business property.....	*162	40,443	50,198	*5,918	*10,504	*17,793	83,944
Repairs.....	*19	39,400	14,982	*552	*1,202	*1,608	16,414
Supplies.....	*8,034	46,064	45,627	*1,515	*3,697	*12,130	38,728
Salaries and wages.....	*448	325,892	185,455	*2,633	*30,452	*24,818	*82,969
Taxes paid.....	*490	75,112	48,230	*2,385	*6,971	*8,677	17,132
Travel.....	--	25,471	4,379	*5,234	*3,877	*3,533	11,886
Utilities.....	*7,342	58,105	69,478	*5,826	8,505	*19,345	41,151
Other business deductions.....	*22,181	101,042	39,654	*1,059	17,119	*41,448	61,235
Home office business deductions.....	--	*12,798	*8,758	*352	*86	*622	*11,955
Depreciation, Form 8829.....	--	*1,567	*1,342	*348	--	*9	*1,386
Casualty loss, Form 8829.....	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829....	--	--	*13	--	--	--	--
Net income^{1,2}.....	*45,427	455,896	461,357	*122,184	105,486	95,955	467,551
Returns with Schedule C-EZ:							
Number of returns.....	*971	*2,941	*2,166	*936	*50	--	*2,986
Business receipts.....	*4,659	*12,513	*8,632	*6,710	*1,587	--	*6,827
Business deductions.....	--	*112	*2,603	*949	*9	--	*483
Net income.....	*4,659	*12,402	*6,029	*5,761	*1,579	--	*6,344

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Manufacturing--continued		Wholesale trade (merchant wholesalers)				Retail trade	
	Medical equipment and supplies	Other miscellaneous manufacturing	Total	Durable goods, including machinery, woods, metals, etc.	Nondurable goods, including food, fiber, chemicals, .etc.	Wholesale electronic markets and agents and brokers	Total	Motor vehicle and parts dealers
	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)
BUSINESSES WITH AND WITHOUT NET INCOME								
Number of returns ¹	3,864	34,417	350,824	149,399	118,760	82,665	2,399,442	158,658
Business receipts, total ¹	448,767	1,682,231	40,849,558	18,307,028	16,338,556	6,203,974	187,076,742	37,368,327
Income from sales and operations ¹	448,686	1,666,095	40,239,466	17,949,267	16,277,629	6,012,569	184,626,296	37,035,261
Other business income.....	*81	16,137	610,092	357,761	60,927	191,405	2,450,446	333,066
Business deductions, total ^{1,2}	290,629	1,517,990	35,735,351	16,305,397	14,918,485	4,511,469	179,018,027	36,061,020
Cost of sales and operations, total.....	*89,181	620,296	26,637,840	12,337,462	11,596,250	2,704,127	126,466,370	29,743,572
Inventory, beginning of year.....	*3,024	142,813	2,343,791	1,509,930	727,921	105,940	20,713,293	4,487,924
Cost of labor.....	*18,479	70,644	363,436	145,332	202,534	*15,570	2,761,219	661,890
Purchases.....	*34,360	307,899	23,026,729	10,755,857	9,896,550	2,374,322	115,554,366	28,106,543
Materials and supplies.....	*35,498	201,013	1,624,386	606,226	826,818	*191,343	5,674,113	691,970
Other costs.....	*872	51,214	1,788,274	893,511	705,542	189,221	3,945,839	774,942
Inventory, end of year.....	*3,052	153,287	2,508,777	1,573,394	763,114	172,269	22,182,460	4,979,698
Advertising expenses.....	*1,719	31,910	247,685	130,560	84,708	32,418	2,269,213	374,795
Car and truck expenses.....	*42,422	55,465	1,297,542	429,743	421,364	446,435	4,811,616	463,630
Commissions.....	*9,410	24,137	488,905	274,167	117,841	96,897	925,292	151,257
Contract labor.....	*40,463	13,445	239,806	143,494	72,321	23,991	682,349	111,434
Depletion.....	*426	*15	1,520	*318	1,202	*(Z)	2,465	*810
Depreciation.....	*3,200	79,038	580,424	297,938	187,228	95,257	3,048,748	380,046
Employee benefit programs.....	*486	4,759	50,695	17,293	30,062	3,340	233,587	35,403
Insurance.....	*5,962	17,406	234,023	130,224	86,943	16,855	1,641,742	303,329
Legal and professional services.....	*5,505	17,182	155,890	74,839	54,130	26,921	732,323	82,836
Meals and entertainment deducted.....	*305	3,506	205,417	73,663	39,104	92,650	397,631	29,168
Mortgage interest.....	*72	9,038	63,958	36,388	23,688	3,882	699,644	102,423
Other interest paid on business indebtedness.....	*1,068	15,634	140,336	53,610	75,394	11,332	812,600	187,992
Office expenses.....	2,421	19,400	265,528	122,516	68,910	74,102	1,237,181	129,979
Pension and profit-sharing plans.....	*85	*935	16,858	8,707	5,777	*2,374	44,700	3,742
Rent on machinery and equipment.....	*3,816	8,084	139,742	78,142	52,577	9,024	784,146	76,427
Rent on other business property.....	*20,354	40,782	434,172	223,059	164,408	46,704	5,707,590	395,909
Repairs.....	*883	14,600	191,281	102,206	77,397	11,678	1,192,390	241,120
Supplies.....	*5,286	52,640	380,967	198,331	149,404	33,232	2,374,038	277,786
Salaries and wages.....	*11,300	243,360	909,592	401,793	436,313	71,487	8,513,266	1,046,634
Taxes paid.....	*1,659	41,215	271,320	108,285	143,604	19,430	2,803,359	360,837
Travel.....	7,754	19,836	545,100	210,701	111,710	222,689	1,055,429	84,816
Utilities.....	4,588	29,413	405,072	174,342	148,756	81,975	3,341,574	354,885
Other business deductions.....	28,032	144,503	1,635,344	593,797	716,298	325,249	8,395,752	1,084,978
Home office business deductions.....	*4,236	*10,140	160,959	74,134	40,603	46,222	684,794	25,980
Depreciation, Form 8829.....	*1,076	*865	17,576	8,093	4,751	4,732	88,383	3,698
Casualty loss, Form 8829.....	--	--	--	--	--	--	*2,286	--
Excess--casualty depreciations, Form 8829.....	--	*2	10,987	*4,326	*1,376	*5,285	154,363	*1,084
Net income less deficit ^{1,2}.....	158,137	168,919	5,128,810	2,008,014	1,428,062	1,692,734	8,101,744	1,307,471
Net income ^{1,2}	160,417	259,099	6,070,740	2,402,728	1,822,211	1,845,801	15,672,409	1,844,493
Deficit ²	*2,280	90,180	941,930	394,714	394,149	153,068	7,570,664	537,022

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Manufacturing--continued		Wholesale trade (merchant wholesalers)				Retail trade	
	Medical equipment and supplies	Other miscellaneous manufacturing	Total	Durable goods, including machinery, woods, metals, etc.	Nondurable goods, including food, fiber, chemicals, .etc.	Wholesale electronic markets and agents and brokers	Total	Motor vehicle and parts dealers
	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)
BUSINESSES WITH NET INCOME								
Number of returns ¹	3,852	17,820	235,915	88,536	86,462	60,917	1,203,794	112,012
Business receipts, total ¹.....	443,802	1,438,288	35,783,987	16,787,457	13,280,104	5,716,426	149,998,167	31,096,834
Income from sales and operations ¹	443,799	1,427,520	35,331,069	16,542,319	13,226,512	5,562,238	147,949,191	30,836,045
Other business income.....	*4	10,767	452,918	245,139	53,591	154,188	2,048,975	260,789
Business deductions, total ^{1,2}.....	283,385	1,182,873	29,713,247	14,384,730	11,457,893	3,870,624	134,330,780	29,252,340
Cost of sales and operations, total.....	*86,442	496,349	23,060,374	11,357,413	9,304,608	2,398,353	99,593,628	24,591,081
Inventory, beginning of year.....	*2,779	96,813	1,765,719	1,230,317	468,911	66,492	12,849,927	3,166,652
Cost of labor.....	*17,227	58,855	305,063	115,368	175,959	*13,735	2,272,926	620,976
Purchases.....	*34,282	225,221	20,187,664	9,914,431	8,219,363	2,053,870	91,180,153	23,203,256
Materials and supplies.....	*34,633	183,642	1,148,951	551,251	406,498	*191,201	4,531,455	579,392
Other costs.....	*415	38,490	1,438,451	826,579	436,973	174,899	2,929,358	665,671
Inventory, end of year.....	*2,893	106,672	1,785,474	1,280,532	403,096	101,846	14,170,192	3,644,866
Advertising expenses.....	*1,656	29,133	177,988	105,174	45,621	27,194	1,504,544	286,973
Car and truck expenses.....	*42,421	33,639	978,510	305,698	289,583	383,229	2,797,047	355,308
Commissions.....	*9,215	23,594	412,548	213,000	104,167	95,381	618,744	88,115
Contract labor.....	*40,341	*12,116	175,927	120,692	41,431	13,804	510,559	85,444
Depletion.....	*426	*13	1,115	*242	*873	*(Z)	1,147	*131
Depreciation.....	*2,808	60,032	385,426	209,917	103,764	71,745	1,781,447	265,910
Employee benefit programs.....	*325	3,727	39,090	16,646	19,476	*2,968	181,439	23,977
Insurance.....	*5,849	13,917	166,514	92,160	60,550	13,804	1,160,440	225,040
Legal and professional services.....	*5,421	10,838	100,821	47,677	31,734	21,410	477,616	64,406
Meals and entertainment deducted.....	*293	1,849	164,653	56,549	30,001	78,103	238,053	21,850
Mortgage interest.....	*72	*8,349	48,639	28,238	16,868	*3,533	367,834	62,840
Other interest paid on business indebtedness.....	*935	12,833	98,290	37,635	52,260	8,395	475,304	119,771
Office expenses.....	*2,359	15,354	194,326	88,721	47,884	57,720	682,635	97,750
Pension and profit-sharing plans.....	*85	*353	13,727	8,706	2,647	*2,374	41,581	3,502
Rent on machinery and equipment.....	*3,809	*2,657	115,956	62,391	45,856	7,709	514,288	60,454
Rent on other business property.....	*20,001	31,784	313,215	173,343	109,213	30,659	3,982,267	276,637
Repairs.....	*859	9,887	146,513	81,969	54,410	10,133	815,696	182,221
Supplies.....	*5,281	45,729	218,830	125,876	66,333	26,621	1,279,455	163,390
Salaries and wages.....	*9,963	189,255	700,205	348,975	288,223	63,007	6,478,621	821,776
Taxes paid.....	*1,407	34,600	204,467	96,505	90,882	17,080	2,041,523	267,259
Travel.....	*7,680	11,867	433,470	172,571	71,380	189,520	611,439	66,495
Utilities.....	*4,495	22,201	295,552	133,817	91,785	69,950	2,249,060	263,008
Other business deductions.....	*27,006	102,753	1,114,036	439,958	445,340	228,738	5,449,629	824,062
Home office business deductions.....	*4,236	*8,796	118,026	51,326	30,513	36,188	317,487	23,710
Depreciation, Form 8829.....	*1,076	*863	11,956	5,007	3,650	3,298	32,337	3,271
Casualty loss, Form 8829.....	--	--	--	--	--	--	*38	--
Excess--casualty depreciations, Form 8829.....	--	--	--	--	--	--	12,210	*47
Net income².....	160,417	259,099	6,070,740	2,402,728	1,822,211	1,845,801	15,672,409	1,844,493
Returns with Schedule C-EZ:								
Number of returns.....	**	**2,952	51,572	21,097	17,737	12,739	238,773	14,178
Business receipts.....	**	**27,508	442,352	197,302	114,012	131,038	1,018,047	60,945
Business deductions.....	**	**1,251	35,375	9,684	12,492	13,198	160,226	11,230
Net income.....	**	**26,258	406,977	187,618	101,520	117,840	857,821	49,714

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Retail trade--continued							
	Furniture and home furnishing stores	Electronic and appliance stores	Building material and garden equipment and supplies dealers	Food and beverage stores	Health and personal care stores	Gasoline stations	Clothing and accessories stores	Sporting goods, hobby, book, and music stores
	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)
BUSINESSES WITH AND WITHOUT NET INCOME								
Number of returns ¹	55,791	44,865	50,761	85,108	156,954	20,851	120,231	133,070
Business receipts, total ¹	6,345,917	4,883,913	9,107,146	26,133,236	9,763,099	22,544,731	11,868,512	7,479,548
Income from sales and operations ¹	6,303,694	4,800,491	8,993,693	25,711,253	9,642,134	22,407,384	11,738,912	7,401,855
Other business income.....	42,224	83,423	113,453	421,984	120,966	137,347	129,601	77,693
Business deductions, total ^{1,2}	5,868,304	4,563,182	8,491,496	25,120,573	9,249,708	22,270,284	10,934,164	7,278,407
Cost of sales and operations, total.....	3,402,975	2,765,223	5,839,705	19,311,389	6,385,507	19,247,050	6,792,171	4,511,348
Inventory, beginning of year.....	855,486	286,012	980,091	1,685,517	773,936	539,683	2,553,079	1,908,975
Cost of labor.....	114,613	227,382	351,896	289,596	243,253	62,631	111,367	66,371
Purchases.....	2,748,798	2,317,991	4,828,423	17,904,396	5,783,943	18,355,951	6,541,471	4,284,423
Materials and supplies.....	339,820	182,874	396,266	616,537	232,768	722,939	258,751	127,541
Other costs.....	231,890	139,327	262,886	585,212	136,409	86,230	138,395	191,925
Inventory, end of year.....	887,630	388,362	979,857	1,769,869	784,802	520,383	2,810,892	2,067,887
Advertising expenses.....	203,246	109,786	108,215	119,429	157,833	42,720	206,313	125,738
Car and truck expenses.....	202,346	131,099	198,786	176,295	258,812	48,404	202,929	216,395
Commissions.....	65,484	11,000	64,899	13,809	48,772	27,878	49,458	41,464
Contract labor.....	67,471	77,236	32,418	26,955	24,198	37,624	34,378	33,716
Depreciation.....	--	*556	*73	*3	*43	*4	*199	*139
Depreciation.....	100,541	123,956	183,499	276,524	183,543	267,352	161,070	162,161
Employee benefit programs.....	12,421	14,158	20,864	34,194	18,826	14,018	8,259	9,931
Insurance.....	82,645	51,537	138,987	199,770	76,639	124,423	100,999	86,053
Legal and professional services.....	32,175	24,964	29,392	72,706	43,859	44,158	74,133	39,493
Meals and entertainment deducted.....	20,713	12,349	14,044	5,151	22,381	3,252	30,349	16,735
Mortgage interest.....	22,831	18,106	41,016	56,639	23,277	106,536	30,068	37,216
Other interest paid on business indebtedness.....	36,423	17,055	54,252	55,792	18,990	60,473	50,001	47,401
Office expenses.....	41,163	46,548	42,310	37,978	81,628	22,177	122,316	80,045
Pension and profit-sharing plans.....	*1,816	*893	*5,513	2,046	12,692	*2,133	5,391	*806
Rent on machinery and equipment.....	19,779	15,405	28,541	66,211	71,324	48,229	95,367	24,257
Rent on other business property.....	326,574	240,386	137,764	735,749	268,526	290,877	919,601	386,629
Repairs.....	50,514	23,542	52,562	186,847	62,056	125,042	80,199	38,279
Supplies.....	106,677	44,425	80,399	275,232	138,880	56,218	127,651	116,862
Salaries and wages.....	416,902	342,155	604,590	1,435,897	525,405	716,657	772,924	385,313
Taxes paid.....	129,700	125,288	176,449	405,589	101,026	241,868	293,790	141,054
Travel.....	49,571	35,674	28,788	35,302	61,350	5,205	70,562	45,130
Utilities.....	163,742	103,004	184,651	579,949	156,915	286,526	216,081	170,071
Other business deductions.....	285,608	210,509	394,836	1,004,589	447,714	449,439	468,664	480,811
Home office business deductions.....	26,025	17,072	28,615	4,794	49,040	2,020	18,412	58,679
Depreciation, Form 8829.....	2,597	*2,114	2,147	*184	6,622	*152	1,804	9,300
Casualty loss, Form 8829.....	--	--	--	--	--	--	*38	--
Excess--casualty depreciations, Form 8829.....	*2,027	*3,875	*565	*5	10,142	*39	*2,017	30,810
Net income less deficit ^{1,2}.....	477,484	320,731	615,612	1,012,664	512,215	274,447	934,908	217,403
Net income ^{1,2}	733,814	483,389	876,775	1,365,979	1,038,328	432,009	1,394,513	697,063
Deficit ²	256,329	162,658	261,163	353,316	526,113	157,561	459,605	479,660

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Retail trade--continued							
	Furniture and home furnishing stores	Electronic and appliance stores	Building material and garden equipment and supplies dealers	Food and beverage stores	Health and personal care stores	Gasoline stations	Clothing and accessories stores	Sporting goods, hobby, book, and music stores
	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)
BUSINESSES WITH NET INCOME								
Number of returns ¹	31,781	27,747	36,017	61,963	55,600	14,055	70,967	64,205
Business receipts, total¹.....	5,286,450	4,382,867	7,224,426	23,750,297	8,681,185	16,610,552	9,752,412	5,027,062
Income from sales and operations ¹	5,258,763	4,294,555	7,119,996	23,351,334	8,568,536	16,489,724	9,654,888	4,960,711
Other business income.....	27,688	88,312	104,430	398,964	112,649	120,828	97,524	66,351
Business deductions, total^{1,2}.....	4,552,636	3,899,477	6,347,613	22,384,318	7,642,856	16,178,543	8,357,899	4,329,999
Cost of sales and operations, total.....	2,666,189	2,439,347	4,498,379	17,428,118	5,674,984	14,105,697	5,306,822	2,819,663
Inventory, beginning of year.....	573,421	235,288	678,571	1,327,711	567,663	324,960	1,754,766	926,017
Cost of labor.....	112,178	*199,614	289,394	282,233	240,816	41,383	103,134	*36,032
Purchases.....	2,042,996	2,012,482	3,768,158	16,089,195	5,146,546	13,329,015	5,064,783	2,682,099
Materials and supplies.....	321,913	*179,092	250,923	565,642	207,792	670,836	184,956	62,894
Other costs.....	209,809	116,619	188,394	571,478	118,390	70,022	114,055	167,178
Inventory, end of year.....	594,129	303,749	677,061	1,408,142	606,224	330,519	1,914,871	1,054,556
Advertising expenses.....	172,037	83,891	78,668	93,949	105,636	32,609	126,663	54,050
Car and truck expenses.....	152,664	87,465	120,833	144,647	119,713	30,073	127,225	95,444
Commissions.....	59,030	10,909	52,016	13,124	25,257	25,731	45,566	35,384
Contract labor.....	57,256	76,971	25,420	25,271	23,143	23,347	20,550	15,907
Depletion.....	--	*556	--	*3	*43	--	*178	*119
Depreciation.....	78,352	110,674	130,988	218,331	99,688	161,503	99,816	76,240
Employee benefit programs.....	11,079	13,130	14,371	22,747	18,629	9,446	7,244	5,701
Insurance.....	64,615	41,886	110,208	167,212	54,371	85,284	75,109	52,489
Legal and professional services.....	26,905	17,486	16,742	60,099	34,675	31,131	56,970	19,065
Meals and entertainment deducted.....	15,987	10,801	12,710	4,579	11,017	1,120	20,254	7,898
Mortgage interest.....	17,865	14,468	37,203	38,613	18,320	63,408	21,078	15,834
Other interest paid on business indebtedness.....	32,676	9,779	31,445	40,014	11,822	43,702	29,808	26,987
Office expenses.....	36,091	30,266	28,777	26,179	57,360	15,559	83,362	32,220
Pension and profit-sharing plans.....	*987	*879	*5,346	1,956	12,598	*1,987	5,209	*722
Rent on machinery and equipment.....	17,886	13,082	16,895	57,906	64,187	34,425	72,708	11,766
Rent on other business property.....	234,919	192,254	109,339	618,074	193,041	226,211	724,730	234,932
Repairs.....	34,341	16,557	32,523	150,638	41,718	83,097	53,567	18,428
Supplies.....	75,973	27,722	32,336	225,282	70,139	37,664	74,542	53,506
Salaries and wages.....	303,483	305,756	411,081	1,269,907	479,147	473,590	611,420	208,703
Taxes paid.....	98,140	106,951	137,241	350,856	83,368	174,963	232,961	79,805
Travel.....	35,629	29,307	18,768	20,062	28,936	3,230	47,158	25,997
Utilities.....	112,944	79,918	140,828	483,323	106,513	198,275	151,046	98,148
Other business deductions.....	225,987	162,416	260,876	916,911	289,410	314,607	345,679	277,885
Home office business deductions.....	20,638	*15,747	24,292	4,785	8,670	*1,887	15,353	40,429
Depreciation, Form 8829.....	*1,906	*1,866	*1,548	*182	*1,161	*103	*996	*3,111
Casualty loss, Form 8829.....	--	--	--	--	--	--	*38	--
Excess--casualty depreciations, Form 8829.....	*148	*3,626	--	--	*442	--	--	*367
Net income².....	733,814	483,389	876,775	1,365,979	1,038,328	432,009	1,394,513	697,063
Returns with Schedule C-EZ:								
Number of returns.....	*2,963	*3,320	*4,011	*11,777	14,573	--	*7,000	13,147
Business receipts.....	*14,801	*6,236	*18,620	*43,353	70,128	--	*29,124	86,005
Business deductions.....	*962	*1,259	*328	*1,733	10,473	--	*2,879	22,678
Net income.....	*13,839	*4,977	*18,292	*41,620	59,655	--	*26,245	63,326

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Retail trade--continued			Transportation and warehousing				
	General merchandise stores	Miscellaneous store retailers	Nonstore retailers	Total	Air and rail transportation	Water transportation	General freight trucking, local	General freight trucking, long-distance and specialized freight trucking
	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)
BUSINESSES WITH AND WITHOUT NET INCOME								
Number of returns ¹	34,661	551,143	987,350	982,832	15,824	5,606	216,673	305,173
Business receipts, total ¹	5,388,473	28,161,353	18,032,484	65,303,903	970,991	377,275	18,221,665	31,598,902
Income from sales and operations ¹	5,292,626	27,647,338	17,651,656	64,104,432	954,382	376,734	17,764,345	31,072,771
Other business income.....	95,846	514,015	380,829	1,199,471	16,609	*542	457,320	526,131
Business deductions, total ^{1,2}	5,206,746	26,541,237	17,432,906	56,584,482	1,269,397	225,357	15,902,580	28,235,632
Cost of sales and operations, total.....	3,815,022	15,127,751	9,524,656	7,480,706	468,168	*72,603	2,411,804	2,786,785
Inventory, beginning of year.....	612,888	4,531,745	1,497,958	164,567	58,703	*124	22,077	11,399
Cost of labor.....	*4,083	266,441	361,695	1,867,967	*13,859	--	1,191,354	347,730
Purchases.....	3,340,444	13,188,887	8,153,096	2,160,535	194,133	*1,260	473,639	800,663
Materials and supplies.....	288,127	1,402,746	413,775	529,185	*91,873	*1	175,810	179,237
Other costs.....	184,421	513,730	700,474	2,977,791	173,597	*71,338	589,819	1,458,459
Inventory, end of year.....	614,941	4,775,797	1,602,343	219,340	63,998	*120	40,895	10,703
Advertising expenses.....	38,578	504,577	277,982	180,097	4,096	873	54,611	35,656
Car and truck expenses.....	72,292	1,207,797	1,632,832	13,680,328	22,937	*2,084	3,897,827	7,135,457
Commissions.....	9,243	170,592	271,436	850,906	1,916	*10,023	174,697	474,868
Contract labor.....	3,913	162,891	70,115	2,609,691	20,781	1,440	630,733	1,508,143
Depletion.....	*27	*498	*112	7,623	*108	--	*1,993	*761
Depreciation.....	71,912	710,594	427,550	5,499,707	327,858	27,838	1,484,500	2,968,519
Employee benefit programs.....	11,492	37,250	16,771	89,413	2,946	*27	38,516	31,892
Insurance.....	51,457	302,370	123,532	2,766,982	21,105	5,363	817,427	1,421,102
Legal and professional services.....	21,644	144,122	122,842	266,520	10,931	1,633	77,433	90,973
Meals and entertainment deducted.....	7,321	133,708	102,460	1,129,748	2,652	288	179,527	872,203
Mortgage interest.....	17,712	155,082	88,740	253,027	15,951	*947	55,972	136,102
Other interest paid on business indebtedness....	27,709	147,086	109,427	653,918	38,252	*1,658	153,764	369,966
Office expenses.....	17,077	318,659	297,300	293,375	5,244	547	76,300	128,292
Pension and profit-sharing plans.....	*1,989	5,586	2,093	5,370	*106	--	3,182	1,414
Rent on machinery and equipment.....	6,342	253,735	78,529	1,828,319	10,163	*63	294,684	907,980
Rent on other business property.....	201,128	1,391,168	413,280	640,671	22,748	11,298	103,423	184,357
Repairs.....	38,466	200,910	92,853	4,311,625	51,990	25,437	1,313,938	2,527,546
Supplies.....	22,175	602,238	525,494	904,485	4,752	1,829	281,495	405,764
Salaries and wages.....	345,387	1,504,120	417,282	2,424,912	27,753	4,517	852,390	1,037,331
Taxes paid.....	121,360	525,536	180,863	1,152,629	21,205	2,134	357,883	614,814
Travel.....	13,107	335,179	290,744	455,843	15,738	713	78,648	236,941
Utilities.....	100,936	686,145	338,668	839,204	10,802	1,134	221,654	385,327
Other business deductions.....	179,957	1,728,403	1,660,246	7,957,684	156,297	51,192	2,291,906	3,892,166
Home office business deductions.....	*2,672	155,885	295,602	149,398	*1,933	*79	41,586	62,873
Depreciation, Form 8829.....	*126	15,122	44,516	39,733	*178	--	5,937	3,650
Casualty loss, Form 8829.....	--	--	*2,248	*1,848	--	--	*2	*45
Excess--casualty depreciations, Form 8829....	--	38,424	65,373	5,206	*142	--	*252	763
Net income less deficit ^{1,2}.....	183,609	1,624,375	620,825	8,756,499	-271,833	152,804	2,319,481	3,370,129
Net income ^{1,2}	348,427	3,525,283	2,932,335	10,981,020	87,896	199,147	2,930,162	4,101,740
Deficit ²	164,818	1,900,908	2,311,510	2,224,521	359,729	46,343	610,681	731,611

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Retail trade--continued			Transportation and warehousing				General freight trucking, long-distance and specialized freight trucking
	General merchandise stores	Miscellaneous store retailers	Nonstore retailers	Total	Air and rail transportation	Water transportation	General freight trucking, local	
	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)
BUSINESSES WITH NET INCOME								
Number of returns ¹	23,656	268,485	437,307	801,855	10,124	2,279	169,596	240,916
Business receipts, total¹.....	4,197,939	20,836,053	13,152,090	53,661,944	386,707	287,902	14,312,066	25,999,235
Income from sales and operations ¹	4,116,326	20,412,245	12,886,070	52,828,576	379,617	287,902	14,120,086	25,586,156
Other business income.....	81,613	423,808	266,020	833,368	7,090	--	191,981	413,079
Business deductions, total^{1,2}.....	3,849,512	17,311,304	10,224,281	42,677,578	298,811	88,755	11,381,904	21,893,439
Cost of sales and operations, total.....	2,877,279	10,953,121	6,232,949	4,997,424	122,248	*1,099	1,501,749	1,901,667
Inventory, beginning of year.....	420,394	2,202,672	671,811	75,635	*33,773	*24	9,049	4,830
Cost of labor.....	*1,561	180,413	165,192	1,042,915	*3,475	--	567,472	168,178
Purchases.....	2,693,438	9,575,433	5,572,752	1,674,414	*91,035	*1,097	296,901	718,933
Materials and supplies.....	*204,100	1,101,662	202,253	312,726	*1,959	--	114,958	118,937
Other costs.....	23,049	294,443	390,250	1,971,148	*28,714	--	520,889	896,142
Inventory, end of year.....	465,264	2,401,503	769,308	79,413	*36,708	*22	7,520	5,353
Advertising expenses.....	24,392	327,005	118,670	119,047	*620	*772	40,209	24,991
Car and truck expenses.....	50,776	675,731	837,167	11,064,133	12,778	*392	2,826,849	5,973,805
Commissions.....	8,685	93,310	161,617	754,920	*455	*9,892	164,406	403,087
Contract labor.....	2,980	96,207	58,062	2,005,540	*8,821	*735	411,854	1,199,875
Depletion.....	--	*9	*109	*2,231	*5	--	*1,987	*239
Depreciation.....	32,806	308,243	198,895	3,570,261	22,407	*7,218	974,129	2,110,679
Employee benefit programs.....	*8,567	30,906	15,642	61,855	*2,332	--	31,022	18,995
Insurance.....	32,174	174,743	77,310	2,156,610	2,965	*2,602	640,678	1,113,466
Legal and professional services.....	15,573	81,760	52,805	197,451	5,747	*313	54,603	68,260
Meals and entertainment deducted.....	6,531	79,276	46,030	917,551	893	*191	134,666	727,343
Mortgage interest.....	12,497	48,683	17,025	168,830	*1,361	*111	35,668	101,778
Other interest paid on business indebtedness....	10,181	68,581	50,538	431,369	5,757	*442	106,719	254,886
Office expenses.....	10,470	124,559	140,043	228,994	3,895	*317	56,947	99,727
Pension and profit-sharing plans.....	*1,937	4,702	*1,758	4,194	*63	--	*2,184	1,346
Rent on machinery and equipment.....	4,222	112,000	48,756	1,525,014	*3,011	*4	255,931	732,234
Rent on other business property.....	145,187	802,292	224,652	491,327	*7,970	*11,020	75,643	138,364
Repairs.....	15,715	121,356	65,535	3,202,467	5,137	*2,917	918,310	1,969,675
Supplies.....	14,598	248,399	255,905	689,230	943	*877	195,982	323,067
Salaries and wages.....	267,585	996,903	329,271	1,714,747	*8,454	*3,719	656,777	672,141
Taxes paid.....	101,954	319,380	88,646	876,605	12,013	*1,167	272,976	469,524
Travel.....	9,960	201,531	124,365	353,717	5,291	*265	54,177	185,196
Utilities.....	65,413	370,530	179,114	649,300	5,979	*753	157,644	314,437
Other business deductions.....	120,420	973,411	737,964	6,219,692	56,430	*42,314	1,767,336	3,017,485
Home office business deductions.....	*1,781	69,312	90,882	122,768	*271	--	36,776	52,769
Depreciation, Form 8829.....	*25	7,780	10,388	38,667	*73	--	5,787	2,980
Casualty loss, Form 8829.....	--	--	--	*1,847	--	--	--	*45
Excess--casualty depreciations, Form 8829....	--	*2,001	*5,579	*4,082	--	--	*34	--
Net income².....	348,427	3,525,283	2,932,335	10,981,020	87,896	199,147	2,930,162	4,101,740
Returns with Schedule C-EZ:								
Number of returns.....	*4,619	54,973	108,215	129,112	*6,810	*1,673	10,094	17,646
Business receipts.....	*42,666	227,206	418,964	947,875	*47,987	*156,754	60,002	78,760
Business deductions.....	*7,829	29,356	71,498	152,302	*2,965	*1,636	6,685	18,403
Net income.....	*34,836	197,850	347,466	795,573	*45,021	*155,118	53,317	60,357

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Transportation and warehousing--continued						
	Urban transit	Interurban and rural bus transportation	Taxi and limousine service	School, employee, and charter bus industry	Other transit and ground passenger transportation	Pipeline transportation	Scenic and sightseeing transportation
	(63)	(64)	(65)	(66)	(67)	(68)	(69)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	*8	*1,946	132,510	23,218	24,556	--	2,875
Business receipts, total ¹	*7,076	*79,362	3,906,844	824,329	1,105,269	--	102,087
Income from sales and operations ¹	*7,076	*79,355	3,805,298	822,810	1,128,903	--	101,710
Other business income.....	--	*8	101,546	*1,518	*-23,634	--	*377
Business deductions, total ^{1,2}	*8,104	*71,455	2,824,883	588,508	941,862	--	149,340
Cost of sales and operations, total.....	--	*15,923	*157,136	*26,068	*361,169	--	*7,327
Inventory, beginning of year.....	--	--	*515	*8,664	--	--	*179
Cost of labor.....	--	*10,609	*3,883	*3,677	*158,740	--	*4
Purchases.....	--	--	*2,738	*3,387	*23,630	--	*61
Materials and supplies.....	--	*5,314	*4,773	*17,257	--	--	*90
Other costs.....	--	--	*145,743	*2,501	*178,798	--	*7,168
Inventory, end of year.....	--	--	*515	*9,419	--	--	*175
Advertising expenses.....	--	--	48,858	5,944	*2,083	--	1,805
Car and truck expenses.....	--	*11,345	394,675	77,145	77,922	--	2,478
Commissions.....	--	--	126,929	*5,035	*949	--	*993
Contract labor.....	*136	--	*35,381	*15,518	*51,955	--	*17,816
Depletion.....	--	--	*4,761	--	--	--	--
Depreciation.....	--	*9,294	114,054	87,580	49,442	--	33,458
Employee benefit programs.....	*400	--	*4,232	*627	*1,352	--	--
Insurance.....	*251	*6,958	200,684	52,749	26,348	--	8,379
Legal and professional services.....	*154	*602	27,644	2,684	5,981	--	1,769
Meals and entertainment deducted.....	--	*1,918	16,153	4,118	*5,219	--	*150
Mortgage interest.....	--	--	*21,415	*7,366	*779	--	*1,545
Other interest paid on business indebtedness.....	--	--	17,563	19,829	*10,554	--	*10,089
Office expenses.....	*93	*1,212	15,459	8,960	4,798	--	*479
Pension and profit-sharing plans.....	--	--	--	*14	*290	--	--
Rent on machinery and equipment.....	--	*6,637	459,295	*26,294	*13,949	--	*4,334
Rent on other business property.....	--	--	113,051	*3,264	*20,211	--	*4,418
Repairs.....	*1,210	*5,069	138,116	37,700	29,955	--	17,731
Supplies.....	*49	*2,154	30,845	10,654	12,894	--	*1,560
Salaries and wages.....	*4,873	*191	75,869	58,271	*53,221	--	*1,746
Taxes paid.....	*376	*1,067	34,079	11,479	12,325	--	1,014
Travel.....	*9	*844	9,398	16,136	*7,028	--	*126
Utilities.....	*244	--	44,632	12,201	10,692	--	*4,466
Other business deductions.....	*307	*8,241	692,392	96,785	176,344	--	26,286
Home office business deductions.....	--	--	*10,673	*1,253	*785	--	--
Depreciation, Form 8829.....	--	--	*378	*172	--	--	--
Casualty loss, Form 8829.....	--	--	*1,802	--	--	--	--
Excess-casualty depreciations, Form 8829.....	--	--	--	*741	--	--	--
Net income less deficit ^{1,2}.....	*-1,027	*7,908	1,081,961	235,821	163,559	--	-47,131
Net income ^{1,2}	--	*7,908	1,174,729	279,101	209,229	--	*26,868
Deficit ²	1,027	--	92,768	43,281	45,670	--	74,000

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Transportation and warehousing--continued						
	Urban transit	Interurban and rural bus transportation	Taxi and limousine service	School, employee, and charter bus industry	Other transit and ground passenger transportation	Pipeline transportation	Scenic and sightseeing transportation
	(63)	(64)	(65)	(66)	(67)	(68)	(69)
BUSINESSES WITH NET INCOME							
Number of returns ¹	--	*1,946	116,848	20,909	18,343	--	*1,231
Business receipts, total ¹.....	--	*79,362	3,378,867	670,329	1,037,321	--	*55,457
Income from sales and operations ¹	--	*79,355	3,277,337	669,196	1,035,396	--	*55,456
Other business income.....	--	*8	101,530	*1,133	*1,925	--	*1
Business deductions, total ^{1,2}.....	--	*71,455	2,204,137	391,228	828,092	--	*28,589
Cost of sales and operations, total.....	--	*15,923	*6,480	*21,705	*361,169	--	*172
Inventory, beginning of year.....	--	--	--	*7,286	--	--	--
Cost of labor.....	--	*10,609	--	--	*158,740	--	*4
Purchases.....	--	--	*1,802	*3,383	*23,630	--	--
Materials and supplies.....	--	*5,314	*4,632	*17,257	--	--	--
Other costs.....	--	--	*45	*1,836	*178,798	--	*168
Inventory, end of year.....	--	--	--	*8,057	--	--	--
Advertising expenses.....	--	--	27,691	1,578	*2,083	--	*604
Car and truck expenses.....	--	*11,345	306,880	57,082	51,689	--	*480
Commissions.....	--	--	121,696	*28	*949	--	*910
Contract labor.....	--	--	*25,897	*15,396	*35,980	--	*50
Depletion.....	--	--	--	--	--	--	--
Depreciation.....	--	*9,294	100,289	38,875	*22,309	--	*1,968
Employee benefit programs.....	--	--	*1	*403	*1,352	--	--
Insurance.....	--	*6,958	154,281	31,954	*19,057	--	*918
Legal and professional services.....	--	*602	25,747	1,799	4,958	--	*355
Meals and entertainment deducted.....	--	*1,918	7,177	*4,038	*5,029	--	*2
Mortgage interest.....	--	--	*16,785	*7,187	*44	--	*193
Other interest paid on business indebtedness.....	--	--	*17,241	11,607	*8,016	--	*1,699
Office expenses.....	--	*1,212	6,325	7,455	*4,788	--	*200
Pension and profit-sharing plans.....	--	--	--	--	*290	--	--
Rent on machinery and equipment.....	--	*6,637	422,563	*6,941	*3,610	--	*58
Rent on other business property.....	--	--	90,755	*2,753	*19,873	--	*2
Repairs.....	--	*5,069	116,351	32,706	*24,030	--	*2,119
Supplies.....	--	*2,154	22,639	9,948	8,485	--	*120
Salaries and wages.....	--	*191	*41,272	*39,967	*53,221	--	--
Taxes paid.....	--	*1,067	22,094	7,975	*9,635	--	*56
Travel.....	--	*844	*4,610	*14,043	*6,903	--	*(Z)
Utilities.....	--	--	32,794	8,808	*6,497	--	*892
Other business deductions.....	--	*8,241	592,309	67,588	171,728	--	*16,420
Home office business deductions.....	--	--	*10,673	*557	*785	--	--
Depreciation, Form 8829.....	--	--	*378	*172	--	--	--
Casualty loss, Form 8829.....	--	--	*1,802	--	--	--	--
Excess--casualty depreciations, Form 8829.....	--	--	--	*741	--	--	--
Net income².....	--	*7,908	1,174,729	279,101	209,229	--	*26,868
Returns with Schedule C-EZ:							
Number of returns.....	--	--	21,037	*4,002	*5,553	--	*969
Business receipts.....	--	--	171,178	*25,515	*11,721	--	*5,466
Business deductions.....	--	--	31,589	*835	*5,616	--	*1,371
Net income.....	--	--	139,588	*24,680	*6,105	--	*4,095

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Transportation and warehousing--continued			Information					
	Support activities for transportation (including motor vehicle towing)	Couriers and messengers	Warehousing and storage facilities	Total	Publishing industries (except internet)	Motion picture and sound recording	Broadcasting (except internet) and telecommunications	Internet publishing and broadcasting	Internet service providers, Web search portals, and data processing
	(70)	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)
BUSINESSES WITH AND WITHOUT NET INCOME									
Number of returns ¹	37,500	208,050	8,893	295,031	91,795	64,025	44,285	24,636	70,289
Business receipts, total ¹	2,164,631	5,428,770	516,701	8,044,330	2,405,480	1,954,105	1,692,541	345,060	1,647,144
Income from sales and operations ¹	2,156,013	5,319,160	515,876	7,889,696	2,354,476	1,912,776	1,647,781	343,575	1,631,089
Other business income.....	8,618	109,611	*825	154,634	51,003	41,329	44,760	*1,485	*16,056
Business deductions, total ^{1,2}	1,873,106	4,020,384	473,875	6,140,653	1,731,690	1,825,315	1,411,799	203,958	967,891
Cost of sales and operations, total.....	434,342	630,643	108,740	1,204,095	265,963	221,870	499,169	*1,825	215,268
Inventory, beginning of year.....	20,993	*7,236	*34,676	156,424	58,994	28,739	*14,598	*11,313	*42,781
Cost of labor.....	*40,116	*91,564	*6,432	218,759	*32,107	*6,545	*73,917	--	*106,190
Purchases.....	262,898	317,495	*80,632	585,940	105,661	64,575	357,367	*1,817	56,519
Materials and supplies.....	*1,114	*7,701	*46,014	122,954	40,437	*35,889	*44,804	--	*1,824
Other costs.....	131,166	*214,515	*4,686	282,197	96,433	115,744	32,860	*695	36,466
Inventory, end of year.....	21,946	*7,869	*63,701	162,179	67,669	29,621	*24,376	*11,999	*28,514
Advertising expenses.....	10,772	8,539	6,860	172,527	64,798	22,204	8,137	*25,810	51,578
Car and truck expenses.....	194,225	1,850,640	13,595	501,063	200,315	97,439	117,680	10,459	75,171
Commissions.....	*8,411	*30,357	*16,728	123,731	52,885	39,620	3,899	*6,991	20,336
Contract labor.....	130,591	140,443	56,754	264,185	108,704	65,963	56,116	*4,688	28,705
Depletion.....	--	--	--	*12,292	*161	*11,810	*315	--	*5
Depreciation.....	185,565	139,197	72,403	430,704	62,085	255,044	86,850	3,014	23,710
Employee benefit programs.....	5,965	*2,789	*666	24,217	7,016	3,469	2,992	*405	10,336
Insurance.....	94,091	102,095	10,430	76,387	15,868	30,060	13,153	*2,810	14,496
Legal and professional services.....	13,976	28,167	4,573	142,623	25,827	60,734	19,998	8,525	27,540
Meals and entertainment deducted.....	8,765	38,622	133	90,193	26,143	31,256	17,241	3,061	12,492
Mortgage interest.....	3,071	*4,048	*5,830	28,894	11,563	2,960	*8,111	*5,526	*734
Other interest paid on business indebtedness.....	18,754	9,455	4,034	39,370	5,740	12,866	17,381	*(Z)	3,383
Office expenses.....	17,331	32,276	2,383	169,114	60,450	49,696	10,738	20,446	27,784
Pension and profit-sharing plans.....	*355	--	*9	5,564	*2,945	*1,243	*805	*208	*363
Rent on machinery and equipment.....	19,193	82,581	3,147	80,003	13,960	55,666	3,422	*5,292	1,663
Rent on other business property.....	112,470	32,616	32,814	242,063	24,575	147,937	54,037	*851	14,663
Repairs.....	54,172	89,097	19,663	52,811	5,514	32,299	7,214	*5,530	2,254
Supplies.....	36,267	111,241	4,981	267,246	55,670	153,375	11,186	19,158	27,856
Salaries and wages.....	175,979	95,454	37,317	500,522	145,501	107,385	148,238	*12,846	86,552
Taxes paid.....	48,621	32,394	15,239	83,715	18,747	27,985	19,105	*3,882	13,995
Travel.....	18,149	70,670	1,444	237,154	86,413	60,090	28,851	4,652	57,148
Utilities.....	63,889	67,519	16,643	189,869	60,784	53,671	24,481	6,748	44,185
Other business deductions.....	207,447	329,025	29,295	1,029,184	357,747	247,520	229,790	37,726	156,401
Home office business deductions.....	*330	29,348	*539	134,235	39,365	25,908	11,816	12,507	44,639
Depreciation, Form 8829.....	*22	29,367	*30	11,262	3,541	2,600	*276	*1,196	3,650
Casualty loss, Form 8829.....	--	--	--	*8	--	*8	--	--	--
Excess--casualty depreciations, Form 8829.....	*2	*3,307	--	7,227	*3,199	*1,601	--	*685	*1,743
Net income less deficit ^{1,2}	292,535	1,408,386	43,907	1,901,666	673,220	127,482	280,667	141,102	679,195
Net income ^{1,2}	337,287	1,517,639	109,313	3,024,488	943,862	614,601	443,451	184,697	837,878
Deficit ²	44,752	109,252	65,406	1,122,822	270,642	487,119	162,784	43,595	158,683

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Transportation and warehousing--continued			Information					
	Support activities for transportation (including motor vehicle towing)	Couriers and messengers	Warehousing and storage facilities	Total	Publishing industries (except internet)	Motion picture and sound recording	Broadcasting (except internet) and telecommunications	Internet publishing and broadcasting	Internet service providers, Web search portals, and data processing
	(70)	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)
BUSINESSES WITH NET INCOME									
Number of returns ¹	31,176	180,923	7,565	195,125	65,773	34,637	31,592	15,823	47,299
Business receipts, total¹.....	1,945,094	5,165,310	344,293	6,979,492	2,088,071	1,595,438	1,471,265	313,502	1,511,217
Income from sales and operations ¹	1,938,152	5,055,699	344,224	6,874,222	2,038,309	1,571,466	1,455,738	313,502	1,495,208
Other business income.....	*6,942	109,611	*69	105,271	49,762	23,972	15,527	--	*16,009
Business deductions, total^{1,2}.....	1,607,807	3,647,672	235,689	3,954,929	1,144,209	980,837	1,027,739	128,805	673,339
Cost of sales and operations, total.....	389,439	623,436	*52,339	997,686	183,538	184,246	451,690	*23	178,189
Inventory, beginning of year.....	*13,310	*7,236	*128	85,441	53,760	*5,689	*13,125	--	*12,867
Cost of labor.....	*36,441	*91,564	*6,432	202,202	*22,853	*3,541	*69,618	--	*106,190
Purchases.....	*227,320	*310,288	*24	500,517	59,563	*63,625	*329,343	--	*47,986
Materials and supplies.....	*113	*7,701	*41,854	116,393	34,598	*35,718	*44,785	--	*1,292
Other costs.....	*126,018	*214,515	*4,021	174,446	67,170	79,401	*4,172	*23	*23,680
Inventory, end of year.....	*13,763	*7,869	*122	81,312	54,406	*3,727	*9,353	--	*13,826
Advertising expenses.....	9,812	7,031	*3,657	144,661	55,221	14,226	2,282	*24,527	48,404
Car and truck expenses.....	177,931	1,634,094	*10,807	290,460	90,890	62,359	85,509	*6,384	45,317
Commissions.....	*7,683	*29,587	*16,228	88,170	51,005	14,242	*2,575	*524	*19,824
Contract labor.....	122,638	140,443	*43,851	177,631	104,181	19,116	32,561	*10	21,763
Depletion.....	--	--	--	*308	--	--	*302	--	*5
Depreciation.....	141,489	119,355	22,247	216,925	42,654	103,961	54,217	*2,310	13,783
Employee benefit programs.....	*4,649	*2,701	*399	18,578	*4,728	2,811	*1,052	*57	*9,931
Insurance.....	85,166	93,333	5,233	48,311	11,552	17,687	8,436	*1,911	8,724
Legal and professional services.....	12,441	19,953	2,674	75,718	15,687	23,643	11,199	*3,291	21,898
Meals and entertainment deducted.....	6,729	29,507	*59	51,393	9,972	20,941	11,339	*983	8,158
Mortgage interest.....	*2,136	*3,568	--	9,179	*7,543	*751	--	*151	*734
Other interest paid on business indebtedness.....	14,887	8,298	*1,818	16,184	3,026	7,388	*2,665	*(Z)	3,105
Office expenses.....	16,573	30,873	683	101,306	38,213	20,641	7,542	*17,913	16,997
Pension and profit-sharing plans.....	*312	--	--	5,327	*2,927	*1,243	*795	--	*361
Rent on machinery and equipment.....	13,730	79,283	*1,012	54,453	11,079	40,735	*1,815	*12	811
Rent on other business property.....	102,720	32,071	*10,158	112,463	20,543	44,955	42,475	*192	4,299
Repairs.....	40,393	73,166	12,594	28,554	4,064	15,184	6,035	*2,390	880
Supplies.....	16,835	105,352	2,829	152,548	30,916	85,360	8,476	16,934	10,861
Salaries and wages.....	137,145	*92,560	*9,299	309,864	82,589	83,965	92,525	*2,948	47,837
Taxes paid.....	41,033	30,908	8,158	54,882	12,634	21,554	11,349	*750	8,595
Travel.....	12,988	69,266	*135	159,723	59,062	32,588	19,974	*1,511	46,588
Utilities.....	54,498	59,299	7,698	105,653	36,192	25,885	12,248	*3,467	27,860
Other business deductions.....	186,152	280,070	13,619	597,896	227,168	111,773	147,766	31,597	79,592
Home office business deductions.....	*52	20,347	*539	99,040	25,875	18,338	*1,835	*10,804	42,188
Depreciation, Form 8829.....	*11	*29,235	*30	8,096	1,836	*1,904	*276	*811	3,270
Casualty loss, Form 8829.....	--	--	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829.....	--	*3,307	--	*420	--	--	--	--	*420
Net income².....	337,287	1,517,639	109,313	3,024,488	943,862	614,601	443,451	184,697	837,878
Returns with Schedule C-EZ:									
Number of returns.....	12,800	44,571	*3,956	63,422	29,429	7,070	9,026	*2,999	14,898
Business receipts.....	86,017	261,690	*42,786	283,723	135,139	37,041	37,859	*2,495	71,189
Business deductions.....	10,377	63,170	*9,655	38,891	12,950	7,245	11,077	*987	6,632
Net income.....	75,640	198,520	*33,131	244,832	122,189	29,795	26,783	*1,508	64,556

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Finance and insurance						
	Total	Credit intermediation and related activities	Securities, commodity contracts, and other financial investments				
			Total	Investment bankers and securities dealers	Securities brokers	Commodity contracts brokers and dealers	Securities and commodity exchanges
	(79)	(80)	(81)	(82)	(83)	(84)	(85)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	672,687	100,590	154,797	7,654	18,323	10,396	605
Business receipts, total ¹	73,125,906	5,354,120	38,721,972	2,218,751	4,952,584	727,299	1,240,237
Income from sales and operations ¹	71,335,420	5,139,721	37,905,734	2,136,348	4,851,856	672,578	1,240,064
Other business income.....	1,790,486	214,400	816,237	82,403	100,728	54,721	*173
Business deductions, total ^{1,2}	55,556,136	3,913,127	34,534,635	1,706,797	3,930,582	773,227	1,284,211
Cost of sales and operations, total.....	24,952,841	706,282	23,253,187	1,360,328	2,543,049	397,761	1,086,711
Inventory, beginning of year.....	233,132	66,867	130,885	*686	*20,944	*11,741	*469
Cost of labor.....	392,708	*20,442	255,872	--	*66,172	--	--
Purchases.....	18,121,833	435,805	17,536,838	*1,209,803	1,328,890	*305,811	*702,337
Materials and supplies.....	272,263	*14,801	171,429	*765	*11,635	--	*154,464
Other costs.....	6,201,599	240,400	5,314,509	*149,432	1,134,359	94,339	*230,497
Inventory, end of year.....	268,693	72,033	156,346	*359	*18,950	*14,130	*1,055
Advertising expenses.....	883,314	129,324	138,719	3,904	18,617	*15,001	*491
Car and truck expenses.....	2,452,241	347,314	350,425	8,559	60,322	18,751	*1,126
Commissions.....	3,104,988	454,677	777,354	*14,965	256,846	12,410	*250
Contract labor.....	698,062	171,053	175,896	12,708	39,075	6,067	*713
Depletion.....	3,020	*2	2,595	*47	*494	*3	*31
Depreciation.....	1,291,906	214,464	294,868	7,537	33,992	12,415	1,133
Employee benefit programs.....	199,791	5,240	31,651	*606	9,383	*133	--
Insurance.....	527,617	32,084	89,212	2,405	16,114	10,461	*94
Legal and professional services.....	582,340	60,202	280,296	12,740	73,556	3,822	467
Meals and entertainment deducted.....	493,394	61,279	141,083	8,179	29,245	15,288	370
Mortgage interest.....	176,596	25,264	57,004	*3,003	3,475	*9	*254
Other interest paid on business indebtedness.....	445,403	95,515	241,764	6,170	25,476	5,516	*1,025
Office expenses.....	1,064,586	108,030	247,555	9,931	62,374	7,058	697
Pension and profit-sharing plans.....	94,553	*3,135	26,390	*1,913	*1,849	*101	--
Rent on machinery and equipment.....	290,373	20,313	103,921	6,763	43,887	*2,713	--
Rent on other business property.....	1,399,366	144,833	387,119	12,296	41,396	39,004	*621
Repairs.....	231,588	23,567	39,328	599	9,076	702	*52
Supplies.....	505,295	64,071	91,864	1,956	14,122	480	*557
Salaries and wages.....	3,522,921	246,939	852,486	36,840	110,311	30,115	*1,840
Taxes paid.....	488,265	41,377	126,020	6,723	19,169	1,723	*311
Travel.....	768,161	61,441	254,372	24,900	39,952	16,442	*3,830
Utilities.....	1,078,901	119,590	193,513	8,606	41,319	4,424	507
Other business deductions.....	9,914,151	685,368	6,285,071	146,080	430,902	171,904	182,858
Home office business deductions.....	327,423	74,458	83,095	7,934	6,302	*912	*268
Depreciation, Form 8829.....	40,700	11,160	9,945	972	*728	*139	*92
Casualty loss, Form 8829.....	*68	--	*21	--	--	--	--
Excess-casualty depreciations, Form 8829.....	10,523	*259	3,396	*30	*250	--	--
Net income less deficit ^{1,2}.....	17,598,689	1,441,206	4,196,085	511,954	1,022,002	-45,928	-43,974
Net income ^{1,2}	19,913,216	1,741,384	5,433,611	570,757	1,107,284	168,865	*1,593
Deficit ²	2,314,528	300,177	1,237,527	58,803	85,282	214,793	45,567

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Finance and insurance						
	Total	Credit intermediation and related activities	Securities, commodity contracts, and other financial investments				
			Total	Investment bankers and securities dealers	Securities brokers	Commodity contracts brokers and dealers	Securities and commodity exchanges
(79)	(80)	(81)	(82)	(83)	(84)	(85)	
BUSINESSES WITH NET INCOME							
Number of returns ¹	469,714	79,258	88,644	3,878	12,309	2,928	*18
Business receipts, total ¹	49,765,512	4,887,670	17,842,789	885,263	2,974,186	370,441	*224,349
Income from sales and operations ¹	48,382,974	4,757,296	17,266,656	813,832	2,914,697	330,953	*224,349
Other business income.....	1,382,538	130,374	576,133	71,431	59,489	*39,488	--
Business deductions, total ^{1,2}	29,858,471	3,146,287	12,414,979	314,506	1,866,902	201,576	*222,756
Cost of sales and operations, total.....	9,081,663	688,605	7,642,628	*129,009	968,673	*49,091	*207,207
Inventory, beginning of year.....	104,798	23,916	56,948	--	*20,845	*11,715	*191
Cost of labor.....	213,028	*20,371	*81,187	--	*34,069	--	--
Purchases.....	6,233,904	418,608	5,672,966	*128,699	*200,860	*21,555	*206,233
Materials and supplies.....	103,302	*13,275	15,839	*165	*11,635	--	--
Other costs.....	2,534,253	239,163	1,875,771	*144	719,874	*29,893	*1,045
Inventory, end of year.....	107,621	26,728	60,083	--	*18,609	*14,072	*261
Advertising expenses.....	767,527	96,026	119,618	3,398	18,329	*14,994	*61
Car and truck expenses.....	1,927,656	274,283	257,192	8,499	42,816	12,490	*39
Commissions.....	2,264,906	398,852	374,626	*14,910	71,407	*11,202	*246
Contract labor.....	620,633	164,214	126,852	*12,050	26,881	*2,637	*40
Depletion.....	2,149	*1	1,933	*47	*342	--	*31
Depreciation.....	910,036	103,771	179,700	6,621	25,307	2,576	*384
Employee benefit programs.....	181,078	3,077	24,188	*265	*6,351	--	--
Insurance.....	453,713	24,379	62,552	2,226	15,088	*704	*24
Legal and professional services.....	448,768	44,309	199,920	9,893	69,010	858	*37
Meals and entertainment deducted.....	397,675	44,867	101,896	5,747	25,776	902	*30
Mortgage interest.....	123,583	18,376	18,471	*1,070	*3,042	*4	*5
Other interest paid on business indebtedness.....	225,783	31,685	105,366	*1,621	21,398	*653	*2
Office expenses.....	899,115	72,006	183,859	8,670	52,266	729	*141
Pension and profit-sharing plans.....	89,737	*2,246	23,533	*1,459	*1,810	*9	--
Rent on machinery and equipment.....	259,079	17,802	86,077	6,723	43,449	*16	--
Rent on other business property.....	1,216,272	112,775	295,232	11,229	38,536	31,692	*290
Repairs.....	198,351	13,313	29,283	*548	8,279	*236	*52
Supplies.....	424,576	49,039	69,068	1,404	12,982	273	*282
Salaries and wages.....	3,229,878	217,218	689,407	25,982	100,426	*8,250	*75
Taxes paid.....	421,586	28,605	101,408	4,910	18,144	*326	*124
Travel.....	601,236	50,615	190,584	19,835	36,769	1,090	*65
Utilities.....	921,579	94,599	140,741	8,169	37,501	1,341	*87
Other business deductions.....	3,865,412	511,789	1,323,831	21,366	215,856	60,631	*13,526
Home office business deductions.....	267,748	66,531	57,256	*7,748	6,185	*862	--
Depreciation, Form 8829.....	31,891	10,003	7,373	*916	*646	*135	--
Casualty loss, Form 8829.....	*57	--	*9	--	--	--	--
Excess--casualty depreciations, Form 8829.....	*1,417	*35	*40	--	*40	--	--
Net income ^{1,2}	19,913,216	1,741,384	5,433,611	570,757	1,107,284	168,865	*1,593
Returns with Schedule C-EZ:							
Number of returns.....	65,770	18,164	12,099	*1,554	*734	*50	*6
Business receipts.....	642,112	118,746	214,734	*113,639	*40,174	*770	*275
Business deductions.....	59,038	17,303	9,849	*1,107	*278	*12	*6
Net income.....	583,074	101,443	204,884	*112,533	*39,895	*757	*269

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Finance and insurance--continued				Real estate and rental and leasing		
	Securities--cont.	Insurance agents, brokers, and related activities			Total	Real estate	
	Other financial investment activities (investment advice)	Total	Insurance agencies and brokerages	Other insurance related activities		Total	Lessors of real estate (including miniwarehouses and self-storage)
	(86)	(87)	(88)	(89)	(90)	(91)	(92)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	117,818	417,301	321,451	95,850	1,179,391	1,113,911	38,277
Business receipts, total ¹	29,583,101	29,049,814	24,897,407	4,152,407	70,504,236	66,553,847	2,191,958
Income from sales and operations ¹	29,004,888	28,289,965	24,188,526	4,101,438	69,312,096	65,473,148	2,137,508
Other business income.....	578,213	759,849	708,881	50,968	1,192,140	1,080,699	54,450
Business deductions, total ^{1,2}	26,839,819	17,108,373	14,788,287	2,320,086	42,591,511	38,638,322	1,975,396
Cost of sales and operations, total.....	17,865,337	993,372	901,124	92,249	7,293,218	6,488,592	495,714
Inventory, beginning of year.....	97,046	35,380	19,448	*15,932	1,677,674	1,509,126	46,460
Cost of labor.....	*189,700	116,393	112,401	*3,992	357,525	307,760	*10,120
Purchases.....	13,989,997	149,190	146,661	*2,529	4,107,997	3,685,032	274,612
Materials and supplies.....	4,564	86,033	74,885	*11,148	315,131	206,845	*22,811
Other costs.....	3,705,883	646,690	574,390	72,300	2,825,951	2,578,656	219,270
Inventory, end of year.....	121,852	40,315	26,662	*13,652	1,991,061	1,798,827	77,559
Advertising expenses.....	100,705	615,272	562,112	53,160	2,397,704	2,358,735	24,121
Car and truck expenses.....	261,667	1,754,501	1,294,655	459,847	4,561,730	4,417,973	73,001
Commissions.....	492,884	1,872,956	1,699,371	173,585	3,478,038	3,441,047	22,089
Contract labor.....	117,333	351,112	215,501	135,612	937,454	888,286	12,611
Depletion.....	2,019	424	424	--	1,692	1,505	*498
Depreciation.....	239,791	782,574	660,092	122,483	3,817,860	2,574,053	227,075
Employee benefit programs.....	21,528	162,900	143,164	19,736	95,604	91,009	9,368
Insurance.....	60,138	406,322	363,261	43,061	684,217	577,812	52,299
Legal and professional services.....	189,711	241,842	209,344	32,498	816,129	767,743	35,187
Meals and entertainment deducted.....	88,002	291,032	239,374	51,658	722,954	695,680	9,876
Mortgage interest.....	50,263	94,328	70,484	*23,844	781,850	720,104	255,488
Other interest paid on business indebtedness....	203,577	108,124	99,213	8,911	455,324	349,513	46,263
Office expenses.....	167,495	709,001	620,091	88,910	1,479,900	1,460,690	27,063
Pension and profit-sharing plans.....	22,528	65,028	62,723	*2,305	75,603	73,677	*392
Rent on machinery and equipment.....	50,558	166,140	149,058	17,081	494,374	421,889	23,744
Rent on other business property.....	293,802	867,414	800,557	66,857	1,176,160	1,014,109	85,181
Repairs.....	28,900	168,692	148,676	20,016	691,365	558,125	72,531
Supplies.....	74,749	349,360	277,897	71,463	1,041,517	973,156	31,977
Salaries and wages.....	673,380	2,423,496	2,350,674	72,822	1,583,749	1,331,255	118,406
Taxes paid.....	98,094	320,868	296,898	23,970	692,231	595,221	89,697
Travel.....	169,248	452,348	333,797	118,551	637,004	618,164	15,930
Utilities.....	138,657	765,798	652,678	113,120	1,390,216	1,294,021	73,553
Other business deductions.....	5,353,327	2,943,712	2,496,013	447,699	6,731,758	6,389,372	152,341
Home office business deductions.....	67,679	169,870	129,468	40,402	443,864	429,249	15,667
Depreciation, Form 8829.....	8,015	19,595	14,956	4,639	56,476	55,718	1,991
Casualty loss, Form 8829.....	*21	*47	*47	--	*205	*205	--
Excess--casualty depreciations, Form 8829....	3,117	6,868	5,167	*1,701	30,767	28,791	*2,517
Net income less deficit ^{1,2}	2,752,031	11,961,398	10,129,012	1,832,386	27,906,990	27,943,474	218,955
Net income ^{1,2}	3,585,112	12,738,222	10,744,526	1,993,696	31,090,576	30,504,507	454,579
Deficit ²	833,082	776,824	615,514	161,310	3,183,586	2,561,033	235,623

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Finance and insurance--continued				Real estate and rental and leasing		
	Securities--cont.	Insurance agents, brokers, and related activities			Total	Real estate	
	Other financial investment activities (investment advice)	Total	Insurance agencies and brokerages	Other insurance related activities		Total	Lessors of real estate (including miniwarehouses and self-storage)
	(86)	(87)	(88)	(89)	(90)	(91)	(92)
BUSINESSES WITH NET INCOME							
Number of returns ¹	69,511	301,812	229,432	72,379	840,003	802,223	23,102
Business receipts, total ¹.....	13,388,551	27,035,053	23,175,424	3,859,629	63,625,097	60,885,984	1,533,765
Income from sales and operations ¹	12,982,825	26,359,022	22,539,687	3,819,335	62,645,786	59,949,835	1,482,632
Other business income.....	405,725	676,031	635,737	40,294	979,311	936,149	51,133
Business deductions, total ^{1,2}.....	9,809,240	14,297,205	12,431,272	1,865,933	32,540,495	30,382,561	1,079,186
Cost of sales and operations, total.....	6,288,649	750,430	673,386	77,044	5,336,678	4,747,879	410,979
Inventory, beginning of year.....	24,198	23,934	8,996	*14,939	1,049,573	915,270	*25,967
Cost of labor.....	*47,119	111,469	*108,470	*2,998	316,849	273,368	*2,974
Purchases.....	5,115,619	142,330	141,214	*1,115	2,888,985	2,590,442	*228,906
Materials and supplies.....	4,039	74,189	67,016	*7,173	221,851	141,287	*7,153
Other costs.....	1,124,815	419,319	355,395	63,924	2,043,891	1,893,185	175,750
Inventory, end of year.....	27,140	20,810	7,704	*13,106	1,184,470	1,065,673	*29,772
Advertising expenses.....	82,835	551,883	510,974	40,909	2,115,590	2,084,469	12,432
Car and truck expenses.....	193,347	1,396,181	1,003,852	392,329	3,741,735	3,643,695	55,139
Commissions.....	276,860	1,491,429	1,350,052	141,376	3,153,465	3,132,560	18,734
Contract labor.....	85,246	329,566	198,345	131,221	801,876	765,493	5,773
Depletion.....	1,513	*215	*215	--	1,095	974	*144
Depreciation.....	144,813	626,565	558,557	68,009	2,279,774	1,818,413	78,508
Employee benefit programs.....	17,573	153,812	134,209	19,603	75,496	72,835	8,588
Insurance.....	44,510	366,782	324,283	42,499	487,220	418,819	22,979
Legal and professional services.....	120,122	204,540	180,758	23,782	567,400	538,688	13,711
Meals and entertainment deducted.....	69,441	250,913	206,925	43,987	632,216	614,957	6,547
Mortgage interest.....	14,350	86,736	62,892	*23,844	307,516	280,460	97,118
Other interest paid on business indebtedness....	81,691	88,732	80,986	7,746	223,467	187,543	16,900
Office expenses.....	122,053	643,250	565,152	78,098	1,238,582	1,224,805	8,949
Pension and profit-sharing plans.....	20,255	63,959	61,654	*2,305	70,591	68,696	*266
Rent on machinery and equipment.....	35,889	155,200	138,127	17,072	400,145	343,965	22,598
Rent on other business property.....	213,485	808,266	748,672	59,594	930,680	822,986	50,889
Repairs.....	20,168	155,755	139,863	15,892	423,782	367,379	30,734
Supplies.....	54,127	306,469	244,798	61,671	811,112	767,291	5,912
Salaries and wages.....	554,674	2,323,253	2,251,586	71,667	1,190,952	1,042,846	54,848
Taxes paid.....	77,903	291,574	270,438	21,135	434,398	372,857	44,856
Travel.....	132,825	360,037	277,463	82,574	522,496	507,297	5,066
Utilities.....	93,643	686,239	587,325	98,914	1,041,280	978,896	35,391
Other business deductions.....	1,012,452	2,029,792	1,740,119	289,673	5,271,070	5,106,432	56,945
Home office business deductions.....	42,460	143,961	109,023	34,938	373,178	366,281	9,860
Depreciation, Form 8829.....	5,675	14,515	10,915	3,600	40,169	40,151	*432
Casualty loss, Form 8829.....	*9	*47	*47	--	*5	*5	--
Excess--casualty depreciations, Form 8829....	--	*1,343	*625	*717	3,696	3,696	*(Z)
Net income ^{1,2}.....	3,585,112	12,738,222	10,744,526	1,993,696	31,090,576	30,504,507	454,579
Returns with Schedule C-EZ:							
Number of returns.....	9,755	35,507	20,883	14,624	90,140	81,152	4,174
Business receipts.....	59,876	308,632	154,709	153,923	859,373	831,101	39,035
Business deductions.....	8,446	31,886	11,640	20,246	109,996	107,340	5,328
Net income.....	51,430	276,746	143,069	133,678	749,377	723,761	33,707

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Real estate and rental and leasing--continued								
	Real estate--continued		Rental and leasing services						
	Offices of real estate agents, brokers, property managers and appraisers	Other activities related to real estate	Total	Automotive equipment rental and leasing	Consumer electronics and appliances rental	Formal wear and costume rental	Videotape and disc rental	General rental centers and other consumer goods rental	Commercial and industrial machinery and equipment rental and leasing
	(93)	(94)	(95)	(96)	(97)	(98)	(99)	(100)	(101)
BUSINESSES WITH AND WITHOUT NET INCOME									
Number of returns ¹	880,577	195,057	65,479	12,623	*352	*2,408	7,939	16,679	25,479
Business receipts, total ¹	51,239,559	13,122,330	3,950,389	526,696	*83,869	*42,479	569,876	759,490	1,967,980
Income from sales and operations ¹	50,603,914	12,731,726	3,838,948	504,896	*83,866	*42,479	569,352	747,859	1,890,495
Other business income.....	635,645	390,604	111,441	21,800	*2	--	*524	11,631	77,484
Business deductions, total ^{1,2}	27,091,091	9,571,834	3,953,189	522,353	*91,800	*31,228	549,701	773,768	1,984,339
Cost of sales and operations, total.....	2,022,356	3,970,522	804,626	115,523	*25,445	*622	150,495	245,340	267,201
Inventory, beginning of year.....	337,717	1,124,950	168,548	*35,621	--	*381	74,200	43,569	14,777
Cost of labor.....	259,065	38,575	49,765	*1,449	--	--	--	*15,148	*33,168
Purchases.....	673,837	2,736,582	422,965	*100,435	*25,445	*468	76,848	140,144	79,626
Materials and supplies.....	82,530	101,504	108,286	*1,657	--	*120	*44,360	*26,656	*35,493
Other costs.....	1,038,678	1,320,707	247,295	*9,597	--	--	*12,883	*58,025	166,790
Inventory, end of year.....	369,470	1,351,797	192,234	*33,236	--	*347	57,796	38,203	62,653
Advertising expenses.....	2,056,931	277,683	38,968	6,489	*51	*1,018	2,621	19,962	8,827
Car and truck expenses.....	3,682,483	662,489	143,757	16,386	*758	*889	37,624	26,498	61,603
Commissions.....	3,005,757	413,201	36,991	*101	--	*113	*58	12,862	23,858
Contract labor.....	582,558	293,118	49,168	*4,559	*283	--	*58	23,126	21,142
Depletion.....	824	183	187	*25	*4	--	--	--	158
Depreciation.....	1,913,050	433,928	1,243,807	202,139	*5,456	*2,150	55,534	105,389	873,138
Employee benefit programs.....	55,154	26,488	4,594	*1,070	*17	--	*233	*659	2,615
Insurance.....	431,753	93,760	106,405	10,771	*1,268	*601	7,089	26,113	60,563
Legal and professional services.....	565,973	166,583	48,386	5,027	*243	*473	4,672	22,141	15,830
Meals and entertainment deducted.....	578,191	107,613	27,274	690	*21	*12	*309	1,304	24,938
Mortgage interest.....	196,143	268,473	61,746	12,259	--	--	*12,384	6,281	30,823
Other interest paid on business indebtedness..	164,304	138,945	105,812	9,101	*702	*5	*5,136	12,230	78,637
Office expenses.....	1,238,634	194,994	19,210	3,603	--	*58	3,443	5,419	6,687
Pension and profit-sharing plans.....	55,853	17,432	1,926	*43	*2	--	--	*1,260	*621
Rent on machinery and equipment.....	353,151	44,994	72,485	*13,678	*243	*46	*3,402	18,114	37,001
Rent on other business property.....	799,480	129,448	162,051	8,365	*13,681	*2,694	89,854	18,874	28,583
Repairs.....	366,631	118,964	133,239	15,558	*7	*143	7,190	39,381	70,960
Supplies.....	744,198	196,981	68,361	17,893	*1,777	*921	12,566	23,591	11,612
Salaries and wages.....	903,167	309,682	252,495	18,461	*35,940	*6,121	63,937	51,182	76,854
Taxes paid.....	379,220	126,304	97,010	12,974	*3,053	*2,138	25,334	16,784	36,726
Travel.....	462,363	139,871	18,840	1,077	*30	*459	*246	3,144	13,883
Utilities.....	1,027,665	192,802	96,196	11,879	*1,834	*1,524	32,518	27,602	20,838
Other business deductions.....	5,064,933	1,172,098	342,385	33,957	*988	*8,958	33,808	56,488	208,186
Home office business deductions.....	357,008	56,574	14,615	*25	--	*2,281	*1,190	*10,023	*1,096
Depreciation, Form 8829.....	46,304	7,424	*757	*3	--	--	--	*497	*258
Casualty loss, Form 8829.....	*205	--	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829..	20,304	5,969	*1,976	--	--	--	--	*1,490	*485
Net income less deficit ^{1,2}.....	24,150,911	3,573,608	-36,484	9,427	*-7,931	*11,251	20,175	-13,915	-55,492
Net income ^{1,2}	25,752,325	4,297,604	586,069	84,852	*51	*11,251	67,595	106,880	315,439
Deficit ²	1,601,414	723,996	622,553	75,424	7,982	--	47,421	120,795	370,931

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Real estate and rental and leasing--continued								
	Real estate--continued		Rental and leasing services						
	Offices of real estate agents, brokers, property managers and appraisers	Other activities related to real estate	Total	Automotive equipment rental and leasing	Consumer electronics and appliances rental	Formal wear and costume rental	Videotape and disc rental	General rental centers and other consumer goods rental	Commercial and industrial machinery and equipment rental and leasing
(93)	(94)	(95)	(96)	(97)	(98)	(99)	(100)	(101)	
BUSINESSES WITH NET INCOME									
Number of returns ¹	642,935	136,186	37,780	8,801	*3	*2,408	4,159	6,747	15,662
Business receipts, total ¹	48,048,447	11,303,773	2,739,113	377,419	*99	*42,479	420,416	644,613	1,254,087
Income from sales and operations ¹	47,470,814	10,996,389	2,695,952	372,264	*99	*42,479	419,893	630,426	1,230,791
Other business income.....	577,633	307,383	43,162	5,155	--	--	*524	*14,187	23,296
Business deductions, total ^{1,2}	22,297,218	7,006,157	2,157,933	297,854	*48	*31,228	352,821	537,733	938,250
Cost of sales and operations, total.....	1,368,185	2,968,715	588,799	*106,419	--	*622	96,216	211,544	173,997
Inventory, beginning of year.....	167,196	722,108	134,303	*20,386	--	*381	*64,180	*41,727	*7,628
Cost of labor.....	242,504	27,890	*43,481	*1,449	--	--	--	*15,128	*26,904
Purchases.....	484,276	1,877,260	298,543	*97,460	--	*468	*29,957	128,371	42,287
Materials and supplies.....	73,222	60,911	*80,564	*1,312	--	*120	*44,360	*10,062	*24,710
Other costs.....	591,883	1,125,552	150,706	*6,969	--	--	*3,689	*52,274	*87,773
Inventory, end of year.....	190,895	845,006	118,797	*21,157	--	*347	*45,971	*36,018	*15,305
Advertising expenses.....	1,856,849	215,189	31,121	*6,258	--	*1,018	2,356	14,773	6,715
Car and truck expenses.....	3,077,978	510,578	98,040	10,661	--	*889	21,442	12,091	52,958
Commissions.....	2,748,704	365,122	20,905	*101	--	*113	*58	*9,910	10,723
Contract labor.....	504,342	255,377	36,383	*4,489	--	--	*58	*12,143	19,693
Depletion.....	674	156	*121	*25	*4	--	--	--	*92
Depreciation.....	1,484,912	254,993	461,360	61,782	*42	*2,150	48,238	67,474	281,673
Employee benefit programs.....	42,532	21,716	2,661	*441	--	--	*233	*400	*1,587
Insurance.....	336,507	59,333	68,402	8,573	--	*601	4,440	17,526	37,261
Legal and professional services.....	431,596	93,381	28,713	3,805	*1	*473	2,138	13,965	8,332
Meals and entertainment deducted.....	516,302	92,108	17,259	*455	--	*12	*193	*814	15,785
Mortgage interest.....	95,197	88,145	27,056	*5,612	--	--	*4,240	*1,296	15,908
Other interest paid on business indebtedness.....	114,803	55,841	35,924	3,036	--	*5	*1,672	6,716	24,495
Office expenses.....	1,059,613	156,242	13,778	3,039	--	*58	3,220	2,664	4,797
Pension and profit-sharing plans.....	54,312	14,119	*1,894	*34	--	--	--	*1,260	*600
Rent on machinery and equipment.....	286,491	34,876	56,180	*11,425	--	*46	*742	*13,497	30,470
Rent on other business property.....	666,290	105,807	107,694	*5,261	--	*2,694	61,706	*15,955	22,079
Repairs.....	275,577	61,069	56,402	9,686	--	*143	*2,563	8,492	35,518
Supplies.....	602,142	159,237	43,821	*9,173	--	*921	9,765	13,896	10,067
Salaries and wages.....	751,040	236,959	148,105	*11,315	--	*6,121	*36,529	*42,205	51,936
Taxes paid.....	260,992	67,009	61,541	7,647	*2	*2,138	15,917	13,322	22,516
Travel.....	395,610	106,622	15,199	*1,022	--	*459	*246	*1,146	12,325
Utilities.....	816,511	126,994	62,385	9,475	--	*1,524	15,420	18,837	17,129
Other business deductions.....	4,155,408	894,079	164,638	17,397	*1	*8,958	24,240	34,665	79,377
Home office business deductions.....	312,628	43,793	6,897	*25	--	*2,281	*1,190	*3,142	*259
Depreciation, Form 8829.....	35,996	3,724	*18	*3	--	--	--	--	*15
Casualty loss, Form 8829.....	*5	--	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829.....	*2,149	*1,547	--	--	--	--	--	--	--
Net income ^{1,2}.....	25,752,325	4,297,604	586,069	84,852	*51	*11,251	67,595	106,880	315,439
Returns with Schedule C-EZ:									
Number of returns.....	49,921	27,056	8,988	*3,198	--	*2,015	--	*1,119	2,656
Business receipts.....	630,221	161,845	28,273	*9,077	--	*3,627	--	*4,760	10,809
Business deductions.....	83,308	18,704	2,656	*699	--	--	--	--	1,957
Net income.....	546,913	143,141	25,617	*8,378	--	*3,627	--	*4,760	8,851

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Professional, scientific, and technical services						
	Total	Legal services	Office of certified public accountants	Other accounting services	Architectural, engineering, and related services		
					Total	Architectural services	Engineering services
	(102)	(103)	(104)	(105)	(106)	(107)	(108)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	2,950,964	352,504	55,696	351,845	290,762	99,930	99,262
Business receipts, total ¹	137,681,834	35,245,418	3,471,238	7,780,208	14,172,954	6,249,719	5,740,327
Income from sales and operations ¹	134,496,135	34,587,538	3,443,494	7,629,331	13,984,256	6,188,766	5,621,718
Other business income.....	3,185,699	657,880	27,745	150,877	188,698	60,953	118,609
Business deductions, total ^{1,2}	80,934,224	19,198,595	2,167,139	4,751,863	10,018,025	4,728,637	3,883,768
Cost of sales and operations, total.....	16,549,610	1,632,347	43,150	274,892	2,896,308	1,567,411	1,225,857
Inventory, beginning of year.....	735,515	29,604	*447	*8,623	79,843	33,147	*38,563
Cost of labor.....	1,504,252	140,225	*4,270	*135,002	444,272	293,673	131,562
Purchases.....	6,303,091	158,510	*4,287	25,344	873,732	398,778	460,364
Materials and supplies.....	2,035,424	28,295	*3,728	28,269	536,418	271,779	205,518
Other costs.....	6,747,525	1,309,101	30,833	82,994	1,042,905	602,212	428,074
Inventory, end of year.....	776,197	33,389	*414	*5,341	80,863	32,178	38,226
Advertising expenses.....	1,665,857	683,005	18,854	97,913	107,451	50,230	34,102
Car and truck expenses.....	5,376,329	912,560	110,760	399,604	754,070	279,290	229,521
Commissions.....	1,239,192	191,436	*8,320	113,256	71,264	9,499	61,205
Contract labor.....	2,553,926	537,057	63,727	201,137	439,513	168,300	217,185
Depletion.....	41,037	4,008	*122	*14	*25,977	*22,182	*3,788
Depreciation.....	4,359,900	703,536	105,209	302,005	528,861	243,483	177,942
Employee benefit programs.....	507,688	186,491	46,061	30,540	62,792	16,544	34,281
Insurance.....	1,582,361	569,876	54,283	96,597	313,845	153,179	106,643
Legal and professional services.....	2,078,568	672,903	46,718	79,867	220,303	99,520	92,088
Meals and entertainment deducted.....	1,043,863	204,035	23,399	62,183	94,449	43,172	34,796
Mortgage interest.....	389,879	112,276	11,920	46,889	26,048	10,245	11,663
Other interest paid on business indebtedness.....	537,667	96,837	16,888	65,413	61,237	33,014	23,178
Office expenses.....	2,734,675	960,047	94,996	197,472	276,721	103,372	122,764
Pension and profit-sharing plans.....	287,261	125,725	12,982	16,763	23,039	8,270	13,442
Rent on machinery and equipment.....	850,710	205,575	17,139	51,656	79,056	38,436	29,239
Rent on other business property.....	3,394,650	1,473,641	188,581	195,644	217,484	107,912	68,829
Repairs.....	832,898	171,114	28,770	76,913	126,787	79,793	28,729
Supplies.....	2,559,923	365,124	82,457	175,271	336,574	127,366	136,402
Salaries and wages.....	9,725,476	3,837,886	559,577	660,136	1,262,589	574,425	477,785
Taxes paid.....	1,481,225	523,354	63,016	113,911	183,764	97,640	52,800
Travel.....	2,827,878	250,472	30,713	81,046	275,087	112,351	127,206
Utilities.....	2,620,560	717,030	96,752	221,523	253,862	122,078	78,625
Other business deductions.....	13,377,242	3,907,319	396,294	1,024,991	1,091,456	523,144	400,486
Home office business deductions.....	1,829,560	109,835	40,593	103,157	237,836	113,743	73,298
Depreciation, Form 8829.....	277,892	17,071	7,802	12,418	30,273	10,907	13,397
Casualty loss, Form 8829.....	2,091	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829.....	107,488	4,041	--	3,041	9,787	*2,427	*6,268
Net income less deficit ^{1,2}	56,861,810	16,048,668	1,304,100	3,028,344	4,156,847	1,521,083	1,858,477
Net income ^{1,2}	61,721,883	16,486,633	1,376,228	3,430,675	4,585,371	1,691,417	2,035,129
Deficit ²	4,860,073	437,964	72,129	402,330	428,523	170,334	176,652

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Professional, scientific, and technical services						
	Total	Legal services	Office of certified public accountants	Other accounting services	Architectural, engineering, and related services		
					Total	Architectural services	Engineering services
	(102)	(103)	(104)	(105)	(106)	(107)	(108)
BUSINESSES WITH NET INCOME							
Number of returns ¹	2,183,278	275,016	46,813	277,418	216,046	76,756	74,069
Business receipts, total ¹	125,295,367	33,900,532	3,213,170	7,286,000	12,165,793	5,417,147	4,760,617
Income from sales and operations ¹	122,349,508	33,295,075	3,203,774	7,145,019	11,978,676	5,358,086	4,641,359
Other business income.....	2,945,859	605,457	9,396	140,981	187,117	59,062	119,258
Business deductions, total ^{1,2}	63,580,142	17,415,701	1,836,942	3,855,325	7,582,340	3,725,730	2,727,406
Cost of sales and operations, total.....	12,437,231	1,431,415	24,946	266,066	1,996,300	1,176,677	726,299
Inventory, beginning of year.....	294,086	23,997	*447	*8,526	40,913	*19,569	*18,766
Cost of labor.....	1,097,531	129,041	*2,679	*134,980	291,878	234,408	*38,433
Purchases.....	4,641,537	70,416	*2,230	*24,590	526,456	318,810	196,015
Materials and supplies.....	1,660,953	19,575	*3,511	*22,606	447,358	210,794	183,906
Other costs.....	5,124,804	1,216,166	*16,492	80,687	732,678	411,838	308,520
Inventory, end of year.....	381,679	27,782	*414	*5,323	42,983	*18,742	*19,342
Advertising expenses.....	1,368,659	655,796	17,225	71,875	83,565	36,239	28,848
Car and truck expenses.....	3,956,862	743,056	87,358	290,155	621,444	243,070	178,209
Commissions.....	939,655	165,340	*4,300	109,690	65,489	9,182	55,748
Contract labor.....	2,101,511	474,209	62,676	139,702	333,096	107,425	178,074
Depletion.....	39,670	3,930	*122	--	*25,420	*22,182	*3,231
Depreciation.....	3,112,601	585,430	83,028	213,676	355,346	172,283	107,207
Employee benefit programs.....	434,463	171,811	46,010	26,311	49,597	15,254	23,233
Insurance.....	1,259,499	529,924	45,746	84,308	216,310	103,138	69,351
Legal and professional services.....	1,589,461	626,994	12,965	68,840	167,179	89,690	57,955
Meals and entertainment deducted.....	865,186	188,742	17,175	41,194	75,497	34,689	30,926
Mortgage interest.....	264,943	87,989	8,796	32,722	14,040	9,224	1,231
Other interest paid on business indebtedness.....	367,305	74,642	14,727	55,263	38,988	29,353	4,845
Office expenses.....	2,204,735	862,362	80,511	151,875	207,436	79,525	92,443
Pension and profit-sharing plans.....	265,576	124,862	12,500	16,630	21,827	7,206	13,294
Rent on machinery and equipment.....	723,672	188,077	15,184	42,400	64,061	30,904	22,546
Rent on other business property.....	2,892,611	1,398,911	163,317	163,401	170,653	90,927	50,204
Repairs.....	610,492	147,941	23,265	62,104	94,359	62,471	18,566
Supplies.....	2,027,279	316,111	76,526	124,725	272,418	100,881	108,653
Salaries and wages.....	8,099,154	3,636,634	515,874	586,107	1,028,832	475,642	374,867
Taxes paid.....	1,277,174	492,127	51,393	97,596	150,328	83,351	37,788
Travel.....	2,243,345	211,067	22,346	59,984	221,498	88,225	114,343
Utilities.....	2,084,984	645,204	85,331	167,838	193,902	100,200	56,447
Other business deductions.....	10,387,273	3,516,867	320,035	835,367	875,308	455,141	285,548
Home office business deductions.....	1,555,353	92,745	39,733	84,423	196,622	87,638	65,638
Depreciation, Form 8829.....	228,194	14,910	7,802	10,573	25,360	9,677	10,316
Casualty loss, Form 8829.....	*51	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829.....	11,861	*391	--	*3	*2,396	*1,494	*902
Net income ^{1,2}.....	61,721,883	16,486,633	1,376,228	3,430,675	4,585,371	1,691,417	2,035,129
Returns with Schedule C-EZ:							
Number of returns.....	492,948	50,316	5,185	86,906	45,205	18,515	15,003
Business receipts.....	4,922,385	625,788	23,484	470,608	327,769	144,625	123,338
Business deductions.....	486,287	45,107	5,856	63,072	51,651	24,040	21,913
Net income.....	4,436,098	580,681	17,628	407,536	276,118	120,586	101,425

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Professional, scientific, and technical services--continued						
	Architectural, engineering, related services--continued			Specialized design services	Computer systems design services	Other professional, scientific services	
	Drafting, building inspections, and geophysical surveying	Surveying and mapping (except geophysical) services	Testing laboratories			Total	Management, scientific, and technical consulting services
	(109)	(110)	(111)	(112)	(113)	(114)	(115)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	66,619	22,656	2,295	217,654	255,947	1,426,556	735,232
Business receipts, total ¹	1,251,984	799,849	131,075	7,361,378	8,816,742	60,833,895	31,394,764
Income from sales and operations ¹	1,243,109	799,849	130,814	7,240,894	8,775,802	58,834,819	29,829,332
Other business income.....	*8,876	--	*260	120,484	40,940	1,999,076	1,565,431
Business deductions, total ^{1,2}	776,218	529,274	100,128	5,384,994	4,095,863	35,317,746	15,408,743
Cost of sales and operations, total.....	*81,061	*18,981	*2,999	2,835,328	958,464	7,909,121	2,245,027
Inventory, beginning of year.....	*6,000	--	*2,133	92,745	223,091	301,161	77,793
Cost of labor.....	*8,628	*9,688	*720	199,363	*65,531	515,588	71,977
Purchases.....	*12,692	*1,410	*488	1,553,801	439,258	3,248,159	559,688
Materials and supplies.....	*47,616	*7,882	*3,622	589,632	143,339	705,742	176,776
Other costs.....	*12,619	--	--	546,976	163,422	3,571,293	1,488,157
Inventory, end of year.....	*6,495	--	*3,964	147,190	76,177	432,822	129,364
Advertising expenses.....	17,834	4,459	*827	80,715	80,374	597,544	205,751
Car and truck expenses.....	130,402	104,595	*10,263	336,827	335,214	2,527,294	1,298,262
Commissions.....	*44	*516	--	23,677	84,834	746,405	297,423
Contract labor.....	*14,198	*39,207	*624	143,528	178,421	990,543	570,940
Depletion.....	*6	--	--	*2,349	*883	7,684	5,629
Depreciation.....	39,278	56,468	*11,690	272,479	320,359	2,127,452	976,883
Employee benefit programs.....	*7,916	*3,194	*857	667	14,366	166,772	67,491
Insurance.....	21,802	27,043	*5,179	43,714	30,805	473,241	214,023
Legal and professional services.....	13,838	12,304	*2,554	59,184	58,336	941,256	626,386
Meals and entertainment deducted.....	12,545	3,631	*305	49,588	78,087	532,122	315,543
Mortgage interest.....	*2,681	*898	*561	10,546	*26,050	156,149	82,808
Other interest paid on business indebtedness.....	*1,389	*2,337	*1,318	27,949	27,092	242,251	110,008
Office expenses.....	29,574	19,226	*1,786	107,461	122,161	975,817	517,099
Pension and profit-sharing plans.....	*1,219	*109	--	*1,774	29,200	77,780	37,192
Rent on machinery and equipment.....	*3,280	*6,279	*1,821	31,981	61,631	403,672	170,119
Rent on other business property.....	24,969	9,723	*6,051	111,720	98,659	1,108,921	383,391
Repairs.....	4,136	11,429	*2,701	39,696	31,954	357,664	136,884
Supplies.....	43,028	27,669	*2,110	213,634	213,068	1,173,795	444,851
Salaries and wages.....	98,279	85,216	*26,885	113,036	250,723	3,041,529	1,269,006
Taxes paid.....	20,991	9,246	*3,086	57,107	44,694	495,380	161,794
Travel.....	17,867	*10,417	*7,247	97,371	189,038	1,904,151	1,224,460
Utilities.....	24,417	23,654	*5,088	145,272	136,507	1,049,614	524,441
Other business deductions.....	127,739	34,440	*5,648	398,819	460,406	6,097,957	2,877,150
Home office business deductions.....	32,030	*18,235	*528	148,129	224,009	966,000	497,330
Depreciation, Form 8829.....	4,398	*1,418	*153	18,264	55,991	136,072	84,635
Casualty loss, Form 8829.....	--	--	--	--	*13	2,079	1,331
Excess--casualty depreciations, Form 8829.....	*1,087	--	*4	9,520	11,189	69,911	49,996
Net income less deficit ^{1,2}.....	475,766	270,575	30,946	1,976,455	4,727,399	25,619,996	16,062,373
Net income ^{1,2}	523,365	296,324	*39,135	2,242,233	5,019,271	28,581,472	17,649,438
Deficit ²	47,599	25,750	8,188	265,778	291,873	2,961,476	1,587,066

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Professional, scientific, and technical services--continued						
	Architectural, engineering, related services--continued			Specialized design services	Computer systems design services	Other professional, scientific services	
	Drafting, building inspections, and geophysical surveying	Surveying and mapping (except geophysical) services	Testing laboratories			Total	Management, scientific, and technical consulting services
	(109)	(110)	(111)	(112)	(113)	(114)	(115)
BUSINESSES WITH NET INCOME							
Number of returns ¹	44,508	19,429	*1,285	149,577	191,675	1,026,734	529,879
Business receipts, total ¹	1,155,790	754,171	*78,067	6,633,893	7,874,626	54,221,354	27,659,193
Income from sales and operations ¹	1,146,993	754,171	*78,067	6,525,190	7,842,821	52,358,953	26,204,784
Other business income.....	*8,798	--	--	108,703	31,805	1,862,400	1,454,410
Business deductions, total ^{1,2}	632,425	457,846	*38,932	4,391,660	2,855,354	25,642,821	10,011,794
Cost of sales and operations, total.....	*77,807	*12,518	*2,999	2,507,400	514,044	5,697,062	1,095,752
Inventory, beginning of year.....	*638	--	*1,940	49,180	*6,262	164,760	35,483
Cost of labor.....	*8,628	*9,688	*720	165,602	*52,218	321,132	46,761
Purchases.....	*9,733	*1,410	*488	1,315,375	294,270	2,408,198	342,673
Materials and supplies.....	*47,616	*1,420	*3,622	507,391	95,949	564,563	156,492
Other costs.....	*12,320	--	--	534,813	77,688	2,466,281	583,228
Inventory, end of year.....	*1,129	--	*3,771	64,962	12,343	227,872	68,886
Advertising expenses.....	16,025	*1,783	*670	56,252	47,863	436,083	121,721
Car and truck expenses.....	105,914	92,582	*1,668	249,684	236,164	1,729,001	885,932
Commissions.....	*44	*516	--	21,152	45,582	528,103	213,814
Contract labor.....	*8,008	*39,207	*383	104,323	176,854	810,651	436,846
Depletion.....	*6	--	--	*2,339	*795	7,064	5,215
Depreciation.....	19,156	50,700	*5,999	201,256	183,038	1,490,828	708,440
Employee benefit programs.....	*7,916	*3,194	--	*470	10,144	130,121	42,882
Insurance.....	18,139	22,620	*3,062	27,770	23,452	331,989	143,353
Legal and professional services.....	11,635	7,188	*712	39,247	38,413	635,823	393,364
Meals and entertainment deducted.....	8,789	972	*120	38,089	67,478	437,012	250,890
Mortgage interest.....	*2,681	*898	*7	9,516	*6,799	105,080	55,991
Other interest paid on business indebtedness....	*1,389	*2,337	*1,063	19,504	9,523	154,657	52,284
Office expenses.....	21,090	13,324	*1,054	80,173	92,708	729,670	378,360
Pension and profit-sharing plans.....	*1,219	*109	--	*1,774	29,200	58,783	19,238
Rent on machinery and equipment.....	*2,740	*6,279	*1,592	22,549	47,943	343,457	147,718
Rent on other business property.....	*21,048	4,730	*3,744	88,834	72,580	834,914	232,494
Repairs.....	4,043	9,251	*27	28,295	24,292	230,235	73,088
Supplies.....	37,357	24,498	*1,030	160,818	188,211	888,470	307,661
Salaries and wages.....	*88,604	85,216	*4,503	93,014	193,370	2,045,323	524,341
Taxes paid.....	18,774	9,241	*1,175	49,902	31,317	404,511	130,593
Travel.....	4,497	*9,536	*4,897	81,230	139,740	1,507,479	966,732
Utilities.....	15,088	19,372	*2,794	103,363	106,251	783,095	370,953
Other business deductions.....	107,467	25,967	*1,185	253,563	335,443	4,250,690	1,875,209
Home office business deductions.....	27,291	*15,807	*248	118,698	193,625	829,509	431,539
Depreciation, Form 8829.....	*3,816	*1,418	*133	11,988	51,677	105,884	65,668
Casualty loss, Form 8829.....	--	--	--	--	*13	*38	*38
Excess--casualty depreciations, Form 8829....	--	--	--	*10	*2,321	6,741	5,845
Net income ^{1,2}.....	523,365	296,324	*39,135	2,242,233	5,019,271	28,581,472	17,649,438
Returns with Schedule C-EZ:							
Number of returns.....	*7,767	*3,921	--	25,163	50,534	229,638	117,836
Business receipts.....	*40,992	*18,814	--	227,955	893,730	2,353,051	1,461,193
Business deductions.....	*5,699	--	--	32,444	40,525	247,632	148,853
Net income.....	*35,294	*18,814	--	195,512	853,205	2,105,419	1,312,340

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Professional, scientific, and technical services--continued				Administrative and support and waste management and remediation services		
	Other professional, scientific, and technical services--continued				Total	Administrative and support services	Waste management and remediation services
	Scientific research and development services	Advertising and related services	Market research and public opinion polling	Other miscellaneous services			
	(116)	(117)	(118)	(119)	(120)	(121)	(122)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	28,188	137,802	40,527	484,808	1,994,817	1,962,607	32,210
Business receipts, total ¹	1,013,759	6,212,967	1,180,626	21,031,781	49,986,835	47,848,873	2,137,961
Income from sales and operations ¹	1,012,263	6,221,822	1,179,564	20,591,838	49,444,759	47,297,276	2,147,482
Other business income.....	1,496	-8,856	*1,061	439,942	542,076	551,597	-9,521
Business deductions, total ^{1,2}	516,608	4,180,857	779,678	14,431,860	35,935,650	34,002,759	1,932,892
Cost of sales and operations, total.....	103,738	1,504,084	215,066	3,841,206	9,792,641	9,212,094	580,547
Inventory, beginning of year.....	*2,849	21,051	--	199,468	238,329	237,081	*1,248
Cost of labor.....	*19,638	*89,350	*1,374	333,249	1,654,299	1,625,593	*28,706
Purchases.....	*2,364	748,111	*26,062	1,911,933	3,679,408	3,467,885	211,523
Materials and supplies.....	*1,119	52,228	*951	474,668	2,427,292	2,230,759	*196,532
Other costs.....	79,681	621,824	*186,679	1,194,953	2,061,649	1,915,731	145,918
Inventory, end of year.....	*1,913	28,480	--	273,065	268,336	264,956	*3,380
Advertising expenses.....	6,479	171,789	4,810	208,714	591,796	559,681	32,115
Car and truck expenses.....	26,731	257,548	37,462	907,289	4,059,750	3,885,251	174,499
Commissions.....	*7,482	105,908	*34,199	301,394	350,063	333,449	*16,614
Contract labor.....	35,642	195,469	*32,068	156,423	1,632,030	1,572,182	59,847
Depletion.....	*33	*2	*22	1,997	6,613	6,192	*421
Depreciation.....	42,630	146,792	35,560	925,588	2,477,820	2,274,752	203,067
Employee benefit programs.....	*2,668	3,716	*7,601	85,296	98,075	94,152	3,923
Insurance.....	4,975	30,988	6,001	217,255	1,061,179	1,001,932	59,247
Legal and professional services.....	28,244	51,123	8,688	226,815	467,084	454,424	12,660
Meals and entertainment deducted.....	4,308	63,942	9,003	139,326	209,721	202,436	7,285
Mortgage interest.....	*1,641	7,034	*2,672	61,995	156,772	152,840	3,932
Other interest paid on business indebtedness....	2,416	23,361	*583	105,883	237,531	205,284	32,247
Office expenses.....	9,230	92,481	19,260	337,747	524,419	504,432	19,986
Pension and profit-sharing plans.....	*1,252	3,418	*5,948	29,969	48,727	48,300	*427
Rent on machinery and equipment.....	2,084	27,156	10,557	193,756	451,614	403,325	48,289
Rent on other business property.....	11,596	132,142	25,672	556,121	608,086	588,761	19,325
Repairs.....	4,594	34,197	4,959	177,031	950,958	868,496	82,462
Supplies.....	8,009	83,222	18,845	618,867	1,749,999	1,723,931	26,068
Salaries and wages.....	49,816	150,029	83,048	1,489,629	3,563,520	3,436,685	126,835
Taxes paid.....	10,139	37,089	17,010	269,347	587,650	561,170	26,480
Travel.....	31,705	140,146	32,150	475,690	390,324	374,554	15,770
Utilities.....	10,099	116,330	18,977	379,767	889,142	851,408	37,734
Other business deductions.....	68,192	687,835	112,989	2,351,791	4,272,071	3,942,059	330,011
Home office business deductions.....	40,736	100,008	35,883	292,043	392,208	379,328	*12,880
Depreciation, Form 8829.....	3,150	9,032	*4,073	35,182	43,251	42,905	*347
Casualty loss, Form 8829.....	--	--	--	*748	*340	*340	--
Excess--casualty depreciations, Form 8829....	*4,258	*234	*1,524	13,900	13,168	13,168	--
Net income less deficit ^{1,2}	497,151	2,032,110	400,948	6,627,415	14,074,703	13,869,633	205,070
Net income ^{1,2}	593,965	2,274,191	445,111	7,618,767	16,277,863	15,966,737	311,125
Deficit ²	96,814	242,082	44,163	991,352	2,203,160	2,097,104	106,055

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Professional, scientific, and technical services--continued				Administrative and support and waste management and remediation services		
	Other professional, scientific, and technical services--continued				Total	Administrative and support services	Waste management and remediation services
	Scientific research and development services	Advertising and related services	Market research and public opinion polling	Other miscellaneous services			
	(116)	(117)	(118)	(119)	(120)	(121)	(122)
BUSINESSES WITH NET INCOME							
Number of returns ¹	21,097	103,250	28,737	343,770	1,643,845	1,621,349	22,496
Business receipts, total ¹	872,620	5,881,554	1,137,042	18,670,945	43,701,525	42,102,400	1,599,125
Income from sales and operations ¹	872,395	5,870,962	1,136,150	18,274,663	43,294,095	41,683,763	1,610,332
Other business income.....	*225	10,592	*892	396,282	407,431	418,637	*-11,207
Business deductions, total ^{1,2}	278,655	3,607,363	691,931	11,053,078	27,423,694	26,135,694	1,288,000
Cost of sales and operations, total.....	*83,718	1,381,257	*215,006	2,921,329	7,534,319	7,180,138	354,181
Inventory, beginning of year.....	--	11,985	--	117,293	154,830	154,786	*44
Cost of labor.....	*5,541	*89,350	*1,374	178,106	1,314,926	1,286,799	*28,127
Purchases.....	*606	644,438	*26,003	1,394,477	2,843,014	2,632,322	*210,692
Materials and supplies.....	--	48,642	*950	358,478	1,819,797	1,794,190	*25,606
Other costs.....	*77,571	595,624	*186,679	1,023,179	1,602,597	1,511,335	91,262
Inventory, end of year.....	--	8,782	--	150,204	200,844	199,294	*1,549
Advertising expenses.....	2,223	154,750	3,241	154,149	431,362	410,708	20,654
Car and truck expenses.....	13,051	192,249	31,238	606,530	3,179,637	3,067,948	111,689
Commissions.....	*839	84,592	*6,595	222,263	285,067	274,040	*11,027
Contract labor.....	*29,611	171,335	*32,068	140,791	1,413,497	1,357,253	*56,245
Depletion.....	*33	*2	*22	1,791	1,318	897	*421
Depreciation.....	28,189	120,299	11,286	622,614	1,726,517	1,570,473	156,044
Employee benefit programs.....	*398	3,400	*7,601	75,840	83,371	80,091	*3,279
Insurance.....	2,755	26,634	2,933	156,315	824,380	783,180	41,200
Legal and professional services.....	11,270	44,042	8,483	178,664	360,127	352,198	7,928
Meals and entertainment deducted.....	2,368	59,327	8,136	116,291	157,941	152,897	5,044
Mortgage interest.....	*1,641	6,878	*852	39,719	89,444	86,606	*2,838
Other interest paid on business indebtedness.....	*174	18,904	*583	82,713	158,511	129,810	28,701
Office expenses.....	5,093	74,503	16,267	255,447	398,967	386,960	12,008
Pension and profit-sharing plans.....	*1,252	3,418	*5,948	28,927	46,670	46,243	*427
Rent on machinery and equipment.....	*1,771	25,497	10,557	157,915	275,823	260,343	15,480
Rent on other business property.....	*1,644	108,308	25,661	466,808	438,843	429,063	9,780
Repairs.....	1,914	24,565	3,765	126,903	676,915	609,804	67,111
Supplies.....	3,028	65,833	15,830	496,118	1,306,691	1,291,652	15,039
Salaries and wages.....	*13,726	133,667	83,048	1,290,541	2,773,085	2,683,090	89,995
Taxes paid.....	2,990	32,645	16,025	222,257	450,713	430,572	20,141
Travel.....	22,193	119,134	31,663	367,758	275,829	271,300	4,529
Utilities.....	5,128	93,777	17,270	295,967	667,782	639,180	28,602
Other business deductions.....	32,431	551,935	101,876	1,689,238	3,177,307	2,964,769	212,538
Home office business deductions.....	9,047	95,364	35,334	258,226	328,726	315,846	*12,880
Depreciation, Form 8829.....	887	8,865	*2,549	27,916	33,670	33,323	*347
Casualty loss, Form 8829.....	--	--	--	--	*338	*338	--
Excess--casualty depreciations, Form 8829.....	--	--	--	*896	*2,257	*2,257	--
Net income ^{1,2}	593,965	2,274,191	445,111	7,618,767	16,277,863	15,966,737	311,125
Returns with Schedule C-EZ:							
Number of returns.....	4,325	24,662	*5,377	77,438	564,644	561,735	*2,910
Business receipts.....	42,751	163,243	*32,434	653,430	3,342,117	3,340,405	*1,712
Business deductions.....	2,169	15,048	*643	80,919	365,858	365,639	*219
Net income.....	40,583	148,195	*31,791	572,511	2,976,259	2,974,767	*1,492

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Educational services		Health care and social assistance				
	Total	Total	Ambulatory health care services				
			Total	Offices of physicians (except mental health specialists)	Offices of physicians, mental health specialists	Offices of dentists	Offices of chiropractors
(123)	(124)	(125)	(126)	(127)	(128)	(129)	
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	473,778	1,778,007	867,154	183,041	35,087	92,024	37,158
Business receipts, total ¹	6,926,461	104,158,816	87,670,394	30,856,608	2,859,686	29,269,421	4,426,015
Income from sales and operations ¹	6,831,756	102,524,266	86,580,914	29,966,911	2,852,418	29,220,287	4,414,098
Other business income.....	94,704	1,634,550	1,089,480	889,697	7,268	49,134	11,917
Business deductions, total ^{1,2}	4,471,039	62,204,992	50,978,141	16,350,947	1,335,250	19,186,805	2,683,030
Cost of sales and operations, total.....	330,585	5,484,000	4,965,639	1,165,406	21,065	2,110,902	94,676
Inventory, beginning of year.....	4,021	283,341	239,852	36,170	*1,959	25,053	*7,899
Cost of labor.....	*5,726	928,107	762,865	109,456	*1,136	333,695	*20,659
Purchases.....	217,836	1,534,522	1,363,420	204,135	*10,196	244,124	36,827
Materials and supplies.....	65,507	1,151,013	1,063,749	272,959	*1,550	510,467	32,362
Other costs.....	45,953	1,913,797	1,806,934	588,437	*11,708	1,013,607	5,178
Inventory, end of year.....	8,457	326,780	271,182	45,752	*5,485	16,044	*8,249
Advertising expenses.....	117,617	991,182	891,251	196,061	15,526	359,415	124,279
Car and truck expenses.....	448,267	2,314,587	1,544,623	362,957	66,876	190,555	84,376
Commissions.....	53,042	289,386	240,159	90,760	*8,977	46,346	*36,984
Contract labor.....	199,350	1,484,025	1,288,419	425,019	28,223	222,349	77,680
Depletion.....	--	14,767	4,084	3,929	--	*126	--
Depreciation.....	247,521	2,983,993	2,506,873	618,707	61,287	1,088,283	165,970
Employee benefit programs.....	17,580	531,614	465,942	183,400	*668	202,147	15,812
Insurance.....	59,572	2,549,057	2,302,092	1,291,849	74,204	513,620	85,750
Legal and professional services.....	89,155	1,130,087	971,242	382,220	35,318	272,561	44,788
Meals and entertainment deducted.....	61,396	396,288	278,000	81,598	13,577	70,421	23,367
Mortgage interest.....	13,748	606,171	290,543	52,206	5,425	112,404	29,917
Other interest paid on business indebtedness....	50,406	423,767	360,565	79,989	1,854	205,267	29,007
Office expenses.....	139,756	1,750,854	1,553,812	490,674	58,761	512,389	101,322
Pension and profit-sharing plans.....	*1,728	477,355	461,784	189,194	18,843	206,225	8,069
Rent on machinery and equipment.....	35,240	574,507	482,104	180,715	15,535	123,800	59,545
Rent on other business property.....	414,450	4,259,913	3,795,910	1,194,327	184,245	1,078,893	314,931
Repairs.....	62,680	989,158	744,630	187,847	12,891	312,109	55,499
Supplies.....	285,390	3,779,645	2,820,135	918,795	52,081	1,320,388	130,350
Salaries and wages.....	430,482	13,773,814	12,242,034	3,873,102	208,933	6,076,122	479,978
Taxes paid.....	59,387	1,921,962	1,677,170	525,896	34,319	753,242	83,601
Travel.....	204,500	757,285	655,854	195,271	24,921	95,530	71,342
Utilities.....	187,338	1,908,324	1,455,004	415,646	45,024	467,111	110,909
Other business deductions.....	748,946	11,041,616	8,506,411	3,181,955	309,048	2,815,934	435,432
Home office business deductions.....	117,248	1,444,188	291,590	42,854	36,165	23,268	14,937
Depreciation, Form 8829.....	84,970	160,649	35,757	6,580	2,504	2,221	*2,474
Casualty loss, Form 8829.....	*24,103	*3,411	*17	--	*17	--	--
Excess--casualty depreciations, Form 8829....	14,910	119,582	21,360	*470	*3,889	*112	*303
Net income less deficit ^{1,2}	2,455,538	41,963,329	36,691,252	14,505,727	1,524,436	10,082,600	1,742,985
Net income ^{1,2}	2,977,993	43,796,313	37,684,712	14,883,180	1,541,268	10,234,813	1,803,021
Deficit ²	522,455	1,832,985	993,460	377,453	16,832	152,213	60,036

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Educational services		Health care and social assistance				
	Total	Total	Ambulatory health care services				
			Total	Offices of	Offices of	Offices of	Offices of
				(except mental health specialists)	physicians, mental health specialists		
(123)	(124)	(125)	(126)	(127)	(128)	(129)	
BUSINESSES WITH NET INCOME							
Number of returns ¹	379,545	1,483,957	728,547	155,788	30,868	79,388	32,360
Business receipts, total ¹.....	6,385,017	98,388,798	84,697,189	29,838,904	2,724,653	28,639,982	4,225,063
Income from sales and operations ¹	6,292,763	96,866,569	83,648,798	28,971,564	2,718,189	28,591,293	4,213,192
Other business income.....	92,254	1,522,229	1,048,391	867,340	6,463	48,690	11,871
Business deductions, total ^{1,2}.....	3,407,024	54,589,872	47,009,086	14,955,724	1,183,385	18,405,169	2,422,042
Cost of sales and operations, total.....	300,398	5,140,799	4,783,983	1,102,287	19,056	2,076,784	93,674
Inventory, beginning of year.....	*1,502	266,230	230,360	36,170	*1,834	24,284	*7,899
Cost of labor.....	*5,726	832,243	739,177	106,548	*1,136	331,940	*20,659
Purchases.....	194,027	1,474,465	1,335,689	202,683	*10,196	240,425	36,183
Materials and supplies.....	59,292	1,059,395	1,016,383	269,109	*37	498,829	32,005
Other costs.....	45,720	1,789,930	1,695,292	533,147	*11,212	996,392	5,177
Inventory, end of year.....	*5,869	281,463	232,919	45,370	*5,359	15,086	*8,249
Advertising expenses.....	88,060	842,012	780,998	172,630	15,380	316,456	118,096
Car and truck expenses.....	292,154	1,896,608	1,352,214	332,246	65,220	150,842	75,413
Commissions.....	46,442	220,933	182,929	83,021	*8,223	46,346	*698
Contract labor.....	179,172	1,238,233	1,127,941	307,075	27,945	211,509	68,820
Depletion.....	--	14,495	3,938	3,782	--	*126	--
Depreciation.....	118,132	2,455,508	2,172,312	536,795	58,098	973,147	140,422
Employee benefit programs.....	16,094	480,044	439,954	174,513	*668	192,356	15,040
Insurance.....	39,376	2,307,807	2,154,531	1,202,125	68,589	501,299	80,479
Legal and professional services.....	73,609	1,013,525	890,830	339,868	33,550	265,786	39,149
Meals and entertainment deducted.....	44,884	342,703	251,773	69,854	13,359	69,024	21,123
Mortgage interest.....	4,954	398,423	246,139	48,461	*1,068	111,946	21,203
Other interest paid on business indebtedness....	11,367	333,665	301,533	65,869	1,768	168,275	28,218
Office expenses.....	88,031	1,585,195	1,451,764	453,948	56,623	499,510	97,072
Pension and profit-sharing plans.....	*1,717	471,124	459,009	188,266	18,440	206,042	8,069
Rent on machinery and equipment.....	19,597	498,751	437,572	168,741	11,753	116,566	47,139
Rent on other business property.....	348,010	3,829,368	3,491,392	1,110,924	168,345	1,026,278	292,743
Repairs.....	38,810	832,241	680,101	177,980	10,348	302,671	47,422
Supplies.....	209,889	3,389,274	2,676,345	887,887	42,826	1,277,081	112,188
Salaries and wages.....	372,947	12,539,092	11,616,740	3,652,244	178,976	5,886,045	446,328
Taxes paid.....	51,503	1,725,206	1,577,185	501,262	30,154	729,159	75,262
Travel.....	150,740	650,208	587,108	177,541	23,641	90,878	70,270
Utilities.....	133,458	1,634,931	1,334,737	389,321	36,364	450,453	100,441
Other business deductions.....	594,657	9,320,345	7,574,788	2,749,769	260,799	2,708,435	404,283
Home office business deductions.....	94,649	1,107,504	253,864	40,592	30,769	20,806	13,980
Depreciation, Form 8829.....	79,408	99,574	25,481	6,521	2,498	2,129	*2,171
Casualty loss, Form 8829.....	*24,103	*20	*17	--	*17	--	--
Excess--casualty depreciations, Form 8829....	*1,605	7,399	6,622	*422	*3,883	*17	--
Net income ^{1,2}.....	2,977,993	43,796,313	37,684,712	14,883,180	1,541,268	10,234,813	1,803,021
Returns with Schedule C-EZ:							
Number of returns.....	158,311	457,059	175,199	27,662	3,731	7,835	*2,011
Business receipts.....	638,703	3,083,688	1,416,760	337,234	33,125	71,629	*24,594
Business deductions.....	95,656	327,446	182,272	20,569	1,484	7,398	*4,510
Net income.....	543,047	2,756,242	1,234,488	316,665	31,641	64,232	*20,084

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Health care and social assistance--continued						
	Ambulatory health care services--continued						
	Offices of optometrists	Offices of mental health and social therapists	Offices of podiatrists	Outpatient care centers and other miscellaneous health practitioners	Medical and diagnostic laboratories	Home health care services	Other ambulatory health care services (including ambulance service, blood, organ banks)
	(130)	(131)	(132)	(133)	(134)	(135)	(136)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	12,662	175,642	9,127	105,666	22,127	166,920	27,701
Business receipts, total ¹	2,892,474	7,493,224	1,186,771	3,596,663	1,616,631	2,766,603	706,298
Income from sales and operations ¹	2,861,847	7,473,007	1,175,593	3,558,374	1,612,617	2,761,924	683,839
Other business income.....	30,626	20,217	*11,178	38,290	4,015	4,678	22,459
Business deductions, total ^{1,2}	2,155,133	3,543,206	719,924	1,925,046	1,038,522	1,625,094	415,184
Cost of sales and operations, total.....	585,344	251,412	*21,912	232,507	230,625	169,727	82,063
Inventory, beginning of year.....	74,735	28,025	*11,945	7,642	*3,922	*7,721	*34,782
Cost of labor.....	*28,222	*26,371	--	*84,601	*68,077	*76,117	*14,532
Purchases.....	431,087	165,697	*1,168	82,390	*83,762	*35,749	*68,285
Materials and supplies.....	69,475	51,638	*12,157	32,617	*54,080	*26,343	*100
Other costs.....	56,065	10,040	*8,035	*35,142	23,153	54,413	*1,156
Inventory, end of year.....	74,240	30,359	*11,393	9,885	*2,368	*30,617	*36,792
Advertising expenses.....	33,741	41,643	17,385	55,906	13,393	31,378	2,526
Car and truck expenses.....	28,049	282,307	30,408	152,208	60,069	251,558	35,260
Commissions.....	*1,058	21,750	*530	10,360	*2,605	17,989	*2,800
Contract labor.....	24,260	164,942	10,058	136,157	13,599	147,117	*39,016
Depletion.....	--	--	--	--	*30	--	--
Depreciation.....	139,138	183,191	20,106	100,055	61,808	57,168	11,159
Employee benefit programs.....	28,702	6,650	9,683	3,477	5,389	4,815	*5,199
Insurance.....	37,505	89,299	75,266	60,702	20,046	34,561	19,289
Legal and professional services.....	47,883	88,875	22,599	41,185	12,499	18,279	5,032
Meals and entertainment deducted.....	2,662	40,515	5,000	20,715	5,095	12,406	2,644
Mortgage interest.....	13,444	32,074	*277	*2,143	*16,492	22,630	*3,531
Other interest paid on business indebtedness.....	11,037	14,593	3,971	5,840	5,914	2,849	*243
Office expenses.....	41,422	175,022	41,374	75,706	18,281	24,474	14,386
Pension and profit-sharing plans.....	10,494	5,554	5,097	7,782	7,654	*2,128	*744
Rent on machinery and equipment.....	10,252	61,289	10,502	11,035	3,829	3,724	*1,878
Rent on other business property.....	169,376	448,312	113,951	193,160	41,519	26,579	30,616
Repairs.....	18,713	40,559	9,445	64,486	12,700	24,462	5,918
Supplies.....	49,438	114,016	47,495	74,869	47,756	58,362	6,584
Salaries and wages.....	497,782	393,199	121,647	130,535	173,752	231,508	55,476
Taxes paid.....	72,202	78,059	18,750	40,443	31,434	30,659	8,564
Travel.....	22,533	74,831	9,959	95,155	13,667	43,489	9,156
Utilities.....	52,813	164,212	29,914	75,033	29,264	46,644	18,434
Other business deductions.....	256,625	618,038	94,156	280,638	178,011	290,431	46,142
Home office business deductions.....	*647	90,137	*438	31,966	*24,792	24,463	*1,924
Depreciation, Form 8829.....	*44	8,584	*97	3,142	*2,013	*7,178	*921
Casualty loss, Form 8829.....	--	--	--	--	--	--	--
Excess-casualty depreciations, Form 8829.....	*27	3,830	--	*137	*712	*9,860	*2,020
Net income less deficit ^{1,2}	737,340	3,950,018	466,846	1,669,438	578,110	1,142,637	291,113
Net income ^{1,2}	742,993	4,057,996	475,430	1,769,781	592,832	1,243,696	339,702
Deficit ²	5,653	107,978	8,584	100,343	14,722	101,059	48,589

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Health care and social assistance--continued						
	Ambulatory health care services--continued						
	Offices of optometrists	Offices of mental health practitioners and social therapists	Offices of podiatrists	Outpatient care centers and other miscellaneous health practitioners	Medical and diagnostic laboratories	Home health care services	Other ambulatory health care services (including ambulance service, blood, organ banks)
	(130)	(131)	(132)	(133)	(134)	(135)	(136)
BUSINESSES WITH NET INCOME							
Number of returns ¹	12,137	141,045	5,927	81,650	21,311	146,471	21,600
Business receipts, total ¹.....	2,803,900	7,220,090	1,180,553	3,403,537	1,512,694	2,524,594	623,219
Income from sales and operations ¹	2,777,434	7,202,070	1,169,375	3,365,328	1,508,235	2,517,669	614,447
Other business income.....	26,466	18,020	*11,178	38,209	4,459	*6,924	*8,772
Business deductions, total ^{1,2}.....	2,060,907	3,162,094	705,123	1,631,577	919,862	1,279,686	283,516
Cost of sales and operations, total.....	572,122	244,685	*21,880	216,443	228,403	138,025	*70,623
Inventory, beginning of year.....	74,215	*27,017	*11,913	*3,846	*3,922	*4,647	*34,613
Cost of labor.....	*28,222	*25,871	--	*81,520	*68,067	*60,682	*14,532
Purchases.....	429,662	159,396	*1,168	79,738	*83,743	*35,708	*56,788
Materials and supplies.....	*57,672	51,273	*12,157	19,887	*54,080	*21,232	*100
Other costs.....	56,065	*9,137	*8,035	*35,142	*20,960	*18,979	*1,045
Inventory, end of year.....	73,715	28,010	*11,393	*3,690	*2,368	*3,224	*36,455
Advertising expenses.....	32,677	35,558	17,075	31,461	12,808	27,137	1,719
Car and truck expenses.....	27,586	249,541	30,350	122,638	58,378	224,873	15,125
Commissions.....	*1,058	13,636	*530	*9,929	*1,179	17,781	*529
Contract labor.....	23,827	163,472	10,058	135,164	9,828	132,587	*37,656
Depletion.....	--	--	--	--	*30	--	--
Depreciation.....	108,751	170,673	20,106	69,022	52,781	33,290	9,228
Employee benefit programs.....	28,653	6,399	9,683	3,286	5,025	3,950	*381
Insurance.....	36,815	80,880	70,972	52,423	18,970	27,159	14,820
Legal and professional services.....	46,924	81,885	20,365	37,040	8,790	14,324	3,150
Meals and entertainment deducted.....	2,455	37,370	5,000	19,069	4,919	7,806	1,795
Mortgage interest.....	13,373	31,872	*233	*554	*16,397	*692	*340
Other interest paid on business indebtedness....	10,952	13,336	3,828	3,476	4,576	1,026	*208
Office expenses.....	39,516	158,668	40,780	64,245	17,469	19,448	4,486
Pension and profit-sharing plans.....	9,834	5,554	5,097	7,534	7,392	*2,037	*744
Rent on machinery and equipment.....	9,782	58,941	*8,084	10,788	1,829	3,603	*345
Rent on other business property.....	160,066	398,436	113,928	138,900	37,857	17,476	26,440
Repairs.....	18,388	31,139	9,445	51,303	11,985	17,385	2,037
Supplies.....	46,572	100,384	47,124	65,459	46,199	46,268	4,357
Salaries and wages.....	484,112	383,334	121,647	112,479	158,705	166,600	*26,271
Taxes paid.....	66,532	69,192	17,253	31,972	30,200	21,295	4,902
Travel.....	21,932	65,918	9,959	81,260	12,357	25,222	8,131
Utilities.....	51,094	144,687	29,519	62,011	27,492	35,365	7,989
Other business deductions.....	247,230	476,587	91,769	251,058	113,288	236,541	35,030
Home office business deductions.....	*642	77,567	*438	31,612	*24,709	12,101	*649
Depreciation, Form 8829.....	*40	6,690	*97	3,130	*1,495	*550	*159
Casualty loss, Form 8829.....	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829....	--	*2,154	--	*126	--	*19	--
Net income ^{1,2}.....	742,993	4,057,996	475,430	1,769,781	592,832	1,243,696	339,702
Returns with Schedule C-EZ:							
Number of returns.....	*1,356	31,215	*3	24,185	*2,975	61,873	12,352
Business receipts.....	*3,084	244,730	*3	149,252	*71,529	425,207	56,374
Business deductions.....	*13	62,726	*1	22,982	*8,295	47,695	6,599
Net income.....	*3,071	182,004	*2	126,270	*63,234	377,512	49,774

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Health care and social assistance--continued				Arts, entertainment, and recreation		
	Hospitals	Nursing and residential care facilities	Social assistance	Child day care services	Total	Performing arts, spectator sports and related industries	Museums, historical sites, and similar institutions
	(137)	(138)	(139)	(140)	(141)	(142)	(143)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	11,556	55,771	149,411	694,116	1,132,171	963,514	*3,035
Business receipts, total ¹	449,632	3,558,970	2,490,455	9,989,364	26,359,320	19,310,715	*74,365
Income from sales and operations ¹	332,229	3,559,834	2,477,526	9,573,763	25,572,115	18,728,466	*74,365
Other business income.....	*117,404	-864	12,929	415,602	787,205	582,249	--
Business deductions, total ^{1,2}	224,049	3,171,862	1,402,660	6,428,281	20,571,681	13,840,775	*31,264
Cost of sales and operations, total.....	*28,386	213,688	12,990	263,297	3,575,184	1,823,513	*2
Inventory, beginning of year.....	*11,291	*5,180	*541	*26,477	524,726	359,592	*9
Cost of labor.....	--	*149,906	--	15,337	343,233	249,322	--
Purchases.....	*26,549	8,533	*4,117	131,903	1,246,644	675,612	*6
Materials and supplies.....	--	22,995	*6,425	57,843	384,949	306,639	--
Other costs.....	*468	31,791	*2,689	71,915	1,651,743	648,540	--
Inventory, end of year.....	*9,922	*4,716	*782	*40,178	576,111	416,191	*14
Advertising expenses.....	*1,592	17,847	27,950	52,543	411,269	259,372	*600
Car and truck expenses.....	23,245	98,841	172,935	474,942	1,535,580	1,295,030	*3,247
Commissions.....	--	21,429	*3,323	24,475	708,539	574,593	--
Contract labor.....	*880	91,975	12,127	90,624	741,425	561,689	*170
Depletion.....	--	*878	*116	*9,689	2,478	2,455	--
Depreciation.....	11,720	141,221	72,045	252,135	1,710,047	1,208,290	*363
Employee benefit programs.....	*1,369	50,357	*9,871	*4,076	38,020	16,709	--
Insurance.....	*4,211	103,243	32,126	107,386	248,163	148,070	*1,222
Legal and professional services.....	4,266	72,202	23,571	58,806	370,874	291,425	*1,225
Meals and entertainment deducted.....	687	10,891	11,662	95,046	259,276	231,489	*4,312
Mortgage interest.....	*1,597	177,617	*41,483	94,931	113,189	72,734	*158
Other interest paid on business indebtedness.....	*970	21,543	8,182	32,507	140,311	77,804	--
Office expenses.....	*2,288	24,891	56,304	113,558	380,062	319,549	*1,636
Pension and profit-sharing plans.....	--	4,308	*9,129	*2,134	15,544	10,451	*2,907
Rent on machinery and equipment.....	*1,263	12,940	8,607	69,592	174,572	101,094	--
Rent on other business property.....	*7,309	145,733	131,139	179,823	828,264	441,944	--
Repairs.....	*560	60,218	22,110	161,641	357,823	239,499	*811
Supplies.....	6,633	137,717	51,892	763,267	849,894	686,801	*1,920
Salaries and wages.....	*52,661	751,557	203,914	523,648	977,822	476,947	--
Taxes paid.....	7,392	122,686	28,183	86,531	299,462	124,950	*1,712
Travel.....	4,377	9,489	41,775	45,790	803,453	740,716	*1,141
Utilities.....	2,689	133,849	60,232	256,550	577,066	386,650	*2,236
Other business deductions.....	56,856	692,415	292,038	1,493,896	4,839,767	3,180,115	*1,732
Home office business deductions.....	*2,250	43,016	51,977	1,055,356	448,179	416,738	*5,869
Depreciation, Form 8829.....	*357	*4,368	5,287	114,880	65,266	60,131	*1,367
Casualty loss, Form 8829.....	--	--	*4	*3,391	*43	*43	--
Excess--casualty depreciations, Form 8829.....	--	*9,188	*2,258	86,776	53,364	49,260	--
Net income less deficit ^{1,2}	225,583	396,212	1,089,198	3,561,084	5,792,899	5,466,714	*43,101
Net income ^{1,2}	235,657	591,808	1,260,970	4,023,167	9,071,473	8,062,708	*43,742
Deficit ²	10,073	195,596	171,772	462,083	3,278,574	2,595,994	641

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Health care and social assistance--continued				Arts, entertainment, and recreation		
	Hospitals	Nursing and residential care facilities	Social assistance	Child day care services	Total	Performing arts, spectator sports and related industries	Museums, historical sites, and similar institutions
	(137)	(138)	(139)	(140)	(141)	(142)	(143)
BUSINESSES WITH NET INCOME							
Number of returns ¹	11,399	41,889	113,115	589,008	676,031	563,076	*3,021
Business receipts, total ¹	351,432	2,374,206	2,201,397	8,764,574	21,143,256	16,167,978	*74,257
Income from sales and operations ¹	234,030	2,365,042	2,195,562	8,423,137	20,556,405	15,692,418	*74,257
Other business income.....	*117,401	9,165	*5,835	341,437	586,851	475,560	--
Business deductions, total ^{1,2}	115,775	1,783,177	940,427	4,741,407	12,071,773	8,105,296	*30,515
Cost of sales and operations, total.....	*27,923	109,019	*7,753	212,122	2,348,839	1,213,707	--
Inventory, beginning of year.....	*11,291	*91	*15	*24,472	208,646	97,691	--
Cost of labor.....	--	*82,129	--	*10,937	277,706	196,137	--
Purchases.....	*26,549	*4,860	*802	106,564	791,226	368,658	--
Materials and supplies.....	--	*310	*6,046	36,656	173,638	132,810	--
Other costs.....	*5	21,746	*1,062	*71,825	1,138,656	531,040	--
Inventory, end of year.....	*9,922	*118	*173	*38,332	241,033	112,628	--
Advertising expenses.....	*1,582	9,465	13,728	36,239	209,177	137,331	*586
Car and truck expenses.....	23,232	71,633	107,255	342,273	873,127	740,895	*3,247
Commissions.....	--	12,307	*3,139	22,557	614,635	504,784	--
Contract labor.....	*576	68,123	*8,633	32,961	529,544	384,640	*170
Depletion.....	--	*869	--	*9,689	*2,403	*2,391	--
Depreciation.....	*10,429	72,657	41,978	158,132	712,142	481,696	--
Employee benefit programs.....	*82	28,174	*7,760	*4,075	29,894	13,362	--
Insurance.....	*3,112	57,266	20,395	72,503	132,380	77,978	*1,163
Legal and professional services.....	*987	60,924	17,897	42,886	216,951	177,218	*1,221
Meals and entertainment deducted.....	*683	8,995	8,263	72,989	162,463	141,361	*4,312
Mortgage interest.....	*405	84,718	*7,669	59,493	18,302	5,415	--
Other interest paid on business indebtedness.....	*455	4,363	*8,152	19,162	77,706	46,873	--
Office expenses.....	*2,153	14,362	41,902	75,015	223,146	191,019	*1,636
Pension and profit-sharing plans.....	--	3,898	*6,082	*2,134	14,240	9,270	*2,907
Rent on machinery and equipment.....	*765	3,360	2,775	54,279	102,721	52,061	--
Rent on other business property.....	*4,249	93,018	103,693	137,015	423,605	198,191	--
Repairs.....	*259	38,611	15,229	98,041	125,446	59,013	*775
Supplies.....	4,920	100,421	37,306	570,282	435,759	357,345	*1,907
Salaries and wages.....	*3,157	383,024	138,145	398,026	661,302	344,324	--
Taxes paid.....	*1,984	67,393	19,245	59,400	192,233	82,225	*1,685
Travel.....	4,308	5,846	31,561	21,385	506,947	472,014	*1,129
Utilities.....	*1,525	86,209	43,472	168,988	331,059	242,268	*2,186
Other business deductions.....	19,892	358,457	203,934	1,163,273	2,616,418	1,697,444	*1,723
Home office business deductions.....	*2,250	28,754	27,480	795,156	349,465	323,868	*5,869
Depreciation, Form 8829.....	*357	*536	2,964	70,237	40,761	37,604	*1,367
Casualty loss, Form 8829.....	--	--	*4	--	*42	*42	--
Excess--casualty depreciations, Form 8829.....	--	--	--	*777	6,083	3,946	--
Net income ^{1,2}	235,657	591,808	1,260,970	4,023,167	9,071,473	8,062,708	*43,742
Returns with Schedule C-EZ:							
Number of returns.....	*5,877	11,322	29,224	235,437	195,987	161,464	--
Business receipts.....	*18,039	53,650	199,846	1,395,393	737,464	666,753	--
Business deductions.....	*848	11,311	16,978	116,037	165,418	152,146	--
Net income.....	*17,191	42,339	182,869	1,279,356	572,047	514,608	--

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Arts--continued	Accommodation, food services, and drinking places					Food services and drinking places
	Amusement, gambling, and recreation industries	Total	Accommodation			Rooming and boarding houses	
			Total	Travel accommodation (including hotels, motels, and bed and breakfast inns)	RV (recreational vehicle) parks and recreational camps		
	(144)	(145)	(146)	(147)	(148)	(149)	(150)
BUSINESSES WITH AND WITHOUT NET INCOME							
Number of returns ¹	165,621	383,770	48,805	30,236	10,256	8,314	334,965
Business receipts, total ¹	6,974,240	39,720,751	4,807,254	3,797,085	605,999	404,170	34,913,497
Income from sales and operations ¹	6,769,284	39,170,252	4,739,974	3,759,078	593,163	387,733	34,430,278
Other business income.....	204,956	550,499	67,280	38,007	12,836	*16,437	483,219
Business deductions, total ^{1,2}	6,699,642	38,337,653	4,804,867	3,708,271	635,281	461,314	33,532,786
Cost of sales and operations, total.....	1,751,669	15,497,305	461,594	402,929	43,132	15,532	15,035,711
Inventory, beginning of year.....	165,125	557,551	56,128	53,340	2,269	*518	501,424
Cost of labor.....	93,911	1,115,239	64,022	60,916	*1,058	*2,047	1,051,217
Purchases.....	571,027	13,048,492	306,521	264,942	32,710	*8,869	12,741,972
Materials and supplies.....	78,310	911,317	29,382	21,211	*4,017	*4,154	881,935
Other costs.....	1,003,203	459,266	73,562	63,937	*5,606	*4,020	385,703
Inventory, end of year.....	159,906	594,561	68,021	61,418	2,527	*4,076	526,540
Advertising expenses.....	151,297	671,751	114,130	92,708	11,590	9,833	557,621
Car and truck expenses.....	237,303	639,187	90,721	61,715	17,576	11,429	548,466
Commissions.....	133,947	117,747	61,042	47,689	*8,371	4,982	56,705
Contract labor.....	179,566	300,433	70,793	21,671	44,596	*4,526	229,640
Depletion.....	*23	*116	*10	*10	--	*(Z)	*106
Depreciation.....	501,394	1,704,205	550,669	413,097	90,388	47,183	1,153,535
Employee benefit programs.....	21,311	70,404	15,368	13,723	*571	*1,074	55,036
Insurance.....	98,871	808,094	166,192	117,767	28,893	19,532	641,902
Legal and professional services.....	78,224	307,733	77,931	56,885	12,966	8,080	229,802
Meals and entertainment deducted.....	23,474	39,768	9,416	5,706	1,202	2,508	30,352
Mortgage interest.....	40,297	581,698	363,068	303,828	27,001	32,239	218,630
Other interest paid on business indebtedness.....	62,507	307,461	113,024	59,944	49,529	3,551	194,437
Office expenses.....	58,877	175,341	48,528	34,880	5,739	7,909	126,813
Pension and profit-sharing plans.....	2,186	11,978	3,036	2,680	*233	*123	8,941
Rent on machinery and equipment.....	73,478	278,651	30,715	24,240	4,495	1,980	247,936
Rent on other business property.....	386,320	2,406,618	104,703	79,885	21,959	*2,859	2,301,915
Repairs.....	117,513	846,843	278,402	194,229	48,890	35,283	568,441
Supplies.....	161,173	955,697	224,839	177,152	28,649	19,038	730,858
Salaries and wages.....	500,875	5,939,341	587,197	507,840	23,220	56,137	5,352,144
Taxes paid.....	172,800	1,706,944	359,003	289,368	40,455	29,180	1,347,940
Travel.....	61,596	91,466	21,264	17,307	2,443	1,514	70,202
Utilities.....	188,180	2,124,010	452,189	348,998	56,498	46,692	1,671,821
Other business deductions.....	1,657,920	2,664,249	571,997	415,237	66,502	90,257	2,092,252
Home office business deductions.....	25,572	67,364	28,673	18,782	*18	*9,873	38,691
Depreciation, Form 8829.....	3,768	11,589	6,760	*5,985	*32	*743	4,829
Casualty loss, Form 8829.....	--	*473	*473	*473	--	--	--
Excess-casualty depreciations, Form 8829.....	*4,105	15,181	*11,301	*10,526	*32	*743	*3,881
Net income less deficit ^{1,2}	283,084	1,391,146	8,822	92,686	-29,282	-54,583	1,382,324
Net income ^{1,2}	965,023	3,413,616	561,093	431,088	72,229	57,775	2,852,524
Deficit ²	681,939	2,022,470	552,271	338,402	101,511	112,358	1,470,199

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Arts--continued		Accommodation, food services, and drinking places				
	Amusement, gambling, and recreation industries	Total	Accommodation				Food services and drinking places
			Total	Travel accommodation (including hotels, motels, and bed and breakfast inns)	RV (recreational vehicle) parks and recreational camps	Rooming and boarding houses	
	(144)	(145)	(146)	(147)	(148)	(149)	(150)
BUSINESSES WITH NET INCOME							
Number of returns ¹	109,935	245,617	23,438	16,349	4,032	3,056	222,179
Business receipts, total ¹.....	4,901,020	29,544,477	3,015,227	2,432,727	383,605	198,895	26,529,250
Income from sales and operations ¹	4,789,729	29,181,568	2,989,405	2,419,456	382,083	187,866	26,192,162
Other business income.....	111,291	362,909	25,822	13,271	*1,522	*11,029	337,087
Business deductions, total ^{1,2}.....	3,935,962	26,137,205	2,460,479	2,002,690	311,376	146,413	23,676,726
Cost of sales and operations, total.....	1,135,132	11,177,528	190,474	173,614	*9,695	*7,165	10,987,054
Inventory, beginning of year.....	110,955	328,634	14,630	13,487	*1,143	--	314,004
Cost of labor.....	81,570	705,834	*18,240	*18,240	--	--	687,594
Purchases.....	422,568	9,564,870	131,342	127,662	*3,494	*186	9,433,527
Materials and supplies.....	40,828	707,980	12,343	*4,374	*3,905	*4,065	695,636
Other costs.....	607,616	233,975	30,459	25,382	*2,101	*2,976	203,516
Inventory, end of year.....	128,405	363,765	16,541	15,532	*948	*62	347,223
Advertising expenses.....	71,260	448,544	58,145	45,839	7,510	*4,797	390,398
Car and truck expenses.....	128,985	417,922	50,457	42,863	3,645	*3,949	367,465
Commissions.....	109,851	48,361	20,216	15,407	*206	*4,603	28,145
Contract labor.....	144,735	182,101	58,868	14,590	*44,005	*273	123,233
Depletion.....	*12	*43	--	--	--	--	*43
Depreciation.....	230,446	879,927	237,927	189,523	38,319	*10,084	641,402
Employee benefit programs.....	16,532	50,305	7,339	6,060	*338	*941	42,965
Insurance.....	53,239	546,751	91,902	69,874	17,213	*4,814	454,850
Legal and professional services.....	38,511	180,617	37,308	30,901	4,508	*1,899	143,308
Meals and entertainment deducted.....	16,790	23,760	3,701	3,080	*71	*550	20,059
Mortgage interest.....	12,887	312,021	183,186	172,101	*8,547	*2,538	128,835
Other interest paid on business indebtedness.....	30,832	155,309	36,725	31,471	*4,521	*733	118,583
Office expenses.....	30,491	100,896	27,483	23,171	1,480	*2,832	73,413
Pension and profit-sharing plans.....	*2,064	8,699	*2,667	*2,537	*9	*122	6,032
Rent on machinery and equipment.....	50,660	199,504	16,312	10,848	*4,204	*1,260	183,191
Rent on other business property.....	225,414	1,643,369	60,879	38,137	*19,969	*2,773	1,582,490
Repairs.....	65,658	512,442	152,783	117,944	26,172	*8,667	359,659
Supplies.....	76,507	640,587	153,703	131,227	12,478	*9,998	486,884
Salaries and wages.....	316,978	4,173,516	307,506	268,977	18,519	*20,010	3,866,010
Taxes paid.....	108,323	1,151,096	200,014	167,080	20,460	12,474	951,082
Travel.....	33,805	57,757	11,316	9,706	*745	*865	46,440
Utilities.....	86,605	1,420,027	257,757	213,573	27,436	*16,748	1,162,269
Other business deductions.....	917,251	1,743,882	277,027	207,386	41,325	*28,316	1,466,856
Home office business deductions.....	19,727	39,953	*16,782	*16,782	--	--	23,171
Depreciation, Form 8829.....	1,790	6,012	*3,575	*3,575	--	--	2,436
Casualty loss, Form 8829.....	--	*473	*473	*473	--	--	--
Excess--casualty depreciations, Form 8829.....	*2,137	*508	--	--	--	--	*508
Net income ^{1,2}.....	965,023	3,413,616	561,093	431,088	72,229	57,775	2,852,524
Returns with Schedule C-EZ:							
Number of returns.....	34,523	50,297	*2,639	*347	*2,292	--	47,658
Business receipts.....	70,711	239,477	*5,514	*267	*5,247	--	233,963
Business deductions.....	13,272	23,253	*364	--	*364	--	22,889
Net income.....	57,439	216,225	*5,150	*267	*4,884	--	211,074

Footnotes at end of table.

Sole Proprietorship Returns, 2004

**Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors
Classified with the North American Industry Classification System--Continued**

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

Net income status, item	Other services							Religious, grantmaking, civic, and similar organizations	Unclassified establishments
	Total	Auto repair and maintenance			Miscellaneous repairs	Personal and laundry services			
		Total	Automotive mechanical and electrical repair and maintenance	Automotive body shops					
	(151)	(152)	(153)	(154)	(155)	(156)	(157)	(158)	(159)
BUSINESSES WITH AND WITHOUT NET INCOME									
Number of returns ¹	2,089,346	344,689	179,170	95,334	70,186	405,970	1,338,687	265,620	284,398
Business receipts, total ¹	73,006,151	24,419,559	11,649,920	8,395,054	4,374,585	14,994,662	33,591,931	3,635,138	3,566,169
Income from sales and operations ¹	72,363,916	24,258,708	11,641,032	8,315,213	4,302,462	14,864,530	33,240,678	3,395,051	3,499,214
Other business income.....	642,235	160,851	8,888	79,841	72,122	130,131	351,253	240,088	66,954
Business deductions, total ^{1,2}	56,559,509	21,488,864	10,293,913	7,189,080	4,005,871	12,050,743	23,019,902	1,953,893	2,219,820
Cost of sales and operations, total.....	18,569,215	10,025,803	4,967,822	3,241,999	1,815,982	4,774,564	3,768,848	302,174	744,757
Inventory, beginning of year.....	1,799,056	806,869	470,762	227,469	108,638	581,699	410,489	*2,641	*41,938
Cost of labor.....	2,171,247	1,082,579	607,483	264,574	210,522	485,377	603,290	*11,690	*34,167
Purchases.....	11,261,353	6,556,677	3,382,645	1,753,728	1,420,304	2,817,888	1,886,788	*12,765	259,800
Materials and supplies.....	3,837,384	1,816,928	737,829	966,987	112,112	1,268,290	752,166	*9,991	*63,109
Other costs.....	1,235,320	567,124	232,099	250,178	84,848	202,340	465,855	*268,874	402,531
Inventory, end of year.....	1,735,146	804,375	462,995	220,937	120,442	581,030	349,741	*3,787	*56,788
Advertising expenses.....	861,593	278,197	120,578	100,653	56,967	165,790	417,605	22,607	34,798
Car and truck expenses.....	3,608,041	873,554	359,612	306,170	207,773	1,149,860	1,584,627	510,387	209,287
Commissions.....	504,381	34,729	31,175	*2,873	*682	70,303	399,348	*2,812	19,829
Contract labor.....	1,473,932	453,370	156,805	189,685	106,881	350,933	669,628	*1,296	46,805
Depletion.....	14,869	*289	*251	--	*38	*11,486	*3,093	*547	--
Depreciation.....	3,061,803	1,137,424	467,338	412,350	257,736	590,394	1,333,985	51,640	176,696
Employee benefit programs.....	146,396	77,949	51,635	18,961	7,353	42,039	26,407	*8,836	*3,216
Insurance.....	1,332,351	599,227	298,287	195,835	105,106	272,350	460,773	51,936	33,887
Legal and professional services.....	483,179	174,948	84,883	65,157	24,908	74,050	234,180	22,654	34,870
Meals and entertainment deducted.....	250,761	57,967	15,012	22,357	20,597	51,846	140,948	35,746	25,691
Mortgage interest.....	467,321	193,591	74,720	75,629	43,242	110,079	163,651	*9,859	27,306
Other interest paid on business indebtedness...	405,570	164,828	68,914	49,901	46,012	86,834	153,908	*2,459	12,152
Office expenses.....	701,668	167,511	87,378	65,856	14,277	144,376	389,781	65,011	91,428
Pension and profit-sharing plans.....	21,168	4,029	*1,581	1,917	*531	*6,368	10,771	*1,278	*209
Rent on machinery and equipment.....	947,472	227,408	108,645	75,757	43,005	152,436	567,628	11,860	25,686
Rent on other business property.....	4,458,533	837,953	400,088	260,015	177,850	381,421	3,239,159	40,206	34,386
Repairs.....	993,063	322,633	143,585	78,224	100,825	180,432	489,998	22,664	29,212
Supplies.....	3,333,631	811,759	368,418	276,077	167,265	688,347	1,833,525	70,131	62,570
Salaries and wages.....	4,899,668	1,963,032	971,165	640,921	350,947	767,398	2,169,237	*38,195	63,924
Taxes paid.....	1,327,320	613,779	301,941	207,133	104,704	197,328	516,214	14,573	26,717
Travel.....	387,687	62,177	21,471	30,830	9,876	91,350	234,160	107,538	88,165
Utilities.....	2,656,181	768,188	354,684	261,765	151,739	399,303	1,488,690	89,501	60,199
Other business deductions.....	4,833,103	1,512,517	757,900	579,275	175,342	1,085,746	2,234,839	364,464	276,517
Home office business deductions.....	430,796	68,907	35,931	*19,850	*13,126	168,926	192,963	50,893	26,019
Depreciation, Form 8829.....	51,934	8,096	5,067	*981	*2,048	21,813	22,025	5,214	*2,006
Casualty loss, Form 8829.....	*190	*190	*190	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829...	53,261	*15,470	*12,432	*16	*3,021	26,656	11,135	*9,093	*3,807
Net income less deficit ^{1,2}	16,457,988	2,930,959	1,356,007	1,205,974	368,978	2,948,041	10,578,988	1,681,245	1,362,773
Net income ^{1,2}	19,228,424	3,730,555	1,652,555	1,499,617	578,383	3,461,532	12,036,337	1,992,736	1,654,474
Deficit ²	2,770,436	799,597	296,548	293,643	209,406	513,491	1,457,349	311,491	291,701

Footnotes at end of table.

Sole Proprietorship Returns, 2004

Table 2.--Nonfarm Sole Proprietorships: Income Statements, by Selected Industrial Sectors Classified with the North American Industry Classification System--Continued

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

Net income status, item	Other services							Religious, grantmaking, civic, and similar organizations	Unclassified establishments
	Total	Auto repair and maintenance				Miscellaneous repairs	Personal and laundry services		
		Total	Automotive mechanical and electrical repair and maintenance	Automotive body shops	Other auto repair and maintenance (including oil change, lube, and car washes)				
	(151)	(152)	(153)	(154)	(155)	(156)	(157)	(158)	(159)
BUSINESSES WITH NET INCOME									
Number of returns ¹	1,635,119	252,943	130,225	73,696	49,023	308,261	1,073,915	199,047	231,636
Business receipts, total ¹	63,786,547	21,145,775	10,185,391	7,262,105	3,698,278	13,005,927	29,634,845	3,410,095	3,240,458
Income from sales and operations ¹	63,256,739	21,060,449	10,155,007	7,245,507	3,659,935	12,880,867	29,315,424	3,222,030	3,184,300
Other business income.....	529,808	85,326	30,384	16,598	38,344	125,061	319,422	188,065	56,158
Business deductions, total ^{1,2}	44,562,078	17,415,219	8,532,837	5,762,488	3,119,895	9,544,395	17,602,464	1,417,358	1,585,984
Cost of sales and operations, total.....	15,346,709	8,532,221	4,446,648	2,680,120	1,405,453	3,981,428	2,833,061	*288,425	659,205
Inventory, beginning of year.....	1,242,167	621,762	390,602	146,001	85,159	357,245	263,161	*2,630	*11,214
Cost of labor.....	1,778,955	920,444	592,877	212,183	*115,384	459,987	398,524	*11,690	*25,351
Purchases.....	9,254,868	5,560,279	2,985,707	1,407,938	1,166,634	2,249,767	1,444,821	*4,120	223,696
Materials and supplies.....	3,335,111	1,595,117	665,149	864,828	65,140	1,140,881	599,112	*7,884	*35,052
Other costs.....	939,776	473,042	203,396	204,677	64,968	133,211	333,524	*265,644	*391,255
Inventory, end of year.....	1,204,168	638,424	391,084	155,507	91,833	359,663	206,081	*3,543	*27,364
Advertising expenses.....	628,624	210,684	85,128	75,132	50,425	119,210	298,729	19,351	32,685
Car and truck expenses.....	2,739,501	611,304	217,530	267,422	126,351	953,264	1,174,932	364,827	127,634
Commissions.....	376,407	27,433	26,184	*1,230	*19	31,607	317,367	*632	*7,426
Contract labor.....	1,169,558	357,097	107,367	159,450	90,280	288,848	523,613	*1,124	*22,387
Depletion.....	14,583	*289	*251	--	*38	*11,287	*3,006	(Z)	--
Depreciation.....	2,065,533	784,750	334,323	302,674	147,753	432,423	848,360	31,429	79,685
Employee benefit programs.....	129,321	72,379	48,453	17,140	6,786	40,290	16,652	*8,836	*3,000
Insurance.....	1,043,597	490,216	249,304	159,168	81,744	214,360	339,021	12,651	19,675
Legal and professional services.....	395,516	144,279	70,349	53,787	20,142	55,979	195,258	16,710	19,288
Meals and entertainment deducted.....	191,354	40,827	12,686	11,429	16,712	43,188	107,340	23,775	16,375
Mortgage interest.....	325,110	141,437	69,977	50,106	21,354	45,683	137,989	--	*951
Other interest paid on business indebtedness.....	261,561	105,180	41,356	24,786	39,038	53,774	102,607	*1,535	9,738
Office expenses.....	544,090	137,409	69,829	56,554	11,026	103,229	303,453	38,284	79,722
Pension and profit-sharing plans.....	20,784	4,029	*1,581	1,917	*531	*6,290	10,466	*1,278	*209
Rent on machinery and equipment.....	768,224	207,972	93,910	72,330	41,732	118,344	441,908	*6,580	21,335
Rent on other business property.....	3,678,638	710,515	328,179	219,474	162,862	261,111	2,707,013	*35,898	24,839
Repairs.....	689,476	220,655	94,041	57,340	69,274	104,036	364,785	11,212	20,958
Supplies.....	2,687,777	654,029	297,208	221,050	135,770	536,520	1,497,229	46,865	49,098
Salaries and wages.....	3,936,638	1,660,436	829,647	511,331	319,458	621,608	1,654,594	*36,605	57,813
Taxes paid.....	1,054,255	493,282	226,843	175,302	91,137	163,033	397,940	5,966	8,034
Travel.....	265,323	30,083	20,033	7,920	2,130	77,757	157,482	69,352	68,460
Utilities.....	1,942,505	587,633	258,452	203,496	125,685	275,381	1,079,491	63,736	34,381
Other business deductions.....	3,547,184	1,074,429	530,462	403,607	140,359	819,748	1,653,007	246,621	142,887
Home office business deductions.....	359,913	60,340	28,998	*19,833	*11,509	149,219	150,354	32,325	22,784
Depreciation, Form 8829.....	37,141	5,697	*3,301	*973	*1,423	14,962	16,482	*3,205	*1,600
Casualty loss, Form 8829.....	--	--	--	--	--	--	--	--	--
Excess--casualty depreciations, Form 8829.....	*3,560	*2,505	*109	--	*2,397	--	*1,054	*389	--
Net income ^{1,2}.....	19,228,424	3,730,555	1,652,555	1,499,617	578,383	3,461,532	12,036,337	1,992,736	1,654,474
Returns with Schedule C-EZ:									
Number of returns.....	396,413	45,244	32,537	*4,747	*7,959	60,016	291,153	76,101	142,704
Business receipts.....	2,522,958	335,977	269,961	*25,121	*40,895	228,581	1,958,400	395,288	733,499
Business deductions.....	389,809	57,093	44,096	*9,889	*3,108	36,780	295,936	54,627	65,493
Net income.....	2,133,149	278,884	225,865	*15,232	*37,787	191,800	1,662,464	340,661	668,006

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

** Data combined to prevent disclosure of taxpayer information.

¹ Includes returns with Schedule C-EZ attached. Schedule C-EZ was filed for certain small businesses, i.e., those with net income business expenses of \$2,500 or less, used the cash accounting method, with no inventories or employees, and with no deduction for a home office business and no allowable "passive" activity losses. Because only a total is reported for business deductions on Schedule C-EZ, the totals shown in the statistics exceed the sum of the detailed deductions; the detailed deductions are, therefore, slightly understated.

² Total business deductions are before subtraction of nonallowable "passive" activity losses and any "passive loss" carryover from the prior years. However, these losses (after subtraction) and any carryover are reflected in net income or deficit. Therefore, total business receipts minus total business deductions may not always equal net income or deficit.

(Z) Less than \$500.

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

Foreign-Controlled Domestic Corporations, 2003

by James R. Hobbs

For Tax Year 2003, the 58,945 domestic corporations each controlled by a foreign “person” generated \$2.6 trillion of total receipts and reported \$6.2 trillion of total assets on income tax returns filed with the Internal Revenue Service (IRS). While total receipts for 2003 were slightly larger than those reported for 2002, total assets decreased somewhat during this time period [1]. These corporations were relatively few in numbers, just 1.1 percent of the U.S. total. However, they accounted for 12.4 percent of the receipts and 11.5 percent of the assets reported on all U.S. corporation income tax returns.

The profits (i.e., “net income (less deficit)” shown in the statistics of this article) reported by foreign-controlled domestic corporations (FCDCs) for tax purposes under the Internal Revenue Code were \$32.0 billion for 2003. This was a substantial increase from the \$7.8 billion reported for the prior year. Placed in context, the profits reported on all corporation income tax returns also increased, to \$780.0 billion for 2003 from \$563.7 billion for 2002 [2]. FCDCs accounted for 4.1 percent of the profits reported by all corporations for 2003, up from 1.4 percent for 2002.

Of all the FCDCs, 27,269 reported positive profits (i.e., net income) for 2003, totaling \$92.8 billion. This was a 12.3-percent increase over the prior-year amount. The profitable companies for 2003 also reported \$73.5 billion of taxable income (i.e., “income subject to tax”), another significant increase of 13.8 percent over the prior year. The U.S. tax liability (i.e., “total income tax after credits”) of FCDCs was \$19.1 billion for 2003, 7.3 percent more than that of the prior year.

For 2003, there were 3,266 “large” foreign-controlled domestic corporations, each with at least \$250 million of assets, or with at least \$50 million of receipts, or with both. These large FCDCs accounted for most of the key financial items of all FCDCs: 95.1 percent of total assets, 93.5 percent of total receipts, 92.1 percent of taxable income, and 90.3 percent of total income tax after credits. After

an overview of all FCDCs, this article focuses on the large foreign-controlled domestic companies and compares them to other large domestic corporations, i.e., those not controlled by foreign persons.

Tables showing selected balance sheet, income statement, and tax items for FCDCs are included at the end of this article. Table 1 shows historical FCDC data for selected tax years between 1971 and 2003. Table 2 includes information for all FCDCs, classified by major industries that conform to the North American Industry Classification System (NAICS). Table 3 also presents data for all FCDCs, classified by countries of the foreign owners, as well as age of the corporations. Table 4 presents information on the “large” FCDCs, classified by industrial sectors. For comparison purposes, this table also contains data for the large domestic corporations not controlled by foreign persons.

Foreign Investment in the United States

Foreign investment in the United States can take several forms, including corporations. With regard to corporations, a foreign investor may own stock of a domestic (i.e., United States) company or operate in the United States through a branch of a foreign corporation [3]. This article focuses on domestic corporations that are “controlled” by foreign persons. For the foreign-controlled domestic corporations covered in this article, control is defined as ownership by one foreign “person,” directly or indirectly, of 50 percent or more of the U.S. corporation’s voting stock, or of 50 percent or more of the value of all of the corporation’s stock, at any time during the accounting period. A person is an entity, including an individual, corporation, partnership, estate, or trust. (This is discussed in greater depth in the Data Sources and Limitations section. Also, see “constructive ownership rules” and “foreign person” in the Explanation of Selected Terms section.)

As specified in the above paragraph, this study excludes returns of domestic corporations with stock owned by a single foreign person of 49 percent or

The net profits of FCDCs were \$32.0 billion for 2003, a substantial increase over the \$7.8 billion for 2002.

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less. However, the tax return forms filed by domestic corporations do indicate the presence of 25-percent to 49-percent foreign owners, and the Statistics of Income program does separately compile unpublished data on these domestic corporations [4].

Returns of certain domestic companies that are effectively controlled by foreign persons, i.e., those public companies in which “control” may be exercised with as little as 10 percent to 20 percent of the stock holdings, are excluded from both the 50-percent-or-more and the 25-percent to 49-percent tabulations. Tax return forms filed by domestic corporations do not include information about foreign persons with less than 25-percent stock holdings.

The foreign-controlled domestic corporation statistics shown in this article, as well as the unpublished tabulations for domestic corporations with 25-percent to 49-percent foreign owners, exclude domestic corporations with only foreign “portfolio” investment. A foreign portfolio investor, having only a minimal interest in a domestic company, exerts no control over the management of the domestic corporation, except to the extent, for example, of rights to vote periodically in stockholder meetings of the corporation. A foreign portfolio investor is primarily seeking dividend payments, an increase in the value of the shares of stock, or both. The Statistics of Income program does not conduct studies covering foreign portfolio investors of domestic corporations.

In addition to the foreign-controlled domestic corporations study discussed in this article, the Statistics of Income program conducts a separate study covering branches of foreign corporations operating in the United States. Statistics from that study are available to the public [5].

Foreign-controlled domestic corporations can file tax returns on: (1) Form 1120, *U.S. Corporation Income Tax Return*; (2) Form 1120-L, *U.S. Life Insurance Company Income Tax Return*; (3) Form 1120-PC, *U.S. Property and Casualty Insurance Company Income Tax Return*; (4) Form 1120-REIT, *U.S. Income Tax Return for Real Estate Investment Trusts*; and (5) Form 1120-RIC, *U.S. Income Tax Return for Regulated Investment Companies*. The FCDC statistics shown in this article include all of these return types (unless otherwise stated). Data for all corporation income tax returns discussed in this article include (unless otherwise stated) the five form

types listed above, plus two types filed by domestic corporations: Form 1120-A, *U.S. Corporation Short-Form Income Tax Return*, and Form 1120S, *U.S. Income Tax Return for an S Corporation*. Also included in the corporate total is Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, for foreign corporations with income effectively connected with a U.S. trade or business. All of these form types are included in the Statistics of Income Corporate Study, from which FCDC statistics are derived [6]. However, FCDCs cannot file Forms 1120-A, 1120-F, or 1120S.

Foreign-Controlled Domestic Corporations

Growth of Corporations

The estimated numbers of returns filed by FCDCs have remained rather constant during the 10-year period of 1994-2003 [7]. There were 54,620 returns of foreign-controlled domestic corporations for 1994; 58,945 for 2003. With the more rapid increase in the total numbers of U.S. corporation income tax returns, FCDCs comprised a slowly decreasing percentage of those returns, from 1.3 percent for 1994 down to 1.1 percent for 2003.

To the extent that FCDCs filed consolidated income tax returns, the data included in this article actually represent more corporations than the stated number of returns. FCDCs, like most other corporations, could elect to file consolidated returns for affiliated groups of domestic corporations. Consolidated returns contained the combined financial data of two or more corporations in which a common parent corporation owned at least 80 percent of the stock of at least one member of the group, and at least 80 percent of the stock of each other member of the group was owned within the group. A consolidated return filed by a common parent was treated as a unit, with each statistical item being determined on the basis of the combined data of the affiliated group. For 2003, there were 6,354 consolidated returns filed by FCDCs, 10.8 percent of all FCDC returns. These returns accounted for \$5.7 trillion of assets (91.6 percent of the total for all FCDCs), \$2.3 trillion of receipts (88.6 percent of the total), \$31.3 billion of net income less deficits (97.9 percent of the total), \$65.0 billion of taxable income (88.4 percent of the total), and \$16.5 billion of total income tax after credits (86.5 percent of the total).

Foreign-Controlled Domestic Corporations, 2003

In contrast to the numbers of returns, the growth of foreign investment in the United States through foreign-controlled domestic corporations during the last 10 years was evident in most of the financial items. In particular, the percentages of both assets and receipts accounted for by FCDCs increased over the 1994-2003 time period.

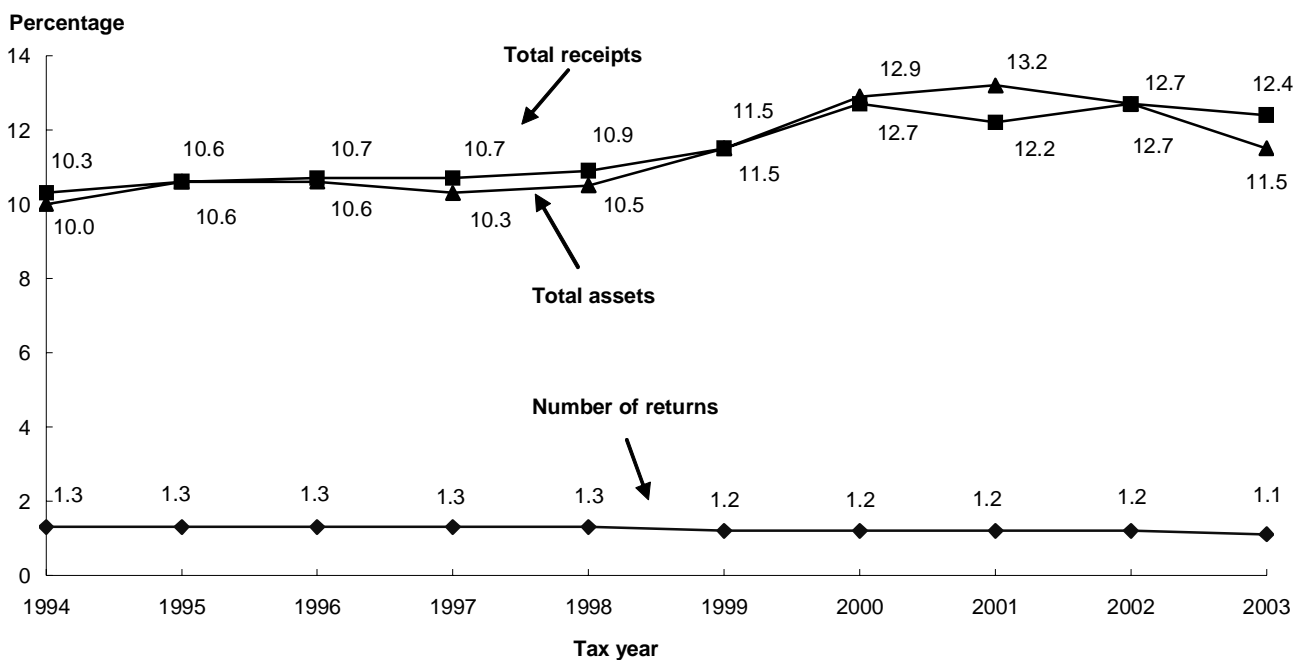
The assets of domestic corporations controlled by foreign persons decreased by 3.3 percent between 2002 and 2003, as compared to the 6.4-percent increase for the assets reported on all U.S. corporation income tax returns [8]. As a result of these changes, the percentage of total corporate assets accounted for by FCDCs dropped from 12.7 percent for 2002 to 11.5 percent for 2003. However, there was a substantial rise in FCDC assets over the previous 10 years. In fact, the value of FCDC assets increased faster than did the value of assets of other corporations. Thus, the 11.5-percent share of the 2003 total corporate pie is an increase from the 10.0-percent share for 1994 (see Figure A).

Total receipts of FCDCs increased by 2.3 percent between 2002 and 2003, as compared to the increase of 4.8 percent for all corporations over that time period. FCDCs reported \$2.6 trillion of receipts for 2003. Using a longer time period, the level of receipts for 2003 was an increase of 87.6 percent (using current dollars) from the \$1.4 trillion of FCDC receipts for 1994. In comparison, total receipts reported on all U.S. corporation income tax returns grew from \$13.4 trillion for 1994 to \$20.7 trillion for 2003, a 54.9-percent increase. As a result of the relatively rapid growth rate by FCDCs, their share of the receipts reported on all corporate returns increased from 10.3 percent for 1994 to 12.4 percent for 2003.

The growth of FCDCs can also be measured from the early 1970s, when a question concerning foreign ownership of corporations was first placed on the income tax return. For 1971, the 5,154 FCDCs reported \$36.7 billion of total assets and \$39.2 billion of total receipts. They accounted for just 0.3 percent

Figure A

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 1994-2003



Foreign-Controlled Domestic Corporations, 2003

of the returns, 1.3 percent of the assets, and 2.1 percent of the receipts reported by all corporations for that year (see Table 1).

Industry Characteristics

For 2003, foreign-controlled domestic corporations were involved in each of the 19 industrial sectors (treating wholesale trade and retail trade as separate sectors) listed in Figure B. However, 40,719 of the 58,945, nearly 70 percent of the total, had primary business activities in one of the following four industrial sectors: (1) wholesale trade (15,787 returns); (2) real estate and rental and leasing (11,550 returns); (3) manufacturing (7,079 returns); and (4) professional, scientific, and technical services (6,303 returns). By comparison, relatively few FCDCs were involved in health care or social assistance (93 returns) or as utilities (65 returns). The Data Sources and Limitations section discusses how returns were classified by industry.

Corporations classified as wholesalers accounted for 23.3 percent of the receipts for all FCDCs, a percentage somewhat similar to the 26.8 percent of the total returns they comprised. However, these companies reported only 6.0 percent of the total FCDC assets.

Corporations classified in the real estate and rental and leasing industrial sector reported only 1.4 percent of the assets and 0.7 percent of the receipts of all FCDCs. These percentages were both substantially less than the 19.6 percent of the FCDC returns that they filed.

Manufacturing corporations filed 12.0 percent of the FCDC returns for 2003. These capital-intensive, goods-producing companies accounted for far greater percentages of the total FCDC assets (26.3 percent) and receipts (48.0 percent). These corporations were often large, with reported average amounts of assets and receipts of \$229.1 million and \$174.4 million, respectively.

Figure B

Foreign-Controlled Domestic Corporations: Selected Items, by Industrial Sector, Tax Year 2003

[Money amounts are in millions of dollars]

Industrial sector	Returns		Total assets		Total receipts	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
All industries	58,945	100.00	6,170,122	100.00	2,569,302	100.00
Agriculture, forestry, fishing, and hunting.....	960	1.63	6,331	0.10	5,768	0.22
Mining.....	494	0.84	114,253	1.85	36,849	1.43
Utilities.....	65	0.11	79,304	1.29	26,555	1.03
Construction.....	1,490	2.53	39,226	0.64	44,927	1.75
Manufacturing.....	7,079	12.01	1,621,709	26.28	1,234,343	48.04
Wholesale and retail trade.....	19,119	32.44	456,434	7.40	748,057	29.12
Wholesale trade.....	15,787	26.78	371,349	6.02	597,721	23.26
Retail trade.....	3,332	5.65	85,085	1.38	150,337	5.85
Transportation and warehousing.....	1,762	2.99	44,466	0.72	41,799	1.63
Information.....	1,607	2.73	566,806	9.19	92,984	3.62
Finance and insurance.....	1,942	3.29	2,372,790	38.46	165,324	6.43
Real estate and rental and leasing.....	11,550	19.59	85,944	1.39	17,904	0.70
Professional, scientific, and technical services.....	6,303	10.69	87,572	1.42	47,719	1.86
Management of companies (holding companies).....	1,864	3.16	588,656	9.54	35,377	1.38
Administrative and support and waste management and remediation services.....	1,212	2.06	29,424	0.48	29,015	1.13
Educational services.....	396	0.67	1,205	0.02	840	0.03
Health care and social assistance.....	93	0.16	16,608	0.27	9,569	0.37
Arts, entertainment, and recreation.....	1,015	1.72	5,583	0.09	3,424	0.13
Accommodation and food services.....	1,344	2.28	49,761	0.81	25,253	0.98
Other services.....	649	1.10	4,053	0.07	3,595	0.14

NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.

Foreign-Controlled Domestic Corporations, 2003

Corporations classified in the professional, scientific, and technical services industrial sector reported only 1.4 percent of the assets and 1.9 percent of the receipts of all FCDCs. Both of these percentages are significantly lower than the portion (10.7 percent) of total FCDC returns this services sector represented. This sector is opposite the manufacturing sector in this regard. The service corporations were generally smaller than those in manufacturing, with reported average amounts of assets and receipts of \$13.9 million and \$7.6 million, respectively.

Three additional sectors warrant discussion at this point. While corporations classified in the finance and insurance industrial sector composed only 3.3 percent of the total returns filed by FCDCs for 2003, they accounted for a very large portion of the FCDC assets (38.5 percent). In fact, this was the largest share of the total assets by any of the industrial sectors. Additionally, finance and insurance companies accounted for 6.4 percent of the total FCDC receipts.

Two other sectors contributed substantial amounts of assets to the FCDC total: management (or holding) companies with 9.5 percent and information companies with 9.2 percent. However, neither of these sectors accounted for significant portions of the number of returns filed by FCDCs, nor the receipts reported by them.

While foreign-controlled domestic corporations accounted for 12.4 percent of the \$20.7 trillion of total receipts reported by all corporations filing U.S. income tax returns for 2003, these companies played disproportionately larger roles in certain industrial sectors. For instance, FCDCs produced substantial portions of the total receipts reported for wholesale trade (22.8 percent), manufacturing (21.9 percent), and mining (19.0 percent). Conversely, FCDC involvement in a number of other business activities was relatively low and accounted for a small percent of the receipts for all companies classified in the following industries: educational services (2.7 percent); "other" services (2.1 percent); and health care and social assistance (1.9 percent). See Figure C.

FCDC industrial data can be tabulated at a more exacting level than that for industrial sectors. In general, sectors are composed of major groups, which in turn are composed of minor industries. For 2003, there were five minor industries that each accounted for over \$100 billion of receipts. They

were: petroleum manufacturing refineries (\$291 billion), motor vehicles and parts manufacturing (\$263 billion), motor vehicles and parts wholesalers (\$135 billion), pharmaceuticals and medicines manufacturing (\$126 billion), and electrical goods wholesalers (\$110 billion).

Companies in different industries often have different financial characteristics. For instance, the relative levels of assets and receipts of companies primarily engaged in wholesale trade differ significantly from those primarily engaged in credit intermediation (e.g., commercial banks, credit card issuers, credit unions, mortgage banks, and savings institutions). FCDC wholesalers produced large amounts of receipts with relatively small amounts of assets (as of the end of their accounting periods), resulting in \$1.61 of receipts for each dollar of assets for 2003. By comparison, credit intermediation companies reported large amounts of assets, but relatively small amounts of receipts. These FCDCs produced only \$.07 of receipts for each dollar of assets. See Table 2.

Statistics classified by industry do have certain limitations. For example, FCDCs accounted for 22.8 percent and 21.9 percent of the receipts of all companies classified as wholesalers and manufacturers, respectively. However, these percentages may overstate the FCDC portion of wholesaling and understate the FCDC portion of manufacturing. This is because certain U.S. companies (not foreign-controlled) and their subsidiaries may have been involved in both manufacturing and wholesaling of the same product(s) and reported tax information for these activities on a single (consolidated) income tax return, which was statistically classified under the industry of its principal business activity, that being manufacturing, rather than trade. Conversely, many FCDCs acted as wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These foreign-controlled domestic companies would have been classified in the wholesale trade industrial sector. (See the Data Sources and Limitations section, below, for additional information about industrial classification limitations.)

Country Characteristics

Persons (including individuals, corporations, and other entities) resident in any country throughout the world can control U.S. corporations. As reported on the

Foreign-Controlled Domestic Corporations, 2003

Figure C

Total Receipts of All Corporations and Foreign-Controlled Domestic Corporations, by Industrial Sector, Tax Year 2003

[Money amounts are in millions of dollars]

Industrial sector	Total receipts		
	All corporations	Foreign-controlled domestic corporations	Percentage
	(1)	(2)	(3)
All industries ¹	20,689,574	2,569,302	12.42
Agriculture, forestry, fishing, and hunting.....	125,741	5,768	4.59
Mining.....	194,190	36,849	18.98
Utilities.....	560,857	26,555	4.73
Construction.....	1,147,628	44,927	3.91
Manufacturing.....	5,642,552	1,234,343	21.88
Wholesale and retail trade ²	5,736,012	748,057	13.04
Wholesale trade.....	2,622,539	597,721	22.79
Retail trade.....	3,111,858	150,337	4.83
Transportation and warehousing.....	571,417	41,799	7.31
Information.....	938,674	92,984	9.91
Finance and insurance.....	2,575,207	165,324	6.42
Real estate and rental and leasing.....	233,291	17,904	7.67
Professional, scientific, and technical services.....	720,418	47,719	6.62
Management of companies (holding companies).....	677,082	35,377	5.22
Administrative and support and waste management and remediation services.....	377,941	29,015	7.68
Educational services.....	30,684	840	2.74
Health care and social assistance.....	503,083	9,569	1.90
Arts, entertainment, and recreation.....	76,855	3,424	4.46
Accommodation and food services.....	407,108	25,253	6.20
Other services.....	170,733	3,595	2.11

¹ Includes "Not allocable," which is not shown separately.

² Includes "Wholesale and retail trade not allocable," which is not shown separately.

NOTE: Percentages are computed using rounded data.

U.S. income tax returns of the foreign-controlled domestic corporations, the countries represent the geographic location of the foreign owner's place of residence in the case of individuals; and place of incorporation, organization, creation, or administration in the case of corporations or other entities. A foreign corporation, or a chain of related foreign corporations, is frequently the owner of a U.S. subsidiary corporation. Because a holding company located in a country different from that of the ultimate owner may directly own the stock of a U.S. affiliate, the country reported on the tax return may not necessarily reflect the country of the ultimate owner. No data on the extent of this potential limitation are available. (See the Data Sources and Limitations section of this article for a brief discussion of the possible limitations of the data classified on a country basis.)

For 2003, residents of 39 countries accounted for 91.1 percent of the 58,945 domestic corporations

classified as 50-percent-or-more controlled by a foreign person. The 53,694 corporations controlled by persons resident in the 39 countries shown in Table 3 accounted for nearly all of the total FCDC financial items, including 99.4 percent of total assets, 98.7 percent of total receipts, 98.9 percent of taxable income, and 98.7 percent of total income tax after credits.

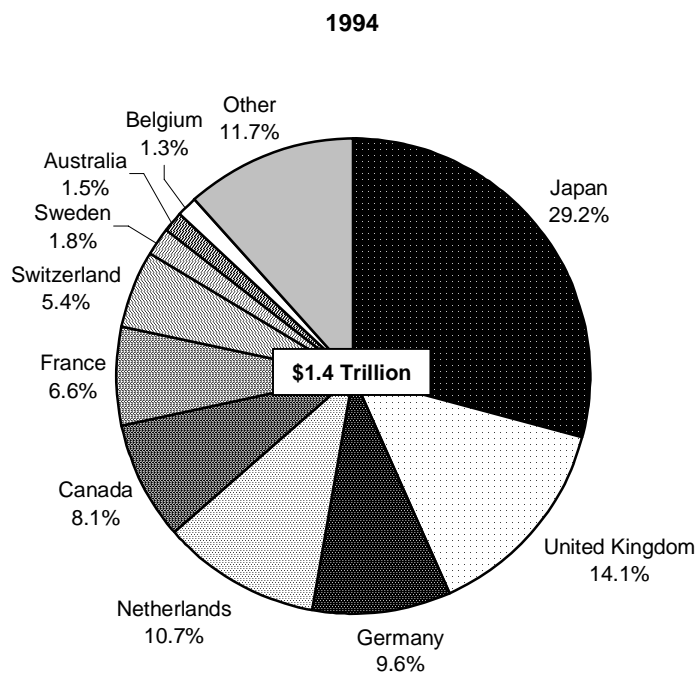
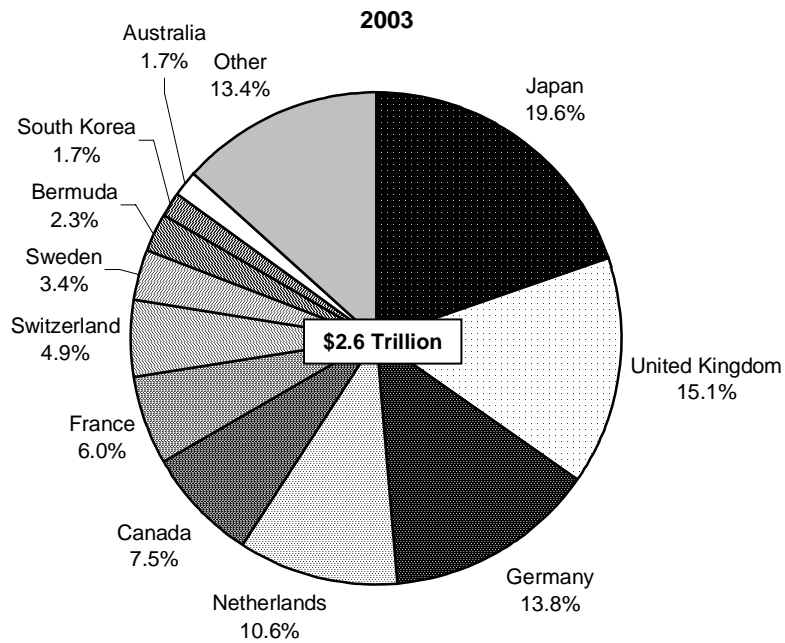
Domestic corporations controlled by Japanese persons reported total receipts of \$503 billion for 2003, an amount substantially larger than that for any other country. These receipts represented 19.6 percent of the total for all FCDCs (see Figure D). Companies controlled by Japanese persons also accounted for the largest amount of receipts for each of the years in the 1994-2002 period. However, Japan's portion of the total receipts did fall from 29.2 percent for 1994 to 19.6 percent for 2003.

For 2003, domestic corporations with owners resident in the United Kingdom (\$388 billion),

Foreign-Controlled Domestic Corporations, 2003

Figure D

Foreign-Controlled Domestic Corporations: Distribution of Total Receipts by Country of Foreign Owner, Tax Years 1994 and 2003



NOTE: All amounts are in current dollars.

Foreign-Controlled Domestic Corporations, 2003

Germany (\$354 billion), the Netherlands (\$272 billion), Canada (\$192 billion), France (\$155 billion), and Switzerland (\$127 billion) also accounted for significant amounts of receipts. Of these six countries, Germany's portion of total receipts increased the most between 1994 and 2003 (from 9.6 percent to 13.8 percent), while the portion for the United Kingdom increased less dramatically. The portions for the Netherlands, Canada, France, and Switzerland each decreased slightly over this time period.

Domestic corporations controlled by persons resident in the United Kingdom accounted for \$1.2 trillion of assets, the largest portion held by any country. Corporations controlled by persons resident in Germany (\$1.0 trillion), Switzerland (\$0.7 trillion), Japan (\$0.6 trillion), the Netherlands (\$0.5 trillion), France (\$0.5 trillion), and Canada (\$0.5 trillion) also accounted for significant amounts of assets. While Japan had the largest receipts of any country, it was only fourth in the amount of assets it controlled. This is a reflection of the fact that the leading industry for Japanese-controlled corporations was wholesale trade, while the capital-intensive manufacturing industry was the predominant activity for corporations from the other countries. Country and industry combinations are more thoroughly discussed in the next section of this article.

Although Japanese-controlled domestic corporations accounted for the largest part of the total FCDC receipts for 2003, and corporations controlled by persons resident in the United Kingdom accounted for the largest part of the FCDC assets, neither country was responsible for the largest number of returns filed for FCDCs. Canadian-controlled domestic corporations filed the most returns, 9,493. Japanese-controlled domestic corporations were second with 5,264 returns, United Kingdom-controlled domestic corporations were third with 4,808, and German-controlled domestic corporations were fourth with 4,135.

For 2003, U.K.-controlled domestic corporations reported the largest amount of U.S. tax liability (\$4.5 billion). Japanese-controlled corporations, with \$3.5 billion of tax liability, followed. The levels of receipts that the tax liabilities resulted from were somewhat different between the U.K.-controlled and Japanese-controlled corporations. For the U.K.-controlled corporations, tax liabilities were 1.2 percent of the \$388 billion of receipts. Tax liabilities were some-

what lower at 0.7 percent of the \$503 billion of receipts for the Japanese-controlled corporations. Many factors, including differences in industrial distributions and age distributions (discussed later in this article), may have caused the resulting differences between countries in calculating tax as a percentage of receipts.

Combined Country and Industry Characteristics

There were some similarities, but also important differences among the primary industrial activities of the corporations with owners from the top seven countries mentioned in the previous section. Japanese-controlled corporations were concentrated in two industrial sectors, which produced most of the \$503 billion of receipts: wholesale trade (51.8 percent of the total) and manufacturing (37.8 percent). More specifically, wholesale trade of durable goods was the leading industry, producing 45.0 percent of the total receipts. Japan was the only one of the seven countries in which capital-intensive manufacturing was not the leading industrial sector in producing receipts.

United Kingdom-controlled corporations were concentrated in industries differently than those of the Japanese-controlled corporations. For the United Kingdom, manufacturing was the predominant industrial sector with 65.4 percent of the \$388 billion of receipts. More specifically, petroleum and coal products manufacturers produced the most receipts, accounting for 39.8 percent of the total. Chemical manufacturers accounted for 7.9 percent of the total receipts. The wholesale trade (6.8 percent) and finance and insurance (4.9 percent) sectors also generated substantial receipts.

Like the United Kingdom, German-controlled corporations were primarily concentrated in manufacturing with 59.5 percent of the \$354 billion of receipts for that country. More specifically, transportation equipment manufacturers produced the most receipts, accounting for 34.5 percent of the total. Chemical manufacturers and machinery manufacturers produced 9.4 percent and 9.1 percent, respectively, of the total receipts. Wholesale trade (17.1 percent) and finance and insurance (6.0 percent) were the other predominant industrial sectors.

For the Netherlands, manufacturing was again the largest industrial sector with 48.1 percent of the total receipts (\$272 billion). This sector was followed

Foreign-Controlled Domestic Corporations, 2003

by retail trade (23.1 percent) and wholesale trade (8.0 percent). Within manufacturing, petroleum and coal products was the leading industry (28.7 percent of total receipts), followed by chemicals (6.8 percent). Within retail trade, food, beverage, and liquor stores was the leading industry with 19.2 percent of total receipts.

Canadian-controlled corporations were primarily concentrated in manufacturing with 37.9 percent of the \$192 billion of receipts for that country. This sector was followed by wholesale trade (16.6 percent), finance and insurance (13.1 percent), and information (6.5 percent). More specifically, wholesale trade of nondurable goods produced the most receipts (11.0 percent of the total), followed by insurance carriers (9.0 percent), transportation equipment manufacturing (5.8 percent), wholesale trade of durable goods (5.6 percent), computer and electronic product manufacturing (5.5 percent), and publishing industries (5.4 percent).

France had three of the same leading industrial sectors as did Canada, with manufacturers producing 53.4 percent of the \$155 billion of receipts for that country. This was followed by wholesale trade (16.4 percent) and finance and insurance (7.6 percent). More specifically, petroleum and coal products manufacturing produced the most receipts (11.2 percent of the total), followed by chemical manufacturing (11.0 percent), wholesale trade of nondurable goods (10.2 percent), and nonmetallic mineral products manufacturing (6.8 percent).

In turn, Switzerland had the same three leading industrial sectors as France. Manufacturing was the predominant sector in the United States for Swiss owners with 46.1 percent of the \$127 billion of receipts, followed by finance and insurance with 32.3 percent and wholesale trade with 11.3 percent. More specifically, chemical manufacturing was the leading industry, accounting for nearly one-fourth of the total. Other important industries were insurance carriers; companies that handled securities and commodity contracts and other financial investments; and food manufacturers.

Age Characteristics

Table 3 presents data for two groups of FCDCs based on the age of the corporations. “New” corporations are those with years of incorporation of 2001 and after reported on their income tax returns.

“Old” corporations are those incorporated in or prior to 2000, or with unknown (i.e., unreported) dates of incorporation [9].

The year of incorporation may be somewhat unreliable as an indicator of the true age of corporations. For example, a consolidated return may include companies that fall into both the new and old categories. However, the return (including all of the financial information contained in it) was classified into just one of the categories based on the year of incorporation of the parent company. Another example is a reorganization of an existing old corporation into a new corporation that results in it reporting a recent year of incorporation, even though it is an “old” business. An additional limitation is that the year of incorporation is difficult to verify during statistical processing because there are no other items to which it can be compared on a tax return form, and recourse to other sources is not always practical. Thus, it is subject to greater levels of taxpayer reporting and data entry errors.

For 2003, there were 11,852 FCDCs incorporated in 2001 or later. Wholesalers accounted for the greatest portion of these “new” corporations with 3,182 companies, followed by real estate with 2,541 companies and manufacturing with 1,535 companies.

Nearly 80 percent of the foreign-controlled domestic corporations were incorporated prior to 2001, i.e., considered to be “old” corporations. These corporations tended to be larger than the new corporations, accounting for 96 percent of the FCDC assets and 95 percent of the receipts.

Old corporations were generally more profitable than the newer corporations. For 2003, old corporations reported \$35.8 billion of net *profits* on \$2.4 trillion of receipts, while the new corporations reported \$3.8 billion of net *losses* on \$0.1 trillion of receipts. Thus, net profits or losses (i.e., net income less deficit) as a percentage of total receipts were 1.5 percent (positive) for old corporations, versus -2.9 percent (negative) for new corporations.

As a result of reporting most of the profits, old corporations also accounted for most of U.S. taxable income (95.9 percent) and U.S. tax liabilities (95.5 percent) of all FCDCs. The old corporations had \$18.3 billion of tax liabilities after credits, equaling 0.7 percent of their total receipts. The new corporations had \$0.9 billion of tax liabilities after credits, also equaling 0.7 percent of their total receipts.

Receipts, Deductions, and Profits

Total receipts comprises all of the income “actually” received by corporations. (Corporate “constructive” income for tax purposes is discussed below.) These receipts include business receipts, as well as investment and incidental income. Business receipts are gross receipts from sales and operations and frequently make up most of a corporation’s receipts. Investment income includes interest, dividends, and gains on the sale or exchange of both capital and noncapital assets. Interest, in turn, includes both taxable interest from all sources and nontaxable interest on State and local government obligations.

A domestic corporation, whether controlled by a foreign person or not, could have business activities in foreign countries, as well as in the United States. The estimates for total receipts shown in this article include business activities in the United States, as well as certain foreign activities as reported on tax returns of domestic corporations. Total receipts include the receipts of foreign branch operations of U.S. companies. Also included in these receipts are dividends remitted to U.S. corporations by their foreign subsidiaries.

The receipts and deductions of foreign-controlled domestic corporations that are shown in this article do not include amounts generated by their foreign parent or other related foreign companies. However, FCDCs could have had business transactions with their related foreign companies, and FCDC receipts and deductions stemming from these transactions are included in the statistics [10].

An FCDC that transacts business with a related foreign company must determine “transfer prices” for those transactions. These transactions include the sale and purchase of tangible goods, fees for services, interest payments on debts, leasing expenses, and royalties. How transfer prices are determined for these transactions may affect the amount of profits (i.e., net income or deficit), taxable income, and taxes reported on the U.S. income tax return of an FCDC. Section 482 of the Internal Revenue Code, and the related regulations, provide guidance in determining transfer prices. In general, the objective is to use “arm’s length prices,” which means prices that would be used for transactions between independent enterprises and determined by market forces.

Over 90 percent of the \$2.6 trillion of total receipts reported by domestic corporations controlled

by a foreign person consisted of “business receipts” (i.e., receipts from sales and operations). These same companies reported \$2.5 trillion of total deductions. Cost of goods sold was 65 percent of that total. (See “business receipts” and “cost of goods sold” in the Explanation of Selected Terms section.) Complete income statement statistics of FCDCs are shown in Tables 24 and 25 of *Statistics of Income--2003, Corporation Income Tax Returns*.

It is noteworthy to look at the “gross profit” of FCDCs. Gross profit is the difference between business receipts and cost of goods sold. Two important industrial sectors for FCDCs, manufacturing and wholesale trade, accounted for most of the reported amounts of business receipts and cost of goods sold. For every dollar of business receipts, manufacturers reported \$.75 of cost of goods sold. By comparison, wholesalers reported \$.82 of cost of goods sold for each dollar of business receipts. For both industrial sectors, FCDCs had smaller gross profits than other domestic corporations. For all corporation returns, cost of goods sold equaled \$.71 for every dollar of business receipts reported by manufacturers and \$.81 by wholesalers.

Total receipts less total deductions for FCDCs equaled \$27.1 billion for 2003. By comparison, net income (less deficit) amounted to \$32.0 billion. The statistics for total receipts less total deductions include all income actually received by corporations, while the statistics for net income (less deficit) focus on taxable sources of corporate income, including “constructive” taxable income. Thus, unlike total receipts less total deductions, net income (less deficit) includes two items of constructive taxable income from related foreign corporations, and excludes nontaxable interest on State and local government obligations [11]. The two items of constructive taxable income from related foreign corporations are includable income from foreign corporations owned by U.S. shareholders and foreign dividend gross-up. (See “constructive taxable income from related foreign corporations” in the Explanation of Selected Terms section.) For 2003, FCDCs reported \$6.0 billion of constructive taxable income and received \$1.1 billion of nontaxable interest on State and local government obligations.

Net income (less deficit) for foreign-controlled domestic corporations increased substantially from \$7.8 billion for 2002 to \$32.0 billion for 2003. In

Foreign-Controlled Domestic Corporations, 2003

context, net income (less deficit) reported on all corporation income tax returns also increased between 2002 and 2003, from \$563.7 billion to \$780.0 billion.

The \$32.0 billion of total FCDC net income (less deficit) was the result of 27,269 corporations reporting \$92.8 billion of positive net income and 31,676 companies reporting \$60.9 billion of deficits [12]. Thus, less than one out of every two (46.3 percent) domestic corporations with foreign owners reported a positive net income for 2003. In comparison, 54.3 percent of all corporations filing U.S. income tax returns for the same year reported a positive net income.

The percentage of companies reporting positive net income varied greatly among the different industrial groups. At the industrial sector level, the portion reporting positive net income ranged from a low of 11.8 percent for health care and social assistance, to a high of 91.8 percent for arts, entertainment, and recreation. For the more predominant sectors of FCDCs, the percentages of profitable companies were 36.0 percent for manufacturing and 46.3 percent for wholesale trade.

The \$60.9 billion of deficits for 2003 could be carried back or forward to other tax years, under prescribed rules, to reduce the taxable income of those years (see “net operating loss deduction” in the Explanation of Selected Terms section). When a company carried back a deficit to a previous tax year, it could file either Form 1120X, *Amended U.S. Corporation Income Tax Return*, or Form 1139, *Corporation Application for Tentative Refund*. Net operating losses carried back to Tax Year 2003 from 2004 and beyond, reported on Forms 1120X and 1139, are not included in the statistics shown in this article. However, NOLs carried forward to Tax Year 2003 from prior years are included in the statistics and discussed in the next section.

Taxable Income and Taxes

For most corporations, taxable income (i.e., “income subject to tax”) is generally equal to positive net income less statutory special deductions [13]. Statutory special deductions include deductions for net operating loss (NOL) carryovers from prior years and the special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code. For 2003, the difference between the \$92.8

billion of positive net income and \$73.5 billion of taxable income was, for the most part, the result of statutory special deductions. The net operating loss deduction was \$15.6 billion and accounted for 79.6 percent of the \$19.5 billion of total statutory special deductions. In calculating taxable income for 2003, FCDCs reduced their positive net incomes by 16.8 percent using NOLs carried over from prior years.

For 2003, foreign-controlled domestic corporations reported \$73.5 billion of taxable income. This was the base on which \$25.6 billion of income tax were computed. The \$26.0 billion of total income tax before credits reported by FCDCs consisted primarily of the income tax, plus the alternative minimum tax and certain other taxes. The alternative minimum tax was \$0.3 billion, and the remaining taxes comprised a very small part of the total.

Tax credits totaling \$6.9 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations to \$19.1 billion for 2003. The largest credits claimed were \$5.3 billion of foreign tax credits, \$0.9 billion of general business credits, and \$0.1 billion of prior-year minimum tax credits. The \$19.1 billion of total U.S. income tax after credits represent the tax liability as originally reported by taxpayers. However, this amount may differ from the actual income tax collected and the final income tax liability of corporations for Tax Year 2003. The originally-reported tax liability does not take into account either of the following possible changes: (1) amended returns filed by the corporations, or (2) adjustments made by IRS as a result of tax examination or enforcement activities. Among other reasons, corporations could file amended returns to use carryback provisions for net operating losses and unused foreign tax and general business credits.

The percentage of FCDCs reporting tax liabilities (i.e., total income tax after credits) for 2003 was 32.8 percent, up from 28.5 percent reported for the previous year. The amount of tax liability reported by FCDCs increased to \$19.1 billion for 2003 from \$17.8 billion for 2002, a 7.3-percent increase.

The "Largest" Foreign-Controlled Domestic Corporations

This article defines the largest companies as those with at least \$250 million of total assets, or \$50 million of business receipts, or both. Within the finance and insurance, and management of companies (holding

Foreign-Controlled Domestic Corporations, 2003

companies) industrial sectors, total receipts were used in place of business receipts for selecting the largest companies.

Both size of assets and size of receipts were used to select the largest companies in order to ensure adequate coverage of all industries. As previously discussed, financial structure varies across industries. For instance, companies classified in wholesale trade generally report large amounts of receipts compared to their end-of-year assets. By comparison, credit intermediation corporations generally report large amounts of assets compared to their receipts. If either assets or receipts were used exclusively to select the largest companies, then the largest companies in one of these industrial groups would have been undercovered in comparison to the other group.

Table 4 shows that there were 17,060 large domestic corporations for 2003. (See the discussion on returns excluded from Table 4, below.) Of this total, foreign persons controlled 3,266 corporations, or 19.1 percent.

The 3,266 large foreign-controlled domestic corporations comprised just 5.5 percent of the number of income tax returns filed by FCDCs. However, these large companies accounted for the majority of the key FCDC financial items, reporting 95.1 percent of the total assets, 93.5 percent of the total receipts, 92.1 percent of the taxable income, and 90.3 percent of the total income tax after credits, of all FCDCs.

There were 13,794 large domestic corporations that did not have controlling foreign owners for 2003. Similar to FCDCs, these large companies also accounted for a small portion of the total number of income tax returns filed by domestic corporations without foreign owners, but did comprise a significant portion of the key financial items (total assets, total receipts, etc.) of this group of returns.

The largest companies generally report profits that are greater than those of the rest of the companies. For 2003, the largest FCDCs reported a combined *profit* of \$36.4 billion, while the smaller FCDCs reported a combined *loss* of \$4.4 billion.

Table 4 shows data for the largest FCDCs segregated by industrial sectors. This table also contains data for "other large domestic corporations." These other large domestic corporations (ODCs) were not foreign-controlled or owned (i.e.,

they were either owned by domestic persons, or no separate foreign person owned 25 percent or more of the corporation's stock). This definition of other large domestic corporations is used throughout this article, including the data shown in Figures E through G. Thus, domestic corporations with a foreign person who owned between 25 percent and 49 percent of the corporation's stock are not included in either of the two groups shown in Figures E through G, and Table 4. These corporations are identified from Schedule K of Form 1120 during Statistics of Income processing. However, they are neither FCDCs nor ODCs, as defined.

Data for domestic corporations that filed Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations) are excluded from the comparisons between large FCDCs and other large domestic corporations shown in Figures E through G, and Table 4. (However, returns filed on these forms are included in the data of other figures and tables contained in this article, as appropriate.) While corporations filing these income tax returns report their incomes, they generally have little or no tax liabilities. Through separate special provisions of the Internal Revenue Code applicable to each of these types of corporations, the incomes of these corporations are generally taxed at the shareholder level. The Explanation of Selected Terms section discusses in greater detail the nature of real estate investment trusts (REITs), regulated investment companies (RICs), and S corporations.

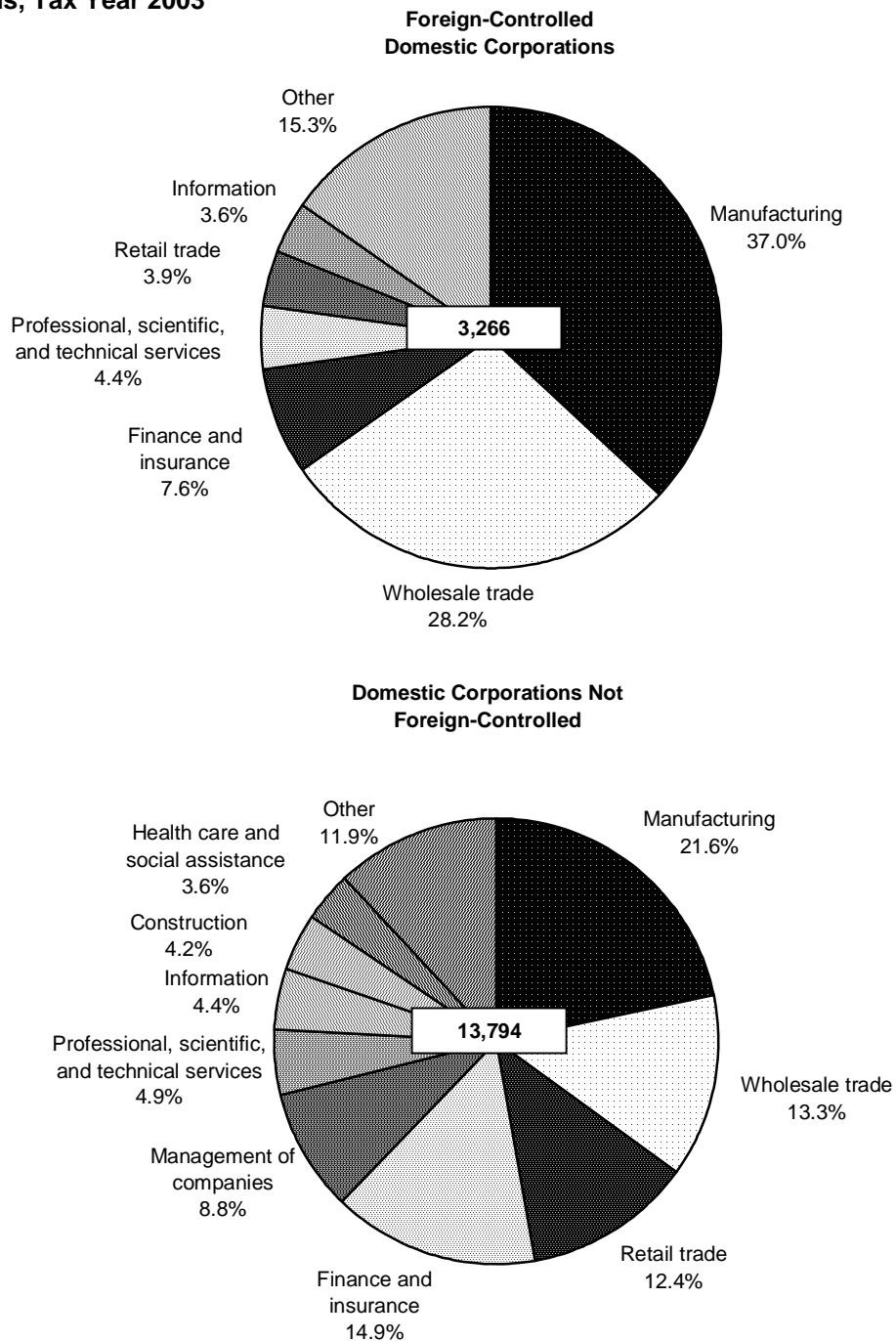
Industry Characteristics

The industrial makeup of the largest foreign-controlled domestic companies is somewhat different from that of other domestic corporations. For 2003, 37.0 percent of the largest FCDCs were classified as manufacturers, while manufacturers made up just 21.6 percent of the largest domestic companies that were not foreign-controlled. Similarly, wholesalers were a larger share of the FCDCs (28.2 percent) than of the other large domestic corporations (13.3 percent). Conversely, retailers accounted for 12.4 percent of the largest domestic companies that were not foreign-controlled, while only 3.9 percent of the largest FCDCs were similarly classified. See Figure E for other differences in the industrial makeup of these two groups of corporations.

Foreign-Controlled Domestic Corporations, 2003

Figure E

Distribution of Returns by Industry for "Large" Foreign-Controlled and Other Domestic Corporations, Tax Year 2003



NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more. (Total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors.) Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent.

Foreign-Controlled Domestic Corporations, 2003

FCDCs accounted for 33.4 percent of large wholesalers, 28.9 percent of large manufacturers, 26.8 percent of large real estate companies, and 24.1 percent of large mining companies. By contrast, just 6.9 percent of large retailers, 6.3 percent of large educational services companies, 5.4 percent of large management (holding) companies, and 2.7 percent of large health care and social assistance corporations were FCDCs.

Table 4 presents industrial sector-level data for the largest domestic corporations, both foreign- and nonforeign-controlled. Column 43 of this table shows the percentage of returns that reported profits (i.e., positive net income). While 62.1 percent of large FCDCs reported profits, 70.3 percent of other large domestic corporations were similarly profitable. Of the 17 different industrial sectors shown in the table (because of disclosure considerations, percentages have been suppressed for two FCDC sectors), other domestic corporations (ODCs) had higher percentages of profitable companies in 15 sectors. Within each group of corporations, the percentage of corporations that reported a profit varied substantially across the industrial sectors. For this reason, it is important to compare the two types of corporations for a specific industry, rather than for all industries. This will be discussed later in this article, specifically looking at the two key industrial sectors for FCDCs: manufacturing and wholesale trade.

Column 57 of Table 4 shows the ratio of net income (less deficit) to total receipts. Overall, net income (less deficit) as a percentage of receipts for large FCDCs (1.5 percent) was considerably smaller than for ODCs (4.1 percent). Within each group of corporations, the ratio of profits to receipts varied across the industrial sectors. Other domestic corporations had higher ratios of net income (less deficit) to receipts than FCDCs in 16 out of 19 industrial sectors.

Net profits (i.e., net income (less deficit)) is one of the key factors that affect the amount of retained earnings of corporations. Columns 12-14 of Table 4 show corporate total, appropriated, and unappropriated retained earnings, respectively. The amounts of retained earnings were reported in the end-of-year balance sheets of the corporations' books of account. They represent earnings and profits of the corporations retained from normal and discontinued operations of previous years, as well as "extraordinary"

gains and losses, and prior period adjustments. The amounts are also after reductions for dividends and distributions made to stockholders. (For a more extensive discussion of retained earnings, see *Statistics of Income--2003, Corporation Income Tax Returns*.) Appropriated retained earnings were earnings set aside for specific purposes, such as reserves for plant expansion or bond retirements, and not available for distribution to stockholders. For 2003, the largest FCDCs reported a *negative* \$95.1 billion of total retained earnings, while other large domestic corporations reported \$2.5 trillion of *positive* retained earnings. Retained earnings are a component of net worth and thus affect the ratio of net income (less deficit) to net worth, which is shown in column 56 of Table 4.

The ratio of taxable income (i.e., "income subject to tax") to total receipts is shown in column 61 of Table 4. This ratio, unlike the ratio of net income (less deficit) to total receipts discussed earlier, excludes deficits, and includes the amount of statutory special deductions reported on tax returns.

FCDCs generally had lower ratios of taxable income to receipts than those of other domestic corporations, 2.8 percent for FCDCs versus 5.2 percent for ODCs for all industries. For each group of large corporations, the ratio of taxable income to receipts varied among the different industrial sectors. Of the 17 different industrial sectors shown in the table (data for two FCDC sectors have been suppressed), ODCs had higher taxable income as a percentage of receipts in 15 sectors.

Table 4 also includes the ratio of total U.S. income tax after credits to total receipts (column 64). The total income tax after credits reported by both FCDCs (\$17.3 billion) and ODCs (\$144.6 billion) represents the tax liability of these companies as reported on their originally-filed U.S. income tax returns (see column 42).

In using total income tax after credits as a percentage of total receipts, it should also be noted that a small portion of total income tax after credits (for example, the tax recapture of prior-year investment credits) does not relate to the current-year total receipts reported by corporations. However, this is not considered to be a major limitation in using the percentage because the regular income tax and the alternative minimum tax represented about 99 percent or more of the total income tax for both FCDCs and ODCs.

Foreign-Controlled Domestic Corporations, 2003

Figure F

"Large" Domestic Corporations: Selected Items, by Control Status and Total Income Tax After Credits as a Percentage of Total Receipts, Tax Year 2003

[Money amounts are in millions of dollars]

Control status and percentage of total income tax after credits divided by total receipts	Returns			Total assets	Total receipts	Net income (less deficit)	Income subject to tax	Total income tax after credits
	Number	Percentage of total	Cumulative percentage					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
"LARGE" FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
Total.....	3,266	100.0	N/A	5,865,363	2,402,812	36,394	67,688	17,272
Percentage of total income tax after credits divided by total receipts:								
Zero total receipts.....	3	0.1	0.1	1,125	--	-2	--	--
Zero percent.....	1,327	40.6	40.7	1,829,708	850,650	-43,472	70	--
Greater than zero and under 0.5 percent.....	843	25.8	66.5	1,706,817	647,368	11,301	3,317	860
0.5 percent under 1.0 percent.....	277	8.5	75.0	966,588	438,961	18,776	17,066	3,563
1.0 percent under 1.5 percent.....	172	5.3	80.3	239,523	155,791	9,395	8,724	1,982
1.5 percent under 2.0 percent.....	147	4.5	84.8	168,952	107,830	8,969	8,576	1,795
2.0 percent under 3.0 percent.....	184	5.6	90.4	245,341	85,286	7,836	7,524	2,053
3.0 percent under 4.0 percent.....	90	2.8	93.2	149,498	49,602	6,045	5,776	1,790
4.0 percent under 5.0 percent.....	58	1.8	94.9	35,358	11,820	2,666	2,454	523
5.0 percent under 7.5 percent.....	73	2.2	97.2	410,541	34,237	6,879	6,828	2,188
7.5 percent under 10.0 percent.....	35	1.1	98.3	31,013	9,289	2,738	2,243	766
10.0 percent or more.....	57	1.7	100.0	80,899	11,978	5,263	5,110	1,752
"LARGE" DOMESTIC CORPORATIONS NOT FOREIGN CONTROLLED								
Total.....	13,794	100.0	N/A	34,411,043	11,174,256	457,215	576,588	144,606
Percentage of total income tax after credits divided by total receipts:								
Zero total receipts.....	9	0.1	0.1	7,074	--	-35	9	3
Zero percent.....	4,342	31.5	31.5	4,376,858	2,309,566	-148,293	579	--
Greater than zero and under 0.5 percent.....	3,696	26.8	58.3	7,744,643	3,165,760	61,223	54,698	5,160
0.5 percent under 1.0 percent.....	1,253	9.1	67.4	3,041,258	1,458,715	71,027	62,641	10,456
1.0 percent under 1.5 percent.....	711	5.2	72.6	3,197,329	928,596	67,564	63,759	10,871
1.5 percent under 2.0 percent.....	553	4.0	76.6	1,942,122	961,194	57,397	54,227	16,579
2.0 percent under 3.0 percent.....	728	5.3	81.9	4,480,539	936,724	84,245	81,945	22,475
3.0 percent under 4.0 percent.....	504	3.7	85.5	2,136,393	477,510	56,732	55,717	16,441
4.0 percent under 5.0 percent.....	372	2.7	88.2	906,866	287,807	45,884	44,888	12,704
5.0 percent under 7.5 percent.....	750	5.4	93.6	4,512,986	435,282	83,138	81,165	24,862
7.5 percent under 10.0 percent.....	459	3.3	97.0	922,433	96,381	26,744	26,345	8,306
10.0 percent or more.....	417	3.0	100.0	1,142,542	116,721	51,589	50,615	16,749

N/A--Not applicable.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors). Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent. Detail may not add to totals because of rounding.

The ratio of tax to receipts shown in column 64 of Table 4 takes into account only the U.S. tax liabilities of the corporations. Additional data would be required to examine the worldwide tax liabilities of the corporations, which are beyond the scope of this article [14].

Before looking at total income tax after credits for specific industries, it is useful to examine the amount of tax liability as a percentage of the total receipts for all large domestic corporations. Figure F

presents such data classified by 12 categories of this percentage. For 2003, large FCDCs reported \$17.3 billion of total income tax after credits, 0.7 percent of their total receipts. Column 3 of Figure F shows that 4 out of every 10 FCDCs had no tax liabilities, that three-fourths of the companies had tax liabilities of less than 1.0 percent of their receipts, and that 9 out of 10 companies had tax liabilities of less than 3.0 percent of their receipts. By comparison, large domestic corporations not foreign-controlled reported

Foreign-Controlled Domestic Corporations, 2003

\$144.6 billion of total income tax after credits, 1.3 percent of their total receipts. For these companies, 3 out of 10 had no tax liabilities, two-thirds had tax liabilities of less than 1.0 percent of their receipts, and 8 out of 10 had tax liabilities of less than 3.0 percent of their receipts.

FCDCs and ODCs claimed similar amounts of credits in relative terms. For 2003, large FCDCs claimed \$6.7 billion of credits, equaling 28.1 percent of their income tax liabilities before credits. Other large domestic corporations claimed \$58.6 billion of credits during the same period, equaling 28.9 percent of their income tax liabilities before credits. The largest credit claimed by each group of corporations was the foreign tax credit, \$5.2 billion by large FCDCs and \$44.4 billion by other large domestic corporations.

Overall, while FCDCs reported tax liabilities after credits of 0.7 percent of their receipts, other domestic corporations reported tax liabilities equal to 1.3 percent of receipts. Of the 17 different industrial sectors shown in Table 4 (data for two FCDC sectors have been suppressed), ODCs had higher tax to receipts ratios in 14 sectors.

Table 4 highlights once again the differences in financial characteristics of different industries. For instance, looking at large FCDCs, finance and insurance companies have a substantially higher ratio of net income (less deficit) to receipts (4.3 percent) than do wholesalers (1.8 percent); see column 57. However, when total assets are used as the denominator in place of total receipts (column 55), the difference is reversed (the largest FCDCs in finance and insurance have a 0.3 percentage and those in wholesale trade have a 2.8 percentage). Because the distribution of industrial activities based on principal businesses is not the same for the largest FCDCs as it is for ODCs, this, again, illustrates the importance of comparing the two groups of corporations on an industrial basis. This article will now look at two specific industrial sectors that are important to FCDCs: manufacturing and wholesale trade.

Manufacturing was a significant industrial sector for large FCDCs, accounting for nearly one-half of the total receipts of the group of corporations. Large ODC manufacturers had higher percentages than those of large FCDC manufacturers in each of the four calculations previously discussed. Specifically, the percentage of ODCs in this industrial sector that

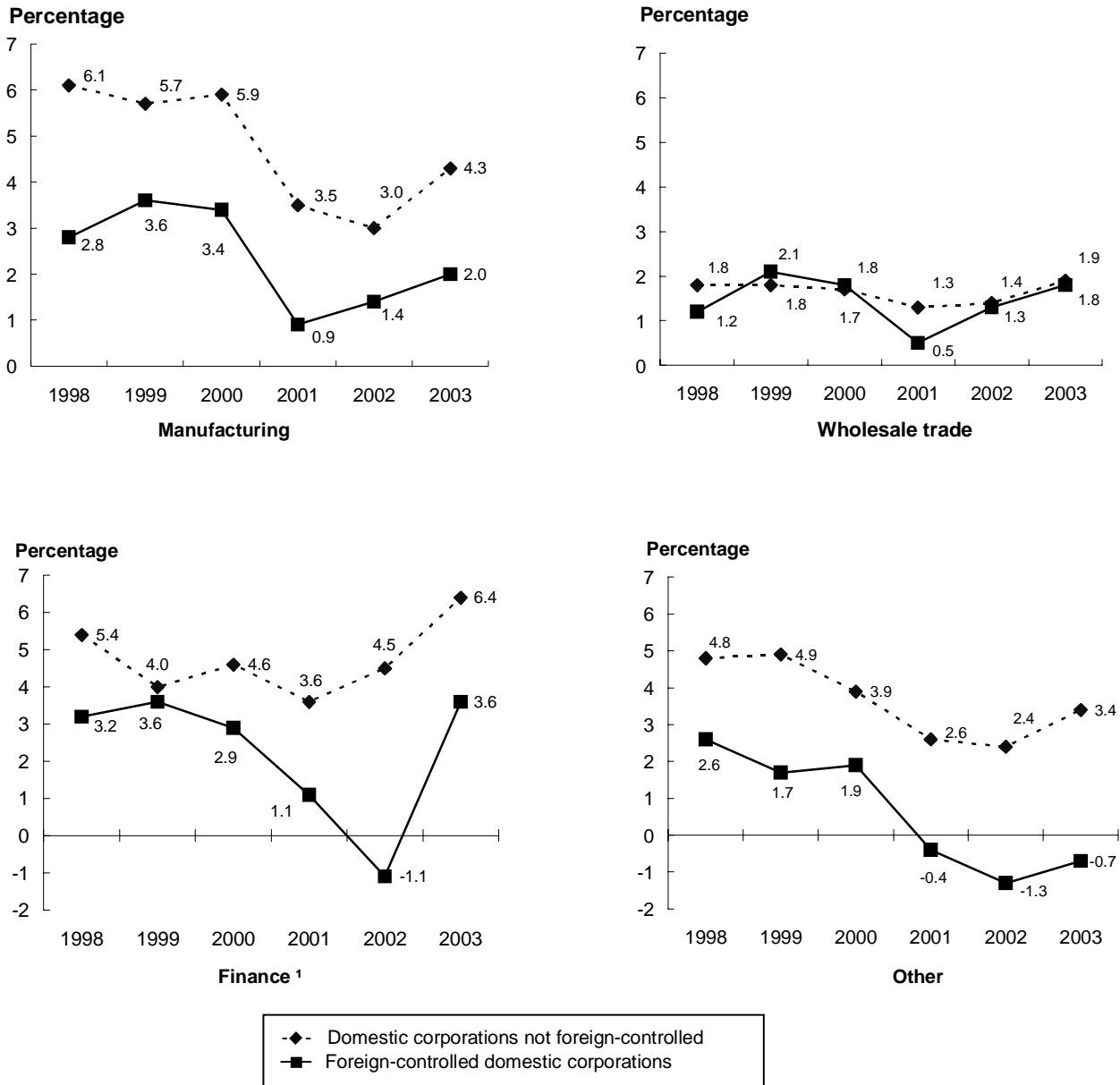
reported positive profits was higher, but somewhat similar to that for the FCDCs, 62.1 percent and 58.2 percent, respectively (see column 43 of Table 4). Looking at the actual amounts of those positive profits and also accounting for losses reported by the remaining companies, the percentage of net income (less deficit) to total receipts was significantly higher for ODCs, 4.3 percent, than it was for FCDCs, 2.0 percent (see Figure G and column 57 of Table 4). Similarly, large manufacturing ODCs reported taxable incomes of 5.3 percent of their receipts, while the percentage for FCDCs was smaller at 3.2 percent (see column 61 of Table 4). The ratio of total income tax after credits to total receipts for ODCs and FCDCs were 0.9 percent and 0.7 percent, respectively (see column 64 of Table 4). The similarity of these tax to receipts ratios is partially explained by the difference in the amounts of credits that the two groups of corporations reported. ODCs reported larger credits than did the FCDCs, thereby reducing their post-credit tax liabilities by a larger portion. ODCs reported credits equaling 51.0 percent of their precredit income tax liabilities. For FCDCs, the percentage was less, at 40.9 percent. For both groups of corporations, foreign tax credits accounted for most of the total credits.

Wholesale trade was also a significant industrial sector for large FCDCs, accounting for 22.4 percent of the total receipts of the group of corporations. The percentage of ODCs in this industrial sector that reported positive profits was higher, but again somewhat similar to that for the FCDCs, 77.1 percent and 71.6 percent, respectively. Looking at the actual amounts of those positive profits and also accounting for losses reported by the remaining companies, the percentage of net income (less deficit) to total receipts was marginally higher for ODCs (1.9 percent) than it was for FCDCs (1.8 percent). This small difference disappears when looking at the ratio of taxable income to total receipts. Large wholesale ODCs reported taxable incomes of 2.2 percent of their receipts, the same as that for FCDCs. The final ratio of total income tax after credits to total receipts shows the FCDC percentage being marginally higher than the ODC percentage, at 0.7 percent and 0.6 percent, respectively. These last percentages are once again impacted by the amount of credits claimed by both groups of corporations. ODCs reported much larger credits than did the FCDCs,

Foreign-Controlled Domestic Corporations, 2003

Figure G

"Large" Domestic Corporations: Net Income (Less Deficit) as a Percentage of Total Receipts, by Control Status and Industry, Tax Years 1998-2003



¹ Includes returns classified in the "finance and insurance" and "real estate and rental and leasing" industrial sectors of the North American Industry Classification System.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more. (Total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors.) Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent.

Foreign-Controlled Domestic Corporations, 2003

thereby reducing their post-credit tax liabilities by a larger portion. ODCs reported credits equaling 22.8 percent of their precredit income tax liabilities. For FCDCs, the percentage was much smaller, at just 6.4 percent. For both groups of corporations, foreign tax credits accounted for the largest share of the total credits.

Summary

Foreign investment and activity in the United States through FCDCs showed some growth, but mostly contraction, for Tax Year 2003. FCDCs reported \$2.6 trillion of total receipts for that year, a 2.3-percent increase over the 2002 level. However, total receipts reported on all U.S. corporation income tax returns increased by 4.8 percent from the previous year. As a result, the share of total corporate receipts accounted for by FCDCs decreased from 12.7 percent to 12.4 percent.

FCDC assets fell for 2003, while assets for all corporations rose. FCDC assets totaled \$6.2 trillion for 2003, a 3.3-percent decrease from the previous year. By comparison, all corporations reported a total of \$53.6 trillion of assets for 2003, a 6.4-percent increase over the previous year. FCDCs accounted for 11.5 percent of total corporate assets for 2003, down from 12.7 percent for the previous year.

The number of returns filed by FCDCs decreased by 4.3 percent for 2003, to 58,945. FCDCs accounted for only 1.1 percent of all corporation income tax returns filed for that year.

Two of the 19 industrial sectors, manufacturing and wholesale trade, generated over 71 percent of the \$2.6 trillion of total FCDC receipts. Manufacturers produced \$1.2 trillion of receipts, while wholesalers accounted for an additional \$0.6 trillion.

From a country perspective, domestic corporations controlled by persons in Japan reported total receipts of \$0.5 trillion, 19.6 percent of the FCDC total. In addition, the United Kingdom (15.1 percent), Germany (13.8 percent), the Netherlands (10.6 percent), Canada (7.5 percent), France (6.0 percent), and Switzerland (4.9 percent) accounted for significant portions of receipts.

Corporate profits were substantially larger than those of the previous year. The collective net income (less deficit) reported by foreign-controlled domestic corporations increased from \$7.8 billion for 2002 to \$32.0 billion for 2003. To place the performance of

FCDCs in context, total corporate profits also increased from \$563.7 billion for 2002 to \$780.0 billion for 2003.

The U.S. tax liability of FCDCs (i.e., total income tax after credits) moved in the same direction as did profits, increasing from \$17.8 billion for 2002 to \$19.1 billion for 2003, or by 7.3 percent. To place this in perspective, the 2003 U.S. tax liabilities of all corporations were 15.6 percent more than the previous year.

Of the 58,945 foreign-controlled domestic corporations, the 3,266 "largest" companies accounted for most of the total amounts of key financial items (e.g., 95.1 percent of the total assets, 93.5 percent of the total receipts, 92.1 percent of the taxable income, and 90.3 percent of the total income tax after credits).

In comparing the 3,266 large foreign-controlled domestic corporations to the 13,794 other large domestic companies on the basis of industry, FCDCs had lower percentages than ODCs in most sectors using each of the following four criteria: (1) percentage of corporations that reported profits, (2) percentage of net income (less deficit) to total receipts, (3) percentage of taxable income to total receipts, and (4) percentage of total income tax after credits to total receipts.

While this article has been able to compare several key ratios related to the profits and taxes reported by foreign-controlled domestic corporations and other domestic corporations on the same bases of size and industry, additional research is needed to explain the differences in those ratios [15].

Explanation of Selected Terms

The following are brief explanations of some of the terms used in this article. For more extensive definitions, see *Statistics of Income--2003, Corporation Income Tax Returns*.

Alternative Minimum Tax.--This tax was designed to ensure that a taxpayer with substantial economic income would not avoid significant tax liability through a legitimate use of exclusions, deductions, and credits. In effect, it provided a second tax system that curtailed or eliminated many of the means of reducing taxes allowed in the regular tax system and taxed the resulting alternative taxable income at a reduced rate. The AMT is included in the amounts reported for both total income tax before (and after) credits.

Foreign-Controlled Domestic Corporations, 2003

Balance Sheets.--The balance sheet data presented in this article were the amounts reported by the taxpayer as of the end of the taxpayer's accounting year. Taxpayers were instructed to provide data that agreed with their books of account but were given very few other guidelines. Since balance sheet data were from the taxpayer's books, they were generally governed by general accounting principles rather than the special rules of tax accounting. A number of steps were taken during statistical processing to reduce the variability due to taxpayer reporting practices. Misreported amounts were transferred to their proper accounts. Missing balance sheets were either supplied from reference books or statistically imputed based on other data and the company's characteristics. Some balance sheets were suppressed for final returns of corporations going out of existence and for most part-year returns (because the same company's end-of-year data could have been subject to inclusion from its full-year return).

Business Receipts.--These receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. They represented all of a corporation's receipts except investment and incidental income. Business receipts also exclude gains from the sale of assets. Some corporations reported sales and excise taxes as part of their gross receipts from sales (and deducted these taxes as part of "cost of goods sold" or as "taxes paid"); others reported their receipts after adjustment for these taxes. Business receipts include rents reported by real estate operators and other corporations for which rent made up a significant portion of income. The latter corporations included manufacturers that rented their products, lessors of public utility facilities, and companies engaged in rental services, such as lodging places and the rental of automobiles. Business receipts include such banking items as fees, commissions, and credit card income. Interest, the principal operating income of banking and financial institutions, was excluded from business receipts; rather, it was included in the separate statistics for interest received. Also, premium income of most insurance companies was included in business receipts. Security dealers included profits from security trades in business receipts.

Constructive Ownership Rules.--The constructive ownership rules of Internal Revenue Code (IRC) section 318 apply in determining if a U.S. corporation

is foreign-owned. However, if a corporation is owned by two or more "unrelated" foreign persons, neither of which owned 50 percent or more of the corporation, then that corporation was excluded from the FCDC statistics even though, together, these persons may have met the 50-percent-or-more ownership criterion. See also, Foreign Person, defined below.

Constructive Taxable Income from Related Foreign Corporations.--This item is the sum of includable income from Controlled Foreign Corporations (CFCs) and foreign dividend gross-up. IRC sections 951-964 ("Subpart F") created an exception to the general rule that the earnings and profits of CFCs were subject to U.S. taxation only when the income was actually distributed to U.S. shareholders [16]. Under Subpart F, some types of foreign income are required to be included in the income of the U.S. shareholders, although not actually distributed. This includable income comprises passive investment income, income from sources thought especially easy to shift between tax jurisdictions, and income from sources contrary to public policy. Foreign dividend gross-up is constructive taxable income to corporations that claim a foreign tax credit. A U.S. corporation could claim a foreign tax credit for a share of the foreign taxes actually paid by its related foreign corporations. The share of foreign taxes was treated as deemed paid by the U.S. corporation. In order to receive credit against U.S. tax, the foreign taxes deemed paid need to be included in the corporation's worldwide income. The dividend gross-up, which is the equivalent amount of the foreign taxes deemed paid by the U.S. corporation, is included as income of the U.S. corporation.

Cost of Goods Sold.--This item generally consisted of the costs incurred by corporations in producing the goods or providing the services that generated the business receipts. Included were costs of materials used in manufacturing; costs of goods purchased for resale; direct labor; and a share of overhead expenses, such as rent, utilities, supplies, maintenance, and repairs. For statistical processing purposes, however, certain items (such as advertising, amortization, bad debts, compensation of officers, depletion, depreciation, interest paid, taxes, and contributions to charitable organizations, employee benefit programs, and pension plans) reported by taxpayers in cost of goods sold schedules were transferred to their respective and separate deduction categories.

Current and Noncurrent Assets.--In this article, current assets plus noncurrent assets equal total assets. Table 4 of this article includes separate data for current assets and noncurrent assets. Current assets include cash, notes and accounts receivable (less the allowance for bad debts), inventories, investments in Government obligations, tax-exempt securities, and other current assets, such as short-term prepaid expenses and nontrade receivables. Noncurrent assets include loans to stockholders, mortgage and real estate loans, other investments, depreciable assets (less accumulated depreciation), depletable assets (less accumulated depletion), land, intangible assets (less accumulated amortization), and other assets, including those not identified on the tax return as either current or long-term.

Current and Noncurrent Liabilities.--In this article, current liabilities include accounts payable; mortgages, notes, and bonds payable in less than 1 year; and other current liabilities, such as accrued taxes, payrolls, and other expenses. Noncurrent liabilities include loans from stockholders; mortgages, notes, and bonds payable in 1 year or more; and other liabilities, including those not identified on the tax return as either current or long-term.

Foreign Person.--A foreign person (or entity) includes: (1) a foreign citizen or nonresident alien, (2) an individual who is a citizen of a U.S. possession (but who is not a U.S. citizen or resident), (3) a foreign corporation, (4) a foreign partnership, (5) a foreign estate or trust within the meaning of IRC section 7701(a)(31), and (5) a foreign government (or one of its agencies or instrumentalities) to the extent that it is engaged in the conduct of a commercial activity as described in IRC section 892.

Foreign Tax Credit.--Although the United States taxes the worldwide income of U.S. persons (including corporations), foreign source income is often taxed as well by the country where the income is earned. The foreign tax credit provisions were enacted to mitigate the potential impact of the double taxation of foreign-source income. U.S. persons are allowed a credit against U.S. income tax for income taxes paid (or accrued) to foreign countries or U.S. possessions, subject to a limitation that prevented corporations from using foreign tax credits to reduce U.S. tax liability on U.S.-sourced income. A corporation that claimed the foreign tax credit could not also claim a business deduction for the same foreign

taxes paid. The foreign tax credit was not allowed for taxes paid to certain foreign countries whose governments were not recognized by the United States, with which the United States severed or did not conduct diplomatic relations, or which provided support for international terrorism.

Income Subject to Tax.--For most corporations, income subject to tax, i.e., taxable income, consisted of (positive) net income minus certain statutory special deductions. However, there were special provisions in the Internal Revenue Code for determining the taxable income of S corporations and insurance companies.

Income Tax.--This item was the amount of a corporation's tax liability calculated at the regular corporate tax rates. It is included in the amounts reported for both total income tax before (and after) credits.

Interest.--This item is taxable interest, a component of total receipts. It includes interest on U.S. Government obligations, loans, notes, mortgages, corporate bonds, bank deposits, and dividends from savings and loans and mutual savings banks. This item does not include interest received from certain government obligations not subject to U.S. income tax, including those issued by States, local governments, the District of Columbia, and U.S. possessions.

Net Income (or Deficit).--This is a company's net profit or loss from taxable sources of income reduced by deductions allowed by the Internal Revenue Code. It reflects not only actual receipts, but "constructive" receipts as well (i.e., includable income from Controlled Foreign Corporations and the foreign dividend "gross-up"). Tax-exempt interest on State and local government obligations is excluded from this item but is included in "total receipts." The deductions include ordinary and necessary business deductions but do not include statutory special deductions. The statistics for (positive) net income are generally larger than those for "income subject to tax" because the latter is reduced by the amount of statutory special deductions, including the net operating loss deduction. In this article, for a group of returns, this item may be referred to as either "profits" (i.e., net income exceeds deficits) or "losses" (deficits exceed net income). On Form 1120, net income (or deficit) was reported on page 1, line 28, entitled "Taxable income before net operating loss deduction and special deductions."

Foreign-Controlled Domestic Corporations, 2003

Net Operating Loss Deduction (NOLD).--A statutory "net operating loss" (NOL) for a given tax year could be carried back, in general, 2 years to reduce the taxable income of those years, and any amount of the NOL not offset against income during that time could be carried forward to offset income for a period not exceeding 20 years. A "net operating loss" is calculated using the laws and IRS regulations in effect for a given tax year, and is the excess of allowable deductions over taxable income, with certain adjustments. The amount of the deduction included in the statistics of this article, however, consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (2003) tax year. Losses incurred after Tax Year 2003 and carried back to that year at a later date were not reported on the tax returns used for this article. Net operating losses on which the 2003 deduction was based include: (1) the excess of ordinary and necessary business expenses over income for previous loss years, and (2) statutory special deductions claimed for a loss year for dividends received and for dividends paid on certain preferred stock of public utilities (or any excess of such deductions over net income).

Net Worth.--This item represented the stockholders' equity in the corporation, i.e., total assets less the claims of creditors. It is the net sum of capital stock, additional paid-in capital, appropriated retained earnings, and unappropriated retained earnings (including adjustments to shareholders' equity), minus the cost of treasury stock. Adjustments to shareholders' equity could be either positive or negative and included unrealized gains and losses on securities held "available for sale." Treasury stock is common or preferred stock originally issued by the corporation that has been reacquired and held at the end of the accounting period by the issuing corporation.

Number of Returns.--The data contained in this article include the number of returns filed for Tax Year 2003. For simplicity, the number of returns is sometimes referred to in this article as the number of corporations. However, the actual number of corporations may be larger than the number of returns because most domestic corporations could elect to file consolidated income tax returns. These returns were filed by common parent corporations and contained combined financial data of two or more affiliated domestic corporations meeting cer-

tain stock ownership requirements. Each consolidated return was treated for statistical purposes as a single unit.

Real Estate Investment Trusts.--Domestic corporations, trusts, and associations that meet certain ownership, purpose, income, and diversification requirements may elect to be taxed as a real estate investment trust (REIT). Foreign-controlled domestic corporations can be REITs. However, REITs played a much larger role for ODCs than for FCDCs [17]. REITs generally invest in real estate and mortgages. A beneficial ownership of the trust is established through transferable shares or transferable certificates of beneficial interest. Among the income requirements, at least 95 percent of the total gross income of a REIT must come from dividends; interest; rents from real property; gains from the sale of stock, securities, and real property; etc. Additionally, at least 75 percent of total gross income must be derived from rents from real property; interest on mortgages on real property; gains from sales of real property and mortgages; dividends and gains from the sale of transferable shares in other REITs; etc. The tax liability of REITs is generally very low. This is because through a statutory special deduction for dividends paid, REITs are not taxed on amounts distributed to shareholders. In general, REITs must distribute to their shareholders at least 90 percent of their taxable incomes. Such distributions are taxed to the shareholders (i.e., beneficiaries).

Regulated Investment Companies.--A regulated investment company (RIC) is a domestic corporation registered with the Securities and Exchange Commission as a management company, business development company, unit investment trust, common trust fund, or a similar fund. Typically, it is a mutual fund. Foreign-controlled domestic corporations can be RICs. However, RICs played a much larger role for ODCs than for FCDCs [17]. A RIC must meet certain Internal Revenue Code requirements, including deriving at least 90 percent of its gross income from dividends, interest, payments related to securities loans, and gains from the sale of stock or securities, foreign currencies, or other income related to its business of investing in such stock, securities, or currencies. The tax liability of RICs is generally very low. This is because through a statutory special deduction for dividends paid, RICs are not taxed on amounts distributed to shareholders. In general,

Foreign-Controlled Domestic Corporations, 2003

RICs must distribute to their shareholders at least 90 percent of their taxable incomes. Such distributions are taxed at the shareholder level.

S Corporations.--An S corporation has elected to be taxed through its shareholders under Internal Revenue Code section 1362. The IRC contains restrictive criteria that a company must meet in order to qualify as an S corporation, which include the number and types of shareholders. These companies are involved in numerous industrial activities. They report corporate income and deductions from their conduct of trades and businesses, but generally allocate any income or loss to their shareholders to be taxed only at the individual level. S corporations comprise a very large part of the corporate population. However, foreign-controlled domestic corporations can not elect to be treated as S corporations [17].

Statutory Special Deductions.--In general, net income less statutory special deductions equals income subject to tax. This item is the sum of: (1) deductions for net operating loss carryovers from prior years and (2) special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code, which includes: (a) dividends received deductions, (b) deductions for dividends paid on certain stock of public utilities, (c) deductions for dividends paid by regulated investment companies and real estate investment trusts, (d) Internal Revenue Code section 857(b)(2)(E) deductions reported by real estate investment trusts, and (e) Code section 806(a) small life insurance company deductions. These deductions were in addition to ordinary and necessary business deductions.

Total Assets.--This item represented those assets reported in the end-of-year balance sheets of the corporations' books of account. Total assets were net amounts after reduction by accumulated depreciation, accumulated amortization, accumulated depletion, and the reserve for bad debts.

Total Income Tax Before and After Credits.--For 2003, total income tax of FCDCs was primarily comprised of the income tax imposed on corporate income subject to tax (98.6 percent of the total tax). The alternative minimum tax accounted for 1.3 percent of the total. A small number of corporation income tax returns without net income reported amounts of income tax. The income tax, in these cases, resulted from special provisions of the Internal

Revenue Code applicable to life insurance operations. These provisions applied to FCDCs with life insurance operations. Additionally, some taxes included in total income tax were not imposed directly on a corporation's income subject to tax, such as the recapture taxes. Thus, a small number of corporations without net income and income tax may have reported such taxes on their income tax returns. These taxes were included in the statistics for total income tax. Also included in total income tax were personal holding company taxes and the taxes on undistributed net capital gains of regulated investment companies. For 2003, the credits used to reduce the total income tax of FCDCs primarily included the foreign tax credit (77.0 percent of the \$6.9 billion of total credits), the general business credit (13.5 percent), and the prior-year minimum tax credit (8.3 percent), as well as the U.S. possessions tax credit, the nonconventional source fuel credit, and the qualified zone academy bond credit.

Total Receipts.--This item includes all of the income actually (as opposed to constructively) received by a corporation and reported on its income tax return. It includes gross taxable receipts, before the deduction of cost of goods sold and ordinary and necessary business expenses. It also includes tax-exempt interest received on State and local government obligations. A domestic corporation (i.e., one incorporated in the United States), whether controlled by a foreign person or not, could have business activities in a foreign country, as well as in the United States. Thus, total receipts may include those from foreign branch operations of the U.S. company. Also, the total receipts of a domestic corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries. However, total receipts exclude certain taxable income from related foreign corporations that is only constructively received by the domestic corporation. Long-term capital gains of regulated investment companies, as well as both short-term and long-term capital gains of S corporations are also excluded.

Total Receipts Less Total Deductions.--This item differs from the "net income (less deficit)" shown in the statistics in that it includes nontaxable interest received on State and local government obligations, and excludes constructive taxable income from related foreign corporations.

Data Sources and Limitations

Time Period Covered

Data for Tax Year 2003 are based on returns with accounting periods that ended between July 2003 and June 2004. These accounting periods were 12 months in length, or less for part-year accounting periods. As a result of the 12-month span for ending accounting periods, the statistics shown in this article include accounting periods that began and ended within a 23-month span. For Tax Year 2003, that span was from August 2002 through June 2004. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 2003. Of the 58,945 FCDC returns filed for Tax Year 2003, some 38,665 had accounting periods that ended in December 2003, 66 percent of the total. These returns accounted for 73 percent of both the receipts and deductions reported by all FCDCs, as well as 77 percent of the FCDC assets.

The sampling frame for the 2003 statistics consisted, in general, of tax returns with accounting periods that ended between July 2003 and June 2004, and that posted to the IRS Business Master File between July 2003 and June 2005. A 24-month sampling period was needed for several reasons. First, some corporations had noncalendar year accounting periods ending as late as June 2004. Second, while corporation returns were usually required to be filed within 2 1/2 months after the close of the accounting period, many requested filing extensions of 6 months. Third, normal administrative processing time lags required that the sampling process remain open until June 2005.

Returns Covered

The number of returns shown in this article represents returns of "active" corporations, i.e., those that reported any income or deduction items. While any corporation in existence during any portion of the taxable year was required to file an income tax return (even though it may have been inactive, not having any income or deductions), the great majority of returns filed with the Internal Revenue Service were for active corporations. Nonprofit corporations, exempt farmers' cooperatives, and certain other incorporated organizations did not file corporation income tax returns and are not included in the statistics shown in this article. Part-year returns,

those filed for accounting periods of less than 12 months, were included in the number of returns and other data shown in this article. Continuing corporations changing their accounting periods, new corporations in existence less than 12 months, merging corporations, and liquidating corporations filed such returns. To avoid double counting, data from the balance sheets of part-year returns were not included in the statistics, except for those from initial returns of newly incorporated businesses.

Sample

This article presents statistical estimates based on a stratified sample of more than 10,400 unaudited tax returns selected from over 58,900 returns of active domestic corporations controlled by a foreign person filed for Tax Year 2003. The statistics for FCDCs are based on samples of corporation income tax returns filed primarily on Form 1120 (*U.S. Corporation Income Tax Return*). In addition, the statistics for all FCDCs include data from the small numbers of other domestic corporation income tax returns filed on Forms 1120L (*U.S. Life Insurance Company Income Tax Return*), 1120-RIC (*U.S. Income Tax Return for Regulated Investment Companies*), 1120-REIT (*U.S. Income Tax Return for Real Estate Investment Trusts*), and 1120-PC (*U.S. Property and Casualty Insurance Company Income Tax Return*). For Tax Year 2003, FCDCs filed only 20 Forms 1120L, 118 Forms 1120-RIC, 48 Forms 1120-REIT, and 62 Forms 1120-PC [18]. As previously mentioned, FCDCs could not file Forms 1120-A, 1120-F, and 1120S. The statistics for the largest FCDCs shown in Figures E through G, and in Table 4, exclude Forms 1120-RIC and 1120-REIT.

Form 1120 sampled returns were stratified based on the size of total assets and the size of "proceeds" (which was used as a measure of income and was the larger of the absolute value of net income or deficit or the absolute value of "cash flow," i.e., net income plus depreciation plus depletion). Forms 1120L, 1120-RIC, 1120-REIT, and 1120-PC were sampled based solely on the size of total assets.

For 2003, the sampling rates for Forms 1120 alone (the majority of returns included in the sample) ranged from less than 1 percent to 100 percent. In general, Form 1120 returns with assets of \$10 million or more, or with "proceeds" of \$2.5 million or more, were selected for the Statistics of Income study at

Figure H

Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Sectors and Selected Countries of Foreign Owners, Tax Year 2003

Selected industrial sector or country	Coefficients of variation (percentages)						
	Number of returns	Total assets	Total receipts	Net income	Deficit	Income subject to tax	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	4.17	0.03	0.14	0.19	0.37	0.19	0.24
Selected industrial sectors:							
Manufacturing.....	10.00	0.04	0.10	0.15	0.44	0.14	0.22
Wholesale trade.....	7.86	0.23	0.44	0.55	1.68	0.55	0.54
Information.....	19.76	0.05	0.74	1.42	0.54	1.27	1.29
Finance and insurance.....	11.69	0.01	0.22	0.28	1.09	0.42	0.43
Real estate and rental and leasing.....	8.91	0.86	1.64	3.35	2.11	4.41	4.27
Professional, scientific, and technical services.....	15.94	0.43	1.86	3.29	2.41	4.71	4.67
Management of companies (holding companies)....	21.71	0.06	0.13	0.59	1.27	0.62	0.55
Selected countries of foreign owners:							
Bermuda.....	12.84	0.07	0.14	0.58	0.16	0.56	0.27
Canada.....	11.76	0.13	0.75	1.24	1.50	1.80	1.71
France.....	20.15	0.06	0.29	0.56	1.08	0.62	0.80
Germany.....	15.43	0.05	0.21	0.88	0.67	1.12	1.22
Japan.....	10.41	0.10	0.23	0.35	0.90	0.28	0.28
Netherlands.....	23.77	0.05	0.21	0.37	0.98	0.29	0.49
Sweden.....	18.11	0.16	0.11	0.40	6.85	0.39	0.74
Switzerland.....	18.82	0.05	0.52	0.78	1.41	0.84	0.89
United Kingdom.....	14.59	0.04	0.27	0.27	0.87	0.19	0.29

the 100-percent sampling rate. Thus, most if not all of the “largest” FCDCs (and other domestic corporations as well) were selected at the 100-percent rate. Therefore, sampling error is not considered to be a major concern for the large-corporation data shown in this article. For additional information on the sampling rates, see *Statistics of Income--2003, Corporation Income Tax Returns*.

Because the data presented are estimates based on samples, they are subject to sampling error. To properly use these data, the magnitude of the sampling error should be known. Coefficients of variation (CVs) are used to measure that magnitude. Figure H shows CVs for selected financial data of selected industrial sectors and selected countries of the foreign owners. For a general discussion of sampling procedures and CVs, see the Appendix (“SOI Sampling Methodology and Data Limitations”) located near the back of this issue of the *Statistics of Income Bulletin*.

Nonsampling Limitations

Nonsampling errors can be categorized as coverage errors, nonresponse errors, processing errors, or response errors. These errors can be the result of

the inability to obtain information about all returns in the sample, differing interpretations of tax concepts or instructions by the taxpayer, inability of a corporation to provide accurate information at the time of filing (data are collected before auditing), inability to obtain all tax schedules and attachments, errors in recording or coding the data, errors in collecting or cleaning the data, errors made in estimating for missing data, and failure to represent all population units.

Returns were selected for this study based on taxpayers’ responses to two questions that appeared on the various types of Form 1120. The first question asked whether one “foreign person” owned, directly or indirectly, 25 percent or more of the filing corporation’s voting stock or of the total value of all the corporation’s stock, at any time during the tax year. If this question was answered “Yes,” then a second question asked for the percentage owned [19]. If the first question was answered “Yes,” and the second question was answered with a percentage between 50 and 100, then the return was included in the FCDC statistics. Taxpayers sometimes incorrectly answered these questions or did not answer them at all [20]. However, prior to tabulation, corporations with large amounts of assets or receipts, and

Foreign-Controlled Domestic Corporations, 2003

with changes in foreign ownership status between 2002 and 2003, were researched, and the answers to the questions were verified. These large corporations had a dominating effect on the estimates for balance sheet, income statement, and tax items.

Each return used for the statistics had an industry code reported, or was assigned one during administrative or statistical processing. The North American Industry Classification System (NAICS) was used as a classifier of the returns. The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of the total receipts) of the corporation filing the return. However, a given return may summarize the activity of a company engaged in several businesses or may have been a consolidated return filed for an affiliated group of corporations that conducted different business activities. To the extent that some consolidated (and nonconsolidated) returns covered corporations that were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

There is an additional limitation related to data presented by industrial classification. Companies that sell similar products may not be classified in the same industry. For instance, those FCDCs that were primarily U.S. distributors of products made in foreign countries by their parent or other related companies were classified as wholesalers. However, other domestic corporations that were also distributors may have been included in consolidated returns covering both the manufacture and distribution of similar products and classified as manufacturers.

Each return was assigned a foreign country code during statistical processing that identified the owner's country. For individuals, it was the owner's country of residence. For all others, it was the country in which the foreign entity was incorporated, organized, created, or administered. To the extent that a holding company or other affiliated entity was part of a chain between a U.S. subsidiary company and the ultimate foreign parent, the country data may be related to the holding company and, thus, not be related to the foreign country of the ultimate parent.

Notes and References

[1] For additional 2003 statistics covering foreign-controlled domestic corporations (FCDCs), see

Tables 24 and 25 of *Statistics of Income--2003, Corporation Income Tax Returns*, IRS Publication 16. This publication is expected to be available in September 2006. Statistics for tax years prior to 2003 are available in earlier editions of Publication 16. For 2002 statistics covering FCDCs, see Hobbs, James R., "Foreign-Controlled Domestic Corporations, 2002," *Statistics of Income Bulletin*, Summer 2005, Volume 25, Number 1. In addition, FCDC data are included on the IRS Internet site at www.irs.gov, under Tax Stats.

- [2] Total corporate data referenced throughout this article come from: (1) *Statistics of Income Bulletin*, Publication 1136, Spring 2006, Volume 25, Number 4; (2) *Statistics of Income--Corporation Income Tax Returns*, Publication 16, selected years; (3) *Source Book of Statistics of Income--Corporation Income Tax Returns*, Publication 1053, selected years; and (4) unpublished Statistics of Income tabulations.
- [3] Sections 7701(a)(4) and (5) of the Internal Revenue Code define a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation is "one which is not domestic."
- [4] For 2003, there were only 4,610 returns that indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported \$97 billion of assets, \$60 billion of receipts, \$2 billion of taxable income, and \$1 billion of total income tax after credits. All of these amounts were small in comparison to data for the corporations with at least 50 percent foreign ownership.
- [5] For the most recent statistics, there will be tabulations covering branch operations of foreign corporations with income "effectively connected" with a U.S. trade or business in *Statistics of Income--2003, Corporation Income Tax Returns*, IRS Publication 16. See Tables 10 and 11 of this publication, which is expected to be available in September 2006. Statistics for tax years prior to 2003 are available in earlier editions of Publication 16.

- [6] As a result of the Statistics of Income (SOI) sampling process, data shown in this article for “all corporations” exclude certain out-of-scope returns, such as returns for homeowners’ associations (Form 1120-H) and certain political organizations (Form 1120-POL). For a more complete listing of the returns excluded from the SOI corporation sample, see the Description of the Sample and Limitations of the Data section of *Statistics of Income--2003, Corporation Income Tax Returns*. On the other hand, in addition to legally defined corporations, the Internal Revenue Code recognizes many types of businesses as corporations, including joint stock companies and unincorporated associations (e.g., certain partnerships, savings and loan associations, and mutual savings banks). These organizations possess characteristics typical of the corporate form, such as continuity of life, limited liability of owners, and transferability of shares of capital ownership. They filed Forms 1120 and were included in the SOI corporation sample.
- [7] For additional information on foreign investment in the United States, see *Survey of Current Business* reports, produced by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). BEA periodically produces several articles related to this subject. In addition to the printed versions of these articles, electronic versions can be obtained from the Internet at www.bea.doc.gov. The data in these reports may not be directly comparable to the information shown in this article because of definitional differences, such as those relating to time periods covered, levels of foreign ownership, and levels of company consolidation.
- [8] The percent changes in the assets between 2002 and 2003 of domestic corporations controlled by foreign persons, as well as those of all corporations, may overstate the actual “change in investment.” Assets are generally reported at book value on tax returns (i.e., at the value at the time of acquisition). The book value of newly-acquired assets is generally greater than the book value of similar assets they replaced. Therefore, new corporations may tend to have a greater percentage of new assets with greater book values. To the extent that new corporations comprised a different portion of FCDCs than they did for other companies, the comparability of the two percentages may be limited.
- [9] Dates of incorporation are reported on Form 1120, page 1, question C. Forms 1120L, 1120-PC, 1120-REIT, and 1120-RIC also contain this question in different locations on those forms.
- [10] For the most recent detailed information on transactions between “foreign-owned domestic corporations” and their related foreign persons, see Jauquet, William P., “Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002,” *Statistics of Income Bulletin*, Winter 2005-2006, Volume 25, Number 3. The data contained in that article are not completely comparable to the data contained in this article, since they cover different time periods and are for U.S. corporations that were owned, 25 percent or more, by a foreign person. By contrast, the foreign ownership level used for the FCDC statistics shown in this article was 50 percent or more. Additionally, returns included in the “foreign-owned” study showed total receipts of \$500 million or more and reported transactions with related foreign persons on Form 5472, *Information Return of a 25 Percent Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*. Neither of these conditions was a requirement for inclusion in the FCDC study.

Foreign-Controlled Domestic Corporations, 2003

[11] In general, the computation of net income (less deficit) can be shown as follows:

Begin With: Total Receipts
(Includes Business Receipts)

Less: Total Deductions
(Includes Cost of Goods Sold)

Equals: Total Receipts Less Total Deductions

Plus: Constructive Taxable Income from
Related Foreign Corporations
(Includes Includable Income from Controlled Foreign Corporations and Foreign Dividend Gross-up)

Less: Tax-exempt Interest on State and Local
Government Obligations (Included in Total Receipts, above)

Equals: Net Income (or Deficit)

[12] The 31,676 companies reporting a deficit may include a small number of “break-even” companies, i.e., those whose receipts and deductions were equal.

[13] There were certain exceptions to the relationship of positive net income minus statutory special deductions equaling taxable income. First, in some cases, the statutory special deductions for dividends received and for dividends paid on certain preferred stock of public utilities exceeded net income. Second, the tax bases of S corporations and life insurance companies were not defined as net income less statutory special deductions. Rather, these types of corporations computed taxable income using special provisions of the Internal Revenue Code. Also, regulated investment companies and real estate investment trusts generally passed their net incomes on to be taxed at the shareholder level; but any taxable amounts not distributed were included in income subject to tax.

[14] One focus of this article is U.S. total income tax after credits. The reader might choose to focus instead on total worldwide taxes, which may be approximated by adding the foreign tax credits claimed by corporations to the U.S. tax liabilities (i.e., total income tax after credits) of these corporations. There are limitations in using this procedure, and the foreign tax credit only approximates the foreign tax liabilities of the corporations. Table 4 shows amounts of foreign tax credits in addition to U.S. total income tax after credits. For the most recent statistics covering corporate foreign tax credits in depth, see Luttrell, Scott, “Corporate Foreign Tax Credit, 2001,” *Statistics of Income Bulletin*, Fall 2005, Volume 25, Number 2. In addition, foreign tax credit data are included on the IRS Internet site at www.irs.gov, under Tax Stats.

[15] See “Tax Administration: Comparison of the Reported Tax Liabilities of Foreign- and U.S.-Controlled Corporations, 1996-2000,” U.S. General Accounting Office, GAO-04-358, February 2004. Also, see Grubert, Harry, “Another Look at the Low Taxable Income of Foreign-Controlled Companies in the United States,” U.S. Department of the Treasury, Office of Tax Analysis, Paper 74, 1997; and Mataloni, Raymond J., Jr., “An Examination of the Low Rates of Return of Foreign-Owned U.S. Companies,” U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, March 2000.

[16] For the most recent statistics covering CFCs, see Mahony, Lee and Wenrich, Jason, “Controlled Foreign Corporations, 2000,” *Statistics of Income Bulletin*, Summer 2004, Volume 24, Number 1. In addition, CFC data are included on the IRS Internet site at www.irs.gov, under Tax Stats.

[17] Shown below are Tax Year 2003 data for all REITs, RICs, and S corporations, regardless of

Foreign-Controlled Domestic Corporations, 2003

size, filed by foreign-controlled domestic corporations (FCDCs) and by other domestic corporations (ODCs). Money amounts are in millions of dollars.

Type of corporation and item	FCDCs	ODCs
Real Estate Investment Trusts:		
Number of returns	48	1,011
Total assets	32,100	881,550
Total receipts	2,077	66,837
Net income (less deficit)	955	40,128
Income subject to tax	--	17
Total income tax after credits	1	12
Regulated Investment Companies:		
Number of returns	118	10,861
Total assets	63,141	8,256,538
Total receipts	1,102	186,042
Net income (less deficit)	764	111,133
Income subject to tax	--	1
Total income tax after credits	--	168
S Corporations:		
Number of returns	--	3,341,606
Total assets	--	2,186,582
Total receipts	--	4,232,566
Net income (less deficit)	--	171,575
Income subject to tax	--	936
Total income tax after credits	--	381

[18] The counts of 20 Forms 1120L and 62 Forms 1120-PC do not include returns of life insurance companies and property/casualty insurance companies, respectively, that were filed as part of consolidated returns under IRC section

1504(c). Under this section, a nonlife insurance parent company could include a domestic life insurance subsidiary in a consolidated return. For 2003, there were 94 section 1504(c) returns of foreign-controlled domestic corporations. Of this number, 52 returns had a property/casualty insurance company as the largest subsidiary, 3 returns had a life insurance company as the largest subsidiary, and the remainder (39) had a noninsurance company as the largest subsidiary.

[19] On Form 1120, Page 3, Schedule K, the actual questions were: “(7) At any time during the tax year, did one foreign person own, directly or indirectly, at least 25 percent of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation?” and “(7a) If ‘Yes,’ enter percentage owned.” There was an additional question used for the country distribution of these statistics, which was: “(7b) If ‘Yes,’ enter owner’s country.”

[20] The FCDC statistics include data from returns in which the first question (see footnote 19) was answered “Yes,” and the second question covering percentage owned was not answered. There were 1,147 returns for Tax Year 2003 that were included in the FCDC data, although the exact foreign ownership percentage was not specified. These returns reported \$59.2 billion of assets and \$57.3 billion of receipts.

Foreign-Controlled Domestic Corporations, 2003

Table 1.--Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971-2003

[All figures are estimates based on samples--money amounts are in millions of dollars]

Item	1971	1983	1990	1994	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ALL CORPORATIONS								
Number of returns, total.....	1,733,332	2,999,071	3,716,650	4,342,368	5,045,274	5,135,591	5,266,607	5,401,237
Number with net income.....	1,063,940	1,676,288	1,910,670	2,392,357	2,819,153	2,822,302	2,800,517	2,932,115
Total assets.....	2,889,221	10,201,084	18,190,058	23,446,207	47,026,872	49,154,424	50,413,502	53,644,785
Total receipts.....	1,906,008	7,135,494	11,409,520	13,360,007	20,605,808	20,272,958	19,749,426	20,689,574
Business receipts.....	1,763,760	6,334,603	9,860,442	11,883,615	17,636,551	17,504,289	17,297,125	18,264,394
Interest received ¹	65,596	494,604	942,238	837,215	1,576,101	1,499,683	1,233,298	1,132,675
Total deductions.....	1,824,063	6,945,457	11,032,575	12,774,888	19,691,592	19,682,983	19,198,882	19,940,595
Cost of goods sold.....	1,241,282	4,308,239	6,610,770	7,624,877	11,135,288	11,041,533	10,607,404	11,318,645
Interest paid.....	64,697	475,060	825,372	611,156	1,271,679	1,203,046	912,752	818,017
Total receipts less total deductions.....	81,945	190,037	376,945	585,119	914,216	589,975	550,544	748,980
Net income (less deficit).....	79,700	188,314	370,633	577,278	927,526	603,623	563,657	779,989
Net income.....	96,688	296,932	552,527	739,503	1,336,620	1,112,481	1,053,126	1,175,609
Deficit.....	-16,988	-108,618	-181,894	-162,225	-409,094	-508,858	-489,470	-395,620
Income subject to tax.....	83,165	218,686	366,353	493,996	760,404	635,257	600,554	699,337
Total income tax before credits.....	37,510	92,219	128,186	172,777	266,282	220,874	209,691	243,823
Income tax.....	37,143	90,462	119,434	167,548	262,233	218,676	207,056	241,275
Total income tax after credits.....	30,220	51,862	96,403	135,520	204,044	166,712	153,613	177,517
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
Number of returns, total.....	5,154	33,622	44,113	54,620	60,609	60,618	61,615	58,945
Number with net income.....	2,575	13,648	17,360	21,369	26,519	24,898	26,617	27,269
Total assets.....	36,674	530,334	1,652,255	2,339,033	6,071,994	6,499,997	6,382,309	6,170,122
Total receipts.....	39,181	389,909	1,060,295	1,369,526	2,612,072	2,482,900	2,510,781	2,569,302
Business receipts.....	38,043	359,793	950,083	1,243,386	2,253,215	2,144,066	2,249,184	2,329,930
Interest received ¹	420	17,590	67,315	75,039	180,006	172,093	122,104	102,179
Total deductions.....	38,050	387,981	1,056,921	1,348,566	2,549,986	2,478,642	2,506,266	2,542,193
Cost of goods sold.....	28,804	271,372	709,052	899,823	1,584,513	1,501,678	1,548,698	1,652,622
Interest paid.....	733	22,255	77,562	72,276	186,835	177,677	119,001	109,453
Total receipts less total deductions.....	1,132	1,928	3,374	20,960	62,085	4,258	4,515	27,109
Net income (less deficit).....	1,111	1,849	3,966	21,949	66,312	8,303	7,838	31,952
Net income.....	1,496	12,448	29,410	44,724	118,598	94,331	82,660	92,846
Deficit.....	-384	-10,599	-25,444	-22,775	-52,287	-86,028	-74,822	-60,895
Income subject to tax.....	1,344	10,707	23,704	34,351	97,515	76,069	64,593	73,521
Total income tax before credits.....	650	4,849	8,719	12,858	34,650	26,827	22,727	25,971
Income tax.....	631	4,790	8,008	11,900	33,950	26,390	22,447	25,607
Total income tax after credits.....	610	3,419	7,438	10,090	28,073	21,774	17,819	19,121
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS								
Number of returns, total.....	0.30	1.12	1.19	1.26	1.20	1.18	1.17	1.09
Number with net income.....	0.24	0.81	0.91	0.89	0.94	0.88	0.95	0.93
Total assets.....	1.27	5.20	9.08	9.98	12.91	13.22	12.66	11.50
Total receipts.....	2.06	5.46	9.29	10.25	12.68	12.25	12.71	12.42
Business receipts.....	2.16	5.68	9.64	10.46	12.78	12.25	13.00	12.76
Interest received ¹	0.64	3.56	7.14	8.96	11.42	11.48	9.90	9.02
Total deductions.....	2.09	5.59	9.58	10.56	12.95	12.59	13.05	12.75
Cost of goods sold.....	2.32	6.30	10.73	11.80	14.23	13.60	14.60	14.60
Interest paid.....	1.13	4.68	9.40	11.83	14.69	14.77	13.04	13.38
Total receipts less total deductions.....	1.38	1.01	0.90	3.58	6.79	0.72	0.82	3.62
Net income (less deficit).....	1.39	0.98	1.07	3.80	7.15	1.38	1.39	4.10
Net income.....	1.55	4.19	5.32	6.05	8.87	8.48	7.85	7.90
Deficit.....	2.26	9.76	13.99	14.04	12.78	16.91	15.29	15.39
Income subject to tax.....	1.62	4.90	6.47	6.95	12.82	11.97	10.76	10.51
Total income tax before credits.....	1.73	5.26	6.80	7.44	13.01	12.15	10.84	10.65
Income tax.....	1.70	5.30	6.70	7.10	12.95	12.07	10.84	10.61
Total income tax after credits.....	2.02	6.59	7.72	7.45	13.76	13.06	11.60	10.77

¹ Excludes nontaxable interest received on State and local government obligations.

NOTES: Detail may not add to totals due to rounding. All amounts are in current dollars. Tax law and tax form changes affect the year-to-year comparability of the data; see Statistics of Income--Corporation Income Tax Returns, selected years, for discussions of changes affecting the comparability of the data over time.

Foreign-Controlled Domestic Corporations, 2003

Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2003

[All figures are estimates based on samples--money amounts are in millions of dollars]

Major industry	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All industries	58,945	27,269	19,347	6,170,122	1,626,675	2,569,302	2,329,930	2,542,193
Agriculture, forestry, fishing, and hunting.....	960	368	235	6,331	2,574	5,768	5,297	5,739
Agricultural production.....	732	236	165	5,334	2,338	4,858	4,469	4,764
Forestry and logging.....	66	62	**	618	135	361	301	417
Support activities and fishing, hunting, and trapping...	162	70	**	379	101	548	526	558
Mining.....	494	129	103	114,253	63,905	36,849	35,119	37,089
Utilities.....	65	24	23	79,304	20,876	26,555	24,793	27,193
Construction.....	1,490	389	302	39,226	6,297	44,927	42,640	46,553
Construction of buildings.....	248	148	120	15,004	3,670	24,264	23,585	24,030
Heavy and civil engineering construction.....	1,135	193	164	22,268	2,052	17,870	16,335	19,381
Specialty trade contractors.....	107	48	18	1,953	575	2,793	2,720	3,142
Manufacturing.....	7,079	2,550	2,083	1,621,709	542,575	1,234,343	1,161,075	1,215,651
Food manufacturing.....	837	125	86	49,510	13,094	44,678	43,826	44,535
Beverage and tobacco product manufacturing.....	85	67	66	38,671	10,419	26,386	25,492	25,007
Textile mills and textile product mills.....	136	76	37	2,857	459	3,185	3,084	3,303
Apparel manufacturing.....	217	165	146	1,766	759	2,974	2,948	2,905
Leather and allied product manufacturing.....	3	**	**	74	22	123	117	122
Wood product manufacturing.....	450	78	73	4,748	2,164	5,713	5,547	5,629
Paper manufacturing.....	315	28	26	18,104	5,691	17,941	17,544	19,078
Printing and related support activities.....	84	31	29	15,271	5,195	10,167	9,370	10,080
Petroleum and coal products manufacturing.....	39	32	29	281,670	136,361	292,113	283,043	278,623
Chemical manufacturing.....	487	273	241	308,585	95,900	202,764	184,457	193,434
Plastics and rubber products manufacturing.....	689	166	155	40,634	10,963	41,203	39,752	41,521
Nonmetallic mineral product manufacturing.....	195	67	68	66,751	25,384	40,922	39,160	39,939
Primary metal manufacturing.....	127	66	58	23,045	6,033	25,003	24,396	25,894
Fabricated metal product manufacturing.....	426	229	176	34,991	11,895	28,818	27,984	28,725
Machinery manufacturing.....	730	251	235	128,453	35,148	81,655	77,614	82,940
Computer and electronic product manufacturing.....	1,004	267	163	122,469	44,133	83,812	80,206	87,600
Electrical equipment, appliance, and component manufacturing.....	182	95	71	29,322	11,987	21,812	20,505	22,020
Transportation equipment manufacturing.....	553	282	208	422,743	119,851	278,703	251,405	278,792
Furniture and related product manufacturing.....	135	27	27	1,614	495	2,860	2,786	2,758
Miscellaneous manufacturing.....	385	**	**	30,433	6,620	23,513	21,840	22,745
Wholesale and retail trade	19,119	9,063	6,465	456,434	123,189	748,057	723,062	739,040
Wholesale trade.....	15,787	7,308	5,538	371,349	102,580	597,721	578,990	588,921
Wholesale trade, durable goods.....	10,798	5,439	4,146	260,220	71,606	425,263	414,406	422,390
Wholesale trade, nondurable goods.....	4,958	**	**	111,096	30,957	172,408	164,535	166,487
Wholesale electronic markets and agents and brokers.....	30	**	**	33	17	50	50	44
Retail trade.....	3,332	1,756	927	85,085	20,609	150,337	144,072	150,120
Motor vehicle dealers and parts dealers.....	136	16	15	2,958	976	5,653	5,521	5,618
Furniture and home furnishings stores.....	102	26	25	3,985	400	3,407	3,271	3,367
Electronics and appliance stores.....	845	526	273	3,029	-204	3,501	3,278	3,733
Building material and garden equipment and supplies dealers.....	109	**	**	583	224	995	957	962
Food, beverage, and liquor stores.....	48	13	12	44,978	9,855	98,354	94,683	97,897
Health and personal care stores.....	100	**	**	3,937	1,422	9,247	8,691	9,178
Gasoline stations.....	300	31	31	1,513	506	3,193	3,143	3,194
Clothing and clothing accessories stores.....	300	144	17	7,188	2,999	9,621	9,133	9,674
Sporting goods, hobby, book, and music stores.....	508	166	76	644	161	1,402	1,367	1,474
General merchandise stores.....	247	243	243	4,958	3,416	2,271	2,119	2,248
Miscellaneous store retailers.....	142	96	70	7,720	-8	7,780	7,450	7,928
Nonstore retailers.....	497	378	77	3,591	861	4,912	4,457	4,845

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

**Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2003
--Continued**

[All figures are estimates based on samples--money amounts are in millions of dollars]

Major industry	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Transportation and warehousing.....	1,762	972	662	44,466	15,130	41,799	39,949	42,337
Air, rail, and water transportation.....	419	91	72	15,504	5,053	9,098	8,545	9,166
Truck transportation.....	54	49	36	1,310	479	2,442	2,310	2,320
Transit and ground passenger transportation.....	336	270	269	6,655	3,104	7,450	6,976	7,514
Pipeline transportation.....	11	6	6	2,435	1,204	720	699	798
Other transportation and support activities.....	887	513	253	14,368	4,192	19,031	18,481	19,441
Warehousing and storage.....	55	43	26	4,193	1,099	3,057	2,937	3,097
Information.....	1,607	705	523	566,806	317,554	92,984	78,368	101,346
Publishing industries.....	530	340	161	75,411	16,227	35,604	31,977	35,392
Motion picture and sound recording industries.....	216	56	56	289,720	158,577	30,291	21,979	30,346
Broadcasting (except Internet).....	186	98	98	3,175	2,475	1,117	955	1,223
Internet publishing and broadcasting.....	6	**	**	5,150	1,526	1,559	1,446	1,530
Telecommunications.....	416	43	42	183,859	136,380	19,339	17,679	24,126
Internet service providers, Web search portals, and data processing services.....	224	160	159	2,893	607	1,902	1,643	5,472
Other information services.....	29	**	**	6,597	1,762	3,171	2,687	3,257
Finance and insurance.....	1,942	1,160	833	2,372,790	342,696	165,324	89,089	156,714
Credit intermediation.....	407	245	178	222,109	20,599	16,393	7,626	15,085
Securities, commodity contracts, and other financial investments and related activities.....	680	474	369	1,563,083	78,619	71,974	24,981	69,250
Insurance carriers and related activities.....	298	126	107	455,516	150,164	72,674	56,470	69,963
Funds, trusts, and other financial vehicles.....	557	315	181	132,081	93,313	4,283	13	2,416
Real estate and rental and leasing.....	11,550	5,316	3,875	85,944	27,178	17,904	12,978	18,288
Real estate.....	11,185	5,128	3,727	53,903	22,500	8,636	4,937	7,900
Rental and leasing services.....	360	**	**	31,834	4,615	9,112	7,968	10,244
Lessors of nonfinancial intangible assets (except copyrighted works).....	4	**	**	207	63	156	73	143
Professional, scientific, and technical services.....	6,303	3,243	2,041	87,572	40,509	47,719	44,342	49,318
Management of companies (holding companies).....	1,864	933	826	588,656	89,481	35,377	7,911	30,988
Administrative and support and waste management and remediation services.....	1,212	403	271	29,424	6,584	29,015	26,951	29,596
Administrative and support services.....	1,202	400	**	26,551	6,497	27,458	25,433	27,805
Waste management and remediation services.....	10	3	**	2,872	87	1,557	1,518	1,792
Educational services.....	396	292	234	1,205	508	840	785	813
Health care and social assistance.....	93	11	9	16,608	5,366	9,569	9,357	9,383
Offices of physicians and dentists.....	5	**	**	14,238	4,747	7,284	7,187	7,101
Miscellaneous health care and social assistance.....	55	5	4	1,170	463	965	891	1,008
Hospitals, nursing, and residential care facilities.....	33	**	**	1,200	156	1,320	1,279	1,274
Arts, entertainment, and recreation.....	1,015	932	643	5,583	1,697	3,424	2,678	3,386
Amusement, gambling, and recreation industries.....	399	348	311	3,294	1,197	1,250	1,048	1,224
Other arts, entertainment, and recreation.....	617	584	332	2,289	499	2,174	1,631	2,161
Accommodation and food services.....	1,344	645	119	49,761	19,165	25,253	22,185	25,289
Accommodation.....	780	536	107	34,145	14,947	8,345	6,341	8,538
Food services and drinking places.....	565	109	12	15,616	4,218	16,908	15,844	16,751
Other services.....	649	132	99	4,053	1,392	3,595	3,351	3,470
Repair and maintenance.....	199	121	88	1,606	553	1,921	1,894	1,907
Personal and laundry services.....	449	10	10	2,386	784	1,630	1,414	1,522

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

**Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2003
--Continued**

[All figures are estimates based on samples--money amounts are in millions of dollars]

Major industry	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All industries	1,652,622	27,109	31,952	92,846	-60,895	73,521	25,971	19,121
Agriculture, forestry, fishing, and hunting.....	4,039	29	68	315	-247	214	79	48
Agricultural production.....	3,335	94	134	264	-131	185	69	38
Forestry and logging.....	291	-56	-56	36	-91	15	5	**
Support activities and fishing, hunting, and trapping...	413	-10	-10	15	-25	15	5	**
Mining.....	22,003	-240	-179	1,637	-1,816	1,160	439	167
Utilities.....	14,916	-638	-641	227	-868	56	24	24
Construction.....	35,735	-1,625	-1,610	1,204	-2,815	808	285	274
Construction of buildings.....	20,708	234	236	761	-525	515	181	181
Heavy and civil engineering construction.....	12,944	-1,511	-1,507	348	-1,855	216	77	76
Specialty trade contractors.....	2,083	-349	-339	95	-435	78	27	18
Manufacturing.....	865,179	18,692	22,904	43,746	-20,842	38,642	13,611	8,171
Food manufacturing.....	27,471	142	148	978	-830	801	288	264
Beverage and tobacco product manufacturing.....	12,877	1,379	1,379	1,475	-96	1,456	509	440
Textile mills and textile product mills.....	2,321	-118	-118	76	-194	65	22	21
Apparel manufacturing.....	1,899	70	78	128	-50	108	36	33
Leather and allied product manufacturing.....	67	1	1	**	**	**	**	**
Wood product manufacturing.....	4,146	84	84	179	-95	82	29	28
Paper manufacturing.....	14,771	-1,137	-1,137	39	-1,176	26	9	8
Printing and related support activities.....	6,506	88	88	300	-212	145	51	37
Petroleum and coal products manufacturing.....	242,525	13,490	13,926	13,989	-62	13,043	4,597	2,149
Chemical manufacturing.....	107,435	9,330	12,632	15,642	-3,010	14,681	5,150	2,781
Plastics and rubber products manufacturing.....	28,390	-318	-282	607	-889	373	132	103
Nonmetallic mineral product manufacturing.....	25,754	982	1,020	1,593	-573	1,497	532	504
Primary metal manufacturing.....	20,143	-892	-888	428	-1,317	379	134	87
Fabricated metal product manufacturing.....	19,951	93	138	757	-619	687	240	215
Machinery manufacturing.....	54,289	-1,286	-1,127	1,252	-2,379	1,020	357	233
Computer and electronic product manufacturing.....	59,225	-3,788	-3,707	1,336	-5,043	1,033	363	277
Electrical equipment, appliance, and component manufacturing.....	14,515	-208	-170	589	-760	525	183	134
Transportation equipment manufacturing.....	207,215	-90	-51	2,917	-2,969	1,641	598	546
Furniture and related product manufacturing.....	1,962	101	101	169	-68	158	55	54
Miscellaneous manufacturing.....	13,717	768	790	**	**	**	**	**
Wholesale and retail trade	577,988	9,017	9,381	18,154	-8,773	14,874	5,204	4,907
Wholesale trade.....	474,773	8,800	8,954	15,794	-6,840	12,947	4,529	4,259
Wholesale trade, durable goods.....	341,689	2,873	2,942	8,197	-5,256	6,852	2,388	2,262
Wholesale trade, nondurable goods.....	133,084	5,922	6,007	**	**	**	**	**
Wholesale electronic markets and agents and brokers.....	--	6	6	**	**	**	**	**
Retail trade.....	103,215	217	427	2,360	-1,933	1,927	675	648
Motor vehicle dealers and parts dealers.....	4,842	34	34	111	-77	109	38	38
Furniture and home furnishings stores.....	1,753	39	39	114	-75	98	34	34
Electronics and appliance stores.....	2,016	-231	-225	103	-328	22	8	7
Building material and garden equipment and supplies dealers.....	750	32	32	**	**	**	**	**
Food, beverage, and liquor stores.....	71,752	457	460	843	-383	823	288	269
Health and personal care stores.....	5,206	69	70	**	**	**	**	**
Gasoline stations.....	2,591	-1	-1	13	-14	11	3	3
Clothing and clothing accessories stores.....	4,454	-53	-54	375	-429	355	124	122
Sporting goods, hobby, book, and music stores.....	976	-72	-72	21	-92	11	3	3
General merchandise stores.....	1,110	23	23	52	-29	9	4	4
Miscellaneous store retailers.....	5,091	-148	53	149	-96	40	15	15
Nonstore retailers.....	2,676	67	67	232	-165	155	54	50

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2003
--Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Major industry	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Transportation and warehousing.....	13,900	-538	-534	720	-1,255	549	189	165
Air, rail, and water transportation.....	3,377	-68	-67	198	-265	160	56	51
Truck transportation.....	812	121	121	128	-7	74	26	13
Transit and ground passenger transportation.....	1,112	-64	-63	41	-103	18	6	6
Pipeline transportation.....	580	-78	-78	41	-119	41	14	13
Other transportation and support activities.....	7,552	-410	-410	221	-631	178	60	57
Warehousing and storage.....	466	-39	-38	91	-129	78	27	27
Information.....	32,985	-8,362	-8,227	2,487	-10,714	1,353	493	423
Publishing industries.....	12,012	212	245	1,207	-963	998	352	301
Motion picture and sound recording industries.....	9,222	-55	-35	841	-876	36	29	27
Broadcasting (except Internet).....	695	-106	-103	48	-151	27	9	9
Internet publishing and broadcasting.....	185	29	29	**	**	**	**	**
Telecommunications.....	9,227	-4,787	-4,715	102	-4,818	52	18	18
Internet service providers, Web search portals, and data processing services.....	1,177	-3,570	-3,570	117	-3,687	116	40	39
Other information services.....	468	-85	-78	**	**	**	**	**
Finance and insurance.....	35,051	8,609	8,314	11,949	-3,635	6,379	2,321	2,069
Credit intermediation.....	49	1,308	1,271	1,514	-243	714	256	236
Securities, commodity contracts, and other financial investments and related activities.....	291	2,724	2,862	3,965	-1,103	2,725	995	871
Insurance carriers and related activities.....	34,711	2,711	2,315	4,356	-2,041	2,574	942	895
Funds, trusts, and other financial vehicles.....	--	1,866	1,866	2,113	-247	366	129	66
Real estate and rental and leasing.....	2,722	-383	-409	2,435	-2,844	1,429	493	479
Real estate.....	436	735	708	2,112	-1,405	1,338	458	447
Rental and leasing services.....	2,254	-1,132	-1,130	**	**	**	**	**
Lessors of nonfinancial intangible assets (except copyrighted works).....	32	13	13	**	**	**	**	**
Professional, scientific, and technical services.....	17,674	-1,599	-1,379	1,954	-3,333	1,056	369	323
Management of companies (holding companies).....	71	4,389	4,376	5,759	-1,384	5,295	1,864	1,591
Administrative and support and waste management and remediation services.....	14,665	-581	-501	589	-1,090	441	154	136
Administrative and support services.....	13,774	-346	-266	584	-850	438	153	**
Waste management and remediation services.....	892	-235	-235	5	-240	3	1	**
Educational services.....	223	27	30	43	-13	11	4	3
Health care and social assistance.....	3,715	186	189	298	-109	228	80	78
Offices of physicians and dentists.....	3,338	183	183	**	**	**	**	**
Miscellaneous health care and social assistance.....	324	-42	-40	35	-75	3	1	1
Hospitals, nursing, and residential care facilities.....	53	46	46	**	**	**	**	**
Arts, entertainment, and recreation.....	708	38	39	193	-154	144	51	50
Amusement, gambling, and recreation industries.....	174	26	26	112	-87	64	24	23
Other arts, entertainment, and recreation.....	534	13	13	81	-67	80	27	26
Accommodation and food services.....	9,529	-36	-9	861	-870	643	227	154
Accommodation.....	1,053	-193	-167	429	-595	259	92	66
Food services and drinking places.....	8,475	157	158	432	-275	385	135	88
Other services.....	1,519	124	142	276	-134	238	82	59
Repair and maintenance.....	1,205	14	14	57	-43	55	18	18
Personal and laundry services.....	313	108	126	217	-91	181	63	40

** Not shown to avoid disclosure of information about specific corporations. However, data are included in the appropriate totals.

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

Foreign-Controlled Domestic Corporations, 2003

Table 3.--Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporations and Selected Countries of Foreign Owners, Tax Year 2003

[All figures are estimates based on samples--money amounts are in millions of dollars]

Age of corporations and selected countries of foreign owners	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All foreign-controlled domestic corporations.....	58,945	27,269	19,347	6,170,122	1,626,675	2,569,302	2,329,930	2,542,193
Age of corporations:								
Old corporations:								
Number or amount.....	47,093	23,325	16,126	5,897,268	1,537,379	2,438,818	2,206,476	2,407,577
Percentage of all corporations.....	79.9	85.5	83.4	95.6	94.5	94.9	94.7	94.7
New corporations:								
Number or amount.....	11,852	3,943	3,221	272,854	89,296	130,485	123,453	134,616
Percentage of all corporations.....	20.1	14.5	16.6	4.4	5.5	5.1	5.3	5.3
Selected countries of foreign owners:								
Selected countries, total.....	53,694	24,869	17,706	6,131,210	1,616,086	2,536,380	2,298,845	2,508,974
Percentage of all countries.....	91.1	91.2	91.5	99.4	99.3	98.7	98.7	98.7
Selected countries:								
Australia.....	677	258	233	336,068	173,894	43,399	34,459	42,098
Austria.....	293	180	179	6,117	2,321	7,556	7,380	7,460
Barbados.....	369	44	26	24,828	11,008	6,666	5,770	6,698
Belgium.....	404	222	206	53,491	9,004	30,633	27,749	29,740
Bermuda.....	233	91	87	173,270	46,472	58,634	51,117	65,004
Brazil.....	754	312	282	9,145	1,225	3,487	3,170	3,788
British Virgin Islands ¹	2,955	1,130	771	20,169	5,746	16,743	15,574	17,206
Canada.....	9,493	4,216	3,693	497,565	142,953	192,140	170,899	190,857
Cayman Islands.....	803	243	198	75,788	39,686	16,395	14,781	16,558
China.....	1,619	682	407	4,317	1,124	6,364	6,261	6,365
China (Taiwan).....	1,743	810	419	14,462	3,461	17,288	16,879	17,250
Colombia.....	908	59	58	537	69	811	780	814
Denmark.....	675	435	161	14,023	3,844	14,734	14,297	14,516
Finland.....	101	35	33	16,698	5,634	18,160	17,006	18,170
France.....	2,148	818	477	536,249	180,550	155,381	137,069	151,896
Germany.....	4,135	2,165	1,783	976,923	209,367	353,643	307,362	355,200
Hong Kong.....	1,012	794	472	6,403	1,692	4,705	4,443	4,672
India.....	1,484	655	399	1,730	353	3,604	3,545	3,651
Ireland.....	416	90	43	22,878	3,051	21,591	20,732	21,461
Israel.....	839	558	350	26,333	4,749	8,651	7,762	8,805
Italy.....	1,360	463	390	25,169	8,920	17,014	16,356	16,688
Japan.....	5,264	2,620	1,809	613,297	163,133	502,648	477,591	496,925
Korea, Republic of South.....	860	363	340	20,721	704	43,198	42,468	42,960
Liechtenstein.....	201	87	66	2,829	989	5,981	5,559	5,911
Luxembourg.....	423	191	110	39,142	13,120	24,390	22,965	24,375
Mexico.....	2,742	1,374	850	20,596	8,144	14,036	12,934	13,946
Netherlands.....	1,619	609	414	542,693	126,891	271,553	246,700	267,383
Netherlands Antilles.....	418	165	160	8,125	2,488	6,228	5,929	6,206
Norway.....	170	49	45	6,679	2,486	9,810	9,594	9,920
Pakistan.....	574	516	516	215	-110	341	339	345
Panama.....	777	442	197	8,541	1,185	4,856	4,637	4,925
Puerto Rico.....	94	37	**	14,146	837	1,119	173	1,048
Saudi Arabia.....	38	30	**	3,253	1,242	6,427	6,305	6,484
Singapore.....	202	66	57	11,658	4,260	6,866	6,447	7,311
Spain.....	340	218	90	13,850	3,974	5,052	4,559	5,157
Sweden.....	237	135	133	87,142	5,430	88,397	81,104	84,795
Switzerland.....	1,662	872	434	697,287	52,373	126,641	103,663	124,369
United Kingdom.....	4,808	2,364	1,383	1,182,356	369,874	387,505	351,541	375,036
Venezuela.....	844	471	414	16,517	3,943	33,733	32,946	32,981

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 3.--Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporations and Selected Countries of Foreign Owners, Tax Year 2003--Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Age of corporations and selected countries of foreign owners	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All foreign-controlled domestic corporations.....	1,652,622	27,109	31,952	92,846	-60,895	73,521	25,971	19,121
Age of corporations:								
Old corporations:								
Number or amount.....	1,572,269	31,240	35,774	88,827	-53,053	70,478	24,916	18,270
Percentage of all corporations.....	95.1	115.2	112.0	95.7	87.1	95.9	95.9	95.5
New corporations:								
Number or amount.....	80,353	-4,131	-3,822	4,019	-7,842	3,043	1,054	851
Percentage of all corporations.....	4.9	-15.2	-12.0	4.3	12.9	4.1	4.1	4.5
Selected countries of foreign owners:								
Selected countries, total.....	1,629,701	27,408	32,258	91,808	-59,550	72,726	25,704	18,871
Percentage of all countries.....	98.6	101.1	101.0	98.9	97.8	98.9	99.0	98.7
Selected countries:								
Australia.....	16,912	1,301	1,357	2,445	-1,089	1,264	483	233
Austria.....	5,513	96	95	215	-119	174	60	60
Barbados.....	3,396	-32	5	317	-312	51	26	26
Belgium.....	20,293	893	904	1,185	-281	974	343	314
Bermuda.....	32,777	-6,370	-6,266	1,390	-7,656	972	356	217
Brazil.....	2,418	-301	-301	118	-419	110	35	31
British Virgin Islands ¹	12,111	-462	-460	586	-1,047	468	159	156
Canada.....	115,273	1,283	1,351	6,636	-5,285	4,023	1,426	1,322
Cayman Islands.....	8,620	-163	-141	857	-998	325	121	102
China.....	5,343	-1	-1	183	-183	173	58	30
China (Taiwan).....	14,607	38	36	344	-308	279	95	73
Colombia.....	614	-3	-3	6	-10	2	1	1
Denmark.....	7,896	218	308	530	-222	442	153	121
Finland.....	12,791	-10	-7	518	-525	458	160	124
France.....	86,417	3,485	4,333	8,840	-4,506	7,202	2,531	1,880
Germany.....	221,297	-1,557	-1,269	6,087	-7,356	4,027	1,460	1,166
Hong Kong.....	3,014	33	33	218	-186	160	55	46
India.....	1,791	-46	-46	68	-114	57	19	19
Ireland.....	14,478	130	135	554	-419	456	159	151
Israel.....	5,642	-154	-171	377	-547	197	68	62
Italy.....	9,852	326	329	854	-524	629	222	194
Japan.....	375,012	5,723	5,817	13,711	-7,894	10,725	3,785	3,494
Korea, Republic of South.....	38,135	238	239	630	-390	434	155	150
Liechtenstein.....	4,710	70	69	129	-60	100	35	35
Luxembourg.....	13,048	15	61	756	-695	552	196	149
Mexico.....	8,729	90	134	639	-505	564	198	134
Netherlands.....	182,537	4,171	4,916	8,497	-3,581	6,847	2,443	1,332
Netherlands Antilles.....	2,315	22	22	151	-129	129	44	43
Norway.....	7,913	-110	-109	140	-249	88	31	31
Pakistan.....	206	-4	-4	2	-7	1	(²)	(²)
Panama.....	3,826	-68	-33	237	-270	197	69	55
Puerto Rico.....	46	71	69	88	-19	83	29	**
Saudi Arabia.....	5,871	-58	-58	9	-67	8	3	**
Singapore.....	4,497	-446	-442	179	-622	117	41	40
Spain.....	2,594	-106	-99	306	-405	240	84	73
Sweden.....	62,220	3,602	5,265	5,686	-421	5,288	1,853	947
Switzerland.....	53,435	2,272	2,196	5,612	-3,416	4,159	1,462	1,317
United Kingdom.....	232,035	12,470	13,241	21,907	-8,666	20,083	7,054	4,524
Venezuela.....	31,517	752	753	801	-48	668	232	187

** Not shown to avoid disclosure of information about specific corporations. However, data are included in the appropriate totals.

¹ Includes a small number of domestic corporations with foreign owners from Saint Christopher, Nevis, and Anguilla.

² Less than \$500,000.

NOTES: "New" corporations were those with dates of incorporation between 2001 and 2004; "old" corporations were those with dates of incorporation prior to 2001, or with unknown dates of incorporation. Countries shown in this table are those in which one or more of the following were present: (a) at least 500 returns, (b) at least \$10 billion of total assets, or (c) at least \$5 billion of total receipts. Detail may not add to totals due to rounding.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003

[Money amounts are in millions of dollars]

Control status and industrial sectors	Number of returns			Assets			
	Total	With net income	With total income tax after credits	Total	Current	Noncurrent	
						Total	Loans to stockholders
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	3,266	2,027	1,937	5,865,363	2,699,916	3,165,448	43,116
Agriculture, forestry, fishing, and hunting	17	13	13	3,295	1,338	1,957	50
Mining.....	56	24	29	109,440	18,210	91,230	467
Utilities.....	19	8	8	77,933	7,864	70,070	--
Construction.....	62	35	35	32,606	16,820	15,786	36
Manufacturing.....	1,207	703	661	1,580,857	548,451	1,032,407	5,316
Wholesale and retail trade	1,047	728	693	416,755	234,770	181,985	501
Wholesale trade.....	921	659	628	337,349	206,651	130,698	500
Retail trade.....	126	69	65	79,406	28,119	51,287	--
Transportation and warehousing.....	82	47	45	39,793	9,415	30,378	--
Information.....	118	50	48	559,120	78,256	480,864	2,757
Finance and insurance.....	249	184	185	2,258,021	1,336,135	921,886	29,053
Real estate and rental and leasing.....	57	35	31	47,444	13,711	33,733	24
Professional, scientific, and technical services.....	143	76	72	75,899	20,212	55,687	248
Management of companies (holding companies).....	69	49	47	569,576	400,469	169,107	130
Administrative and support and waste management and remediation services.....	55	26	24	26,401	5,374	21,027	25
Educational services.....	3	3	3	893	218	676	--
Health care and social assistance.....	14	7	6	16,070	2,015	14,055	4,403
Arts, entertainment, and recreation.....	11	**	**	3,548	727	2,821	61
Accommodation and food services.....	42	21	19	44,967	5,161	39,806	45
Other services.....	14	**	**	2,745	771	1,973	1
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	13,794	9,695	9,447	34,411,043	12,518,377	21,892,666	99,628
Agriculture, forestry, fishing, and hunting	95	66	64	21,439	7,714	13,725	18
Mining.....	176	102	101	256,167	49,868	206,299	144
Utilities.....	163	100	104	1,362,679	297,335	1,065,345	449
Construction.....	583	434	452	128,800	70,427	58,373	643
Manufacturing.....	2,976	1,847	1,773	6,713,470	1,985,924	4,727,546	61,525
Wholesale and retail trade	3,545	2,639	2,523	1,232,979	572,118	660,861	6,975
Wholesale trade.....	1,839	1,418	1,323	451,487	232,642	218,844	5,239
Retail trade.....	1,706	1,222	1,199	781,493	339,476	442,017	1,735
Transportation and warehousing.....	352	228	210	424,343	81,876	342,468	2,058
Information.....	608	275	265	2,015,717	413,833	1,601,885	1,582
Finance and insurance.....	2,053	1,670	1,663	12,327,760	3,744,545	8,583,214	7,086
Real estate and rental and leasing.....	156	75	73	106,725	25,941	80,785	42
Professional, scientific, and technical services.....	672	406	399	247,457	111,014	136,443	355
Management of companies (holding companies).....	1,211	1,138	1,143	8,969,226	5,028,245	3,940,981	16,044
Administrative and support and waste management and remediation services.....	280	167	161	181,802	37,595	144,207	1,225
Educational services.....	45	36	36	10,547	4,801	5,747	3
Health care and social assistance.....	500	292	277	144,942	40,306	104,637	66
Arts, entertainment, and recreation.....	64	37	37	31,627	7,723	23,905	899
Accommodation and food services.....	239	132	119	204,515	29,109	175,406	201
Other services.....	74	49	47	30,845	10,004	20,841	314

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

[Money amounts are in millions of dollars]

Control status and industrial sectors	Liabilities			Net worth			
	Current	Noncurrent		Total	Retained earnings		
		Total	Loans from stockholders		Total	Appropriated	Unappropriated
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	2,526,192	1,854,561	127,012	1,484,610	-95,102	5,332	-100,433
Agriculture, forestry, fishing, and hunting	600	1,367	52	1,327	-65	12	-77
Mining.....	12,472	34,618	436	62,351	-6,407	12	-6,419
Utilities.....	9,392	48,066	2,046	20,475	1,727	--	1,727
Construction.....	13,016	15,276	1,003	4,314	-8,874	3	-8,877
Manufacturing.....	483,193	567,440	50,044	530,225	5,241	363	4,879
Wholesale and retail trade	186,464	114,111	8,108	116,180	-13,934	55	-13,989
Wholesale trade.....	154,896	86,464	6,067	95,989	-4,100	53	-4,153
Retail trade.....	31,567	27,647	2,041	20,191	-9,834	2	-9,836
Transportation and warehousing.....	7,743	18,386	859	13,664	-781	448	-1,229
Information.....	55,133	185,743	28,505	318,244	-49,328	3	-49,331
Finance and insurance.....	1,321,099	680,981	20,413	255,941	-10,745	4,147	-14,892
Real estate and rental and leasing.....	12,665	22,009	1,355	12,770	-865	--	-865
Professional, scientific, and technical services.....	22,982	15,118	2,763	37,799	-18,351	11	-18,362
Management of companies (holding companies).....	385,509	105,217	3,448	78,849	15,525	272	15,253
Administrative and support and waste management and remediation services.....	6,302	14,021	1,698	6,079	-5,542	(²)	-5,543
Educational services.....	181	299	48	413	-141	--	-141
Health care and social assistance.....	1,729	8,956	5,415	5,386	-718	1	-719
Arts, entertainment, and recreation.....	1,087	1,172	71	1,289	-107	--	-107
Accommodation and food services.....	5,995	20,622	603	18,350	-2,436	--	-2,436
Other services.....	630	1,160	145	954	699	5	694
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	15,389,895	11,411,930	119,342	7,609,218	2,527,554	89,086	2,438,469
Agriculture, forestry, fishing, and hunting	5,140	8,152	335	8,147	1,107	18	1,089
Mining.....	30,532	119,599	1,149	106,036	29,087	34	29,053
Utilities.....	317,990	702,189	867	342,501	11,822	836	10,986
Construction.....	40,993	43,833	377	43,974	24,626	20	24,606
Manufacturing.....	2,093,426	2,101,850	43,104	2,518,194	916,080	9,643	906,438
Wholesale and retail trade	406,871	322,489	5,311	503,620	229,593	104	229,489
Wholesale trade.....	158,766	120,080	3,094	172,641	93,498	52	93,446
Retail trade.....	248,104	202,409	2,217	330,979	136,095	52	136,043
Transportation and warehousing.....	86,087	218,083	2,389	120,172	41,220	20	41,200
Information.....	394,322	792,465	1,580	828,931	-84,682	66	-84,748
Finance and insurance.....	5,251,873	5,388,246	8,624	1,687,641	853,481	72,180	781,300
Real estate and rental and leasing.....	25,356	50,755	1,987	30,614	3,357	3	3,354
Professional, scientific, and technical services.....	86,712	67,070	324	93,675	-30,353	153	-30,506
Management of companies (holding companies).....	6,532,060	1,325,578	50,310	1,111,588	486,858	5,551	481,307
Administrative and support and waste management and remediation services.....	42,903	76,046	548	62,852	14,640	199	14,441
Educational services.....	3,455	1,501	98	5,592	1,275	--	1,275
Health care and social assistance.....	29,938	65,342	333	49,663	-2,738	2	-2,739
Arts, entertainment, and recreation.....	6,020	17,472	1,555	8,136	-877	6	-882
Accommodation and food services.....	29,836	96,869	105	77,811	31,360	152	31,208
Other services.....	6,381	14,393	344	10,071	1,696	98	1,598

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

[Money amounts are in millions of dollars]

Control status and industrial sectors	Receipts						
	Total	Business receipts	Interest ¹	Rents	Royalties	Dividends received from:	
						Domestic corporations	Foreign corporations
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	2,402,812	2,178,947	99,470	13,985	15,864	2,241	4,799
Agriculture, forestry, fishing, and hunting	4,487	4,253	7	2	2	--	65
Mining.....	35,287	33,761	501	26	45	31	25
Utilities.....	26,217	24,503	374	427	--	130	2
Construction.....	41,682	39,955	937	153	64	2	24
Manufacturing.....	1,190,772	1,118,760	17,709	8,866	10,233	369	3,723
Wholesale and retail trade	678,951	655,566	4,419	1,412	2,361	937	296
Wholesale trade.....	537,562	520,072	3,436	856	2,043	935	290
Retail trade.....	141,389	135,494	983	557	318	1	7
Transportation and warehousing.....	36,107	34,564	471	186	9	1	5
Information.....	86,628	72,578	8,798	173	1,630	47	211
Finance and insurance.....	158,090	86,483	45,118	949	120	379	197
Real estate and rental and leasing.....	11,035	9,048	640	154	47	104	2
Professional, scientific, and technical services.....	35,358	33,116	418	92	556	42	99
Management of companies (holding companies).....	34,199	7,814	19,379	1,367	193	194	61
Administrative and support and waste management and remediation services.....	26,492	24,680	247	7	22	1	37
Educational services.....	496	455	1	--	32	--	1
Health care and social assistance.....	9,216	9,071	20	12	6	--	--
Arts, entertainment, and recreation.....	2,088	1,722	38	31	12	--	7
Accommodation and food services.....	23,256	20,367	359	126	501	3	6
Other services.....	2,450	2,250	35	1	31	--	38
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	11,174,256	9,461,168	865,445	86,093	112,992	14,153	39,514
Agriculture, forestry, fishing, and hunting	19,640	18,712	92	55	39	5	9
Mining.....	118,535	108,288	2,526	245	529	129	735
Utilities.....	523,106	486,492	10,047	3,078	134	273	642
Construction.....	169,067	163,250	990	505	214	107	13
Manufacturing.....	3,573,963	3,213,428	98,917	25,591	68,622	2,435	28,421
Wholesale and retail trade	2,410,782	2,336,473	11,603	3,762	10,930	287	1,872
Wholesale trade.....	860,708	840,483	2,942	1,614	3,207	125	1,722
Retail trade.....	1,550,074	1,495,990	8,661	2,147	7,723	162	150
Transportation and warehousing.....	309,754	291,801	2,387	1,161	2,018	46	223
Information.....	734,744	637,882	19,244	10,531	18,701	565	1,736
Finance and insurance.....	1,940,584	1,320,771	403,061	8,005	1,224	8,396	1,719
Real estate and rental and leasing.....	60,612	53,711	1,727	332	164	11	82
Professional, scientific, and technical services.....	187,035	175,340	2,651	358	3,323	27	460
Management of companies (holding companies).....	604,529	173,236	305,701	30,154	463	1,773	3,085
Administrative and support and waste management and remediation services.....	129,610	120,097	1,648	624	1,395	21	74
Educational services.....	10,573	9,975	68	18	145	1	8
Health care and social assistance.....	162,440	154,547	1,092	439	349	26	43
Arts, entertainment, and recreation.....	19,589	17,249	628	96	95	3	5
Accommodation and food services.....	176,055	158,396	2,790	1,077	4,504	34	155
Other services.....	23,639	21,519	275	62	141	15	231

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

[Money amounts are in millions of dollars]

Control status and industrial sectors	Deductions						
	Total	Cost of goods sold	Compensation of officers	Salaries and wages	Interest paid	Taxes paid	Depreciation
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	2,371,243	1,554,092	10,252	170,924	105,635	33,027	96,107
Agriculture, forestry, fishing, and hunting	4,362	3,414	25	201	104	29	150
Mining.....	35,249	21,461	76	1,921	1,622	859	2,827
Utilities.....	26,837	14,791	39	998	2,046	807	2,508
Construction.....	42,966	33,670	208	1,770	1,657	345	791
Manufacturing.....	1,170,633	834,896	2,846	61,295	34,277	13,856	49,721
Wholesale and retail trade	668,916	526,494	1,560	35,746	7,431	6,096	16,391
Wholesale trade.....	528,178	428,660	1,311	21,376	4,799	4,014	13,318
Retail trade.....	140,738	97,834	249	14,370	2,632	2,081	3,074
Transportation and warehousing.....	36,516	11,469	135	7,538	1,072	1,190	1,632
Information.....	93,752	30,038	452	11,401	13,015	1,469	6,244
Finance and insurance.....	151,033	34,447	3,938	23,399	32,481	2,977	7,233
Real estate and rental and leasing.....	11,685	2,076	75	1,552	1,119	384	3,620
Professional, scientific, and technical services.....	36,021	13,389	425	7,925	1,022	1,634	990
Management of companies (holding companies).....	29,571	61	187	6,177	7,450	606	2,088
Administrative and support and waste management and remediation services.....	27,007	13,594	149	4,391	915	1,086	770
Educational services.....	487	165	17	121	11	22	7
Health care and social assistance.....	8,979	3,640	28	1,445	369	280	276
Arts, entertainment, and recreation.....	1,977	466	14	335	98	39	115
Accommodation and food services.....	22,959	9,078	51	4,342	871	1,294	712
Other services.....	2,293	945	27	365	75	53	30
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	10,770,482	5,816,127	56,768	1,098,933	610,222	222,769	439,336
Agriculture, forestry, fishing, and hunting	19,020	14,197	112	869	544	287	601
Mining.....	112,889	61,643	890	5,859	6,781	3,083	7,804
Utilities.....	527,832	302,265	1,266	22,042	36,294	17,787	42,278
Construction.....	160,875	124,723	1,570	7,582	2,007	2,330	2,030
Manufacturing.....	3,469,640	2,279,831	12,684	243,863	130,903	68,535	136,544
Wholesale and retail trade	2,355,609	1,784,823	7,536	203,825	25,161	31,534	43,252
Wholesale trade.....	847,092	705,580	3,476	44,563	8,630	7,299	11,515
Retail trade.....	1,508,517	1,079,243	4,060	159,262	16,531	24,235	31,737
Transportation and warehousing.....	309,570	87,932	1,026	64,265	8,940	11,446	22,414
Information.....	729,922	143,686	4,038	117,044	47,135	18,520	85,144
Finance and insurance.....	1,806,347	761,604	12,881	170,369	185,253	29,361	23,640
Real estate and rental and leasing.....	61,526	17,975	557	8,586	4,628	1,411	10,516
Professional, scientific, and technical services.....	187,780	57,466	3,161	48,263	4,297	5,548	4,971
Management of companies (holding companies).....	519,649	9,299	6,970	87,539	140,622	11,707	39,911
Administrative and support and waste management and remediation services.....	127,707	54,405	885	23,235	3,766	6,037	4,774
Educational services.....	9,780	1,638	195	3,150	142	304	429
Health care and social assistance.....	158,031	30,853	1,678	52,760	4,028	5,836	4,912
Arts, entertainment, and recreation.....	19,793	3,263	249	4,078	1,617	1,301	1,540
Accommodation and food services.....	171,651	71,059	942	31,919	7,314	6,990	7,810
Other services.....	22,860	9,464	127	3,686	791	751	767

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

[Money amounts are in millions of dollars]

Control status and industrial sectors	Total receipts less total deductions	Constructive taxable income from related foreign corporations	Net income (less deficit)	Net income	Deficit	Statutory special deductions	
						Total	Net operating loss deduction
	(29)	(30)	(31)	(32)	(33)	(34)	(35)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	31,569	5,884	36,394	82,570	-46,176	15,061	12,901
Agriculture, forestry, fishing, and hunting	124	39	164	191	-28	24	24
Mining.....	39	61	99	1,423	-1,324	411	390
Utilities.....	-621	--	-624	195	-819	213	95
Construction.....	-1,284	16	-1,268	847	-2,115	231	230
Manufacturing.....	20,139	4,264	24,339	42,234	-17,895	4,735	4,384
Wholesale and retail trade	10,035	399	10,419	16,228	-5,809	2,852	2,040
Wholesale trade.....	9,384	187	9,557	14,169	-4,612	2,533	1,722
Retail trade.....	651	212	861	2,058	-1,197	319	318
Transportation and warehousing.....	-409	3	-406	522	-929	117	116
Information.....	-7,124	118	-7,011	2,183	-9,194	983	950
Finance and insurance.....	7,057	345	6,755	9,566	-2,811	3,640	2,988
Real estate and rental and leasing.....	-650	2	-649	807	-1,456	431	362
Professional, scientific, and technical services.....	-663	223	-447	1,266	-1,713	658	624
Management of companies (holding companies).....	4,628	279	4,594	5,160	-567	349	285
Administrative and support and waste management and remediation services.....	-515	82	-435	474	-909	105	105
Educational services.....	9	3	12	12	--	4	4
Health care and social assistance.....	237	3	240	274	-35	49	49
Arts, entertainment, and recreation.....	112	--	112	**	**	**	**
Accommodation and food services.....	297	27	324	803	-479	191	189
Other services.....	157	20	177	**	**	**	**
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	403,774	73,484	457,215	622,465	-165,249	48,638	37,573
Agriculture, forestry, fishing, and hunting	619	70	688	934	-245	90	86
Mining.....	5,646	685	6,324	9,231	-2,907	1,671	1,572
Utilities.....	-4,725	518	-4,302	13,612	-17,913	1,084	825
Construction.....	8,192	14	8,171	9,672	-1,501	464	381
Manufacturing.....	104,323	50,685	153,414	202,889	-49,475	13,578	10,828
Wholesale and retail trade	55,173	3,376	58,346	73,487	-15,141	4,020	2,918
Wholesale trade.....	13,616	2,468	16,019	20,766	-4,747	1,811	1,710
Retail trade.....	41,557	909	42,327	52,721	-10,394	2,209	1,208
Transportation and warehousing.....	184	399	560	8,290	-7,729	859	799
Information.....	4,822	5,236	9,919	44,079	-34,161	7,308	6,814
Finance and insurance.....	134,237	7,537	128,893	146,688	-17,795	12,942	8,406
Real estate and rental and leasing.....	-914	177	-739	2,250	-2,989	515	438
Professional, scientific, and technical services.....	-746	561	-223	7,650	-7,873	1,261	1,185
Management of companies (holding companies).....	84,880	3,792	83,816	85,403	-1,586	2,180	720
Administrative and support and waste management and remediation services.....	1,903	102	1,964	3,530	-1,566	1,088	1,073
Educational services.....	793	5	785	896	-111	94	94
Health care and social assistance.....	4,409	6	4,330	5,809	-1,479	999	980
Arts, entertainment, and recreation.....	-204	7	-201	619	-820	159	157
Accommodation and food services.....	4,404	155	4,538	6,200	-1,662	238	220
Other services.....	779	158	931	1,226	-295	88	77

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

[Money amounts are in millions of dollars]

Control status and industrial sectors	Income subject to tax	Total income tax before credits	Income tax	Alternative minimum tax	Total credits	Foreign tax credit	Total income tax after credits
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	67,688	24,007	23,680	311	6,735	5,200	17,272
Agriculture, forestry, fishing, and hunting	167	60	58	2	31	25	29
Mining.....	1,032	394	361	32	258	257	136
Utilities.....	27	14	9	4	--	--	14
Construction.....	617	218	215	2	10	9	208
Manufacturing.....	37,545	13,236	13,125	110	5,414	4,260	7,822
Wholesale and retail trade	13,434	4,735	4,687	47	289	146	4,446
Wholesale trade.....	11,694	4,123	4,079	43	262	128	3,861
Retail trade.....	1,740	612	608	4	27	17	585
Transportation and warehousing.....	406	141	141	1	19	2	122
Information.....	1,217	446	425	21	68	55	377
Finance and insurance.....	5,895	2,155	2,093	52	245	231	1,910
Real estate and rental and leasing.....	363	138	126	12	2	--	136
Professional, scientific, and technical services.....	618	226	215	11	40	31	186
Management of companies (holding companies).....	4,828	1,702	1,687	14	242	123	1,460
Administrative and support and waste management and remediation services.....	369	130	129	1	18	13	112
Educational services.....	8	3	3	--	1	1	1
Health care and social assistance.....	225	79	79	--	2	--	77
Arts, entertainment, and recreation.....	**	**	**	**	**	**	**
Accommodation and food services.....	613	217	214	3	72	23	145
Other services.....	**	**	**	**	**	**	**
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	576,588	203,254	201,493	1,743	58,647	44,387	144,606
Agriculture, forestry, fishing, and hunting	845	294	294	--	13	5	282
Mining.....	7,568	2,696	2,647	48	1,156	920	1,540
Utilities.....	12,579	4,477	4,402	73	1,061	54	3,415
Construction.....	9,210	3,226	3,215	5	94	11	3,132
Manufacturing.....	189,585	66,635	66,306	316	33,968	28,713	32,667
Wholesale and retail trade	70,411	24,542	24,506	46	2,184	1,656	22,358
Wholesale trade.....	18,960	6,637	6,609	30	1,514	1,236	5,123
Retail trade.....	51,451	17,905	17,897	16	670	420	17,235
Transportation and warehousing.....	7,437	2,607	2,598	9	377	175	2,230
Information.....	36,829	12,978	12,883	72	3,610	2,290	9,368
Finance and insurance.....	135,115	48,298	47,257	1,062	8,404	5,287	39,893
Real estate and rental and leasing.....	1,736	618	606	12	23	5	596
Professional, scientific, and technical services.....	6,399	2,258	2,232	26	492	400	1,767
Management of companies (holding companies).....	83,247	29,113	29,092	19	6,174	4,189	22,939
Administrative and support and waste management and remediation services.....	2,447	886	853	33	188	127	698
Educational services.....	802	282	280	2	7	6	276
Health care and social assistance.....	4,816	1,691	1,680	12	43	5	1,648
Arts, entertainment, and recreation.....	460	165	160	5	38	35	127
Accommodation and food services.....	5,964	2,088	2,085	2	686	382	1,402
Other services.....	1,138	399	397	1	132	128	267

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages					Total liabilities divided by net worth
	Number of returns with net income	Number of returns with total income tax after credits	Current liabilities	Noncurrent liabilities	Net worth	
	Divided by total number of returns		Divided by total assets			
	(43)	(44)	(45)	(46)	(47)	(48)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS						
All industries	62.06	59.31	43.07	31.62	25.31	295.08
Agriculture, forestry, fishing, and hunting	76.47	76.47	18.21	41.49	40.27	148.23
Mining.....	42.86	51.79	11.40	31.63	56.97	75.52
Utilities.....	42.11	42.11	12.05	61.68	26.27	280.63
Construction.....	56.45	56.45	39.92	46.85	13.23	655.82
Manufacturing.....	58.24	54.76	30.57	35.89	33.54	198.15
Wholesale and retail trade	69.53	66.19	44.74	27.38	27.88	258.71
Wholesale trade.....	71.55	68.19	45.92	25.63	28.45	251.45
Retail trade.....	54.76	51.59	39.75	34.82	25.43	293.27
Transportation and warehousing.....	57.32	54.88	19.46	46.20	34.34	191.23
Information.....	42.37	40.68	9.86	33.22	56.92	75.69
Finance and insurance.....	73.90	74.30	58.51	30.16	11.33	782.24
Real estate and rental and leasing.....	61.40	54.39	26.69	46.39	26.92	271.53
Professional, scientific, and technical services.....	53.15	50.35	30.28	19.92	49.80	100.80
Management of companies (holding companies).....	71.01	68.12	67.68	18.47	13.84	622.36
Administrative and support and waste management and remediation services.....	47.27	43.64	23.87	53.11	23.03	334.31
Educational services.....	100.00	100.00	20.27	33.48	46.25	116.22
Health care and social assistance.....	50.00	42.86	10.76	55.73	33.52	198.38
Arts, entertainment, and recreation.....	**	**	30.64	33.03	36.33	175.25
Accommodation and food services.....	50.00	45.24	13.33	45.86	40.81	145.05
Other services.....	**	**	22.95	42.26	34.75	187.63
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED						
All industries	70.28	68.49	44.72	33.16	22.11	352.23
Agriculture, forestry, fishing, and hunting	69.47	67.37	23.97	38.02	38.00	163.15
Mining.....	57.95	57.39	11.92	46.69	41.39	141.58
Utilities.....	61.35	63.80	23.34	51.53	25.13	297.86
Construction.....	74.44	77.53	31.83	34.03	34.14	192.90
Manufacturing.....	62.06	59.58	31.18	31.31	37.51	166.60
Wholesale and retail trade	74.44	71.17	33.00	26.16	40.85	144.82
Wholesale trade.....	77.11	71.94	35.17	26.60	38.24	161.52
Retail trade.....	71.63	70.28	31.75	25.90	42.35	136.12
Transportation and warehousing.....	64.77	59.66	20.29	51.39	28.32	253.11
Information.....	45.23	43.59	19.56	39.31	41.12	143.17
Finance and insurance.....	81.34	81.00	42.60	43.71	13.69	630.47
Real estate and rental and leasing.....	48.08	46.79	23.76	47.56	28.68	248.62
Professional, scientific, and technical services.....	60.42	59.38	35.04	27.10	37.86	164.17
Management of companies (holding companies).....	93.97	94.38	72.83	14.78	12.39	706.88
Administrative and support and waste management and remediation services.....	59.64	57.50	23.60	41.83	34.57	189.25
Educational services.....	80.00	80.00	32.76	14.23	53.02	88.63
Health care and social assistance.....	58.40	55.40	20.66	45.08	34.26	191.85
Arts, entertainment, and recreation.....	57.81	57.81	19.03	55.24	25.72	288.74
Accommodation and food services.....	55.23	49.79	14.59	47.37	38.05	162.84
Other services.....	66.22	63.51	20.69	46.66	32.65	206.28

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages--Continued					
	Total receipts divided by total assets	Cost of goods sold divided by business receipts	Interest paid divided by total receipts	Total receipts less total deductions divided by		
				Total assets	Net worth	Total receipts
	(49)	(50)	(51)	(52)	(53)	(54)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS						
All industries	40.97	71.32	4.40	0.54	2.13	1.31
Agriculture, forestry, fishing, and hunting	136.18	80.27	2.32	3.76	9.34	2.76
Mining.....	32.24	63.57	4.60	0.04	0.06	0.11
Utilities.....	33.64	60.36	7.80	-0.80	-3.03	-2.37
Construction.....	127.84	84.27	3.98	-3.94	-29.76	-3.08
Manufacturing.....	75.32	74.63	2.88	1.27	3.80	1.69
Wholesale and retail trade	162.91	80.31	1.09	2.41	8.64	1.48
Wholesale trade.....	159.35	82.42	0.89	2.78	9.78	1.75
Retail trade.....	178.06	72.21	1.86	0.82	3.22	0.46
Transportation and warehousing.....	90.74	33.18	2.97	-1.03	-2.99	-1.13
Information.....	15.49	41.39	15.02	-1.27	-2.24	-8.22
Finance and insurance.....	7.00	39.83	20.55	0.31	2.76	4.46
Real estate and rental and leasing.....	23.26	22.94	10.14	-1.37	-5.09	-5.89
Professional, scientific, and technical services.....	46.59	40.43	2.89	-0.87	-1.75	-1.88
Management of companies (holding companies).....	6.00	0.78	21.78	0.81	5.87	13.53
Administrative and support and waste management and remediation services.....	100.34	55.08	3.45	-1.95	-8.47	-1.94
Educational services.....	55.54	36.26	2.22	1.01	2.18	1.81
Health care and social assistance.....	57.35	40.13	4.00	1.47	4.40	2.57
Arts, entertainment, and recreation.....	58.85	27.06	4.69	3.16	8.69	5.36
Accommodation and food services.....	51.72	44.57	3.75	0.66	1.62	1.28
Other services.....	89.25	42.00	3.06	5.72	16.46	6.41
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED						
All industries	32.47	61.47	5.46	1.17	5.31	3.61
Agriculture, forestry, fishing, and hunting	91.61	75.87	2.77	2.89	7.60	3.15
Mining.....	46.27	56.93	5.72	2.20	5.32	4.76
Utilities.....	38.39	62.13	6.94	-0.35	-1.38	-0.90
Construction.....	131.26	76.40	1.19	6.36	18.63	4.85
Manufacturing.....	53.24	70.95	3.66	1.55	4.14	2.92
Wholesale and retail trade	195.52	76.39	1.04	4.47	10.96	2.29
Wholesale trade.....	190.64	83.95	1.00	3.02	7.89	1.58
Retail trade.....	198.35	72.14	1.07	5.32	12.56	2.68
Transportation and warehousing.....	73.00	30.13	2.89	0.04	0.15	0.06
Information.....	36.45	22.53	6.42	0.24	0.58	0.66
Finance and insurance.....	15.74	57.66	9.55	1.09	7.95	6.92
Real estate and rental and leasing.....	56.79	33.47	7.64	-0.86	-2.99	-1.51
Professional, scientific, and technical services.....	75.58	32.77	2.30	-0.30	-0.80	-0.40
Management of companies (holding companies).....	6.74	5.37	23.26	0.95	7.64	14.04
Administrative and support and waste management and remediation services.....	71.29	45.30	2.91	1.05	3.03	1.47
Educational services.....	100.25	16.42	1.34	7.52	14.18	7.50
Health care and social assistance.....	112.07	19.96	2.48	3.04	8.88	2.71
Arts, entertainment, and recreation.....	61.94	18.92	8.25	-0.65	-2.51	-1.04
Accommodation and food services.....	86.08	44.86	4.15	2.15	5.66	2.50
Other services.....	76.64	43.98	3.35	2.53	7.74	3.30

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages--Continued			
	Net income (less deficit) divided by			Net operating loss deduction divided by net income
	Total assets	Net worth	Total receipts	
	(55)	(56)	(57)	(58)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS				
All industries	0.62	2.45	1.51	15.62
Agriculture, forestry, fishing, and hunting	4.98	12.36	3.66	12.57
Mining.....	0.09	0.16	0.28	27.41
Utilities.....	-0.80	-3.05	-2.38	48.72
Construction.....	-3.89	-29.39	-3.04	27.15
Manufacturing.....	1.54	4.59	2.04	10.38
Wholesale and retail trade	2.50	8.97	1.53	12.57
Wholesale trade.....	2.83	9.96	1.78	12.15
Retail trade.....	1.08	4.26	0.61	15.45
Transportation and warehousing.....	-1.02	-2.97	-1.12	22.22
Information.....	-1.25	-2.20	-8.09	43.52
Finance and insurance.....	0.30	2.64	4.27	31.24
Real estate and rental and leasing.....	-1.37	-5.08	-5.88	44.86
Professional, scientific, and technical services.....	-0.59	-1.18	-1.26	49.29
Management of companies (holding companies).....	0.81	5.83	13.43	5.52
Administrative and support and waste management and remediation services.....	-1.65	-7.16	-1.64	22.15
Educational services.....	1.34	2.91	2.42	33.33
Health care and social assistance.....	1.49	4.46	2.60	17.88
Arts, entertainment, and recreation.....	3.16	8.69	5.36	**
Accommodation and food services.....	0.72	1.77	1.39	23.54
Other services.....	6.45	18.55	7.22	**
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED				
All industries	1.33	6.01	4.09	6.04
Agriculture, forestry, fishing, and hunting	3.21	8.44	3.50	9.21
Mining.....	2.47	5.96	5.34	17.03
Utilities.....	-0.32	-1.26	-0.82	6.06
Construction.....	6.34	18.58	4.83	3.94
Manufacturing.....	2.29	6.09	4.29	5.34
Wholesale and retail trade	4.73	11.59	2.42	3.97
Wholesale trade.....	3.55	9.28	1.86	8.23
Retail trade.....	5.42	12.79	2.73	2.29
Transportation and warehousing.....	0.13	0.47	0.18	9.64
Information.....	0.49	1.20	1.35	15.46
Finance and insurance.....	1.05	7.64	6.64	5.73
Real estate and rental and leasing.....	-0.69	-2.41	-1.22	19.47
Professional, scientific, and technical services.....	-0.09	-0.24	-0.12	15.49
Management of companies (holding companies).....	0.93	7.54	13.86	0.84
Administrative and support and waste management and remediation services.....	1.08	3.12	1.52	30.40
Educational services.....	7.44	14.04	7.42	10.49
Health care and social assistance.....	2.99	8.72	2.67	16.87
Arts, entertainment, and recreation.....	-0.64	-2.47	-1.03	25.36
Accommodation and food services.....	2.22	5.83	2.58	3.55
Other services.....	3.02	9.24	3.94	6.28

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages--Continued					
	Income subject to tax divided by			Total income tax after credits divided by		
	Total assets	Net worth	Total receipts	Total assets	Net worth	Total receipts
(59)	(60)	(61)	(62)	(63)	(64)	
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS						
All industries	1.15	4.56	2.82	0.29	1.16	0.72
Agriculture, forestry, fishing, and hunting	5.07	12.58	3.72	0.88	2.19	0.65
Mining.....	0.94	1.66	2.92	0.12	0.22	0.39
Utilities.....	0.03	0.13	0.10	0.02	0.07	0.05
Construction.....	1.89	14.30	1.48	0.64	4.82	0.50
Manufacturing.....	2.37	7.08	3.15	0.49	1.48	0.66
Wholesale and retail trade	3.22	11.56	1.98	1.07	3.83	0.65
Wholesale trade.....	3.47	12.18	2.18	1.14	4.02	0.72
Retail trade.....	2.19	8.62	1.23	0.74	2.90	0.41
Transportation and warehousing.....	1.02	2.97	1.12	0.31	0.89	0.34
Information.....	0.22	0.38	1.40	0.07	0.12	0.44
Finance and insurance.....	0.26	2.30	3.73	0.08	0.75	1.21
Real estate and rental and leasing.....	0.77	2.84	3.29	0.29	1.06	1.23
Professional, scientific, and technical services.....	0.81	1.63	1.75	0.25	0.49	0.53
Management of companies (holding companies).....	0.85	6.12	14.12	0.26	1.85	4.27
Administrative and support and waste management and remediation services.....	1.40	6.07	1.39	0.42	1.84	0.42
Educational services.....	0.90	1.94	1.61	0.11	0.24	0.20
Health care and social assistance.....	1.40	4.18	2.44	0.48	1.43	0.84
Arts, entertainment, and recreation.....	**	**	**	**	**	**
Accommodation and food services.....	1.36	3.34	2.64	0.32	0.79	0.62
Other services.....	**	**	**	**	**	**
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED						
All industries	1.68	7.58	5.16	0.42	1.90	1.29
Agriculture, forestry, fishing, and hunting	3.94	10.37	4.30	1.32	3.46	1.44
Mining.....	2.95	7.14	6.38	0.60	1.45	1.30
Utilities.....	0.92	3.67	2.40	0.25	1.00	0.65
Construction.....	7.15	20.94	5.45	2.43	7.12	1.85
Manufacturing.....	2.82	7.53	5.30	0.49	1.30	0.91
Wholesale and retail trade	5.71	13.98	2.92	1.81	4.44	0.93
Wholesale trade.....	4.20	10.98	2.20	1.13	2.97	0.60
Retail trade.....	6.58	15.55	3.32	2.21	5.21	1.11
Transportation and warehousing.....	1.75	6.19	2.40	0.53	1.86	0.72
Information.....	1.83	4.44	5.01	0.46	1.13	1.28
Finance and insurance.....	1.10	8.01	6.96	0.32	2.36	2.06
Real estate and rental and leasing.....	1.63	5.67	2.86	0.56	1.95	0.98
Professional, scientific, and technical services.....	2.59	6.83	3.42	0.71	1.89	0.94
Management of companies (holding companies).....	0.93	7.49	13.77	0.26	2.06	3.79
Administrative and support and waste management and remediation services.....	1.35	3.89	1.89	0.38	1.11	0.54
Educational services.....	7.60	14.34	7.59	2.62	4.94	2.61
Health care and social assistance.....	3.32	9.70	2.96	1.14	3.32	1.01
Arts, entertainment, and recreation.....	1.45	5.65	2.35	0.40	1.56	0.65
Accommodation and food services.....	2.92	7.66	3.39	0.69	1.80	0.80
Other services.....	3.69	11.30	4.81	0.87	2.65	1.13

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

Footnotes

** Not shown to avoid disclosure of information about specific corporations. However, data are included in the appropriate totals.

¹ Excludes nontaxable interest received on State and local government obligations, which totaled \$20.0 billion for large domestic corporations not foreign-controlled, and \$1.1 billion for large foreign-controlled domestic corporations.

² Less than \$500,000.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more. (Total receipts were used in lieu of business receipts for the finance and insurance, and management of companies sectors.) Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent. Percentages shown in table were calculated using rounded data. Detail may not add to totals due to rounding.

U. S. Possessions Corporation Returns, 2003

by Daniel S. Holik

For Tax Year 2003, the number of U.S. corporations claiming the possessions tax credit (136) and the amount of the credit claimed (\$1.1 billion) continued declines that began in the 1990s. These declines coincide with increased legislative restrictions on the use of the possessions tax credit.

Most of the U.S. corporations claiming a possessions tax credit for 2003 did so with respect to their operations in Puerto Rico. These 128 corporations claimed more than 98 percent of the total possessions tax credit.

Manufacturers continued to claim virtually all (nearly 97 percent) of the possessions tax credit. As in prior years, pharmaceuticals and medicines manufacturers accounted for the largest share of the credit. For 2003, some 19 pharmaceuticals and medicines manufacturers reported possessions tax credits of \$0.6 billion, approximately 53 percent of the total. Other industries with substantial amounts of possessions tax credits claimed included food manufacturing, computer and electric equipment, medical equipment and supplies, and textiles and apparel manufacturing [1].

Qualification To Be a Possessions Corporation

In general, to qualify for the possessions tax credit, a corporation must be a domestic corporation (organized under the laws of one of the 50 states) and have filed Form 5712, *Election To Be Treated as a Possessions Corporation Under Section 936*. Once filed, this election remains in effect for 10 years, unless the taxpayer obtains permission for a revocation from the Internal Revenue Service.

Two gross income tests must also be satisfied. First, the possessions corporation must have derived 80 percent or more of its gross income from sources in a U.S. possession for the corporation's applicable period, which is generally the shorter of 36 months or the period when the corporation actively conducted a trade or business in a U.S. possession. The second test requires the corporation to derive at least 75 percent or more of its gross income from the active conduct of a trade or business in a U.S. possession.

If these gross income tests are satisfied, a U.S. possessions corporation may claim the possessions tax credit for that portion of income earned from qualified sources in U.S. possessions. For Tax Year 2003, U.S. possessions included Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

The United States taxes its citizens, residents, and corporations on their worldwide income. Because possessions corporations are domestic corporations, they are subject to U.S. taxation on income earned in U.S. possessions and other foreign tax jurisdictions. For U.S. tax purposes, income earned in U.S. possessions is generally considered foreign-source income. Unlike the foreign tax credit, the possessions tax credit reduces and, in some cases, eliminates the U.S. tax liability on qualified possessions income whether or not the possessions tax that income [2]. U.S. possessions typically employ a combination of modest statutory rates and tax holidays, which together translate to fairly low effective tax rates [3]. Thus, the income earned by possessions corporations from possessions sources tends to be subject to low total effective tax rates.

Background

Since 1921, Federal income tax laws have provided an incentive for U.S. corporations to conduct business in U.S. possessions. The original legislation provided an exemption from taxation for all income derived from sources outside the United States if certain conditions were met. Specifically, the corporation had to derive 80 percent or more of its gross income from U.S. possessions and 50 percent or more of its gross income from the active conduct of a trade or business in the possessions. These tax provisions were enacted to help U.S. corporations compete with foreign companies in the Philippines, which was then a U.S. possession.

The Tax Reform Act of 1976 significantly changed the taxation of U.S. corporations operating in U.S. possessions, creating a new section 936 of the Internal Revenue Code. Rather than exempting all income derived from sources outside the United States for qualifying corporations, the new legislation allowed only a credit against taxes paid on income derived from the active conduct of a trade or business in a possession and "qualified possessions

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U. S. Possessions Corporation Returns, 2003

source investment income” (see the Explanation of Selected Terms section). The intent of this legislation was to encourage employment-producing investments by U.S. corporations in U.S. possessions.

The Tax Equity and Fiscal Responsibility Act of 1982 and the Tax Reform Act of 1986 further restricted the tax benefits available under section 936 by modifying the tax treatment of income derived from intangible assets and passive investments. In general, the 1982 Act provided that a possessions corporation’s income from intangible assets, such as patents and copyrights, would be taxable to the U.S. shareholders (usually the U.S. parent corporation) of the possessions corporation [4]. A possessions corporation could elect out of this general rule if it demonstrated that it had a significant business presence in the possession in which it operated, by meeting either a direct labor test or a value added test with respect to a specific product or type of service [5]. Electing corporations could then choose to allocate income attributable to that product or service between the U.S. shareholders and the possessions corporation using either the cost-sharing or profit-split method [6]. The 1982 Act also increased the percentage of gross income that a possessions corporation must earn from the active conduct of a trade or business in U.S. possessions to 65 percent; the 1986 Act increased this percentage to 75 percent.

Legislation introduced in the 1990s continued to restrict, and finally generally repeal, the possessions tax credit provisions. Congress, in the Omnibus Budget Reconciliation Act of 1993, required corporations to separate their possessions income and credit computation into active and passive components. While qualified passive income (i.e., “qualified possessions source investment income”) continued to receive unrestricted credit treatment, the possessions credit derived from active income was subject to a limitation computed under either the percentage limitation or economic-activity limitation methods (these methods are explained in the Highlights section) [7].

The Small Business Job Protection Act of 1996 generally repealed the credit for tax years beginning after December 31, 1995. However, transition rules allow an existing possessions corporation to claim credits, with certain restrictions, through taxable years beginning before January 1, 2006. The Act eliminated the credit for qualified possessions source investment

income received or accrued after June 31, 1996 [8]. Existing credit claimants could, however, continue to claim reduced credit amounts for active income using the percentage or economic-activity limitations [9]. The Act also implemented a base period constraint that limits the taxable income eligible for the credit for claimants using the percentage limitation method [10]. This base period constraint is effective for tax years beginning after December 31, 1997.

Highlights

As shown in Figure A, the statistics for 2003 reflect a continuing trend of fewer U.S. possessions corporations reporting smaller amounts of possessions tax credits. For 2003, there were 201 active possessions corporations, an 18-percent decrease from the 246 active corporations for 2001 [11]. During this same time period, the total possessions tax credit decreased from \$1.3 billion to \$1.1 billion [12].

U.S. possessions corporations with operations in Puerto Rico continued to report virtually all of the possessions tax credits (Figure B). For 2003, some 128 Puerto Rico-based possessions corporations claimed \$1.1 billion of possessions tax credits. These

Figure A

Corporations Claiming the U.S. Possessions Tax Credit, Selected Tax Years, 1983-2003

[Money amounts are in billions of dollars]

Tax year	Number of active possessions corporations ¹	Corporations claiming credit	
		Number	U.S. possessions tax credit
	(1)	(2)	(3)
1983.....	625	553	2.0
1985.....	594	510	2.4
1987.....	516	452	2.8
1989.....	513	434	2.8
1991 ²	n/a	402	3.5
1993.....	474	395	4.6
1995.....	440	353	3.1
1997.....	378	310	2.8
1999.....	300	206	1.6
2001.....	246	171	1.3
2003.....	201	136	1.1

n/a--Not available.

¹ An active corporation is a corporation that has current income and/or deductions. A possessions corporation is a domestic corporation that has filed Form 5712, *Election To Be Treated as a Possessions Corporation Under Section 936*.

² No U.S. Possessions study was conducted for Tax Year 1991. The number of credit claimants and possessions tax credits published in *Statistics of Income--1991, Corporation Income Tax Returns* was used as a substitute.

U. S. Possessions Corporation Returns, 2003

Figure B

Selected Information for U.S. Possessions Tax Credit Claimants, by U.S. Possession in Which Income Was Earned, 2003

[Money amounts are in thousands of dollars]

U.S. possession	Number of corporations claiming credit	Total assets	Total receipts	Net income (less deficit)	Income subject to tax	U.S. income tax before credits	U.S. possessions tax credit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All U.S. possessions.....	136	34,634,123	19,259,749	7,083,438	6,872,859	2,404,421	1,107,000
Puerto Rico	128	34,395,690	18,734,404	7,022,362	6,811,783	2,383,091	1,088,816
U.S. Virgin Islands	3	79,022	53,265	18,017	18,017	6,306	3,648
Other U.S. possessions.....	5	159,410	472,080	43,059	43,059	15,023	14,536

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

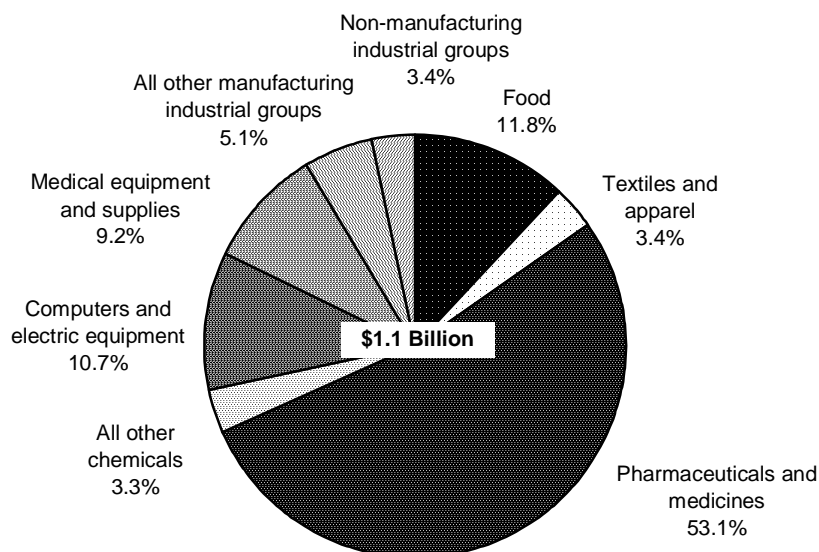
corporations also accounted for nearly all of the assets, receipts, and net income of corporations claiming the credit.

As shown in Figure C, manufacturing corporations claimed the bulk of the possessions tax credit [13]. For 2003, manufacturers of food, textiles and apparel, pharmaceuticals and medicines, computers and electric equipment, and medical equipment and supplies claimed more than 88 percent of the \$1.1 billion total credit.

Figure D, which provides statistics for credit claimants for 1997, 1999, 2001, and 2003, highlights the extent of the decline in the use of the possessions tax credit provisions. The number of credit claimants fell 20 percent to 136 for 2003. Assets reported for 2003 rose slightly to \$34.6 billion (a 2-percent increase), while receipts dropped to \$19.3 billion (a 25-percent decline). For 2003, U.S. income tax before credits fell 21 percent to \$2.4 billion, and the total amount of possessions sales fell 13 percent to \$34.9 billion.

Figure C

U.S. Possessions Tax Credit, by Industrial Group, 2003



U. S. Possessions Corporation Returns, 2003

Figure D

Selected Information for U.S. Possessions Tax Credit Claimants, 1997, 1999, 2001, and 2003

[Money amounts are in thousands of dollars]

Item	1997	1999	2001	2003
	(1)	(2)	(3)	(4)
Number of corporations claiming credit.....	310	206	171	136
Total assets.....	47,835,816	39,859,398	34,100,189	34,634,123
Total receipts.....	39,583,991	31,847,430	25,538,141	19,259,749
Net income (less deficit).....	14,947,780	11,717,812	8,827,184	7,076,723
Income subject to tax.....	14,903,440	11,500,269	8,728,987	6,872,859
U.S. income tax before credits.....	5,213,057	4,023,543	3,053,651	2,404,421
U.S. possessions tax credit, total.....	2,795,176	1,605,735	1,299,803	1,107,000
Percent limitation method.....	1,954,034	955,332	777,816	722,730
Economic activity method.....	841,120	650,404	492,682	383,837
Unspecified method.....	21	--	29,304	432
Deduction for possessions taxes, total.....	298,031	179,686	98,947	84,048
Percent limitation method.....	294,474	177,343	98,133	83,192
Economic activity method.....	3,557	2,343	814	856
Possessions sales, total ¹	59,748,281	48,086,748	40,264,206	34,873,014
Cost-sharing method.....	10,135,631	7,797,313	4,838,528	4,710,002
Profit-split method.....	49,612,650	40,289,435	35,425,679	30,163,012

¹ Reported on Form 5735, *Possessions Corporation Tax Credit (Under Sections 936 and 30A)*, Schedule P, *Allocation of Income and Expenses Under Section 936 (h)(5)*.

The sales totals shown above include amounts allocated to both the possession corporations and their parent corporations (or affiliated groups). See the text for additional discussion of these allocations.

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

For 2003, possessions corporations were subject to a limitation concerning the possessions tax credit derived from their active business incomes. With certain restrictions, corporations could elect to determine the possessions credit using either a percentage or economic-activity limitation computation. The percentage limitation method required taxpayers to compute the possessions tax credit for active income as a percentage of the credit that would have been allowed prior to Tax Year 1994. For 2003, the applicable percentage was 40 percent. Generally, corporations with large profits relative to labor and depreciation expenses elected the percentage limitation method. The economic-activity limitation was based on a formula that depended on the qualified compensation and depreciation deductions that a possessions corporation incurred during the tax year [14]. Generally, corporations that had substantial labor and depreciation expenses relative to profits elected the economic-activity method.

Of the \$1.1 billion possessions tax credit claimed for 2003, over 65 percent (\$0.7 billion) was computed using the percentage limitation method, and nearly 35 percent (\$0.4 billion) was computed using the economic-activity limitation method. Most (over 93

percent) of the possessions tax credit computed using the percentage limitation method was attributable to corporations in the food manufacturing and pharmaceuticals and medicines industrial groups [15]. Use of the economic-activity method was spread throughout almost all industries. However, almost 48 percent of possessions credit computed using the economic-activity method was attributable to the computers and electric equipment, and medical equipment and supplies manufacturing industrial groups.

In general, possessions corporations were also allowed to deduct the portion of actual income taxes paid to U.S. possessions that related to possessions income not sheltered by the possessions tax credit. For 2003, the total deduction for possessions taxes paid was almost \$0.1 billion.

Summary

For Tax Year 2003, some 136 U.S. corporations reported \$1.1 billion of possessions tax credits. The number of U.S. corporations claiming a possessions tax credit and the total amount of the credit reported continued declines that began in the 1990s. These declines coincide with increased legislative restrictions on the use of the possessions tax credit.

As in prior years, pharmaceuticals and medicines manufacturers located in Puerto Rico reported the bulk of the possessions tax credit. The food manufacturing, medical equipment and supplies, computers and electric equipment, and textiles and apparel industries also claimed substantial amounts of possessions tax credits.

Data Sources and Limitations

The 2003 statistics are based on data compiled from all returns filed by U.S. possessions corporations with accounting periods ending between July 2003 and June 2004. Consequently, the data are not subject to sampling error.

The data may, however, contain nonsampling errors. Where possible, inconsistencies in the data were resolved to conform with provisions of the Internal Revenue Code. In cases where information reported was not logical, other data on the return were used to resolve errors.

Data were collected from Form 1120, *U.S. Corporation Income Tax Return*, for possessions corporations and supplemented by information collected from Form 5712, *Election To Be Treated as a Possessions Corporation Under Section 936*, Form 5735, *Possessions Corporation Tax Credit (Under Sections 936 and 30A)*, and Schedule P (Form 5735), *Allocation of Income and Expenses Under Section 936(h)(5)*. Due to processing differences, slight variations exist between the data in this article and the more limited statistics published in *Statistics of Income--2003, Corporation Income Tax Returns*.

Explanation of Selected Terms

Business receipts.--Business receipts were the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. Generally, they represented all of a corporation's receipts except investment and incidental income.

Distributions to Stockholders.--Distributions to stockholders represent cash and property (other than company stock) distributions to stockholders during the current year.

Existing Credit Claimant.--A corporation was an existing credit claimant with respect to a possession if the corporation: 1) was engaged in the active conduct of a trade or business within the possession on October 13, 1995; and 2) elected the benefits of

the possessions credit effective for its taxable year that included October 13, 1995. A corporation that acquired all of the assets of a trade or business of an existing credit claimant qualified as an existing credit claimant.

Income Subject to Tax.--This was generally the amount of income subject to tax at the corporate level. For most corporations, income subject to tax consisted of net income minus statutory special deductions (i.e., the net operating loss deduction and special deductions for dividends).

Intangible Assets.--Intangible assets represented the total gross value of goodwill, contracts, copyrights, formulas, licenses, patents, registered trademarks, franchises, covenants not to compete, and similar assets that were amortizable for tax purposes.

Passive Activity.--Passive activity generally included trade or business activity in which the corporation did not materially participate for the tax year, and with exceptions, rental activities regardless of the corporation's participation.

Qualified Possessions Source Investment Income.--Income attributable to the investment of funds derived from the active conduct of a trade or business in the same U.S. possession.

Notes and References

- [1] Throughout this article, the North American Industry Classification System (NAICS) is used to categorize business activity of possessions corporations. See *North American Industry Classification System, United States, 2002*, Executive Office of the President, Office of Management and Budget for additional information about specific industrial groups. For example, the food manufacturing industrial group includes beverages and distilled spirits.
- [2] Subject to numerous limitations, the foreign tax credit is available only for actual taxes paid or accrued, or deemed paid. For more information on the foreign tax credit, see "Foreign Tax Credit, 2002," scheduled to be published in the Fall 2006 *SOI Bulletin*.
- [3] For example, the Puerto Rican tax system is separate and independent from the U.S. tax system. Although it is modeled after the U.S. system, there are differences in law and tax

U. S. Possessions Corporation Returns, 2003

rates. Puerto Rico provides various tax incentives for industries under the Tax Incentives Acts of 1987 and 1998 (see Note 13).

- [4] Prior to the passage of the Tax Equity and Fiscal Responsibility Act of 1982, U.S. parent corporations could deduct research and development costs relative to an intangible asset (for example, a patent) and transfer the intangible to a related possessions corporation where the resulting income would qualify for the possessions tax credit under section 936. For further information, see General Accounting Office, "Report to the Chairman, Committee on Finance, U.S. Senate: Tax Policy, Puerto Rico Economic Trends," May, 1997.
- [5] U.S. possessions corporations file Form 5712-A, *Election and Verification of the Cost Sharing or Profit Split Method Under Section 936(h)(5)*, to show under the direct labor or value added test that they have a significant business presence in a possession.
- [6] Generally, the cost-sharing method allows a possessions corporation to earn income from intangible processes (that may have been developed by a parent and/or members of the affiliated group) in the production of a product provided that the possessions corporation makes a cost-sharing payment (for use of the intangible processes) to the affiliate(s). Generally, the profit-split method allows a possessions corporation to report income equal to 50 percent of the combined taxable income of the affiliated group from the production and sale of a product (while the remaining 50 percent of combined taxable income is allocated to the affiliated group).
- [7] For more information on the legislative history, see Miller, Randy, "U.S. Possessions Corporations, 1995," *Statistics of Income Bulletin*, Summer 1999, Volume 19, Number 1.
- [8] For tax years beginning before January 1, 2006, the Act's amendments with regards to both active and qualified possessions source investment income do not apply to existing credit claimants with respect to Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. These claimants figure the

credit under the rules in effect prior to the 1996 Act.

- [9] With the passage of the Small Business Job Protection Act of 1996, credit claimants operating in Puerto Rico that use the economic activity limitation figure their credits under the new section 30A. Generally, the provisions of section 936 apply when computing the credit under section 30A. See the Explanation of Selected Terms section for a definition of the term "existing credit claimant."
- [10] A similar cap is effective for credit claimants using the economic-activity limitation for taxable years beginning after December 31, 2001.
- [11] For more information on the possessions tax credit for Tax Years 1997, 1999, and 2001, see Nutter, Sarah E., "U.S. Possessions Corporation Returns, 1997 and 1999," *Statistics of Income Bulletin*, Summer 2003, Volume 23, Number 1, and Holik, Daniel S., "U.S. Possessions Corporations Returns, 2001," *Statistics of Income Bulletin*, Fall 2005, Volume 25, Number 2.
- [12] The amount of possessions tax credit is available for intervening years from the Statistics of Income corporation program. The credit was \$3.2 billion for 1990, \$3.5 billion for 1991, and \$3.7 billion for 1992. For 1994, 1996, 1998, 2000, and 2002, the credit was \$3.8 billion, \$3.1 billion, \$2.4 billion, \$1.4 billion, and \$1.2 billion, respectively.
- [13] Puerto Rico has tax incentives that are primarily for companies in the manufacturing or export business. Nonmanufacturing companies generally pay the full Puerto Rican income tax and then claim the U.S. foreign tax credit. Thus, nonmanufacturing companies receive little reduction in the U.S. income tax liabilities through the use of the possessions tax credit. For additional information, see General Accounting Office, "Report to the Chairman, Committee on Finance, U.S. Senate: Tax Policy, Puerto Rican Economic Trends," May, 1997.
- [14] The labor component of the economic activity limit generally consists of 60 percent of the

U. S. Possessions Corporation Returns, 2003

corporation's qualified wages and employee fringe benefits for the tax year, subject to certain limitations (see Internal Revenue Code sections 936(i)(1) and 936(i)(2) for more detailed information). The amount of depreciation expense taken into account when computing the economic activity limit depends on the useful life of each asset. Taxpayers compute 15 percent of the depreciation deduction for short-life property, 40 percent for medium-life

property, and 65-percent for long-life property. Short-life property refers to property with a useful life of 3 to 5 years. Medium-life property is 7-year or 10-year property. Long-life property generally refers to property that is neither short-life nor medium-life.

[15] Data relative to the possessions tax credit computation method by selected industrial group are from unpublished statistics, SOI 2003 U.S. Possessions study.

U. S. Possessions Corporation Returns, 2003

Table 1.--U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry, 2003

[Money amounts are in thousands of dollars]

Item	All industries	Manufacturing					
		Total	Food manufacturing	Textiles and apparel	Leather and allied products	Paper products	Printing
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	201	145	15	9	4	5	7
Total assets.....	40,026,934	35,228,225	9,340,955	1,239,616	254,677	89,932	35,847
Cash.....	1,786,524	1,696,218	104,766	878,102	21,798	6,747	7,739
Notes and accounts receivable.....	9,238,235	8,361,002	1,092,517	177,252	199,759	10,616	11,551
Less: Allowance for bad debts.....	17,864	11,070	1,333	1,047	2	237	273
Inventories.....	1,878,370	1,738,967	159,091	68,089	17,725	10,144	3,300
Investment in Government obligations	337	337	--	--	--	--	--
Tax-exempt securities.....	7,078	4,760	--	--	--	--	--
Other current assets.....	1,308,537	1,091,266	85,816	9,693	1,061	970	676
Loans to stockholders.....	28,581	1,053	--	--	--	--	831
Mortgage and real estate loans.....	15,502	32	--	32	--	--	--
Other investments.....	20,270,693	17,831,935	7,564,701	20,633	7,625	2,441	6,463
Depreciable assets.....	6,520,680	5,863,414	577,827	153,380	34,593	54,362	15,535
Less: Accumulated depreciation.....	3,514,067	3,176,936	289,928	88,531	27,294	35,896	10,877
Depletable assets.....	190	190	--	--	--	--	--
Less: Accumulated depletion.....	190	190	--	--	--	--	--
Land.....	107,025	95,064	9,533	--	49	2,650	232
Intangible assets	520,833	400,975	26,952	--	--	23,505	1,378
Less: Accumulated amortization.....	181,700	118,206	14,318	--	--	921	758
Other assets.....	2,087,335	1,459,588	25,843	22,014	102	15,549	49
Assets balancing adjustment ¹	-29,166	-10,173	-512	--	-738	--	(²)
Total liabilities and stockholders' equity.....	40,026,934	35,228,225	9,340,955	1,239,616	254,677	89,932	35,847
Accounts payable.....	2,165,554	1,710,124	204,872	79,665	22,731	1,552	4,398
Current mortgages, notes, and bonds payable.....	628,211	371,821	242	6	--	1,923	918
Other current liabilities.....	698,832	486,810	76,123	20,012	4,366	2,621	1,297
Loans from stockholders.....	14,457	12,023	--	--	--	--	--
Long-term mortgages, notes, and bonds payable..	730,955	321,944	190,866	6	--	3,047	889
Other liabilities.....	3,600,683	2,162,335	72,760	--	245	3,919	522
Preferred stock ³	670,825	680,549	600,167	195	--	--	18
Common stock.....	1,684,744	1,520,013	3,428	318	251	253	357
Paid-in or capital surplus ³	2,160,964	1,944,020	229,097	12,069	1,673	46,051	2,731
Retained earnings, appropriated.....	23,072	--	--	--	--	--	--
Retained earnings, unappropriated.....	28,011,036	26,317,530	7,967,533	1,127,345	225,411	41,854	24,717
Adjustments to stockholders' equity.....	-4,331	-2,094	-317	--	--	--	--
Less: Cost of treasury stock.....	29,865	3,331	--	--	--	--	--
Liabilities balancing adjustment ¹.....	-328,203	-293,518	-3,815	--	--	-11,288	--

Footnotes at end of table.

U. S. Possessions Corporation Returns, 2003

Table 1.--U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry, 2003--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued					
	Pharmaceuticals and medicines	All other chemicals	Plastics and rubber products	Nonmetallic mineral products	Primary and fabricated metals	Machinery manufacturing
	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns.....	19	8	9	3	7	6
Total assets.....	16,714,327	372,882	187,084	64,697	73,648	1,264,081
Cash.....	125,900	18,805	19,139	4,036	1,410	1,738
Notes and accounts receivable.....	4,515,834	41,987	58,284	19,310	42,299	372,552
Less: Allowance for bad debts.....	492	187	445	1,700	65	289
Inventories.....	1,005,858	37,357	13,798	6,425	7,746	21,680
Investment in Government obligations	--	--	337	--	--	--
Tax-exempt securities.....	--	--	--	--	--	--
Other current assets.....	404,982	56,817	2,698	4,922	9,844	19,470
Loans to stockholders.....	--	--	--	--	--	--
Mortgage and real estate loans.....	--	--	--	--	--	--
Other investments.....	8,770,202	34,616	22,282	1,436	2,256	552,280
Depreciable assets.....	2,103,944	371,909	142,849	59,914	63,368	92,095
Less: Accumulated depreciation.....	937,487	197,899	78,511	44,204	55,970	50,042
Depletable assets.....	--	--	--	190	--	--
Less: Accumulated depletion.....	--	--	--	190	--	--
Land.....	36,678	4,063	2,731	1,377	1,234	2,479
Intangible assets	25,553	667	--	1,490	--	--
Less: Accumulated amortization.....	14,581	203	--	643	--	--
Other assets.....	678,010	5,069	4,377	12,338	1,526	252,119
Assets balancing adjustment ¹	-74	-119	-458	-5	--	--
Total liabilities and stockholders' equity.....	16,714,327	372,882	187,084	64,697	73,648	1,264,081
Accounts payable.....	798,507	27,556	20,025	2,490	3,038	30,097
Current mortgages, notes, and bonds payable.....	3,960	179	8,797	7,300	30	171,777
Other current liabilities.....	175,876	22,661	7,748	6,317	1,077	22,363
Loans from stockholders.....	--	--	12,023	--	--	--
Long-term mortgages, notes, and bonds payable..	35,469	437	414	--	578	--
Other liabilities.....	1,916,287	55,003	910	1,242	--	7,254
Preferred stock ³	--	135	28	--	1	--
Common stock.....	1,181,509	443	619	1	36	114,296
Paid-in or capital surplus ³	195,473	6,510	21,030	16,485	5,554	518,913
Retained earnings, appropriated.....	--	--	--	--	--	--
Retained earnings, unappropriated.....	12,604,004	297,767	116,990	32,153	70,602	401,111
Adjustments to stockholders' equity.....	--	--	--	-1,290	--	--
Less: Cost of treasury stock.....	--	13	1,500	--	--	--
Liabilities balancing adjustment ¹	-196,759	-37,797	--	--	-7,268	-1,729

Footnotes at end of table.

U. S. Possessions Corporation Returns, 2003

Table 1.--U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry, 2003--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued				Wholesale trade	
	Computers and electric equipment	Transportation equipment manufacturing	Medical equipment and supplies	Miscellaneous manufacturing	Durable goods wholesalers	Nondurable goods wholesalers
	(14)	(15)	(16)	(17)	(18)	(19)
Number of returns.....	26	4	15	3	8	7
Total assets.....	1,983,472	185,977	2,356,677	564,252	193,504	382,749
Cash.....	107,876	40,274	326,594	27,404	2,398	1,098
Notes and accounts receivable.....	747,204	8,709	938,232	112,108	109,401	339,294
Less: Allowance for bad debts.....	64	(²)	317	3,455	1,566	833
Inventories.....	105,375	6,268	116,916	50,844	22,673	28,375
Investment in Government obligations	--	--	--	--	--	--
Tax-exempt securities.....	4,760	--	--	--	--	--
Other current assets.....	55,594	92,913	80,193	7,137	3,566	3,937
Loans to stockholders.....	222	--	--	--	23,402	--
Mortgage and real estate loans.....	--	--	--	--	--	--
Other investments.....	651,548	25,687	149,306	20,458	12,989	302
Depreciable assets.....	512,806	38,287	793,516	462,786	34,105	15,169
Less: Accumulated depreciation.....	316,575	26,910	457,374	269,994	23,673	9,934
Depletable assets.....	--	--	--	--	--	--
Less: Accumulated depletion.....	--	--	--	--	--	--
Land.....	9,212	250	6,133	4,466	923	--
Intangible assets	100,055	--	15,235	195,153	729	--
Less: Accumulated amortization.....	19,835	--	11,118	47,674	539	--
Other assets.....	28,153	500	404,771	5,020	9,369	5,342
Assets balancing adjustment ¹	-2,859	--	-5,408	--	-272	--
Total liabilities and stockholders' equity.....	1,983,472	185,977	2,356,677	564,252	193,504	382,749
Accounts payable.....	133,602	811	75,943	94,861	16,928	250,106
Current mortgages, notes, and bonds payable.....	2,590	--	759	173,319	10,759	66
Other current liabilities.....	40,000	8,924	79,034	10,604	39,818	21,541
Loans from stockholders.....	--	--	--	--	--	147
Long-term mortgages, notes, and bonds payable..	1,346	--	76,553	12,296	19,075	2,355
Other liabilities.....	43,602	276	6,886	40,116	3,362	-49
Preferred stock ³	5	--	(²)	--	--	--
Common stock.....	6,459	30	27	184,950	1,405	88,719
Paid-in or capital surplus ³	234,380	6,846	196,770	5,761	32,231	-42,303
Retained earnings, appropriated.....	--	--	--	--	--	--
Retained earnings, unappropriated.....	1,554,155	170,441	1,922,601	43,595	71,675	62,398
Adjustments to stockholders' equity.....	84	--	-571	--	-560	--
Less: Cost of treasury stock.....	568	--	--	1,250	--	134
Liabilities balancing adjustment ¹	-32,183	-1,353	-1,326	--	-1,190	-96

Footnotes at end of table.

U. S. Possessions Corporation Returns, 2003

Table 1.--U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry, 2003--Continued

[Money amounts are in thousands of dollars]

Item	Retail trade	Publishing and information services	Finance and insurance	Real estate and rental and leasing	Professional services	Company management	Accommodation and food services
	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Number of returns.....	3	4	5	7	7	3	6
Total assets.....	609,665	182,357	2,799,695	27,354	255,362	1,371	302,287
Cash.....	6,733	66,867	478	1,291	177	15	9,822
Notes and accounts receivable.....	5,796	12,684	310,020	2,958	51,830	(²)	22,140
Less: Allowance for bad debts.....	47	511	1,388	(²)	(²)	(²)	52
Inventories.....	75,051	--	--	--	6,380	--	4,002
Investment in Government obligations.....	--	--	--	--	--	--	--
Tax-exempt securities.....	--	--	2,317	--	--	--	--
Other current assets.....	51	9,245	62,753	1,381	127,395	740	4,881
Loans to stockholders.....	--	--	--	2,649	--	--	--
Mortgage and real estate loans.....	--	--	15,470	--	--	--	--
Other investments.....	--	--	2,409,634	484	4,995	615	9,472
Depreciable assets.....	156,125	158,333	2,010	29,434	82,432	--	152,435
Less: Accumulated depreciation.....	86,709	72,220	1,578	13,853	49,757	--	64,240
Depletable assets.....	--	--	--	--	--	--	--
Less: Accumulated depletion.....	--	--	--	--	--	--	--
Land.....	4,432	38	51	3,172	589	--	1,511
Intangible assets.....	--	69,554	--	--	49,575	--	--
Less: Accumulated amortization.....	--	61,642	--	--	1,314	--	--
Other assets.....	448,233	8	-72	11	1,610	--	162,316
Assets balancing adjustment ¹	--	--	--	-171	-18,550	--	--
Total liabilities and stockholders' equity.....	609,665	182,357	2,799,695	27,354	255,362	1,371	302,287
Accounts payable.....	44,775	28,112	99,301	2,547	3,743	--	9,174
Current mortgages, notes, and bonds payable.....	--	21	226,986	10,697	6,170	--	246
Other current liabilities.....	70,287	26,573	4,380	320	16,155	--	31,180
Loans from stockholders.....	--	--	--	--	49	--	149
Long-term mortgages, notes, and bonds payable.....	--	--	29,707	6,609	106,308	--	244,765
Other liabilities.....	--	5,367	1,399,135	517	--	--	29,828
Preferred stock ³	--	--	1	--	--	--	-9,725
Common stock.....	10,016	2	5,565	5,416	184	100	53,311
Paid-in or capital surplus ³	85	55,000	82,197	613	89,676	--	-619
Retained earnings, appropriated.....	--	--	171	--	4	--	22,898
Retained earnings, unappropriated.....	484,512	67,282	954,301	2,556	90,569	1,270	-78,919
Adjustments to stockholders' equity.....	--	--	-1,821	144	--	--	--
Less: Cost of treasury stock.....	--	--	228	1,882	24,291	--	--
Liabilities balancing adjustment ¹	-10	--	--	-182	-33,206	--	--

¹ For statistical purposes, negative balance sheet asset and liability amounts have been moved to asset and liability balancing adjustment categories, respectively. This procedure was adopted to address the increased usage of negative items being reported on corporation balance sheets.

² Absolute value is less than \$500.

³ This item may be negative.

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

U. S. Possessions Corporation Returns, 2003

Table 2.--U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry, 2003

[Money amounts are in thousands of dollars]

Item	All industries	Manufacturing					
		Total	Food manufacturing	Textiles and apparel	Leather and allied products	Paper products	Printing
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	201	145	15	9	4	5	7
Total receipts.....	20,282,239	18,504,413	2,586,968	507,022	106,169	90,486	39,876
Business receipts.....	19,215,421	17,661,363	2,556,640	501,131	105,174	89,925	38,913
Interest, except State and local government obligations.....	279,834	231,635	26,477	632	779	519	127
Interest on State and local government obligations.....	12,904	12,511	--	51	--	--	--
Rents.....	9,618	9,427	1,571	--	12	25	--
Royalties.....	16,101	16,101	--	--	--	--	--
Net short-term capital gain.....	8,079	8,192	--	--	--	--	--
Net long-term capital gain.....	24,603	15,636	10,258	3,099	--	--	--
Net gain, noncapital assets.....	21,568	5,803	--	892	2	17	297
Dividends other than constructive distributions.....	405,526	358,701	11,249	19	--	--	39
Other receipts.....	394,335	290,904	83	201	322	--	499
Total deductions.....	13,241,671	11,572,544	1,739,588	391,558	84,955	82,250	31,177
Cost of sales and operations.....	7,378,364	6,536,614	963,348	355,086	73,946	57,176	24,102
Compensation of officers.....	10,661	7,899	1,948	--	52	--	53
Salaries and wages.....	369,757	159,657	26,869	1,214	357	8,522	1,771
Repairs.....	52,214	33,630	2,998	84	14	1,329	54
Bad debts.....	27,999	6,315	514	99	(¹)	19	133
Rents paid.....	73,499	40,954	2,924	3,755	871	375	600
Taxes paid.....	228,324	181,908	30,929	6,926	1,423	1,719	451
Interest paid.....	68,142	43,162	10,524	206	9	1,444	72
Contributions.....	9,556	8,843	358	23	(¹)	2	5
Amortization.....	25,030	23,929	788	23	--	1,583	200
Depreciation.....	314,345	260,228	26,724	9,117	1,281	3,414	808
Depletion.....	343	343	--	--	--	--	--
Advertising.....	65,252	38,877	24,963	(¹)	8	14	39
Pension, profit-sharing, stock bonus, and annuity plans.....	56,482	41,215	8,638	698	--	741	69
Employee benefit programs.....	272,081	106,205	13,144	3,182	1,397	2,383	482
Net loss, noncapital assets.....	-9,851	-8,756	-173	--	--	-2	-49
Other deductions.....	4,336,672	4,127,957	626,960	11,171	5,598	5,110	2,630
Total receipts less total deductions.....	7,089,627	6,980,928	847,380	115,464	21,214	8,236	8,699
Net income (less deficit).....	7,076,723	6,968,417	847,380	115,413	21,214	8,236	8,699
Net income.....	7,221,605	7,043,292	847,794	116,021	23,934	8,475	9,193
Deficit.....	-144,882	-74,874	-414	-608	-2,720	-239	-494
Net income (less deficit) per books.....	5,039,445	4,838,568	494,687	111,933	15,387	10,019	7,529
Income subject to tax.....	7,005,881	6,832,945	839,143	116,007	23,934	8,475	9,193
U.S. income tax before credits:							
Total.....	2,450,796	2,390,572	293,781	40,592	8,352	2,907	3,173
Regular tax.....	2,450,512	2,390,387	293,680	40,592	8,352	2,907	3,173
U.S. possessions tax credit.....	1,107,000	1,069,302	130,852	38,015	4,200	2,671	2,167
Foreign tax credit.....	21,328	10,383	1,789	--	--	--	95
General business credit.....	185	185	--	--	--	--	--
Other credits.....	6,824	6,669	--	74	--	--	--
Total U.S. income tax after credits.....	1,315,459	1,304,032	161,141	2,502	4,152	236	911
Distributions to stockholders.....	5,599,952	5,571,229	639,956	35,525	1,350	3,000	6,106

Footnotes at end of table.

U. S. Possessions Corporation Returns, 2003

Table 2.--U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry, 2003--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued					
	Pharmaceuticals and medicines	All other chemicals	Plastics and rubber products	Nonmetallic mineral products	Primary and fabricated metals	Machinery manufacturing
	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns.....	19	8	9	3	7	6
Total receipts.....	9,775,750	505,921	177,754	53,643	51,076	596,273
Business receipts.....	9,384,299	510,746	175,912	52,822	50,904	505,556
Interest, except State and local government obligations.....	167,565	3,040	863	105	16	8,268
Interest on State and local government obligations.....	3,603	261	--	--	98	--
Rents.....	3,530	--	--	--	49	--
Royalties.....	16,030	--	--	--	--	--
Net short-term capital gain.....	--	--	--	--	--	--
Net long-term capital gain.....	--	--	866	--	--	--
Net gain, noncapital assets.....	39	23	24	344	--	5
Dividends other than constructive distributions.....	189,100	341	--	286	--	82,429
Other receipts.....	28,357	4,860	90	123	9	15
Total deductions.....	5,203,541	384,314	160,592	51,564	47,640	375,036
Cost of sales and operations.....	2,177,598	226,628	120,667	36,501	41,862	247,556
Compensation of officers.....	315	--	--	857	--	--
Salaries and wages.....	16,336	13,667	8,654	1,396	875	13,405
Repairs.....	7,158	1,191	3,305	148	14	4,352
Bad debts.....	26	412	4	1,100	--	59
Rents paid.....	2,514	1,313	2,991	3,358	232	1,742
Taxes paid.....	97,987	935	2,940	754	549	4,247
Interest paid.....	3,303	229	248	125	162	98
Contributions.....	8,047	--	32	49	1	20
Amortization.....	384	98	--	197	--	--
Depreciation.....	46,848	13,359	8,558	4,002	635	6,081
Depletion.....	--	--	--	343	--	--
Advertising.....	72	12,478	13	47	18	3
Pension, profit-sharing, stock bonus, and annuity plans.....	1,575	2,255	1,227	55	55	5,419
Employee benefit programs.....	7,299	6,267	2,912	438	86	10,340
Net loss, noncapital assets.....	-4,853	-3,230	-48	-1	--	-9
Other deductions.....	2,833,317	102,114	9,028	2,392	3,152	103,850
Total receipts less total deductions.....	4,572,210	121,608	17,162	2,115	3,436	221,236
Net income (less deficit).....	4,568,607	121,346	17,162	2,115	3,338	221,236
Net income.....	4,575,881	121,351	17,162	2,714	4,474	221,274
Deficit.....	-7,274	-5	--	-599	-1,136	-38
Net income (less deficit) per books.....	3,313,570	123,875	11,410	1,193	3,189	134,902
Income subject to tax.....	4,456,614	121,010	16,953	2,714	4,474	139,410
U.S. income tax before credits:						
Total.....	1,559,809	42,257	5,683	923	1,568	48,794
Regular tax.....	1,559,809	42,257	5,642	923	1,538	48,794
U.S. possessions tax credit.....	587,647	36,101	4,895	656	1,565	28,478
Foreign tax credit.....	3,722	176	123	36	--	--
General business credit.....	71	--	--	--	--	--
Other credits.....	22	125	--	7	--	4
Total U.S. income tax after credits.....	968,347	5,855	665	224	4	20,311
Distributions to stockholders.....	3,589,550	225,604	16,122	1,300	--	104,862

Footnotes at end of table.

U. S. Possessions Corporation Returns, 2003

Table 2.--U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry, 2003--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued				Wholesale trade	
	Computers and electric equipment	Transportation equipment manufacturing	Medical equipment and supplies	Miscellaneous manufacturing	Durable goods wholesalers	Nondurable goods wholesalers
	(14)	(15)	(16)	(17)	(18)	(19)
Number of returns.....	26	4	15	3	8	7
Total receipts.....	1,457,799	40,230	1,380,444	733,575	170,245	315,430
Business receipts.....	1,209,919	38,246	1,334,422	720,760	159,721	308,606
Interest, except State and local government obligations.....	6,134	1,668	14,817	334	415	855
Interest on State and local government obligations.....	8,224	--	274	--	--	--
Rents.....	--	--	27	10	99	--
Royalties.....	71	--	--	--	--	--
Net short-term capital gain.....	2	--	--	8,191	--	--
Net long-term capital gain.....	198	288	928	--	248	--
Net gain, noncapital assets.....	69	--	2,657	1,417	9,691	--
Dividends other than constructive distributions.....	1,700	3	73,534	--	--	--
Other receipts.....	239,729	23	2,808	2,863	72	5,969
Total deductions.....	911,380	33,680	946,576	691,032	145,183	299,848
Cost of sales and operations.....	660,487	25,813	657,869	537,895	110,418	237,102
Compensation of officers.....	9	--	--	3,950	222	--
Salaries and wages.....	8,275	191	20,594	30,113	15,266	24,444
Repairs.....	2,949	2	83	1,697	424	1,058
Bad debts.....	32	--	77	977	32	603
Rents paid.....	6,878	272	5,949	4,834	1,788	1,977
Taxes paid.....	18,301	1,051	6,433	4,572	3,116	3,125
Interest paid.....	265	--	1,059	10,094	446	355
Contributions.....	89	4	154	61	17	59
Amortization.....	12,929	--	1,827	5,901	48	--
Depreciation.....	32,699	1,716	35,576	36,932	2,682	1,550
Depletion.....	--	--	--	--	--	--
Advertising.....	7	--	16	600	255	638
Pension, profit-sharing, stock bonus, and annuity plans.....	3,855	107	10,382	4,555	268	574
Employee benefit programs.....	20,982	1,214	11,092	15,044	3,169	4,140
Net loss, noncapital assets.....	-218	-89	-39	--	--	-356
Other deductions.....	152,022	3,222	204,364	39,709	8,867	23,923
Total receipts less total deductions.....	546,419	6,549	482,891	42,543	25,062	15,582
Net income (less deficit).....	538,195	6,549	482,617	42,543	25,062	15,582
Net income.....	539,482	6,549	482,617	42,543	25,062	15,657
Deficit.....	-1,287	(¹)	--	--	--	-75
Net income (less deficit) per books.....	250,237	7,938	321,585	29,842	20,013	11,424
Income subject to tax.....	539,482	6,547	482,617	42,543	23,621	12,579
U.S. income tax before credits:						
Total.....	188,550	2,214	168,854	14,775	8,258	4,330
Regular tax.....	188,538	2,214	168,854	14,775	8,258	4,330
U.S. possessions tax credit.....	118,458	2,093	101,307	5,514	7,671	2,287
Foreign tax credit.....	380	2	3,701	--	--	--
General business credit.....	--	--	--	95	--	--
Other credits.....	--	--	4	6,433	--	--
Total U.S. income tax after credits.....	69,712	119	63,841	2,734	588	2,043
Distributions to stockholders.....	711,523	15,332	206,000	15,000	--	14,530

Footnotes at end of table.

U. S. Possessions Corporation Returns, 2003

Table 2.--U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry, 2003--Continued

[Money amounts are in thousands of dollars]

Item	Retail trade	Publishing and information services	Finance and insurance	Real estate and rental and leasing	Professional services	Company management	Accommodation and food services
	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Number of returns.....	3	4	5	7	7	3	6
Total receipts.....	533,610	106,385	92,662	8,714	225,281	77	282,884
Business receipts.....	438,498	105,547	239	8,481	223,718	--	267,793
Interest, except State and local government obligations.....	2,231	572	42,388	25	614	77	1,022
Interest on State and local government obligations.....	--	--	66	--	--	--	327
Rents.....	--	--	--	90	1	--	--
Royalties.....	--	--	--	--	--	--	--
Net short-term capital gain.....	--	--	-113	--	--	--	--
Net long-term capital gain.....	8,716	--	4	--	--	--	--
Net gain, noncapital assets.....	5,712	--	--	--	361	--	--
Dividends other than constructive distributions.....	162	--	46,664	--	--	--	--
Other receipts.....	78,291	266	3,305	117	586	--	13,742
Total deductions.....	477,331	81,468	158,032	7,313	203,157	147	258,200
Cost of sales and operations.....	273,339	2,530	--	406	129,050	--	78,454
Compensation of officers.....	--	--	646	32	1,863	--	--
Salaries and wages.....	56,845	10,293	7,109	680	21,668	--	64,177
Repairs.....	6,109	1,244	--	109	2,943	--	5,965
Bad debts.....	18,791	836	--	--	110	--	94
Rents paid.....	10,114	536	--	143	3,474	--	12,985
Taxes paid.....	16,663	2,584	628	336	6,883	1	12,183
Interest paid.....	1,010	70	3,155	342	1,822	134	16,498
Contributions.....	100	20	--	1	334	--	180
Amortization.....	--	1	--	--	779	--	273
Depreciation.....	8,403	17,835	139	4,049	9,341	--	8,763
Depletion.....	--	--	--	--	--	--	--
Advertising.....	12,356	1,630	14	5	431	--	10,686
Pension, profit-sharing, stock bonus, and annuity plans.....	11,720	(¹)	287	--	1,215	--	982
Employee benefit programs.....	6,494	1,463	139,623	14	7,232	--	2,612
Net loss, noncapital assets.....	--	--	-19	-474	-19	--	-216
Other deductions.....	55,386	42,427	6,413	736	16,770	12	44,405
Total receipts less total deductions.....	56,280	24,916	-65,370	1,400	22,124	-70	24,684
Net income (less deficit).....	56,280	24,916	-65,436	1,400	22,124	-70	24,357
Net income.....	56,292	24,916	1,537	1,513	24,370	7	24,357
Deficit.....	-13	--	-66,973	-112	-2,246	-77	--
Net income (less deficit) per books.....	52,373	15,844	66,187	988	16,299	42	13,997
Income subject to tax.....	56,292	24,916	1,529	1,268	24,370	--	24,357
U.S. income tax before credits:							
Total.....	19,702	8,721	524	429	8,499	1	8,410
Regular tax.....	19,702	8,721	523	429	8,499	--	8,312
U.S. possessions tax credit.....	18,864	10	520	429	730	--	5,836
Foreign tax credit.....	--	8,691	--	--	510	--	1,744
General business credit.....	--	--	--	--	--	--	--
Other credits.....	155	--	--	--	--	--	--
Total U.S. income tax after credits.....	683	19	4	--	7,259	1	830
Distributions to stockholders.....	227	--	11,593	--	--	--	2,372

¹ Absolute value is less than \$500.

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

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

by Martha Eller Gangi and Brian G. Raub

With the enactment of several legislative provisions, the U.S. Congress has sought to protect family-owned farms and closely held businesses by lessening the burden of the Federal estate tax, a progressive tax on the transfer of wealth at death. These provisions have included: special use valuation--the valuation of property at its actual, rather than its potential, use in a family enterprise; the qualified family-owned business deduction; and the deferral of Federal estate tax liabilities [1]. Special use valuation and the qualified family-owned business deduction each reduce the taxable estate, the amount to which graduated estate tax rates are applied, and, ultimately, an estate's tax liability. The deferral provision allows an estate to defer the portion of estate tax that is attributable to the decedent's closely held business and pay the balance in installments.

For decedents who died in 2001, the population to be examined in this article, about 1,800 estates, or 1.7 percent of the estate tax decedent population, elected to use at least one of the three special business provisions. A total of 831 estates elected special use valuation, alone or in combination with the business deduction or deferral of estate taxes; 1,114 estates claimed the qualified family-owned business deduction, alone or in combination with special use or deferral of taxes; and 382 estates elected to defer estate taxes, alone or in combination with the other two business provisions.

Figure A shows the elections and combinations of elections employed by estates of 2001 decedents. Of the estates that elected at least one provision, the most predominant election was the qualified family-owned business deduction alone, with 656 estates that claimed the deduction. The second largest election was special use valuation alone, with 425 estates that elected the provision. Estates elected both special use and the qualified family-owned business deduction in 332 cases. Rarely, estates elected all three provisions, only in 21 cases. Some differences by size of gross estate are notable. Of those estates that utilized a special business provision, smaller estates tended to elect only the qualified

family-owned business deduction, while larger estates tended to elect only the deferral of taxes.

This article presents a description of Federal estate tax law in effect for the estates of 2001 decedents, a brief overview of the estate tax decedent population, and an examination of each of the three business provisions available to estates of 2001 decedents. The subpopulations of estates that utilize each of the provisions will be compared to the subpopulations that do not utilize the provisions in an effort to identify possible differences between the groups.

In most of the figures included in this article, coefficients of variation (CVs) are provided [2]. A CV is a statistical measure that shows the magnitude of potential sampling error for an estimate. Generally, only those comparisons for which a statistically significant difference can be demonstrated between subpopulations are highlighted.

Background: Federal Tax Law and the Estate Tax Decedent Population

The estate of a decedent who, at death, owns assets valued in excess of the estate tax applicable exclusion amount, or filing threshold, must file a Federal estate tax return, Form 706, *U.S. Estate (and Generation-Skipping Transfer) Tax Return*. For decedents who died in 2001, the exclusion amount was \$675,000. For estate tax purposes, the value of property included in gross estate is fair market value (FMV), defined as "the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of all relevant facts," according to Regulation 20.2031-1(b) of the Internal Revenue Code (IRC) [3]. The gross estate consists of all property, whether real or personal, tangible or intangible, including "all property in which the decedent had an interest at the time of his death and certain property transferred during the lifetime of the decedent without adequate consideration; certain property held jointly by the decedent with others; property over which the decedent had a general power of appointment; proceeds of certain insurance policies on the decedent's life; dower or curtesy of a surviving spouse; and certain life estate property for which the marital deduction was previously allowed" [4]. Specific items of gross estate include real estate, cash, stocks, bonds, businesses, and decedent-owned

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Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

Figure A

Election of Special Business Provisions, by Size of Total Gross Estate

Size of total gross estate	Total number of estates	Election of business provisions ¹							
		No elections	SUV only	QFOBI only	DOT only	SUV and QFOBI	SUV and DOT	QFOBI and DOT	SUV, QFOBI, and DOT
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All estates.....	108,330	106,519	425	656	221	332	52	105	21
Small (\$675,000 under \$2.5 million).....	93,322	91,892	385	578	99	303	28	25	12
Medium (\$2.5 million under \$5.0 million).....	9,977	9,769	28	52	39	25	14	44	6
Large (\$5.0 million under \$10.0 million).....	3,454	3,329	**12	21	55	**4	**10	20	**3
Very large (\$10.0 million or more).....	1,578	1,529	**	5	28	**	**	16	**

**Data combined to prevent disclosure of individual taxpayer data.

¹ Special use valuation is abbreviated as "SUV," the qualified family-owned business interest deduction is abbreviated as "QFOBI," and the deferral of taxes is abbreviated as "DOT."

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

life insurance policies, among others. Assets of gross estate are valued at a decedent's date of death, unless the estate's executor or administrator elects to value assets at an alternate valuation date, 6 months from the date of death, described in IRC section 2032. Alternate valuation may be elected only if the value of the estate, as well as the estate tax, is reduced between the date of death and the alternate date. The estate tax return is due 9 months from the date of the decedent's death, although a 6-month filing extension is allowed.

In 2001, some 108,330 individuals died with gross estates above the estate tax exclusion amount of \$675,000 in assets. These decedents owned more than \$198.8 billion in total assets and reported almost \$20.8 billion in net estate tax liability. Decedents for whom an estate tax return was filed represented 4.6 percent of all deaths that occurred for Americans during 2001, according to vital statistics data collected by the U.S. National Center for Health Statistics. Estate tax decedents for whom a tax liability was reported, 49,845, represented 2.1 percent of the American decedent population for 2001[5].

Liquidity

The special use valuation, qualified family-owned business deduction, and deferral provisions place constraints on the use of property by heirs, in exchange for reduced or deferred estate tax liabilities. The desire and ability of heirs to continue in the family enterprise is an important determinant of an estate's use of these special provisions. In addition, the value of a closely held business or farm must constitute a significant percentage of the estate to be eligible for the provisions. Thus, the availability of liquid assets

may also be an important factor in an estate's decision to elect any of the three business provisions discussed in this article. Liquid assets are defined as cash and assets that can be quickly converted into cash at low cost. In this article, liquid assets include cash, State and local bonds, Federal Government bonds, publicly traded stock, and insurance on the life of the decedent owned by the decedent and included in the total gross estate. As the following sections of the article will show, estates that claimed any of the three business provisions had, on average, significantly less liquidity than estates that did not claim a provision.

In several sections, this paper uses a measure called the "liquidity ratio" to compare estates that claimed an estate tax business provision to those that did not. This ratio is calculated by dividing the total value of liquid assets by the combined value of reported net estate tax liability and other debts, including mortgages and liens, owed by the estate [6].

Individuals who own a family farm or closely held business may have an incentive to decrease their holdings of liquid assets through *inter vivos* giving, so that their estates may qualify for one or more of the available business provisions. Consider a simple, hypothetical example. An individual has personal holdings worth \$5.0 million in adjusted gross estate [7]. His or her ownership of a closely held business is worth \$1.5 million, or 30 percent of the total. Upon death, his or her estate could not qualify for the deferral of tax provision because it does not meet the requirement that the value of the closely held business constitute 35 percent or more of the adjusted gross estate. However, suppose that, prior to death, he or she gives a total of \$1.0 million in

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

stocks and bonds to various family members. In this case, upon death, the closely held business would make up 37.5 percent of the value of the adjusted gross estate (\$1.5 million/\$4.0 million). If this estate meets the other requirements for claiming the deferral of tax provision, it would now qualify for the deferral of tax provision.

Special Use Valuation

With the Tax Reform Act of 1976, Congress protected U.S. farms and closely held businesses by providing for special use valuation of decedents' interests in real property devoted to such businesses. For estate tax purposes, the value of property included in gross estate, including real property, is generally the fair market value based on property's potential "highest and best use." However, for real property that is used by a decedent or family member in a farm or other business as of the decedent's date of death, as well as in 5 of 8 years preceding death, the executor may elect to value such property at its "qualified," or actual, use in the business, if certain requirements are met. According to the Internal Revenue Code, the term "family member" may include any ancestor of the decedent; the spouse of the decedent; a lineal descendant of the decedent, decedent's spouse, or parent; or the spouse of any lineal descendant.

In order for an estate to elect special use valuation, several other conditions must be met: real property must be transferred from the decedent to a qualified family member of the decedent; at least 25

percent of the adjusted value of the gross estate must consist of the real property, where adjusted value is defined as fair market value of real property less any debts against the property; at least 50 percent of the adjusted value of the gross estate must consist of real and other business property; and the estate must consent to payment of additional estate tax--"recapture tax"--if within 10 years of death the property is sold to an unqualified heir, if the property is no longer used for qualified purpose, or if the qualified heir ceases to fully participate for more than 3 years in any 8-year period. For estates of decedents who died in 2001, the allowed maximum reduction in value between fair market value and special use value was \$800,000 [8].

For 2001, some 831 estates elected special use valuation (SUV) for real property (see Figure B). Although this accounted for only 0.8 percent of all estates, it represented about 6.6 percent of estates that reported farm real estate. Of those 831 estates, about half--405 estates--made protective elections of special use. An estate's executor may make a protective election if he or she must file a Federal estate tax return prior to final determination of real property's qualification as special use property. As such, the election is contingent upon property's value as finally determined. Estates with protective elections do not separately report fair market and qualified use values for real property.

Smaller estates were more likely to claim this provision than their larger counterparts. As shown in Figure B, about 0.8 percent of small estates (those

Figure B

Number of Estates, Number That Held Farm Real Estate, and Number That Elected SUV, by Size of Total Gross Estate

Size of total gross estate	Total number of estates	Estates with farm real estate	Estates that elected SUV	CV ¹
	(1)	(2)	(3)	(4)
All estates.....	108,330	12,683	831	12.6
Small (\$675,000 under \$2.5 million).....	93,321	10,925	728	14.1
Medium (\$2.5 million under \$5 million).....	9,977	1,102	74	27.1
Large (\$5 million under \$10 million).....	3,449	442	23	28.1
Very Large (\$10 million or more).....	1,583	214	5	8.3

¹ Coefficient of variation (CV), the ratio of an estimate's standard error to the estimate, is used to measure the magnitude of potential sampling error. The CVs shown refer to the number of estates that elected "SUV," shown in Column 3.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

with less than \$2.5 million in total gross estate) claimed SUV, while only 0.3 percent of their very large counterparts used the provision. Reported fair market value for qualifying property was \$377.2 million, and the property value decreased to \$189.0 million for qualifying purposes.

The demographic characteristics of decedents whose estates claimed SUV differed from the characteristics of decedents whose estates did not claim SUV. Decedents whose estates claimed SUV lived, on average, almost 83 years, while decedents whose estates did not claim SUV lived, on average, only 79 years. Similarly, decedents from SUV estates differed in marital status from decedents from non-SUV estates, as shown in Figure C. While 43.5 percent of non-SUV estate tax decedents were married and 42.3 percent were widowed, SUV decedents with these statuses were 27.6 percent and 58.7 percent, respectively. The balance of the decedents in both groups were single, separated, or divorced.

The distribution of SUV and non-SUV estates by marital status looks somewhat different when the estates of male decedents are considered separately from the estates of female decedents. Widowed decedents made up the majority of SUV-estate decedents for both men and women. And, while a

similar percentage of female decedents from SUV estates and non-SUV estates were widowed, 70.0 percent and 61.1 percent, respectively, male decedents from SUV estates were widowed nearly twice as often as their counterparts from non-SUV estates, 48.1 percent and 24.7 percent, respectively.

Taken together, the demographic differences between SUV decedents and estate tax decedents who did not use this provision are unsurprising. The higher average age of decedents whose estates claimed SUV corresponds to the higher proportion of widowed decedents in this subpopulation. The difference in marital status composition between the two groups is expected due to the availability of the unlimited marital deduction. With this deduction, the first spouse to die may leave an unlimited amount of property to the surviving spouse and thereby minimize or postpone estate tax liability until the death of the second spouse. It is reasonable to assume that the estate of the second spouse to die would be more likely to elect special use valuation for real property, since, for the first spouse to die, the marital deduction eliminates most, if not all, potential estate tax liability.

In terms of liquidity, estates that claimed SUV differ significantly from estates that did not claim SUV. Figure D presents estates' financial capacity

Figure C

Number of Estates that Elected SUV, by Sex and Marital Status

Sex	Marital status	SUV estates			Non-SUV estates		
		Number (1)	Percent of total (2)	CV ¹ (3)	Number (4)	Percent of total (5)	CV ¹ (6)
All	All.....	831	100.0	12.6	107,498	100.0	0.1
	Married.....	229	27.6	22.3	46,805	43.5	1.2
	Widowed.....	488	58.7	17.0	45,443	42.3	1.3
	Single.....	65	7.8	46.2	10,038	9.3	3.3
	Other ²	48	5.8	54.5	5,212	4.8	4.3
Females	All.....	406	48.9	18.4	51,874	48.3	1.1
	Married.....	55	6.6	49.5	12,606	11.7	2.9
	Widowed.....	284	34.2	21.5	31,709	29.5	1.7
	Single.....	29	3.5	72.0	5,030	4.7	5.0
	Other ²	38	4.6	68.8	2,529	2.4	6.6
Males	All.....	424	51.0	17.4	55,624	51.7	1.0
	Married.....	174	20.9	24.8	34,199	31.8	1.5
	Widowed.....	204	24.5	27.3	13,734	12.8	3.0
	Single.....	36	4.3	60.0	5,008	4.7	4.6
	Other ²	10	1.2	29.2	2,683	2.5	5.6

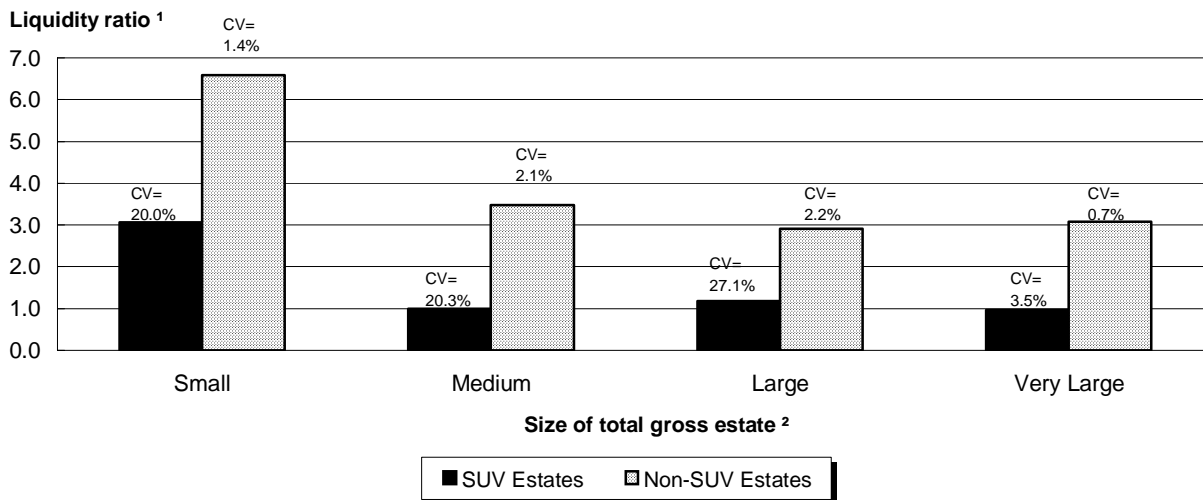
¹ Coefficient of variation (CV), the ratio of an estimate's standard error to the estimate, is used to measure the magnitude of potential sampling error. The CVs shown in Columns 3 and 6 refer to the number of estates shown in Columns 1 and 4, respectively.

² Decedents who were divorced or separated, or whose marital status could not be determined, were assigned a marital status of Other.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

Figure D

Liquidity Ratio of SUV and Non-SUV Estates, by Size of Total Gross Estate



* Coefficient of variation (CV), the ratio of an estimate's standard error to the estimate, is used to measure the magnitude of potential sampling error.
¹ Liquidity ratio is defined as liquid assets (cash and cash management accounts, State and local bonds, Federal government bonds, publicly traded stock, and life insurance) divided by net estate tax plus mortgages and liens.
² Estate size classes are defined as follows: Small--\$675,000 under \$2.5 million, Medium--\$2.5 million under \$5 million, Large--\$5 million under \$10 million, and Very Large--\$10 million or more.

to meet Federal estate tax responsibilities and other debts, including mortgages and liens, with only accumulated liquid assets. Overall, estates that did not claim special use valuation had greater liquid resources with which to meet financial obligations compared to estates that claimed special use, as the ratio of liquid assets to debts was 4.3 for all estates that did not claim SUV and 1.8 for all estates that claimed SUV. This was true across all size of gross estate categories. The greatest proportionate difference between liquidity for non-SUV estates and SUV estates existed for medium-sized estates, for which the liquidity ratio was 3.5 and 1.0, respectively.

Figure E presents the overall asset composition for estates that claimed SUV compared to those that did not. As expected, given the requirements for claiming this provision, farm assets, including farm real estate and agri-business assets, made up a much larger portion of SUV estates, 42.8 percent, than non-SUV estates, 2.9 percent. Other significant differences exist for personal residences, 3.3 percent for claimant estates versus 9.3 percent for nonclaimant estates, and liquid assets, 26.9 percent

for claimant estates versus 58.2 percent for nonclaimant estates [9]. In contrast, there was relatively little difference in the overall importance of closely held businesses in claimant estates and nonclaimant estates. Closely held business assets represented only 4.6 percent of the total gross estate for estates that claimed SUV, similar to the 3.6 percent for those estates that did not claim the provision. Since special use valuation can be applied only to real property, this suggests that real property made up a relatively small part of the total value of closely held businesses held in SUV estates [10].

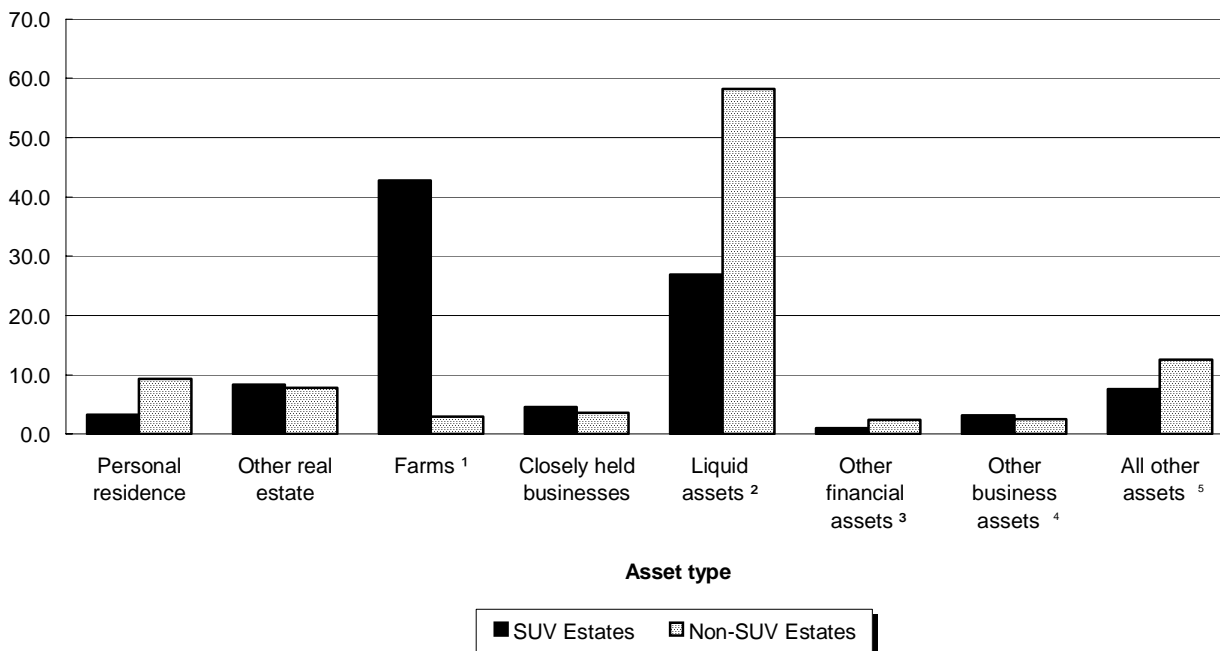
Another way to compare the asset holdings of SUV estates to holdings of non-SUV estates is by examining the mean dollar values of each asset type. Across size of gross estate categories, the mean value of farm assets for SUV estates that reported farm assets was between 2.0 and 3.8 times greater than the mean value of farm assets in non-SUV estates that reported farm assets (Figure F) [11]. The disparity between the mean values for estates that reported farm assets was greatest in very large estates, with SUV estates reporting a mean value of

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

Figure E

Composition of Estates, by SUV Status

Percent of total gross estate



¹ The value of farms includes farm real estate and agri-business assets.

² Liquid assets are defined as the combination of cash and cash management accounts, State and local bonds, Federal Government bonds, publicly traded stock and insurance on the life of the decedent.

³ Other financial assets are defined as the combination of corporate and foreign bonds, bond funds, diversified mutual funds, and real estate investment trusts.

⁴ Other business assets are defined as the combination of limited partnerships, real estate partnerships, and miscellaneous business assets.

⁵ All other assets are comprised of retirement assets, mortgages and notes owed to the estate, depletable and intangible assets, art, and other miscellaneous assets.

\$6.1 million in farm assets, compared with a mean value of \$1.6 million for non-SUV estates. The majority of SUV estates, 85.9 percent, reported farm assets, while only 12.8 percent of non-SUV estates reported farm assets.

The mean values of liquid assets and personal residences were substantially lower for SUV estates that reported these assets compared to non-SUV estates in each size of gross estate category. Across size of gross estate categories, the mean values for liquid assets in SUV estates that reported liquid assets ranged from 1.7 to 2.8 times less than the means for non-SUV estates that reported liquid

assets, while the mean values of personal residences for those SUV estates that reported personal residences ranged from 1.5 to 3.0 times less than the means for non-SUV estates that reported personal residences. Almost all estates reported liquid assets, as 100.0 percent of SUV estates reported liquid assets and 99.7 percent of non-SUV estates reported liquid assets. A little less than a third, 31.5 percent, of SUV estates reported personal residences, while 61.7 percent of non-SUV estates reported personal residences.

Figure F also suggests that estates that claimed SUV differed from those that did not in the mean

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

Figure F

Mean Values of Selected Assets and Deductions, by SUV Status and Size of Total Gross Estate

Selected items and SUV status		Size of total gross estate ¹							
		Small estates		Medium estates		Large estates		Very large estates	
		Mean ²	CV ³	Mean ²	CV ³	Mean ²	CV ³	Mean ²	CV ³
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Selected assets									
Closely held businesses	Non-SUV	289,669	4.6	676,286	4.7	1,385,615	4.2	4,984,053	1.9
	SUV.....	394,946	32.7	233,973	78.6	1,716,277	36.8	**	**
Farms ⁴	Non-SUV	338,971	3.0	663,601	7.0	927,822	9.3	1,618,629	1.9
	SUV.....	682,544	8.7	1,792,871	13.3	2,253,072	33.0	6,122,625	9.0
Other financial assets ⁵	Non-SUV	84,501	2.5	154,816	5.5	227,028	5.3	682,706	2.0
	SUV.....	73,400	39.1	**	**	209,136	37.9	339,245	5.5
Personal residences	Non-SUV	230,963	1.3	396,752	2.5	664,907	3.6	1,116,852	1.0
	SUV.....	154,206	22.0	134,375	32.1	396,209	7.1	513,669	7.8
Liquid assets ⁶	Non-SUV.....	650,775	0.7	2,011,873	1.1	4,063,267	1.3	13,340,150	0.6
	SUV.....	320,825	13.2	728,457	18.0	2,384,936	27.6	6,372,164	3.9
Selected deductions									
Mortgages & liens	Non-SUV	45,067	2.6	141,647	4.6	268,377	4.9	747,731	1.4
	SUV.....	63,478	24.5	294,874	28.7	847,149	35.5	1,530,169	12.6
Charitable bequest	Non-SUV	294,407	4.5	852,132	6.2	1,864,744	5.7	6,651,402	1.9
	SUV.....	19,657	58.4	**	**	2,077,187	29.8	73,542	3.0

**Data deleted to prevent disclosure of individual taxpayer data.

¹ Estate size classes are defined as follows: Small--\$675,000 under \$2.5 million, Medium--\$2.5 million under \$5 million, Large--\$5 million under \$10 million, and Very Large--\$10 million or more.

² The mean values shown are the means only for those returns which report the relevant asset type.

³ Coefficient of variation (CV), the ratio of an estimate's standard error to the estimate, is used to measure the magnitude of potential sampling error. Each CV shown refers to the number in the column preceding it.

⁴ The value of farms includes farm real estate and agri-business assets.

⁵ Other financial assets are defined as the combination of corporate and foreign bonds, bond funds, diversified mutual funds, and real estate investment trusts.

⁶ Liquid assets are defined as the combination of cash and cash management accounts, State and local bonds, Federal Government bonds, publicly traded stock, and insurance on the life of the decedent.

value of selected deductions. In all but the smallest gross estate category, SUV estates that reported deductions for mortgages and liens had significantly higher mean values for the deduction than their non-SUV counterparts that reported the deduction. The difference between the means was greatest for large estates, as estates that claimed SUV averaged \$847,149, nearly 3.2 times greater than the \$268,377 average for estates that did not claim SUV. Very large SUV estates reported an average of \$1,530,169 in mortgages and liens compared to \$747,731 for very large non-SUV estates. The difference in the mean value of mortgages and liens may be related to the predominant role of farms in SUV estates, as research suggests that, in recent years, farm debt has

averaged about 15.0 percent of the value of farm assets [12]. The majority of both SUV and non-SUV estates reported mortgages and liens, 81.2 percent and 71.2 percent, respectively.

For estates in the smallest and largest gross estate categories that claimed a deduction for charitable bequests, SUV estates, on average, claimed a significantly smaller amount than non-SUV estates. This is not surprising, since the relative paucity of nonfarm assets in SUV estates compared to non-SUV estates may make charitable giving more difficult or less desirable. Among SUV estates, 11.1 percent claimed a deduction for charitable bequests, while 17.2 percent of non-SUV estates claimed a charitable deduction.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

Qualified Family-Owned Business Interest Deduction

With the Taxpayer Relief Act (TRA) of 1997, Congress sought to safeguard family-run businesses and provided an estate tax deduction for “qualifying” family-owned business interests included in gross estate and transferred to qualified heirs. Requirements for utilizing the deduction are, with a few exceptions, similar to those for electing special use valuation. The principal place of business must be the United States, and the business entity must not have debt or equity that is tradable on an established securities market or secondary market. In addition, at least 50 percent of the business entity must be owned by the decedent and members of the decedent’s family; or 70 percent must be owned by members of two families (and 30 percent owned by the decedent and members of the decedent’s family); or 90 percent must be owned by three families (and 30 percent owned by the decedent and members of the decedent’s family).

Several other requirements must be met, including: the value of the business interest must constitute at least 50 percent of a decedent’s total gross estate less deductible debt, expenses, and taxes; the decedent or family member must have been actively engaged in the business; and additional estate tax is imposed if, within a period of 10 years after the decedent’s death and before the qualified heir’s death,

the heir fails to actively participate in the business for a total of 3 years in any 8-year period [13].

The qualified family-owned business interest deduction (QFOBI), initially set at \$675,000 in TRA of 1997, could not exceed \$1.3 million when combined with the applicable exclusion. Therefore, as the exclusion increased from \$625,000 in 1998 to \$1.5 million in 2004, the maximum allowable deduction decreased and finally disappeared in 2004 [14]. For decedents who died in 2001, the available deduction for qualified family-owned business was \$625,000.

Only a small fraction of estates utilized the qualified family-owned business deduction in calculating taxable estate and estate tax liability. For year-of-death 2001, only 1,114 estates, or 1.0 percent of the total, claimed the deduction, while small estates made up the majority, 82.3 percent, of those that used the deduction (Figure G). These 1,114 estates comprised about 7.1 percent of estates that reported closely held or agri-business assets. The likelihood that an estate would claim the deduction was greater for larger estates. Among all very large estates, 1.5 percent claimed the deduction, while only 1.0 percent of all small estates claimed the deduction. For all estates, the deduction reduced taxable estate by \$626.8 million.

While the largest percentage of decedents were married at death in the 2001 decedent population as a whole, the majority of decedents whose estates claimed the qualified family-owned business deduc-

Figure G

Number of Estates, Number That Held Closely Held Businesses or Agri-Business Assets, and Number That Elected QFOBI, by Size of Total Gross Estate

Size of total gross estate	Total number of estates	Estates with closely held businesses or agri-business assets	Estates that claimed QFOBI deduction	CV ¹
	(1)	(2)	(3)	(4)
All estates.....	108,330	15,612	1,114	10.3
Small (\$675,000 under \$2.5 million).....	93,321	11,711	917	12.2
Medium (\$2.5 million under \$5 million).....	9,977	2,219	127	18.2
Large (\$5 million under \$10 million).....	3,449	1,056	47	17.6
Very Large (\$10 million or more).....	1,583	626	23	0.4

¹ Coefficient of variation (CV), the ratio of an estimate’s standard error to the estimate, is used to measure the magnitude of potential sampling error. The CVs shown refer to the number of estates that elected QFOBI, shown in Column 3.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

tion, 63.5 percent, were widowed (Figure H). Non-QFOBI estates looked much like the estate tax decedent population as a whole, with 43.6 percent of decedents married at death and 42.2 percent of decedents widowed at death.

The sex composition of the QFOBI subpopulation is similar to the composition of the non-QFOBI subpopulation. Both subpopulations included a slight majority of males, as 53.4 percent of the QFOBI population was male and 51.7 percent of the non-QFOBI population was male (Figure H). This composition--a slight male majority--is unexpected, given the large majority of widowed decedents in the QFOBI subpopulation and the high likelihood that widowed decedents are female.

In terms of age, the mean age of decedents whose estates claimed the deduction was essentially the same as that of decedents whose estates did not claim the deduction, 79.6 years compared to 79.4 years, respectively.

A comparison of estates that claimed QFOBI to estates that did not claim the provision suggests that the two groups vary significantly in terms of liquidity. In fact, across all size of gross estate categories,

liquidity was much lower for estates that claimed the deduction (Figure I). Among those estates that claimed the deduction, the overall ratio of liquid assets to debts was 1.0, while the overall ratio for estates that did not claim the deduction was 4.4. The largest difference in liquidity between QFOBI and non-QFOBI estates existed for very large estates, for which the liquidity ratio was 0.5 and 3.1, respectively.

The asset composition of estates that claimed the qualified family-owned business deduction looked quite different than the composition of estates that did not claim the deduction. Figure J shows the asset composition of estates by QFOBI status. Estates that claimed the QFOBI deduction held higher percentages of closely held businesses and farms, compared to estates that did not claim the deduction. In the aggregate, closely held businesses made up 26.8 percent of QFOBI estates and only 3.3 percent of non-QFOBI estates. Farm assets represented 22.6 percent of QFOBI estates and only 2.9 percent of non-QFOBI estates.

Compared to QFOBI estates, non-QFOBI estates held greater concentrations of other assets, such as liquid assets and personal residences. Liquid assets made up a large percentage of non-QFOBI

Figure H

Number of Estates That Elected QFOBI, by Sex and Marital Status

Sex	Marital status	QFOBI estates			Non-QFOBI estates		
		Number	Percent of total	CV ¹	Number	Percent of total	CV ¹
		(1)	(2)	(3)	(4)	(5)	(6)
All	All	1,113	100.0	10.3	107,217	100.0	0.1
	Married.....	245	22.0	17.7	46,789	43.6	1.2
	Widowed.....	707	63.5	14.1	45,225	42.2	1.3
	Single.....	62	5.6	36.4	10,041	9.4	3.3
	Other ²	100	9.0	29.1	5,162	4.8	4.3
Females	All	520	46.7	15.7	51,760	48.3	1.1
	Married.....	38	3.4	50.0	12,623	11.8	2.9
	Widowed.....	410	36.8	17.8	31,584	29.5	1.7
	Single.....	29	2.6	65.2	5,030	4.7	5.0
	Other ²	44	4.0	56.6	2,523	2.4	6.6
Males	All	594	53.4	13.6	55,456	51.7	1.0
	Married.....	207	18.6	18.9	34,166	31.9	1.5
	Widowed.....	297	26.7	22.9	13,640	12.7	3.0
	Single.....	33	3.0	37.8	5,011	4.7	4.6
	Other ²	56	5.0	27.1	2,638	2.5	5.6

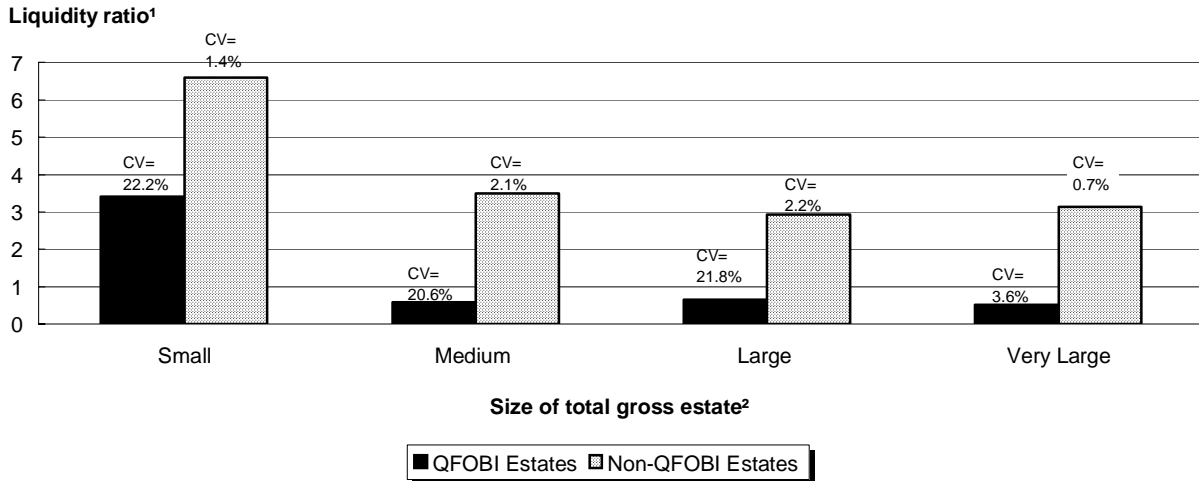
¹ Coefficient of variation (CV), the ratio of an estimate's standard error to the estimate, is used to measure the magnitude of potential sampling error. The CVs shown in Columns 3 and 6 refer to the number of estates shown in Columns 1 and 4, respectively.

² Decedents who were divorced or separated, or whose marital status could not be determined, were assigned a marital status of Other.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

Figure I

Liquidity Ratio of QFOBI and Non-QFOBI Estates, by Size of Total Gross Estate



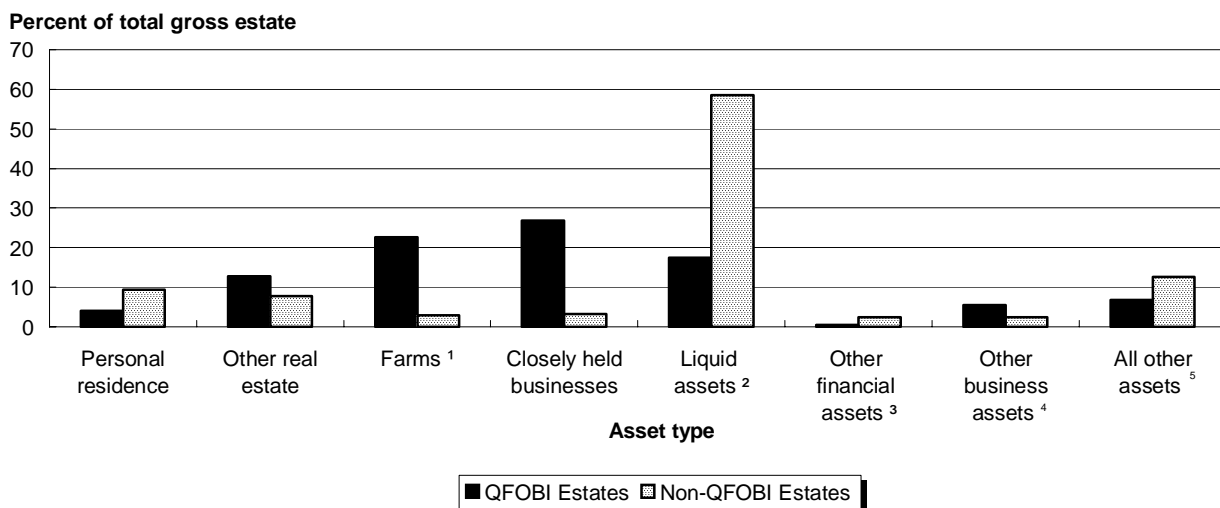
* Coefficient of variation (CV), the ratio of an estimate's standard error to the estimate, is used to measure the magnitude of potential sampling error.

¹ Liquidity ratio is defined as liquid assets (cash and cash management accounts, State and local bonds, Federal Government bonds, publicly traded stock, and life insurance) divided by net estate tax plus mortgages and liens.

² Estate size classes are defined as follows: Small--\$675,000 under \$2.5 million, Medium--\$2.5 million under \$5 million, Large--\$5 million under \$10 million, and Very Large--\$10 million or more.

Figure J

Composition of Estates, by QFOBI Status



¹ The value of farms includes farm real estate and agri-business assets.

² Liquid assets are defined as the combination of cash and cash management accounts, State and local bonds, Federal Government bonds, publicly traded stock, and insurance on the life of the decedent.

³ Other financial assets are defined as the combination of corporate and foreign bonds, bond funds, diversified mutual funds, and real estate investment trusts.

⁴ Other business assets are defined as the combination of limited partnerships, real estate partnerships, and miscellaneous business assets.

⁵ All other assets are comprised of retirement assets, mortgages and notes owed to the estate, depletable and intangible assets, art, and other miscellaneous assets.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

estates, 58.5 percent, but a small percentage, 17.4 percent, of QFOBI estates. Non-QFOBI estates held 9.4 percent of total gross estate in personal residences, while QFOBI estates held 4.1 percent of total gross estate in personal residences.

Comparing mean values for certain asset and deduction categories again highlights some differences between estates that claimed the qualified family-owned business deduction and those that did not claim the deduction. As expected, given the requirements for claiming the deduction, the mean values for closely held businesses are much higher for estates that used the deduction, across all gross estate categories. The mean values for those that

used the deduction and reported closely held business assets ranged from 2.0 to 3.4 times higher than the mean values for those estates that did not use the deduction but reported closely held business assets (Figure K). For the largest estates that claimed the deduction and reported these business assets, the mean value for closely held businesses was \$15.8 million, while the mean value for estates that did not claim the deduction was \$4.7 million. Among QFOBI estates, 31.6 percent reported closely held business assets, while only 8.5 percent of non-QFOBI estates reported such assets.

Similarly, the mean values for farm assets, including real property used in an agri-business, were

Figure K

Mean Values of Selected Assets and Deductions, by QFOBI Status and Size of Total Gross Estate

Selected items and QFOBI status		Size of total gross estate ¹							
		Small estates		Medium estates		Large estates		Very large estates	
		Mean ²	CV ³	Mean ²	CV ³	Mean ²	CV ³	Mean ²	CV ³
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Selected assets									
Closely held businesses	Non-QFOBI	269,856	4.6	634,147	4.7	1,338,654	4.2	4,658,051	1.9
	QFOBI.....	821,217	12.0	1,783,551	12.0	2,663,195	20.0	15,846,954	6.7
Farms ⁴	Non-QFOBI	338,791	3.0	678,738	6.9	952,727	9.2	1,652,884	1.9
	QFOBI.....	679,742	8.6	1,766,018	14.9	1,553,339	52.5	2,396,241	13.2
Other financial assets ⁵	Non-QFOBI	84,759	2.5	155,060	5.6	228,690	5.3	686,356	2.0
	QFOBI.....	38,887	18.9	91,486	32.4	86,884	38.3	135,639	4.8
Personal residences	Non-QFOBI	231,152	1.3	396,704	2.6	665,457	3.6	1,123,219	1.0
	QFOBI.....	158,772	15.0	290,051	11.1	446,287	19.8	495,760	3.4
Liquid assets ⁶	Non-QFOBI.....	652,100	0.7	2,020,127	1.1	4,092,388	1.3	13,458,858	0.6
	QFOBI.....	250,707	10.6	557,953	18.2	1,106,688	10.7	3,631,478	4.2
Mortgages & liens	Non-QFOBI	45,037	2.6	137,873	4.6	268,898	4.8	742,713	1.5
	QFOBI.....	61,052	23.8	474,952	19.9	463,342	41.3	1,365,966	6.5
Marital deduction	Non-QFOBI	657,657	1.1	2,463,972	1.0	5,208,811	1.3	15,583,216	0.9
	QFOBI.....	432,618	22.1	1,333,016	16.2	5,575,118	13.9	8,952,926	3.0

¹ Estate size classes are defined as follows: Small--\$675,000 under \$2.5 million, Medium--\$2.5 million under \$5 million, Large--\$5 million under \$10 million, and Very Large--\$10 million or more.

² The mean values shown are the means only for those returns which report the relevant asset type.

³ Coefficient of variation (CV), the ratio of an estimate's standard error to the estimate, is used to measure the magnitude of potential sampling error. Each CV shown refers to the number in the column preceding it.

⁴ The value of farms includes farm real estate and agri-business assets.

⁵ Other financial assets are defined as the combination of corporate and foreign bonds, bond funds, diversified mutual funds, and real estate investment trusts.

⁶ Liquid assets are defined as the combination of cash and cash management accounts, State and local bonds, Federal Government bonds, publicly traded stock, and insurance on the life of the decedent.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

substantially higher for those estates that reported farm assets and elected the business deduction [15]. The smallest difference between the means existed for the largest estates. The mean farm value for the largest estates that elected the deduction and reported farm assets, almost \$2.4 million, was 1.4 times the mean value for estates that did not elect the provision but reported farm assets, almost \$1.7 million. The largest difference between the means existed for the medium-sized estates. Those that claimed the deduction had mean farm values that were 2.6 times higher than the mean for estates that did not claim the deduction. Among QFOBI estates, 64.2 percent reported farm assets, while only 12.9 percent of non-QFOBI estates reported farm assets.

For a few asset categories, estates that did not claim the QFOBI deduction exhibited higher mean values than estates that did claim the deduction. Non-QFOBI estates reported between 2.6 and 3.7 times the value of liquid assets reported by QFOBI estates. Similarly, the values of personal residences were higher for those estates that did not use the deduction, although the differences between the means are less substantial. Estates that did not use the deduction reported between 1.4 and 2.3 times higher values for personal residences. Virtually all estates reported liquid assets, as 99.7 percent of non-QFOBI estates reported liquid assets and 98.4 percent of QFOBI estates reported liquid assets. Among non-QFOBI estates, 61.6 percent reported personal residences, while 43.6 percent of QFOBI estates reported personal residences.

Differences between QFOBI estates and non-QFOBI estates are also observed in the reporting of deductions. For medium-sized and very large estates, QFOBI estates that reported deductions for mortgages and liens had higher mean values for the deduction than non-QFOBI estates that reported the mortgages and liens deduction. The largest difference between the means existed for medium-sized estates. The mean value of the deduction for QFOBI estates that reported the deduction was 3.4 times the mean value of the deduction for non-QFOBI estates that reported the deduction.

In all but one gross estate category, non-QFOBI estates reported higher mean values for the marital deduction than did their QFOBI-estate counterparts. Again, the largest difference between the means

existed for medium-sized estates. The mean value of the marital deduction for non-QFOBI estates that reported the deduction was 1.8 times the mean value of the deduction for QFOBI estates that reported the deduction.

Deferral of Tax and Installment Payments

Congress has also enacted legislation that lessens the burden of certain estate tax payments for estates comprised largely of closely held businesses. The legislation provides estates with an alternative to selling closely held interests in order to meet Federal tax responsibilities. Initially, in 1958, Congress introduced installment payments for these estates, and then, in 1976, Congress established rules for deferral of payments. Under the law, an estate's executor can elect to pay estate tax attributable to the business interest in two or more, but not exceeding ten, equal payments and defer tax payments for 5 years, paying only interest on the tax liability during the deferral period.

In order to qualify for deferral of tax and installment payments, at least 35 percent of the value of adjusted gross estate must consist of an interest in a closely held business. Under the law in effect for 2001, the definition of closely held business included three types of entities: (1) sole proprietorships, (2) partnerships, if the estate included 20 percent of more of the partnership interest or if the partnership had 15 or fewer partners, and (3) corporations, if the estate included 20 percent or more of the voting stock of the corporation or if the corporation had 15 or fewer shareholders. An executor's decision to use these payment options is not contingent on the election of special use valuation. However, if the executor elects special use valuation, the same, lower value must be used for determining the deferred tax payments [16].

Relatively few estates for 2001 decedents chose to elect deferral of tax (DOT) due to ownership interests in closely held businesses. As shown in Figure L, only 382 estates, or 0.4 percent of all estates and 2.4 percent of estates that reported closely held and agri-business assets, elected to use this provision. Larger estates were much more likely to use the provision than their smaller counterparts. About 0.2 percent of small estates (those with less than \$2.5 million in total gross estate) used DOT.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

Figure L

Number of Estates, Number That Held Closely Held Businesses or Agri-Business Assets, and Number That Elected DOT, by Size of Total Gross Estate

Size of total gross estate	Total number of estates	Estates with closely held businesses or agri-business assets	Estates that elected DOT	CV ¹
	(1)	(2)	(3)	(4)
All estates.....	108,330	15,612	382	11.8
Small (\$675,000 under \$2.5 million).....	93,321	11,711	147	26.5
Medium (\$2.5 million under \$5 million).....	9,977	2,219	103	18.7
Large (\$5 million under \$10 million).....	3,449	1,056	86	13.7
Very Large (\$10 million or more).....	1,583	626	46	2.7

¹ Coefficient of variation (CV), the ratio of an estimate's standard error to the estimate, is used to measure the magnitude of potential sampling error. The CVs shown refer to the number of estates that elected "DOT," shown in Column 3.

This percentage increased dramatically as size of gross estate increased, as 2.9 percent of the largest estates (those with \$10 million or more in total gross estate) used the provision. Estates deferred more than \$365.6 million in estate tax, or 58.9 percent of reported tax liabilities for those estates; closely held business assets for which tax was deferred totaled \$1.3 billion.

The mean age of decedents whose estates elected to defer tax was essentially the same as that

of decedents whose estates did not elect deferral, 79.7 years compared to 79.4 years, respectively. In contrast, decedents from DOT estates differed in marital status compared to decedents from non-DOT estates, as shown in Figure M. While 43.5 percent of decedents from non-DOT estates were married at death and 42.4 percent were widowed, the percentages of DOT decedents with these statuses were 16.2 and 57.6, respectively.

An examination of marital status by sex for DOT estates shows differences between male and female

Figure M

Number of Estates That Elected DOT, by Sex and Marital Status

Sex	Marital status	DOT estates			Non-DOT estates		
		Number	Percent of total	CV ¹	Number	Percent of total	CV ¹
		(1)	(2)	(3)	(4)	(5)	(6)
All	All.....	382	100.0	11.8	107,949	100.0	0.1
	Married.....	62	16.2	17.4	46,972	43.5	1.2
	Widowed.....	220	57.6	16.3	45,712	42.3	1.3
	Single.....	21	5.5	54.4	10,083	9.3	3.3
	Other ²	80	20.9	28.5	5,182	4.8	4.3
Females	All.....	183	47.9	18.6	52,097	48.3	1.1
	Married.....	3	0.8	10.0	12,658	11.7	2.9
	Widowed.....	166	43.5	19.7	31,827	29.5	1.7
	Single.....	--	--	--	5,059	4.7	5.0
	Other ²	14	3.7	69.0	2,554	2.4	6.6
Males	All.....	199	52.1	14.8	55,852	51.7	1.0
	Married.....	58	15.2	18.3	34,315	31.8	1.5
	Widowed.....	53	13.9	26.7	13,885	12.9	2.9
	Single.....	21	5.5	54.4	5,024	4.7	4.6
	Other ²	66	17.3	31.3	2,628	2.4	5.6

¹ Coefficient of variation (CV), the ratio of an estimate's standard error to the estimate, is used to measure the magnitude of potential sampling error. The CVs shown in Columns 3 and 6 refer to the number of estates shown in Columns 1 and 4, respectively.

² Decedents who were divorced or separated, or whose marital status could not be determined, were assigned a marital status of Other.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

decedents in this subpopulation. The largest percentage of male decedents from DOT estates, 33.2 percent, were separated, divorced, or marital status unknown, while only 7.7 percent of female decedents from DOT estates were separated, divorced, or marital status unknown. The predominant marital status among female DOT decedents was widowed, at 90.7 percent. Only 1.6 percent of females in the DOT sub-population were married, and none were single. In contrast, 26.6 percent of male DOT decedents were widowed, 29.1 percent were married, and 10.6 percent were single.

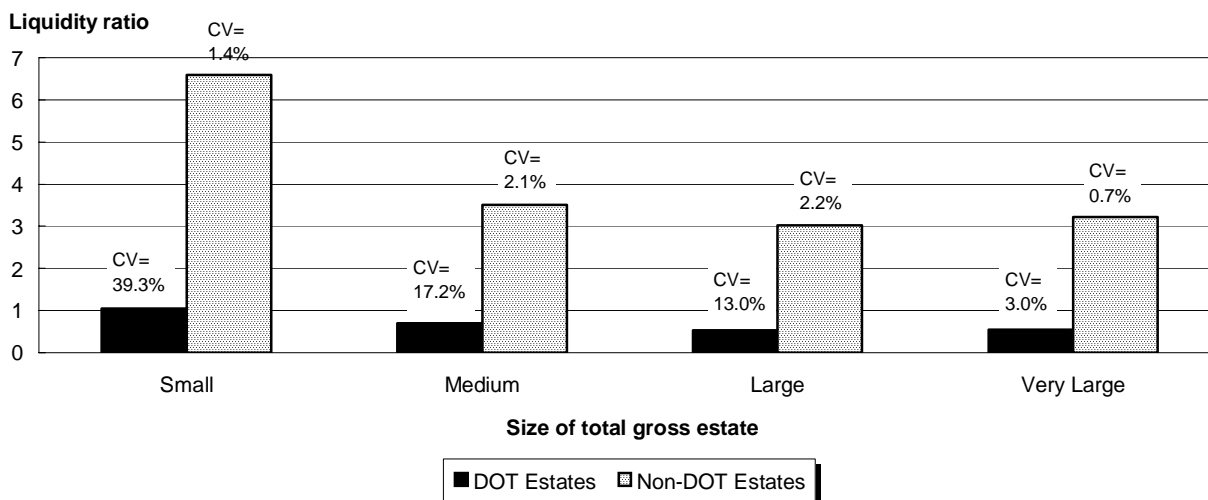
A comparison of estates that elected DOT to estates that did not elect DOT suggests that the two groups vary significantly in terms of liquidity. Liquidity, the ratio of liquid assets to debts, including reported net estate tax and mortgages and liens, was much lower for estates that elected to defer taxes, and the disparity was present across all size of gross estate categories. Overall, the liquidity ratio for estates that elected DOT was 0.6, while the ratio for non-DOT estates was 4.4. As shown in Figure N, the largest difference between liquidity for DOT and non-DOT estates was present for small estates.

Figure O presents the overall asset composition of estates that claimed DOT compared to those that did not claim the provision. As expected, given the requirements for claiming this provision, closely held businesses made up a much larger portion of DOT estates, 28.8 percent, compared to non-DOT estates, at 3.3 percent. DOT estates also contained significantly higher proportions of other real estate, farms, and other business assets than non-DOT estates. In contrast, DOT estates held substantially smaller proportions of total gross estate in personal residences and liquid assets.

The differences in asset holdings between DOT and non-DOT estates are also observable by examining the mean dollar values of asset types for similar size estates that hold those assets. As shown in Figure P, across size of gross estate categories, the mean value of closely held businesses for those estates that reported closely held businesses was between 1.9 and 3.0 times greater in estates that claimed DOT than in non-DOT estates. The difference between the means was greatest in very large estates, as DOT estates reported a mean value of \$13.6 million in closely held businesses, compared to

Figure N

Liquidity Ratio of DOT and Non-DOT Estates, by Size of Total Gross Estate



* Coefficient of variation (CV), the ratio of an estimate's standard error to the estimate, is used to measure the magnitude of potential sampling error.

¹ Liquidity ratio is defined as liquid assets (cash and cash management accounts, State and local bonds, Federal Government bonds, publicly traded stock, and life insurance) divided by net estate tax plus mortgages and liens.

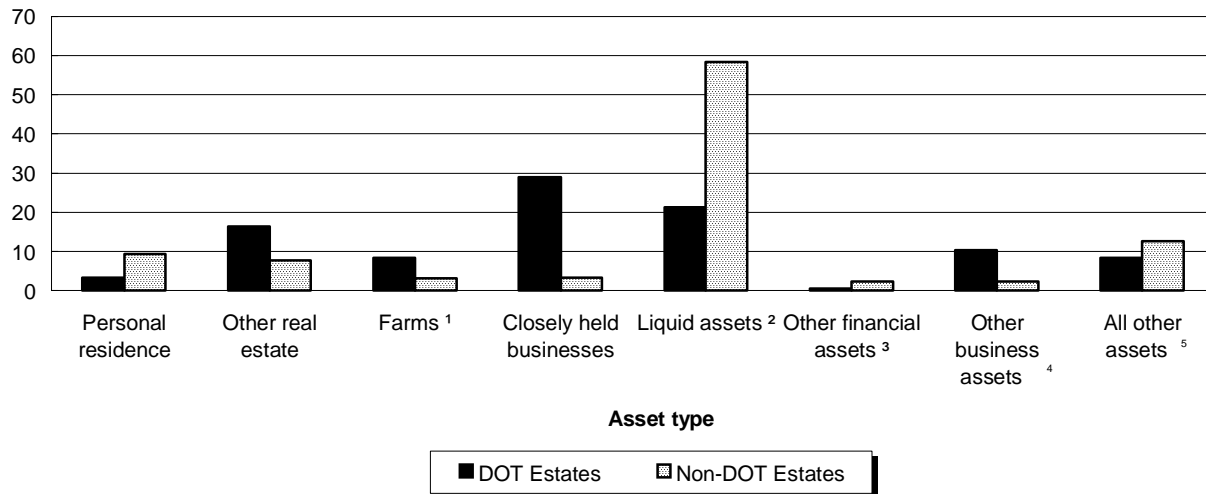
² Estate size classes are defined as follows: Small--\$675,000 under \$2.5 million, Medium--\$2.5 million under \$5 million, Large--\$5 million under \$10 million, and Very Large--\$10 million or more.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

Figure 0

Composition of Estates, by DOT Status

Percent of total gross estate



¹ The value of farms includes farm real estate and agri-business assets.

² Liquid assets are defined as the combination of cash and cash management accounts, State and local bonds, Federal Government bonds, publicly traded stock, and insurance on the life of the decedent.

³ Other financial assets are defined as the combination of corporate and foreign bonds, bond funds, diversified mutual funds, and real estate investment trusts.

⁴ Other business assets are defined as the combination of limited partnerships, real estate partnerships, and miscellaneous business assets.

⁵ All other assets are comprised of retirement assets, mortgages and notes owed to the estate, depletable and intangible assets, art, and other miscellaneous assets.

a mean value of \$4.5 million for non-DOT estates. Among DOT estates, 43.5 percent reported closely held business assets, while only 8.6 percent of non-DOT estates reported such assets.

For other asset types, non-DOT estates exhibited higher mean values than DOT estates. The mean value of liquid assets was between 1.7 and 2.8 times greater in non-DOT estates than in DOT estates. Among estates that elected DOT, 95.3 percent reported liquid assets, while 99.7 percent of non-DOT estates reported liquid assets.

Estates that claimed DOT differed from those that did not claim DOT in the reporting of deductions, as seen in Figure P. In each gross estate category, DOT estates that reported a deduction for mortgages and liens held a significantly higher value of mortgages and liens than their non-DOT counterparts. The disparity between the means was relatively small for small estates, as DOT estates had a mean value of \$94,571 in mortgages and liens, 2.1 times greater than the mean of \$45,146 reported by non-DOT

estates. The disparity between the means was greatest for large estates, where estates that claimed DOT and held mortgages and liens reported a mean value of \$832,122, nearly 3.3 times greater than the mean value of \$255,586 reported by non-DOT estates. Very large DOT estates that had mortgages and liens reported a mean of \$1,847,852, compared to \$715,820 for their non-DOT counterparts.

DOT estates with a marital deduction reported, on average, a lower value than their non-DOT counterparts. This is consistent with the demographic differences between the two subpopulations, as DOT decedents were more often widowed than non-DOT decedents.

Summary

At various points in legislative history, the U.S. Congress has sought to protect family-owned farms and closely held businesses by lessening the burden of the Federal estate tax. Three estate tax provisions were available to decedents who died in 2001, if

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

Figure P

Mean Values of Selected Assets and Deductions, by DOT Status and Size of Total Gross Estate

Selected items and DOT status		Size of total gross estate ¹							
		Small estates		Medium estates		Large estates		Very large estates	
		Mean ²	CV ³	Mean ²	CV ³	Mean ²	CV ³	Mean ²	CV ³
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Selected assets									
Closely held businesses	Non-DOT	287,205	4.5	650,442	4.8	1,332,778	4.3	4,468,959	2.0
	DOT.....	798,097	29.9	1,615,862	17.8	2,534,708	14.8	13,609,587	4.6
Farms ⁴	Non-DOT	354,657	2.9	708,906	6.7	939,734	9.5	1,541,979	1.9
	DOT.....	628,065	26.5	1,111,339	29.4	1,596,856	29.7	4,464,228	6.1
Other financial assets ⁵	Non-DOT	84,473	2.5	154,934	5.6	229,317	5.2	685,590	2.1
	DOT.....	66,303	30.5	109,276	33.4	56,079	56.0	456,247	6.8
Personal residences	Non-DOT	230,573	1.3	395,824	2.6	664,707	3.6	1,129,834	1.0
	DOT.....	379,922	21.6	350,826	18.2	557,013	15.0	573,234	2.3
Liquid assets ⁶	Non-DOT.....	648,597	0.7	2,014,012	1.2	4,117,594	1.2	13,569,040	0.6
	DOT.....	371,083	34.3	815,709	15.7	1,491,181	13.7	4,824,375	3.9
Selected deductions									
Mortgages & liens	Non-DOT	45,146	2.6	140,486	4.6	255,586	5.0	715,820	1.5
	DOT.....	94,571	29.7	328,344	16.6	832,122	17.1	1,847,852	5.3
Marital deduction	Non-DOT	656,866	1.1	2,459,639	1.0	5,257,686	1.2	15,676,052	0.9
	DOT.....	**	**	702,221	8.4	1,579,094	40.9	5,153,984	3.6

**Data deleted to prevent disclosure of individual taxpayer data.

¹ Estate size classes are defined as follows: Small--\$675,000 under \$2.5 million, Medium--\$2.5 million under \$5 million, Large--\$5 million under \$10 million, and Very Large--\$10 million or more.

² The mean values shown are the means only for those returns which report the relevant asset type.

³ Coefficient of variation (CV), the ratio of an estimate's standard error to the estimate, is used to measure the magnitude of potential sampling error. Each CV shown refers to the number in the column preceding it.

⁴ The value of farms includes farm real estate and agri-business assets.

⁵ Other financial assets are defined as the combination of corporate and foreign bonds, bond funds, diversified mutual funds, and real estate investment trusts.

⁶ Liquid assets are defined as the combination of cash and cash management accounts, State and local bonds, Federal Government bonds, publicly traded stock, and insurance on the life of the decedent.

estates met certain requirements: special use valuation, the qualified family-owned business deduction, and the deferral of Federal estate tax liabilities. For 2001, about 1,800 estates, or 1.7 percent of the estate tax decedent population, elected to use at least one of the three provisions. A total of 831 estates elected special use valuation, alone or in combination with the business deduction or deferral of estate taxes; 1,114 estates claimed the qualified family-owned business deduction, alone or in combination with special use or deferral of taxes; and 382 estates elected to defer estate taxes, alone or in combination with the other two business provisions.

The likelihood that an estate would utilize one of the three provisions varied by provision and size of gross estate. Smaller estates were more likely than their larger counterparts to utilize special use valuation, while larger estates were more likely to utilize

the qualified family-owned business deduction and deferral of taxes.

In terms of liquidity, defined as the ratio of liquid assets to debts (reported net estate tax and mortgages and liens), smaller estates were more liquid than their larger counterparts. This was true across all subpopulations, i.e., those estates that utilized a business provision and those that did not utilize a provision.

The asset composition and mean values for selected assets varied considerably by provision status--utilization or nonutilization of a provision. Those estates that elected special use valuation held a larger percentage of total gross estate in farm assets, compared to estates that did not elect special use. The mean farm value was also higher for estates that elected special use. Estates that did not elect special use held larger percentages of total gross

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

estate in liquid assets and personal residences. Again, mean values for these assets were higher for nonelectors of special use compared to electors.

Turning to the qualified family-owned business deduction, estates that utilized the deduction held larger percentages of total gross estate in closely held businesses and farm assets, compared to estates that did not utilize the deduction. The mean values for these assets were also higher for estates that utilized the deduction. Those estates that did not use the deduction held larger percentages of gross estate in liquid assets and personal residences. Mean values for these assets were also higher for estates that did not use the deduction.

Those estates that deferred estate tax liabilities held larger percentages of gross estate in closely held businesses, real estate, farm assets, and other business assets and had a higher mean value for closely held businesses than estates that did not defer tax liabilities. Estates that did not defer tax held larger percentages of gross estate in liquid assets and personal residences, and those estates had a higher mean value for liquid assets, compared to estates that elected deferral.

Data Sources and Limitations

Analysts in the Special Projects Section of SOI's Special Studies Branch, with SOI staff in the Cincinnati Submission Processing Center, conduct the Estate Tax Study, which extracts demographic, financial and asset data from Form 706, the Federal estate tax return. The Estate Tax Study is conducted on an annual basis, which allows production of filing year data on estate taxation. By focusing on a single year of death for a period of 3 years, the study also allows production of periodic year-of-death estimates. A single year of death is examined for 3 years in order to sample estate tax returns filed in years subsequent to the year of death, as 99 percent of all returns for decedents who die in a given year are filed by the end of the second calendar year following the year of death. The Estate Tax Study for the period 2001-2003 concentrates on year-of-death 2001, the latest year-of-death estimates available. Study years 2004-2006 will concentrate on year-of-death 2004.

For each study year, 2001-2003, a sample was selected from returns filed. Samples were limited to

returns filed for decedents who died after 1981. The sample for the 2001 filing year included 10,838 returns out of a total population of 108,071. In 2002, the year in which most returns for 2001 decedents were filed, 13,415 returns were sampled out of a total of 99,604. There were 11,962 returns out of 73,127 sampled during Filing Year 2003. Of the 36,215 returns sampled during 2001-2003, there were 18,740 returns filed for 2001 decedents.

Estate tax returns were sampled while the returns were being processed for administrative purposes, but before any examination. Returns were selected on a flow basis, using a stratified random probability sampling method, whereby the sample rates were preset based on the desired sample size and an estimate of the population. The design had three stratification variables: year of death, age at death, and size of total gross estate plus adjusted taxable gifts. For the 2001-2003 filing years, the year of death variable was separated into two categories: 2001 year of death and non-2001 year of death. Age was disaggregated into four categories: under 40, 40 under 50, 50 under 65, and 65 and older (including age unknown). Total gross estate plus adjusted taxable gifts was limited to seven categories: under \$1 million, \$1 million under \$1.5 million, \$1.5 million under \$2.0 million, \$2.0 million under \$3.0 million, \$3.0 million under \$5.0 million, \$5.0 million under \$10.0 million, and \$10.0 million or more. Sampling rates ranged from 1 percent to 100 percent. Returns for over half of the strata were selected at the 100-percent rate.

Because almost 99 percent of all returns for decedents who die in a given year are filed by the end of the second calendar year following the year of death and because the decedent's age at death and the length of time between the decedent's date of death and the filing of an estate tax return are related, it was possible to predict the percentage of unfiled returns within age strata. The sample weights were adjusted accordingly, in order to account for returns for 2001 decedents not filed by the end of the 2003 filing year.

Acknowledgment

The authors express a special note of thanks to Kim Henry, who provided invaluable assistance producing the statistics used in this article.

Utilization of Special Estate Tax Provisions for Family-Owned Farms and Closely Held Businesses

Notes and References

- [1] Special use valuation and deferral of estate tax liability are available to estates for current deaths. However, the qualified family-owned business deduction was repealed for deaths after 2003.
- [2] A coefficient of variation (CV) is calculated by dividing the standard error of the estimate (SE) by the value of the estimate and multiplying by 100. For example, an estimate of 50 with a SE of 4 would have a CV of 8 percent ($(4/50) * 100$).
- [3] United States Tax Reporter, Estate and Gift Taxes, Volumes I and II, Research Institute of America, 1996. This publication provides an overview of tax law, Internal Revenue Code text, House and Senate committee reports, U.S. Treasury regulations, and a general explanation of the tax code.
- [4] Ibid.
- [5] Total adult deaths represent those of individuals age 20 and over, plus deaths for which age was unavailable. Death statistics are from Volume 52, Number 3, Table 3, Centers for Disease Control and Prevention, National Center for Health Statistics, U.S. Department of Health and Human Services, September 2003.
- [6] The value for net estate tax liability used in calculating the liquidity ratio is the tax value reported on the estate tax return after the application of special business provisions. The election and application of one or more of these provisions reduce the value of the tax base to which estate tax rates are applied, as well as the value of reported estate tax liability. As such, the ratios presented here may be larger than the ratios that would exist in the absence of special use valuation, the family-owned business deduction and deferral of tax.
- [7] According to Internal Revenue Code 2057(c), most gifts given within 3 years of a decedent's death are included in adjusted gross estate.
- [8] For more information on special use valuation, see Code section 2032A in The Complete Internal Revenue Code, Research Institute of America, July 2001, p. 6,016.
- [9] For some estates, the value of farm assets may also include the value of personal residences, as such residences may not be reported separately from the value of the farm businesses on Federal estate tax returns.
- [10] For a small number of estates, the value of closely held businesses may be included in the value of farm assets. Similarly, for a small number of estates, the value of farm assets may be included in the value of closely held businesses.
- [11] Farm real estate included in the value of farm assets presented here and in Figure F is valued at special use, not fair market, value.
- [12] See the U.S. Department of Agriculture, Economic Research Service Web site at http://www.ers.usda.gov/briefing/FarmIncome/Data/Bs_t6.htm.
- [13] For more information on the qualified family-owned business deduction, see Code section 2057 in The Complete Internal Revenue Code, Research Institute of America, July 2001, p. 6,047.
- [14] In the 1997 Act, Congress provided for gradual increase in the lifetime exemption from \$625,000 in 1998 to \$850,000 in 2004. However, in 2001, Congress enacted legislation in the Economic Growth and Tax Relief Reconciliation Act that completely changed the landscape of estate tax law. As a result, the lifetime exemption, \$675,000 in 2000 and 2001, is set to increase to \$3.5 million in 2009, and the estate tax disappears entirely for deaths in 2010.
- [15] See footnote [9].
- [16] For more information on the deferral of taxes and installment payments, see Code section 6166 in The Complete Internal Revenue Code, Research Institute of America, July 2001, p. 9,125.

Statistics of Income Studies of International Income and Taxes

By Lissa Redmiles

On October 31, 2005, President Bush's tax reform panel submitted two proposals to the Treasury Department. The main goals of both plans include simplifying the tax code and modifying it to promote growth. Included among the many suggestions are recommendations for reform of the international tax rules [1]. Given these proposals and the increased globalization of the economy, it is helpful to have a general idea of how the U.S. taxes international income today and what statistics on it are available.

Currently, the United States generally taxes U.S. persons on their worldwide incomes and foreign persons on their U.S.-source incomes or the portion of their income that by definition is considered to be connected with a U.S. source. A U.S. person is any citizen or resident of the United States, a domestic partnership or corporation, or any estate or trust that is not considered foreign. Any person who does not fit the definition of a U.S. person is considered a foreign person [2].

Statistics of Income (SOI) conducts 14 studies of international income and taxes. These studies include data on the foreign activity of U.S. persons, as well as the U.S. activity of foreign persons. Table 1 lists the data sources for each of the studies mentioned in this article, as well as the current frequency of the study. Data for recent study years can be found on the Statistics of Income Web site (www.irs.gov/taxstats).

Corporate Foreign Tax Credit

Congress designed the corporate foreign tax credit provisions to remove potential double taxation on the foreign-source income of U.S. corporations. Double taxation occurs when an item of income is taxed by both the United States, as the corporation's country of residence, as well as by the country where the income arises. The current provisions allow U.S. businesses to credit their foreign taxes paid, accrued, or deemed paid against their U.S. income tax liability, subject to a limitation. This limitation prevents taxpayers from using taxes paid in a country with a

higher tax rate than the U.S. to offset their tax liability on U.S. income. Taxes that exceed the limitation can be carried back 1 year or carried forward for 10.

Corporations are required to calculate this credit separately for different income categories to prevent taxpayers from combining income that is traditionally taxed at low rates, such as dividend or interest income, with income that is typically taxed at higher rates, such as active business income [3].

After rising from \$123 billion to \$162 billion, or 32 percent, from Tax Year 1994 to Tax Year 1998, the foreign-source taxable income for those returns claiming a credit, in constant 2002 dollars, fell slightly, to \$161 billion, for Tax Year 2002 [4]. The fluctuation observed in the foreign-source taxable income over time roughly corresponds to similar fluctuations in worldwide taxable income reported by all corporations [5]. (See Figure A.) In general, the amount of current-year foreign taxes and the foreign tax credit claimed, in real terms, have followed the same pattern as the foreign-source taxable income.

For Tax Year 2002, manufacturing still composed the largest percentage (65 percent) of all foreign-source income reported by corporations claiming the foreign tax credit. As Figure B shows, such income comprised 54 percent of the worldwide income of the manufacturing industry. The information industry had the second largest ratio (36 percent) of foreign-source taxable income to worldwide income.

Six countries that traditionally account for large percentages of foreign-source taxable income are shown in Figure C. The largest percentage of foreign-source taxable income continues to be earned from the United Kingdom. Canada was responsible for the second largest percentage in Tax Year 1980 and 2002, but was edged out by Japan and West Germany for Tax Year 1992. The percentage from West Germany dropped from 8.5 percent for Tax Year 1992 to 2.5 percent for Germany for Tax Year 2002.

Controlled Foreign Corporations

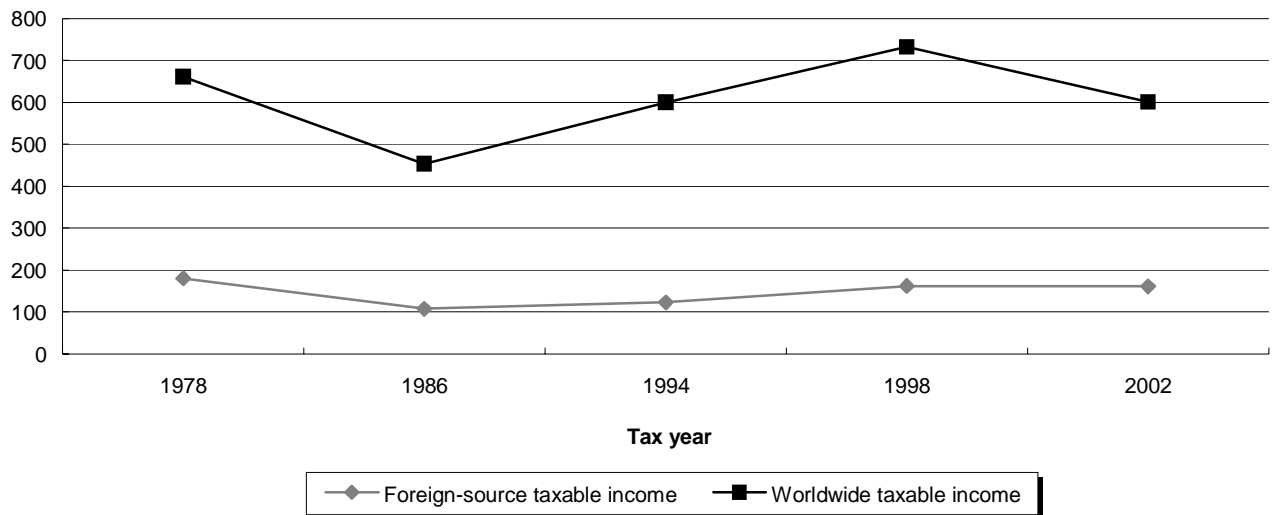
In general, U.S. shareholders of a foreign corporation are not taxed on its foreign-source income until such income is repatriated. In 1962, Congress created the Subpart F provisions of the Internal Revenue Code which deny this deferral of current U.S. taxation on

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Figure A

Foreign-Source Taxable Income of Corporations with a Foreign Tax Credit, Compared to Worldwide Taxable Income for All Corporations, for Selected Tax Years, 1978-2002

Billions of dollars ¹

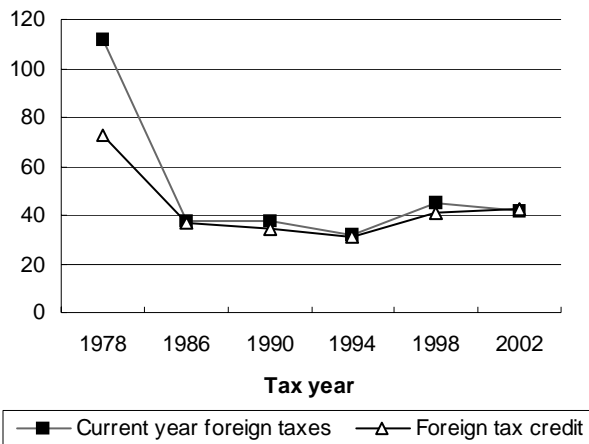


¹ For comparability, money amounts have been adjusted for inflation to 2002 constant dollars.

Figure B

Current Year Foreign Taxes and Foreign Tax Credit, for Selected Tax Years, 1978-2002

Billions of dollars ¹



¹ For comparability, money amounts have been adjusted for inflation to 2002 constant dollars.

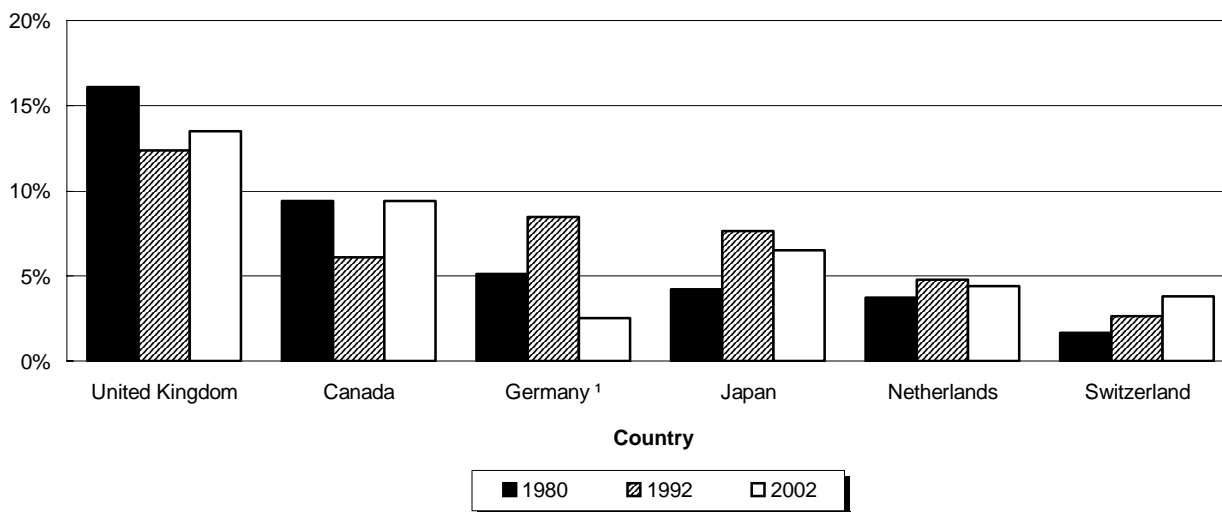
certain types of income earned by controlled foreign corporations (CFCs), including types of passive income which are highly mobile and can be transferred to low-tax jurisdictions, and payments between related parties, which can be used to shift income for tax advantage. CFC income subject to the Subpart F rules is treated as if it were a dividend repatriated to U.S. shareholders, and thus becomes subject to current U.S. tax [6].

For income tax purposes, a foreign corporation is considered to be a CFC if (on any day during the foreign corporation's tax year) U.S. shareholders own more than 50 percent of its outstanding voting stock, or more than 50 percent of the value of all its outstanding stock. To facilitate data collection, SOI defines a corporation as controlled if one U.S. corporation meets either of the 50-percent ownership requirements for a consecutive period of a minimum of 30 days during the foreign corporation's tax year.

Figure D depicts selected items from the major industrial sectors reported by the 7,500 largest controlled foreign corporations for Tax Year 2002. Goods production, which includes manufacturing and

Figure C

Percent of Foreign-Source Taxable Income, by Selected Country, for Selected Tax Years, 1980-2002



¹ West Germany in 1980 and 1992.

Figure D

Selected Items From the 7,500 Largest Controlled Foreign Corporations, by Major Industrial Sector, for Tax Year 2002

[Money amounts are in millions of dollars]

Major industrial sector	Number of largest Controlled Foreign Corporations	Total receipts	Current earnings and profits (less deficit) before income taxes	Total Subpart F income
	(1)	(2)	(3)	(4)
All industries	7,500	2,280,610	162,060	31,421
Raw materials and energy production.....	458	113,151	13,038	1,220
Goods production.....	2,165	1,071,846	65,280	9,796
Distribution and transportation of goods.....	864	542,128	18,486	4,015
Information.....	240	54,766	-5,345	1,029
Finance, insurance, real estate, and rental and leasing.....	1,816	254,389	32,907	7,233
Services.....	1,957	244,330	37,695	8,127

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

construction, accounted for the largest percentage of the total receipts (47 percent). In comparison, this industry group comprised 32 percent of total receipts from all U.S. corporations. Total receipts from the largest 7,500 controlled foreign corporations, adjusted for inflation, climbed 82 percent from Tax Year 1988 to Tax Year 2002 (see Figure E) compared to a real increase of 27 percent for all U.S. Corporations.

Figure F compares the percentage of total receipts of CFCs by country of incorporation for Tax

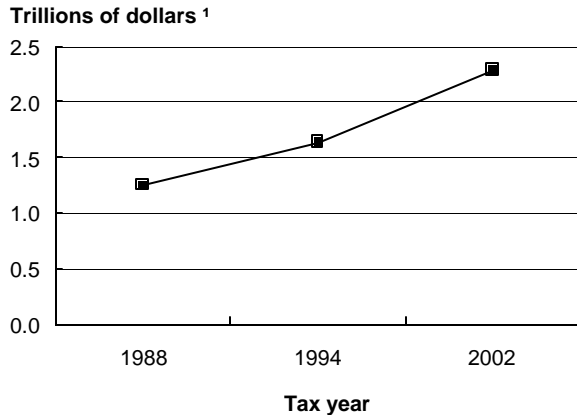
Years 1988 and 2002, for selected countries. Together, these eight countries accounted for 70 percent of the total receipts for Tax Year 1988 and 60 percent of the total for Tax Year 2002. Of these, the percentage from the Netherlands increased the most, from 4.4 percent to 11 percent.

Foreign-Controlled Domestic Corporations

For SOI purposes, a company incorporated in the United States is foreign-controlled if foreign persons

Figure E

Receipts for the 7,500 Largest Controlled Foreign Corporations, for Selected Tax Years, 1988-2002



¹ For comparability, money amounts have been adjusted for inflation to 2002 constant dollars.

own 50 percent or more of the value of all of the corporation's stock at any time during the accounting period.

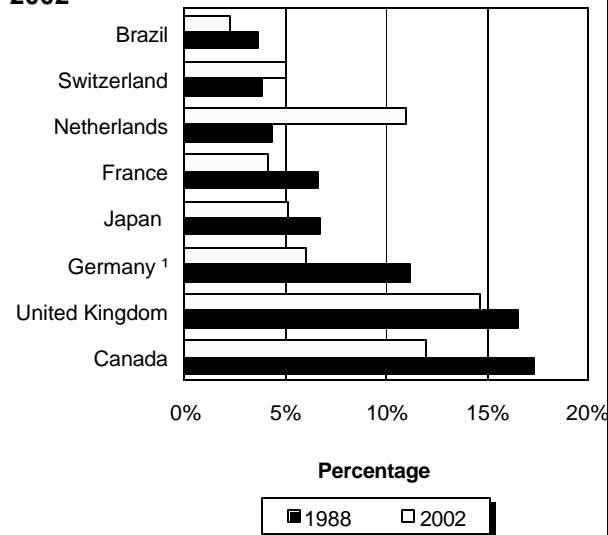
Over the past few decades, the portion of total receipts earned by all U.S. corporations attributable to domestic corporations controlled by foreign persons increased steadily, from just around 2 percent for Tax Year 1971 to almost 13 percent for Tax Year 2002. (See Figure G.) For Tax Year 2002, 61,615 domestic corporations controlled by foreign persons reported a total of \$6.4 trillion in total assets and \$2.5 trillion in receipts. Manufacturing industries generated 44 percent of these receipts, compared to 27 percent of the receipts from all corporations. Foreign persons from six countries, Japan, the United Kingdom, Germany, the Netherlands, Canada, and France, reported 72 percent of the receipts. (See Figure H.)

Foreign Corporations with U.S. Business Operations

The United States taxes certain income earned by U.S. branches of foreign corporations. Income that

Figure F

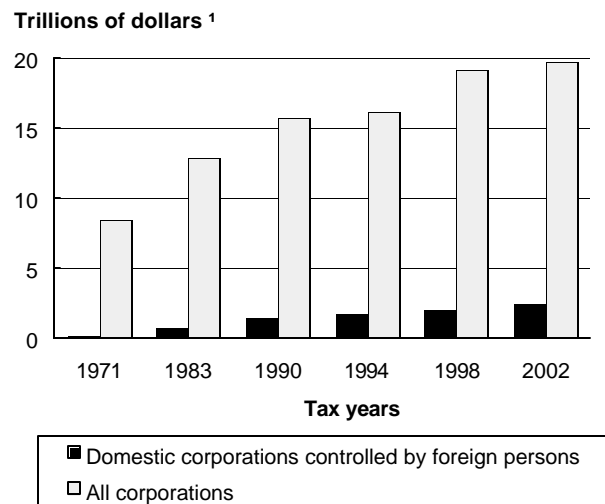
Percentage of Total Receipts of 7,500 Largest Controlled Foreign Corporations, by Selected Country of Incorporation, Tax Years 1988 and 2002



¹ West Germany in 1988.

Figure G

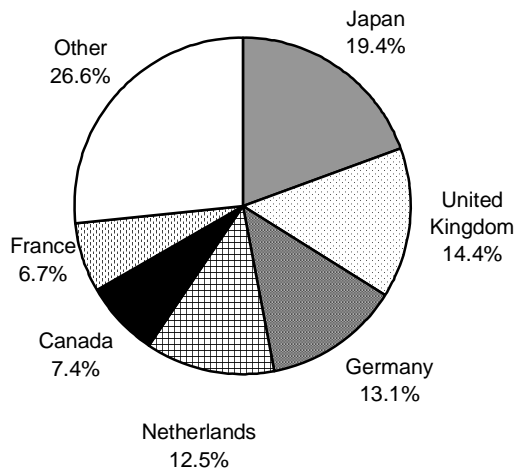
Total Receipts of Domestic Corporations Control by Foreign Persons and Total Receipts of All Corporations, for Selected Tax Years, 1971-2002



¹ For comparability, money amounts have been adjusted for inflation to 2002 constant dollars.

Figure H

Share of Total Receipts of Domestic Corporations Controlled by Foreign Persons, by Country, for Tax Year 2002



NOTE: Detail may not add to 100 percent because of rounding.

is “effectively connected” with a U.S. trade or business is taxed at regular U.S. corporate tax rates [7]. Certain gains, profits, and other income that are not effectively connected are taxed at a flat 30 percent (this rate may be reduced or eliminated pursuant to a bilateral income tax treaty).

For Tax Year 2002, there were 12,705 foreign corporations with effectively connected U.S. income, about 0.2 percent of all active corporations filing a U.S. tax return. These firms reported approximately \$106 billion dollars of total receipts and \$3.3 billion in income subject to U.S. tax. They paid a total of \$646 million of U.S. tax.

Since 1986, the first year statistics were available for these corporations, the number of these foreign corporations as a percentage of all corporate tax returns has remained relatively constant, at between 0.2 percent and 0.3 percent. The amount of total receipts, adjusted for inflation, grew approximately 48 percent between Tax Year 1986 and Tax Year 2002. In comparison, total receipts, adjusted for inflation, for all active corporations filing a return rose 39 percent over the same time period.

Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons

The law requires foreign-owned domestic corporations to report their transactions with related foreign persons [8]. For SOI purposes, a domestic corporation is foreign-owned if at least 25 percent of the total voting power of all classes of stock permitted to vote, or 25 percent of the total value of all classes of stock of the corporation, was owned, directly or indirectly, at any time in the tax year, by a single foreign shareholder. SOI collects data from these transactions for foreign-controlled domestic corporations with total receipts of \$500 million or more.

These large foreign-owned domestic corporations reported \$167 billion of receipts from related foreign persons and payments of \$354 billion for Tax Year 2002. In real terms, these amounts have almost doubled since Tax Year 1992. (See Figure I.) The sales of stock in trade accounted for 66 percent of the total amount received for Tax Year 2002, while purchases of stock in trade comprised 79 percent of the total amounts paid to related foreign persons. The finance and insurance industry group was responsible for the largest share of receipts, with \$59 billion or 36 percent of the total, while the wholesale trade industry claimed the largest share of payments,

Figure I

Transactions Between Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and Filing Form 5472 and Related Foreign Persons, for Selected Tax Years, 1992-2002

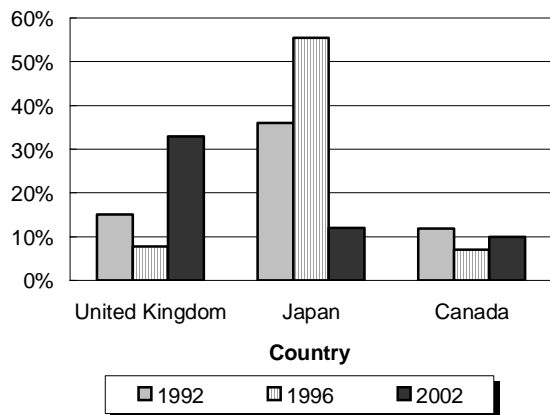
[Amounts in billions of dollars]

Item	1992	1996	2002
	(1)	(2)	(3)
From related foreign persons:			
Amounts received ¹	81	152	167
Amounts borrowed, ending balance ¹	87	154	499
To related foreign persons:			
Amounts paid ¹	179	243	354
Amounts loaned, ending balance ¹	25	35	189

¹ For comparability, money amounts have been adjusted for inflation to 2002 constant dollars.

Figure J

Percentage of Total Nonloan Receipts of Foreign-Owned Domestic Corporations with Total Receipts of \$500 Million or More and Filing Form 5472 from Related Foreign Persons, by Country of Residence, Selected Tax Years, 1992-2002



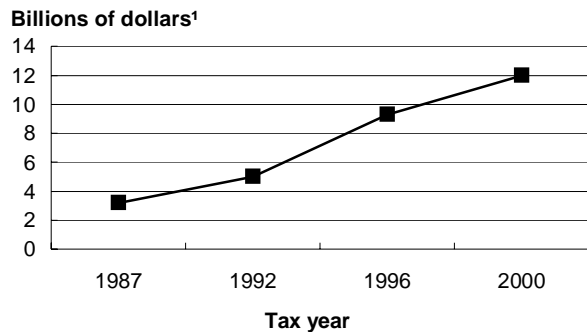
\$158 billion or 45 percent of the total. Residents of Japan received the highest percentage of amounts paid for both Tax Years 1996 and 2002 (45 percent and 32 percent, respectively). The largest percentage of amounts received (33 percent) came from residents of the United Kingdom. For Tax Year 1996, however, residents of Japan accounted for the highest percentage of amounts received (55 percent). Figure J demonstrates the variability in the makeup of the amounts received by country of residence for different tax years.

Foreign Sales Corporations

Congress created Foreign Sales Corporations (FSCs) in 1984. A FSC was a company incorporated abroad and usually controlled by a U.S. person. A portion of the FSC “foreign trade income” was exempt from U.S. taxation. In 1999, Congress replaced the FSC provisions with the Extraterritorial Income Exclusion, which allowed taxpayers to deduct some of their qualifying trade receipts from their gross incomes. Congress subsequently repealed this exclusion and enacted a new domestic production deduction designed to encourage U.S. manufacturing without specifically targeting exporters [9].

Figure K

Net Exempt Income of Foreign Sales Corporations for Selected Tax Years, 1987-2000



¹ For comparability, money amounts have been adjusted for inflation to 2000 constant dollars.

For Tax Year 2000, FSCs reported a total of \$349 billion of gross receipts and \$6.7 billion of taxable income. Most FSCs (88 percent) were companies that exported manufactured products. Total net exempt income (income not subject to U.S. tax) reported by FSCs was \$12 billion, an increase of 29 percent in real terms from Tax Year 1996. Figure K shows the steady rise in the net exempt income of FSCs, expressed in constant 2000 dollars, for selected tax years between 1987 and 2000.

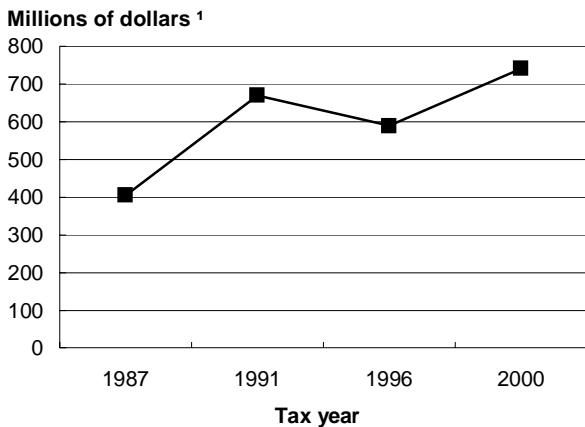
Interest Charge Domestic International Sales Corporations

Congress also created Interest Charge Domestic International Sales Corporations. To elect IC-DISC status, a domestic corporation must have “qualified export receipts” that constitute at least 95 percent of its gross receipts and must be able to classify at least 95 percent of its assets as “qualified export assets.” Qualified export receipts are gross receipts from the sale of qualified export assets and other types of income related to exporting. Qualified export assets consist of property related to exporting. The benefit of an IC-DISC is that it allows companies a tax deferral on some of their export related incomes. While a small portion of the income of an IC-DISC is deemed distributed to the shareholder, the rest is not taxed until it is actually distributed, although the interest charge on the tax deferred income must be paid annually.

For Tax Year 2000, IC-DISCs earned \$342 million of taxable income and reported \$741 of accumulated tax-deferred income to their shareholders. Since 1987, accumulated tax-deferred income of IC-DISCs has risen roughly 83 percent in real terms (see Figure L), while the number of IC-DISCs has declined 39 percent, from 1,185 to 727, over the same time period.

Figure L

Accumulated Tax Deferred Income of Interest-Charge Domestic International Sales Corporations for Selected Tax Years, 1987-2000



¹ For comparability, money amounts have been adjusted for inflation to 2000 constant dollars.

International Boycotts

The international boycott provisions require U.S. persons to report their business operations in countries known to participate in a boycott not sanctioned by the U.S. Most of these operations are in countries known to participate in the Arab League’s boycott of Israel. Taxpayers must also report certain types of requests to participate in an international boycott, any agreements to comply with those requests, and any tax consequences. Those taxpayers who participated in such a boycott lose a portion of certain tax benefits related to the boycott income. These benefits include the foreign tax credit, the benefits for FSCs, the exclusion of extraterritorial income, and the tax-deferral available to U.S. shareholders of a CFC or of an IC-DISC.

Figure M

Number of Persons Receiving International Boycott Requests and Agreeing To Participate, for Selected Years, 1976-2002

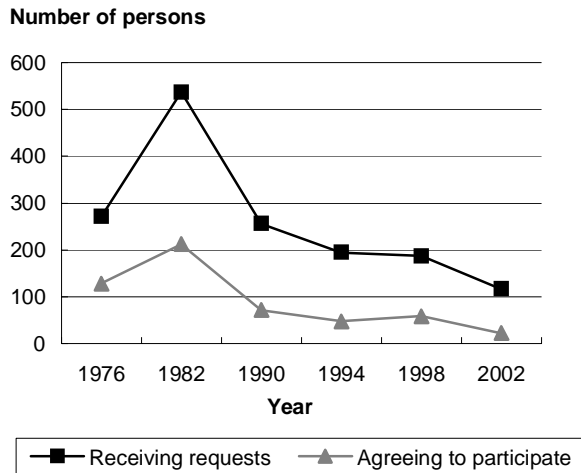


Figure M shows a comparison of the number of persons who have received boycott requests and the number who participated in a boycott for selected years. After a peak in the 1980s, the number who complied with a boycott request declined by more than 80 percent. For 2002, only 116 persons, out of a total of 1,255 who filed a boycott return, reported receiving requests, and only 22 agreed to participate in a boycott. The amount of tax benefits lost each year since 1976 has fluctuated somewhat, but remains relatively small compared to the overall U.S. tax liability. (See Figure N.)

U.S. Possessions Corporations

Currently, the possessions tax credit permits U.S. corporations that meet the requirements to qualify as a “possessions corporation” to credit the tax otherwise payable on possessions-source income. To meet the requirements, the corporation must derive 80 percent or more of its gross income over the eligible period from sources within the U.S. possession and 75 percent or more of its gross income from the active conduct of a trade or business in the U.S. possession. The eligible period is generally the shorter of 36 months or the period when the corporation actively conducted a trade or business in the U.S. possession.

Figure N

International Boycotts: Loss of Tax Benefits, for Selected Years, 1976-2002

[Amounts in thousands of dollars]

Type of tax effect ¹	Calendar year			
	1976	1986	1996	2002
	(1)	(2)	(3)	(4)
Reduction of foreign tax credit.....	180	993	133	697
Increase in Subpart F income.....	632	3,550	3,001	5,466
Reduction of foreign sales corporation income exemption.....	N/A	59	12	--
Reduction in IC-DISC or DISC deferral.....	79	3	--	--
Reduction in extraterritorial income.....	N/A	N/A	N/A	260

Item	Tax year			
	1976	1986	1996	2002
	(1)	(2)	(3)	(4)
U.S. corporate income subject to tax ^{1,2}	580,081,933	453,315,068	733,634,140	600,553,517

N/A--Not applicable.

¹ For comparability, money amounts have been adjusted for inflation to 2002 constant dollars.

² Comparability between corporate income subject to tax and boycott tax effects is limited. Most boycott tax effects increase U.S. income subject to tax but the foreign tax credit effect increases U.S. income tax. Also, for 2002, tax effects include amounts for individuals.

Since its inception in 1921, Congress has imposed numerous restrictions on the possessions tax credit and finally repealed it altogether in the Small Business Protection Act of 1996. Due to transition rules, existing possessions corporations can claim credits through taxable years beginning before January 1, 2006 [10].

As a result of the additional legislative restrictions, the number of possessions corporations and the amount of possessions tax credit continue to drop. (See Figure O.) For 2003, some 201 possessions corporations reported \$1.1 billion of possessions tax credit, a 72-percent decline from the amount reported for 1982.

Individual Foreign Tax Credit and Foreign Earned Income

The foreign-earned income exclusion is another legislative provision designed to promote U.S. trade. Currently, qualifying individuals living abroad can exclude up to a certain amount of foreign income (\$80,000 for 2005, indexed to inflation in subsequent years) earned while performing a service (primarily wages, salaries, commissions, and fees) and exclude or deduct a certain amount of excess foreign housing cost.

U.S. taxpayers, regardless of their residency, can also claim a foreign tax credit for foreign taxes paid, as long as the taxes were not paid on income excluded under the foreign-earned income provisions.

Figure O

U.S. Possessions Corporations, Selected Tax Years, 1982-2003

[Money amounts in millions of dollars]

Tax year	Number of returns	Possessions tax credit ¹
	(1)	(2)
1982.....	544	3,920
1987.....	516	4,511
1993.....	474	5,842
1999.....	300	1,795
2003.....	201	1,107

¹ For comparability, money amounts have been adjusted for inflation to 2003 constant dollars.

Also, like the corporate foreign tax credit, the credit is subject to a limitation computed separately for different categories of income.

Foreign-source income reported by all U.S. individuals shows substantially more real growth than worldwide income from all U.S. individuals [11]. From 1987 to 2001, for example, worldwide income grew 43 percent in real terms, but foreign-source gross income more than quadrupled. Foreign-source income from the United Kingdom and Canada accounted for between 25 percent and 35 percent of the total for the last 4 study years.

There has also been dramatic growth in the total foreign tax credit claimed by individuals. For 2001,

Figure P

Selected Income, Exclusion, Tax and Credit Items, from Individual Returns for Selected Tax Years, 1987-2001

[Money amounts are in billions of dollars]

Item ¹	1987	1991	1996	2001	Percentage change 1987 to 2001
	(1)	(2)	(3)	(4)	(5)
Worldwide income ²	4,381.3	4,562.5	5,181.6	6,245.1	43
U.S. income tax before credits.....	582.8	591.0	752.6	933.6	60
Foreign tax credit.....	1.6	2.4	4.0	6.3	287
Total foreign income exclusion.....	10.0	12.5	13.5	13.9	40
Returns with a Form 1116³					
Foreign-source gross income.....	11.1	19.6	32.8	56.5	410
Foreign taxes paid.....	2.8	4.3	6.1	9.2	225
Returns with a Form 2555⁴					
Total foreign earned income.....	12.8	17.9	23.8	27.4	115

¹ For comparability, money amounts have been adjusted for inflation to 2001 constant dollars.

² Worldwide income is total income or loss reported on Form 1040 before the foreign-earned income and housing exclusions have been taken.

³ Taxpayers file Form 1116 to claim the foreign tax credit.

⁴ Taxpayers file Form 2555 to claim the foreign-earned income exclusion, housing exclusion and or housing deduction.

U.S individual taxpayers paid \$9.2 billion in foreign taxes and were able to credit \$6.3 billion, a real increase of 287 percent from the amount claimed for Tax Year 1987. Nevertheless, this credit remains a small fraction, just 0.7 percent, of the total U.S. income tax before credits for 2001. (See Figure P.)

Foreign income earned by individuals abroad also rose steadily between Tax Years 1987 and 1991. For 1987, there were 171,191 taxpayers who reported almost \$13 billion of foreign-earned income (in constant 2001 dollars), while, for 2001, some 294,763 taxpayers reported over \$27 billion, an increase of about 115 percent.

U.S. individuals living in the United Kingdom historically have accounted for the largest percentages of the reported total foreign-earned income. Of the total number of U.S. individuals reporting foreign-earned income for 2001, about 11 percent lived in the United Kingdom and earned 20 percent of the total foreign-earned income reported. One noticeable shift, however, is the steady decline of foreign income earned in Saudi Arabia. In 1987, some 13,407 U.S. individuals living in Saudi Arabia reported almost 10 percent of the total foreign-earned income. In 2001, 7,449 such individuals earned 3 percent of the total foreign-earned income.

Foreign Recipients of U.S. Income

U.S. payors are required to report and withhold taxes on U.S.-source income distributed to foreign persons.

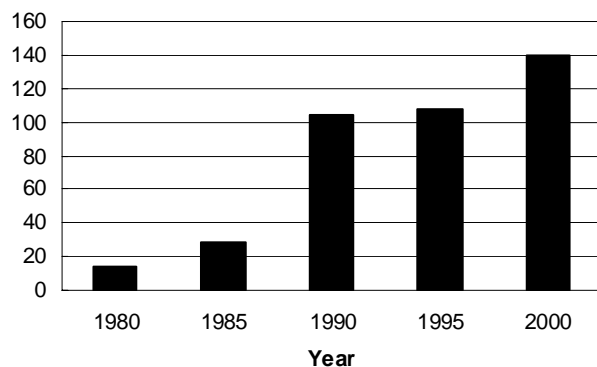
The statutory tax rate for this income is a flat 30 percent, but bilateral income tax treaties or statutory exemptions reduce or eliminate this tax for the majority of recipients [12].

The real amount of payments distributed to foreign persons has grown from about \$14 billion in 1980 to almost \$140 billion for Tax Year 2000. (See Figure Q.) This growth is partly a result of the real increase in the average payment, which jumped 144

Figure Q

U.S. Income Paid to Foreign Persons, for Selected Years, 1980-2000

Billions of dollars ¹



¹ For comparability, money amounts have been adjusted for inflation to 2000 constant dollars.

Figure R

U.S. Source Income Paid and Percentage of Total, by Recipient Country, for Selected Tax Years, 1980-2000

[Money amounts are in billions of dollars]

Recipient Country	1980		1990		2000	
	Total income paid ¹	Percentage of total	Total income paid ¹	Percentage of total	Total income paid ¹	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
All countries.....	13.70	100.0	104.59	100.0	139.66	100.0
United Kingdom.....	1.89	13.8	18.67	17.9	23.96	17.2
Japan.....	0.86	6.3	20.74	19.8	19.20	13.7
Cayman Islands.....	0.04	0.3	0.74	0.7	16.97	12.2
Canada.....	1.75	12.8	5.79	5.5	6.97	5.0
Germany ²	1.29	9.4	4.68	4.5	5.64	4.0
France.....	0.86	6.2	4.74	4.5	4.94	3.5
Netherlands.....	1.46	10.6	4.94	4.7	4.62	3.3
Switzerland.....	2.09	15.2	4.20	4.0	3.01	2.2

¹ For comparability, money amounts have been adjusted for inflation to 2000 constant dollars.

² West Germany for 1980 and 1990.

percent, from \$22,577 for Tax Year 1980 to about \$55,157 for Tax Year 2000, and partly due to the sharp increase in the number of payments, which rose from roughly 600,000 to 2.5 million over the same time period. Some of the growth in the number of payments is due to the addition of Social Security payments during this time period.

The largest percentage of the income payments currently flows to recipients in the United Kingdom. The percentage to recipients in Japan increased from 6.3 percent for Tax Year 1980 to 28.5 percent for Tax Year 1995, but declined to 13.7 percent for Tax Year 2000. Foreign persons in the Cayman Islands, however, account for an increasing share of the total income payments, up to 12 percent for Tax Year 2000 compared to less than 1 percent for Tax Year 1980. (See Figure R.)

The total amount of withholding tax, in real terms, has also increased dramatically, but the average foreign tax withheld has fallen. For Tax Year 2000, withholding agents reported a total of \$2.3 billion dollars in withholding taxes for foreign persons, an average of \$893, compared to not quite \$1.3 billion (in constant 2000 dollars), or an average of \$2,111, for Tax Year 1980.

Nonresident Alien Estates

The U.S. taxes estates of nonresident aliens with more than \$60,000 in U.S. gross assets when such

property is transferred at death. These assets include tangible or real property physically located in the United States and intangible property, like stocks or debt obligation, whose characteristics define it as U.S. property [13]. While the threshold for taxation of these assets is lower than the threshold for U.S. citizens and residents, the tax is applied using the same progressive tax rate structure.

The United States has estate tax treaties with 18 nations. These treaties provide mutual administration assistance between the U.S. and each country and avoid double taxation. Estate tax treaties in some cases also modify the reporting requirements under U.S. domestic law. Accordingly, SOI presents returns for estates of decedents resident in a treaty country separately.

For 2005, some 167 nonresident alien nontreaty estate tax returns reported a total gross estate in the United States of \$110 million, an average of \$658,547 per estate, and had \$26.3 million in estate tax liability. (See Figure S.)

There were 567 estate returns filed for decedents who resided in tax treaty countries. Of those reporting dollar amounts, the average gross estate was \$515,759. Canada, Germany, and the United Kingdom had the most number of filers, while Switzerland had the highest average estate, \$902,749. For both types of returns, real estate was the largest category of U.S. gross assets.

Figure S

Selected Items from Nonresident Alien Estate Tax Returns Filed in 2005

[Money amounts in whole dollars]

Item	Amount
Total U.S. gross estate ¹	109,977,332
Real estate	37,728,296
Stocks	46,149,878
Total allowable deductions	31,265,920
Taxable estate.....	78,711,291
Net estate tax.....	26,349,775

¹ For U.S. tax purposes.

Foreign Trusts

U.S. persons who transfer property to or receive a distribution from a foreign trust, or who receive certain foreign gifts, must report these transactions to the Internal Revenue Service. In addition, all foreign trusts with at least one U.S. owner must report an income statement and certain balance sheet items annually.

For 2002, U.S. persons gratuitously transferred property valued at \$2.2 billion to foreign trusts, while foreign nongrantor trusts reported \$311 million of distributions to U.S. persons [14] [15]. The largest percentages of both the transfers and distributions were between U.S. persons and foreign trusts located in Jersey (34 percent of transfers, 17 percent

of distributions) and the Cayman Islands (18 percent of transfers, 22 percent of distributions).

Foreign trusts with at least one U.S. owner had almost \$15 billion in assets and earned a total net income of \$359 million. Trusts in the Bahamas earned 25 percent of the total net income, while Mexican trusts accounted for another 22 percent.

The amount of foreign trust transactions has increased dramatically in the last decade, partly because Congress imposed additional reporting requirements in the Small Business Job Protection Act of 1996. For example, the total value of transferred property, in 2002 dollars, jumped almost 500 percent between 1990 and 2002. (See Figure T.) Likewise, the number of foreign trusts with at least one U.S. owner rose from 291 for 1990 to 2,550 for 2002, and the net income of those trusts, adjusted for inflation, grew by roughly 5,400 percent.

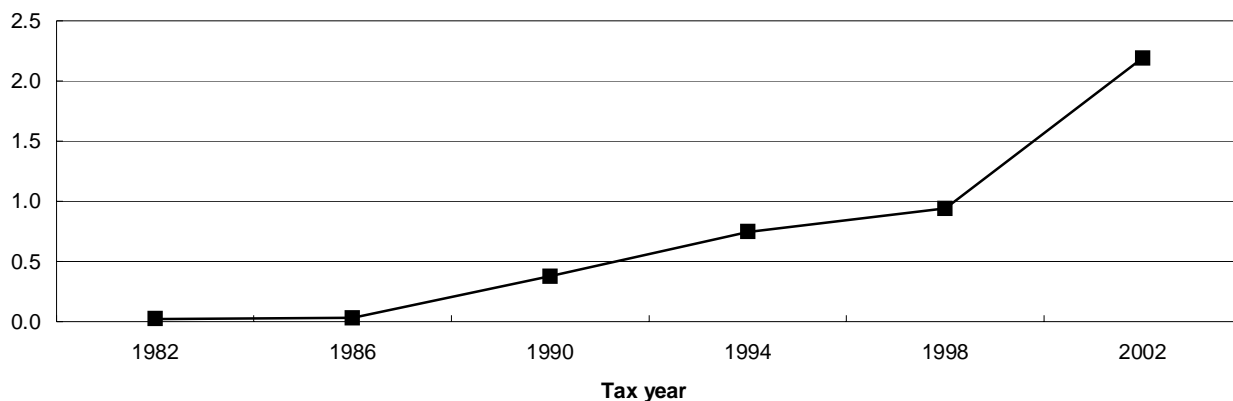
Entity Classification Elections

SOI also collects data on foreign entities electing a classification for Federal tax purposes. Entities eligible to choose their classification status generally include limited liability companies, partnerships, and foreign entities that do not meet the definition of a corporation as outlined in Regulations section 301.7701-2(b)(8). An eligible entity can choose to be regarded as a corporation or partnership, or, if it has a single owner, to be disregarded as a separate entity.

Figure T

Value of Total Transferred Property Reported on Forms 3520, for Selected Tax Years, 1982-2002

Billions of dollars ¹



¹ For comparability, money amounts have been adjusted for inflation to 2002 constant dollars.

Statistics of Income Studies of International Income and Taxes

Since 1997, SOI has processed data from about 32,000 new foreign entities electing a classification and from approximately 29,000 filing to change their existing statuses. The majority (70 percent) elected to be disregarded as a separate entity.

Summary

Many of the trends noted in this article show an increase in the amount of foreign activity of U.S. persons and the amount of U.S. activity of foreign persons. Total receipts of the largest 7,500 CFCs, for example, grew at a higher rate than total receipts of U.S. corporations. The portion of total receipts from all U.S. corporations earned by those controlled by foreign persons grew from 2 percent for Tax Year 1971 to nearly 13 percent for Tax Year 2002. The real amount of transactions between large domestic foreign-owned corporations and related foreign persons almost doubled between Tax Year 1992 and Tax Year 2002. Individual foreign-source income and foreign-earned income also increased noticeably between Tax Years 1987 and 2001. Likewise, the real amount of payments distributed to foreign persons rose by a factor of 10 between 1980 and 2000. Over the past two decades, however, fluctuations in foreign-source taxable income from corporations have roughly followed the same pattern as fluctuations in worldwide taxable income.

Data Limitations

These statistics do not include adjustments made during audit or on amended returns. Many of the studies are based on samples and thus are subject to sampling error. Specific data limitations for each study can be found in the most recent *Bulletin* article, available on the Web site: <http://www.irs.gov/taxstats/index.html>.

Notes and References

- [1] For more information on the proposed changes to international taxation, see the Tax Reform Panel's Web site at <http://www.taxreformpanel.gov/final-report/>.
- [2] For more complete definitions of U.S. persons and foreign persons, see Internal Revenue Code section 7701.
- [3] The instructions to Form 1118 provide a description of each category of income. Note: the American Jobs Creation Act of 2004 eliminated many of the categories.
- [4] Adjustments to constant dollars of the latest year for which statistics are available for each study were made for consistency, using the consumer price index. These adjustments do not necessarily adjust for country-specific inflation in the various foreign countries for which data were reported. See the Bureau of Labor Statistics Web site at: <http://www.bls.gov>.
- [5] Worldwide income is reported as U.S. income subject to tax for all active corporations. See Table 1 in *Statistics of Income, Corporate Income Tax Returns* (Publication 16).
- [6] Currently, a U.S. shareholder of a CFC may be required to include in gross income the shareholder's ratable share of the CFCs: (1) subpart F income; (2) increase in earnings invested in U.S. property; (3) previously excluded subpart F income withdrawn from "qualified investments" in less developed countries and in "foreign base company" shipping operations; (4) previously excluded export trade income withdrawn from investment in export trade assets; and (5) factoring income (income derived from the acquisition of a trade or service receivable).
- [7] For a description of effectively connected income, see Internal Revenue Code sections 864 and 897 as well as the related Internal Revenue Regulations.
- [8] For the definition of a related foreign person, see Jauquet, William P., "Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002," *Statistics of Income Bulletin*, Winter 2005-2006, Volume 25, Number 3.
- [9] For a more detailed description of the extraterritorial income exclusion and the domestic production deduction legislation, see Council for

Statistics of Income Studies of International Income and Taxes

International Tax Education, Inc., "New Domestic Production Incentive Legislation" at <http://www.citeusa.org/articles/dpd2004.htm>.

- [10] For a more complete history of the possessions tax credit, see Nutter, Sarah E., "U.S. Possessions Corporation Returns, 1997 and 1999," *Statistics of Income Bulletin*, Summer 2003, Volume 23, Number 1.
- [11] Worldwide income is total income or loss reported on Form 1040, *U.S. Individual Income Tax Return*, before the foreign-earned income and housing exclusions have been taken.
- [12] For more information on the withholding requirements for foreign recipients of U.S.

source income, see Luttrell, Scott, "Foreign Recipients of U.S. Income," *Statistics of Income Bulletin*, Summer 2003, Volume 23, Number 1.

- [13] Stock is considered to be U.S. property if it is issued by a domestic corporation. Debt obligations are deemed U.S. property if the obligor is a U.S. citizen or resident, domestic corporation, partnership, or governmental unit.
- [14] Gratuitously transferred property refers to property transferred to a foreign trust for less than the fair market value.
- [15] In a grantor trust, the grantor has certain elements of control over the use of the trust property or income.

Statistics of Income Studies of International Income and Taxes

Table 1.--Summary of Current Data Sources and Available Data for International Studies

Study	Frequency ¹	Sources of data	Classified by
Foreign Tax Credit-Corporations	Annually	Form 1118- <i>Foreign Tax Credit-Corporations</i>	Industry, country to which tax was paid, size of total assets
Controlled Foreign Corporations	Biannually	Form 5471- <i>Information Return of U.S. Persons with Respect to Certain Foreign Corporations</i>	Industry, country, size of total assets
Domestic Corporations Controlled by Foreign Persons	Annually	Forms 1120- <i>Corporate Income Tax Return</i>	Industry, country of residence of foreign owner
Foreign Corporations with Income Derived from U.S. Sources	Annually	Form 1120-F- <i>U.S. Income Tax Return of a Foreign Corporation</i>	Industry, country of residence of foreign owner
Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons	Biannually	Form 5472- <i>Information Return of a 25 percent Foreign-owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business</i>	Industry
Foreign Sales Corporations	No more studies planned ²	Form 1120-FSC- <i>U.S. Income Tax Return of a Foreign Sales Corporation</i>	Product or service, intercompany pricing method, country of incorporation, size of parent assets
Interest-Charge Domestic International Sales Corporations	Every fourth year	Form 1120-IC-DISC- <i>Interest-Charge Domestic International Sales-Corporation Return</i>	Product or service
International Boycotts	Annually	Form 5713- <i>International Boycott Report</i>	Country making the boycott request, type of request
U.S. Possessions Corporations	Biannually	Forms 1120- <i>Corporate Income Tax Return</i> , Form 5712- <i>Election to be Treated as a Possessions Corporation</i> and Form 5735- <i>Possessions Corporation Tax Credit Allowed Under Section 936</i>	Industry
Individual Foreign Tax Credit and Foreign Earned Income	Every fifth year	Form 1040- <i>U.S. Individual Tax Return</i> , Form 1116- <i>Foreign Tax Credit</i> , and Form 2555- <i>Foreign Earned Income</i>	Country, size of adjusted gross income
Foreign Recipients of U.S. Income	Annually	Form 1042S- <i>Foreign Person's U.S. Source Income Subject to Withholding</i>	Country of residence, principal type of income, and recipient type

Footnotes at end of table.

Statistics of Income Studies of International Income and Taxes

Table 1.--Summary of Current Data Sources and Available Data for International Studies--Continued

Study	Frequency ¹	Sources of data	Classified by
Nonresident Alien Estates	Biannually	Form 706NA- <i>United States Estate (and Generation-Skipping Transfer) Tax Return: Estate of Nonresident Not a Citizen of the United States</i>	Tax status, size of U.S. gross estate
Foreign Trusts	Every fourth year	Form 3520- <i>Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts</i> and Form 3520-A- <i>Annual Information Return of a Foreign Trust with a U.S. Owner</i>	Country of foreign trust, size of net income or deficit
Entity Classification	Continuous	Form 8832- <i>Entity Classification Election</i>	Data available upon request only

¹ Frequency refers to current frequency and may not reflect the frequency of the study in prior years.

² FSC provisions have been repealed.

Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

Data Release

The estate tax, one part of the Federal transfer tax system, is incurred on transfers of property at death. This tax applies to the estates of U.S. citizens, resident aliens, and nonresident aliens who die owning property in the United States.

In Filing Years 2003, 2004, and 2005, the majority of all estate tax returns filed were for the estates of decedents who died between 2002 and 2004. For these years, the estate tax for nonresident aliens was incurred by estates with \$60,000 or more in U.S. gross assets. In contrast, the filing threshold for U.S. citizen and resident alien estates was \$1.0 million for 2002 and 2003 and \$1.5 million for 2004, a result of the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) passed by Congress in 2001. This legislation did not affect the filing threshold for nonresident aliens.

The U.S. gross estate of nonresident aliens may be composed of tangible personal or real property, as well as intangible assets such as stock or debt obligations. Tangible personal property and real property owned by the nonresident alien must be physically located in the United States for it to be included in the U.S. gross estate. Intangible property is included in the U.S. gross estate based on different criteria. The stock of U.S. corporations is considered part of the U.S. gross estate regardless of where stock certificates are physically located. Debt obligations issued by a U.S. citizen, resident, business, trust, or Governmental organization are likewise treated as part of the U.S. gross estate of nonresident aliens. For estate tax purposes, the values of the nonresident alien decedent's U.S. assets are based on the fair market value at one of two dates. The decedent's executor or administrator can value the assets at the decedent's date of death or at an alternate valuation date within 6 months after the decedent's date of death if the value of the estate, as well as the estate tax, is reduced between the date of death and the alternate date [1].

In Filing Year 2003, estates of 525 nonresident alien decedents filed Forms 706NA, the Federal estate tax return for nonresident aliens. This number

increased significantly in the successive years, to 606 in Filing Year 2004 and 734 in Filing Year 2005. The growth in the number of these forms filed is due in part to the constant filing threshold noted above, in contrast with the increasing filing threshold for U.S. citizen and resident alien estates.

Within the total number of returns filed, there are two types: treaty status returns and nontreaty status returns (see Figure A). Treaty status returns were filed for nonresident aliens who held assets in the United States worth \$60,000 or more at the time of death and were domiciled in countries with which the U.S. had an applicable estate tax treaty. Different tax options, including a higher unified credit or special deductions, were offered to these estates. Treaty status returns were often filed without dollar amounts or with less information than regular returns, due in part to varying reporting practices among treaty countries. Nontreaty status returns were filed for nonresident aliens who held assets in the United States worth \$60,000 or more at the time of death but were domiciled in countries without an applicable estate tax treaty.

Treaty Status Returns

The United States holds estate tax treaties with 17 countries: Australia, Austria, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, the Netherlands, Norway, the Republic of South Africa, Sweden, Switzerland, and the United Kingdom. The treaties differ among countries, but the basic provisions include mutual administrative assistance between the U.S. and each country and the avoidance of double taxation. This does not mean that treaty status estates are not required to pay U.S. estate tax, but that they are given more tools to reduce the U.S. tax burden and, in some situations, reduce it to zero. Estate tax treaties in some cases also modify the reporting requirements under U.S. domestic law. Accordingly, data for treaty status returns and nontreaty status returns are presented separately.

Between Filing Years 2003 and 2005, the number of treaty status returns filed each year increased significantly, as did the combined total amounts of U.S. total gross estate and net estate tax liability (see Figure B). In Filing Year 2003, there were 398 treaty status returns filed, with nearly half, 183, for

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Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

Figure A

Form 706NA Returns Filed in 2003, 2004, and 2005, by Type of Return

Type of return	2003		2004		2005	
	Number of returns	Percentage of total	Number of returns	Percentage of total	Number of returns	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total ¹	525	100.0	606	100.0	734	100.0
Treaty status returns.....	398	75.8	459	75.7	567	77.2
Nontreaty status returns.....	127	24.2	147	24.3	167	22.8

¹ Excludes 4 incomplete returns for 2003 and 4 incomplete returns for 2004. These returns had combined taxable estates of at least \$1 million for 2003 and \$250,000 for 2004.

NOTE: Detail may not add to 100 percent due to rounding.

Figure B

Form 706NA Treaty Status Returns Filed in 2003, 2004, and 2005: Number of Returns, U.S. Total Gross Estate, and Net Estate Tax, by Selected Domicile at Death

Domicile at death	2003			2004			2005		
	Number of returns	U.S. total gross estate ¹	Net estate tax	Number of returns	U.S. total gross estate ¹	Net estate tax	Number of returns	U.S. total gross estate ¹	Net estate tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All countries	398	125,467,292	13,285,826	459	176,931,380	20,826,378	567	292,435,144	28,607,762
Canada.....	183	53,117,023	3,897,567	184	50,548,096	7,066,544	224	165,956,141	13,994,955
Germany.....	82	19,539,242	2,242,217	133	28,853,969	4,067,588	146	42,421,538	2,832,703
United Kingdom.....	49	12,115,085	2,854,987	72	70,462,346	4,660,410	82	27,289,328	1,776,293
Japan.....	27	13,177,823	2,254,850	19	8,818,810	2,138,057	27	16,800,016	3,034,962
Switzerland.....	11	10,618,734	206,989	18	6,434,588	596,062	14	12,638,493	4,058,420
France.....	11	2,862,994	196,508	6	327,078	45,363	21	11,331,633	1,202,431
Italy.....	9	6,632,773	423,141	7	4,627,193	1,243,742	12	3,760,093	216,367
Australia.....	6	4,511,148	896,188	7	3,199,623	783,183	8	2,266,120	135,953
Other treaty countries..	20	2,892,470	313,379	13	3,659,677	225,429	33	9,971,782	1,355,678

¹ Gross estate is shown at the value used to determine estate tax liability. The value could be determined as of date of death or within 6 months thereafter (i.e., alternate valuation).

NOTE: Detail may not add to 100 percent due to rounding.

decedents domiciled in Canada. Germany and the United Kingdom had the second and third most decedents who owned U.S. assets at the time of death and met the filing requirements, 82 and 49, respectively.

In Filing Year 2004, the number of treaty status returns filed increased to 459. As in the prior year, Canada had the most decedents with U.S. assets at the time of death, 184, followed by Germany and the United Kingdom, with 133 and 72, respectively. The number of treaty status returns filed in Filing Year 2005 increased to 567, with most of the decedents last domiciled in the same three countries.

Treaty status returns reported a combined \$125.5 million in U.S. assets in Filing Year 2003. In Filing Year 2004, this amount increased significantly to \$176.9 million and in Filing Year 2005 reached \$292.4

million. Similarly, the combined net estate tax liability of treaty status returns increased from \$13.3 million in Filing Year 2003 to \$20.8 million in Filing Year 2004 and \$28.6 million in Filing Year 2005.

Nontreaty Status Returns

In Filing Year 2003, there were 127 returns filed for decedents who were domiciled in non-treaty countries at the time of death (see Figure C). These nontreaty status returns reported a combined \$48.4 million in U.S. total gross estate. The six returns with U.S. total gross estate of \$1.0 million or more combined for \$17.3 million, over a third of the total. In contrast, returns with U.S. total gross estate below \$250,000 combined for less than 20.0 percent of the total, despite constituting more than half of the population.

Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

Figure C

Form 706NA Nontreaty Status Returns Filed in 2003, 2004, and 2005: Number of Returns and U.S. Total Gross Estate, by Size of Gross Estate

Size of U.S. total gross estate	U.S. Total Gross Estate, Tax Purposes ¹								
	2003			2004			2005		
	Number of returns	Percentage of total	U.S. total gross estate	Number of returns	Percentage of total	U.S. total gross estate	Number of returns	Percentage of total	U.S. total gross estate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	127	100.0	48,380,380	147	100.0	71,606,279	167	100.0	109,977,332
Less than \$60,000 ²	**	**	**	--	--	--	--	--	--
\$60,000 under \$100,000.....	** 22	** 17.3	** 1,616,601	30	20.4	2,239,328	39	23.4	3,073,423
\$100,000 under \$250,000.....	48	37.8	7,665,380	51	34.7	7,740,783	61	36.5	9,882,205
\$250,000 under \$500,000.....	40	31.5	14,294,609	32	21.8	11,619,180	34	20.4	12,003,288
\$500,000 under \$1 million.....	11	8.7	7,473,029	23	15.6	16,243,149	19	11.4	13,699,610
\$1 million and over.....	6	4.7	17,330,761	11	7.5	33,763,839	14	8.4	71,318,806

** Data combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

¹ Gross estate is shown at the value used to determine estate tax liability. The value could be determined as of date of death or within 6 months thereafter (i.e., alternate valuation).

² Due to alternate valuation, some estates fall below the filing threshold of \$60,000.

NOTE: Detail may not add to 100 percent due to rounding.

Data for Filing Years 2004 and 2005 show a similar concentration of U.S. total gross estate at the top of the wealth distribution. In 2004, only 11 of the 147 nontreaty status returns reported a U.S. estate worth \$1.0 million or more. Yet these returns from elite estates combined for nearly \$33.8 million in U.S. total gross estate, nearly half of the \$71.6 million reported by all estates combined. In 2005, the 14 returns with \$1.0 million or more in U.S. estate combined for more than \$71.3 million in U.S. estate, nearly 64.9 percent of the total. Returns with a U.S.

estate below \$250,000 comprised the majority in both years--76.9 percent in 2004 and 80.2 percent in 2005.

Figure D shows the asset composition of nontreaty status, nonresident alien U.S. estates for Filing Years 2003, 2004, and 2005. For each filing year, stocks and real estate accounted for most of the U.S. total gross estate. Stocks comprised 46.2 percent of U.S. estate in 2003, 43.8 percent in 2004, and 42.0 percent in 2005, while real estate made up 36.5 percent, 34.8 percent, and 34.3 percent, respectively. Cash and money market accounts made up 5.7

Figure D

Form 706NA Nontreaty Status Returns Filed in 2003, 2004, and 2005: Composition of U.S. Total Gross Estate, by Asset Type

Asset type	2003		2004		2005	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
Total	48,380,380	100.0	71,606,279	100.0	109,977,332	100.0
Stocks ¹	22,368,211	46.2	31,389,723	43.8	46,149,878	42.0
Real estate ²	17,638,605	36.5	24,895,765	34.8	37,728,296	34.3
Cash and money market accounts ³	2,738,546	5.7	8,251,429	11.5	4,273,313	3.9
Bonds ⁴	1,253,494	2.6	1,631,137	2.3	10,084,601	9.2
All other assets.....	4,381,524	9.1	5,438,225	7.6	11,741,244	10.7

¹ Stocks category contains the value of publicly traded stock and stock in closely held corporations. The value of mutual funds that are comprised mainly of stock is also included.

² Real estate category includes the value of all real estate and the value of real estate partnerships and real estate investment trusts (REITs).

³ Money market accounts category contains cash management accounts, ready asset accounts, and other banking or checking type accounts held in brokerage accounts.

⁴ Bonds category contains the value of corporate, Federal, State, and local government bonds. The value of mutual funds that are comprised mainly of these bonds is also included.

NOTE: Detail may not add to 100 percent due to rounding.

Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

percent of the U.S. estate in 2003, 11.5 percent in 2004, and 3.9 percent in 2005.

Data Sources and Limitations

Since 1995, SOI has conducted an annual study of Federal estate tax returns filed for nonresident aliens (Forms 706NA). The data for Filing Years 2003, 2004, and 2005 were extracted from Forms 706NA that are filed in the Philadelphia Submission Processing Center. For each year, nonresident alien estate tax returns were examined for the population of filers. Therefore, the amounts shown in this article are pre-audit population figures, not estimates.

Explanation of Selected Terms

Brief definitions of some of the terms used in the text and tables are provided below:

Adjusted taxable estate.--Adjusted taxable estate is equal to the sum of taxable estate and adjusted taxable gifts.

Adjusted taxable gifts.--Certain gifts of tangible or intangible property located in the United States and made during the life of an individual who died before 1982 were automatically included in gross estate. However, for the estate of an individual who died after 1981, these gifts were not generally included in the gross estate. Instead, they were added to the taxable estate, creating the "adjusted taxable estate" for the purposes of determining the "estate tax before credits."

Charitable deduction.--This was the deduction allowable for a decedent's contributions to qualifying charitable organizations.

Estate tax before credits.--This was the tax obtained by applying the graduated estate tax rates to the adjusted taxable estate reduced by the amount of Federal gift taxes previously paid.

Federal gift taxes previously paid.--Credit was allowed against the estate tax for the Federal gift tax paid on gifts made by a decedent before 1977. No credit, apart from the unified credit, was allowed for any gift tax paid on gifts made after 1976.

Marital deduction.--This is equal to the value of property interests passing from the decedent to the surviving spouse and was taken as a deduction from the "total gross estate." Unless an estate tax treaty allows otherwise, the marital deduction was allowed only if the surviving spouse was a U.S. citizen or if the property passed to a qualified domestic trust described in IRC section 2056A.

Net estate tax.--This was the estate's tax liability after credits for State death taxes, foreign death taxes, tax on prior transfers, and Federal gift taxes previously paid were subtracted from gross estate tax. In addition to these credits, a "unified credit," graduated according to the year of death and a "credit" for gift taxes paid on post-1976 gifts, are allowed (see also "unified credit").

Nonresident alien decedent.--A nonresident alien decedent is neither domiciled in, nor a citizen of, the United States at the time of death. According to IRS definition, a citizen of a U.S. possession is not a U.S. citizen.

Nontaxable returns.--Nontaxable returns were those with no estate tax liability after credits.

Other tax credits.--This was the sum of the tax credits for death taxes paid to foreign governments and Federal gift taxes previously paid. It also included a tax credit for Federal estate tax paid on property received by the decedent or the estate from a transferor who died within 10 years before, or 2 years after, the decedent. This credit was intended to lessen the burden of double taxation between successive estates whose owners had died within a short period of time. Depending on the time that elapsed between the deaths, a credit was allowed for all or part of the Federal estate tax paid by the transferor's estate with respect to the transfer.

Tax on prior transfers.--A tax credit was allowed for Federal estate tax paid on property received by the decedent or the estate from a transferor who died within 10 years before, or 2 years after, the decedent. The credit was intended to lessen the burden of double taxation between successive estates whose owners had died within a short period of time. Depending on the time that elapsed between the deaths, a credit was allowed for all or part of the Federal estate tax paid by the transferor's estate with respect to the transfer.

Taxable estate.--Taxable estate was the base to which the graduated Federal estate tax rates were applied in computing the estate tax before credits. Taxable estate is equal to the value of the "total gross estate" less deductions for the following: funeral and administrative expenses; casualty and theft losses; debts, mortgages, losses, and other claims against the estate, including pledges to charitable organizations; bequests to the surviving spouse; and the "employee stock ownership plan" (ESOP) deduction (included in the statistics for "other expenses and losses").

Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

Taxable returns.--Taxable returns were those with estate tax liability after credits.

Unified credit.--The unified credit, so called because it is used for both estate and gift tax purposes, is applied as a dollar-for-dollar reduction of the estate tax. (The unified credit represents the amount of tax on that part of gross estate that is below the filing requirement.) The credit must be used to offset

gift taxes on lifetime transfers made after 1976. However, to the extent it is so used, the amount of credit available at death is reduced.

Note

[1] See Internal Revenue Code section 2032 for a full explanation of alternate value.

Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

Table 1.--Nonresident Alien Estate Tax Returns with Nontreaty Status Filed in 2003: Gross Estate in the U.S., Outside the U.S., and Worldwide, and U.S. Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Tax Status and Size of U.S. Gross Estate

[Money amounts are in whole dollars]

Tax status, size of U.S. gross estate	Total gross estate, U.S. tax purposes ¹		Total gross estate, outside the U.S.		Total gross estate, worldwide		Real estate ²	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, taxable and nontaxable.....	127	48,380,380	127	365,549,288	127	413,929,672	84	17,638,605
Less than \$100,000.....	22	1,616,601	22	4,614,676	22	6,231,277	14	948,888
\$100,000 under \$500,000.....	88	21,959,989	88	350,646,401	88	372,606,394	61	12,334,630
\$500,000 or more.....	17	24,803,790	17	10,288,211	17	35,092,001	9	4,355,087
Taxable returns	102	37,701,447	102	151,436,551	102	189,138,002	69	14,132,979
Nontaxable returns.....	25	10,678,933	25	214,112,737	25	224,791,670	15	3,505,626

Tax status, size of U.S. gross estate	Stocks ³		Bonds ⁴		Mixed mutual funds ⁵		Cash and money market accounts ⁶	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All returns, taxable and nontaxable.....	54	22,368,211	19	1,362,911	9	195,289	33	2,738,546
Less than \$100,000.....	7	439,933	**	**	**	**	4	43,234
\$100,000 under \$500,000.....	34	5,529,054	**13	**985,008	**5	**43,466	21	1,802,698
\$500,000 or more.....	13	16,399,224	6	377,903	4	151,823	8	892,614
Taxable returns	42	17,390,938	12	1,077,198	3	117,302	23	1,654,534
Nontaxable returns.....	12	4,977,273	7	285,713	6	77,987	10	1,084,012

Tax status, size of U.S. gross estate	All other assets		Funeral expenses		Attorneys' fees		Other expenses and losses	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, taxable and nontaxable.....	40	4,076,818	22	299,796	25	875,474	31	1,377,522
Less than \$100,000.....	**	**	**	**	5	46,000	3	7,677
\$100,000 under \$500,000.....	**32	**1,449,679	**16	**220,972	16	776,974	22	791,718
\$500,000 or more.....	8	2,627,139	6	78,824	4	52,500	6	578,127
Taxable returns	32	3,328,496	15	228,974	19	714,532	22	840,066
Nontaxable returns.....	8	748,322	7	70,822	6	160,942	9	537,456

Tax status, size of U.S. gross estate	Debts and mortgages		Marital and charitable deductions		Total allowable deductions		Taxable estate	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
All returns, taxable and nontaxable.....	22	2,432,163	16	10,197,784	63	12,817,627	122	36,758,124
Less than \$100,000.....	**	**	--	--	7	41,523	22	1,575,078
\$100,000 under \$500,000.....	**16	**1,699,101	9	3,010,058	46	4,641,749	85	18,118,759
\$500,000 or more.....	6	733,062	7	7,187,726	10	8,134,355	15	17,064,287
Taxable returns	15	1,810,216	3	579,692	42	2,571,524	102	35,129,805
Nontaxable returns.....	7	621,947	13	9,618,092	21	10,246,103	20	1,628,319

Footnotes at end of table.

Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

Table 1.--Nonresident Alien Estate Tax Returns with Nontreaty Status Filed in 2003: Gross Estate in the U.S., Outside the U.S., and Worldwide, and U.S. Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Tax Status and Size of U.S. Gross Estate--Continued

[Money amounts are in whole dollars]

Tax status, size of U.S. gross estate	Adjusted taxable estate		Estate tax before credits		Allowable unified credit	
	Number (33)	Amount (34)	Number (35)	Amount (36)	Number (37)	Amount (38)
All returns, taxable and nontaxable.....	122	36,774,231	122	12,446,468	119	1,576,899
Less than \$100,000.....	22	1,575,078	22	354,248	**	**
\$100,000 under \$500,000.....	85	18,134,866	85	5,137,868	**105	**1,394,899
\$500,000 or more.....	15	17,064,287	15	6,954,352	14	182,000
Taxable returns	102	35,129,805	102	12,042,230	99	1,280,783
Nontaxable returns.....	20	1,628,319	20	404,238	20	296,116

Tax status, size of U.S. gross estate	State death tax credit		Net estate tax	
	Number (39)	Amount (40)	Number (41)	Amount (42)
All returns, taxable and nontaxable.....	54	431,400	102	10,453,636
Less than \$100,000.....	**	**	17	88,922
\$100,000 under \$500,000.....	**49	**350,151	74	3,673,612
\$500,000 or more.....	5	81,249	11	6,691,102
Taxable returns.....	51	367,949	102	10,453,636
Nontaxable returns.....	3	63,451	--	--

** Data combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

¹ Gross estate is shown at the value used to determine estate tax liability. The value can be calculated at the date of death or within 6 months thereafter (i.e., alternate valuation method).

² Real estate category includes the value of all real estate and the value of real estate partnerships and real estate investment trusts (REITs).

³ Stocks category contains the value of corporate stock and stock in closely held corporations. The value of mutual funds that are comprised mainly of stock is also included.

⁴ Bonds category contains the value of Federal, State, and local government bonds. The value of mutual funds that are comprised mainly of these bonds is also included.

⁵ Mixed mutual funds category contains the value of funds that contain assets that are not identified. Therefore, this category may contain the value of stock, bonds, and other assets in mutual funds.

⁶ Money market accounts category contains cash management accounts, ready asset accounts, and other banking or checking type accounts held in brokerage accounts.

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

Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

Table 2.--Nonresident Alien Estate Tax Returns with Nontreaty Status Filed in 2004: Gross Estate in the U.S., Outside the U.S., and Worldwide, and U.S. Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Tax Status and Size of U.S. Gross Estate

[Money amounts are in whole dollars]

Tax status, size of U.S. gross estate	Total gross estate, U.S. tax purposes ¹		Total gross estate, outside the U.S.		Total gross estate, worldwide		Real estate ²	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, taxable and nontaxable.....	147	71,606,279	147	106,118,030	147	177,724,309	96	24,895,765
Less than \$100,000.....	30	2,239,328	30	9,235,559	30	11,474,887	19	1,214,385
\$100,000 under \$500,000.....	83	19,359,963	83	40,093,039	83	59,453,002	58	12,425,549
\$500,000 or more.....	34	50,006,988	34	56,789,432	34	106,796,420	19	11,255,831
Taxable returns	126	57,613,142	126	89,847,725	126	147,460,867	86	21,942,772
Nontaxable returns.....	21	13,993,137	21	16,270,305	21	30,263,442	10	2,952,993

Tax status, size of U.S. gross estate	Stocks ³		Bonds ⁴		Mixed mutual funds ⁵		Cash and money market accounts ⁶	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All returns, taxable and nontaxable.....	58	31,389,723	15	1,677,209	9	1,656,135	43	8,251,429
Less than \$100,000.....	13	700,006	**	**	**	**	6	159,603
\$100,000 under \$500,000.....	23	3,753,766	**10	**323,772	**6	**668,170	26	1,989,178
\$500,000 or more.....	22	26,935,951	5	1,353,437	3	987,965	11	6,102,648
Taxable returns	48	25,055,831	12	509,624	9	1,656,135	34	4,836,017
Nontaxable returns.....	10	6,333,892	3	1,167,585	--	--	9	3,415,412

Tax status, size of U.S. gross estate	All other assets		Funeral expenses		Attorneys' fees		Other expenses or losses	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, taxable and nontaxable.....	37	3,736,018	37	278,846	31	1,055,845	43	872,922
Less than \$100,000.....	6	165,334	6	41,460	4	36,550	10	95,755
\$100,000 under \$500,000.....	21	199,528	24	183,262	20	250,357	24	585,886
\$500,000 or more.....	10	3,371,156	7	54,124	7	768,938	9	191,281
Taxable returns	31	3,612,763	29	214,585	25	973,304	36	781,333
Nontaxable returns.....	6	123,255	8	64,261	6	82,541	7	91,589

Tax status, size of U.S. gross estate	Debts and mortgages		Marital and charitable deductions		Total allowable deductions		Taxable estate	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
All returns, taxable and nontaxable.....	29	3,186,655	17	11,875,126	88	23,935,223	139	50,072,969
Less than \$100,000.....	**	**	**	**	15	132,467	29	2,107,511
\$100,000 under \$500,000.....	**22	**2,050,168	**11	**4,245,059	50	6,253,303	79	15,507,869
\$500,000 or more.....	7	1,136,487	6	7,630,067	23	17,549,453	31	32,457,589
Taxable returns	22	2,601,036	6	3,174,596	68	9,255,248	126	48,355,999
Nontaxable returns.....	7	585,619	11	8,700,530	20	14,679,975	13	1,716,970

Footnotes at end of table.

Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

Table 2.--Nonresident Alien Estate Tax Returns with Nontreaty Status Filed in 2004: Gross Estate in the U.S., Outside the U.S., and Worldwide, and U.S. Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Tax Status and Size of U.S. Gross Estate--Continued

[Money amounts are in whole dollars]

Tax status, size of U.S. gross estate	Adjusted taxable estate		Estate tax before credits		Allowable unified credit	
	Number	Amount	Number	Amount	Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)
All returns, taxable and nontaxable.....	139	50,072,970	139	17,129,129	136	2,033,383
Less than \$100,000.....	29	2,107,511	29	474,012	**	**
\$100,000 under \$500,000.....	79	15,507,870	79	4,331,959	**105	**1,431,499
\$500,000 or more.....	31	32,457,589	31	12,323,158	31	601,884
Taxable returns	126	48,355,999	126	16,630,371	***	***
Nontaxable returns.....	13	1,716,970	13	498,758	***	***

Tax status, size of U.S. gross estate	State death tax credit		Net estate tax	
	Number	Amount	Number	Amount
	(39)	(40)	(41)	(42)
All returns, taxable and nontaxable.....	57	628,518	126	14,394,338
Less than \$100,000.....	**	**	26	124,411
\$100,000 under \$500,000.....	**40	**252,252	71	3,206,005
\$500,000 or more.....	17	376,266	29	11,063,922
Taxable returns.....	***	***	126	14,394,338
Nontaxable returns.....	***	***	--	--

** Data combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

*** Data deleted to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

¹ Gross estate is shown at the value used to determine estate tax liability. The value can be calculated at the date of death or within 6 months thereafter (i.e., alternate valuation method).

² Real estate category includes the value of all real estate and the value of real estate partnerships and real estate investment trusts (REITS).

³ Stocks category contains the value of corporate stock and stock in closely held corporations. The value of mutual funds that are comprised mainly of stock is also included.

⁴ Bonds category contains the value of Federal, State, and local government bonds. The value of mutual funds that are comprised mainly of these bonds is also included.

⁵ Mixed mutual funds category contains the value of funds that contain assets that are not identified. Therefore, this category may contain the value of stock, bonds, and other assets in mutual funds.

⁶ Money market accounts category contains cash management accounts, ready asset accounts, and other banking or checking type accounts held in brokerage accounts.

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

Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

Table 3.--Nonresident Alien Estate Tax Returns with Nontreaty Status Filed in 2005: Gross Estate in the U.S., Outside the U.S., and Worldwide, and U.S. Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Tax Status and Size of U.S. Gross Estate

[Money amounts are in whole dollars]

Tax status, size of U.S. gross estate	Total gross estate, U.S. tax purposes ¹		Total gross estate, outside the U.S.		Total gross estate, worldwide		Real estate ²	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, taxable and nontaxable.....	167	109,977,332	167	215,267,233	167	325,244,553	92	37,728,296
Less than \$100,000.....	39	3,073,423	39	60,083,620	39	63,157,043	14	1,060,383
\$100,000 under \$500,000.....	95	21,885,493	95	56,672,830	95	78,558,311	58	12,828,328
\$500,000 or more.....	33	85,018,416	33	98,510,783	33	183,529,199	20	23,839,585
Taxable returns	152	83,180,869	152	155,916,828	152	239,097,685	85	36,222,046
Nontaxable returns.....	15	26,796,463	15	59,350,405	15	86,146,868	7	1,506,250

Tax status, size of U.S. gross estate	Stocks ³		Bonds ⁴		Mixed mutual funds ⁵		Cash and money market accounts ⁶	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All returns, taxable and nontaxable.....	63	46,149,878	15	10,084,601	11	2,221,281	43	4,273,313
Less than \$100,000.....	18	1,249,081	**	**	**	**	10	397,665
\$100,000 under \$500,000.....	32	5,521,072	**7	**482,729	**7	**597,114	20	1,524,451
\$500,000 or more.....	13	39,379,725	8	9,601,872	4	1,624,167	13	2,351,197
Taxable returns	59	26,801,145	***	***	***	***	39	2,585,075
Nontaxable returns.....	4	19,348,733	***	***	***	***	4	1,688,238

Tax status, size of U.S. gross estate	All other assets		Funeral expenses		Attorneys' fees		Other expenses or losses	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
All returns, taxable and nontaxable.....	41	9,519,963	47	781,341	36	1,249,861	54	4,727,370
Less than \$100,000.....	4	183,377	10	122,081	4	32,900	9	140,632
\$100,000 under \$500,000.....	24	1,114,716	24	228,863	18	330,794	28	3,092,037
\$500,000 or more.....	13	8,221,870	13	430,397	14	886,167	17	1,494,701
Taxable returns	34	5,386,545	41	665,285	32	1,127,307	48	3,413,688
Nontaxable returns.....	7	4,133,418	6	116,056	4	122,554	6	1,313,682

Tax status, size of U.S. gross estate	Debts and mortgages		Marital and charitable deductions		Total allowable deductions		Taxable estate	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
All returns, taxable and nontaxable.....	25	4,985,088	12	26,092,689	93	31,265,920	160	78,711,291
Less than \$100,000.....	**	**	**	**	23	296,681	38	2,776,628
\$100,000 under \$500,000.....	**16	**1,914,303	**8	**1,097,597	47	2,785,900	91	19,099,586
\$500,000 or more.....	9	3,070,785	4	24,995,092	23	28,183,339	31	56,835,077
Taxable returns	21	3,931,384	3	490,676	78	4,897,954	152	78,282,909
Nontaxable returns.....	4	1,053,704	9	25,602,013	15	26,367,966	8	428,382

Footnotes at end of table.

Federal Estate Tax Returns Filed for Nonresident Aliens, 2003, 2004, and 2005

Table 3.--Nonresident Alien Estate Tax Returns with Nontreaty Status Filed in 2005: Gross Estate in the U.S., Outside the U.S., and Worldwide, and U.S. Gross Estate by Type of Property, Deductions, Taxable Estate, Estate Tax, and Tax Credits, by Tax Status and Size of U.S. Gross Estate--Continued
 [Money amounts are in whole dollars]

Tax status, size of U.S. gross estate	Adjusted taxable estate		Estate tax before credits		Allowable unified credit	
	Number	Amount	Number	Amount	Number	Amount
	(33)	(34)	(35)	(36)	(37)	(38)
All returns, taxable and nontaxable.....	160	78,790,611	160	29,511,158	152	2,112,629
Less than \$100,000.....	38	2,776,628	38	628,361	34	436,601
\$100,000 under \$500,000.....	91	19,099,596	91	5,357,701	87	1,098,639
\$500,000 or more.....	31	56,914,387	31	23,525,096	31	577,389
Taxable returns	152	78,362,228	152	29,418,356	***	***
Nontaxable returns.....	8	428,383	8	92,802	***	***

Tax status, size of U.S. gross estate	State death tax credit		Net estate tax	
	Number	Amount	Number	Amount
	(39)	(40)	(41)	(42)
All returns, taxable and nontaxable.....	60	1,155,916	152	26,349,775
Less than \$100,000.....	6	16,119	33	186,154
\$100,000 under \$500,000.....	38	324,557	89	4,004,012
\$500,000 or more.....	16	815,240	30	22,159,609
Taxable returns.....	***	***	152	26,349,775
Nontaxable returns.....	***	***	--	--

** Data combined to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

*** Data deleted to prevent disclosure of individual taxpayer data. However, the data are included in the appropriate totals.

¹ Gross estate is shown at the value used to determine estate tax liability. The value can be calculated at the date of death or within 6 months thereafter (i.e., alternate valuation method).

² Real estate category includes the value of all real estate and the value of real estate partnerships and real estate investment trusts (REITS).

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⁶ Money market accounts category contains cash management accounts, ready asset accounts, and other banking or checking type accounts held in brokerage accounts.

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

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1995-2004
Page 175

Table 2.--Individual Income Tax Data, by State and Size of Adjusted Gross Income, Tax Year 2005
(See *SOI Bulletin, Spring 2006 (25-4)*)

Table 3.--Number of Individual Income Tax Returns, Income, Exemptions and Deductions, Tax, and Average Tax, by Size of Adjusted Gross Income, Tax Years 2002-2004
Page 179

Table 4.--Comparison of Personal Income in the National Income and Product Accounts (NIPA) with Adjusted Gross Income (AGI), for Specified Tax Years, 1985-2003
Page 181

Table 5.--Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1950-2003
Page 182

Table 6.--Total Adjusted Gross Income Estimated from National Income and Product Accounts (NIPA) and as Reported on Individual Income Tax Returns per Statistics of Income (SOI), Tax Years 1950-2003
Page 183

Table 7.--Standard, Itemized, and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1950-2004
Page 184

Table 8.--Personal Income per National Income and Product Accounts (NIPA), and Taxable Income and Individual Income Tax per Statistics of Income (SOI), Tax Years 1950-2004
Page 185

Table 9.--Number of Individual Income Tax Returns, by Type of Tax Settlement, Tax Years 1950-2004
Page 186

Table 10.--Nonfarm Sole Proprietorship Returns: Selected Income Statement Items for Specified Income Years, 1998-2004
Page 187

Table 11.--Partnership Returns: Selected Balance Sheet and Income Statement Items for Specified Income Years, 1998-2004
Page 188

Table 12.--Number of Business Income Tax Returns, by Size of Business for Specified Income Years, 1998-2004
Page 189

Table 13.--Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Specified Income Years, 1998-2004
Page 191

Table 14a.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by Standard Industrial Classification (SIC) Industrial Division, Specified Income Years, 1985-1997
Page 193

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003
Page 196

Table 15.--Corporation Profits Before Tax per National Income and Product Accounts (NIPA) and per Statistics of Income (SOI), and Income Subject to Tax per SOI, Income Years 1960-2004
Page 203

Table 16.--Nonprofit Charitable Organization and Domestic Private Foundation Information Returns, and Tax-Exempt Organization Business Income Tax Returns: Selected Financial Data, 1995-2002
Page 204

Table 17.--Estate Tax Returns as a Percentage of Adult Deaths, Selected Years of Death, 1934-2002
Page 205

Table 18.--Treasury Department Gross Tax Collections: Amount Collected by Quarter and Fiscal Year, 1987-2006
Page 206

Table 19.--Internal Revenue Tax Refunds: Amount Refunded by Quarter and Fiscal Year, 1987-2006
Page 208

Selected Historical and Other Data

Table 20.--Individual Income Tax Refund Offsets for Repayment of Specific Outstanding Taxpayer Obligations or Debts, by Selected Type of Program or U.S. Government Agency to Which Amount Was Owed, Calendar Years of Offset, 1988-2005

Page 210

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005

Page 212

Table 22.--Selected Returns and Forms Filed or To Be Filed by Type During Specified Calendar Years, 1990-2007

Page 218

Table 23.--Taxpayers Receiving Assistance, Paid and Unpaid, Specified Tax Years 1999-2004

Page 220

Notes to Selected Historical and Other Data Tables

Page 221

Appendix to Selected Historical and Other Data Tables

Table A.--U.S. Individual Income Tax: Personal Exemptions and Lowest and Highest Bracket Tax Rates, and Tax Base for Regular Tax, Tax Years 1913-2005

Page 247

Table B.--U.S. Corporation Income Tax: Tax Brackets and Rates, 1909-2004

Page 249

Notes to Appendix Tables

Page 252

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

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1995-2004

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

Item	1995	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns ¹	118,218,327	127,075,145	129,373,500	130,255,237	130,076,443	130,423,626	132,226,042
Form 1040 returns ¹	64,774,724	74,165,814	78,846,102	80,500,011	80,748,948	80,420,043	80,603,689
Form 1040A returns ¹	24,463,262	26,961,302	28,826,589	28,293,817	28,714,328	29,631,494	30,527,631
Form 1040EZ returns ¹	21,644,177	20,752,420	21,700,809	21,461,409	20,613,167	20,372,089	21,049,722
Form 1040PC returns ¹	7,102,740	5,195,609	N/A	N/A	N/A	N/A	N/A
Electronically-filed returns ¹	14,724,219	35,495,320	40,078,595	46,861,486	52,798,823	61,154,815	68,380,152
Returns by filing status:							
Joint returns.....	49,036,410	49,900,030	50,268,249	51,034,384	51,302,089	51,510,779	51,975,649
Returns of married persons filing separately.....	2,627,963	2,385,646	2,486,719	2,441,481	2,330,723	2,320,275	2,453,292
Returns of heads of households.....	15,551,213	17,781,482	18,208,359	18,493,710	19,170,266	19,506,611	19,647,748
Returns of surviving spouses.....	115,370	80,870	63,800	74,242	73,577	83,179	82,188
Returns of single persons.....	50,887,371	56,927,117	58,346,372	58,211,420	57,199,788	57,002,781	58,067,165
Returns with Presidential Election Campaign Fund checkoff: ²							
Number of returns.....	14,935,134	14,208,181	13,958,259	14,240,945	13,143,595	12,198,321	11,613,401
Amount.....	67,860	61,090	60,685	60,801	56,567	52,361	50,202
Number of boxes checked.....	21,443,077	18,306,408	19,741,877	20,266,894	18,857,672	17,453,770	16,733,962
Adjusted gross income (AGI) ³	4,189,353,615	5,855,467,909	6,365,376,648	6,170,603,942	6,033,585,532	6,207,108,793	6,788,805,130
Salaries and wages:							
Number of returns.....	101,138,551	108,183,782	110,168,714	111,227,450	110,938,441	110,890,993	112,369,812
Amount.....	3,201,456,569	4,132,473,459	4,456,167,438	4,565,229,218	4,559,690,903	4,649,900,493	4,921,806,344
Taxable interest received: ⁴							
Number of returns.....	67,028,830	67,218,877	68,046,458	67,479,816	63,584,806	59,459,344	57,605,888
Amount.....	154,780,536	175,675,236	199,321,670	198,177,814	149,024,899	127,159,692	125,474,158
Tax-exempt interest: ⁵							
Number of returns.....	5,006,129	4,801,877	4,658,345	4,557,381	4,453,829	4,524,955	4,416,851
Amount.....	48,518,428	52,513,007	53,951,877	55,582,376	54,564,465	53,750,230	52,031,763
Dividends in AGI: ^{4,6}							
Number of returns.....	26,214,195	32,226,492	34,140,605	32,621,151	31,409,759	30,475,097	30,687,178
Amount.....	94,592,325	132,465,522	146,987,679	119,533,324	103,241,332	115,141,232	146,838,808
Qualified dividends in AGI: ⁶							
Number of returns.....	n.a.	n.a.	n.a.	n.a.	n.a.	22,449,379	24,549,867
Amount.....	n.a.	n.a.	n.a.	n.a.	n.a.	80,994,736	110,500,411
Business or profession net income: ⁷							
Number of returns.....	12,217,261	13,165,318	13,312,586	13,611,559	13,750,982	14,442,334	15,057,938
Amount.....	191,809,620	233,746,237	244,598,112	249,507,231 ^f	256,878,740	268,581,833	290,224,776
Business or profession net loss: ^{7,8}							
Number of returns.....	3,955,590	4,146,807	4,287,423	4,406,790	4,846,323	4,973,314	5,194,140
Amount.....	22,466,293	25,332,170	30,732,759	32,734,734	36,095,167	38,926,548	43,007,488
Net capital gain in AGI: ^{6,9}							
Number of returns.....	14,829,385	22,497,646	22,645,728	12,630,577	9,969,731	9,081,384	10,875,231
Amount.....	180,130,460	552,604,872	644,284,795	348,132,997	268,202,336	322,973,738	497,227,695
Net capital loss in AGI: ^{6,10}							
Number of returns.....	5,133,540	5,202,857	6,875,037	10,839,824	13,279,894	12,808,303	11,513,428
Amount.....	9,715,254	9,846,756	13,742,364	22,964,034	29,833,878	28,952,022	25,492,046
Sales of property other than capital assets, net gain: ¹¹							
Number of returns.....	802,688	834,575	827,490	772,632	789,392	798,662	857,903
Amount.....	5,734,820	6,557,503	7,445,007	7,208,365	7,291,728	8,138,821	10,473,327
Sales of property other than capital assets, net loss: ¹¹							
Number of returns.....	974,545	898,350	872,562	843,253	938,985	955,198	892,031
Amount.....	8,744,858	8,269,794	8,364,141	9,105,361	9,678,258	8,469,180	7,970,811
Pensions and annuities in AGI: ¹²							
Number of returns.....	18,414,601	21,343,646	21,765,211	22,262,774	22,794,417	22,822,842	23,123,390
Amount.....	221,053,045	304,310,714	325,827,702	338,745,409	357,840,960	372,931,442	394,285,849
Unemployment compensation: ¹³							
Number of returns.....	7,985,322	6,775,723	6,478,292	8,799,886	10,334,639	10,065,230	9,094,911
Amount.....	19,336,423	17,530,779	16,913,305	26,890,925	43,129,155	44,007,879	32,740,272

See notes at end of this section.

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1995-2004
--Continued

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

Item	1995	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Adjusted gross income (AGI)--continued							
Social Security benefits in AGI: ¹⁴							
Number of returns.....	6,598,033	9,459,189	10,608,572	10,779,280	10,702,502	10,975,002	11,691,859
Amount.....	45,715,361	75,078,976	89,964,021	93,559,363	93,459,494	97,768,201	110,462,387
Rent net income: ⁷							
Number of returns.....	4,358,760	4,355,533	4,200,588	4,226,121	4,228,529	4,086,160	4,078,981
Amount.....	35,165,713	43,459,764	45,099,159	47,307,618	49,265,943	49,236,378	50,640,786
Rent net loss: ⁷							
Number of returns.....	4,903,387	4,616,526	4,520,263	4,504,545	4,500,788	4,529,086	4,731,529
Amount.....	27,437,709	28,341,505	30,309,122	31,057,269	34,253,712	37,558,496	44,672,209
Royalty net income: ¹⁵							
Number of returns.....	1,096,821	1,117,408	1,103,851	1,133,409	1,118,018	1,242,840	1,296,467
Amount.....	5,010,334	6,482,226	7,997,803	10,630,523	8,013,942	10,729,655	12,421,989
Royalty net loss: ¹⁵							
Number of returns.....	36,680	46,926	36,033	46,313	38,389	32,790	31,654
Amount.....	84,550	131,699	100,895	89,482	140,775	123,569	186,747
Partnership and S corporation net income: ¹⁶							
Number of returns.....	3,566,632	4,154,776	4,179,537	4,356,933	4,329,316	4,453,988	4,738,228
Amount.....	166,418,667	269,757,830	285,424,865	301,558,966	314,665,137	333,029,137	398,690,527
Partnership and S corporation net loss: ^{8,16}							
Number of returns.....	2,055,062	2,121,841	2,120,784	2,139,574	2,394,105	2,552,592	2,498,144
Amount.....	40,666,189	58,685,867	72,511,266	76,448,871	76,697,948	78,972,015	82,697,364
Estate or trust net income:							
Number of returns.....	506,584	516,024	556,534	493,247	539,946	499,416	507,008
Amount.....	6,870,734	10,975,854	12,134,000	12,378,332	12,459,427	13,498,758	15,436,171
Estate or trust net loss:							
Number of returns.....	41,050	40,071	39,026	44,096	41,508	33,117	35,710
Amount.....	816,719	1,092,143	1,127,838	2,158,566	1,219,102	1,083,966	1,435,566
Farm net income:							
Number of returns.....	726,065	725,782	703,083	649,173	556,331	592,019	588,823
Amount.....	8,192,174	9,201,162	8,270,319	7,656,704	6,324,051	7,472,503	7,371,027
Farm net loss: ⁸							
Number of returns.....	1,493,178	1,320,526	1,358,701	1,357,698	1,438,741	1,405,097	1,416,076
Amount.....	16,041,814	15,444,078	17,305,037	18,661,484	20,743,770	19,843,995	20,610,232
Total statutory adjustments:							
Number of returns ¹⁷	18,208,887	22,659,973	23,197,425	23,497,092	28,911,078	30,382,069	32,153,965
Amount ¹⁷	41,139,577	56,698,800	58,609,518	60,572,768	77,161,432	87,575,677	98,046,679
Educator expenses:							
Number of returns.....	N/A	N/A	N/A	N/A	2,884,403	3,240,673	3,402,468
Amount.....	N/A	N/A	N/A	N/A	712,505	805,734	858,457
Individual Retirement Arrangements: ¹⁸							
Number of returns.....	4,300,722	3,687,149	3,505,032	3,448,457	3,277,671	3,418,494	3,330,763
Amount.....	8,338,014	7,883,438	7,477,074	7,406,866	9,462,404	10,006,814	10,028,607
Student loan interest deduction:							
Number of returns.....	N/A	4,136,505	4,477,986	4,405,667	6,640,784	6,953,370	7,527,249
Amount.....	N/A	2,254,531	2,639,472	2,711,733	4,469,546	4,409,816	4,398,734
Tuition and fees deduction:							
Number of returns.....	N/A	N/A	N/A	N/A	3,444,941	3,571,154	4,710,253
Amount.....	N/A	N/A	N/A	N/A	6,154,145	6,683,631	10,589,279
Medical savings account deduction: ¹⁹							
Number of returns.....	N/A	50,393	65,415	69,957	61,118	67,347	32,334
Amount.....	N/A	81,977	120,330	123,296	121,282	129,214	66,602
Keogh and self-employed retirement plans:							
Number of returns.....	1,032,102	1,264,007	1,287,706	1,290,496	1,186,947	1,208,801	1,201,332
Amount.....	8,734,145	11,928,242	12,475,396	13,114,412	16,349,738	17,795,957	19,295,952
Deduction for self-employment tax:							
Number of returns.....	12,849,084	14,029,609	14,300,141	14,574,036	14,664,473	15,373,279	15,920,203
Amount.....	13,341,810	16,689,650	17,392,967	18,134,959	18,687,162	19,791,285	21,109,366

See notes at end of this section.

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1995-2004
--Continued

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

Item	1995	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total statutory adjustments--continued							
Self-employed health insurance: ²⁰							
Number of returns.....	3,011,145	3,491,539	3,564,624	3,559,792	3,571,152	3,802,277	3,883,687
Amount.....	2,601,145	6,755,071	7,569,198	8,177,397	10,494,247	16,454,211	18,457,063
Exemptions:							
Number of exemptions, total.....	237,164,486	248,657,119	252,332,427	256,186,046	258,716,374	261,126,373	263,896,304
Amount..... ²¹	584,509,487	669,241,317	690,109,474	727,554,990	761,440,430	781,305,067	800,690,043
Number of boxes checked for taxpayer's age 65 or over..... ²¹	19,450,417	21,785,802	22,475,999	22,825,923	22,948,745	23,178,832	23,790,587
Primary taxpayer.....	13,875,464	15,760,847	16,159,749	16,443,262	16,444,649	16,626,808	16,961,345
Spouse.....	5,574,953	6,024,955	6,316,250	6,382,661	6,504,096	6,552,024	6,829,242
Total deductions:							
Number of returns..... ²²	117,230,454	125,999,671	128,204,824	128,800,540	128,302,742	128,592,872	130,351,990
Amount..... ²²	940,958,666	1,205,337,338	1,293,181,391	1,366,435,851	1,390,114,852	1,457,644,886	1,559,171,075
Standard deductions: ²³							
Number of returns.....	83,222,737	85,755,366	85,670,504	84,238,233	82,655,191	84,643,281	84,016,753
Amount.....	413,584,632	463,960,491	470,820,881	466,971,032	477,170,045	539,921,089	545,082,218
Returns with additional standard deductions for age 65 or over or blindness:							
Number of returns.....	10,809,600	11,200,024	11,330,554	11,116,629	10,857,098	11,200,647	10,985,079
Amount.....	12,319,288	14,264,309	14,735,998	14,936,559	14,897,487	15,858,963	15,850,401
Itemized deductions: ²⁴							
Number of returns.....	34,007,717	40,244,305	42,534,320	44,562,308	45,647,551	43,949,591	46,335,237
Amount..... ²⁴	527,374,034	741,376,847	822,360,510	884,528,260	898,047,320	901,864,834	998,238,457
Medical and dental expense: ²⁵							
Number of returns.....	5,351,066	5,884,418	6,513,104	7,571,522	8,547,481	8,678,320	9,530,675
Amount.....	26,964,295	35,375,998	39,251,004	47,071,726	52,276,395	56,007,076	61,503,014
Taxes paid: ²⁶							
Number of returns.....	33,530,277	39,564,240	41,823,555	43,797,188	44,793,590	43,061,888	46,009,291
Amount.....	188,643,888	265,365,133	294,711,547	307,974,817	302,653,989	310,896,704	362,608,853
Interest paid: ²⁷							
Number of returns.....	28,704,828	33,705,780	35,405,336	36,800,610	37,637,017	36,211,578	38,110,298
Amount.....	215,077,974	291,552,907	322,931,506	349,900,751	351,495,773	340,319,125	356,355,994
Home mortgage interest paid:							
Number of returns.....	28,350,260	33,267,570	34,914,116	36,331,190	37,216,044	35,797,375	37,691,995
Amount.....	203,074,312	272,148,740	299,963,368	330,692,376	336,570,649	325,191,983	340,476,440
Charitable contributions:							
Number of returns.....	30,540,637	35,523,471	37,524,825	39,386,782	40,399,695	38,626,902	40,623,426
Amount.....	74,991,519	125,798,548	140,681,631	139,241,476	140,571,365	145,702,137	165,564,388
Taxable income:							
Number of returns.....	94,612,292	102,845,571	105,259,292	104,174,654	102,275,969	101,392,812	102,737,959
Amount.....	2,813,826,386	4,136,119,714	4,544,242,424	4,268,506,425	4,096,127,651	4,200,218,439	4,670,165,637
Income tax before credits: ^{28, 29}							
Number of returns.....	94,497,909	102,834,362	105,277,966	104,195,834	102,293,722	101,412,777	102,740,921
Amount.....	596,168,654	906,811,755	1,018,218,948	933,567,474	836,842,718	790,005,881	884,342,703
Tax credits:							
Number of returns..... ^{30, 31}	15,240,064	36,621,595	37,736,095	49,792,710	40,614,049	41,091,029	41,694,252
Total amount..... ^{30, 31}	10,040,198	35,892,344	37,722,293	45,631,198	39,862,411	41,995,756	52,366,870
Child care credit:							
Number of returns.....	5,964,253	6,182,193	6,368,101	6,184,507	6,185,855	6,313,297	6,316,649
Amount.....	2,517,962	2,675,147	2,793,860	2,721,061	2,706,539	3,206,890	3,337,984
Credit for the elderly or disabled:							
Number of returns.....	251,524	181,813	155,796	139,097	133,538	123,147	107,914
Amount.....	48,028	33,629	32,608	30,496	21,119	20,257	18,740
Child tax credit: ³²							
Number of returns.....	N/A	26,016,019	26,404,521	26,452,875	25,939,801	25,672,254	25,988,711
Amount.....	N/A	19,398,625	19,689,359	22,427,229	21,520,271	22,788,025	32,300,455
Education credits:							
Number of returns.....	N/A	6,436,654	6,815,316	7,212,554	6,475,134	7,298,227	7,180,884
Amount.....	N/A	4,772,443	4,851,178	5,156,254	4,882,853	5,843,029	6,016,805

See notes at end of this section.

Selected Historical and Other Data

Table 1.--Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1995-2004
--Continued

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

Item	1995	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Tax credits--continued							
Retirement savings contributions credit:							
Number of returns.....	N/A	N/A	N/A	N/A	5,307,176	5,296,688	5,288,732
Amount.....	N/A	N/A	N/A	N/A	1,058,219	1,034,394	1,011,506
Foreign tax credit:							
Number of returns.....	1,730,566	3,266,544	3,935,699	3,942,604	3,748,974	4,145,174	4,700,259
Amount.....	2,965,313	4,941,010	5,990,360	6,254,559	5,933,600	5,805,555	6,757,994
General business credit:							
Number of returns.....	267,527	287,658	275,116	269,648	284,720	262,738	248,506
Amount.....	702,906	783,920	764,253	713,974	750,855	612,744	635,391
Income tax after credits: ²⁸							
Number of returns.....	89,233,118	94,511,758	96,815,794	94,763,163	90,963,775	88,921,898	89,101,934
Amount.....	586,128,456	870,919,411	980,496,655	887,936,276	796,980,307	748,010,125	831,975,834
Total income tax: ³³							
Number of returns.....	89,252,989	94,546,080	96,817,602	94,763,530	90,963,896	88,921,904	89,101,934
Amount.....	588,419,030	877,401,489	980,645,201	887,973,968	796,986,268	748,017,488	831,976,333
Alternative minimum tax: ³⁴							
Number of returns.....	414,106	1,018,063	1,304,198	1,120,047	1,910,789	2,357,975	3,096,299
Amount.....	2,290,576	6,477,697	9,600,840	6,756,705	6,853,901	9,469,803	13,029,239
Earned income credit: ³⁵							
Number of returns.....	19,334,397	19,258,715	19,277,225	19,593,122	21,703,187	22,024,227	22,269,577
Amount.....	25,955,575	31,901,107	32,296,341	33,375,971	38,198,572	38,657,067	40,024,050
Used to offset income tax before credits:							
Number of returns.....	7,850,841	5,352,300	5,416,246	4,412,721	4,168,977	3,606,251	2,975,197
Amount.....	3,145,736	1,918,065	1,968,680	1,470,200	1,114,948	926,381	767,524
Used to offset other taxes:							
Number of returns.....	2,909,053	3,137,122	3,147,876	3,506,426	4,106,193	4,401,160	4,630,477
Amount.....	1,980,998	2,378,860	2,523,703	2,862,938	3,346,682	3,718,355	3,957,021
Excess earned income credit (refundable):							
Number of returns.....	15,177,901	16,049,812	16,125,542	16,631,224	18,780,033	19,162,460	19,448,355
Amount.....	20,828,840	27,604,182	27,803,959	29,042,833	33,736,942	34,012,332	35,299,505
Tax payments, total:							
Number of returns..... ³⁶	111,098,864	119,809,259	122,243,874	123,451,339	120,083,021	123,461,513	124,989,700
Amount..... ³⁶	670,131,074	981,100,157	1,084,868,447	1,076,500,696	953,697,397	974,543,079	1,036,118,363
Income tax withheld: ³⁷							
Number of returns.....	102,436,220	111,193,931	113,733,442	114,798,386	114,861,744	114,861,706	116,312,978
Amount.....	495,484,153	695,526,980	763,901,388	773,325,891	717,492,263	703,758,484	731,734,362
Excess Social Security tax withheld:							
Number of returns.....	1,033,189	1,377,613	1,640,582	1,436,746	1,145,352	1,121,141	1,242,604
Amount.....	1,081,454	1,712,649	2,184,849	1,915,349	1,564,478	1,566,411	1,727,641
Estimated tax payments: ³⁸							
Number of returns.....	11,903,592	13,169,356	13,326,669	13,167,855	12,434,579	11,576,213	10,996,504
Amount.....	122,489,252	196,915,946	221,621,893	220,195,712	198,177,595	182,906,911	188,770,357
Payments with requests for extension of filing time: ³⁹							
Number of returns.....	1,368,994	1,510,206	1,610,937	1,448,214	1,235,156	1,333,579	1,518,779
Amount.....	24,929,343	53,984,319	63,396,711	42,495,018	36,321,934	38,303,188	59,268,206
Tax due at time of filing:							
Number of returns.....	29,734,331	29,200,902	30,624,423	24,581,130	22,818,761	21,072,333	24,452,350
Amount.....	71,153,015	119,091,512	134,944,362	91,822,703	82,287,723	73,741,408	99,683,782
Tax overpayments, total: ⁴⁰							
Number of returns.....	85,348,771	94,827,237	95,921,082	102,310,896	103,462,884	105,361,848	103,706,648
Amount.....	119,462,121	182,049,186	196,198,780	236,982,082	239,784,002	254,553,541	255,064,839
Overpayment refunds:							
Number of returns.....	82,744,440	91,600,741	93,000,030	99,011,975	100,143,606	102,004,984	100,674,244
Amount.....	104,537,379	155,513,635	167,577,365	202,274,032	205,987,348	219,751,889	221,371,474

See notes at end of this section.

Selected Historical and Other Data

Table 3.--Number of Individual Income Tax Returns, Income, Exemptions and Deductions, Tax, and Average Tax, by Size of Adjusted Gross Income, Tax Years 2002-2004

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

Size of adjusted gross income	Number of returns			Adjusted gross income or deficit		
	2002	2003	2004	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)
Total	130,076,443	130,423,626	132,226,042	6,033,585,532	6,207,108,793	6,788,805,130
No adjusted gross income ^{1,2}	1,752,457	1,813,840	1,854,886	-80,192,750	-80,477,587	- 86,318,215
\$1 under \$1,000 ²	1,812,110	1,710,663	1,767,390	1,028,189	954,013	984,991
\$1,000 under \$3,000 ²	4,832,988	4,899,842	4,812,040	9,835,110	9,777,515	9,793,284
\$3,000 under \$5,000 ²	5,163,776	5,087,124	5,091,014	20,664,036	20,307,229	20,318,047
\$5,000 under \$7,000	5,019,326	5,064,951	4,789,612	30,092,034	30,293,817	28,729,457
\$7,000 under \$9,000	4,977,282	5,103,627	5,010,688	39,783,173	40,745,684	39,981,535
\$9,000 under \$11,000.....	5,061,799	4,972,862	4,813,678	50,702,341	49,836,139	48,205,019
\$11,000 under \$13,000	4,748,173	4,644,450	4,619,552	56,974,191	55,628,362	55,322,510
\$13,000 under \$15,000	4,808,347	4,719,522	4,558,080	67,289,532	66,114,003	63,779,262
\$15,000 under \$17,000	4,632,156	4,655,029	4,598,321	74,014,744	74,401,429	73,531,516
\$17,000 under \$19,000	4,508,626	4,459,546	4,504,928	81,156,450	80,240,246	81,105,296
\$19,000 under \$22,000	6,522,571	6,318,493	6,160,471	133,706,690	129,399,460	126,011,160
\$22,000 under \$25,000	5,650,213	5,692,051	5,722,762	132,575,256	133,640,924	134,278,064
\$25,000 under \$30,000	8,574,575	8,541,753	8,512,113	234,951,863	234,588,964	233,540,422
\$30,000 under \$40,000	13,980,104	13,957,258	13,915,453	485,696,239	484,774,627	482,760,301
\$40,000 under \$50,000	10,550,457	10,452,445	10,571,409	472,821,957	467,518,980	473,380,843
\$50,000 under \$75,000.....	17,396,916	17,372,492	18,047,126	1,066,616,794	1,065,749,827	1,109,616,155
\$75,000 under \$100,000.....	9,247,839	9,542,599	10,119,515	794,489,072	820,884,076	872,398,173
\$100,000 under \$200,000.....	8,422,603	8,878,643	9,735,569	1,109,689,065	1,170,179,856	1,288,319,611
\$200,000 under \$500,000	1,908,466	1,999,016	2,348,163	548,814,753	576,309,296	676,794,600
\$500,000 under \$1,000,000.....	336,684	356,140	433,145	227,044,247	241,211,330	293,369,864
\$1,000,000 under \$1,500,000	78,121	81,695	103,964	94,072,610	98,875,460	125,552,749
\$1,500,000 under \$2,000,000.....	31,316	34,016	45,104	53,782,124	58,497,902	77,754,757
\$2,000,000 under \$5,000,000	44,205	48,278	65,548	130,305,117	142,219,690	194,470,800
\$5,000,000 under \$10,000,000.....	10,026	11,168	15,835	68,251,296	76,311,438	108,191,995
\$10,000,000 or more	5,309	6,126	9,677	129,421,398	159,126,112	256,932,933

Size of adjusted gross income	Personal exemptions and total deductions			Taxable income ³		
	2002	2003	2004	2002	2003	2004
	(7)	(8)	(9)	(10)	(11)	(12)
Total	2,151,555,282	2,238,949,953	2,359,861,118	4,096,127,651	4,200,218,439	4,670,165,637
No adjusted gross income ^{1,2}	8,370,181	8,675,128	9,328,549	--	--	--
\$1 under \$1,000 ²	8,855,810	9,910,991	10,716,508	9,896	8,626	9,691
\$1,000 under \$3,000 ²	28,389,468	31,077,061	30,432,889	353,201	276,350	289,949
\$3,000 under \$5,000 ²	39,960,916	41,910,540	41,395,297	395,581	333,635	340,921
\$5,000 under \$7,000	45,600,646	47,745,987	45,069,558	2,025,806	1,876,190	1,796,890
\$7,000 under \$9,000	50,502,811	53,643,139	52,766,531	3,745,836	3,568,174	3,392,909
\$9,000 under \$11,000.....	56,969,639	56,589,271	55,587,385	7,217,563	7,286,496	6,675,881
\$11,000 under \$13,000	54,002,395	54,874,304	56,458,759	11,611,674	10,881,335	10,408,324
\$13,000 under \$15,000	57,353,476	57,758,092	57,684,267	16,184,372	16,085,533	14,476,845
\$15,000 under \$17,000	55,605,184	59,112,693	59,722,085	21,888,062	20,146,006	19,767,376
\$17,000 under \$19,000	56,509,518	58,750,540	59,605,274	27,351,521	25,175,830	25,136,857
\$19,000 under \$22,000	83,630,471	84,710,975	84,290,194	52,623,811	47,896,951	45,497,638
\$22,000 under \$25,000	74,641,180	78,328,558	79,677,101	59,627,203	57,639,442	56,725,067
\$25,000 under \$30,000	115,640,897	122,775,717	122,805,010	121,068,620	114,185,800	113,029,248
\$30,000 under \$40,000	203,827,001	213,265,987	215,492,251	284,041,793	273,848,438	269,409,156
\$40,000 under \$50,000	176,949,588	181,704,244	184,621,322	296,662,439	286,911,458	290,236,146
\$50,000 under \$75,000.....	350,940,396	359,053,564	381,425,867	716,811,409	707,527,353	729,503,069
\$75,000 under \$100,000.....	233,730,324	244,048,161	262,607,828	561,237,747	577,227,012	610,458,963
\$100,000 under \$200,000.....	277,447,089	295,030,870	326,060,860	832,980,233	875,871,197	962,802,185
\$200,000 under \$500,000	91,780,608	93,872,172	111,781,085	457,567,015	482,851,392	565,602,397
\$500,000 under \$1,000,000.....	28,020,122	28,534,605	33,453,478	199,225,455	212,835,816	260,116,504
\$1,000,000 under \$1,500,000	10,634,396	10,580,317	12,904,342	83,569,923	88,369,158	112,688,920
\$1,500,000 under \$2,000,000.....	5,776,814	6,038,155	7,839,873	48,059,469	52,503,976	69,942,269
\$2,000,000 under \$5,000,000	13,542,781	14,117,760	18,613,228	116,903,427	128,218,696	176,063,515
\$5,000,000 under \$10,000,000.....	7,027,686	7,809,742	10,354,672	61,268,835	68,513,593	97,901,784
\$10,000,000 or more	15,845,882	19,031,382	29,166,907	113,696,760	140,179,982	227,893,131

See notes at end of this section.

Selected Historical and Other Data

Table 3.--Number of Individual Income Tax Returns, Income, Exemptions and Deductions, Tax, and Average Tax, by Size of Adjusted Gross Income, Tax Years 2002-2004--Continued

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

Size of adjusted gross income	Total income tax			Percentage of returns showing no total income tax		
	2002	2003	2004	2002	2003	2004
	(13)	(14)	(15)	(16)	(17)	(18)
Total	796,986,268	748,017,488	831,976,333	30.1	31.8	32.6
No adjusted gross income ^{1,2}	124,380	78,578	86,064	99.7	99.8	99.8
\$1 under \$1,000 ²	898	16,345	726	95.4	95.8	95.2
\$1,000 under \$3,000 ²	39,664	25,999	22,658	91.2	92.6	92.3
\$3,000 under \$5,000 ²	43,481	30,614	31,691	89.9	92.1	94.1
\$5,000 under \$7,000	215,288	187,811	171,582	70.4	72.3	70.1
\$7,000 under \$9,000	352,620	334,350	311,163	68.3	70.6	72.2
\$9,000 under \$11,000.....	642,801	630,750	555,337	51.0	49.8	53.4
\$11,000 under \$13,000	1,090,930	971,360	921,669	47.8	49.6	50.8
\$13,000 under \$15,000	1,470,430	1,406,837	1,244,855	49.9	48.7	51.5
\$15,000 under \$17,000	2,085,024	1,785,236	1,733,670	39.7	47.7	49.1
\$17,000 under \$19,000	2,633,409	2,245,211	2,264,302	38.4	43.1	42.8
\$19,000 under \$22,000	4,944,001	4,367,181	4,023,617	58.8	39.8	41.3
\$22,000 under \$25,000	5,648,796	5,281,191	5,091,570	35.4	36.3	38.1
\$25,000 under \$30,000	12,329,287	11,036,040	10,675,321	23.8	28.7	31.3
\$30,000 under \$40,000	32,654,711	29,737,819	28,213,040	10.9	15.1	18.9
\$40,000 under \$50,000	38,114,016	34,635,213	33,915,520	4.9	7.5	10.4
\$50,000 under \$75,000	101,820,331	94,256,193	92,955,349	1.3	2.0	3.9
\$75,000 under \$100,000.....	93,655,145	84,253,116	85,557,202	0.4	0.6	1.0
\$100,000 under \$200,000.....	175,140,747	163,342,407	175,205,533	0.2	0.2	0.2
\$200,000 under \$500,000	124,764,596	120,711,552	139,227,163	0.1	0.1	0.1
\$500,000 under \$1,000,000.....	63,370,780	60,180,642	71,339,306	0.1	0.1	0.1
\$1,000,000 under \$1,500,000	27,479,397	25,551,466	31,072,424	0.2	0.1	0.1
\$1,500,000 under \$2,000,000.....	15,890,811	15,316,006	19,435,625	0.2	0.1	0.1
\$2,000,000 under \$5,000,000	38,692,291	36,905,426	47,962,105	0.1	0.1	0.1
\$5,000,000 under \$10,000,000.....	20,044,370	19,313,636	25,756,272	0.2	0.1	0.1
\$10,000,000 or more	33,738,065	35,416,509	54,202,568	0.2	0.2	0.1

Size of adjusted gross income	Returns showing total income tax					
	Average tax (whole dollars)			Tax as a percentage of AGI		
	2002	2003	2004	2002	2003	2004
	(19)	(20)	(21)	(22)	(23)	(24)
Total	8,762	8,412	9,337	14.1	13.0	13.3
No adjusted gross income ^{1,2}	26,274	17,377	18,890	(4)	(4)	(4)
\$1 under \$1,000 ²	11	229	9	1.2	26.7	1.0
\$1,000 under \$3,000 ²	94	72	61	4.8	4.0	2.7
\$3,000 under \$5,000 ²	84	76	105	1.9	1.7	0.8
\$5,000 under \$7,000	145	134	120	2.4	2.3	1.4
\$7,000 under \$9,000	224	223	223	2.7	2.7	2.0
\$9,000 under \$11,000.....	259	253	247	2.6	2.5	2.8
\$11,000 under \$13,000	441	415	406	3.7	3.5	3.9
\$13,000 under \$15,000	611	582	563	4.4	4.1	4.6
\$15,000 under \$17,000	747	733	740	4.7	4.6	6.0
\$17,000 under \$19,000	948	884	879	5.3	4.9	6.9
\$19,000 under \$22,000	1,214	1,149	1,113	5.9	5.6	4.7
\$22,000 under \$25,000	1,548	1,457	1,437	6.6	6.2	2.4
\$25,000 under \$30,000	1,886	1,812	1,825	6.9	6.6	8.5
\$30,000 under \$40,000	2,622	2,508	2,500	7.5	7.2	7.2
\$40,000 under \$50,000	3,800	3,582	3,582	8.5	8.0	8.0
\$50,000 under \$75,000	5,931	5,536	5,357	9.7	9.0	8.7
\$75,000 under \$100,000.....	10,169	8,882	8,538	11.8	10.3	9.9
\$100,000 under \$200,000.....	20,831	18,432	18,028	15.8	14.0	13.6
\$200,000 under \$500,000	65,452	60,453	59,350	22.8	21.0	20.6
\$500,000 under \$1,000,000.....	188,463	169,166	164,839	27.9	25.0	24.3
\$1,000,000 under \$1,500,000	352,318	313,177	299,098	29.3	25.9	24.8
\$1,500,000 under \$2,000,000.....	508,213	450,683	431,280	29.6	26.2	25.0
\$2,000,000 under \$5,000,000	876,541	765,117	732,235	29.7	26.0	24.7
\$5,000,000 under \$10,000,000.....	2,003,435	1,730,613	1,627,363	29.4	25.3	23.8
\$10,000,000 or more	6,370,481	5,792,690	5,604,070	26.1	22.4	21.1

See notes at end of this section.

Selected Historical and Other Data

Table 4.--Comparison of Personal Income in the National Income and Product Accounts (NIPA) with Adjusted Gross Income (AGI), for Specified Tax Years, 1985-2003

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

Income and adjustment items	1985	1990	1995	2000	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
Personal income (per NIPA) ¹.....	3,526.7	4,878.6	6,152.3	8,429.7	8,881.9	9,169.1
Less: Portion of personal income not included in AGI.....	1,248.2	1,669.9	2,234.2	2,971.3	3,243.9	3,359.9
Nontaxable transfer payments.....	401.9	551.2	797.5	962.0	1,126.5	1,180.1
Employer contributions to employee pension and insurance funds.....	281.5	377.8	493.6	609.9	745.1	830.0
Imputed income ²	84.9	114.1	186.7	265.8	294.8	271.8
Investment income of life insurance carriers and pension plans	204.2	304.2	369.1	497.3	432.0	421.8
Investment income received by nonprofit institutions or retained by fiduciaries.....	37.5	51.6	60.0	75.6	60.0	57.8
Net differences in accounting treatment (NIPA vs. IRS)	83.4	110.4	83.8	159.4	146.0	127.2
Other excluded or tax-exempt income	154.8	160.6	243.4	401.4	439.5	471.3
Plus: Portion of AGI not included in personal income.....	353.1	589.7	841.7	1,667.1	1,338.9	1,439.6
Personal contributions for social insurance	133.6	203.7	268.8	359.2	384.8	396.6
Net gain from the sale of assets.....	69.8	115.7	167.4	645.4	236.4	294.0
Taxable pensions	145.0	215.9	293.2	414.2	462.7	488.9
Small business corporation income.....	6.3	36.4	79.2	128.2	138.5	148.6
Other types of income.....	-1.7	18.1	33.2	120.0	116.5	111.5
Equals: BEA-derived adjusted gross income.....	2,631.6	3,798.4	4,759.8	7,125.4	6,976.8	7,248.8
Adjusted gross income, SOI.....	2,306.0	3,405.4	4,189.4	6,365.4	6,033.6	6,207.1
Adjusted gross income (AGI) gap ³.....	325.6	393.0	570.4	760.1	943.2	1,041.7
AGI gap as a percentage of						
BEA-derived AGI	12.4	10.3	12.0	10.7	13.5	14.4
AGI of IRS as a percentage of						
BEA-derived AGI	87.6	89.7	88.0	89.3	86.5	85.6

See notes at end of this section.

Selected Historical and Other Data

Table 5.--Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1950-2003

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

Tax year	Personal income (per NIPA) ^{1,2}	Total adjusted gross income (AGI) (per NIPA) ^{1,2,3}	Difference	
			Amount ^{2,3}	Percentage of personal income ^{2,3}
	(1)	(2)	(3)	(4)
1950.....	229.0	202.5	26.5	11.6
1951.....	258.0	229.3	28.7	11.1
1952.....	275.4	241.6	33.8	12.3
1953.....	291.9	256.1	35.8	12.3
1954.....	294.5	257.3	37.2	12.6
1955.....	316.1	278.7	37.4	11.8
1956.....	339.6	299.4	40.2	11.8
1957.....	358.7	312.6	46.1	12.9
1958.....	369.0	315.8	53.2	14.4
1959.....	392.8	341.8	51.0	13.0
1960.....	411.5	354.0	57.5	14.0
1961.....	429.0	368.0	61.0	14.2
1962.....	456.7	390.0	66.7	14.6
1963.....	479.6	411.0	68.6	14.3
1964.....	514.6	443.9	70.7	13.7
1965.....	555.7	480.6	75.1	13.5
1966.....	603.9	521.2	82.7	13.7
1967.....	648.3	551.3	97.0	15.0
1968.....	712.0	605.6	106.4	14.9
1969.....	778.5	659.8	118.7	15.2
1970.....	838.8	696.4	142.4	17.0
1971.....	903.5	742.8	160.7	17.8
1972.....	992.7	824.5	168.2	16.9
1973.....	1,110.7	925.0	185.7	16.7
1974.....	1,222.6	1,003.5	219.1	17.9
1975.....	1,335.0	1,046.8	288.2	21.6
1976.....	1,474.8	1,168.0	306.8	20.8
1977.....	1,633.2	1,296.1	337.1	20.6
1978.....	1,837.7	1,466.4	371.3	20.2
1979.....	2,062.2	1,654.1	408.1	19.8
1980.....	2,307.9	1,830.3	477.6	20.7
1981.....	2,591.3	2,016.3	575.0	22.2
1982.....	2,775.3	2,098.6	676.7	24.4
1983.....	2,960.7	2,225.6	735.1	24.8
1984.....	3,289.5	2,472.6	816.9	24.8
1985.....	3,526.7	2,631.6	895.1	25.4
1986.....	3,722.4	2,853.2	869.2	23.4
1987.....	3,947.4	3,121.1	826.3	20.9
1988.....	4,253.7	3,411.9	841.8	19.8
1989.....	4,587.8	3,649.7	938.1	20.4
1990.....	4,878.6	3,798.4	1,080.2	22.1
1991.....	5,051.0	3,856.8	1,194.2	23.6
1992.....	5,362.0	4,092.0	1,270.0	23.7
1993.....	5,558.5	4,245.4	1,313.1	23.6
1994.....	5,842.5	4,473.7	1,368.8	23.4
1995.....	6,152.3	4,759.8	1,392.5	22.6
1996.....	6,520.6	5,144.5	1,376.1	21.1
1997.....	6,915.1	5,578.0	1,337.1	19.3
1998.....	7,423.0	6,120.2	1,302.8	17.6
1999.....	7,802.4	6,553.5	1,248.9	16.0
2000.....	8,429.7	7,125.4	1,304.3	15.5
2001.....	8,724.1	7,005.0	1,719.1	19.7
2002.....	8,881.9	6,976.8	1,905.1	21.4
2003.....	9,169.1	7,248.8	1,920.3	20.9

See notes at end of this section.

Selected Historical and Other Data

Table 6.--Total Adjusted Gross Income Estimated from National Income and Product Accounts (NIPA) and as Reported on Individual Income Tax Returns per Statistics of Income (SOI), Tax Years 1950-2003

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

Tax year	Adjusted gross income (AGI)		Difference	
	Total (per NIPA) ^{2,3}	Reported on tax returns (per SOI) ³	Amount ³	Percentage of total (per NIPA) ³
	(1)	(2)	(3)	(4)
1950.....	202.5	179.1	23.4	11.6
1951.....	229.3	202.3	27.0	11.8
1952.....	241.6	215.3	26.3	10.9
1953.....	256.1	228.7	27.4	10.7
1954.....	257.3	229.2	28.1	10.9
1955.....	278.7	248.5	30.2	10.8
1956.....	299.4	267.7	31.7	10.6
1957.....	312.6	280.3	32.3	10.3
1958.....	315.8	281.2	34.6	11.0
1959.....	341.8	305.1	36.7	10.7
1960.....	354.0	315.5	38.5	10.9
1961.....	368.0	329.9	38.1	10.4
1962.....	390.0	348.7	41.3	10.6
1963.....	411.0	368.8	42.2	10.3
1964.....	443.9	396.7	47.2	10.6
1965.....	480.6	429.2	51.4	10.7
1966.....	521.2	468.5	52.7	10.1
1967.....	551.3	504.8	46.5	8.4
1968.....	605.6	554.4	51.2	8.5
1969.....	659.8	603.5	56.3	8.5
1970.....	696.4	631.7	64.7	9.3
1971.....	742.8	673.6	69.2	9.3
1972.....	824.5	746.0	78.5	9.5
1973.....	925.0	827.1	97.9	10.6
1974.....	1,003.5	905.5	98.0	9.8
1975.....	1,046.8	947.8	99.0	9.5
1976.....	1,168.0	1,053.9	114.1	9.8
1977.....	1,296.1	1,158.5	137.6	10.6
1978.....	1,466.4	1,302.4	164.0	11.2
1979.....	1,654.1	1,465.4	188.7	11.4
1980.....	1,830.3	1,613.7	216.6	11.8
1981.....	2,016.3	1,772.6	243.7	12.1
1982.....	2,098.6	1,852.1	246.5	11.7
1983.....	2,225.6	1,942.6	283.0	12.7
1984.....	2,472.6	2,139.9	332.7	13.5
1985.....	2,631.6	2,306.0	325.6	12.4
1986.....	2,853.2	2,481.7	371.5	13.0
1987.....	3,121.1	2,773.8	347.3	11.1
1988.....	3,411.9	3,083.0	328.9	9.6
1989.....	3,649.7	3,256.4	393.3	10.8
1990.....	3,798.4	3,405.4	393.0	10.3
1991.....	3,856.8	3,464.5	392.3	10.2
1992.....	4,092.0	3,629.1	462.9	11.3
1993.....	4,245.4	3,723.3	522.1	12.3
1994.....	4,473.7	3,907.5	566.2	12.7
1995.....	4,759.8	4,189.4	570.4	12.0
1996.....	5,144.5	4,536.0	608.5	11.8
1997.....	5,578.0	4,969.9	608.1	10.9
1998.....	6,120.2	5,416.0	704.2	11.5
1999.....	6,553.5	5,855.5	698.0	10.7
2000.....	7,125.4	6,365.4	760.0	10.7
2001.....	7,005.0	6,170.6	834.4	11.9
2002.....	6,976.8	6,033.6	943.2	13.5
2003.....	7,248.8	6,207.1	1,041.7	14.4

See notes at end of this section.

Selected Historical and Other Data

Table 7.--Standard, Itemized, and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1950-2004

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

Tax year	Total number of returns	Total deductions		Standard deduction		Itemized deductions	
		Amount ¹	As a percentage of adjusted gross income (AGI) ²	Number of returns ³	Amount ⁴	Number of returns ³	Amount ⁵
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1950.....	53.1	21.9	12.2	42.7	12.0	10.3	9.9
1951.....	55.4	25.2	12.5	43.9	13.3	11.6	11.9
1952.....	56.5	27.3	12.7	43.7	13.7	12.8	13.6
1953.....	57.8	29.8	13.0	43.4	14.2	14.4	15.6
1954.....	56.7	30.7	13.4	41.0	13.3	15.7	17.4
1955.....	58.3	33.6	13.5	40.9	13.6	16.9	20.0
1956.....	59.2	36.4	13.6	40.3	13.8	18.5	22.6
1957.....	59.8	39.5	14.1	39.3	13.8	20.2	25.7
1958.....	59.1	40.7	14.5	37.9	13.2	20.8	27.5
1959.....	60.3	45.4	14.9	37.3	13.4	22.5	32.0
1960.....	61.0	48.4	15.3	36.5	13.1	24.1	35.3
1961.....	61.5	51.3	15.6	35.8	12.9	25.3	38.4
1962.....	62.7	54.8	15.7	35.8	13.1	26.5	41.7
1963.....	63.9	59.2	16.1	35.4	13.1	28.2	46.1
1964.....	65.4	67.0	16.9	38.0	20.2	26.9	46.8
1965.....	67.6	71.4	16.6	39.3	20.6	27.9	50.7
1966.....	70.2	76.4	16.3	41.2	21.8	28.6	54.6
1967.....	71.7	81.7	16.2	41.5	22.1	29.8	59.6
1968.....	73.7	91.3	16.5	41.3	22.1	32.0	69.2
1969.....	75.8	101.8	16.9	40.5	21.6	34.9	80.2
1970.....	74.3	120.5	19.1	38.4	32.4	35.4	88.2
1971.....	74.6	139.9	20.8	43.5	48.1	30.7	91.9
1972.....	77.6	166.4	22.3	50.2	69.8	27.0	96.7
1973.....	80.7	180.6	21.8	52.2	73.6	28.0	107.0
1974.....	83.3	195.5	21.6	53.2	76.1	29.6	119.4
1975.....	82.2	233.2	24.6	55.5	100.9	26.1	122.3
1976.....	84.7	247.6	23.5	58.2	113.8	26.0	133.9
1977.....	86.6	276.2	23.8	58.8	137.7	22.9	138.5
1978.....	89.8	304.3	23.4	59.5	139.8	25.8	164.4
1979.....	92.7	333.0	22.7	60.7	148.8	26.5	184.2
1980.....	93.9	364.0	22.6	59.5	146.0	29.0	218.0
1981.....	95.4	401.2	22.6	58.7	144.7	31.6	256.4
1982.....	95.3	425.2	23.0	56.9	140.2	33.4	284.5
1983.....	96.3	448.7	23.1	56.2	138.5	35.2	309.6
1984.....	99.4	499.6	23.3	56.7	139.5	38.2	358.9
1985.....	101.7	554.7	24.1	57.0	145.0	39.8	405.0
1986.....	103.0	611.3	24.6	56.5	151.0	40.7	447.1
1987.....	107.0	607.2	21.9	69.1	215.2	35.6	392.0
1988.....	109.7	686.0	22.3	76.5	289.6	31.9	395.2
1989.....	112.1	740.4	22.7	79.3	309.4	32.0	431.0
1990.....	113.7	789.9	23.2	80.6	331.5	32.2	458.5
1991.....	114.7	818.8	23.6	81.3	351.1	32.5	467.7
1992.....	113.6	848.5	23.4	80.1	366.5	32.5	481.9
1993.....	114.6	872.5	23.4	80.8	382.1	32.8	490.4
1994.....	115.9	890.8	22.8	81.9	397.1	33.0	493.7
1995.....	118.2	941.0	22.5	83.2	413.6	34.0	527.4
1996.....	120.4	998.6	22.0	84.0	426.1	35.4	572.5
1997.....	122.4	1,062.5	21.4	84.8	441.7	36.6	620.8
1998.....	124.8	1,135.9	21.0	85.6	459.5	38.2	676.5
1999.....	127.1	1,205.3	20.6	85.8	464.0	40.2	741.4
2000.....	129.4	1,293.2	20.3	85.7	470.8	42.5	822.4
2001.....	130.3	1,366.4	22.1	84.2	467.0	44.6	884.5
2002.....	130.1	1,390.1	23.0	82.7	477.2	45.6	898.0
2003.....	130.4	1,457.6	23.5	84.6	539.9	43.9	901.9
2004.....	132.2	1,559.2	23.0	84.0	545.1	46.3	998.2

See notes at end of this section.

Selected Historical and Other Data

Table 8.--Personal Income per National Income and Product Accounts (NIPA), and Taxable Income and Individual Income Tax per Statistics of Income (SOI), Tax Years 1950-2004

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

Tax year	Personal income (per NIPA) ^{1,2}	Taxable income (per SOI) ³		Total income tax (per SOI) ³		
		Amount	As a percentage of personal income	Amount	As a percentage of--	
					Personal income	Taxable income
	(1)	(2)	(3)	(4)	(5)	(6)
1950.....	229.0	84.3	36.8	18.4	8.0	21.8
1951.....	258.0	99.2	38.4	24.2	9.4	24.4
1952.....	275.4	107.2	38.9	27.8	10.1	25.9
1953.....	291.9	114.3	39.2	29.4	10.1	25.7
1954.....	294.5	115.3	39.2	26.7	9.1	23.2
1955.....	316.1	128.0	40.5	29.6	9.4	23.1
1956.....	339.6	141.5	41.7	32.7	9.6	23.1
1957.....	358.7	149.4	41.7	34.4	9.6	23.0
1958.....	369.0	149.3	40.5	34.3	9.3	23.0
1959.....	392.8	166.5	42.4	38.6	9.8	23.2
1960.....	411.5	171.6	41.7	39.5	9.6	23.0
1961.....	429.0	181.8	42.4	42.2	9.8	23.2
1962.....	456.7	195.3	42.8	44.9	9.8	23.0
1963.....	479.6	209.1	43.6	48.2	10.1	23.1
1964.....	514.6	229.9	44.7	47.2	9.2	20.5
1965.....	555.7	255.1	45.9	49.6	8.9	19.4
1966.....	603.9	286.3	47.4	56.1	9.3	19.6
1967.....	648.3	315.1	48.6	63.0	9.7	20.0
1968.....	712.0	352.8	49.6	76.7	10.8	21.7
1969.....	778.5	388.8	49.9	86.6	11.1	22.3
1970.....	838.8	401.2	47.8	83.9	10.0	20.9
1971.....	903.5	414.0	45.8	85.4	9.5	20.6
1972.....	992.7	447.6	45.1	93.6	9.4	20.9
1973.....	1,110.7	511.9	46.1	108.1	9.7	21.1
1974.....	1,222.6	573.6	46.9	123.6	10.1	21.5
1975.....	1,335.0	595.5	44.6	124.5	9.3	20.9
1976.....	1,474.8	674.9	45.8	141.8	9.6	21.0
1977.....	1,633.2	733.8	44.9	159.8	9.8	21.8
1978.....	1,837.7	846.4	46.1	188.2	10.2	22.2
1979.....	2,062.2	926.6	44.9	214.5	10.4	23.1
1980.....	2,307.9	1,045.2	45.3	250.3	10.8	23.9
1981.....	2,591.3	1,170.1	45.2	284.1	11.0	24.3
1982.....	2,775.3	1,231.9	44.4	277.6	10.0	22.5
1983.....	2,960.7	1,300.2	43.9	274.2	9.3	21.1
1984.....	3,289.5	1,447.0	44.0	301.9	9.2	20.9
1985.....	3,526.7	1,550.5	44.0	325.7	9.2	21.0
1986.....	3,722.4	1,665.6	44.7	367.3	9.9	22.1
1987.....	3,947.4	1,850.6	46.9	369.2	9.4	20.0
1988.....	4,253.7	2,070.0	48.7	412.9	9.7	19.9
1989.....	4,587.8	2,173.3	47.4	432.9	9.4	19.9
1990.....	4,878.6	2,263.7	46.4	447.1	9.2	19.8
1991.....	5,051.0	2,284.1	45.2	448.4	8.9	19.6
1992.....	5,362.0	2,395.7	44.7	476.2	8.9	19.9
1993.....	5,558.5	2,453.5	44.1	502.8	9.0	20.5
1994.....	5,842.5	2,598.0	44.5	534.9	9.2	20.6
1995.....	6,152.3	2,813.8	45.7	588.4	9.6	20.9
1996.....	6,520.6	3,089.7	47.4	658.2	10.1	21.3
1997.....	6,915.1	3,429.1	49.6	731.3	10.6	21.3
1998.....	7,423.0	3,780.8	50.9	788.5	10.6	20.9
1999.....	7,802.4	4,136.1	53.0	877.4	11.2	21.2
2000.....	8,429.7	4,544.2	53.9	980.6	11.6	21.6
2001.....	8,724.1	4,268.5	48.9	888.0	10.2	20.8
2002.....	8,881.9	4,096.1	46.1	797.0	9.0	19.5
2003.....	9,169.1	4,200.2	45.8	748.0	8.2	17.8
2004.....	9,713.3	4,649.0	47.9	830.4	8.5	17.9

See notes at end of this section.

Selected Historical and Other Data

Table 9.--Number of Individual Income Tax Returns, by Type of Tax Settlement, Tax Years 1950-2004

[All figures are estimates based on samples--number of returns is in millions]

Tax year	Total number of returns	Number of returns with--		
		Tax due at time of filing	Overpayments ¹	No overpayments or tax due at time of filing
	(1)	(2)	(3)	(4)
1950.....	53.1	14.3	32.0	6.8
1951.....	55.4	18.6	31.0	5.8
1952.....	56.5	19.3	32.1	5.1
1953.....	57.8	19.0	32.7	6.2
1954.....	56.7	16.6	35.2	5.0
1955.....	58.3	18.7	35.4	4.2
1956.....	59.2	19.4	36.1	3.7
1957.....	59.8	18.6	37.6	3.6
1958.....	59.1	18.1	37.4	3.6
1959.....	60.3	19.1	38.4	2.8
1960.....	61.0	18.1	39.4	3.5
1961.....	61.5	18.6	40.0	2.9
1962.....	62.7	18.7	40.9	3.1
1963.....	63.9	19.3	41.4	3.3
1964.....	65.4	22.5	39.3	3.5
1965.....	67.6	20.0	44.3	3.2
1966.....	70.2	17.8	49.4	3.0
1967.....	71.7	17.5	51.2	3.0
1968.....	73.7	20.3	50.6	2.8
1969.....	75.8	17.9	54.9	3.0
1970.....	74.3	16.5	55.3	2.5
1971.....	74.6	17.0	55.3	2.4
1972.....	77.6	11.9	63.3	2.3
1973.....	80.7	14.2	64.2	2.2
1974.....	83.3	15.4	65.8	2.1
1975.....	82.2	15.8	63.8	2.6
1976.....	84.7	16.9	65.0	2.8
1977.....	86.6	17.8	66.0	2.8
1978.....	89.8	21.6	65.5	2.7
1979.....	92.7	18.8	71.4	2.4
1980.....	93.9	21.8	69.9	2.3
1981.....	95.4	23.0	70.0	2.4
1982.....	95.3	20.3	72.4	2.6
1983.....	96.3	18.5	75.0	2.9
1984.....	99.4	21.2	75.6	2.7
1985.....	101.7	21.2	77.4	3.0
1986.....	103.0	21.5	78.1	3.5
1987.....	107.0	23.8	79.8	3.4
1988.....	109.7	27.2	79.1	3.4
1989.....	112.1	28.0	80.9	3.2
1990.....	113.7	27.0	83.5	3.2
1991.....	114.7	25.6	85.6	3.5
1992.....	113.6	29.0	81.0	3.6
1993.....	114.6	28.6	82.4	3.6
1994.....	115.9	27.6	85.1	3.2
1995.....	118.2	29.7	85.3	3.2
1996.....	120.4	30.6	86.5	3.3
1997.....	122.4	31.2	88.3	2.9
1998.....	124.8	28.4	93.4	3.0
1999.....	127.1	29.2	94.8	3.1
2000.....	129.4	30.6	95.9	2.9
2001.....	130.3	24.6	102.3	3.4
2002.....	130.1	22.8	103.5	3.8
2003.....	130.4	21.1	105.4	4.0
2004.....	132.2	24.5	103.7	4.0

See notes at end of this section.

Selected Historical and Other Data

Table 10.--Nonfarm Sole Proprietorship Returns: Selected Income Statement Items for Income Years, 1998-2004

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

Item	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns with nonfarm business net income or deficit, total ¹.....	17,408,809	17,575,643	17,904,731	18,338,190	18,925,517	19,710,079	20,590,691
Number with nonfarm business net income.....	13,080,498	13,165,318	13,307,842	13,603,907	13,750,798	14,447,889	15,053,252
Number of nonfarm businesses.....	19,369,091	19,516,047	19,863,507	20,378,335	20,972,642	21,875,950	22,842,859
Business receipts, total	918,268,196	969,347,038	1,020,957,283	1,016,834,678	1,029,691,760	1,050,202,446	1,139,523,760
Income from sales and operations	905,137,974	955,392,128	1,007,948,354	1,002,205,953	1,015,363,541	1,033,934,376	1,122,226,857
Total deductions ².....	716,157,430	761,427,577	806,386,102	799,633,110	808,900,651	820,206,714	892,402,428
Cost of goods sold.....	341,132,831	370,079,223	387,381,087	363,355,614	351,785,009	338,376,959	370,951,227
Inventory, beginning-of-year.....	30,801,698	31,540,485	32,412,471	34,176,255	34,291,721	34,924,642	35,761,115
Inventory, end-of-year.....	32,881,518	33,835,064	34,342,365	35,732,488	36,279,786	36,911,339	38,955,669
Purchases.....	231,404,960	255,539,328	268,789,953	246,541,135	227,085,757	218,445,328	238,922,503
Cost of labor.....	27,447,822	28,723,302	29,278,688	28,022,289	30,389,028	28,032,070	31,768,695
Materials and supplies	42,161,782	41,757,379	43,195,524	43,798,283	45,589,230	46,554,634	53,267,879
Advertising.....	9,413,989	9,453,659	10,148,700	10,774,079	11,237,979	12,340,084	12,888,316
Car and truck expenses.....	39,715,702	40,786,963	45,711,214	47,351,940	50,489,359	53,466,645	58,980,274
Commissions.....	10,722,131	11,228,396	11,621,490	12,130,077	14,066,786	13,502,446	13,267,025
Depletion.....	380,149	387,000	684,974	693,669	461,938	639,008	775,567
Depreciation	29,135,616	30,637,555	32,196,159	33,425,567	36,642,027	41,754,963	42,900,776
Pension and profit-sharing plans	756,924	870,362	892,873	991,892	1,085,247	1,182,019	1,202,228
Employee benefit programs.....	1,560,404	1,663,528	1,871,875	2,040,639	2,284,368	2,421,673	2,617,800
Insurance.....	12,938,411	13,219,821	13,623,759	14,367,018	16,004,335	17,489,210	18,864,229
Interest paid, total	11,159,401	11,224,488	12,232,846	12,509,547	11,439,539	10,581,245	11,023,766
Mortgage interest.....	4,882,248	4,736,127	5,250,896	5,456,226	5,006,864	4,762,929	5,167,373
Other interest.....	6,277,153	6,488,361	6,981,950	7,053,321	6,432,675	5,818,316	5,856,393
Legal and professional services.....	6,669,029	6,818,392	7,312,694	7,482,619	8,365,930	8,284,557	8,959,140
Meals and entertainment expenses before limitation.....	7,526,850	7,987,445	9,183,825	9,314,840	10,020,243	10,897,636	11,792,887
Meals and entertainment deduction.....	3,796,350	4,031,523	4,664,694	4,735,312	5,088,083	5,524,213	5,997,824
Office expenses.....	9,611,633	9,921,297	10,456,415	10,604,805	11,331,733	11,849,079	12,362,672
Rent paid, total	30,460,020	31,417,502	33,222,458	33,641,132	34,854,754	35,672,010	36,867,596
On machinery.....	7,545,390	8,227,000	8,880,267	8,522,008	8,543,257	8,470,304	8,728,363
On other business property.....	22,914,630	23,190,502	24,342,191	25,119,124	26,311,497	27,201,706	28,139,206
Repairs	11,349,751	11,697,341	12,280,525	12,129,756	12,669,141	13,221,220	14,762,464
Net salaries and wages (not deducted elsewhere).....	58,864,773	61,204,430	63,485,540	63,826,020	66,067,965	67,640,849	71,068,517
Supplies.....	19,725,440	21,654,319	21,793,962	23,074,836	24,615,763	25,507,159	27,302,886
Taxes paid	13,730,731	14,000,359	13,955,919	14,214,082	14,901,431	15,179,639	16,036,234
Travel.....	7,624,311	8,089,635	8,457,317	8,657,266	9,110,193	9,313,708	10,317,557
Utilities (including telephone)	18,431,400	18,466,170	19,381,881	20,482,680	20,674,727	21,661,093	21,477,462
Bad debts	925,866	1,111,178	983,868	1,176,324	1,055,722	n.a.	n.a.
Business use of home.....	4,138,364	4,785,849	5,642,543	5,981,403	6,474,145	7,047,483	7,807,037
Net income (less deficit) ².....	202,274,720	207,946,977	214,715,298	217,385,116	221,113,286	230,308,100	247,567,189
Net income ²	226,189,570	233,404,991	245,230,626	250,178,322	257,292,855	269,089,168	290,486,159
Deficit ²	23,914,850	25,458,013	30,515,328	32,793,206	36,179,568	38,781,068	42,918,970

See notes at end of this section.

Selected Historical and Other Data

Table 11.--Partnership Returns: Selected Balance Sheet and Income Statement Items for Income Years, 1998-2004

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

Item	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total number of active partnerships	1,855,348	1,936,919	2,057,500	2,132,117	2,242,169	2,375,375	2,546,877
Number with net income.....	1,171,187	1,225,916	1,261,420	1,301,040	1,325,008	1,356,988	1,440,895
Number with balance sheets ¹	1,303,970	1,392,405	1,504,978	1,591,450	1,682,072	1,768,302	1,890,134
Number of partners	15,663,372	15,353,154	13,659,967	14,231,604	14,328,108	14,108,458	15,556,553
Number of limited partnerships ².....	342,726	354,295	348,973	369,150	376,963	378,921	402,238
Number of partners ²	9,325,111	8,944,693	6,468,292	7,023,431	6,918,515	6,262,103	7,023,921
Number of limited liability companies ²...	470,657	589,403	718,704	808,692	946,130	1,091,502	1,270,236
Number of partners ²	1,879,382	2,256,062	2,699,227	3,231,921	3,737,899	4,226,099	4,949,808
Total assets ³.....	5,126,548,007	5,998,952,883	6,694,142,838	8,428,217,379	8,866,560,101	9,675,052,728	11,607,698,140
Depreciable assets (net)	1,153,222,498	1,314,251,428	1,487,182,018	1,646,477,441	1,791,511,841	1,845,514,643	1,988,468,476
Inventories, end of year.....	175,963,423	174,078,288	149,875,359	208,165,141	202,669,386	213,605,408	275,807,149
Land.....	291,171,287	326,371,562	358,625,577	392,090,094	423,177,429	454,765,198	509,408,430
Total liabilities ³.....	3,150,848,369	3,453,186,389	3,695,508,180	4,835,135,071	4,972,036,919	5,303,160,043	6,247,952,541
Accounts payable.....	190,689,535	243,769,049	229,893,243	361,748,491	346,350,802	275,560,392	336,393,755
Short-term debt ⁴	229,922,243	231,808,501	252,226,751	289,248,638	282,684,863	273,570,095	296,350,178
Long-term debt ⁵	884,452,445	988,667,751	1,132,180,865	1,286,392,538	1,375,077,274	1,389,224,345	1,545,671,581
Nonrecourse loans.....	523,403,560	582,151,975	639,417,006	699,883,406	770,277,980	799,599,369	854,466,687
Partners' capital account ³.....	1,975,699,638	2,545,766,494	2,998,634,658	3,593,082,308	3,894,523,181	4,371,892,684	5,359,745,599
Total receipts⁶.....	1,603,027,268	1,907,171,104	2,405,356,195	2,665,156,204	2,772,829,505	2,922,723,256	3,260,264,592
Business receipts.....	1,356,655,904	1,615,762,245	2,061,764,235	2,278,200,526	2,414,187,093	2,545,612,266	2,818,861,323
Interest received.....	51,454,743	61,769,762	82,322,875	84,801,548	70,225,315	70,702,884	87,942,510
Total deductions⁶.....	1,416,322,641	1,678,732,999	2,136,365,436	2,388,821,379	2,502,162,335	2,621,325,038	2,875,561,301
Cost of goods sold.....	737,235,839	902,157,018	1,225,628,897	1,338,114,656	1,430,213,629	1,522,806,503	1,666,146,493
Purchases.....	461,144,704	585,068,938	797,038,243	887,515,286	903,589,600	987,652,150	1,130,541,265
Cost of labor.....	33,411,962	42,089,216	46,714,175	53,029,403	58,736,031	63,434,283	67,483,580
Net salaries and wages (not deducted elsewhere).....	142,910,961	169,905,010	201,350,844	230,874,139	237,882,426	244,927,745	268,806,663
Taxes paid	23,813,223	26,896,235	31,145,304	34,626,540	36,416,569	39,019,475	42,114,276
Interest paid.....	73,406,067	74,428,567	92,751,748	97,278,387	68,127,690	64,619,863	64,457,049
Depreciation ⁷	88,646,144	102,786,520	116,040,441	138,412,382	154,542,874	157,411,296	168,496,995
Net income (less deficit)	186,704,627	228,438,105	268,990,758	276,334,824	270,667,169	301,398,218	384,738,394
Net income	297,875,299	348,467,958	409,972,787	446,069,172	439,761,741	468,552,382	566,231,686
Deficit	111,170,672	120,029,853	140,982,029	169,734,347	169,094,572	167,154,164	181,493,292

See notes at end of this section.

Selected Historical and Other Data

Table 12.--Number of Business Income Tax Returns, by Size of Business for Specified Income Years, 1998-2004¹

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

Type and size of business	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
CORPORATIONS							
Total.....	4,848.9	4,935.9	5,045.3	5,135.6	5,266.6	5,401.2	n.a.
Receipt size ²							
Under \$25,000 ³	1,168.1	1,188.7	1,220.0	1,248.2	1,282.5	1,279.7	n.a.
\$25,000 under \$50,000.....	289.0	296.9	305.4	295.8	314.3	346.3	n.a.
\$50,000 under \$100,000.....	459.9	486.5	477.4	484.5	514.4	522.1	n.a.
\$100,000 under \$250,000.....	839.7	823.9	837.1	877.1	893.9	929.9	n.a.
\$250,000 under \$500,000.....	645.5	676.1	677.5	672.6	688.8	719.6	n.a.
\$500,000 under \$1,000,000.....	553.1	546.2	581.9	601.5	610.7	622.6	n.a.
\$1,000,000 or more.....	893.5	917.5	946.0	955.9	962.1	981.1	n.a.
Asset size ⁴							
Under \$100,000 ⁵	2,813.7	2,845.7	2,911.3	n.a.	n.a.	n.a.	n.a.
Under \$500,000.....	n.a.	n.a.	n.a.	4,289.8	4,415.3	4,544.5	n.a.
\$100,000 under \$1,000,000.....	1,562.7	1,600.2	1,631.0	n.a.	n.a.	n.a.	n.a.
\$500,000 under \$1,000,000.....	n.a.	n.a.	n.a.	342.2	344.5	342.8	n.a.
\$1,000,000 under \$10,000,000.....	399.8	413.3	422.5	424.0	427.1	432.3	n.a.
\$10,000,000 under \$25,000,000.....	33.0	35.0	37.0	36.4	36.8	37.7	n.a.
\$25,000,000 under \$50,000,000.....	13.0	13.6	14.4	14.1	13.9	14.1	n.a.
\$50,000,000 under \$100,000,000.....	8.9	9.3	9.6	9.5	9.3	9.3	n.a.
\$100,000,000 under \$250,000,000.....	8.2	8.4	8.7	8.7	8.6	8.7	n.a.
\$250,000,000 or more, total.....	9.7	10.4	10.9	11.0	11.1	11.7	n.a.
\$250,000,000 under \$500,000,000.....	n.a.	n.a.	n.a.	4.2	4.2	4.4	n.a.
\$500,000,000 under \$2,500,000,000.....	n.a.	n.a.	n.a.	4.9	4.9	5.3	n.a.
\$2,500,000,000 or more.....	n.a.	n.a.	n.a.	1.9	2.0	2.0	n.a.
PARTNERSHIPS							
Total.....	1,855.3	1,936.9	2,057.5	2,132.1	2,242.2	2,375.4	2,546.9
Receipt size ⁶							
Under \$25,000 ³	1,037.6	1,036.3	1,105.1	1,129.9	1,203.7	1,284.4	1,372.9
\$25,000 under \$50,000.....	157.3	169.5	183.0	182.6	185.3	191.8	193.2
\$50,000 under \$100,000.....	156.8	187.4	187.3	192.1	195.1	205.7	225.8
\$100,000 under \$250,000.....	206.4	212.4	225.8	233.9	248.5	262.4	275.5
\$250,000 under \$500,000.....	113.8	125.8	127.0	139.4	145.3	147.9	160.9
\$500,000 under \$1,000,000.....	76.6	83.8	92.4	102.8	105.0	110.7	120.8
\$1,000,000 or more.....	106.8	121.6	136.9	151.4	159.3	172.4	197.9
Asset size ⁵							
Under \$25,000.....	794.4	793.3	827.9	825.5	865.5	925.9	982.4
\$25,000 under \$50,000.....	92.5	93.3	105.3	104.7	104.9	112.0	108.6
\$50,000 under \$100,000.....	122.3	135.4	128.4	130.7	132.7	131.9	134.8
\$100,000 under \$250,000.....	210.7	216.4	229.5	239.1	252.3	259.0	278.6
\$250,000 under \$500,000.....	162.0	175.8	196.5	205.9	205.5	227.7	248.1
\$500,000 under \$1,000,000.....	162.9	175.2	183.0	202.6	226.4	231.7	249.6
\$1,000,000 or more.....	310.5	347.5	386.9	423.7	454.9	487.2	544.8

See notes at end of this section.

Selected Historical and Other Data

Table 12.--Number of Business Income Tax Returns, by Size of Business for Specified Income Years, 1998-2004¹--Continued

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

Type and size of business	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
NONFARM SOLE PROPRIETORSHIPS⁷							
Total	17,408.8	17,575.6	17,904.7	18,338.2	18,925.5	19,710.1	20,590.7
Receipt size							
Under \$2,500 ³	4,246.4	4,295.6	4,333.1	3,769.4	4,546.4	4,539.7	4,883.5
\$2,500 under \$5,000	2,055.6	1,972.6	1,933.9	1,989.3	2,043.8	2,233.0	2,219.6
\$5,000 under \$10,000	2,407.0	2,350.2	2,395.7	2,523.1	2,604.6	2,816.3	2,916.0
\$10,000 under \$25,000	3,058.3	3,202.2	3,334.0	3,448.4	3,521.6	3,719.1	3,896.7
\$25,000 under \$50,000	2,111.9	2,227.0	2,246.7	2,239.3	2,357.8	2,449.8	2,536.4
\$50,000 under \$100,000	1,590.1	1,558.5	1,644.8	1,704.0	1,751.8	1,805.4	1,791.6
\$100,000 under \$200,000	1,019.7	1,020.3	1,052.9	1,109.7	1,115.4	1,145.7	1,270.8
\$200,000 under \$500,000	666.6	681.4	680.4	649.2	687.8	705.1	749.2
\$500,000 under \$1,000,000	175.1	182.2	189.5	197.8	203.3	199.7	217.6
\$1,000,000 or more	78.1	85.7	91.7	92.9	93.0	96.3	109.3

See notes at end of this section.

Selected Historical and Other Data

Table 13.--Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Specified Income Years, 1998-2004

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

Item	1998	1999	2000	2001	2002	2003	2004p
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns, total ¹	4,848,888	4,935,904	5,045,274	5,135,591	5,266,607	5,401,237	5,614,795
Number with net income ¹	2,760,814	2,812,175	2,819,153	2,822,302	2,800,517	2,932,115	3,124,249
Consolidated returns ^{1,2,3}	60,812	57,144	56,603	56,507	52,743	49,900	48,231
S corporation returns ^{1,3,4}	2,588,088	2,725,775	2,860,478	2,986,486	3,154,377	3,341,606	3,557,300
Total assets ⁵	37,347,352,986	41,464,152,854	47,026,871,874	49,154,424,202	50,413,501,942	53,644,784,683	59,983,334,155
Cash	1,336,424,483	1,596,525,490	1,819,788,484	1,926,059,284	1,923,414,875	2,119,555,828	2,735,990,654
Notes and accounts receivable	7,061,547,469	7,744,960,605	8,754,425,366	8,755,544,213	8,885,603,717	8,995,395,904	10,598,989,483
Less: Allowance for bad debts	128,129,657	139,597,391	148,289,201	180,317,404	184,924,054	166,436,901	167,727,887
Inventories ⁶	1,139,210,381	1,198,184,825	1,271,967,443	1,208,206,944	1,221,112,550	1,267,289,489	1,395,942,813
Investments in U.S. Government obligations	1,365,651,984	1,340,484,175	1,236,229,842	1,392,035,604	1,527,139,020	1,656,326,948	1,640,846,150
Tax-exempt securities ⁷	958,653,471	957,099,790	973,317,816	1,057,398,071	1,203,096,628	1,297,278,783	1,366,959,107
Other current assets	2,738,441,339	2,639,764,762	3,206,693,449	3,663,607,042	3,509,562,061	3,868,061,886	4,620,385,079
Loans to shareholders	135,052,180	126,016,307	157,029,888	189,958,748	194,543,759	212,364,720	175,784,666
Mortgage and real estate loans	2,414,901,336	2,554,658,266	2,821,508,159	3,228,970,528	3,687,181,263	4,072,938,126	4,650,992,037
Other investments	13,201,119,823	15,799,039,436	17,873,853,425	18,343,524,687	18,727,600,926	20,535,952,107	22,369,966,252
Depreciable assets	6,541,280,743	6,935,503,013	7,291,998,758	7,613,590,480	7,677,626,201	7,804,548,186	8,027,295,283
Less: Accumulated depreciation	3,031,634,536	3,227,243,753	3,369,214,883	3,549,239,594	3,699,383,948	3,812,960,901	3,950,448,033
Depletable assets	192,668,634	183,593,413	191,353,340	198,775,908	226,336,112	237,004,322	271,017,610
Less: Accumulated depletion	92,307,154	85,660,310	87,437,339	92,093,245	110,296,199	110,386,244	117,518,525
Land	271,489,857	286,497,086	302,831,910	319,953,637	325,689,411	341,705,785	364,755,951
Intangible assets (amortizable)	1,376,300,094	1,717,251,430	2,246,509,413	2,474,758,111	2,353,465,751	2,421,707,223	2,736,420,117
Less: Accumulated amortization	232,743,976	280,555,798	364,363,888	483,180,189	480,835,477	478,750,745	510,708,705
Other assets	2,099,426,516	2,117,631,510	2,848,669,891	3,086,871,379	3,426,569,347	3,383,190,167	3,774,392,105
Total liabilities ⁵	37,347,352,986	41,464,152,854	47,026,871,874	49,154,424,202	50,413,501,942	53,644,784,683	59,983,334,155
Accounts payable ⁸	2,501,289,043	2,792,333,967	3,758,177,869	3,927,350,604	4,073,664,265	4,337,572,143	5,637,155,124
Mortgages, notes, and bonds payable in less than 1 year	3,215,524,383	3,658,308,770	4,019,704,844	4,131,856,961	3,814,481,517	4,001,969,180	4,384,439,109
Other current liabilities	8,809,999,920	9,103,186,192	10,307,362,766	10,811,930,775	11,181,118,658	11,808,860,907	13,542,821,543
Loans from shareholders	361,234,088	394,938,632	451,461,831	549,016,868	541,170,351	531,953,102	500,837,701
Mortgages, notes, and bonds payable in 1 year or more	4,813,249,719	5,448,156,416	6,183,999,343	6,781,681,427	7,184,589,809	7,383,799,418	8,072,577,726
Other liabilities	4,537,780,597	4,704,367,882	4,957,514,852	5,337,844,395	6,073,368,168	6,761,943,361	6,995,487,465
Net worth	13,108,275,236	15,362,860,996	17,348,650,369	17,614,743,174	17,545,109,175	18,818,686,574	20,850,015,486
Capital stock	3,244,023,916	3,521,992,715	3,966,282,789	4,253,450,013	3,999,980,176	3,150,571,907	2,351,940,259
Additional paid-in capital	8,610,169,238	10,186,395,658	12,264,818,660	13,919,963,504	15,286,648,711	15,258,444,856	16,193,556,469
Retained earnings, appropriated	185,163,160	210,792,152	181,838,405	140,283,315	116,673,731	167,723,931	216,097,962
Retained earnings, unappropriated	3,190,409,230	3,741,892,919	3,445,346,327	2,024,731,460	1,060,109,067	2,141,352,269	3,011,706,618
Adjustments to shareholders' equity ⁹	-3,006,539	17,108,266	-3,382,272	-33,277,666	-66,214,884	-27,510,760	-23,571,672
Less: Cost of treasury stock	2,118,483,766	2,315,320,710	2,506,253,537	2,690,407,452	2,852,087,624	1,871,895,626	923,285,821
Total receipts ¹⁰	17,323,955,004	18,892,385,694	20,605,808,071	20,272,957,624	19,749,426,052	20,689,574,291	22,743,098,111
Business receipts ^{10,11}	15,010,264,802	16,313,971,385	17,636,551,349	17,504,288,630	17,297,125,146	18,264,393,898	20,021,594,583
Interest on State and local Government obligations	49,128,679	51,780,203	51,940,598	49,227,853	48,212,626	48,996,780	45,389,665
Other interest ^{10,12}	1,227,640,206	1,301,772,282	1,576,100,843	1,499,683,236	1,233,298,115	1,132,675,179	1,337,055,032
Dividends received from domestic corporations ^{10,12}	20,010,007	20,679,644	20,869,880	18,964,132	17,382,452	17,973,872	20,266,729
Dividends received from foreign corporations ¹⁰	49,232,904	64,905,407	60,203,391	49,997,670	45,580,553	44,921,527	53,462,156
Rents ¹⁰	106,686,977	117,644,823	131,301,498	134,013,856	136,156,000	136,321,392	136,157,368
Royalties ¹⁰	93,600,002	105,741,540	122,513,266	116,989,820	115,860,138	133,184,522	139,429,388
Net short-term capital gain reduced by net long-term capital loss	37,302,058	94,913,405	85,003,779	20,770,292	14,655,834	22,725,799	25,018,736
Net long-term capital gain reduced by net short-term capital loss	125,012,968	146,520,147	173,758,106	117,443,499	76,266,064	85,965,872	105,466,166
Net gain, noncapital assets ^{10,11}	69,519,362	64,698,446	70,035,992	61,890,648	69,144,256	76,272,207	84,699,524
Other receipts	535,557,040	609,758,412	677,529,368	699,687,988	695,744,869	726,143,243	770,665,651

See notes at end of this section.

Selected Historical and Other Data

Table 13.--Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Specified Income Years, 1998-2004--Continued

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

Item	1998	1999	2000	2001	2002	2003	2004p
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total deductions ¹⁰	16,489,425,015	17,966,972,060	19,691,591,726	19,682,982,949	19,198,882,118	19,940,594,557	21,680,671,119
Cost of goods sold ¹⁰	9,362,392,237	10,284,098,039	11,135,287,909	11,041,533,030	10,607,404,004	11,318,644,763	12,516,046,746
Compensation of officers ¹⁰	356,850,517	373,735,141	401,416,310	382,813,379	381,235,331	388,661,740	424,272,377
Repairs ¹⁰	130,298,655	133,209,853	139,591,861	144,239,688	132,998,715	134,963,543	144,288,181
Bad debts ¹⁰	86,371,104	100,202,508	107,679,638	142,196,860	168,045,866	151,140,752	140,738,896
Rent paid on business property ¹⁰	308,317,657	347,245,365	380,083,953	398,045,240	410,639,197	407,139,494	420,584,503
Taxes paid ¹⁰	354,578,692	371,183,229	390,067,116	392,458,476	396,571,738	416,812,815	442,439,154
Interest paid ¹⁰	966,659,473	1,018,972,484	1,271,678,744	1,203,045,923	912,751,562	818,016,806	942,097,344
Contributions or gifts ¹⁰	8,667,513	10,732,153	10,657,214	11,414,505	10,334,666	10,823,373	11,609,580
Amortization ¹⁰	74,336,292	86,124,690	98,333,079	110,454,488	115,006,680	121,284,821	129,695,182
Depreciation ¹⁰	542,490,397	583,799,587	614,372,700	649,988,724	710,881,312	692,432,495	698,615,570
Depletion ^{10, 13}	9,685,686	9,803,284	10,244,959	9,803,354	9,418,123	10,170,908	11,782,503
Advertising ¹⁰	198,214,266	216,066,879	234,000,558	219,834,114	218,035,603	224,790,471	239,653,132
Pension, profit-sharing, stock bonus, and annuity plans ¹³	71,689,478	76,779,560	85,788,656	85,523,682	132,414,263	137,053,065	152,376,322
Employee benefit programs ¹³	195,453,372	203,531,897	231,325,484	245,747,438	249,904,744	277,325,261	299,388,395
Net loss, noncapital assets ^{10, 11}	21,309,505	29,065,260	31,314,500	40,969,394	51,879,801	51,799,134	44,368,877
Other deductions ¹³	3,802,110,171	4,122,422,135	4,549,749,050	4,604,914,658	4,691,360,514	4,779,535,119	5,062,714,357
Total receipts less total deductions ^{10, 14}	834,529,989	925,413,634	914,216,344	589,974,675	550,543,934	748,979,734	1,062,426,992
Constructive taxable income from related foreign corporations ¹⁵	52,822,281	55,322,097	65,249,771	62,876,530	61,325,249	80,005,681	82,603,984
Net income (less deficit) ^{10, 14, 15, 16}	838,223,591	928,955,528	927,525,517	603,623,352	563,656,558	779,988,635	1,099,641,409
Net income ¹⁶	1,091,150,050	1,229,295,911	1,336,619,605	1,112,480,550	1,053,126,217	1,175,608,990	1,444,032,773
Deficit ¹⁶	252,926,459	300,340,383	409,094,088	508,857,198	489,469,660	395,620,355	344,391,364
Income subject to tax: ¹⁷							
Number of returns	894,446	868,820	828,470	780,223	696,230	660,582	673,142
Amount	663,385,528	693,735,694	760,404,334	635,257,416	600,553,517	699,336,915	843,602,986
Total income tax ¹⁸	231,399,671	241,987,588	266,281,801	220,874,245	209,691,130	243,822,946	295,260,975
Regular tax	228,021,519	238,722,344	262,232,738	218,675,610	207,056,104	241,275,165	291,788,943
Recapture of prior-year investment credit	3,356	8,754	9,594	20,924	9,189	10,740	10,804
Alternative minimum tax ¹⁹							
Number of returns	18,360	14,901	13,135	7,101	7,066	9,564	10,377
Amount	3,324,799	3,051,869	3,874,845	1,800,595	2,532,224	2,298,776	3,190,043
Tax credits: ²⁰							
Total	49,796,436	48,959,947	62,238,013	54,162,256	56,078,260	66,305,542	75,760,986
Foreign tax credit ²¹							
Number of returns	5,922	5,864	5,937	5,488	4,726	5,414	5,695
Amount	37,396,469	38,389,989	48,505,841	41,063,165	42,021,526	50,033,590	56,865,878
U.S. possessions tax credit	2,393,331	1,485,261	1,438,549	1,268,616	1,191,217	1,081,674	981,112
Nonconventional source fuel credit	1,029,728	886,835	1,516,990	1,806,406	2,189,943	2,104,097	2,740,691
Qualified electric vehicle credit	702	1,191	1,246	231	6,102	N/A	N/A
Qualified zone academy bond credit	N/A	2,170	14,542	28,151	80,289	103,058	118,207
Prior-year minimum tax credit	3,432,896	3,431,478	5,169,159	3,254,175	2,027,542	3,355,062	3,980,561
General business credit	5,601,399	4,763,022	5,591,686	6,741,513	8,561,641	9,627,908	11,074,525
Empowerment zone employment credit	19,118	21,645	23,501	23,401	59,776	92,900	107,175
General business current year credit items: ²²							
Investment credit	187,934	315,225	357,607	359,179	449,893	418,904	457,256
Work opportunity credit/jobs credit	261,936	253,886	266,341	233,563	258,428	273,875	270,059
Alcohol fuel credit	15,520	15,817	11,825	9,224	8,467	8,112	11,523
Research activities credit	5,342,779	5,410,932	7,235,621	6,518,136	5,818,383	5,659,746	6,016,339
Orphan drug credit	80,392	109,435	112,954	134,846	146,900	173,848	231,398
Total income tax after credits ²³	181,545,146	193,027,641	204,043,788	166,711,988	153,612,870	177,517,404	219,499,989

See notes at end of this section.

Selected Historical and Other Data

Table 14a.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by Standard Industrial Classification (SIC) Industrial Division, Specified Income Years, 1985-1997

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

Industrial division and item	1985	1990	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)
ALL INDUSTRIAL DIVISIONS ¹					
Number of returns, total ²	3,277,219	3,716,650	4,474,167	4,631,370	4,710,083
Number with net income ²	1,820,120	1,910,670	2,455,492	2,588,424	2,647,474
Total assets ³	12,773,093,888	18,190,057,609	26,013,689,001	28,642,263,127	33,029,652,126
Net worth ³	3,303,698,576	4,738,917,553	8,131,941,003	9,495,226,103	11,353,013,694
Total receipts ⁴	8,398,278,426	11,409,520,074	14,539,050,114	15,525,718,006	16,609,707,302
Business receipts ^{4,5}	7,369,538,953	9,860,441,633	12,785,797,708	13,659,470,309	14,460,928,695
Interest received ^{4,6}	637,786,939	977,402,674	1,039,496,772	1,082,071,703	1,186,893,564
Total deductions ⁴	8,158,144,126	11,032,574,630	13,821,277,581	14,728,089,018	15,704,242,236
Cost of goods sold ⁴	4,894,254,081	6,610,769,883	8,206,073,365	8,707,100,240	9,114,245,646
Interest paid.....	568,645,475	825,372,164	744,764,676	770,885,334	866,474,183
Net income (less deficit) ⁴	240,119,020	370,632,632	714,193,371	806,484,990	915,396,637
Net income ⁴	363,867,384	552,526,789	880,653,345	986,782,683	1,117,825,239
Deficit ⁴	123,748,365	181,894,157	166,459,975	180,297,692	202,428,602
Total income tax ⁷	111,340,839	128,185,666	198,786,648	223,712,985	239,394,206
Regular and alternative tax.....	109,106,358	119,434,430	193,564,219	219,756,610	235,325,362
Total income tax after credits.....	63,348,204	96,403,099	156,392,780	170,620,945	184,175,993
AGRICULTURE, FORESTRY, AND FISHING ¹					
Number of returns, total ²	103,156	126,423	147,527	158,963	163,114
Number with net income ²	52,776	70,965	79,320	90,012	91,984
Total assets ³	52,651,197	68,338,381	86,298,574	94,140,118	91,984,030
Net worth ³	15,406,221	23,360,455	30,102,131	32,757,173	32,990,807
Total receipts ⁴	70,491,486	88,101,065	107,581,973	119,737,058	117,387,555
Business receipts ⁴	65,419,402	82,114,836	100,630,952	111,727,224	107,930,422
Interest received ^{4,6}	775,383	681,127	640,032	759,958	601,918
Total deductions ⁴	70,559,478	86,883,128	105,967,360	117,166,334	114,673,629
Cost of goods sold ⁴	45,085,526	52,758,720	56,765,231	63,581,911	60,245,509
Interest paid.....	2,758,952	2,852,242	2,892,302	3,008,936	2,978,589
Net income (less deficit) ⁴	-74,270	1,156,269	1,604,481	2,614,131	2,673,835
Net income ⁴	2,930,905	4,328,433	5,402,335	6,262,057	6,310,262
Deficit ⁴	3,005,175	3,172,164	3,797,857	3,647,926	3,636,427
Total income tax ⁷	540,641	589,866	661,579	764,345	659,642
Regular and alternative tax.....	531,787	569,812	640,696	748,862	647,752
Total income tax after credits.....	344,626	554,818	611,254	659,991	599,082
MINING ¹					
Number of returns, total ²	41,426	39,674	35,123	35,799	32,996
Number with net income ²	18,031	18,436	18,776	18,098	17,281
Total assets ³	240,815,996	219,197,640	268,690,014	299,106,231	324,294,826
Net worth ³	104,772,797	110,339,579	132,123,209	151,720,805	165,095,652
Total receipts ⁴	142,038,595	111,444,457	126,760,491	141,278,092	150,318,265
Business receipts ⁴	126,710,610	97,321,579	114,163,493	127,583,639	134,379,404
Interest received ^{4,6}	3,584,890	3,849,674	2,985,957	3,096,278	3,708,511
Total deductions ⁴	145,389,514	106,466,509	121,397,443	133,385,823	141,046,419
Cost of goods sold ⁴	87,972,035	62,070,361	70,550,767	78,022,883	78,465,626
Interest paid.....	7,789,995	6,674,114	6,071,863	6,179,872	6,768,047
Net income (less deficit) ⁴	-2,543,487	5,302,223	5,530,975	8,152,607	9,728,562
Net income ⁴	6,166,623	9,071,733	9,364,612	12,112,260	14,191,366
Deficit ⁴	8,710,110	3,769,511	3,833,637	3,959,653	4,462,804
Total income tax ⁷	1,810,559	2,223,977	2,119,370	2,525,467	3,141,128
Regular and alternative tax ⁸	1,736,952	1,897,245	1,900,482	2,348,394	2,951,254
Total income tax after credits.....	557,519	1,348,333	1,170,119	1,350,676	2,019,716

See notes at end of this section.

Selected Historical and Other Data

Table 14a.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by Standard Industrial Classification (SIC) Industrial Division, Specified Income Years, 1985-1997
--Continued

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

Industrial division and item	1985	1990	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)
CONSTRUCTION ¹					
Number of returns, total ²	318,276	406,874	449,882	471,230	487,783
Number with net income ²	185,613	223,434	275,375	300,890	307,733
Total assets ³	215,297,771	243,829,026	265,812,616	284,595,206	314,551,349
Net worth ³	54,687,270	63,865,550	86,553,081	92,427,338	99,144,660
Total receipts ⁴	387,232,953	534,654,044	637,090,195	710,467,223	779,014,473
Business receipts ⁴	374,590,273	522,586,199	627,463,416	699,596,890	768,122,399
Interest received ^{4,6}	3,851,628	3,621,561	2,068,327	2,089,412	2,079,884
Total deductions ⁴	382,823,113	527,800,795	622,621,984	692,581,515	758,429,123
Cost of goods sold..... ⁴	295,803,244	407,448,745	483,881,784	537,067,796	589,184,488
Interest paid.....	6,407,652	7,368,430	5,280,750	5,473,796	5,949,039
Net income (less deficit) ⁴	4,370,924	6,824,608	14,458,024	17,878,460	20,522,439
Net income ⁴	11,053,145	15,859,977	20,986,981	25,036,702	27,816,466
Deficit ⁴	6,682,220	9,035,370	6,528,956	7,158,242	7,294,027
Total income tax ⁷	2,312,856	2,092,196	2,462,222	2,958,069	2,953,440
Regular and alternative tax ⁸	2,243,786	1,983,902	2,358,661	2,847,146	2,846,960
Total income tax after credits.....	1,662,563	1,906,537	2,281,929	2,667,923	2,817,961
MANUFACTURING ¹					
Number of returns, total ²	276,545	301,669	319,699	325,689	325,045
Number with net income ²	159,778	167,509	185,590	191,254	195,038
Total assets ³	2,644,393,424	3,921,323,756	4,941,072,530	5,425,184,573	5,966,306,398
Net worth ³	1,099,645,876	1,392,233,318	1,739,529,985	1,966,848,773	2,110,695,629
Total receipts ⁴	2,831,062,496	3,688,693,895	4,585,549,761	4,902,669,122	5,177,663,770
Business receipts ⁴	2,656,345,750	3,434,141,360	4,290,704,760	4,567,209,064	4,794,291,330
Interest received ^{4,6}	47,753,626	81,135,811	86,746,437	102,537,639	116,819,943
Total deductions ⁴	2,733,105,346	3,545,121,842	4,354,564,077	4,652,960,523	4,910,704,056
Cost of goods sold..... ⁴	1,797,852,805	2,377,226,499	2,932,256,224	3,125,013,437	3,241,577,938
Interest paid.....	90,452,072	151,214,835	145,509,470	156,862,195	175,064,011
Net income (less deficit) ⁴	113,758,645	171,373,726	260,909,947	286,059,822	305,958,154
Net income ⁴	142,541,119	212,936,099	297,458,397	325,291,340	352,453,829
Deficit ⁴	28,782,474	41,562,373	36,548,450	39,231,518	46,495,675
Total income tax ⁷	56,687,476	64,385,522	83,817,532	95,502,448	101,849,787
Regular and alternative tax ⁸	55,553,921	60,664,655	81,476,502	93,646,267	100,318,010
Total income tax after credits.....	25,382,459	38,971,197	54,302,936	58,883,875	64,307,381
TRANSPORTATION AND PUBLIC UTILITIES ¹					
Number of returns, total ²	138,337	160,353	194,456	205,777	209,412
Number with net income ²	69,938	81,418	107,285	111,811	110,657
Total assets ³	1,246,426,899	1,522,045,738	1,903,213,778	2,069,453,023	2,219,019,293
Net worth ³	490,481,127	508,667,821	633,131,635	714,120,889	762,083,589
Total receipts ⁴	772,358,188	936,277,062	1,156,709,979	1,257,010,639	1,330,726,431
Business receipts ⁴	733,943,970	874,111,070	1,086,623,231	1,183,959,691	1,247,593,251
Interest received ^{4,6}	12,310,594	18,194,729	22,314,329	23,432,987	26,135,120
Total deductions ⁴	747,836,158	900,960,832	1,084,676,405	1,182,369,290	1,260,911,843
Cost of goods sold..... ⁴	381,028,354	405,924,209	405,708,040	453,455,420	482,982,473
Interest paid.....	44,880,858	59,190,735	61,601,762	64,006,991	69,385,093
Net income (less deficit) ⁴	25,087,629	35,413,596	72,911,176	75,400,172	70,984,769
Net income ⁴	37,880,144	51,490,850	87,557,007	93,129,707	95,097,536
Deficit ⁴	16,077,516	17,077,254	14,645,831	17,729,536	24,112,767
Total income tax ⁷	15,214,129	17,114,547	27,186,351	28,376,759	28,506,843
Regular and alternative tax ⁸	14,881,470	15,228,031	26,305,839	27,775,587	27,790,676
Total income tax after credits.....	8,432,924	15,882,038	24,836,272	25,963,903	25,582,369

See notes at end of this section.

Selected Historical and Other Data

Table 14a.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by Standard Industrial Classification (SIC) Industrial Division, Specified Income Years, 1985-1997
--Continued

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

Industrial division and item	1985	1990	1995	1996	1997
	(1)	(2)	(3)	(4)	(5)
WHOLESALE AND RETAIL TRADE ¹					
Number of returns, total ²	917,301	1,023,057	1,132,409	1,142,491	1,149,132
Number with net income ²	510,825	527,128	626,022	652,504	656,288
Total assets ³	1,009,965,739	1,447,296,828	1,919,717,823	2,016,232,163	1,947,931,949
Net worth ³	286,260,274	354,827,439	533,870,160	568,677,377	613,532,103
Total receipts ⁴	2,473,865,453	3,308,988,336	4,310,346,947	4,490,073,608	4,703,816,853
Business receipts ⁴	2,408,174,933	3,216,861,660	4,206,376,331	4,383,103,174	4,588,802,594
Interest received ^{4,6}	21,633,480	29,851,239	30,425,682	31,317,702	31,259,696
Total deductions ⁴	2,440,403,373	3,279,066,687	4,247,560,773	4,418,321,110	4,624,196,186
Cost of goods sold ⁴	1,869,766,621	2,482,483,270	3,255,845,728	3,378,472,096	3,523,438,346
Interest paid.....	38,217,998	63,914,431	59,945,319	61,708,013	65,839,595
Net income (less deficit) ⁴	33,126,702	30,094,078	63,566,712	73,353,268	81,584,637
Net income ⁴	51,434,500	65,383,876	97,018,112	107,999,874	117,042,233
Deficit ⁴	18,307,798	35,289,798	33,451,401	34,646,606	35,457,596
Total income tax ⁷	16,392,896	13,839,310	20,301,551	22,694,239	23,871,953
Regular and alternative tax ⁸	16,130,885	13,324,360	20,030,374	22,435,178	23,550,018
Total income tax after credits.....	13,396,555	12,615,991	18,475,921	20,732,232	21,959,617
FINANCE, INSURANCE, AND REAL ESTATE ¹					
Number of returns, total ²	518,432	609,138	683,211	723,754	744,545
Number with net income ²	285,273	269,667	317,410	341,136	344,625
Total assets ³	7,029,452,681	10,193,295,357	15,677,286,629	17,360,053,164	20,905,619,903
Net worth ³	1,161,968,009	2,142,041,011	4,668,579,685	5,605,211,611	7,155,654,580
Total receipts ⁴	1,182,034,309	1,954,709,651	2,278,103,923	2,406,855,250	2,711,269,836
Business receipts ⁵	501,993,840	900,908,453	1,094,870,564	1,176,179,679	1,282,307,615
Interest received ^{4,6}	541,268,193	830,451,126	879,763,014	901,666,932	987,114,539
Total deductions ⁴	1,104,572,202	1,809,867,575	1,985,795,615	2,076,613,597	2,304,339,835
Cost of goods sold ⁴	237,577,803	526,244,728	614,755,680	632,948,266	661,222,720
Interest paid.....	363,009,417	506,921,011	433,479,978	439,762,655	501,112,985
Net income (less deficit) ⁴	60,670,526	109,901,881	256,810,767	299,149,193	373,482,032
Net income ⁴	90,546,934	158,458,842	295,423,415	337,822,090	413,000,341
Deficit ⁴	29,876,408	48,556,962	38,612,648	38,672,897	39,518,308
Total income tax ⁷	13,598,201	22,556,387	51,874,358	58,301,659	63,604,700
Regular and alternative tax ⁸	13,369,981	20,709,720	50,691,121	57,556,938	62,650,267
Total income tax after credits.....	10,193,877	20,511,294	45,988,431	50,181,634	54,777,098
SERVICES ¹					
Number of returns, total ²	939,390	1,029,447	1,504,230	1,557,401	1,592,854
Number with net income ²	529,337	546,268	843,922	881,427	921,533
Total assets ³	330,982,941	572,842,266	950,737,457	1,092,310,137	1,259,381,543
Net worth ³	89,852,365	143,154,346	307,630,801	363,120,124	413,665,895
Total receipts ⁴	534,587,609	779,329,609	1,335,694,559	1,496,215,552	1,638,587,903
Business receipts ⁴	497,980,990	726,041,364	1,263,790,767	1,408,716,487	1,536,597,024
Interest received ^{4,6}	6,561,301	9,526,124	14,541,126	17,157,456	19,166,408
Total deductions ⁴	528,685,613	769,035,909	1,297,475,364	1,453,204,496	1,589,010,688
Cost of goods sold ⁴	176,070,808	290,965,307	385,562,425	437,521,006	476,468,909
Interest paid.....	15,027,259	27,188,190	29,967,579	33,871,749	39,371,150
Net income (less deficit) ⁴	5,883,782	10,616,792	38,407,562	43,952,204	50,470,448
Net income ⁴	21,124,460	34,850,560	67,389,184	79,102,121	91,879,768
Deficit ⁴	15,240,678	24,233,768	28,981,622	35,149,916	41,409,320
Total income tax ⁷	4,742,347	5,368,531	10,358,678	12,588,705	14,804,587
Regular and alternative tax ⁸	4,621,875	5,041,377	10,155,538	12,397,017	14,568,298
Total income tax after credits.....	3,343,830	4,597,561	8,720,911	10,179,417	12,110,639

See notes at end of this section.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003

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

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
ALL INDUSTRIAL SECTORS ¹						
Number of returns, total ²	4,848,888	4,935,904	5,045,274	5,135,591	5,266,607	5,401,237
Number with net income ²	2,760,814	2,812,175	2,819,153	2,822,302	2,800,517	2,932,115
Total assets ³	37,347,352,986	41,464,152,854	47,026,871,874	49,154,424,202	50,413,501,942	53,644,784,683
Net worth ³	13,108,275,236	15,362,860,996	17,348,650,369	17,614,743,174	17,545,109,175	18,818,686,574
Total receipts ⁴	17,323,955,004	18,892,385,694	20,605,808,071	20,272,957,624	19,749,426,052	20,689,574,291
Business receipts ^{4,5}	15,010,264,802	16,313,971,385	17,636,551,349	17,504,288,630	17,297,125,146	18,264,393,898
Interest received ^{4,6}	1,276,768,885	1,353,552,485	1,628,041,441	1,499,683,236	1,233,298,115	1,132,675,179
Total deductions ⁴	16,489,425,015	17,966,972,060	19,691,591,726	19,682,982,949	19,198,882,118	19,940,594,557
Cost of goods sold ⁴	9,362,392,237	10,284,098,039	11,135,287,909	11,041,533,030	10,607,404,004	11,318,644,763
Interest paid.....	966,659,473	1,018,972,484	1,271,678,744	1,203,045,923	912,751,562	818,016,806
Net income (less deficit) ⁴	838,223,591	928,955,528	927,525,517	603,623,352	563,656,558	779,988,635
Net income ⁴	1,091,150,050	1,229,295,911	1,336,619,605	1,112,480,551	1,053,126,217	1,175,608,990
Deficit ⁴	252,926,459	300,340,383	409,094,088	508,857,198	489,469,660	395,620,355
Total income tax ⁷	231,399,671	241,987,588	266,281,801	220,874,245	209,691,130	243,822,946
Regular tax.....	228,021,519	238,722,344	262,232,738	218,675,610	207,056,104	241,275,165
Total income tax after credits.....	181,545,146	193,027,641	204,043,788	166,711,988	153,612,870	177,517,404
AGRICULTURE, FORESTRY, HUNTING, AND FISHING ¹						
Number of returns, total ²	135,107	141,678	140,851	140,806	140,223	143,019
Number with net income ²	71,439	73,861	79,678	74,106	65,499	77,281
Total assets ³	96,299,993	102,896,414	105,715,035	104,902,187	105,500,630	111,325,927
Net worth ³	36,418,247	37,991,103	38,692,638	36,636,289	35,767,420	37,169,357
Total receipts ⁴	110,588,698	115,897,645	117,135,698	115,434,441	119,151,243	125,741,451
Business receipts ⁴	100,398,430	104,645,084	106,085,760	102,909,416	107,931,393	113,828,382
Interest received ^{4,6}	627,434	677,020	622,013	541,280	374,767	368,971
Total deductions ⁴	110,125,234	114,521,646	115,914,854	114,621,084	119,774,426	124,462,063
Cost of goods sold ⁴	56,835,616	58,439,010	59,844,373	54,841,323	60,121,105	62,045,324
Interest paid.....	3,117,877	3,460,472	3,580,884	3,280,134	2,923,041	2,733,424
Net income (less deficit) ⁴	529,117	1,388,996	1,220,273	1,064,909	-587,571	1,332,547
Net income ⁴	5,485,926	5,938,589	6,135,371	5,981,691	4,852,284	6,339,974
Deficit ⁴	4,956,809	4,549,592	4,915,098	4,916,782	5,439,855	5,007,428
Total income tax ⁷	620,915	602,018	563,797	619,708	403,902	644,189
Regular tax.....	610,268	592,430	553,484	615,617	399,926	635,750
Total income tax after credits.....	547,808	544,293	553,231	514,046	386,944	592,886
MINING ¹						
Number of returns, total ²	31,467	30,849	32,578	31,776	30,287	30,252
Number with net income ²	16,045	15,291	18,430	18,942	15,095	17,152
Total assets ³	344,842,939	358,374,736	410,747,979	448,910,140	449,429,859	421,276,319
Net worth ³	170,579,986	178,084,613	198,479,943	231,706,800	233,250,469	196,639,943
Total receipts ⁴	131,071,579	124,847,341	158,618,629	169,539,555	157,298,844	194,190,254
Business receipts ⁴	116,905,970	109,685,715	140,917,053	151,151,906	142,247,484	178,319,223
Interest received ^{4,6}	3,873,591	4,710,874	4,926,125	4,088,184	3,225,286	3,174,095
Total deductions ⁴	130,388,596	125,494,571	149,060,709	160,816,530	156,911,742	184,237,912
Cost of goods sold ⁴	66,380,586	63,289,692	75,033,998	80,548,021	78,092,277	98,177,788
Interest paid.....	7,911,568	9,008,339	10,125,194	9,923,985	9,016,218	9,240,463
Net income (less deficit) ⁴	1,091,102	-134,901	10,355,698	9,406,304	1,344,239	10,683,846
Net income ⁴	8,826,382	8,519,139	15,616,089	16,240,479	9,851,990	17,265,488
Deficit ⁴	7,735,280	8,654,040	5,260,391	6,834,176	8,507,752	6,581,642
Total income tax ⁷	2,116,331	1,770,981	3,231,554	3,026,385	2,087,504	3,547,275
Regular tax.....	1,987,944	1,615,297	3,091,343	2,900,460	1,993,356	3,453,291
Total income tax after credits.....	1,382,782	1,064,375	2,050,087	2,064,114	1,010,103	2,030,356

See notes at end of this section.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued

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

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
UTILITIES ¹						
Number of returns, total ²	8,067	7,044	7,968	7,802	7,863	8,504
Number with net income ²	4,556	4,620	4,276	3,855	3,934	4,425
Total assets ³	1,034,143,980	1,171,606,471	1,556,911,256	1,515,428,318	1,458,642,427	1,454,677,579
Net worth ³	345,181,633	374,868,607	382,030,374	381,352,597	381,185,739	364,426,969
Total receipts ⁴	475,839,324	516,184,353	756,808,494	1,051,655,475	578,342,692	560,857,066
Business receipts ⁴	450,830,225	478,836,511	707,815,083	1,004,358,112	537,883,736	521,884,927
Interest received ^{4,6}	7,797,767	9,222,895	12,932,306	13,035,317	12,550,519	10,492,402
Total deductions ⁴	445,297,488	477,659,203	728,553,279	1,036,080,852	580,005,825	566,004,187
Cost of goods sold ⁴	276,406,488	301,858,130	517,574,723	795,765,082	340,182,014	324,140,437
Interest paid.....	28,451,377	30,445,753	39,224,772	42,280,631	41,316,770	38,760,041
Net income (less deficit) ⁴	31,509,342	39,017,164	29,169,974	16,804,566	-1,046,609	-4,728,496
Net income ⁴	37,950,376	42,332,613	35,279,980	28,734,461	22,596,105	14,461,224
Deficit ⁴	6,441,034	3,315,449	6,110,006	11,929,895	23,642,715	19,189,721
Total income tax ⁷	12,854,663	14,087,853	10,617,977	9,151,930	6,504,039	4,565,498
Regular tax.....	12,763,441	13,916,825	10,420,441	9,071,527	6,382,751	4,483,781
Total income tax after credits.....	11,257,262	12,912,267	9,383,513	7,718,038	5,296,222	3,502,071
CONSTRUCTION ¹						
Number of returns, total ²	551,935	580,302	597,902	624,478	648,535	676,120
Number with net income ²	350,586	374,809	373,746	376,822	382,349	401,721
Total assets ³	415,679,597	463,072,728	504,719,698	525,704,293	540,502,611	566,392,613
Net worth ³	124,212,135	139,215,432	149,948,101	150,498,208	163,014,462	154,875,559
Total receipts ⁴	875,357,103	990,661,562	1,051,896,139	1,102,724,183	1,098,818,871	1,147,627,639
Business receipts ⁴	859,139,558	973,521,174	1,034,087,166	1,084,579,920	1,080,555,117	1,128,834,453
Interest received ^{4,6}	2,858,133	3,050,095	3,466,222	3,062,738	2,474,298	2,565,635
Total deductions ⁴	846,846,638	957,850,706	1,019,743,542	1,070,080,498	1,070,369,680	1,118,068,122
Cost of goods sold ⁴	646,521,716	734,146,024	776,692,461	809,614,689	799,324,059	832,053,060
Interest paid.....	8,234,453	8,717,303	10,202,001	10,270,932	9,289,390	9,720,872
Net income (less deficit) ⁴	28,385,998	32,654,317	32,067,010	32,537,032	28,357,934	29,368,117
Net income ⁴	37,355,248	42,285,794	43,775,887	46,179,690	45,359,266	48,125,249
Deficit ⁴	8,969,250	9,631,477	11,708,877	13,642,657	17,001,332	18,757,132
Total income tax ⁷	3,848,773	4,375,585	4,460,645	4,543,459	4,221,133	4,598,022
Regular tax.....	3,720,221	4,280,010	4,373,768	4,497,744	4,178,296	4,560,661
Total income tax after credits.....	3,671,586	4,142,447	4,308,656	4,435,401	4,104,446	4,471,956
MANUFACTURING ¹						
Number of returns, total ²	309,912	297,714	288,506	278,995	280,185	281,239
Number with net income ²	187,502	184,923	168,580	147,291	149,710	145,867
Total assets ³	6,407,878,676	6,812,198,288	7,830,525,859	8,100,072,543	8,202,169,904	8,827,565,222
Net worth ³	2,176,868,544	2,347,201,417	2,919,128,199	2,949,917,887	2,975,211,477	3,259,807,483
Total receipts ⁴	4,967,763,340	5,207,025,164	5,741,290,322	5,315,598,814	5,257,106,442	5,642,551,645
Business receipts ⁴	4,591,071,027	4,801,823,220	5,259,173,394	4,862,174,424	4,822,650,951	5,194,506,715
Interest received ^{4,6}	110,421,209	113,423,902	136,081,123	130,752,374	119,947,354	117,887,111
Total deductions ⁴	4,758,096,862	4,996,507,899	5,514,263,661	5,228,295,401	5,178,748,932	5,509,877,426
Cost of goods sold ⁴	3,128,946,941	3,278,506,854	3,646,003,664	3,402,032,548	3,353,642,529	3,691,657,743
Interest paid.....	172,772,207	184,827,327	216,950,701	210,704,804	184,028,822	175,745,011
Net income (less deficit) ⁴	246,022,462	247,281,612	271,917,037	129,096,121	119,275,059	186,085,821
Net income ⁴	300,629,903	311,008,480	355,433,559	269,346,456	245,134,412	284,701,913
Deficit ⁴	54,607,441	63,726,868	83,516,521	140,250,335	125,859,352	98,616,092
Total income tax ⁷	85,160,606	87,650,593	102,107,461	76,141,754	68,531,196	82,534,697
Regular tax.....	84,044,758	86,663,477	100,717,097	75,778,613	67,606,219	82,027,984
Total income tax after credits.....	51,821,656	56,836,653	62,146,298	43,292,557	34,400,275	42,840,125

See notes at end of this section.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued

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

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
WHOLESALE AND RETAIL TRADE ¹						
Number of returns, total ²	956,803	948,371	959,575	963,403	964,523	975,011
Number with net income ²	562,107	567,059	547,118	552,571	514,346	538,287
Total assets ³	1,955,833,869	2,136,070,543	2,307,635,980	2,311,538,349	2,412,864,112	2,458,482,333
Net worth ³	630,317,171	697,058,437	752,937,787	775,273,224	812,930,683	859,282,017
Total receipts ⁴	4,626,956,885	4,913,443,742	5,397,024,981	5,312,289,788	5,403,353,886	5,736,011,994
Business receipts ⁴	4,516,670,915	4,789,438,632	5,267,581,834	5,183,197,415	5,278,843,887	5,601,105,942
Interest received ^{4,6}	23,303,872	25,791,809	27,158,306	21,959,651	19,509,672	17,660,874
Total deductions ⁴	4,541,306,580	4,823,250,170	5,314,154,542	5,239,282,835	5,318,817,046	5,631,362,037
Cost of goods sold ⁴	3,500,642,975	3,713,954,583	4,116,888,584	4,036,920,370	4,083,064,952	4,352,429,283
Interest paid.....	56,868,644	59,036,213	68,090,598	59,251,050	50,534,463	46,478,485
Net income (less deficit) ⁴	86,950,940	91,938,690	85,176,192	75,366,514	87,018,582	108,098,908
Net income ⁴	119,780,848	133,647,997	139,241,630	128,763,355	135,027,304	154,567,691
Deficit ⁴	32,829,908	41,709,307	54,065,438	53,396,841	48,008,722	46,468,782
Total income tax ⁷	25,333,188	27,897,471	29,752,161	26,419,726	27,469,057	32,256,691
Regular tax.....	25,050,231	27,586,344	29,389,721	26,309,437	27,296,326	32,120,034
Total income tax after credits.....	23,551,505	25,958,590	27,782,180	24,749,298	25,568,842	29,692,890
TRANSPORTATION AND WAREHOUSING ¹						
Number of returns, total ²	159,646	160,195	160,437	164,492	177,745	182,881
Number with net income ²	94,327	85,618	84,271	84,837	91,226	95,352
Total assets ³	460,299,605	495,262,107	531,565,047	531,565,543	536,270,300	558,278,543
Net worth ³	157,718,753	168,809,002	166,587,366	156,710,830	144,702,207	156,846,724
Total receipts ⁴	488,074,225	506,307,909	527,167,358	516,415,672	533,613,159	571,417,174
Business receipts ⁴	469,626,605	485,223,550	505,713,781	493,765,699	510,816,998	547,730,745
Interest received ^{4,6}	5,211,712	4,952,614	5,821,233	4,819,977	3,982,958	3,026,793
Total deductions ⁴	472,624,631	496,110,964	519,789,746	523,754,808	542,412,614	570,180,006
Cost of goods sold ⁴	145,243,592	144,954,534	162,300,008	143,664,961	151,927,768	193,253,719
Interest paid.....	12,890,808	14,114,833	15,623,451	14,544,173	19,266,450	12,624,295
Net income (less deficit) ⁴	15,813,288	10,441,695	7,913,968	-7,061,072	-8,648,139	1,608,015
Net income ⁴	21,950,223	18,783,289	19,125,558	14,117,899	14,490,713	15,802,242
Deficit ⁴	6,136,935	8,341,594	11,211,590	21,178,971	23,138,852	14,194,227
Total income tax ⁷	5,220,126	4,556,134	4,328,980	3,061,717	2,915,569	3,165,216
Regular tax.....	4,974,510	4,442,795	4,238,681	2,965,899	2,817,395	3,152,330
Total income tax after credits.....	4,465,867	3,944,800	3,745,610	2,836,333	2,725,995	2,740,308
INFORMATION ¹						
Number of returns, total ²	100,977	107,628	118,073	115,435	120,271	119,875
Number with net income ²	46,604	50,591	51,357	47,156	49,492	54,608
Total assets ³	1,657,751,562	2,321,203,242	3,034,923,999	3,149,915,940	2,993,759,005	2,691,139,228
Net worth ³	630,069,085	967,927,509	1,343,743,493	1,361,280,253	1,273,397,574	1,182,146,927
Total receipts ⁴	759,064,134	889,706,510	967,190,036	946,598,108	909,195,188	938,674,058
Business receipts ⁴	667,610,273	760,824,421	817,186,647	815,772,817	799,441,224	822,160,145
Interest received ^{4,6}	26,513,904	31,706,595	40,293,352	37,267,880	32,097,945	28,478,715
Total deductions ⁴	728,192,854	851,795,719	963,202,354	986,220,330	946,955,633	947,864,644
Cost of goods sold ⁴	184,295,336	202,700,271	220,902,262	213,276,295	205,183,275	213,052,675
Interest paid.....	52,171,340	61,139,001	73,850,231	76,883,082	69,536,498	62,442,478
Net income (less deficit) ⁴	32,662,060	39,705,442	5,888,634	-37,658,246	-33,996,597	-3,996,010
Net income ⁴	68,476,679	94,470,726	92,587,270	59,616,076	48,623,452	55,309,436
Deficit ⁴	35,814,619	54,765,284	86,698,635	97,274,322	82,620,049	59,305,447
Total income tax ⁷	20,501,328	25,266,589	25,616,216	16,406,635	12,104,214	14,026,180
Regular tax.....	20,274,203	25,200,587	24,990,024	16,309,070	12,076,847	13,897,774
Total income tax after credits.....	18,440,210	23,070,009	21,997,317	11,797,175	7,795,636	10,295,637

See notes at end of this section.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued

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

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
FINANCE AND INSURANCE ¹						
Number of returns, total ²	218,193	217,780	221,394	220,895	224,352	234,746
Number with net income ²	139,109	134,024	140,245	140,018	141,771	153,780
Total assets ³	17,305,086,833	19,824,587,927	20,812,549,796	21,088,851,299	21,937,110,016	24,336,630,885
Net worth ³	7,518,173,882	8,940,180,581	9,508,950,313	9,559,259,468	9,422,754,290	10,639,646,968
Total receipts ⁴	2,357,691,805	3,008,131,381	2,915,539,562	2,621,771,654	2,605,571,614	2,575,206,914
Business receipts ^{4,5}	1,285,017,559	1,740,167,487	1,525,629,096	1,430,898,834	1,573,271,535	1,571,588,951
Interest received ^{4,6}	720,794,899	811,320,049	936,422,920	806,514,689	660,002,353	593,235,118
Total deductions ⁴	2,037,238,331	2,610,951,725	2,499,971,633	2,321,050,152	2,324,723,707	2,240,823,839
Cost of goods sold ⁴	744,162,763	1,162,852,049	875,995,480	828,320,672	835,466,854	818,675,183
Interest paid.....	344,911,753	392,893,417	474,253,886	421,275,484	291,740,227	249,072,837
Net income (less deficit) ⁴	285,178,258	360,667,738	379,017,708	268,142,171	247,012,845	303,014,325
Net income ⁴	317,490,397	393,580,700	422,936,185	328,604,216	304,543,767	341,858,827
Deficit ⁴	32,312,139	32,912,962	43,918,477	60,462,045	57,530,922	38,844,502
Total income tax ⁷	40,155,581	40,300,522	43,609,913	39,068,012	41,867,335	52,991,696
Regular tax.....	39,623,438	39,435,856	42,763,433	37,998,253	40,872,057	51,620,051
Total income tax after credits.....	35,809,588	33,861,687	36,939,212	34,189,718	36,100,698	44,306,591
REAL ESTATE AND RENTAL AND LEASING ¹						
Number of returns, total ²	521,917	521,447	532,426	539,965	570,639	577,400
Number with net income ²	212,436	207,998	212,683	203,699	207,925	219,872
Total assets ³	496,174,007	555,038,279	562,512,765	553,968,402	538,584,064	559,092,671
Net worth ³	138,405,897	148,473,459	155,887,764	151,968,943	147,198,160	161,103,312
Total receipts ⁴	205,765,416	215,874,696	235,179,818	239,598,864	230,647,035	233,291,211
Business receipts ^{4,5}	175,701,248	185,450,183	204,519,672	207,454,856	205,206,751	207,243,701
Interest received ^{4,6}	6,601,541	6,782,681	5,525,181	4,864,674	4,046,822	4,213,588
Total deductions ⁴	196,769,688	209,273,861	228,930,442	234,230,846	227,363,978	227,270,188
Cost of goods sold ⁴	44,622,040	44,747,394	50,813,666	48,227,121	50,124,303	47,394,165
Interest paid.....	15,839,859	16,981,007	18,199,502	19,896,544	14,123,528	13,675,965
Net income (less deficit) ⁴	8,872,883	6,486,094	6,137,855	5,360,069	3,253,378	6,062,925
Net income ⁴	19,183,985	17,966,220	19,286,447	18,754,185	18,134,864	21,144,158
Deficit ⁴	10,311,103	11,480,126	13,148,592	13,394,117	14,881,486	15,081,233
Total income tax ⁷	2,789,218	2,530,093	2,454,250	2,361,366	2,012,011	2,370,340
Regular tax.....	2,615,409	2,377,866	2,376,474	2,321,058	1,974,547	2,314,379
Total income tax after credits.....	2,664,038	2,395,153	2,347,572	2,218,940	1,958,106	2,308,035
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES ¹						
Number of returns, total ²	623,784	657,153	689,412	709,837	736,005	760,087
Number with net income ²	384,536	409,951	409,706	416,900	429,535	444,869
Total assets ³	299,636,432	373,290,013	499,987,766	483,351,824	484,691,832	507,815,971
Net worth ³	110,823,199	139,391,301	213,025,814	189,543,565	171,783,018	181,546,066
Total receipts ⁴	563,742,939	604,083,026	658,747,358	665,085,183	683,879,755	720,418,313
Business receipts ⁴	540,924,209	576,276,292	623,368,137	631,691,343	651,992,903	691,608,915
Interest received ^{4,6}	3,875,671	4,427,474	7,621,540	6,196,145	4,668,720	3,889,678
Total deductions ⁴	545,623,562	591,035,814	666,570,144	671,016,867	681,976,681	711,836,442
Cost of goods sold ⁴	185,899,820	183,976,411	202,015,796	189,914,383	199,415,154	202,329,198
Interest paid.....	6,192,565	7,612,211	10,317,850	9,404,961	9,040,336	8,682,585
Net income (less deficit) ⁴	18,166,687	13,263,768	-7,551,100	-5,614,567	2,463,356	9,277,744
Net income ⁴	36,794,790	39,516,735	42,508,155	41,323,639	42,831,929	44,316,435
Deficit ⁴	18,628,103	26,252,968	50,059,255	46,938,207	40,368,574	35,038,691
Total income tax ⁷	4,892,809	4,784,997	4,910,603	3,943,006	3,769,108	3,671,651
Regular tax.....	4,848,521	4,735,208	4,879,740	3,931,563	3,736,566	3,682,859
Total income tax after credits.....	4,277,480	4,088,564	4,394,637	3,277,227	3,191,317	3,066,840

See notes at end of this section.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued

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

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
MANAGEMENT OF COMPANIES (HOLDING COMPANIES) ¹						
Number of returns, total ²	30,931	43,246	47,542	47,866	48,053	46,887
Number with net income ²	14,278	17,304	20,979	19,818	21,267	18,786
Total assets ³	6,036,081,553	5,936,042,852	7,917,530,297	9,356,898,892	9,739,201,697	10,094,909,965
Net worth ³	794,827,208	937,394,942	1,237,344,020	1,386,169,730	1,482,596,398	1,311,562,906
Total receipts ⁴	550,818,360	518,531,619	693,453,386	788,062,467	689,799,466	677,082,366
Business receipts ⁴	90,497,966	91,583,476	127,242,280	175,450,783	170,514,329	190,225,987
Interest received ^{4,6}	354,245,184	327,262,346	435,503,757	457,053,813	361,954,366	339,679,108
Total deductions ⁴	491,555,673	457,651,453	613,412,225	702,054,817	602,603,758	581,498,091
Cost of goods sold ⁴	4,093,481	1,341,171	7,403,101	18,585,287	11,077,288	9,517,497
Interest paid.....	227,006,009	198,179,812	293,846,786	290,735,669	186,561,412	158,380,777
Net income (less deficit) ⁴	56,727,056	58,098,072	78,208,116	83,216,188	84,572,187	93,462,818
Net income ⁴	61,617,002	63,362,066	83,529,280	89,526,734	94,494,581	100,808,637
Deficit ⁴	4,889,946	5,263,994	5,321,164	6,310,546	9,922,394	7,345,819
Total income tax ⁷	19,773,001	20,151,630	26,800,031	28,535,815	30,444,748	32,182,303
Regular tax.....	19,528,114	20,060,393	26,708,372	28,461,711	30,408,844	32,122,396
Total income tax after credits.....	16,608,717	17,557,723	21,745,792	23,256,377	24,905,354	25,674,080
ADMINISTRATIVE AND SUPPORT AND WASTE MANAGEMENT AND REMEDIAL SERVICES ¹						
Number of returns, total ²	200,449	205,011	211,993	223,999	231,412	242,904
Number with net income ²	122,276	120,197	128,738	135,234	134,003	151,327
Total assets ³	188,316,699	203,660,243	218,894,160	231,139,131	258,705,414	274,758,410
Net worth ³	68,348,928	63,853,465	61,423,215	64,950,551	77,291,090	80,911,300
Total receipts ⁴	277,178,204	296,911,229	325,399,872	352,935,179	350,216,846	377,940,515
Business receipts ⁴	263,655,627	283,700,509	313,932,798	339,002,912	338,209,323	359,890,965
Interest received ^{4,6}	3,181,418	2,466,255	2,281,559	1,790,626	1,881,731	2,080,683
Total deductions ⁴	270,127,054	290,332,899	321,181,269	345,441,035	345,261,614	370,864,108
Cost of goods sold ⁴	124,986,629	132,743,416	138,959,356	152,621,002	149,702,110	170,893,885
Interest paid.....	5,863,680	6,037,846	7,500,383	7,002,692	6,199,583	6,503,972
Net income (less deficit) ⁴	7,311,477	7,193,907	4,337,453	7,609,771	5,036,076	7,194,381
Net income ⁴	12,520,454	12,185,525	12,211,170	14,784,895	13,491,618	14,226,924
Deficit ⁴	5,208,977	4,991,618	7,873,717	7,175,123	8,455,542	7,032,543
Total income tax ⁷	2,060,959	1,759,550	1,544,394	1,951,046	1,605,012	1,304,340
Regular tax.....	2,030,934	1,724,934	1,530,854	1,928,166	1,586,118	1,270,470
Total income tax after credits.....	1,768,277	1,345,004	1,278,157	1,520,665	1,393,675	1,092,221
EDUCATIONAL SERVICES ¹						
Number of returns, total ²	36,959	35,196	36,756	38,480	41,317	44,059
Number with net income ²	24,011	22,139	23,516	19,336	20,525	21,688
Total assets ³	12,015,998	13,290,030	15,347,835	16,497,219	16,492,830	19,947,248
Net worth ³	4,711,049	4,890,418	5,899,320	6,192,337	6,195,219	7,265,582
Total receipts ⁴	25,845,444	23,083,618	25,236,070	26,922,736	25,972,274	30,684,279
Business receipts ⁴	23,196,929	20,532,679	22,021,416	25,148,309	24,509,009	29,746,218
Interest received ^{4,6}	93,441	108,347	159,191	113,946	90,703	86,397
Total deductions ⁴	25,001,911	22,520,730	24,488,516	26,509,597	24,969,680	29,222,310
Cost of goods sold ⁴	5,567,853	4,264,602	4,195,289	4,820,315	3,955,244	4,895,886
Interest paid.....	247,281	288,455	346,595	338,259	322,399	312,979
Net income (less deficit) ⁴	841,910	559,735	743,338	420,744	1,005,660	1,457,306
Net income ⁴	1,363,597	1,303,279	1,758,495	1,641,837	1,877,456	2,352,880
Deficit ⁴	521,687	743,543	1,015,157	1,221,094	871,796	895,575
Total income tax ⁷	172,739	176,634	297,442	229,931	264,236	341,140
Regular tax.....	170,401	175,768	296,332	229,079	263,846	337,968
Total income tax after credits.....	160,680	169,169	287,334	218,742	248,573	331,442

See notes at end of this section.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued

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

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
HEALTH CARE AND SOCIAL ASSISTANCE ¹						
Number of returns, total ²	307,258	303,499	306,352	327,338	334,305	354,603
Number with net income ²	178,952	179,919	188,153	207,968	209,306	224,155
Total assets ³	217,705,783	216,011,347	220,349,973	213,775,949	214,329,877	229,814,061
Net worth ³	70,205,539	65,619,372	64,661,550	56,901,435	61,960,368	64,342,783
Total receipts ⁴	372,531,571	385,912,697	417,490,766	443,351,714	463,253,527	503,083,460
Business receipts ⁴	357,156,938	371,442,071	403,580,914	429,190,484	448,427,967	488,409,511
Interest received ^{4,6}	1,768,297	1,808,445	2,067,609	1,798,075	1,320,255	1,270,834
Total deductions ⁴	368,324,288	380,770,874	409,842,606	430,956,238	446,522,542	484,367,139
Cost of goods sold ⁴	45,407,694	46,030,202	53,847,300	54,435,340	54,589,386	58,438,250
Interest paid.....	7,379,882	7,731,279	8,324,621	7,640,537	6,462,090	6,582,610
Net income (less deficit) ⁴	4,133,910	5,076,755	7,649,931	12,335,681	16,631,149	18,630,604
Net income ⁴	13,914,520	15,190,047	17,011,710	20,364,434	23,695,054	25,543,515
Deficit ⁴	9,780,610	10,113,292	9,361,779	8,028,753	7,063,905	6,912,911
Total income tax ⁷	1,769,004	1,779,862	1,663,812	1,774,653	2,059,337	2,137,289
Regular tax.....	1,751,998	1,762,161	1,651,580	1,771,057	2,053,582	2,123,128
Total income tax after credits.....	1,732,053	1,726,157	1,559,356	1,741,421	2,011,275	2,087,431
ARTS, ENTERTAINMENT, AND RECREATION ¹						
Number of returns, total ²	92,966	93,922	97,866	102,631	110,609	110,119
Number with net income ²	45,831	44,376	44,318	48,884	53,390	50,037
Total assets ³	73,334,657	81,870,705	75,631,069	78,565,805	79,600,495	79,164,279
Net worth ³	18,208,673	22,987,987	19,953,303	19,144,846	19,238,866	17,869,953
Total receipts ⁴	67,273,020	76,849,223	70,085,901	75,491,312	78,918,432	76,855,082
Business receipts ⁴	60,387,702	70,756,712	64,157,666	69,089,923	72,674,159	69,877,627
Interest received ^{4,6}	1,016,055	1,001,877	1,067,454	1,000,658	811,809	743,741
Total deductions ⁴	65,413,634	76,004,686	69,649,259	75,071,517	78,066,513	75,624,795
Cost of goods sold ⁴	13,913,998	15,558,840	14,012,402	14,108,775	15,445,331	14,036,996
Interest paid.....	2,859,173	3,153,120	3,133,918	3,330,751	2,936,172	2,784,090
Net income (less deficit) ⁴	1,864,448	821,493	413,339	402,181	852,149	1,227,441
Net income ⁴	5,242,957	4,931,288	5,038,654	5,233,174	5,346,441	5,338,360
Deficit ⁴	3,378,510	4,109,794	4,625,314	4,830,992	4,494,292	4,110,919
Total income tax ⁷	613,745	498,551	508,011	396,641	349,418	299,303
Regular tax.....	588,320	452,837	494,747	392,960	344,655	291,786
Total income tax after credits.....	535,839	452,800	447,722	351,460	294,113	252,586
ACCOMMODATION, FOOD SERVICES, AND DRINKING PLACES ¹						
Number of returns, total ²	245,334	252,113	257,525	259,465	271,527	278,722
Number with net income ²	118,510	122,757	134,231	134,539	136,427	135,243
Total assets ³	257,795,912	307,607,229	326,257,810	344,864,784	352,661,519	357,413,221
Net worth ³	82,797,524	97,933,991	99,048,857	103,668,236	108,766,030	113,180,184
Total receipts ⁴	317,528,271	342,083,590	375,040,371	353,715,274	399,787,328	407,107,664
Business receipts ⁴	295,686,536	318,528,271	346,989,626	328,552,525	372,418,853	382,358,626
Interest received ^{4,6}	3,649,732	3,924,941	4,529,172	3,978,882	3,834,780	3,306,364
Total deductions ⁴	309,897,224	332,848,457	364,913,806	345,725,252	391,952,542	400,097,877
Cost of goods sold ⁴	126,010,805	131,317,833	143,111,384	122,785,758	152,332,352	158,705,517
Interest paid.....	11,177,826	12,290,148	14,325,258	13,229,659	12,583,288	11,730,733
Net income (less deficit) ⁴	7,895,034	10,066,516	10,316,662	8,198,950	8,033,793	7,157,592
Net income ⁴	15,097,570	16,629,585	17,113,147	15,491,509	15,772,353	15,472,058
Deficit ⁴	7,202,537	6,563,069	6,796,485	7,292,559	7,738,560	8,314,466
Total income tax ⁷	2,679,119	3,128,707	3,104,821	2,623,444	2,567,514	2,509,150
Regular tax.....	2,608,377	3,036,759	3,049,904	2,576,230	2,551,626	2,501,073
Total income tax after credits.....	2,051,196	2,315,528	2,390,708	1,947,518	1,740,440	1,711,725

See notes at end of this section.

Selected Historical and Other Data

Table 14b.--Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items, by North American Industry Classification System (NAICS) Industrial Sector, Income Years 1998-2003--Continued

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

Industrial sector and item	1998	1999	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)
OTHER SERVICES¹						
Number of returns, total ²	300,313	305,725	316,138	325,602	321,134	329,336
Number with net income ²	180,851	183,395	182,268	187,784	173,951	176,351
Total assets ³	87,416,961	90,106,610	93,844,830	98,164,009	92,666,071	95,847,187
Net worth ³	30,679,258	30,783,792	30,704,809	33,548,788	27,827,023	29,946,557
Total receipts ⁴	148,369,892	151,673,526	170,060,184	174,835,529	164,353,067	170,732,940
Business receipts ⁴	143,395,451	146,498,454	164,175,721	168,989,458	159,401,281	164,976,728
Interest received ^{4,6}	928,360	907,132	1,561,266	840,414	522,003	515,071
Total deductions ⁴	143,776,511	147,324,436	165,502,185	170,800,214	161,284,099	166,821,367
Cost of goods sold ⁴	60,956,443	61,680,640	68,810,776	70,937,697	63,754,139	66,924,017
Interest paid.....	2,731,937	2,844,964	3,748,882	3,035,734	2,472,820	2,538,029
Net income (less deficit) ⁴	4,591,932	4,317,819	4,547,256	4,039,477	3,094,837	4,062,491
Net income ⁴	7,237,035	7,191,706	7,811,408	7,750,193	6,976,867	7,962,590
Deficit ⁴	2,645,103	2,873,886	3,264,152	3,710,716	3,882,031	3,900,100
Total income tax ⁷	824,431	665,085	697,705	616,629	515,266	677,787
Regular tax.....	817,298	658,064	694,957	614,779	513,131	679,269
Total income tax after credits.....	785,562	637,689	674,380	580,567	480,323	520,041

See notes at end of this section.

Selected Historical and Other Data

Table 15.--Corporation Profits Before Tax per National Income and Product Accounts (NIPA) and per Statistics of Income (SOI), and Income Subject to Tax per SOI, Income Years 1960-2004

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

Income year	Profits before tax (per NIPA) ^{1,2}	Net income (less deficit) (per SOI) ³	Income subject to tax (per SOI) ^{3,4}
	(1)	(2)	(3)
1960.....	51.6	43.5	47.2
1961.....	51.6	45.9	47.9
1962.....	57.0	49.6	51.7
1963.....	62.1	54.3	54.3
1964.....	69.1	61.6	60.4
1965.....	80.2	73.9	70.8
1966.....	86.7	80.5	77.1
1967.....	83.5	78.2	74.8
1968.....	92.4	86.0	81.4
1969.....	91.4	80.2	81.2
1970.....	81.0	65.9	72.4
1971.....	92.9	79.7	83.2
1972.....	107.8	96.8	95.1
1973.....	134.8	120.4	115.5
1974.....	147.8	148.2	144.0
1975.....	145.5	142.6	146.6
1976.....	179.7	185.4	183.5
1977.....	210.4	219.2	212.5
1978.....	246.1	246.9	239.6
1979.....	271.9	284.6	279.4
1980.....	253.5	239.0	246.6
1981.....	243.7	213.6	241.5
1982.....	198.5	154.3	205.2
1983.....	233.9	188.3	218.7
1984.....	268.6	232.9	257.1
1985.....	257.4	240.1	266.1
1986.....	246.0	269.5	276.2
1987.....	317.6	328.2	311.8
1988.....	386.1	413.0	383.2
1989.....	383.7	389.0	371.1
1990.....	409.5	370.6	366.4
1991.....	423.0	344.9	350.0
1992.....	461.1	402.0	377.9
1993.....	517.1	498.2	436.8
1994.....	577.1	577.3	494.0
1995.....	674.3	714.2	564.7
1996.....	733.0	806.5	639.8
1997.....	798.2	915.4	683.8
1998.....	718.3	838.2	663.4
1999.....	775.9	929.0	693.7
2000.....	773.4	927.5	760.4
2001.....	707.9	603.6	635.3
2002.....	768.4	563.7	600.6
2003.....	908.1 ^r	780.0	699.3
2004 ^p	1,144.3	1,099.6	843.6

See notes at end of this section.

Selected Historical and Other Data

Table 16.--Nonprofit Charitable Organization and Domestic Private Foundation Information Returns, and Tax-Exempt Organization Business Income Tax Returns: Selected Financial Data, 1995-2002

[All figures are estimates based on samples--money amounts are in millions of dollars]

Type of return, item	1995	1996	1997	1998	1999	2000	2001	2002
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
NONPROFIT CHARITABLE ORGANIZATION INFORMATION RETURNS ¹								
Number of returns.....	180,931	192,059	198,957	207,272	211,615	230,159	240,569	251,676
Total assets, book value ²	1,143,079	1,293,439	1,438,977	1,351,541	1,453,675	1,562,536	1,631,719	1,733,852
Total liabilities ²	512,383	564,566	624,978	459,188	481,444	539,367	611,390	693,576
Total fund balance or net worth ²	630,696	728,873	813,998	892,353	972,232	1,023,169	1,020,329	1,040,275
Total revenue.....	663,371	704,346	754,616	752,044	800,676	866,208	896,974	955,267
Program service revenue ³	443,052	467,559	486,407	502,832	518,111	579,081	630,817	691,791
Contributions, gifts, and grants.....	127,743	137,666	146,171	161,751	174,992	199,076	212,427	214,484
Membership dues and assessments.....	6,148	6,347	6,823	6,952	6,331	6,660	7,239	7,879
Other.....	86,428	92,774	115,215	80,508	101,242	81,392	46,491	4,113
Total expenses.....	604,645	637,917	677,143	684,566	714,487	796,434	862,721	934,672
Excess of revenue over expenses (net).....	58,725	66,429	77,473	67,478	86,189	69,775	34,253	20,595
DOMESTIC PRIVATE FOUNDATION INFORMATION RETURNS								
Number of returns, total.....	47,917	50,774	55,113	56,658	62,694	66,738	70,787	73,255
Nonoperating foundations.....	43,966	46,066	50,541	52,460	58,840	61,501	63,650	67,101
Operating foundations.....	3,951	4,708	4,572	4,198	3,854	5,238	7,137	6,154
Total assets, book value ²	195,570	232,565	280,920	325,672	384,565	409,524	413,577	383,516
Total assets, fair market value ²	242,917	288,588	342,689	397,084	466,863	471,646	455,423	413,007
Investments in securities ²	190,739	225,087	272,412	317,900	363,442	361,418	329,353	294,385
Total revenue.....	30,814	48,247	55,460	59,735	83,286	72,780	45,264	27,775
Total expenses.....	17,189	19,852	22,414	25,902	33,876	37,434	36,661	34,392
Contributions, gifts, and grants paid. ⁴	12,256	14,519	16,421	19,394	22,763	27,564	27,383	26,303
Excess of revenue over expenses (net).....	13,626	28,395	33,046	33,833	49,410	35,346	8,602	-6618
Net investment income. ⁵	20,355	26,189	34,801	39,313	57,142	48,830	25,719	17,648
TAX-EXEMPT ORGANIZATION UNRELATED BUSINESS INCOME TAX RETURNS ⁶								
Number of returns, total.....	36,394	40,621	39,302	46,208	42,151	38,567	35,540	35,103
With unrelated business taxable income.....	18,157	19,511	20,827	24,332	20,718	19,336	15,277	14,495
Without unrelated business taxable income.....	18,237	21,109	18,475	21,876	21,433	19,231	20,264	20,608
Gross unrelated business income. ⁷	6,280	7,295	7,809	7,585	7,722	8,413	7,900	7,776
Total deductions. ^{7, 8, 9}	5,787	6,619	6,903	6,484	6,835	7,703	7,883	7,922
Unrelated business taxable income (less deficit). ⁸	493	676	906	1,100	887	710	18	-146
Unrelated business taxable income.....	893	1,170	1,375	1,670	1,485	1,427	792	647
Deficit. ⁸	400	494	469	569	598	717	774	793
Unrelated business income tax.....	277	372	418	506	423	406	226	194
Total tax. ¹⁰	277	373	423	464	422	403	222	193

See notes at end of this section.

Selected Historical and Other Data

Table 17.--Taxable Estate Tax Returns as a Percentage of Adult Deaths, Selected Years of Death, 1934-2002

[Money amounts are in thousands of dollars]

Selected year of death ²	Total adult deaths ³	Taxable estate tax returns ^{1,4,5}			
		Number	Percentage of adult deaths	Total gross estate at date of death	Estate tax after credits
	(1)	(2)	(3)	(4)	(5)
1934.....	983,970	8,655	0.88	2,197,941	153,763
1935.....	1,172,245	9,137	0.78	2,084,269	195,301
1936.....	1,257,290	12,010	0.96	2,561,906	305,784
1937.....	1,237,585	13,220	1.07	2,844,112	314,620
1938.....	1,181,275	12,720	1.08	2,564,072	276,707
1939.....	1,205,072	12,907	1.07	2,441,960	250,360
1940.....	1,237,186	13,336	1.08	2,578,314	291,758
1941.....	1,216,855	13,493	1.11	2,550,473	308,342
1942.....	1,211,391	12,726	1.05	2,452,340	362,164
1943.....	1,277,009	12,154	0.95	2,720,000	404,638
1944.....	1,238,917	13,869	1.12	3,245,624	531,052
1946.....	1,239,713	18,232	1.47	3,993,298	621,966
1947.....	1,278,856	19,742	1.54	4,445,326	714,707
1948.....	1,283,601	17,469	1.36	4,271,852	567,421
1949.....	1,285,684	17,411	1.35	4,126,358	483,520
1950.....	1,304,343	18,941	1.45	4,655,892	577,401
1953.....	1,237,741	24,997	2.02	6,287,867	778,504
1954.....	1,332,412	25,143	1.89	6,387,246	778,342
1956.....	1,289,193	32,131	2.49	8,903,611	1,176,710
1958.....	1,358,375	38,515	2.84	9,995,884	1,185,620
1960.....	1,426,148	45,439	3.19	12,733,459	1,618,548
1962.....	1,483,846	55,207	3.72	14,713,504	1,840,972
1965.....	1,578,813	67,404	4.27	18,820,065	2,414,310
1969.....	1,796,055	93,424	5.20	23,459,524	2,999,965
1972.....	1,854,146	120,761	6.51	33,293,565	4,153,250
1976.....	1,819,107	139,115	7.65	40,578,379	4,979,112
1982.....	1,897,820	34,426	1.81	31,903,845	4,937,216
1983.....	1,945,913	34,899	1.79	33,434,470	5,073,787
1984.....	1,968,128	30,436	1.55	34,201,557	5,012,750
1985.....	2,015,070	22,326	1.11	35,168,822	6,044,292
1986.....	2,033,978	21,923	1.08	37,799,304	6,276,800
1987.....	2,053,084	18,157	0.88	40,907,217	6,392,989
1988.....	2,096,704	20,864	1.00	43,413,056	7,432,376
1989.....	2,079,035	23,096	1.11	51,062,975	8,953,181
1990.....	2,079,034	24,647	1.19	53,698,028	9,217,499
1991.....	2,101,746	26,680	1.27	55,363,655	9,617,366
1992.....	2,111,617	27,235	1.29	59,707,135	10,474,949
1993.....	2,204,366	32,062	1.45	72,047,377	12,559,769
1994.....	2,216,736	32,565	1.47	69,492,783	12,312,421
1995.....	2,252,471	36,651	1.63	78,756,293	14,259,048
1996.....	2,314,254	41,714	1.80	95,003,317	16,336,256
1997.....	2,258,366	47,800	2.12	104,860,580	19,957,705
1998.....	2,282,055	49,913	2.19	117,965,303	22,676,230
1999.....	2,336,840	53,819	2.30	135,076,422	24,809,821
2000.....	2,349,361	51,159	2.18	126,095,812	24,032,595
2001.....	2,363,100	49,911	2.11	132,301,775	23,393,255
2002.....	2,389,533	28,074	1.17	105,339,413	18,841,122

See notes at end of this section.

Selected Historical and Other Data

Table 18.--Treasury Department Gross Tax Collections: Amount Collected by Quarter and Fiscal Year, 1987-2006

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return						
	Total ¹	Individual income taxes ²	Corporation income taxes ³	Excise taxes		Employment taxes ⁵	Estate and gift taxes
				Internal Revenue Service ^{1,4}	Alcohol and Tobacco Tax and Trade Bureau ⁴		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
FISCAL YEAR 1987, TOTAL ⁴	886,290	465,452	102,859	33,311	(⁴)	277,000	7,668
October 1986 - December 1986	180,580	92,346	22,466	8,281	N/A	55,615	1,872
January 1987 - March 1987	209,032	105,483	22,649	7,925	N/A	71,156	1,819
April 1987 - June 1987	285,477	164,008	29,748	8,493	N/A	81,139	2,089
July 1987 - September 1987	211,201	103,615	27,996	8,612	(⁴)	69,090	1,888
FISCAL YEAR 1988, TOTAL	945,614	473,667	109,683	25,934	10,507	318,039	7,784
October 1987 - December 1987	200,006	97,479	24,828	6,475	2,911	66,500	1,813
January 1988 - March 1988	222,784	111,215	22,006	5,304	2,337	80,161	1,761
April 1988 - June 1988	298,938	160,018	35,991	6,550	2,763	91,426	2,190
July 1988 - September 1988	223,886	104,955	26,858	7,605	2,496	79,952	2,020
FISCAL YEAR 1989, TOTAL	1,024,718	515,732	117,015	25,977	11,397	345,626	8,973
October 1988 - December 1988	216,503	104,522	29,551	6,657	2,985	70,632	2,156
January 1989 - March 1989	238,279	114,475	20,760	6,098	2,395	92,587	1,964
April 1989 - June 1989	334,878	180,947	40,825	6,899	3,401	100,077	2,729
July 1989 - September 1989	235,059	115,788	25,879	6,324	2,615	82,329	2,124
FISCAL YEAR 1990, TOTAL	1,066,600	540,228	110,017	27,139	10,235	367,219	11,762
October 1989 - December 1989	222,867	110,077	26,390	6,184	2,790	74,982	2,444
January 1990 - March 1990	251,924	127,277	21,433	5,868	2,187	92,868	2,291
April 1990 - June 1990	343,976	181,180	37,398	8,143	2,690	110,281	4,284
July 1990 - September 1990	247,833	121,694	24,796	6,944	2,568	89,088	2,743
FISCAL YEAR 1991, TOTAL	1,099,746	546,877	113,599	30,452	12,895	384,451	11,473
October 1990 - December 1990	242,792	118,047	29,248	6,363	2,753	83,646	2,735
January 1991 - March 1991	257,078	119,891	22,974	7,107	2,919	101,569	2,618
April 1991 - June 1991	338,591	181,949	35,953	7,545	3,545	106,426	3,173
July 1991 - September 1991	261,284	126,990	25,423	9,436	3,678	92,810	2,947
FISCAL YEAR 1992, TOTAL	1,134,195	557,723	117,951	33,566	13,395	400,081	11,479
October 1991 - December 1991	249,845	117,980	28,571	8,238	3,572	88,749	2,735
January 1992 - March 1992	266,984	136,220	19,751	8,159	2,823	97,425	2,606
April 1992 - June 1992	348,986	173,437	41,930	8,311	3,539	118,503	3,266
July 1992 - September 1992	268,380	130,086	27,699	8,858	3,461	95,404	2,872
FISCAL YEAR 1993, TOTAL	1,190,673	585,774	131,548	34,962	13,987	411,511	12,891
October 1992 - December 1992	262,404	124,812	30,324	8,388	3,581	92,284	3,015
January 1993 - March 1993	285,925	154,596	21,124	8,317	3,074	96,042	2,772
April 1993 - June 1993	354,070	168,977	47,920	8,739	3,776	120,767	3,891
July 1993 - September 1993	288,274	137,389	32,180	9,518	3,556	102,418	3,213
FISCAL YEAR 1994, TOTAL	1,290,246	619,819	154,205	43,005	13,779	443,831	15,607
October 1993 - December 1993	282,891	132,790	36,088	9,907	3,525	97,012	3,569
January 1994 - March 1994	309,746	160,382	24,883	9,932	3,009	108,037	3,503
April 1994 - June 1994	386,403	182,996	55,652	10,629	3,592	128,665	4,869
July 1994 - September 1994	311,205	143,651	37,582	12,536	3,653	110,117	3,666
FISCAL YEAR 1995, TOTAL	1,390,048	675,779	174,422	44,981	14,317	465,405	15,144
October 1994 - December 1994	301,238	138,454	40,811	11,029	3,791	103,537	3,616
January 1995 - March 1995	329,624	169,977	26,137	10,791	2,982	116,503	3,234
April 1995 - June 1995	432,556	214,105	65,995	11,116	3,603	133,357	4,380
July 1995 - September 1995	326,630	153,243	41,479	12,045	3,941	112,008	3,914
FISCAL YEAR 1996, TOTAL	1,500,351	745,313	189,055	42,222	13,805	492,365	17,592
October 1995 - December 1995	320,038	148,203	46,823	11,409	3,411	106,200	3,992
January 1996 - March 1996	349,683	184,419	27,971	9,939	2,959	120,783	3,612
April 1996 - June 1996	474,823	242,754	68,509	9,835	3,532	144,825	5,368
July 1996 - September 1996	355,808	169,937	45,752	11,039	3,903	120,557	4,620

See notes at end of this section.

Selected Historical and Other Data

Table 18.--Treasury Department Gross Tax Collections: Amount Collected by Quarter and Fiscal Year, 1987-2006--Continued

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return						
	Total ¹	Individual income taxes ²	Corporation income taxes ³	Excise taxes		Employment taxes ⁵	Estate and gift taxes
				Internal Revenue Service ^{1,4}	Alcohol and Tobacco Tax and Trade Bureau ⁴		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
FISCAL YEAR 1997, TOTAL.....	1,637,157	825,021	204,492	44,806	13,883	528,597	20,356
October 1996 - December 1996.....	345,447	157,767	49,612	10,052	3,261	120,284	4,471
January 1997 - March 1997.....	379,827	197,477	31,359	10,762	3,052	132,838	4,339
April 1997 - June 1997.....	526,490	285,884	75,093	11,600	3,524	144,048	6,341
July 1997 - September 1997.....	385,392	183,893	48,428	12,393	4,046	131,426	5,206
FISCAL YEAR 1998, TOTAL.....	1,782,997	928,066	213,270	45,643	13,588	557,799	24,631
October 1997 - December 1997.....	381,995	180,507	56,228	12,424	3,181	124,315	5,340
January 1998 - March 1998.....	412,808	216,994	33,640	11,424	2,968	142,512	5,270
April 1998 - June 1998.....	578,540	319,050	75,714	12,575	3,581	159,632	7,988
July 1998 - September 1998.....	409,655	211,515	47,688	9,220	3,858	131,341	6,033
FISCAL YEAR 1999, TOTAL.....	1,917,643	1,002,186	216,325	58,586	13,490	598,670	28,386
October 1998 - December 1998.....	410,884	192,843	56,474	18,017	3,216	133,695	6,639
January 1999 - March 1999.....	444,224	239,680	33,958	12,179	2,915	149,408	6,084
April 1999 - June 1999.....	616,626	351,720	72,904	13,366	3,457	166,086	9,093
July 1999 - September 1999.....	445,908	217,943	52,989	15,023	3,903	149,480	6,570
FISCAL YEAR 2000, TOTAL.....	2,112,755	1,137,078	235,655	54,811	15,838	639,652	29,722
October 1999 - December 1999.....	442,745	222,369	57,122	12,611	3,523	139,310	7,810
January 2000 - March 2000.....	490,661	265,193	39,584	13,107	3,540	162,816	6,421
April 2000 - June 2000.....	690,101	403,071	79,583	13,608	4,217	180,645	8,977
July 2000 - September 2000.....	489,248	246,445	59,366	15,484	4,558	156,881	6,514
FISCAL YEAR 2001, TOTAL.....	2,144,654	1,178,210	186,732	52,419	15,822	682,223	29,248
October 2000 - December 2000.....	466,710	228,483	64,597	12,574	3,782	150,175	7,099
January 2001 - March 2001.....	523,566	285,417	38,239	13,436	3,472	176,339	6,663
April 2001 - June 2001.....	709,403	425,471	64,709	12,369	4,137	193,561	9,156
July 2001 - September 2001.....	444,976	238,839	19,187	14,040	4,531	162,148	6,331
FISCAL YEAR 2002, TOTAL.....	2,033,661	1,037,734	211,438	52,137	17,034	688,077	27,242
October 2001 - December 2001.....	477,215	235,729	71,783	8,070	3,756	151,079	6,798
January 2002 - March 2002.....	494,506	250,689	38,760	15,632	3,957	178,982	6,486
April 2002 - June 2002.....	599,650	324,735	55,496	13,486	4,480	194,045	7,408
July 2002 - September 2002.....	462,289	226,580	45,399	14,949	4,841	163,971	6,549
FISCAL YEAR 2003, TOTAL.....	1,969,648	987,209	194,146	52,771	16,719	695,976	22,827
October 2002 - December 2002.....	444,259	209,947	51,821	12,461	3,791	160,448	5,792
January 2003 - March 2003.....	480,840	252,412	31,309	12,017	3,808	175,609	5,684
April 2003 - June 2003.....	596,078	310,723	67,381	12,821	4,336	194,902	5,916
July 2003 - September 2003.....	448,471	214,128	43,636	15,473	4,783	165,016	5,435
FISCAL YEAR 2004, TOTAL.....	2,035,761 ^r	990,249	230,619	54,807	17,260 ^r	717,247	25,579
October 2003 - December 2003.....	453,910 ^r	211,414	59,746	12,613	4,243 ^r	159,894	6,000
January 2004 - March 2004.....	489,927	253,054	33,289	13,018	3,745	180,871	5,950
April 2004 - June 2004.....	612,808	308,822	81,800	13,554	4,481	197,486	6,665
July 2004 - September 2004.....	479,116 ^r	216,958	55,784	15,623	4,790 ^r	178,996	6,965
FISCAL YEAR 2005, TOTAL.....	2,286,837	1,107,501	307,095	57,252	17,942	771,442	25,606
October 2004 - December 2004.....	492,020	224,307	74,547	12,692	4,107	170,425	5,942
January 2005 - March 2005.....	531,435	271,686	43,355	13,593	3,706	192,825	6,270
April 2005 - June 2005.....	713,819	367,673	103,079	14,282	4,404	217,592	6,789
July 2005 - September 2005.....	549,564	243,835	86,114	16,685	5,725	190,600	6,604
FISCAL YEAR 2006							
October 2005 - December 2005.....	531,599 ^r	240,961	89,694	13,269	4,357 ^r	176,954	6,364
January 2006 - March 2006.....	598,921	302,873	58,503	13,783	4,053	212,001	7,707
April 2006 - June 2006.....	809,903	427,823	124,945	14,903	4,727	229,789	7,716

See notes at end of this section.

Selected Historical and Other Data

Table 19.--Internal Revenue Tax Refunds: Amount Refunded by Quarter and Fiscal Year, 1987-2006

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total ¹	Individual income taxes ²	Corporation income taxes ³	Excise taxes ^{1,4}	Employment taxes ⁵	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1987, TOTAL.....	96,969	73,583	19,891	1,381	1,900	214
October 1986 - December 1986	8,668	3,406	4,789	111	312	50
January 1987 - March 1987.....	28,422	22,198	5,296	479	393	56
April 1987 - June 1987	50,063	42,858	5,948	332	869	57
July 1987 - September 1987.....	9,816	5,121	3,858	459	326	52
FISCAL YEAR 1988, TOTAL.....	94,480	74,399	16,477	1,114	2,263	227
October 1987 - December 1987.....	7,701	3,437	3,727	207	275	55
January 1988 - March 1988.....	27,798	21,744	5,248	198	553	55
April 1988 - June 1988.....	49,202	43,769	3,848	421	1,114	50
July 1988 - September 1988.....	9,776	5,449	3,654	288	321	67
FISCAL YEAR 1989, TOTAL.....	93,613	73,597	14,921	2,054	2,771	269
October 1988 - December 1988.....	8,380	3,362	4,461	118	359	80
January 1989 - March 1989.....	32,041	26,759	4,462	182	570	67
April 1989 - June 1989.....	43,538	38,895	3,849	350	381	63
July 1989 - September 1989.....	9,654	4,581	2,149	1,404	1,461	59
FISCAL YEAR 1990, TOTAL	99,656	76,065	18,324	2,261	2,677	329
October 1989 - December 1989.....	8,487	3,094	4,605	300	409	79
January 1990 - March 1990.....	37,121	31,367	4,922	342	423	67
April 1990 - June 1990.....	43,308	36,952	4,209	549	1,492	106
July 1990 - September 1990.....	10,740	4,652	4,588	1,070	353	77
FISCAL YEAR 1991, TOTAL	104,380	82,877	17,440	1,188	2,471	404
October 1990 - December 1990.....	8,284	3,367	4,148	344	323	102
January 1991 - March 1991.....	38,020	32,811	4,286	293	538	92
April 1991 - June 1991.....	47,962	41,638	4,748	226	1,249	101
July 1991 - September 1991.....	10,114	5,061	4,258	325	361	109
FISCAL YEAR 1992, TOTAL.....	113,108	88,624	19,688	1,997	2,398	401
October 1991 - December 1991.....	10,072	3,607	5,639	379	346	101
January 1992 - March 1992	44,657	38,183	5,750	201	430	93
April 1992 - June 1992.....	47,817	42,231	4,596	476	399	115
July 1992 - September 1992.....	10,562	4,603	3,703	941	1,223	92
FISCAL YEAR 1993, TOTAL.....	93,580	74,234	16,035	958	1,969	384
October 1992 - December 1992.....	7,891	3,081	4,190	208	324	88
January 1993 - March 1993.....	37,213	31,503	4,971	239	396	104
April 1993 - June 1993.....	39,325	35,353	3,195	290	397	90
July 1993 - September 1993.....	9,151	4,297	3,679	221	852	102
FISCAL YEAR 1994, TOTAL.....	96,980	75,935	16,251	1,877	2,477	441
October 1993 - December 1993.....	7,329	2,322	4,176	394	324	113
January 1994 - March 1994.....	34,614	27,859	5,800	403	445	107
April 1994 - June 1994.....	43,804	40,876	2,109	333	393	93
July 1994 - September 1994.....	11,233	4,878	4,165	747	1,315	128
FISCAL YEAR 1995, TOTAL.....	108,035	84,056	19,350	2,223	1,972	434
October 1994 - December 1994.....	9,086	3,440	4,909	319	304	114
January 1995 - March 1995.....	35,791	27,642	6,370	926	753	101
April 1995 - June 1995.....	53,388	47,433	4,904	500	443	108
July 1995 - September 1995.....	9,770	5,541	3,167	478	472	111
FISCAL YEAR 1996, TOTAL.....	132,710	107,361	19,201	2,075	3,584	489
October 1995 - December 1995.....	11,149	4,133	5,391	361	1,152	112
January 1996 - March 1996.....	48,625	41,633	6,103	239	538	112
April 1996 - June 1996.....	61,612	56,319	4,363	355	454	121
July 1996 - September 1996.....	11,324	5,276	3,344	1,120	1,440	144

See notes at end of this section.

Selected Historical and Other Data

Table 19.--Internal Revenue Tax Refunds: Amount Refunded by Quarter and Fiscal Year, 1987-2006--Continued

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total ¹	Individual income taxes ²	Corporation income taxes ³	Excise taxes ^{1,4}	Employment taxes ⁵	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1997, TOTAL.....	142,599	113,083	24,046	1,790	3,104	576
October 1996 - December 1996.....	13,306	4,460	8,082	155	433	176
January 1997 - March 1997.....	58,345	51,442	5,771	493	552	87
April 1997 - June 1997.....	57,421	51,980	4,399	375	522	146
July 1997 - September 1997.....	13,525	5,201	5,794	767	1,596	167
FISCAL YEAR 1998, TOTAL.....	153,828	119,499	27,560	1,600	4,562	609
October 1997 - December 1997.....	10,680	4,369	5,496	165	499	151
January 1998 - March 1998.....	66,516	56,124	9,326	266	670	130
April 1998 - June 1998.....	59,172	52,613	5,506	188	683	182
July 1998 - September 1998.....	17,460	6,393	7,232	981	2,708	146
FISCAL YEAR 1999, TOTAL.....	185,282	146,406	34,062	1,690	2,470	654
October 1998 - December 1998.....	15,684	5,010	9,885	143	455	191
January 1999 - March 1999.....	77,493	65,467	10,648	508	741	129
April 1999 - June 1999.....	76,729	68,418	7,139	369	646	157
July 1999 - September 1999.....	15,376	7,511	6,390	670	628	177
FISCAL YEAR 2000, TOTAL.....	195,751	157,837	30,382	1,802	4,957	773
October 1999 - December 1999.....	16,453	6,590	8,844	176	613	230
January 2000 - March 2000.....	94,728	84,290	8,933	539	791	175
April 2000 - June 2000.....	67,353	59,386	6,625	388	773	181
July 2000 - September 2000.....	17,217	7,571	5,980	699	2,780	187
FISCAL YEAR 2001, TOTAL.....	252,787	205,690	37,941	1,948	6,283	925
October 2000 - December 2000.....	17,859	6,685	10,148	232	549	245
January 2001 - March 2001.....	102,741	87,193	13,984	468	897	199
April 2001 - June 2001.....	75,813	66,964	7,409	465	789	186
July 2001 - September 2001.....	56,374	44,848	6,400	783	4,048	295
FISCAL YEAR 2002, TOTAL.....	257,644	183,891	66,758	2,248	3,944	803
October 2001 - December 2001.....	26,567	8,665	16,659	321	700	222
January 2002 - March 2002.....	94,761	76,571	16,658	545	821	166
April 2002 - June 2002.....	107,211	87,192	18,498	625	668	228
July 2002 - September 2002.....	29,105	11,463	14,942	758	1,754	188
FISCAL YEAR 2003, TOTAL.....	296,064	223,317	65,332	2,026	4,445	944
October 2002 - December 2002.....	32,964	11,292	20,580	215	609	268
January 2003 - March 2003.....	126,113	105,124	19,587	526	685	191
April 2003 - June 2003.....	98,530	81,958	14,958	607	789	217
July 2003 - September 2003.....	38,457	24,943	10,207	677	2,362	268
FISCAL YEAR 2004, TOTAL.....	270,893	218,667	45,850	1,955	3,638	783
October 2003 - December 2003.....	30,851	10,930	18,913	220	562	226
January 2004 - March 2004.....	127,181	116,146	9,528	580	755	172
April 2004 - June 2004.....	92,443	81,049	10,062	499	646	188
July 2004 - September 2004.....	20,418	10,542	7,347	656	1,675	198
FISCAL YEAR 2005, TOTAL.....	255,439	212,966	34,332	2,132	5,126	883
October 2004 - December 2004.....	24,050	10,242	12,911	184	483	229
January 2005 - March 2005.....	126,559	116,060	8,530	576	1,185	207
April 2005 - June 2005.....	83,244	76,170	5,578	597	700	200
July 2005 - September 2005.....	21,586	10,494	7,313	774	2,758	246
FISCAL YEAR 2006						
October 2005 - December 2005.....	20,693	9,767	9,863	262	591	210
January 2006 - March 2006.....	142,453	131,514	9,484	508	786	161

See notes at end of this section.

Selected Historical and Other Data

Table 20.--Individual Income Tax Refund Offsets for Repayment of Specific Outstanding Taxpayer Obligations or Debts, by Selected Type of Program or U.S. Government Agency to Which Amount Was Owed, Calendar Years of Offset, 1988-2005¹

[Money amounts are in thousands of dollars]

Selected program or agency	Number of	Refund offset	Number of	Refund offset	Number of	Refund offset
	offsets ²	amount ³	offsets ²	amount ³	offsets ²	amount ³
	1988		1989		1990	
	(1)	(2)	(3)	(4)	(5)	(6)
Total	1,194,901	637,504	1,259,297	708,545	1,402,111	804,906
Department of Health and Human Services ⁴	737,731	407,815	779,554	449,627	831,966	483,474
Child support (TANF) ⁵	604,645	320,298	627,403	350,598	651,893	365,613
Child support (non-TANF) ⁶	132,875	87,201	151,680	98,407	179,611	117,249
Program support center ⁷	211	316	471	622	462	612
Social Security Administration ⁴	N/A	N/A	N/A	N/A	N/A	N/A
Department of Veterans Affairs.....	52,602	23,268	56,085	27,209	50,004	23,265
Department of Education.....	315,742	167,990	334,740	191,940	432,139	257,392
Small Business Administration.....	3,949	2,530	3,816	2,648	3,403	2,307
Department of Housing and Urban Development.....	10,653	7,948	11,441	8,602	10,850	8,076
Department of Agriculture.....	4,838	2,669	66,269	24,189	7,548	6,056
Food and Consumer Service.....	N/A	N/A	N/A	N/A	N/A	N/A
Department of Defense ⁸	59,533	18,202	61,804	21,622	57,952	19,777
All other.....	9,853	6,951	7,392	4,330	8,249	4,559
	1991		1992		1993	
	(7)	(8)	(9)	(10)	(11)	(12)
Total	1,565,432	946,210	1,921,944	1,262,622	1,758,162	1,160,397
Department of Health and Human Services ⁴	869,941	523,953	1,070,999	683,656	947,133	619,648
Child support (TANF) ⁵	672,801	392,802	737,254	464,462	701,598	448,560
Child support (non-TANF) ⁶	196,381	130,348	254,435	178,198	244,780	170,404
Program support center ⁷	759	803	618	646	755	684
Social Security Administration ⁴	N/A	N/A	78,692	40,350	28,791	13,931
Department of Veterans Affairs.....	38,987	17,684	29,103	13,122	33,844	10,914
Department of Education.....	575,578	363,968	720,326	516,213	651,056	472,928
Small Business Administration.....	2,374	1,640	2,218	1,609	1,853	1,355
Department of Housing and Urban Development.....	11,250	8,380	13,520	10,815	11,399	8,963
Department of Agriculture.....	8,559	7,551	20,262	12,034	28,969	13,075
Food and Consumer Service.....	N/A	N/A	9,740	3,061	21,828	7,213
Department of Defense ⁸	49,085	18,116	54,509	19,198	46,125	14,829
All other.....	9,628	4,918	11,007	5,975	8,992	4,754
	1994		1995		1996	
	(13)	(14)	(15)	(16)	(17)	(18)
Total	2,009,877	1,379,675	2,188,257	1,505,736	2,120,935	1,678,504
Department of Health and Human Services ⁴	1,017,452	701,529	1,165,444	828,631	1,241,395	1,019,612
Child support (TANF) ⁵	749,269	507,047	848,166	591,854	879,143	716,637
Child support (non-TANF) ⁶	267,546	193,939	316,707	236,198	361,453	302,146
Program support center ⁷	637	543	571	579	799	829
Less: Child support reversals.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Social Security Administration ⁴	19,722	10,297	16,092	8,696	30,190	17,961
Department of Veterans Affairs.....	35,368	9,973	45,761	11,830	49,989	12,743
Department of Education.....	781,829	582,662	778,446	571,280	573,308	517,169
Small Business Administration.....	2,228	1,834	2,567	2,359	3,503	3,638
Department of Housing and Urban Development.....	10,454	9,090	10,676	9,745	6,228	6,738
Department of Agriculture.....	73,452	33,382	73,644	30,295	93,884	42,504
Food and Consumer Service.....	66,726	27,618	66,449	24,166	87,203	35,843
Department of Defense ⁸	59,459	25,345	85,023	35,970	111,207	53,404
All other.....	9,913	5,563	10,594	6,930	11,231	4,735

See notes at end of this section.

Selected Historical and Other Data

Table 20.--Individual Income Tax Refund Offsets for Repayment of Specific Outstanding Taxpayer Obligations or Debts, by Selected Type of Program or U.S. Government Agency to Which Amount Was Owed, Calendar Years of Offset, 1988-2005¹--Continued

[Money amounts are in thousands of dollars]

Selected program or agency	Number of offsets ²	Refund offset amount ³	Number of offsets ²	Refund offset amount ³	Number of offsets ²	Refund offset amount ³
	1997		1998		1999	
	(19)	(20)	(21)	(22)	(23)	(24)
Total.....	2,162,102	1,758,154	2,375,081	1,963,834	2,764,424	2,606,366
Department of Health and Human Services. ⁴	1,303,676	1,108,125	1,309,352	1,130,941	1,440,993	1,479,598
Child support (TANF) ⁵	902,766	764,700	876,609	754,205	936,622	953,682
Child support (non-TANF) ⁶	400,198	342,696	432,101	376,171	503,589	525,002
Program support center. ⁷	712	729	642	565	782	914
Less: Child support reversals.....	n.a.	n.a.	n.a.	n.a.	116,742	131,913
Social Security Administration. ⁴	27,996	17,584	62,487	39,282	77,672	52,080
Department of Veterans Affairs.....	45,479	12,476	43,290	11,430	51,861	15,467
Department of Education.....	518,844	482,241	653,997	623,914	963,409	1,084,905
Small Business Administration.....	3,952	4,206	4,036	4,504	571	776
Department of Housing and Urban Development.....	6,876	7,602	6,032	7,679	10,909	15,382
Department of Agriculture.....	115,076	53,680	159,633	78,056	208,794	103,252
Food and Consumer Service.....	108,612	47,162	146,127	65,476	192,312	86,927
Department of Defense. ⁸	127,103	63,052	129,409	62,770	201,756	100,280
All other.....	13,100	9,188	6,845	5,259	7,467	5,143
Less: Reversals, except child support.....	n.a.	n.a.	n.a.	n.a.	82,266	118,604
	2000		2001		2002	
	(25)	(26)	(27)	(28)	(29)	(30)
Total.....	2,869,130	2,763,530	4,307,006	3,101,507	2,921,769	2,608,905
Department of Health and Human Services. ⁴	1,426,635	1,479,598	2,200,333	1,714,968	1,402,665	1,511,070
Child support (TANF) ⁵	885,635	902,037	1,262,018	965,864	774,281	802,393
Child support (non-TANF) ⁶	540,342	581,805	937,381	746,668	627,927	707,504
Program support center. ⁷	658	1,210	934	2,436	457	1,172
Less: Child support reversals.....	53,051	64,819	51,037	59,379	49,118	58,072
Social Security Administration. ⁴	102,480	81,891	153,134	100,759	96,621	86,752
Department of Veterans Affairs.....	50,409	16,106	139,526	33,717	97,371	26,871
Department of Education.....	853,175	932,575	1,217,876	1,029,539	696,006	772,975
Small Business Administration.....	2,227	3,834	2,105	2,478	1,591	2,924
Department of Housing and Urban Development.....	10,565	15,988	16,062	16,593	8,310	12,058
Department of Agriculture.....	214,279	120,238	41,255	37,272	27,663	30,416
Food and Consumer Service.....	196,366	97,389	175,177	80,438	157,737	74,575
Department of Defense. ⁸	140,588	71,008	210,102	100,654	123,325	78,471
All other.....	68,772	36,838	255,334	118,883	410,617	140,054
Less: Reversals, except child support.....	54,247	80,064	52,861	74,414	51,019	69,189
	2003		2004		2005	
	(31)	(32)	(33)	(34)	(35)	(36)
Total.....	3,236,882	2,824,433	2,890,975	2,935,073	4,574,058	2,927,529
Department of Health and Human Services. ⁴	1,611,570	1,618,028	1,389,261	1,544,059	1,429,213	1,653,153
Child support (TANF) ⁵	829,999	799,569	699,992	732,937	685,397	735,852
Child support (non-TANF) ⁶	781,274	817,971	688,921	810,420	742,524	913,881
Program support center. ⁷	297	488	348	702	1,292	3,420
Less: Child support reversals.....	-44,024	-60,757	-43,537	60,189	-34,447	-55,986
Social Security Administration. ⁴	87,075	80,421	73,997	74,408	72,386	75,193
Department of Veterans Affairs.....	127,502	32,900	116,805	33,635	588,464	87,439
Department of Education.....	753,690	818,264	623,340	722,733	926,175	759,372
Small Business Administration.....	3,170	5,173	2,984	5,467	5,766	6,570
Department of Housing and Urban Development.....	9,150	12,030	6,244	9,480	20,694	12,394
Department of Agriculture.....	29,489	25,175	20,226	20,233	12,730	7,311
Food and Consumer Service.....	152,034	69,711	124,371	62,449	162,804	72,910
Department of Defense. ⁸	166,798	97,272	157,449	89,007	196,364	104,704
All other.....	384,898	197,376	462,501	245,126	1,234,159	270,030
Less: Reversals, except child support.....	-44,470	-71,160	-42,666	68,287	-40,250	-65,560

See notes at end of this section.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year						
	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total excise tax collections.....	59,231,000	72,076,000	70,648,000	68,241,000	69,171,000	69,490,000	71,781,000
Excise tax collections or liabilities reported by the Internal Revenue Service¹							
Total excise tax collections.....	45,642,716	58,585,763	54,810,038	52,418,848	52,136,835	52,771,160	54,807,225
Retail excise taxes:							
Luxury taxes:							
Passenger vehicles (expired, January 1, 2003).....	428,471	401,535	407,222	341,981	252,834	65,162	3,032
Boats (repealed, January 1, 1993).....	283	--	--	19	--	--	--
Aircraft (repealed, January 1, 1993).....	3	--	--	--	--	--	--
Jewelry (repealed, January 1, 1993).....	--	--	--	--	--	--	--
Furs (repealed, January 1, 1993).....	--	12	--	1	--	--	--
Dyed diesel fuel used in trains:							
Total, excluding floor stocks.....	206,617	170,463	170,960	167,161	147,408	162,654	127,169
Floor stocks	--	7	--	--	1	--	1
Dyed diesel fuel for certain intercity or local buses.....	2,589	2,458	2,317	2,380	1,731	1,266	1,139
Special motor fuels:							
Total, excluding floor stocks.....	18,745	23,757	19,535	18,404	17,570	14,226	12,990
Floor stocks.....	--	-17	-1	--	--	--	--
Compressed natural gas.....	1,025	865	1,145	1,026	895	1,735	1,406
Alcohol fuels ²	258	-377	807	5,462	408	-9,986	7,367
Fuels used commercially on inland waterways.....	117,313	121,903	118,666	114,110	111,311	111,058	110,364
Truck, trailer, and semitrailer chassis and bodies, and tractors.....	2,119,063	2,956,880	2,775,788	1,573,968	1,574,947	1,608,208	2,235,178
Manufacturer's excise taxes:							
Gas guzzlers ²	47,687	68,327	70,788	78,157	79,705	126,685	140,834
Highway-type tires ²	388,594	416,658	420,299	354,769	372,800	403,892	433,116
Aviation gasoline ³	60,741	57,832	58,472	49,687	62,574	57,953	44,611
Gasoline except for use in gasohol:							
Total, excluding floor stocks.....	20,644,998	21,236,659	21,040,777	20,619,195	20,942,138	20,169,608	18,232,507
Floor stocks.....	1	-65	2	-21	2	--	--
Diesel fuel, except for trains and intercity buses:							
Total, excluding floor stocks ²	7,497,816	7,895,919	8,229,762	8,208,994	8,214,559	8,581,467	9,016,694
Floor stocks.....	-66	121	-133	--	--	--	--
Gasoline for use in gasohol by alcohol content:							
Total, excluding floor stocks:							
5.7 percent under 7.7 percent	741	42	65	9	77	2,320	15,436
7.7 percent under 10 percent	3,792	13,228	4,266	4,839	4,835	946	503
10 percent or more	241,946	231,114	265,273	243,702	302,407	358,002	306,441
Floor stocks	--	--	--	1	-1	--	--
Gasohol by alcohol content:							
Total, excluding floor stocks:							
5.7 percent under 7.7 percent	68,917	81,873	25,934	297,763	406,578	1,296,991	2,363,320
7.7 percent under 10 percent	123,441	180,025	59,104	146,196	176,148	91,017	97,098
10 percent or more	1,511,363	1,537,235	2,039,428	1,918,995	1,932,347	2,313,542	2,899,287
Floor stocks	--	--	--	-4	--	--	--
Aviation-grade kerosene (except gasoline) for noncommercial use:							
Total, excluding floor stocks.....	195,772	173,117	159,314	187,318	287,664	286,559	322,440
Floor stocks	-472	58	1	--	--	--	--
Aviation-grade kerosene (except gasoline) for commercial use (other than foreign trade).....	609,750	649,900	667,647	620,044	509,944	453,361	503,696
Floor stocks	--	--	--	--	--	--	--
Kerosene (effective July 1, 1998).....	N/A	77,726	79,591	90,331	62,857	72,128	62,085

See notes at end of this section.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005--Continued

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year					
	2005					
	Tax rates in effect on October 1, 2004	Total	by quarter ending--			
			December 2004	March 2005	June 2005	September 2005
(8)	(9)	(10)	(11)	(12)	(13)	
Total excise tax collections.....	various	75,194,000	16,799,000	17,299,000	18,686,000	22,410,000
Excise tax collections or liabilities reported by the Internal Revenue Service¹						
Total excise tax collections.....	various	57,252,098	12,691,788	13,592,926	14,282,139	16,685,245
Retail excise taxes:						
Luxury taxes:	3 percent of price in excess of--					
Passenger vehicles (expired, January 1, 2003).....	\$40,000, expired 1/1/03	1,503	-224	387	604	736
Boats (repealed, January 1, 1993).....	N/A	--	--	--	--	--
Aircraft (repealed, January 1, 1993).....	N/A	1	--	--	1	--
Jewelry (repealed, January 1, 1993).....	N/A	--	--	--	--	--
Furs (repealed, January 1, 1993).....	N/A	--	--	--	--	--
Dyed diesel fuel used in trains:						
Total, excluding floor stocks.....	\$.044 per gallon; reduced to \$.034 on 1/1/05; reduced to \$.024 on 7/1/05	93,032	30,094	25,766	23,948	13,224
Floor stocks.....	N/A	--	--	--	--	--
Dyed diesel fuel for certain intercity or local buses.....	\$.074 per gallon; repealed 1/1/05	-1,122	245	-183	-640	-544
Special motor fuels:						
Total, excluding floor stocks.....	\$.136 per gallon	12,724	3,626	2,988	2,865	3,245
Floor stocks.....	N/A	--	--	--	--	--
Compressed natural gas.....	\$.4854 per 1000 cubic feet	1,401	414	324	299	364
Alcohol fuels ²	various	2,715	636	568	634	877
Fuels used commercially on inland waterways.....	\$.244 per gallon; reduced to \$.234 on 1/1/05;	103,375	29,091	25,220	26,670	22,394
Truck, trailer, and semitrailer chassis and bodies, and tractors.....	reduced to \$.224 on 7/1/05 12 percent of price	3,008,461	712,353	668,710	830,121	797,277
Manufacturer's excise taxes:						
Gas guzzlers ²	various	163,825	53,185	39,233	37,868	33,539
Highway-type tires ²	various	471,066	113,951	109,075	124,438	123,602
Aviation gasoline ³	\$.194 per gallon	39,357	9,657	10,283	5,812	13,605
Gasoline except for use in gasohol:						
Total, excluding floor stocks.....	\$.184 per gallon	23,725,624	4,427,573	6,122,300	6,547,038	6,628,713
Floor stocks.....	N/A	--	--	--	8	-8
Diesel fuel, except for trains and intercity buses:						
Total, excluding floor stocks ²	\$.244 per gallon	9,376,555	2,302,426	2,231,481	2,402,691	2,439,957
Floor stocks.....	N/A	--	--	--	--	--
Gasoline for use in gasohol by alcohol content:						
Total, excluding floor stocks:						
5.7 percent under 7.7 percent.....	\$.16369 per gallon; repealed 1/1/05	3,601	3,737	--	-135	-1
7.7 percent under 10 percent.....	\$.15596 per gallon; repealed 1/1/05	90	210	--	-70	-50
10 percent or more.....	\$.14666 per gallon; repealed 1/1/05	73,182	73,258	-22	-42	-12
Floor stocks.....	N/A	--	--	--	--	--
Gasohol by alcohol content:						
Total, excluding floor stocks:						
5.7 percent under 7.7 percent.....	\$.15436 per gallon; repealed 1/1/05	608,812	608,411	351	103	-53
7.7 percent under 10 percent.....	\$.14396 per gallon; repealed 1/1/05	35,462	37,983	-2,468	-22	-31
10 percent or more.....	\$.132 per gallon; repealed 1/1/05	833,017	813,845	12,389	13,454	-6,671
Floor stocks.....	N/A	--	--	--	--	--
Aviation-grade kerosene (except gasoline) for noncommercial use:						
Total, excluding floor stocks.....	\$.219 per gallon	1,027,883	77,411	305,850	320,297	324,325
Floor stocks.....	\$.219 per gallon	--	--	--	--	--
Aviation-grade kerosene (except gasoline) for commercial use (other than foreign trade).....	\$.044 per gallon	-98,244	115,485	-46,633	-82,234	-84,862
Floor stocks.....	\$.044 per gallon	--	--	--	--	--
Kerosene (effective July 1, 1998).....	\$.244 per gallon	52,802	20,538	25,383	3,671	3,210

See notes at end of this section.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005--Continued

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year						
	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Manufacturer's excise taxes--continued:							
Coal:							
Mined underground:							
At 4.4 percent of sales price.....	183,445	190,133	197,478	183,531	155,966	134,588	125,536
At \$1.10 per ton	220,426	162,442	115,291	135,189	149,366	147,646	194,585
Surface mined:							
At 4.4 percent of sales price.....	69,855	78,397	79,842	90,122	103,502	109,537	120,012
At \$0.55 per ton.....	146,476	138,019	132,526	140,004	139,634	125,760	127,877
Certain vaccines ²	153,108	169,046	163,528	152,349	161,764	179,009	171,471
Sport fishing equipment.....	94,571	97,548	100,539	100,642	97,901	97,986	103,339 ^f
Fishing tackle boxes.....	--	--	--	--	--	--	--
Electric outboard motors, sonar devices.....	2,042	1,922	2,022	2,477	2,725	2,585	3,240
Bows and arrows.....	20,278	19,792	20,502	19,094	20,297	20,947	22,058
Arrow shafts	--	--	--	--	--	--	--
Taxes on facilities and services:							
Telephone and teletypewriter services.....	4,747,227	5,248,965	5,645,239	5,737,027	5,803,631	5,809,503	5,792,246
Transportation of persons by air.....	6,168,727	6,588,088	6,963,617	6,670,357	6,157,264	6,185,415	6,675,981
Use of international air travel facilities.....	1,119,156	1,272,725	1,323,558	1,450,458	1,406,192	1,452,015	1,609,445
Transportation of property by air.....	373,049	371,487	520,576	400,286	372,119	455,209	483,691
Taxes on policies issued by foreign insurers.....	122,664	117,584	131,672	152,221	195,634	292,897	350,790
Taxes related to wagering:							
Certain wagers ²	10,146	13,805	10,726	(⁴)	(⁴)	(⁴)	(⁴)
Occupational taxes ²	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Certain other excise taxes:							
Passenger transportation by water.....	18,269	25,554	24,922	27,919	31,069	33,252	34,721
Use tax on heavy vehicles ^{1,2}	804,947	849,226	893,457	867,345	899,367	911,445	9,340,473
Environmental taxes:							
Domestic petroleum (Superfund) (expired effective January 1, 1996).....	-2,741	-3,637	4	14	-4	1	-21
Imported petroleum (Superfund) (expired effective January 1, 1996).....	-18	1,071	2,660	337	641	-4	-11
Domestic petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995)	3	-128	-3	6	--	--	-4
Imported petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995).....	-13	13	253	--	--	--	-3
Certain chemicals (Superfund) (expired effective January 1, 1996) ²	3,331	12,687	2,395	-2,258	-2,842	-687	-52
Certain imported substances (Superfund) (expired effective January 1, 1996) ²	-334	-322	349	-492	-7	--	-1
Ozone-depleting chemicals: ²							
Total, excluding floor stocks.....	109,150	120,400	42,552	12,076	3,995	7,519	1,457
Floor stocks.....	11,594	6,306	2,273	1,313	1,182	905	934
Imported taxable products containing or manufactured using ozone-depleting chemicals ²	27,072	-6,166	17,580	11,978	-945	6,869	4,352
Taxes on Private Foundations:							
Net investment income ⁵	364,629	502,675	503,453	720,047	490,425	262,662	240,508
Additional excise taxes ⁶	1,209	1,951	2,445	3,072	4,520	5,059	4,498
Taxes on Black Lung Benefit Trusts ²	-25	2	2	-1	--	--	--
Taxes on qualified pension and other plans:							
Failure to meet minimum funding standards.....	6,467	5,307	388	652	1,851	54	3
Nondeductible contributions.....	3,842	3,770	38	12,145	-25	6	--

See notes at end of this section.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005--Continued

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year					
	2005					
	Tax rates in effect on October 1, 2004	Total	by quarter ending--			
			December 2004	March 2005	June 2005	September 2005
(8)	(9)	(10)	(11)	(12)	(13)	
Manufacturer's excise taxes--continued:						
Coal:						
Mined underground:						
At 4.4 percent of sales price.....	4.4 percent of value	85,816	28,824	21,327	17,638	18,027
At \$1.10 per ton	\$1.10 per ton if less than 4.4 percent of value	261,097	53,540	67,149	71,379	69,029
Surface mined:						
At 4.4 percent of sales price.....	4.4 percent of value	134,071	32,705	33,584	32,803	34,979
At \$0.55 per ton.....	\$0.55 per ton if less than 4.4 percent of value	131,451	32,396	31,114	33,270	34,671
Certain vaccines ²	\$0.75 per dose	196,426	37,542	44,163	36,535	78,186
Sport fishing equipment.....	10 percent of sales price	101,563	20,620	29,166	30,940	20,837
Fishing tackle boxes.....	10 percent; reduced to 3 percent on 1/1/05	617	--	--	375	242
Electric outboard motors, sonar devices.....	3 percent of sales price; tax on sonar devices repealed on 1/1/05	2,358	708	882	353	415
Bows and arrows.....	11-12.4 percent of sales price; tax on arrows repealed on 11/22/05	23,881	3,924	5,545	5,292	9,066
Arrow shafts	\$.39 per shaft as of 4/1/05	1,905	--	--	613	1,292
Taxes on facilities and services:						
Telephone and teletypewriter services.....	3 percent	5,851,530	1,458,318	1,441,623	1,494,552	1,457,037
Transportation of persons by air.....	7.5 percent of the price plus \$3.10 flight segment for non-rural airports ⁷	7,047,808	1,629,478	1,637,485	1,904,384	1,876,461
Use of international air travel facilities.....	\$13.70 per person, \$6.90 for domestic segments beginning or ending in Alaska or Hawaii ⁸	1,881,355	422,208	442,716	520,723	495,708
Transportation of property by air.....	6.25 percent	477,826	119,683	126,401	107,532	124,210
Taxes on policies issued by foreign insurers.....	1 percent or 4 percent of premium paid	373,580	79,769	83,526	96,365	113,920
Taxes related to wagering:						
Certain wagers ²	\$0.25 or 2.0 percent of wager	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Occupational taxes ²	\$50 or \$500 per person per year	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Certain other excise taxes:						
Passenger transportation by water.....	\$3.00 per passenger	36,083	6,398	10,080	9,576	10,029
Use tax on heavy vehicles ^{1,2}	\$75-\$550 per vehicle per year	1,327,257	86,225	221,527	159,223	860,282
Environmental taxes:						
Domestic petroleum (Superfund) (expired effective January 1, 1996).....	\$0.097 per barrel	2	--	--	--	2
Imported petroleum (Superfund) (expired effective January 1, 1996).....	\$0.097 per barrel	--	--	--	--	--
Domestic petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995)	\$0.05 per barrel	--	--	--	--	--
Imported petroleum (Oil Spill Liability Trust Fund) (expired effective January 1, 1995).....	\$0.05 per barrel	--	--	--	--	--
Certain chemicals (Superfund) (expired effective January 1, 1996) ²	\$0.22-\$4.87 per ton	1	--	--	--	1
Certain imported substances (Superfund) (expired effective January 1, 1996) ²	various, per ton	--	--	--	--	--
Ozone-depleting chemicals: ²						
Total, excluding floor stocks.....	various, per pound	1,766	1,024	1,183	-542	101
Floor stocks.....	various, per pound	506	-175	-29	700	10
Imported taxable products containing or manufactured using ozone-depleting chemicals ²	various	9,296	2,281	1,701	2,823	2,491
Taxes on Private Foundations:						
Net investment income. ⁵	1 or 2 percent	384,554	157,046	38,235	126,204	63,069
Additional excise taxes. ⁶	various	7,405	3,235	468	2,478 ^f	1,224
Taxes on Black Lung Benefit Trusts ²						
various						
Taxes on qualified pension and other plans:						
Failure to meet minimum funding standards.....	5 or 10 percent	--	--	--	--	--
Nondeductible contributions.....	10 percent	--	--	--	--	--

See notes at end of this section.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005--Continued

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year						
	1998	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Taxes on qualified pension and other plans							
--continued:							
Excess contributions to Individual Retirement Accounts and others.....	7,407	8,279	10,228	(⁴)	(⁴)	(⁴)	(⁴)
Prohibited transactions.....	9,484	576	432	1,091	207	1,476	5
Certain excess contributions.....	8,168	6,281	1,696	542	34	17	-18
Reversion of qualified plan assets to employer.....	46,791	22,258	46,392	2,127	175	80	--
Penalties ²	7,847	3,662	1,857	3,958	1,887	2,446	--
Taxes on undistributed income of qualified investment entities:							
Real Estate Investment Trusts.....	2,183	324	62	249	73	152	--
Regulated Investment Companies.....	8,666	5,412	42	6,068	1,872	3,892	--
Windfall profits tax on domestic crude oil (repealed August 23, 1988) ¹.....	-117	79	--	--	--	--	--
Miscellaneous IRS taxes ².....	-532,553	47,385	40,226	131,718	106,214	35,543	104
Unclassified ⁹.....	-2,983,100	6,204,178	1,191,890	335,652	369,406	318,582	869,695
Excise tax collections or liabilities reported by the Customs Service and the Alcohol and Tobacco Tax and Trade Bureau							
Total excise tax collections.....	13,588,284	13,490,237	15,837,962	15,822,152	17,034,165	16,718,840	16,973,775
Tax liabilities by type of excise tax ¹⁰.....	13,531,855	13,478,757	15,636,428	15,771,195	16,989,022	16,678,051	16,953,918
Distilled spirits:							
Domestic.....	2,857,430	2,974,674	3,043,375	3,004,527	3,138,705	3,132,577	3,220,871
Imported.....	682,280	758,726	816,922	892,230	901,173	982,016	1,074,631
Wine:							
Domestic.....	480,265	504,042	517,812	498,537	513,559	534,927	547,505
Imported.....	153,877	154,876	174,327	168,675	193,737	215,803	220,386
Beer:							
Domestic.....	3,147,823	3,168,158	3,216,402	3,171,384	3,236,231	3,189,580	3,218,708
Imported.....	272,645	321,317	350,924	383,793	414,895	415,280	441,713
Tobacco products: ¹¹							
Domestic ¹¹	5,608,259	5,189,723	7,019,884	7,120,255	7,879,499	7,435,391	7,440,242 ^r
Cigarettes ¹¹	5,583,318	5,148,512	6,684,361	7,012,901	7,644,311	7,293,366	7,251,406
Cigars ¹¹	62,791	67,779	94,044	114,615	139,535	155,747	171,461
Papers/tubes ¹¹	802	1,201	1,318	929	954	1,018	1,374
Chewing tobacco and snuff... ¹¹	29,876	29,853	40,565	43,747	49,565	52,218	53,385
Pipe/roll-your-own tobacco... ¹¹	3,698	3,917	12,511	13,919	15,416	17,978	17,802
Floor stocks.....	2	--	261,917	528	115,835	1,628	--
Imported.....	64,649	114,524	196,141	252,229	404,308	475,278	470,017
Firearms and ammunition.....	158,383	187,977	197,840	175,959	205,025	193,420	214,987
Special occupations.....	106,244	104,740	102,801	103,606	101,890	103,779	94,053
Alcohol and Tobacco Tax and Trade Bureau and Customs Service collections less reported amounts.....	56,429	11,480	201,534	50,957	45,143	40,789	19,857 ^r
Total collections less reported amounts.....	56,429	11,480	201,534	50,957	45,143	40,789	19,857 ^r

See notes at end of this section.

Selected Historical and Other Data

Table 21.--Federal Excise Taxes Reported to or Collected by the Internal Revenue Service, Alcohol and Tobacco Tax and Trade Bureau, and Customs Service, by Type of Excise Tax, Fiscal Years 1998-2005--Continued

[Money amounts are in thousands of dollars]

Type of excise tax by agency to which tax was reported or paid	Fiscal year					
	2005					
	Tax rates in effect on October 1, 2004	Total	by quarter ending--			
			December 2004	March 2005	June 2005	September 2005
(8)	(9)	(10)	(11)	(12)	(13)	
Taxes on qualified pension and other plans						
--continued:						
Excess contributions to Individual Retirement Accounts and others.....	6 percent	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)
Prohibited transactions.....	5 percent	--	--	--	--	--
Certain excess contributions.....	10 percent	--	--	--	--	--
Reversion of qualified plan assets to employer.....	20 percent	--	--	--	--	--
Penalties ²	various	--	--	--	--	--
Taxes on undistributed income of qualified investment entities:						
Real Estate Investment Trusts.....	4 percent	--	--	--	--	--
Regulated Investment Companies.....	4 percent	--	--	--	--	--
Windfall profits tax on domestic crude oil (repealed August 23, 1988) ¹.....						
	--	--	--	--	--	--
Miscellaneous IRS taxes²	various					
	--	--	--	--	--	--
Unclassified ⁹.....	various	-359,285	-917,866	-175,922	-628,559	1,035,486
Excise tax collections or liabilities reported by the Customs Service and the Alcohol and Tobacco Tax and Trade Bureau						
Total excise tax collections.....	various	17,941,902	4,107,212	3,706,074	4,403,861	5,724,755
Tax liabilities by type of excise tax	various	16,974,462	4,161,013	3,621,489	4,379,180	4,809,788
Distilled spirits:						
Domestic.....	\$13.50 per proof gallon	3,315,979	891,728	656,020	867,291	900,864
Imported.....	\$13.50 per proof gallon	1,135,410	336,477	255,294	274,496	269,143
Wine:						
Domestic.....	\$1.07 to \$13.50 per gallon	566,816	162,350	124,684	132,337	147,166
Imported.....	\$1.07 to \$3.40 per proof gallon	239,976	66,767	50,928	59,913	62,368
Beer:						
Domestic.....	\$7 or \$18 per barrel	3,192,447	677,752	697,551	846,242	970,868
Imported.....	\$18 per barrel	450,723	99,842	95,129	126,768	128,984
Tobacco products: ¹¹						
Domestic ¹¹	various	7,408,184	1,740,955	1,591,992	1,911,509	2,163,613
Cigarettes ¹¹	\$19.50 to \$40.95 per thousand	7,166,885	1,830,046	1,593,104	1,900,114	1,843,622
Cigars ¹¹	\$1.828 to \$48.75 per thousand	189,745	43,451	44,901	50,636	50,756
Papers/tubes.....	\$0.0122 to \$0.0244 per 50	3,614	273	264	349	2,728
Chewing tobacco and snuff..... ¹¹	\$0.195 to \$0.585 per pound	54,085	13,272	12,669	14,049	14,096
Pipe/roll-your-own tobacco..... ¹¹	\$1.0969 per pound	20,125	4,477	4,810	5,075	5,764
Floor stocks.....	N/A	10	--	10	--	--
Imported.....	various	429,077	127,949	95,389	104,699	101,041
Firearms and ammunition.....	10 or 11 percent of sales price	225,817	55,337	53,351	51,479	64,225
Special occupations.....	\$250 to \$1,000 per dealer or manufacturer	10,191	1,856	1,151	4,446	1,516
Alcohol and Tobacco Tax and Trade Bureau and Customs Service collections less reported amounts.....	N/A	967,440	-53,801	84,585	24,681	914,967
Total collections less reported amounts.....	N/A	967,440	-53,801	84,585	24,681	914,967

See notes at end of this section.

Selected Historical and Other Data

Table 22.--Selected Returns and Forms Filed or To Be Filed by Type During Specified Calendar Years, 1990-2007

Type of return or form	Number filed in calendar year--					
	1990	1995	1998	1999	2000	2001
	(1)	(2)	(3)	(4)	(5)	(6)
Individual income ¹	112,596,000	116,466,900	123,049,600	125,389,700	127,657,400	130,094,300
Forms 1040, 1040A, 1040EZ, and 1040PC.....	112,305,000	116,059,700	122,546,900	124,887,100	127,097,200	129,444,900
Paper returns.....	108,100,900	104,252,800	97,966,600	95,557,600	91,695,100	89,238,100
Electronically-filed returns.....	4,204,200	11,806,900	24,580,300	29,329,500	35,402,200	40,206,800
Business returns.....	16,170,200	18,058,600	19,031,300	19,176,200	19,350,400	19,664,500
Schedule C or C-EZ.....	14,149,000	16,157,000	17,183,700	17,377,100	17,570,500	17,904,900
Schedule F.....	2,021,300	1,901,600	1,847,600	1,799,200	1,779,900	1,759,600
Nonbusiness returns.....	96,134,800	98,001,100	103,515,700	105,710,900	107,746,800	109,780,500
Forms 1040C, 1040NR, 1040PR, and 1040SS.....	291,000	407,200	502,700	502,500	560,200	649,300
Corporation income ²	4,319,500	4,817,900	5,241,200	5,398,300	5,469,600	5,561,300
Form 1120.....	2,334,600	2,197,000	2,207,600	2,202,400	2,161,700	2,128,700
Form 1120A.....	332,000	319,100	272,500	260,800	245,500	235,800
Form 1120S.....	1,536,100	2,161,000	2,599,800	2,767,000	2,887,100	3,022,600
Other.....	116,800	140,800	161,300	168,100	175,300	174,200
Partnership, Forms 1065 and 1065B ³	1,750,900	1,580,300	1,861,000	1,974,700	2,066,800	2,165,000
Estate and trust income, Forms 1041 and 1041S ⁴	2,680,900	3,190,900	3,397,600	3,403,300	3,528,900	3,918,900
Estate tax, Forms 706, 706NA, 706GS(D), and 706GS(T) ⁵	60,800	81,400	110,100	116,400	123,600	122,400
Gift tax, Form 709	147,700	216,200	261,200	291,900	308,600	303,800
Tax-exempt organizations ⁶	487,400	572,600	618,300	692,600	699,100	724,200
Forms 990 and 990EZ.....	359,700	406,400	412,000	458,100	461,700	481,000
Form 990-PF.....	44,700	51,300	61,800	64,900	70,000	73,300
Form 990-T.....	39,100	49,800	50,200	62,800	52,600	48,200
Forms 990C, 4720, and 5227.....	43,900	65,100	94,300	106,800	114,900	121,700
Employment ⁷	28,911,300	28,654,900	29,106,400	28,973,600	28,841,200	28,935,800
Forms 940, 940EZ, 940PR.....	5,367,400	5,482,600	5,483,300	5,479,100	5,463,100	5,545,400
Forms 941, 941PR/SS, 944.....	21,632,100	22,219,100	23,098,500	22,985,100	22,890,300	22,919,800
Forms 943, 943PR.....	385,400	354,700	330,900	316,200	305,500	291,000
Other.....	1,526,400	598,500	193,700	193,200	182,300	179,600
Excise ⁸	852,000	788,600	821,900	822,300	852,500	815,100
Form 2290.....	440,700	490,300	562,500	577,800	610,800	588,700
Form 720.....	339,100	225,300	194,000	183,800	174,700	164,900
Other.....	72,200	73,000	65,400	60,700	67,100	61,500

See notes at end of this section.

Selected Historical and Other Data

Table 22.--Selected Returns and Forms Filed or To Be Filed by Type During Specified Calendar Years, 1990-2007--Continued

Type of return or form	Number filed in calendar year--					
	2002	2003	2004	2005	2006 (projected) [±]	2007 (projected) [±]
	(7)	(8)	(9)	(10)	(11)	(12)
Individual income ¹	130,977,500	130,836,700	131,297,500	133,023,100	134,717,900	136,319,600
Forms 1040, 1040A, 1040EZ, and 1040PC.....	130,341,200	130,134,300	130,576,900	132,275,800	133,956,800	135,509,000
Paper returns.....	83,505,100	77,265,300	69,148,600	63,811,900	60,941,800	56,271,200
Electronically-filed returns.....	46,836,100	52,869,000	61,428,300	68,463,900	73,015,000	79,237,800
Business returns.....	20,072,000	20,658,500	21,475,200	22,315,700	22,697,200	23,092,500
Schedule C or C-EZ.....	18,336,500	18,944,500	19,770,600	20,627,100	20,979,700	21,345,100
Schedule F.....	1,735,500	1,713,900	1,704,700	1,688,600	1,717,500	1,747,400
Nonbusiness returns.....	110,269,100	109,475,800	109,101,600	109,960,100	111,259,600	112,416,500
Forms 1040C, 1040NR, 1040PR, and 1040SS.....	636,400	702,400	720,700	747,300	761,100	810,500
Corporation income ²	5,738,800	5,919,600	6,018,300	6,164,600	6,358,500	6,511,700
Form 1120.....	2,131,900	2,119,000	2,066,800	2,012,700	2,004,700	1,975,100
Form 1120A.....	229,700	225,300	214,700	210,900	204,800	198,800
Form 1120S.....	3,191,100	3,369,100	3,523,900	3,715,200	3,909,800	4,089,900
Other.....	186,200	206,200	212,800	225,700	239,200	247,900
Partnership, Forms 1065 and 1065B ³	2,271,800	2,405,400	2,546,400	2,720,300	2,888,400	3,051,200
Estate and trust income, Forms 1041 and 1041S ⁴	3,658,000	3,705,000	3,722,400	3,698,600	3,761,000	3,823,300
Estate tax, Forms 706, 706NA, 706GS(D), and 706GS(T). ⁵	114,000	87,100	74,200	54,900	53,100	32,900
Gift tax, Form 709.	282,600	284,900	262,200	265,500	264,600	263,500
Tax-exempt organizations. ⁶	744,400	818,200	807,300	819,300	830,700	861,600
Forms 990 and 990EZ.....	495,000	548,000	533,000	537,400	544,000	568,900
Form 990-PF.....	76,900	86,000	85,700	87,700	89,800	92,900
Form 990-T.....	46,400	55,200	57,700	63,400	64,200	65,000
Forms 990C, 4720, and 5227.....	126,200	129,000	131,000	130,700	132,700	134,800
Employment ⁷	29,514,200	30,091,200	30,463,600	31,058,000	30,145,300	29,814,700
Forms 940, 940EZ, 940PR.....	5,546,300	5,705,600	5,757,200	5,936,800	6,096,900	6,142,700
Forms 941, 941PR/SS, 944.....	23,510,100	23,942,300	24,278,400	24,705,900	23,637,500	23,272,900
Forms 943, 943PR.....	283,300	276,600	269,400	262,600	258,300	251,900
Other.....	174,600	166,700	158,600	152,800	152,600	147,300
Excise. ⁸	836,400	844,500	834,800	838,900	848,000	858,900
Form 2290.....	615,200	642,400	660,600	678,700	694,600	710,500
Form 720.....	161,100	142,100	118,000	107,000	100,700	97,100
Other.....	60,000	59,900	56,200	53,100	52,700	51,300

See notes at end of this section.

Selected Historical and Other Data

Table 23.--Taxpayers Receiving Assistance, Paid and Unpaid, Tax Years 1999-2004

[Some estimates based on samples--all data are in thousands]

Type of assistance	Tax year					
	1999	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with paid preparer signature: ¹						
All returns	69,250	69,115	72,477	72,519	76,818	78,418
Form 1040EZ	761	958	2,096	1,953	1,690	1,719
Form 1040A	3,746	4,180	3,854	3,460	3,328	3,023
Form 1040, total	64,743	63,977	66,526	67,106	71,800	73,675
Form 1040 Business, total	14,198	13,855	14,194	14,461	15,897	16,456
Nonfarm	12,462	12,154	12,517	12,805	14,169	14,701
Farm	1,735	1,701	1,677	1,656	1,728	1,754
Form 1040 Nonbusiness, total.....	50,546	50,121	52,332	52,644	55,903	57,219
With itemized deductions	19,239	19,678	20,889	21,252	21,425	22,539
Without itemized deductions.....	31,307	30,444	31,443	31,392	34,479	34,680
Electronically-filed ²	22,894	26,223	30,501	33,810	40,910	45,865
Assistance provided by IRS: ³						
Telephone inquiries (including recorded telephone information)	93,212	110,524	85,593	88,510	77,579	59,099
Office walk-ins, information.....	9,663	9,362	9,211	8,589	7,320	6,629
Written inquiries.....	61	48	35	27	12	n.a.
Number of taxpayers assisted by selected special programs:						
Outreach taxpayers assisted. ⁴	1,416	577	11,029	36,957	72,031	85,977
Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) ⁵	3,790	3,587	3,611	1,607	1,935	2,111

See notes at end of this section.

Notes to Selected Historical and Other Data Tables

General notations and statements

N/A - Not applicable.

n.a. - Not available.

p - Preliminary.

r - Revised or corrected.

* - Estimate should be used with caution because of the small number of sample returns on which it is based. See "Appendix--SOI Sampling Methodology and Data Limitations."

** - Not shown to avoid disclosure of information about specific taxpayers. However, the data are combined with data in an adjacent size class, as appropriate, and included in the appropriate totals.

Detail may not add to totals because of rounding. All amounts are in current dollars. Percentages shown in some of the tables are based on dollar amounts rounded to the units indicated in the specific table headings. Therefore, they may not be as precise as percentages based on the fuller dollar amounts found in tables contained in the source publications or articles which underlie the historical tables presented in this section of the *Bulletin*.

In the data sources listed at the end of the footnotes, which cite a Statistics of Income publication or unpublished table, the following should be noted: Most of the data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data; and specific Statistics of Income reports cited include more complete discussions of sampling error and of other changes affecting comparability of the data.

See, also, the appendix to the *Bulletin* for a general description of "SOI Sampling Methodology and Data Limitations."

Footnotes

Table 1

[1] Year-to-year comparability of the "all returns" total is affected by changes in dollar income filing thresholds, while year-to-year comparability of the number of returns by type of tax form used is

affected by changes in the specific filing requirements, including adjustments for inflation, for each form. In general, the filing of "short forms" (mostly Forms 1040A and 1040EZ, and Form 1040-T for 1995 only) has been encouraged by IRS to simplify both taxpayer filing requirements and IRS processing. Filing requirements for each of the short forms have, therefore, been gradually liberalized to facilitate their use. Increases in the number of short forms have mostly been at the expense of "long form" 1040 usage (although increases in the number of each of the short forms have often been at the expense of one short form over another). While the number of 1040 (paper) returns has, therefore, increased over the time period shown, the rate of increase has been reduced by the use of the short forms, and, later, by electronic filing options (see below), including, for 1991-1999, use of Form 1040PC. For additional information about the return filing requirements, see the annual reports, *Statistics of Income--Individual Income Tax Returns*.

Forms 1040, 1040A, and 1040EZ include "standard" electronically-filed ("ELF" or "e-file") returns, and Form 1040EZ returns filed electronically by telephone ("TeleFile"), starting with 1991. Form 1040PC (computer-generated "paper") returns were not reclassified for Statistics of Income for 1994-1999; data for Forms 1040, 1040A, and 1040EZ for these years are not comparable with preceding years (Form 1040PC did not apply after 1999).

Included in the "all returns" total for 1995, but not shown separately, are returns filed on Form 1040-T, a "short form" lending itself to IRS optical scanning, which was used for this 1 year only, on an experimental basis.

- [2] Starting with 1993, taxpayers could elect to assign \$3 of the income tax reported on their returns (\$6 on a joint return, if both spouses contributed) to help pay for the cost of Presidential election campaigns. To do so, a taxpayer had to check a box on the tax return. The relationship between (a) the number of returns and boxes checked and (b) the dollar amounts shown is only approximate because the frequencies and the

Notes to Selected Historical and Other Data Tables

amounts were obtained from different sources, the frequencies from Statistics of Income tax return data and the dollar amounts from IRS monthly tax collections, aggregated by calendar year. It should be noted that the frequencies and amounts are related to the tax year for which statistics are shown, even though the designation by the taxpayer occurred in the following year, when the income tax return was filed and processed.

- [3] Less deficit.
- [4] Taxable interest includes “dividends” on deposits and withdrawable shares in mutual savings banks, savings and loan associations, and credit unions, but excludes interest from Regulated Investment Companies on money market mutual funds, which is included in “dividends” in “adjusted gross income” (AGI).
- [5] Not included in AGI. Represents interest on State and local government obligations, including tax-exempt interest dividends from Regulated Investment Companies.
- [6] Dividends in AGI exclude capital gains and liquidating dividends, reflected in the statistics for net capital gain or loss in AGI, but include interest from Regulated Investment Companies on money market mutual funds. Qualified dividends are the ordinary dividends received in tax years beginning after 2002 that met certain conditions. These included: the dividend must have been paid by a U.S. corporation or a “qualified” foreign corporation; the stock ownership must have met certain holding period requirements; the dividends were not from certain institutions, such as mutual savings banks, cooperative banks, credit unions, tax-exempt organizations, or farmer cooperatives; and the dividends were not for any share of stock which was a part of an employee stock ownership plan (ESOP).
- [7] Rent net income (or loss) excludes sole proprietorship (including farm) rental income or loss; these are included in business or profession net income or loss. Rental losses are before “passive loss” limitation and, therefore, exceed the amount included in AGI.

[8] Losses are after “passive loss” limitation.

[9] Includes capital gains from the sale of assets held for personal use or investment, and also net gains from the sale of certain business property treated as net capital gains and from “involuntary conversions” of property, such as by casualty or theft. Also includes capital gains received from partnerships and S corporations. See also footnote 15.

Data represent total capital gains. Total includes capital gain distributions from Regulated Investment Companies. For other changes affecting capital gains, see *Statistics of Income--Individual Income Tax Returns*, various years. See also footnote 6.

- [10] Includes capital losses (after limitation) from the sale of assets held for personal use or investment, including losses in excess of net gains from the sale of certain business property treated as net capital losses and “involuntary conversions” of property, such as by casualty or theft. Also includes capital losses received from partnerships and S corporations. See also footnotes 6, 15, and 16.
- [11] Net gain or loss, not includable in capital gain or loss, from the sale of business property (excluding inventories and certain other assets) and “involuntary conversions” of property, such as by casualty or theft. See also footnote 15.
- [12] Excludes Individual Retirement Arrangement (IRA) distributions.
- [13] Represents total unemployment compensation.
- [14] Starting with 1994, up to 85 percent of Social Security benefits were taxable; previously, the maximum was 50 percent.
- [15] Excludes certain royalties included in the computations of capital gain or loss and of ordinary gain or loss in sales of noncapital assets.
- [16] Excludes capital gains and losses.
- [17] Includes adjustments not shown separately in this table. Total excludes certain business-related expenses, deduction for two-earner married couples, and certain alimony payments, but

Notes to Selected Historical and Other Data Tables

includes the self-employment health insurance deductions (liberalized effective 1998).

[18] Deductible Individual Retirement Arrangement (IRA) contributions were limited, then liberalized somewhat, starting with 1997 and 1998. Contributions to education and Roth IRAs, new starting with 1998, were nondeductible and are, therefore, not included in the statistics.

[19] The limitation on the deduction was raised, starting with 1999.

[20] The deduction was liberalized, starting with 1995, and again starting with 1998.

[21] Exemption amounts were indexed for inflation. Amounts were also limited for taxpayers with high incomes. A check box on the return was used for taxpayers age 65 or over, in general, for use in establishing claims for the additional standard deductions, but many taxpayers not claiming the additional deductions also used the checkbox.

The amount shown for exemptions excludes amounts in excess of AGI, which were reported but could not be used by the taxpayer. The number of exemptions and amounts also excludes the number and amounts reported on returns with no AGI, which did not figure into the computation of tax as a result.

[22] In general, represents the sum of standard and itemized deductions from AGI to compute “taxable income” (the tax base for the regular income tax), but also includes deductions in excess of AGI that could not be used in the computation. Deductions erroneously reported on returns with no AGI were excluded from the deduction statistics.

Includes revised itemized deductions (see also footnotes 24-25), “basic” standard deduction, and “additional” standard deductions for age 65 or over or for blindness (for changes in the standard deduction and its relation to the zero bracket amount, see *Statistics of Income--Individual Income Tax Returns*, for appropriate years). Total itemized deductions are after statutory limitation (see footnote 24).

[23] Standard deductions were indexed for inflation. Statistics for taxpayers with the additional

standard deduction for age 65 or over exclude those who checked the box on tax returns indicating age 65 or over, but then itemized their deductions instead of claiming standard deductions (see footnote 21). For the percentages of AGI used for the standard deduction and the limitation on the deduction, see *Statistics of Income--Individual Income Tax Returns*.

[24] Includes itemized deductions not shown separately in this table, including revised deductions, for “miscellaneous expenses” after limitation and for employee moving expenses. For the most part, moving expenses are excluded after 1993. In general, total itemized deductions were limited for certain high-income taxpayers. This limitation was indexed for inflation.

[25] Deductible medical and dental expenses were limited, based on a revised percentage of AGI. The definition of expenses was expanded, effective 1997, to include payments for certain long-term care insurance premiums and for the unreimbursed cost of certain long-term care of a chronically ill individual.

[26] State sales taxes were no longer deductible.

[27] Deductions for mortgage real estate loan interest were limited. Personal interest was no longer deductible.

[28] Includes “alternative minimum tax” (AMT), starting with 2000. For previous years, AMT was excluded and was reflected only in “total income tax” (see footnote 33).

[29] Different tax rate structures for the regular income tax applied to Tax Years 1995-2002, 2003, and 2004. Indexing of tax rate boundaries for inflation existed. The preferential maximum tax rate on net long-term capital gains under “alternative tax” was revised over the years. Alternative tax was abolished, but a maximum capital gain tax rate less than the maximum regular tax rate continued to apply under certain conditions, starting with 1991; the maximum rate was further reduced, effective 1997. For additional information on changes affecting tax computations, see Table A of the appendix to the historical section of this report and *Statistics of Income--Individual Income Tax Returns*.

Notes to Selected Historical and Other Data Tables

[30] Includes that portion of the “earned income credit” used to offset income tax before credits. Earned income credit is shown below in Table 1. See also footnote 35.

[31] Includes credits such as the low-income housing credit, child adoption credit (introduced, effective 1997), and “empowerment zone employment” (EZE) credit not shown separately.

[32] Allowable credit per child was increased, starting with 1999.

[33] The statistics for all years shown are comparable. However, prior to Tax Year 2000, total income tax is the sum of two components, income tax after credits and “minimum tax” or “alternative minimum tax (AMT)”;³ see footnotes 28 and 34. Starting with Tax Year 2000, total income tax is, in general, the same as income tax after credits, which was redefined to include AMT. (The small difference between the two amounts for 2000 is due mainly to the inclusion in the statistics for Tax Year 2000 of prior-year returns filed in Calendar Year 2001 that were used as proxies for Tax Year 2000 returns filed after 2001; the AMT on these returns was included in total income tax, but not in income tax before or after credits, consistent with the reporting sequence on the tax return forms for these years. The same is true for Tax Year 2002 for prior returns filed in Calendar Year 2003 for Tax Year 2000 and earlier. To a far lesser extent, the difference between total income tax and income tax after credits represents the tax on accumulation distributions of trusts, which was included in total income tax only.)

Total income tax reflects the amount reported on the tax return and is, therefore, before any examination or enforcement activities by the Internal Revenue Service. It represents the income tax liability that was payable to the U. S. Department of the Treasury.

[34] Under “alternative minimum tax” (AMT), generally high-income taxpayers to whom the tax applied were required to pay the larger of the regular income tax or the AMT. As of 2004, examples of preferences or adjustments subject to recapture through the AMT were accelerated

depreciation, incentive stock options, certain itemized deductions, personal exemptions, certain tax-exempt interest, and income loss from tax-shelter farm or “passive” investment activities.

AMT is shown separately in the statistics for all years. However, starting with 2000, AMT is also included in “income tax before credits,” as well as in “income tax after credits” and “total income tax.” Previously, AMT was only included in “total income tax.”

[35] In Table 1, the amounts “used to offset income tax before credits” and “used to offset other taxes” (that are income-related) are reflected in the statistics for “total tax credits”; however, “excess earned income credit (refundable)” is reflected in the statistics for tax “overpayments.” The refundable portion of the credit is the amount (in excess of the taxes) that could not be credited, including any “advance earned income credit payments” on those returns that had such an excess. (“Advance earned income credit payments” were made to employees electing to receive such payments currently through their paychecks. Such “payments” are included in the statistics only if the employees also met the tax return filing requirements; advance payments received by those not required to file are, therefore, excluded.)

[36] Represents payments reflecting the sum of “total income tax” (see footnote 33), tax recapture of certain prior-year tax credits, tax applicable to Individual Retirement Arrangements (IRAs), and Social Security taxes on “self-employment income” and on certain employee tip income, as well as on other income-related taxes applicable to the years shown (see *Statistics of Income--Individual Income Tax Returns*). The total also includes the following not shown separately below in Table 1: “advance earned income credit payments” and credits for (a) capital gain tax paid by a Regulated Investment Company, but considered paid by shareholders, and (b) part of the purchase price of a diesel-powered highway vehicle.

[37] Represents tax withheld on (a) salaries and wages; (b) certain tip income; (c) pensions and

Notes to Selected Historical and Other Data Tables

annuities; (d) certain gambling winnings; and (e) distributions from profit-sharing plans, retirement plans, and Individual Retirement Arrangements (IRAs). Also included are taxes withheld as a result of “backup withholding” on certain interest, dividends, and royalty payments, which otherwise were not subject to withholding.

[38] Represents the sum of (a) “estimated tax,” generally paid quarterly throughout the tax year by self-employed and certain other taxpayers with insufficient or no tax withheld, and (b) prior-year tax overpayments taxpayers elected to credit to their current-year’s “estimated tax” in lieu of requesting a refund.

[39] Represents the sum of payments made with a request for an “automatic” 4-month extension of time in which to file an income tax return, and payments with a request for an additional 2-month extension. Notwithstanding the timing of these requests, full payment of a tax estimate for the year had to be made with the original application; if adjustments to the amount thus paid were later necessitated, the difference was either refundable or payable subject to an interest charge (which is not reflected in the tax statistics).

[40] Includes refunds (shown separately), plus credits to the following year’s “estimated tax” and the refundable portion of the “earned income credit” (see footnote 35). The taxes reflected in tax overpayments are the same as those listed in footnote 37.

SOURCE: Except for dollar amounts associated with the Presidential election campaign checkoff, data are from *Statistics of Income--Individual Income Tax Returns*, appropriate years. Depending on the year, dollar amounts associated with the Presidential election campaign checkoff were accumulated by calendar year either from U.S. Treasury Department, Internal Revenue Service, “Table S-1 Collections, Comparative Summary, Document 7038,” Report NO-Treas-103, monthly, or from unpublished monthly data from Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems. See also “General notations and statements,” preceding the footnotes section.

Table 2--Not Presented.

Table 3

- [1] In addition to low-income taxpayers, this size class (and others) includes taxpayers with “tax preferences,” not reflected in “adjusted gross income” or “taxable income,” which are subject to the “alternative minimum tax” (included in “total income tax”), defined in Table 1, footnote 34.
- [2] A study for 1993 showed that about half of all returns with “adjusted gross income” under \$5,000 were filed by dependents of other taxpayers.
- [3] “Adjusted gross income” (AGI) minus “personal exemptions and total deductions” will not equal “taxable income” because the total of deductions and exemptions could exceed AGI and, therefore, includes amounts that could not be used in computing “taxable income.”
- [4] Not computed.

SOURCE: *Statistics of Income--Individual Income Tax Returns*, appropriate years. See also “General notations and statements,” preceding the footnotes section.

Table 4

- [1] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis Web site at: <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.
- [2] Consists of imputed rental income of owner-occupied nonfarm dwellings (less actual rental income and subsidies); services to individuals furnished without payment by certain financial intermediaries; premium supplements to individuals for property and casualty insurance; farm products consumed on farms; food furnished to employees, including military and domestic service; clothing issued to military personnel; employee’s lodging; and imputed income of individuals participating in the construction of their own housing.
- [3] Consists of income earned by low-income individuals who are not required to file income

Notes to Selected Historical and Other Data Tables

tax returns, of unreported income that is included in the NIPA measure, and of errors and omissions which comprise items in the portion of personal income not included in AGI and the portion of AGI not included in personal income. Also includes the net effect of errors in the IRS adjusted gross income and NIPA personal income measures. Such errors can arise from the sample used by the IRS to estimate AGI and from the source data used by BEA to estimate personal income (per NIPA).

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts (NIPAs), Table 7.19: *Comparison of Personal Income in the National Income and Product Accounts with Adjusted Gross Income as Published by the Internal Revenue Service*. This table appears periodically in the *Survey of Current Business* and can also be accessed on-line at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>.

Tables 5 and 6

- [1] See Table 4 for the differences between “personal income” and “adjusted gross income” (AGI).
- [2] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis Web site at <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.
- [3] Data for years 1987 and after are not comparable to pre-1987 data because of major changes in the definition of “adjusted gross income” (AGI).

SOURCE: Data on “personal income” and “adjusted gross income” (AGI) (per NIPAs) are from U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts (NIPAs), Table 7.19: *Comparison of Personal Income in the National Income and Product Accounts with Adjusted Gross Income as Published by the Internal Revenue Service*. This table appears periodically in the *Survey of Current Business* and can also be accessed on-line at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>. Data on “adjusted gross income” (AGI) (per SOI) in Table 6 are from *Statistics of Income--Individual Income Tax Returns*, appropriate years.

Table 7

- [1] Sum of standard and itemized deductions, plus charitable contributions deduction reported on standard deduction returns for Tax Years 1982-1986. Amount of total deductions for 1950-1957 was estimated by Joseph A. Pechman, The Brookings Institution, using his estimate of the standard deduction for these years (see footnote 4) plus the total for itemized deductions published in *Statistics of Income--Part 1* for 1950-1953 and *Statistics of Income--Individual Income Tax Returns* for 1954-1957. Starting with 1958, total deductions were obtained directly from *Statistics of Income--Individual Income Tax Returns*. Deductions exclude amounts shown as “statutory adjustments” in Table 1. For Tax Years 1987-1988, total deductions also include the “zero bracket amount” reported on a small number of returns (see footnote 4). It includes total deductions as reported by taxpayers, even if the total exceeded “adjusted gross income” (AGI) and, therefore, could not be used.
- [2] See Tables 5 and 6, footnote 3.
- [3] Series revised, starting with the Spring 1997 *Bulletin*, to exclude from the standard deduction statistics the relatively small number of returns with no adjusted gross income and no deductions. Previously, these returns were classified as if they showed a standard deduction. For the 1977-1986 statistics, the standard deduction is the “zero bracket amount” (reported on returns with only a “zero bracket amount”). Such an amount was also included for a small number of returns for 1987-1988 (see footnote 4). For years in which the “zero bracket amount” was in effect, frequencies shown for standard deduction returns were derived by subtracting the number reporting an income tax liability, but no itemized deductions, from the total of all returns. For 1950-1952, returns with itemized deductions include the small number of returns with no deductions and, for 1950-1954, the small number with no income, regardless of whether or not deductions were itemized. For later years, returns in these two categories were excluded from all the deduction statistics in this table.

Notes to Selected Historical and Other Data Tables

[4] Amount of standard deduction for 1950-1957 was estimated by Joseph A. Pechman, The Brookings Institution, on the basis of the distribution of the number of returns by income class and marital status in *Statistics of Income--Part 1* for 1950-1953 and *Statistics of Income--Individual Income Tax Returns* for 1954-1957, and, starting with 1958, was obtained directly from *Statistics of Income--Individual Income Tax Returns*. It represents the “zero bracket amount” for 1977-1986. Starting with 1987, it represents the sum of “basic” and “additional” standard deductions (for age 65 or over and for blindness); also includes the “zero bracket amount” reported on the small number of prior-year returns filed in 1988-1989 that were included in the 1987-1988 statistics as proxies for returns due but not received.

[5] For 1977-1986, total itemized deductions are before subtraction of the “zero bracket amount.” Starting with 1991, total itemized deductions are after statutory limitation (see Table 1, footnote 24).

SOURCE: Except as indicated in footnotes 1 and 4, *Statistics of Income--Individual Income Tax Returns* and unpublished tables, appropriate years. Data referred to in footnote 4 which are attributed to Joseph A. Pechman are from Pechman, *Federal Tax Policy*, fifth edition, The Brookings Institution, 1987. See also “General notations and statements,” preceding the footnotes section.

Table 8

- [1] See Table 4 for differences between “personal income” and “adjusted gross income.”
- [2] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis Web site at <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.
- [3] Note that the “taxable income” tax base excludes the base for computing both the “minimum tax” and “alternative minimum tax” components of “total income tax.” Therefore, the percentages shown in column 6, starting with 1970, are only

approximate. See also Table 1, footnote 34. Also, because conceptually “taxable income” did not exist prior to 1954, the taxable income shown for 1950-1953 and the percentages based on it in columns 3 and 6 are estimated, in part, by adjusting available statistics for statutory “net income” for these years.

SOURCE: Data on “Personal income” are from the Bureau of Economic Analysis’s National Income and Product Accounts, Table 2.1: *Personal Income and Its Disposition*. This table appears in the *Survey of Current Business* and can also be accessed online at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>. Data on “Taxable income (per SOI)” and “Total income tax (per SOI)” are from *Statistics of Income--Individual Income Tax Returns*, various years.

Table 9

- [1] Starting with 1975, includes the refundable portion of the “earned income credit.”

SOURCE: *Statistics of Income--Individual Income Tax Returns* and unpublished tables, appropriate years. See also “General notations and statements,” preceding the footnotes section.

Table 10

- [1] Represents the number of returns, even if there was more than one business per return.
- [2] “Total deductions” include amounts not shown separately in this table, as well as amounts not itemized separately on Schedule C-EZ (short form) used by certain of the smaller businesses. Most deductions for which statistics are shown are slightly understated to the extent that only total deductions had to be reported on Schedule C-EZ. Total deductions exclude disallowed “passive losses”; but net income (less deficit), net income, and deficit reflect these losses. In addition, net income (less deficit), net income, and deficit are after adjustment for the passive loss carryover from prior years. Therefore, “business receipts” minus “total deductions” do not equal “net income (less deficit).”

NOTE: There are slight differences between: (a) the number of individual income tax returns “with business

Notes to Selected Historical and Other Data Tables

or profession net income or loss” and the associated amounts, based on the summarized totals on the face of the tax return (Table 1), and (b) the related number of individual income tax returns “with nonfarm business net income or deficit” and the associated amounts, based on data from Schedules C filed in support of the total on the face of the return (Table 10). These differences result from the somewhat larger tax return samples underlying the sole proprietorship statistics for more recent years, and also from the taxpayer reporting variations and inconsistencies, e.g., in the occasional misreporting of farm versus nonfarm business activity on the face of the return compared to what was indicated in supporting schedules, and in the equating of certain partnership income or employee business expenses with the presence of sole proprietorship activity.

SOURCE: *Statistics of Income--Sole Proprietorship Returns*, appropriate years, and *Statistics of Income Bulletin*, Summer issues (for most years). See also “General notations and statements,” preceding the footnotes section.

Table 11

- [1] Certain small partnerships were not required to file balance sheets.
- [2] Number of limited partnerships, limited liability companies, and the associated number of partners are understated because some businesses failed to answer the question about type of partnership on their tax returns as originally filed.
- [3] Total assets, total liabilities, and partners' capital account represent end-of-year amounts. Moreover, they are understated somewhat because not all partnerships included a complete balance sheet and because of the reporting requirement mentioned in footnote 1, above. However, certain partnerships with negative total assets, total liabilities, and/or total partners' capital are included in the statistics.
- [4] Short-term debt is the abbreviated title for mortgages, notes, and bonds payable in less than 1 year.
- [5] Long-term debt is the abbreviated title for mortgages, notes, and bonds payable in 1 year or more.

- [6] “Total receipts” and “total deductions” include amounts not shown separately. Total receipts were computed for the statistics as the sum of trade or business income (gross receipts or sales less returns and allowances (business receipts); ordinary income from other partnerships, estates and trusts; farm net profit; net gain, noncapital assets; and other income from trade or business), as well as income distributed directly to partners (net rental real estate income; other net rental income; interest income; dividend income; and royalties).

Total deductions were computed as the sum of trade or business expenses (cost of goods sold; ordinary loss from other partnerships; net farm loss; net loss, noncapital assets; other loss from trade or business; and total deductions from trade or business), as well as losses distributed directly to partners (net rental real estate loss; and other net rental loss).

Starting in 2004, other portfolio income (loss) were not included in total receipts and deductions because it was no longer reported separately on the tax return.

Portfolio net short-term capital gain (loss) and net long-term capital gain (loss) continue to be intentionally omitted from total receipts and total deductions in order to improve comparability with 1986 and prior data.

- [7] Represents the more complete amounts reported in depreciation computation schedules, rather than the amounts reported as the depreciation deduction.

SOURCE: *Statistics of Income--Partnership Returns*, appropriate years, and *Statistics of Income Bulletin*, Summer or Fall issues (for most years). See also “General notations and statements,” preceding the footnotes section.

Table 12

- [1] Excludes business income tax returns filed by tax-exempt organizations. See Table 16.
- [2] Size classes for corporations are based on “business receipts,” i.e., gross amounts from sales and operations, for industries except those in the “finance and insurance” industrial sector and

Notes to Selected Historical and Other Data Tables

those in the “management of companies (holding companies)” sector (which includes bank holding companies, as well as other holding companies), using the North American Industrial Classification System or NAICS. For the groupings comprising these two exceptions, “total receipts,” which are the sum of business receipts and investment income, were used instead of “business receipts” as the basis for the size classification.

- [3] Includes returns with no “business receipts” (or no “total receipts” in the case of certain corporations as described in footnote 2).
- [4] Beginning Tax Year 2001, size of assets of under \$500,000 and \$500,000 under \$1,000,000 replaced size of assets of under \$100,000 and \$100,000 under \$1,000,000, of earlier years. Also, size of assets of \$250,000,000 under \$500,000,000; \$500,000,000 under \$2,500,000,000; and \$2,500,000,000 or more are shown beginning with Tax Year 2001.
- [5] Includes corporations and partnerships with “zero assets and liabilities.” For corporations, returns with zero assets represent final returns of liquidating or dissolving corporations which had disposed of all assets; final returns of merging corporations whose assets were included in the returns of the acquiring corporations; part-year returns of corporations changing accounting periods (except for certain newly-incorporated businesses); and returns of foreign corporations with income “effectively connected” with a U.S. business (except foreign insurance companies providing separate balance sheets for U.S. branches). For partnerships, returns with zero assets represent final returns of liquidating or dissolving partnerships, which had disposed of all assets; businesses not required to file balance sheets; and businesses that failed to provide balance sheets on their returns as originally filed. Certain partnerships with negative total assets, total liabilities, and/or total partners’ capital are also included. See also Table 11, footnote 1.
- [6] Size classes for partnerships are affected by changes in the definition of receipts. (See Table 11, footnote 6.) Only partnership net rental income is reflected in the size distribution.

- [7] Sole proprietors are not required to provide balance sheet information.

NOTE: Statistics for corporations are for accounting periods ended July of one year through June of the next. Thus, for example, corporation data for 2003 are for accounting periods ended July 2003 through June 2004. Statistics for nonfarm sole proprietorships and partnerships are, in general, for the calendar year.

SOURCE: *Statistics of Income--Corporation Income Tax Returns; Statistics of Income--Partnership Returns, Sole Proprietorship Returns, and Business Income Tax Returns*, depending on the year; and *Statistics of Income Bulletin*, Summer or Fall issues (for most years). See also “General notations and statements,” preceding the footnotes section.

Table 13

- [1] Excludes inactive corporation returns. Excludes taxable farmers’ cooperatives; Real Estate Mortgage Investment Conduits (REMICs); Foreign Sales Corporations (FSCs) and Interest-Charge Domestic International Sales Corporations (IC-DISCs).

Corporations that qualified as S corporations but had subsidiaries could qualify, provided the subsidiaries also qualified as S corporations. These subsidiaries are included in the income tax returns of the parent S corporations.

Because of the definition of S corporation net income, totals for receipts and deductions are slightly understated to the extent that they were not directly related to the “income from a trade or business” reported by these companies. Comparability of data for “returns with net income” is also affected by a change in the Statistics of Income definition of Regulated Investment Company net income for certain years. For additional information about these changes and the estimated effect they have on the net income statistics, see footnote 16, below.

- [2] Consolidated returns were filed on an elective basis for groups of affiliated corporations (with exceptions), in general, if 80 percent or more of the stock of the affiliates was owned within the group, and a common parent corporation owned

Notes to Selected Historical and Other Data Tables

at least 80 percent of the stock of at least one of the affiliates. Consolidated returns exclude S corporations (defined in footnote 4), although, S corporation returns could include subsidiaries that were also S corporations. Returns filed by parent S corporations which include qualifying subsidiaries are included in the S corporation frequencies shown below in Table 13. Consolidated returns also exclude all real estate investment trusts (REITs).

- [3] Included in "number of returns, total" and "number with net income."
- [4] In general, S corporations were certain small qualifying corporations that elected to be taxed at the shareholder level. These corporations could have no more than 75 shareholders (mostly individuals). S corporation returns could include subsidiaries if the subsidiaries also qualified as S corporations, with income and financial data for both parent and subsidiaries combined on the return of the parent corporation.
- [5] Balance sheet data are end-of-year amounts.
- [6] Inventories include amounts reported by real estate subdividers and developers.
- [7] Tax-exempt securities include not only investments in State and local government obligations, but also stock in investment companies that distributed dividends during the current year representing tax-exempt interest on such obligations.
- [8] Accounts payable of banking and savings and loan institutions could include deposits and withdrawable shares.
- [9] Amounts for "adjustments to shareholders' equity" are reported separately on the tax return.
- [10] In general, Statistics of Income data for receipts, deductions, and net income (or deficit) of S corporations are limited to those attributable to a trade or business. Therefore, most investment income or loss, such as from taxable interest, dividends, rents, royalties, and gain (loss) from sales of investment property; the deductions related to this income; and deductions for

charitable contributions, intangible drilling and development costs, oil and gas depletion, foreign taxes paid, and the limited expensing of the cost of depreciable assets (Code section 179) are not reflected in net income (because they were allocated directly to shareholders instead). See also footnote 4.

The statistics for the cost of goods sold exclude estimates of the cost of operations from expense data reported elsewhere on the tax return (often in "other deductions") by corporations reporting "business receipts" without a corresponding cost of goods sold. These corporations were assumed to have a cost of operations that was not reported as such. Most of the companies involved were classified either in the transportation and public utility or services industries.

For all years, identifiable amounts of depreciation, depletion, amortization, taxes paid, advertising, bad debts, compensation of officers, employee plan contributions, interest paid, and rent paid found in taxpayer schedules in support of the total cost of goods sold were transferred to their respective deduction headings for the statistics. This enabled more complete statistics for these expenditures to be produced.

- [11] "Business receipts" include the gross proceeds (netting during statistical processing against the cost of these sales) reported by stock and commodity brokers and exchanges, and by real estate subdividers, developers, and operative builders, even when they bought and sold securities, commodities, and real estate on their own account.
- [12] "Other interest" includes any dividends reported in combination with interest on the Form 1120S tax return by S corporations, i.e., certain corporations that elect to be taxed through shareholders (see footnote 4).
- [13] Identifiable amounts reported on Form 1120-A are included in the statistics for the appropriate deduction. "Other deductions" include certain amounts previously treated as part of the

Notes to Selected Historical and Other Data Tables

combined “cost of goods sold” for Statistics of Income. See also footnote 10.

- [14] In general, “total receipts less total deductions” include tax-exempt interest on State and local government obligations, but exclude income from related foreign corporations only “constructively” received. As such, “total receipts less total deductions” represent all income, taxable and nontaxable, “actually” received by the corporation, as reported on the corporation income tax return, and exclude all income only “constructively” or “deemed” received. In contrast, “net income (less deficit)” represents all taxable income, actually or constructively received. Therefore, in the statistics, “total receipts less total deductions” minus “nontaxable interest on State and local government obligations” plus “constructive taxable income from related foreign corporations” equal “net income (less deficit).” For the exception, due to Regulated Investment Companies, see footnote 16.
- [15] Represents “income” that was only “constructively” or “deemed” received from foreign corporations and that was taxed to the U. S. corporation. (In general, such income was otherwise subject to U. S. income tax only when actually repatriated as dividends.) For the statistics, it is the sum of “includable income of Controlled Foreign Corporations” and the “foreign dividend gross-up,” reported separately on the tax return. The “includable income” was comprised of specific types of undistributed income earned by a Controlled Foreign Corporation that were taxed under certain conditions to the U. S. shareholder corporations unless an actual “minimum distribution” was made. The foreign dividend gross-up represents a share of the foreign taxes paid on the profits of certain foreign subsidiaries out of which they paid dividends to their U. S. parent corporations and for which the parent corporation then claimed a foreign tax credit.
- [16] “Net income (less deficit),” “net income,” and “deficit” exclude: (a) net long-term capital gain reduced by net short-term capital loss reported

by Regulated Investment Companies (see footnote 14), and (b) amounts other than from a trade or business, i.e., portfolio and rental income, reported by S corporations (see footnote 4). With respect to Regulated Investment Companies, the amounts excluded from final statistics were: \$192.6 billion for 1998; \$252.3 billion for 1999; \$296.6 billion for 2000; \$41.1 billion for 2001; \$12.9 billion for 2002; \$20.2 billion for 2003; and \$67.4 billion for 2004 (preliminary). Estimates of the S corporation net income (less deficit) excluded from the final statistics in Tables 13-14 are as follows: \$56.9 billion for 1998; \$56.4 billion for 1999; \$59.4 billion for 2000; \$45.1 billion for 2001; \$32.9 billion for 2002; \$42.1 billion for 2003; and 52.0 billion for 2004 (preliminary). For additional information about S corporation net income, see the various articles on S corporations in the *Bulletin*, starting with 1995.

- [17] For most years, “income subject to tax” (the corporate tax base) exceeds “net income (less deficit)” in the statistics, chiefly because of the deficits reported on returns without net income. Moreover, it is the sum of the several tax bases applicable over time to different classes of corporations, not all of which were directly related to net income. Income subject to tax thus includes the “taxable income” base used by most companies (and defined for the statistics as net income minus certain statutory special non-business deductions, such as for intercorporate dividends received and “net operating losses” carried forward from prior years). Profits of S corporations were mostly taxed through shareholders (who had to be individuals, estates, or trusts).
- [18] Includes Personal Holding Company tax; tax on “branch profits” of foreign corporations with U.S. operations; and certain lesser taxes, including special taxes applicable to Real Estate Investment Trusts (REITs) and foreign corporations with U.S.-source income.
- “Total income tax” more closely represents worldwide income tax liability because it is before

Notes to Selected Historical and Other Data Tables

subtraction of the foreign tax credit, the largest of the tax credits. To the extent that foreign tax credits adequately reflect the total foreign income tax burden, total income tax includes these taxes. See also footnotes 20 and 23.

- [19] Under AMT, corporations are required to compute their regular tax liability and their “tentative minimum tax” liability. The difference between the “tentative minimum tax” and the regular tax is the legally defined alternative minimum tax. The AMT was designed to ensure that, at least, a minimum amount of income tax was paid in spite of the legitimate use of exclusions, deductions, and credits. New corporations and certain small corporations were not subject to the AMT.
- [20] Tax credits are applied against “regular tax” only. See also footnote 21.
- [21] In publications prior to Fall 2003, the 1998 foreign tax credit was revised, based on results of special studies. Subsequently, the amount has been restored to the original value to be consistent with published corporate data and to be comparable with data for 1999-2004.
- [22] The general business credit includes the following components and their years of implementation, almost all of which were subject to a combined overall limitation, making the amounts shown in the table for these credits to be tentative: the alcohol fuel credit, the investment credit, the work opportunity credit (formerly the “jobs credit”), the welfare to work credit, the orphan drug credit (1996), increased research expenditures credit, low-income housing credit, “disabled access” credit (1990), enhanced oil recovery credit (1991), renewable electricity production credit (1992), Indian employment credit (1993), employer Social Security and Medicare taxes paid on certain employee tips credit (1993), contributions to selected community development corporations credit (1993), the trans-Alaska pipeline liability fund credit, and general credits from an electing large partnership (Schedule K-1 (Form 1065-B)), small employer pension plan startup costs credit

(2002), employer-provided child care facilities and services credit (2002), and new markets credit (2002).

The empowerment zone and renewal community employment credit (1994) and the New York Liberty Zone business employee credit (not shown separately, 2001), while components of the general business credit, have separate tax liability limits and are not subject to the combined limitation.

For other changes in the definition of components of the general business credit, see *Statistics of Income--Corporation Income Tax Returns*, for the years concerned.

- [23] “Total income tax after credits” is before any examination or enforcement activities by the Internal Revenue Service. It is the amount payable to the U.S. Government as reported on the income tax return. Because it is after subtraction of foreign tax credit, this total does not include income taxes paid to foreign governments. In publications prior to Fall 2003, the 1998 foreign tax credit had been revised based on special studies. Subsequently, the amount has been restored to the original value to be consistent with published corporate data and to be comparable with data for 1999-2004.

NOTE: Statistics are for corporate accounting periods ended July of one year through June of the next. Thus, for example, data for 2004 are for accounting periods ended July 2004 through June 2005.

SOURCE: *Statistics of Income--Corporation Income Tax Returns*. Additional data on the foreign tax credit and U.S. Possessions Credit from special in-depth studies are included in various issues of the *Statistics of Income Bulletin*. See also “General notations and statements,” preceding the footnotes section.

Tables 14a and 14b

- [1] Industrial classification is based on the product or service accounting for the largest percentage of “total receipts.” (Total receipts are the sum of business or gross receipts, plus capital gains and

Notes to Selected Historical and Other Data Tables

income from investments, including rentals.) Starting with 1998, this classification is based on the North American Industry Classification System (NAICS), which replaced the Standard Industrial Classification (SIC) system. The SIC, in its various versions, was used to classify statistics for the years before 1998. Both systems were intended for Governmentwide use in classifying business statistics. (For information about NAICS and its usage in Canadian, Mexican, and U.S. Government statistics, see the *Statistics of Income Bulletin*, Summer 1997, Volume 17, Number 1, pp. 3-5.) Because there are substantial differences between NAICS and its predecessor SIC system, data by “industrial sector” for years beginning with 1998 (Table 14b) are shown apart from data for earlier years by “industrial division” (Table 14a). As an example of differences between the two systems, using NAICS, Statistics of Income classifies banks that were bank holding companies in the new “management of companies (holding companies)” sector, instead of in the “finance and insurance” sector. Using the SIC, bank holding companies had previously been classified in the “finance, insurance, and real estate” industrial division. For additional information about breaks in comparability caused by the changeover to NAICS, see *Statistics of Income--1998, Corporation Income Tax Returns*.

If information for the business activity and product was not discernible from the corporation income tax return, the return was classified as with nature of business “not allocable.” Data for nature of business “not allocable” are included in the totals for “all industrial divisions” (Table 14a) and “all industrial sectors” (Table 14b), but are not shown separately. Therefore, in addition to rounding differences, the statistics by industrial division or sector will not add to their respective grand totals.

- [2] See Table 13, footnote 1.
- [3] Balance sheet data are end-of-year amounts. Net worth is the sum of “capital stock,” “additional paid-in capital,” “retained earnings, appropriated,” “retained earnings, unappropriated,” and “adjustments to shareholders' equity” minus “cost of

treasury stock.” (Prior to 1997, data for “retained earnings, unappropriated” included “adjustments to shareholders' equity,” not reported separately on the tax return.) Each of these amounts is presented separately in Table 13.

- [4] See Table 13, footnotes 10 and 14.
- [5] See Table 13, footnote 11.
- [6] Interest received is the sum of “interest on State and local government obligations” (i.e., tax-exempt interest) and “other interest” (which includes interest paid by banking and savings institutions). Data for both of these amounts are presented separately in Table 13. See also Table 13, footnote 12.
- [7] In addition to regular tax, includes certain other taxes either shown separately in Table 13 or mentioned in Table 13, footnote 18.
- [8] Beginning with Tax Year 1987, “Alternative tax” was repealed.

NOTE: Statistics are for corporate accounting periods ended July of one year through June of the next. Thus, for example, data for 2003 are for accounting periods ended July 2003 through June 2004.

SOURCE: *Statistics of Income--Corporation Income Tax Returns*. Additional data on the foreign tax credit and U.S. Possessions Credit from special in-depth studies are included in various issues of the *Statistics of Income Bulletin*. See also “General notations and statements,” preceding the footnotes section.

Table 15

- [1] In general, includes profits of U.S. corporations filing income tax returns as recorded in Statistics of Income, but with exceptions and adjustments (see below). Also includes profits of nonprofit institutions that primarily serve business and income of Federal Reserve Banks and Federally-sponsored credit agencies. However, profits of S corporations, only partially included in Statistics of Income data for recent years, are excluded from profits in the National Income and Product Accounts (NIPAs) and are treated, instead, as

Notes to Selected Historical and Other Data Tables

“personal income” (see Table 4). For other corporations excluded in NIPA profits, see footnote 2, below, and footnote 1, Table 13.

Compared to Statistics of Income net income, profits for NIPA purposes are defined to include tax-exempt interest on State and local government obligations, but to exclude capital gains and losses, intercorporate dividends received, depletion, and bad debt losses. Consistent with Statistics of Income, NIPA profits reflect the inventory and depreciation accounting practices used for tax purposes. NIPA profits include income earned abroad by U.S. corporations, but exclude profits earned in the United States by foreign corporations.

- [2] Reflects changes made to data as part of the 2003 Comprehensive Revision of the National Income and Product Accounts (NIPAs). For details of this revision, see the Bureau of Economic Analysis Web site at <http://www.bea.gov/bea/dn/2003benchmark/CR2003content.htm>.
- [3] For Statistics of Income, “net income (less deficit)” and “income subject to tax” exclude taxable cooperatives, starting with the 1985 data; Real Estate Mortgage Investment Conduits (REMICs), starting with 1987; and Personal Service Corporations for 1988-1993. Net income (less deficit), starting with 1985, excludes Foreign Sales Corporations (FSCs) and Interest-Charge Domestic International Sales Corporations (IC-DISCs). See also Table 13, footnote 1. For changes in the definition of Regulated Investment Company and S corporation net income, see Table 13, footnote 16. For the coverage of corporations and the definition of corporate profits used for the National Income and Product Accounts, see footnote 1, above.
- [4] For the definition of “income subject to tax,” see Table 13, footnote 17. See also footnote 3, above.

SOURCE: Data on corporate “Profits before tax (per NIPA)” are from the Bureau of Economic Analysis’s National Income and Product Accounts, Table 1.12:

National Income by Type of Income. This table appears in the *Survey of Current Business* and can also be accessed online at: <http://www.bea.gov/bea/dn/nipaweb/index.asp>. Data on “Net income (less deficit) (per SOI)” and “Income subject to tax (per SOI)” are from *Statistics of Income--Corporation Income Tax Returns*, various years.

Table 16

- [1] Includes data reported by organizations described in Internal Revenue Code section 501(c)(3), excluding private foundations and most religious organizations. Organizations with receipts under \$25,000 were not required to file.
- [2] Balance sheet data are end-of-year amounts.
- [3] Represents fees collected by organizations in support of their tax-exempt purposes, and income such as from tuition and fees at educational institutions; hospital patient charges; and admission and activity fees collected by museums and other nonprofit organizations or institutions.
- [4] The amount of contributions, gifts, and grants shown reflects the amount actually disbursed, on a cash basis, for charitable purposes.
- [5] Represents income not considered related to a foundation's charitable purpose, e.g., interest, dividends, and capital gains. Foundations could be subject to an excise tax on such income.
- [6] Includes returns filed by or for entities described in Internal Revenue Code sections 401(a) (qualified pension, profit-sharing, or stock bonus plans), 408(e) (Individual Retirement Accounts, or IRAs), 408A (Roth IRAs), and 501(c)(2) through (27) (charitable and most other types of tax-exempt organizations).
- [7] The primary reason for the drop in gross unrelated business income (UBI) and total deductions between Tax Years 1997 and 1998 is the exclusion from the 1998 statistics of one association, which reported relatively large amounts of gross UBI and deductions for 1997 and prior years. The tax-exempt status of this association was terminated, effective 1998. For additional infor-

Notes to Selected Historical and Other Data Tables

mation, see Riley, Margaret, “Unrelated Business Income Tax Returns, 1998,” *Statistics of Income Bulletin*, Spring 2002, Volume 21, Number 4.

- [8] Aggregate amounts of total deductions, unrelated business taxable income (less deficit), and deficit previously published in various issues of the *SOI Bulletin* have been adjusted in Table 16 for Years prior to 1999. The revisions were required to take into account certain adjustments made to reported amounts of the “net operating loss deduction.” During processing of the SOI sample of Tax Year 1999 returns, it was discovered that many Form 990-T filers were deducting the entire amount of any previous years’ net operating loss carryover from net income (even when net income was zero or negative), rather than deducting only the part of the carryover amount needed to offset any positive net income amount. Entering the entire amount of the net operating loss carryover, as opposed to entering only the appropriate deduction amount, did not affect a filer’s unrelated business income tax liability, but it did inflate the amount of deficit reported.
- [9] 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 is a component of “gross unrelated business income” (on which the filing requirement is based).
- [10] Total 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 “proxy tax” on certain lobbying expenditures, the “alternative minimum tax,” and the environmental tax (applicable only to tax years prior to 1996). Beginning with Tax Year 2001, total tax can include interest due, computed under the look-back method for certain depreciated property and completed long-term contracts, and “other” taxes, as described by the return filer.

SOURCE: *Statistics of Income Bulletin*, various issues. See also “General notations and statements,” preceding the footnotes section.

Table 17

- [1] Starting with 1965, number of returns, total gross estate at date of death, and estate tax after credits are estimates based on samples. Beginning with 1982, numbers in columns 2-5 have been revised to reflect returns filed more than 3 calendar years after a decedent's death.
- [2] Prior to 1982, year-of-death figures were approximated, using data from returns filed in a single calendar year. While many of the returns filed in a given calendar year represent returns of decedents who died in the immediately preceding year, others represent returns of decedents who died in earlier years. Starting with 1982, the statistics are by year of death, using the year of death reported on the estate tax returns filed during periods of at least 3 successive years.
- [3] Total adult deaths represent those of individuals age 20 and over, plus deaths for which age was unavailable.
- [4] Prior to 1964, a return was taxable if it showed an estate tax before credits. Starting with 1964, the classification was based on estate tax after credits.
- [5] Year-to-year comparability of the data is affected by changes in the gross estate filing threshold which is based on year of death: 1934 (\$50,000); 1935 (\$50,000 changing to \$40,000); 1936-1941 (\$40,000); 1942 (\$40,000 changing to \$60,000); 1943-1976 (\$60,000); 1977 (\$120,000); 1978 (\$134,000); 1979 (\$147,000); 1980 (\$161,000); 1981 (\$175,000); 1982 (\$225,000); 1983 (\$275,000); 1984 (\$325,000); 1985 (\$400,000); 1986 (\$500,000); 1987-1997 (\$600,000); 1998 (\$625,000); 1999 (\$650,000); 2000-2001 (\$675,000); 2002-2003 (\$1,000,000); 2004-2005 (\$1,500,000); 2006-2008 (\$2,000,000); 2009 (\$3,500,000); and 2010 (no estate tax).

NOTE: The title of this table has been changed from “Estate Tax Returns as a Percentage of Adult Deaths,” in previous published versions, to “Taxable Estate Tax Returns as a Percentage of Adult Deaths.” However, the data contained in the table have not changed.

Notes to Selected Historical and Other Data Tables

SOURCE: Data are shown only for years for which Statistics of Income data are available. For years after 1953, *Statistics of Income--Estate Tax Returns; Estate and Gift Tax Returns*; or *Fiduciary, Estate, and Gift Tax Returns*, depending on the year, and *Statistics of Income Bulletin*, various issues; also unpublished tabulations for certain years. For years prior to 1954, *Statistics of Income--Part I*. Adult deaths are from the Centers for Disease Control and Prevention, National Center for Health Statistics, U.S. Department of Health and Human Services, *Vital Statistics of the United States, Report Number 11, Supplement 2, Table 2*, annual and *National Vital Statistics Report, Volume 50, Number 15, September 2002, Table 3, Volume 52, Number 3, September 2003, Table 3*, and *Volume 53, Number 5, October 2004*. See also "General notations and statements," preceding the footnotes section.

Table 18

[1] Includes not only taxes collected by the Internal Revenue Service (IRS) but, starting in Fiscal Year 1988 and the second quarter of Fiscal Year 1991, excise taxes collected by the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service, respectively. These excise taxes were formerly administered by IRS. See footnote 4, below, for an explanation of the revisions to the excise tax data, starting with the Summer 1997 issue of the *Bulletin*.

[2] Includes income taxes of estates and most trusts which are taxed at the individual income tax rates. See footnote 3 for additional information on the taxation of trusts.

Individual income tax collections include that portion of the individual income tax transferred to the Presidential Election Campaign Fund based on elections made by taxpayers on their income tax returns. Presidential election campaign designations and associated amounts are shown in Table 1 for recent calendar-year tax years; designation amounts in recent fiscal years, without regard to tax year, are as follows:

Fiscal year	Millions of dollars
2005	\$53.3
2004	55.9
2003	55.2

2002	67.0
2001	58.1
2000	60.7
1999	61.0
1998	63.3
1997	66.9
1996	66.3
1995	68.5
1994	69.7
1993	27.7
1992	29.6
1991	32.3
1990	32.5
1989	32.3
1988	33.2
1987	33.2

Collections of income tax of estates and trusts in fiscal years, without regard to tax year, are as follows:

Fiscal year	Billions of dollars
2005	\$13.9
2004	10.7
2003	8.4
2002	10.8
2001	17.5
2000	16.7
1999	14.3
1998	14.2
1997	11.2
1996	8.0
1995	5.3
1994	6.2
1993	6.0
1992	6.1
1991	4.8
1990	5.9
1989	6.0
1988	6.5
1987	8.4

[3] Includes various taxes collected from otherwise Federally tax-exempt corporations and trusts, mainly the "unrelated business income" tax (UBIT) imposed on organizations that engage in activities that are unrelated to their charitable purposes. Trusts with UBI are taxed at individual income tax rates; however, these taxes were combined with the corporation income tax

Notes to Selected Historical and Other Data Tables

collections when tabulated. Following are total taxes and UBIT collected from tax-exempt organizations in recent fiscal years:

Fiscal year	Total	Unrelated business income tax
	(Millions of dollars)	
2005	\$623.9	\$457.3
2004	510.7	347.1
2003	386.0	270.4
2002	494.5	319.2
2001	652.1	523.3
2000	674.8	553.6
1999	810.8	665.9
1998	689.8	473.2
1997	666.8	484.9
1996	699.9	501.9
1995	484.9	294.3
1994	571.5	372.4
1993	342.7	173.6
1992	379.5	181.6
1991	288.2	155.6
1990	304.0	127.9
1989	271.4	115.6
1988	284.0	137.5
1987	244.3	119.9

[4] Data shown for the Alcohol and Tobacco Tax and Trade Bureau (TTB) also include data for the Customs Service. To preserve the historical time series interrupted by transferring collection of the manufacturers' excise taxes paid on alcohol and tobacco and of the manufacturers' excise taxes on recreational products for the taxes paid on firearms from IRS to TTB, starting in July 1987 and January 1991, respectively, the combined excise taxes for these two Treasury agencies are shown in Table 18 alongside the IRS excise tax collections, for fiscal years beginning with 1988. They have also been added to the total tax collections reported by IRS to show a grand total of all Treasury Department tax collections (with the exception of a cargo excise tax collected by the Customs Service).

Although responsibility for the administration of alcohol and tobacco excise taxes was transferred to the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service, effective

July 1, 1987, i.e., with the beginning of the fourth quarter of Fiscal Year 1987, the taxes collected were treated as Internal Revenue Service tax collections (column 4) through September 30, 1987, i.e., through the end of the fourth quarter of Fiscal Year 1987, rather than as TTB/Customs collections (column 5), as a transitional measure.

[5] Employment taxes include:

(a) Old-Age, Survivors, Disability, and Hospital Insurance (OASDHI) taxes, i.e., Social Security taxes, levied on salaries and wages (under the Federal Insurance Contributions Act, (FICA)). Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars
2005	\$716.9
2004	664.9
2003	647.9
2002	639.7
2001	634.2
2000	593.3
1999	555.3
1998	513.9
1997	484.0
1996	455.2
1995	394.4
1994	409.6
1993	381.1
1992	365.2
1991	349.3
1990	336.3
1989	317.8
1988	289.9
1987	252.6

(b) Social Security taxes levied on "self-employment income" (under the Self-Employment Insurance Contributions Act, (SECA)). Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars
2005	\$43.1
2004	41.2
2003	37.1
2002	37.1

Notes to Selected Historical and Other Data Tables

2001	36.3
2000	34.6
1999	32.2
1998	32.6
1997	34.0
1996	26.9
1995	60.9
1994	24.4
1993	20.6
1992	24.4
1991	25.5
1990	21.3
1989	19.0
1988	17.7
1987	14.0

- (c) unemployment insurance taxes (under the Federal Unemployment Tax Act, (FUTA)). Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars
2005	\$6.9
2004	6.7
2003	6.6
2002	6.7
2001	7.1
2000	7.0
1999	6.7
1998	6.5
1997	6.2
1996	6.0
1995	5.8
1994	5.6
1993	5.6
1992	5.8
1991	5.5
1990	5.5
1989	4.7
1988	6.2
1987	6.2

- (d) Railroad Retirement (carriers) tax. Amounts collected in recent fiscal years are as follows:

Fiscal year	Billions of dollars
2005	\$4.5
2004	4.4
2003	4.4
2002	4.6

2001	4.7
2000	4.8
1999	4.5
1998	4.8
1997	4.4
1996	4.3
1995	4.3
1994	4.2
1993	4.3
1992	4.4
1991	4.2
1990	4.2
1989	4.1
1988	4.3
1987	4.2

NOTES: In general, collections represent the gross amounts before refunds and include (a) amounts paid with the tax return, (b) amounts paid prior to filing the return, as applicable (income tax withheld by employers and “estimated tax” payments), and (c) amounts paid subsequent to filing the return (chiefly the result of initial IRS administrative return processing or later examination and enforcement activities). Collections also include interest and penalties, but do not reflect any revisions to the IRS data for specific fiscal years made after the close of the fiscal year. Instead, revisions are reflected in the data for the later fiscal year in which the revision was made. However, revisions to the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms (ATF)) and Customs Service excise tax collections are treated differently. See the “Notes” to Table 21.

Collection statistics reported by the Internal Revenue Service are not altogether comparable to those published by the Financial Management Service, also in the Treasury Department, because of timing differences resulting from the definitions each agency uses. The Internal Revenue Service counts the monies as they are received (to reflect the status of its tax collection operation); the Financial Management Service counts these amounts as received, but only after discrepancies (such as between what the employer reports as tax withheld and the amount actually withheld) are resolved. Also, the Financial Management Service classifies the tax collected according to the Federal Budget account to which the tax receipts are assigned.

Notes to Selected Historical and Other Data Tables

For purposes of Table 18 (and to facilitate comparisons with Table 21), the grand totals of all excise taxes were obtained by accumulating data from the *Treasury Monthly Statement*. See also the citation under "Source," below. Totals for excise taxes collected by IRS were then subtracted from these grand totals to derive the combined totals shown as having been collected by the TTB and the Customs Service. This subtraction is not precise because of definitional differences between the two agencies.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, *Internal Revenue Service Data Book* and Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems; and Financial Management Service, *Monthly Statement on Receipts and Outlays of the United States Government*, monthly.

Table 19

[1] Even though the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service have had responsibility for collecting and refunding excise taxes on alcohol and tobacco since July 1987 and for excise taxes on firearms since January 1991, the Internal Revenue Service (IRS) continues to be responsible for recording refunds of these taxes. Consequently, IRS statistics for excise tax refunds include refunds made by TTB and the Customs Service in years subsequent to the dates on which organizational responsibility was transferred. In contrast, TTB and Customs Service excise tax collections are recorded by these two Treasury agencies and are, therefore, shown separately in Table 18 under the heading, Alcohol and Tobacco Tax and Trade Bureau. See also footnote 4.

[2] Includes special statutory refunds and refunds of taxes paid on the "unrelated business income" of certain tax-exempt trusts. Also, to preserve the year-to-year comparability of the historical series, individual income tax refund data have been revised, as necessary, starting with 1996, to include net refunds due to the "earned income credit" in addition to overpayment and other refunds. This credit is already reflected in the refund statistics for previous years. Therefore,

refund data may not always agree with those presented in the annual *Internal Revenue Service Data Book*, for certain years starting with 1996, although, conceptually, they agree with refund data published in the Treasury Department's *Monthly Statement of Receipts and Outlays of the United States Government*. See also the citation under "Source," below.

Individual income tax refunds are net of offsets under laws that require the Department of the Treasury to act as collecting agent for delinquent payments owed various U.S. Government agencies under specific programs. See Table 20 (which, however, is by calendar year rather than by fiscal year).

- [3] Includes refunds of taxes on the "unrelated business income" of tax-exempt organizations, except for certain trusts.
- [4] See footnote 1. Also, as further explained in the "Notes" to Table 21, taxpayers can offset certain refundable excise tax payments against the tax of subsequent time periods and claim certain other refunds as a credit against income tax; however, these amounts are not reflected in the excise tax refund statistics.
- [5] The kinds of employment taxes subject to refund are listed in Table 18, footnote 5.

NOTE: Refund data include interest paid on the refunds by IRS or the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms (ATF)) as shown below. See also the "Notes" to Table 18.

Fiscal year	Total	Individuals	Corporations
	(Billions of dollars)		
2005	\$6.1	\$.5	\$5.5
2004	5.1	.4	4.6
2003	3.3	.5	2.6
2002	4.2	.6	3.4
2001	2.7	.5	2.0
2000	2.6	.6	2.0
1999	2.7	.4	2.2
1998	2.6	.3	2.1
1997	2.4	.4	1.8
1996	2.2	.3	1.6
1995	2.7	.4	1.7

Notes to Selected Historical and Other Data Tables

1994	3.1	.3	2.3
1993	2.1	.4	1.6
1992	3.2	.4	2.1
1991	2.8	.5	2.0
1990	2.4	.5	1.4
1989	1.8	.5	n.a.
1988	1.7	.4	n.a.
1987	2.0	.4	n.a.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, *Internal Revenue Service Data Book* and Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems.

Table 20

[1] Represents repayments to specific Federal agencies (or State treasuries) for debts, such as student loans, mortgage and loan foreclosures, dishonored checks, and overpayments of benefits. There was no refund offset program prior to Fiscal Year 1982. Data are shown by year in which the offset was made, regardless of tax year.

Starting January 1999, the IRS tax refund offset program was merged into the Treasurywide offset program. This combined U.S. Government debt collection program is administered by the Financial Management Service (FMS), Department of the Treasury. (The sharp increase in tax refund offsets, starting with 1999--to \$2.6 billion in 1999--was attributed by FMS to (1) system enhancements which include offset matching on the Social Security numbers of both husbands and wives as reported on joint individual income tax returns, (2) increased debt referrals for child support and Federal nontax debt, (3) system flexibility allowing creditor agencies to add and update debt records on a continuous basis, and (4) increases in the average number and amount of tax refund payments due in part to new tax credits. For additional information, see U.S. Department of the Treasury, Financial Management Service, *Annual Report to the Congress: U.S. Government Debt Collection Activities of Federal Agencies*, Fiscal Year 1999.)

[2] After 1990, number of offsets includes adjustments for injured spouse claims filed with the original tax return.

[3] For all years, data exclude fees charged by the Internal Revenue Service or the Financial Management Service. For years preceding 1999, data by program or Federal agency represent the net amounts offset against refunds, after injured spouse claims and other types of reversals. Starting with 1999, the totals by program or Federal agency are the gross amounts before injured spouse claims and other types of reversals, with the reversals shown separately as summarized totals.

[4] From 1992 through 1994, the Social Security Administration (SSA) participated in the refund offset program as part of the Department of Health and Human Services (HHS), but, starting in 1995, SSA became an independent agency. Nevertheless, SSA refund offsets are shown separately for all these years and are not included in the HHS totals for 1992-1994.

[5] Represents repayments to State treasuries for funds disbursed to families receiving State assistance and for funds distributed under the Temporary Assistance for Needy Families (TANF) program, before 1997 known as the Aid to Families with Dependent Children (AFDC) program.

[6] Represents repayments to State treasuries for distribution to custodial parents (non-TANF). See also footnote 5, above.

[7] Before 1996, known as the Public Health Service.

[8] Includes affiliated exchange services.

SOURCE: U.S. Department of the Treasury. For years starting with 1999, Financial Management Service. For previous years, Internal Revenue Service.

Table 21

[1] Tax "liability" statistics also include "collections" of the use tax on heavy highway vehicles and of the "crude oil windfall profit tax." See also the "Notes" below.

[2] Represents aggregates for two or more specific taxes for which amounts have either been combined or are not available separately.

Notes to Selected Historical and Other Data Tables

- [3] This tax is in addition to the regular tax on gasoline.
- [4] Data for this and certain other taxes are combined and included in the totals for excise taxes “unclassified,” shown below in Table 21. Data for the specific taxes were not separately tabulated.
- [5] Based on information obtained from Forms 990-PF as recorded by the Tax Exempt/Government Entities Returns Inventory and Control System (RICS). Excludes data from nonexempt charitable trusts and foreign private foundations that file Form 990-PF.
- [6] Based on information obtained from Forms 4720 as recorded by the Tax Exempt/Government Entities Returns Inventory and Control System (RICS). Includes data for initial taxes on self-dealing, required distributions, excess business holdings, jeopardizing investments, and taxable expenditures as reported on Forms 4720 filed by organizations, other than nonexempt charitable trusts, that were also required to file Form 990-PF.
- [7] The flight segment charged for nonrural airports changed, effective January 1, 2005. The domestic flight segment increased from \$3.10 to \$3.20 per person. The 7.5-percent rate is still in effect. There is no flight segment tax on rural airports.
- [8] The taxes on the use of international air facilities changed, effective January 1, 2005. The rate increased from \$13.70 to \$14.10 per person. For domestic flight segments beginning or ending in Alaska or Hawaii, the rate increased from \$6.90 to \$7.00.
- [9] Includes excise taxes collected through the Federal Tax Deposit (FTD) system, which the Internal Revenue Service had not yet classified by type of excise tax. Classification is based on returns filed in the quarter following tax payment. Negative amounts for “unclassified” taxes result from subsequent classification of the previously unclassified taxes. See also the “Notes,” below.
- [10] Tax “liability” statistics shown for the Customs Service/Alcohol and Tobacco Tax and Trade Bureau (TTB) include tax “collections” on

imported items for which the Customs Service is responsible. See also the “Notes,” below.

- [11] Taxes shown for the different types of domestic tobacco products are before post-filing tax adjustments. Therefore, the statistics by type of tax for domestic tobacco products will not add to the total tax on domestic tobacco products, which is after these adjustments. For additional information, see the “Notes,” below, under “Statistics on Excise Taxes Administered by the Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Customs Service.”

NOTES: Grand totals for taxes shown for the Internal Revenue Service (IRS), the Alcohol and Tobacco Tax and Trade Bureau (TTB) (formerly the Bureau of Alcohol, Tobacco and Firearms (ATF)), and the Customs Service represent tax “collections.” (Fees for the Harbor Maintenance tax treated as excise taxes under the Internal Revenue Code are also collected by the Customs Service, but are excluded from Table 21 for consistency with the excise tax definitions and totals published in the Federal Budget.)

For the grand totals, collections rounded to millions of dollars are all that are available. In general, amounts shown are the gross amounts, i.e., before refunds. However, as explained below, refunds are sometimes claimed as a credit against the tax reported on the excise tax return of a subsequent quarter so that, to this extent, the data are after refunds.

“Floor stocks taxes” are shown separately in Table 21 because they are nonrecurring. They are generally imposed on holders of inventories on the date a new excise tax is imposed or a tax rate increased.

Total collections represent tax payments made during the indicated fiscal year (or quarter), either through: (a) the semimonthly tax deposits required of most taxpayers with significant excise tax liabilities using Federal Tax Deposit (FTD) coupons, in the case of taxes collected by IRS, or Electronic Funds Transfers (EFTs), in the case of taxes collected by TTB/Customs, or (b) payments attached to quarterly excise tax returns.

Statistics for both the total for taxes administered by the IRS and the taxes by type of tax represent tax

Notes to Selected Historical and Other Data Tables

“collections” (see below). Also, statistics on the types of tax take into account the normal lag that exists between the time most taxes are collected (through FTDs, the means by which most excise taxes are collected) and the recording of tax liabilities by type of tax as reported on excise tax returns and “certified” by IRS, as described below. For additional information, see the notes to Table 20, *Statistics of Income Bulletin*, Fall 1998, Volume 18, Number 2, and also, “Federal Excise Taxes, Fiscal Years 1994 and 1995,” Fall 1996, Volume 16, Number 2.

a. Statistics on excise taxes administered by the Internal Revenue Service:

Corrections to the IRS data are reflected in the quarter(s) and year in which the corrections were made, rather than in the data for the quarter(s) and year in which the original tax liability arose (unlike the TTB /Customs data). The certified tax is net of refund credits reported on excise tax returns, not only for this reason, but for conformity with the Internal Revenue Code. As examples, tax can be offset for commodities exported that were previously taxed (exports are usually nontaxable) or for the sale of previously-taxed gasoline to a State or local government (or, in the case of TTB taxes, for alcohol used for a nonbeverage purpose). Other taxpayers apply directly for refunds and, for some of the taxes, are allowed to claim refunds by means of a credit against income tax. Because such refundable amounts were not reported on the excise tax return, they are not reflected in the Table 21 totals. (Other corrections to the IRS data for certain specific taxes are assumed to be due to misclassification and have been adjusted for as additions (or subtractions) to “Unclassified IRS taxes.”)

b. Statistics on excise taxes administered by the Alcohol and Tobacco Tax and Trade Bureau (TTB)/and the Customs Service:

Excise taxes on alcoholic beverages and tobacco products are collected by both Customs Service (on imports) and TTB (on domestic production). Taxes on firearms and certain occupational taxes are also collected by TTB. So, TTB statistics represent tax “collec-

tions” on domestic alcohol and tobacco productions, as well as tax “collections” on firearms and certain occupations. By contrast, the tax statistics for the detailed types of taxes on domestic tobacco products are tax “liabilities.”

The grand totals for TTB and Customs Service tax “collections,” as presented in Table 21, are residual amounts. They were derived by subtracting total IRS tax collections, which are available before most refunds, from the grand total of all excise tax gross collections reported in the *Monthly Treasury Statement*, rounded to millions of dollars, as shown at the beginning of Table 21. This subtraction is not precise because of definitional differences between IRS and TTB or Customs Service.

In Table 21, TTB data have been rearranged so that tax liabilities are matched with tax collections in that same quarter. Previously, tax liabilities arising in a given quarter were not directly related to reported tax collections during that same quarter. Also, as previously noted, TTB amounts are often revised slightly as late returns are processed or postfiling adjustments are made to the tax. As a result, tax reported for prior periods is updated on a continuing basis, although the updated prior-year collections data are actually retabulated only for the 1, most recent, prior year. Retabulated postfiling tax revisions for these earlier years are included for the first time in Table 21 of the Spring 2002 issue of the *Bulletin* and affect previously published data for fiscal years, beginning with 1996.

However, as stated in footnote 11, above, postfiling revisions to the data for the immediately preceding fiscal year are not available for the detailed types of taxes on domestic tobacco products. Therefore, because revisions are available and are reflected in the total presented as the sum of these taxes, adding up the (unrevised) detail by type of tax will not yield the (revised) total.

SOURCE: U.S. Department of the Treasury, Financial Management Service, *Monthly Treasury Statement of Receipts and Outlays of the United States Government*;

Notes to Selected Historical and Other Data Tables

Alcohol and Tobacco Tax and Trade Bureau, *Statistical Release: Alcohol, Tobacco and Firearms Tax Collections*, quarterly (this release also includes data for the Customs Service), and previously unpublished special tabulations; Internal Revenue Service, *Internal Revenue Service Data Book*, and its predecessor, *Annual Report, Commissioner and Chief Counsel, Internal Revenue Service*; also Chief Financial Officer, Office of Finance, Revenue Accounting Division, Office of Revenue Systems, *Internal Revenue Report of Excise Taxes*. Also see Francis, Brian D., "Federal Excise Taxes, Including the Slow Death of Expired Taxes," *Statistics of Income Bulletin*, Summer 1999, Volume 19, Number 1. Also see Henry, Eric, "Excise Taxes and the Airport and Airway Trust Fund, 1970-2002," *Statistics of Income Bulletin*, Winter 2004, Volume 23, Number 3. For additional information about the process used to match quarterly excise tax "collections" with excise tax "liabilities" as reported on quarterly excise tax returns, see the "Notes" to Table 20 in the Fall 1998 (Volume 18, Number 2) issue of the *Statistics of Income Bulletin*.

Table 22

[1] Form 1040 is the "long form," and Form 1040A is one of the two "short forms." Starting with Calendar Year 1991, use of Form 1040A was expanded to reflect provisions designed to facilitate usage by elderly taxpayers. Prior to 1994, Form 1040EZ, the other "short form," was for single taxpayers with no dependents; starting in 1994, certain married taxpayers with no dependents could also use this form. The types of income that could be reported on Form 1040EZ were also expanded, starting in 1996, to include unemployment compensation. Form 1040PC, introduced in 1992 and discontinued after 2000, was the equivalent of a "paper" Form 1040, 1040A, or 1040EZ return for which an IRS-approved computer software-generated compressed format was used. Schedule C is for reporting nonfarm sole proprietorship business profits, and Schedule F is for reporting farm sole proprietorship business profits.

The reported data for total Forms 1040, 1040A, 1040EZ, and 1040PC returns, as well as the totals

for nonbusiness and business Form 1040 returns with Schedules C or F attached, are comprised of "paper" returns, plus "standard" electronically-filed ("e-file") returns. Standard e-file returns are filed by authorized third parties, such as paid preparers and, starting in 1994, approved "online" tax filing companies, as well. For 1992 through 2005, the electronically-filed totals also include returns filed by touch-tone telephone ("TeleFile"). IRS discontinued Telefile after 2005.

The last category under individual income tax returns is comprised of Form 1040C (departing alien) for filing years preceding 1992; 1040NR (nonresident alien); 1040PR (self-employment tax, Puerto Rico); and 1040SS (self-employment tax, U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands). Amended returns filed on Form 1040X are excluded.

[2] Form 1120 is the basic corporation income tax return. Form 1120A is the "short form." Form 1120S is for S corporations (certain qualifying corporations electing to be taxed through shareholders). "Other" includes Forms 1120-F (most foreign companies with U.S. income); Forms 1120-L (domestic and foreign life insurance companies), which are combined with Form 1120 statistics for years before 1995; Forms 1120POL (certain political associations); Forms 1120-H (homeowners' associations); Forms 1120-FSC (Foreign Sales Corporations, or FSCs); Forms 1120-REIT (Real Estate Investment Trusts) and 1120-RIC (Regulated Investment Companies), and Forms 1120-PC (Property and Casualty Insurance Companies). "Other" also includes Form 1120DF (for nuclear decommissioning trust funds and related persons). These funds were then included on Form 1120SF (for certain settlement funds), starting in 1994. "Other" excludes Form 1120-DISC for Domestic International Sales Corporations, which were discontinued and mostly replaced by FSCs (see above); and Form 1120 IC-DISC for Interest-Charge Domestic International Sales Corporations (which was used by certain other

Notes to Selected Historical and Other Data Tables

- DISCs after 1985). Amended returns filed on Form 1120X are excluded.
- [3] Includes Form 1065B for certain large partnerships, starting in 1999.
- [4] Form 1041 is the regular income tax return filed for estates and trusts. For 1990, includes former Form 1041S (short form).
- [5] Form 706 is the regular estate tax return; Form 706NA is for U.S. estates of nonresident aliens; Forms 706 GS(D) and 706 GS(T) are for estate tax returns for which the generation-skipping transfer tax applies to distributions and to trust terminations, respectively.
- [6] Form 990 is for tax-exempt organizations, except private foundations (Form 990-PF). Form 990EZ is the short form. Form 990-T is the income tax return filed for businesses conducted by tax-exempt organizations. Form 990-C is for farmers' co-operatives. Form 4720 is for computing the special excise taxes applicable to certain private foundations, and Form 5227 is for split-interest trusts treated as private foundations.
- [7] Form 940 is the annual unemployment (FUTA) tax return filed by employers; Form 940PR is used by employers in Puerto Rico; and Form 940EZ is a shorter version of Form 940. Form 941 is the employer's quarterly return for income tax withheld; Form 941PR is used by employers in Puerto Rico; and Form 941SS by employers in the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands; Form 944 is the employer's annual return for income tax withheld (starting in Calendar Year 2007). Form 943 is filed to report income tax withheld by employers for agricultural employees. Form 943PR is used by employers in Puerto Rico. "Other" includes Form 945 (annual tax withholding from nonpayroll distributions), included in 1995 and subsequent years; Form 942 (quarterly return for household employees) and Form 942PR (quarterly return for household employees filed by Puerto Rico employers), both discontinued after 1995; Form CT-1 (annual Railroad Retirement and Unemployment Tax Return).
- [8] Form 720 is the IRS quarterly excise tax return. Form 2290 is the IRS return used to report heavy highway vehicle use tax. "Other" includes Form 730 (tax on wagering); Form 11C (occupational tax and registration return for wagering). (Excise tax returns exclude those now filed with the Alcohol and Tobacco Tax and Trade Bureau (TTB), and the Customs Service.
- SOURCE: U.S. Department of the Treasury, Internal Revenue Service, Office of Research, Analysis, and Statistics, Office of Research, Projections and Forecasting Group.
- Table 23**
- [1] Number of returns with a paid preparer signature is based on the sample used for *Statistics of Income--Individual Income Tax Returns*.
- [2] Data on electronically-filed returns are included in the counts of Form 1040 returns, shown above in Table 23, for all years. Data are based on the full SOI samples of returns filed throughout the entire year.
- [3] Data on IRS taxpayer assistance programs are actually for the fiscal year. Assistance rendered in a given fiscal year may be associated with returns due on April 15 of that fiscal year and is, therefore, for the tax year ending with the previous December. Thus, data in Table 23 on taxpayer assistance, for example, shown as for Tax Year 2004, are actually for Fiscal Year 2005.
- [4] The number of outreach taxpayers assisted has increased significantly. This was a result of both expanded partner activity and a revision in this classification. Prior to Tax Year 2001, "Outreach taxpayers assisted" included estimates of both direct (IRS) and indirect (partner) contacts through seminars, training classes, mail-out campaigns, etc.
- [5] Beginning with Tax Year 2002, only return preparation activity was captured and reported for VITA and TCE sites. In prior years, the number of taxpayers assisted through VITA and TCE included the number of questions answered and returns prepared.

Notes to Selected Historical and Other Data Tables

NOTE: Data on IRS assistance represent taxpayer contacts, unless indicated. Some taxpayers are contacted more than once. The number of taxpayers assisted (versus those contacted) is not known.

SOURCE: Data on paid preparers were obtained from Statistics of Income and from Assistant Deputy Commissioner, Modernization/Chief Information Officer. Data on IRS assistance were obtained from the *Internal Revenue Service Data Book*.

Appendix to Selected Historical and Other Data Tables

Table A.--U.S. Individual Income Tax: Personal Exemptions and Lowest and Highest Bracket Tax Rates, and Tax Base for Regular Tax, Tax Years 1913-2005

[Amounts are in dollars.]

Tax year	Personal exemptions ¹			Tax rates for regular tax--			
	Single persons	Married couples	Dependents	Lowest bracket		Highest bracket	
				Tax rate ² (percent)	Taxable income under-- ³	Tax rate ² (percent)	Taxable income over-- ³
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1913.....	3,000	4,000	N/A	1.0	20,000	7.0	500,000
1914.....	3,000	4,000	N/A	1.0	20,000	7.0	500,000
1915.....	3,000	4,000	N/A	1.0	20,000	7.0	500,000
1916.....	3,000	4,000	N/A	2.0	20,000	15.0	2,000,000
1917.....	1,000	2,000	200	2.0	2,000	67.0	2,000,000
1918.....	1,000	2,000	200	6.0	4,000	77.0	1,000,000
1919.....	1,000	2,000	200	4.0	4,000	73.0	1,000,000
1920.....	1,000	2,000	200	4.0	4,000	73.0	1,000,000
1921.....	1,000	2,500 ⁴	400	4.0	4,000	73.0	1,000,000
1922.....	1,000	2,500 ⁴	400	4.0	4,000	58.0	200,000
1923.....	1,000	2,500 ⁴	400	3.0 ⁵	4,000	43.5 ⁵	200,000
1924.....	1,000	2,500	400	1.5 ⁶	4,000	46.0	500,000
1925.....	1,500	3,500	400	1.125 ⁷	4,000	25.0	100,000
1926.....	1,500	3,500	400	1.125 ⁷	4,000	25.0	100,000
1927.....	1,500	3,500	400	1.125 ⁷	4,000	25.0	100,000
1928.....	1,500	3,500	400	1.125 ⁸	4,000	25.0	100,000
1929.....	1,500	3,500	400	0.375 ⁸	4,000	24.0	100,000
1930.....	1,500	3,500	400	1.125 ⁸	4,000	25.0	100,000
1931.....	1,500	3,500	400	1.125 ⁸	4,000	25.0	100,000
1932.....	1,000	2,500	400	4.0	4,000	63.0	1,000,000
1933.....	1,000	2,500	400	4.0	4,000	63.0	1,000,000
1934.....	1,000	2,500	400	4.0 ⁹	4,000	63.0	1,000,000
1935.....	1,000	2,500	400	4.0 ⁹	4,000	63.0	1,000,000
1936.....	1,000	2,500	400	4.0 ⁹	4,000	79.0	5,000,000
1937.....	1,000	2,500	400	4.0 ⁹	4,000	79.0	5,000,000
1938.....	1,000	2,500	400	4.0 ⁹	4,000	79.0	5,000,000
1939.....	1,000	2,500	400	4.0 ⁹	4,000	79.0	5,000,000
1940.....	800	2,000	400	4.4 ^{9,10}	4,000	81.1 ¹⁰	5,000,000
1941.....	750	1,500	400	10.0 ⁹	2,000	81.0	5,000,000
1942.....	500	1,200	350	19.0 ⁹	2,000	88.0	200,000
1943.....	500	1,200	350	19.0 ⁹	2,000	88.0	200,000
1944.....	500 ¹¹	1,000 ¹¹	500 ¹¹	23.0	2,000	94.0 ¹²	200,000
1945.....	500 ¹¹	1,000 ¹¹	500 ¹¹	23.0	2,000	94.0 ¹²	200,000
1946.....	500	1,000	500	19.0 ¹³	2,000	86.45 ¹³	200,000
1947.....	500	1,000	500	19.0 ¹³	2,000	86.45 ¹³	200,000
1948.....	600 ¹⁴	1,200 ¹⁴	600	16.6 ¹⁵	4,000	82.13 ¹⁵	400,000
1949.....	600 ¹⁴	1,200 ¹⁴	600	16.6 ¹⁵	4,000	82.13 ¹⁵	400,000
1950.....	600 ¹⁴	1,200 ¹⁴	600	17.4 ¹⁶	4,000	84.36 ¹⁶	400,000
1951.....	600 ¹⁴	1,200 ¹⁴	600	20.4	4,000	91.0 ¹⁷	400,000
1952.....	600 ¹⁴	1,200 ¹⁴	600	22.2	4,000	92.0 ¹⁸	400,000
1953.....	600 ¹⁴	1,200 ¹⁴	600	22.2	4,000	92.0 ¹⁸	400,000
1954.....	600 ¹⁴	1,200 ¹⁴	600	20.0	4,000	91.0 ¹⁹	400,000
1955.....	600 ¹⁴	1,200 ¹⁴	600	20.0	4,000	91.0 ¹⁹	400,000

See notes at end of this section.

Appendix to Selected Historical and Other Data Tables

Table A.--U.S. Individual Income Tax: Personal Exemptions and Lowest and Highest Bracket Tax Rates, and Tax Base for Regular Tax, Tax Years 1913-2005--Continued

[Amounts are in dollars.]

Tax year	Personal exemptions ¹			Tax rates for regular tax--			
	Single persons	Married couples	Dependents	Lowest bracket		Highest bracket	
				Tax rate ² (percent)	Taxable income under-- ³	Tax rate ² (percent)	Taxable income over-- ³
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1956.....	600 ¹⁴	1,200 ¹⁴	600	20.0	4,000	91.0 ¹⁹	400,000
1957.....	600 ¹⁴	1,200 ¹⁴	600	20.0	4,000	91.0 ¹⁹	400,000
1958.....	600 ¹⁴	1,200 ¹⁴	600	20.0	4,000	91.0 ¹⁹	400,000
1959.....	600 ¹⁴	1,200 ¹⁴	600	20.0	4,000	91.0 ¹⁹	400,000
1960.....	600 ¹⁴	1,200 ¹⁴	600	20.0	4,000	91.0 ¹⁹	400,000
1961.....	600 ¹⁴	1,200 ¹⁴	600	20.0	4,000	91.0 ¹⁹	400,000
1962.....	600 ¹⁴	1,200 ¹⁴	600	20.0	4,000	91.0 ¹⁹	400,000
1963.....	600 ¹⁴	1,200 ¹⁴	600	20.0	4,000	91.0 ¹⁹	400,000
1964.....	600 ¹⁴	1,200 ¹⁴	600	16.0	1,000	77.0	400,000
1965.....	600 ¹⁴	1,200 ¹⁴	600	14.0	1,000	70.0	200,000
1966.....	600 ¹⁴	1,200 ¹⁴	600	14.0	1,000	70.0	200,000
1967.....	600 ¹⁴	1,200 ¹⁴	600	14.0	1,000	70.0	200,000
1968.....	600 ¹⁴	1,200 ¹⁴	600	14.0	1,000	75.25 ²⁰	200,000
1969.....	600 ¹⁴	1,200 ¹⁴	600	14.0	1,000	77.0 ²¹	200,000
1970.....	625 ¹⁴	1,250 ¹⁴	625	14.0	1,000	71.75 ²²	200,000
1971.....	675 ¹⁴	1,350 ¹⁴	675	14.0	1,000	70.0 ²³	200,000
1972.....	750 ¹⁴	1,500 ¹⁴	750	14.0	1,000	70.0 ²⁴	200,000
1973.....	750 ¹⁴	1,500 ¹⁴	750	14.0	1,000	70.0 ²⁴	200,000
1974.....	750 ¹⁴	1,500 ¹⁴	750	14.0 ²⁵	1,000	70.0 ^{24, 25}	200,000
1975.....	750 ^{14, 26}	1,500 ^{14, 26}	750 ²⁶	14.0	1,000	70.0 ²⁴	200,000
1976.....	750 ^{14, 27}	1,500 ^{14, 27}	750 ²⁷	14.0	1,000	70.0 ²⁴	200,000
1977.....	750 ^{14, 27}	1,500 ^{14, 27}	750 ²⁷	14.0 ²⁸	3,200 ²⁸	70.0 ²⁴	203,200
1978.....	750 ^{14, 27}	1,500 ^{14, 27}	750 ²⁷	14.0 ²⁸	3,200 ²⁸	70.0 ²⁴	203,200
1979.....	1,000 ¹⁴	2,000 ¹⁴	1,000	14.0 ²⁸	3,400 ²⁸	70.0 ²⁴	215,400
1980.....	1,000 ¹⁴	2,000 ¹⁴	1,000	14.0 ²⁸	3,400 ²⁸	70.0 ²⁴	215,400
1981.....	1,000 ¹⁴	2,000 ¹⁴	1,000	13.825 ^{28, 29}	3,400 ²⁸	69.125 ^{24, 29}	215,400
1982.....	1,000 ¹⁴	2,000 ¹⁴	1,000	12.0 ²⁸	3,400 ²⁸	50.0	85,600
1983.....	1,000 ¹⁴	2,000 ¹⁴	1,000	11.0 ²⁸	3,400 ²⁸	50.0	109,400
1984.....	1,000 ¹⁴	2,000 ¹⁴	1,000	11.0 ²⁸	3,400 ²⁸	50.0	162,400
1985.....	1,040 ^{14, 30}	2,080 ^{14, 30}	1,040 ³⁰	11.0 ²⁸	3,540 ^{28, 31}	50.0	169,020 ³¹
1986.....	1,080 ^{14, 30}	2,160 ^{14, 30}	1,080 ³⁰	11.0 ²⁸	3,670 ^{28, 31}	50.0	175,250 ³¹
1987.....	1,900 ³⁰	3,800 ³⁰	1,900 ³⁰	11.0	3,000 ³¹	38.5	90,000 ³¹
1988.....	1,950 ^{30, 32, 33}	3,900 ^{30, 32, 33}	1,950 ^{30, 32, 33}	15.0 ^{34, 35}	29,750 ^{31, 35}	28.0 ^{34, 35}	29,750 ^{31, 35}
1989.....	2,000 ^{30, 32, 33}	4,000 ^{30, 32, 33}	2,000 ^{30, 32, 33}	15.0 ^{34, 35}	30,950 ^{31, 35}	28.0 ^{34, 35}	30,950 ^{31, 35}
1990.....	2,050 ^{30, 32, 33}	4,100 ^{30, 32, 33}	2,050 ^{30, 32, 33}	15.0 ^{34, 35}	32,450 ^{31, 35}	28.0 ^{34, 35}	32,450 ^{31, 35}
1991.....	2,150 ^{30, 32}	4,300 ^{30, 32}	2,150 ^{30, 32}	15.0	34,000 ³¹	31.0	82,150 ³¹
1992.....	2,300 ^{30, 32}	4,600 ^{30, 32}	2,300 ^{30, 32}	15.0	35,800 ³¹	31.0	86,500 ³¹
1993.....	2,350 ^{30, 32}	4,700 ^{30, 32}	2,350 ^{30, 32}	15.0	36,900 ³¹	39.6	250,000 ³¹
1994.....	2,450 ^{30, 32}	4,900 ^{30, 32}	2,450 ^{30, 32}	15.0	38,000 ³¹	39.6	250,000 ³¹
1995.....	2,500 ^{30, 32}	5,000 ^{30, 32}	2,500 ^{30, 32}	15.0	39,000 ³¹	39.6	256,500 ³¹
1996.....	2,550 ^{30, 32}	5,100 ^{30, 32}	2,550 ^{30, 32}	15.0	40,100 ³¹	39.6	263,750 ³¹
1997.....	2,650 ^{30, 32}	5,300 ^{30, 32}	2,650 ^{30, 32}	15.0	41,200 ³¹	39.6	271,050 ³¹
1998.....	2,700 ^{30, 32}	5,400 ^{30, 32}	2,700 ^{30, 32}	15.0	42,350 ³¹	39.6	278,450 ³¹
1999.....	2,750 ^{30, 32}	5,500 ^{30, 32}	2,750 ^{30, 32}	15.0	43,050 ³¹	39.6	283,150 ³¹
2000.....	2,800 ^{30, 32}	5,600 ^{30, 32}	2,800 ^{30, 32}	15.0 ³⁶	43,850 ³¹	39.6 ³⁶	288,350 ³¹
2001.....	2,900 ^{30, 32}	5,800 ^{30, 32}	2,900 ^{30, 32}	10.0 ³⁷	6,000 ^{31, 38}	39.1 ³⁷	297,350 ^{31, 38}
2002.....	3,000 ^{30, 32}	6,000 ^{30, 32}	3,000 ^{30, 32}	10.0	12,000 ³¹	38.6	307,050 ³¹
2003.....	3,050 ^{30, 32}	6,100 ^{30, 32}	3,050 ^{30, 32}	10.0	14,000 ³¹	35.0	311,950 ³¹
2004.....	3,100 ^{30, 32}	6,200 ^{30, 32}	3,100 ^{30, 32}	10.0	14,300 ³¹	35.0	319,100 ³¹
2005.....	3,200 ^{30, 32}	6,400 ^{30, 32}	3,200 ^{30, 32}	10.0	14,600 ³¹	35.0	326,450 ³¹

See notes at end of this section.

Appendix to Selected Historical and Other Data Tables

Table B.--U.S. Corporation Income Tax: Tax Brackets and Rates, 1909-2004 ¹

Year ²	Taxable income brackets ³	Rates (percent)
1909-1913 (February 28).....	First \$5,000	--
	Over \$5,000	1.00
1913 (March 1)-1915.....	All taxable income	1.00
1916.....	All taxable income	2.00
1917 ⁴	All taxable income	6.00
1918 ⁴	First \$2,000	--
	Over \$2,000	12.00
1919-1921 ⁴	First \$2,000	--
	Over \$2,000	10.00
1922-1924 ⁴	First \$2,000	--
	Over \$2,000	12.50
1925.....	First \$2,000	--
	Over \$2,000	13.00
1926-1927.....	First \$2,000	--
	Over \$2,000	13.50
1928.....	First \$3,000	--
	Over \$3,000	12.00
1929.....	First \$3,000	--
	Over \$3,000	11.00
1930-1931.....	First \$3,000	--
	Over \$3,000	12.00
1932-1935 ⁵	All taxable income	13.75
1936-1937 ^{5,6}	First \$2,000	8.00
	Over \$2,000, not over \$15,000	11.00
	Over \$15,000, not over \$40,000	13.00
	Over \$40,000	15.00
1938-1939 ⁵	Taxable income \$25,000 or less:	
	First \$5,000	12.50
	Next \$15,000	14.00
	Next \$5,000	16.00
	Taxable income over \$25,000	19.00
	1940 ^{5,7}	Taxable income \$31,964.30 or less:
First \$5,000	14.85 ⁸	
Next \$15,000	16.50 ⁸	
Next \$5,000	18.70 ⁸	
Next \$6,964.30	38.30 ⁸	
	Taxable income over \$31,964.30, not over \$38,565.84:	
First \$5,000	15.40 ⁸	
Next \$15,000	16.90 ⁸	
Next \$5,000	18.90 ⁸	
Next \$13,565.84	36.90 ⁸	
	Taxable income over \$38,565.84	24.00 ⁸
1941 ^{5,7}	Taxable income \$38,461.54 or less:	
	First \$5,000	21.00 ⁹
	Next \$15,000	23.00 ⁹
	Next \$5,000	25.00 ⁹
	Next \$13,461.54	44.00 ⁹
	Taxable income over \$38,461.54	31.00 ⁹

See notes at the end of this section.

Appendix to Selected Historical and Other Data Tables

Table B.--U.S. Corporation Income Tax: Tax Brackets and Rates, 1909-2004 1--Continued

Year ²	Taxable income brackets ³	Rates (percent)
1942-1945..... ^{5,7}	Taxable income \$50,000 or less: First \$5,000 Next \$15,000 Next \$5,000 Next \$25,000 Taxable income over \$50,000	25.00 ⁹ 27.00 ^{9,10} 29.00 ^{9,10} 53.00 ^{9,10} 40.00 ^{9,10}
1946-1949.....	Taxable income \$50,000 or less: First \$5,000 Next \$15,000 Next \$5,000 Next \$25,000 Taxable income over \$50,000	21.00 ⁹ 23.00 ⁹ 25.00 ⁹ 53.00 ^{9,10} 38.00 ^{9,10}
1950..... ¹¹	First \$25,000 Over \$25,000	23.00 42.00 ¹⁰
1951..... ¹¹	First \$25,000 Over \$25,000	28.75 ¹² 50.75 ¹²
1952-1963..... ¹¹	First \$25,000 Over \$25,000	30.00 ¹³ 52.00 ¹³
1964.....	First \$25,000 Over \$25,000	22.00 50.00 ¹³
1965-1967.....	First \$25,000 Over \$25,000	22.00 48.00 ¹³
1968-1969..... ¹⁴	First \$25,000 Over \$25,000	24.20 ¹⁵ 52.80 ^{13,15}
1970..... ¹⁴	First \$25,000 Over \$25,000	22.55 ¹⁶ 49.20 ^{16,17}
1971-1974..... ¹⁴	First \$25,000 Over \$25,000	22.00 48.00 ¹⁸
1975-1978..... ¹⁴	First \$25,000 \$25,000-\$50,000 Over \$50,000	20.00 22.00 48.00 ¹⁹
1979-1981..... ¹⁴	First \$25,000 \$25,000-\$50,000 \$50,000-\$75,000 \$75,000-\$100,000 Over \$100,000	17.00 20.00 30.00 ²⁰ 40.00 ²⁰ 46.00 ²⁰
1982..... ¹⁴	First \$25,000 \$25,000-\$50,000 \$50,000-\$75,000 \$75,000-\$100,000 Over \$100,000	16.00 19.00 30.00 ²⁰ 40.00 ²⁰ 46.00 ²⁰
1983..... ^{14,21}	First \$25,000 \$25,000-\$50,000 \$50,000-\$75,000 \$75,000-\$100,000 Over \$100,000	15.00 18.00 30.00 ²⁰ 40.00 ²⁰ 46.00 ²⁰
1984-1986..... ¹⁴	First \$25,000 \$25,000-\$50,000 \$50,000-\$75,000 \$75,000-\$100,000 \$100,000-\$1,000,000 \$1,000,000-\$1,405,000 Over \$1,405,000	15.00 18.00 30.00 ²⁰ 40.00 ²⁰ 46.00 ²⁰ 51.00 ²⁰ 46.00 ²⁰

See notes at the end of this section.

Appendix to Selected Historical and Other Data Tables

Table B.--U.S. Corporation Income Tax: Tax Brackets and Rates, 1909-2004 ¹--Continued

Year ²	Taxable income brackets ³	Rates (percent)
1987 ^{22, 23}	First \$25,000	15.00
	\$25,000-\$50,000	16.50
	\$50,000-\$75,000	27.50
	\$75,000-\$100,000	37.00 ²⁴
	\$100,000-\$335,000	42.50 ²⁴
	\$335,000-\$1,000,000	40.00 ²⁴
	\$1,000,000-\$1,405,000	42.50 ²⁴
1988-1992.....	Over \$1,405,000	40.00 ²⁴
	First \$50,000	15.00
	\$50,000-\$75,000	25.00
	\$75,000-\$100,000	34.00
	\$100,000-\$335,000	39.00
	Over \$335,000	34.00
1993-2004.....	First \$50,000	15.00
	\$50,000-\$75,000	25.00
	\$75,000-\$100,000	34.00
	\$100,000-\$335,000	39.00
	\$335,000-\$10,000,000	34.00
	\$10,000,000-\$15,000,000	35.00
	\$15,000,000-\$18,333,333	38.00
	Over \$18,333,333	35.00

See notes at the end of this section.

Appendix to Selected Historical and Other Data Tables

Footnotes

Table A

N/A—Not applicable.

- [1] Personal exemption amounts were deducted at different points in the tax computation, depending on the tax year. For some of the earlier years, they were deducted only from the statutory “net income” subject to the basic “normal tax,” for other years, only from the “net income” subject to the “surtax,” and, for still other years, from the “net income” subject to both normal tax and surtax. (Footnote 2, below, includes a description of “normal tax” and “surtax.”) For more recent years, personal exemptions have been deducted in computing “taxable income,” the current tax base for “regular” tax purposes.
- [2] Tax rates shown in this table are for the “regular” income tax, i.e., for “normal tax” and “surtax,” applicable to U.S. citizens and residents. Therefore, the rates exclude provisions unique to nonresident aliens. Tax rates exclude the effect of tax credits (which reduce the tax liability), except as noted, and several specific add-on or other taxes applicable to all or some tax years. Excluded are the “war excess profits tax” (1917), “victory tax” (1942-1943), Social Security “self-employment tax” (starting with 1951), tax under the “income averaging” provisions (1964-1986) and under the farm income averaging provisions (starting with 1998), and the “recapture taxes” resulting from having to recompute and pay back certain tax credits in later years (starting with 1963), the “maximum tax” on “earned income” or on “personal service income” (1971-1981), the “minimum tax” on “tax preferences” (1970-1983), and the “alternative minimum tax” on “tax preferences” (starting with 1979). Also excluded are such other taxes as the tax on recipients of accumulation distributions of trusts (starting with 1954) and the “special averaging tax” or “multiple recipient special averaging tax” on recipients of lump-sum distributions from qualified retirement plans (starting with 1974).

In addition, Table 1 excludes the taxes associated with the preferential treatment of capital gains, starting with 1922 (although certain gains received preferential treatment as early as 1918). At various times, these treatments have taken the form of special tax rates; special definitions; different asset holding periods; ceilings on taxes; and exclusions from income. Included among these special treatments were “alternative tax” (1938-1986) and its variations for the earlier years, although all of these taxes were in some way tied to the tax structure for regular tax.

Until 1948, a single set of tax rates applied to all taxpayers, regardless of marital or filing status, and married couples filing joint returns were taxed on the combined income of each spouse. However, a second, lower set of rates was introduced, starting with 1948, for married couples filing jointly. (To simplify the Table 1 presentation for these more recent years, only the lowest and highest tax rates for married persons filing jointly are shown.) Under this change, the combined tax of husband and wife became twice the combined tax that would have applied if their combined “taxable income” (“net income” for years before 1954) were cut in half. Thus, taxpayers using the joint return filing status “split” their incomes for tax purposes, in effect doubling the width of their taxable income (or net income) size “brackets.” The lowest and highest tax rate brackets shown in columns 4 and 6 in Table 1 are, therefore, the brackets for married couples filing jointly that result from taking into account this doubling of the bracket widths.

Starting with 1952, a third set of rates was introduced (not shown) for “heads of household,” i.e., for unmarried individuals who paid over half the cost of maintaining a home for a qualifying person (e.g., a child or parent), or for certain married individuals who had lived apart from their spouses for the last 6 months of the tax year. This filing status was liberalized, starting with 1970, and provides approximately half the advantage of the income-splitting described above.

Appendix to Selected Historical and Other Data Tables

Starting with 1954, the full benefits of income splitting allowed married couples filing jointly (i.e., the same tax rates and taxable income brackets) were extended to a new, fourth filing status, “surviving spouse” (i.e., individuals widowed for 1 to 2 years following the death of a spouse, provided they had a dependent child and had not remarried). The remaining filing status was for “single persons,” who used the rates formerly applicable to taxpayers in general. However, these latter rates were moderated, starting with 1969, by limiting the tax so that it would not exceed 20 percent more than the tax on married couples filing jointly. One result of the 1969 law change was that certain married couples filing jointly had to pay more tax than they would have paid if each spouse had filed separately. To help mitigate this effect, a special deduction in computing adjusted gross income was allowed for 1982-1986 for two-earner couples filing jointly. This deduction was initially 5 percent of the lesser of \$30,000 or the “earned income” of the spouse with the lesser earnings. The percentage was increased to 10 percent, starting with 1983. The deduction provision was repealed, starting with 1987, when new, lower rates and a reduced number of tax brackets began.

For tax years preceding 1954, the lowest tax rate, as shown in Table 1, was either the rate for the basic “normal tax” (if there was just one rate for normal tax) or the lowest of the several rates for “normal tax” (if there was more than one rate for normal tax). The highest tax rate was the sum of the uppermost of the graduated rates (if any) for normal tax, plus the uppermost of the additional, graduated “surtax” rates, provided that both rates were applied to the same income. For example, for 1932, there were two graduated rates for normal tax, 4 percent (on the first \$4,000 of income) and 8 percent (on all income over \$4,000), and graduated rates for “surtax” that ranged from 1 percent to 55 percent. In Table 1, the lowest rate for 1932 is, therefore, shown as 4 percent (the lower of the two normal tax rates) and the highest rate as 63 percent (the sum of the 8-percent higher, graduated rate for normal tax on

income over \$4,000, plus 55 percent, the highest of the graduated, surtax rates, on income over \$1 million.). As another example, for 1941, there was just one rate for normal tax, 4 percent, but it applied to all income. The lowest of the surtax rates, 6 percent, was applied to all income under \$2,000, so that income under \$2,000 was taxed at both the 4-percent normal tax rate and the 6-percent surtax rate. Therefore, the lowest rate shown in Table 1 for 1941 is 10 percent, the sum of these two tax rates. The highest rate is the sum of the 4-percent normal tax on total statutory “net income,” plus the highest graduated surtax rate, 77 percent on income over \$5 million, so that income over \$5 million was taxed at 81.0 percent, the sum of the two rates. For tax years starting with 1954, normal tax and surtax rates were, in effect, combined into a single rate structure.

[3] The definition of the income base (and, thus, the tax “bracket” boundaries) to which the tax rates were applied differs over the years, depending on how the following were determined and figured: statutory adjustments to or exclusions from income; personal exemptions; itemized deductions (which, for certain expenditures, were sometimes described as income “credits”); standard deductions; the various thresholds and ceilings; and statutory “taxable income” (and its predecessor “net income”). Therefore, the lowest and highest taxable income amounts, as shown in Table 1, are not comparable for all years, and the amounts described as for statutory taxable income for tax years preceding 1954 are actually for statutory net income. (Statutory net income was income after subtracting deductions but, for most years, was before subtracting personal exemptions. Statutory taxable income was after subtracting both deductions and personal exemptions. Taxable income is the tax base for recent years. Net income required certain adjustments to arrive at the tax base, depending on whether the income was subject to normal tax, surtax, or both). See also footnote 2, above.

[4] For 1921-1923, the personal exemption amount for married couples (column 2) increased to

Appendix to Selected Historical and Other Data Tables

- \$2,000 if statutory “net income” exceeded \$5,000.
- [5] For 1923, the tax rates shown (columns 4 and 6) are after a 25-percent statutory credit or refund.
- [6] For 1924, the lowest tax rate (column 4) is after reduction by an “earned income credit,” equal to 25 percent of the “normal tax” on the first \$5,000 of total statutory “net income” and the normal tax on the first \$10,000 of “earned net income,” but limited to 25 percent of the normal tax on total net income.
- [7] For 1925-1927, the lowest tax rate (column 4) is after reduction by an “earned income credit” equal to 25 percent of the total tax on the first \$5,000 of total statutory “net income” and the total tax on the first \$20,000 of “earned net income,” but limited to 25 percent of the total tax on earned net income (not to exceed 25 percent of the sum of “normal tax” on total net income plus the “surtax” on earned net income.)
- [8] For 1928-1931, the lowest tax rate (column 4) is after reduction by an “earned income credit” equal to 25 percent of the total tax on the first \$5,000 of total statutory “net income” and the total tax on the first \$30,000 of “earned net income,” but subject to the same limitations described in footnote 7, above. For 1929 only there was a special reduction in normal tax rates as provided for in a joint resolution of congress.
- [9] For 1934-1943, the tax rate (column 4) excludes the effect of an “earned income credit,” allowed as a *deduction* equal to 10 percent of the first \$14,000 of “earned net income” (before credit) and the first \$3,000 of total statutory “net income” (before credit), but limited to 10 percent of earned net income (not to exceed 10 percent of total net income).
- [10] For 1940, tax rates (columns 4 and 6) include “defense tax,” computed as 10 percent of the total “regular” tax, but limited to 10 percent of statutory “net income” in excess of the total regular tax.
- [11] For 1944-1945, the personal exemption amounts (columns 1-3) were for “surtax” purposes only.

The exemption for basic “normal tax” purposes was \$500 per tax return, augmented by the “earned income” of the spouse, up to \$500, on joint returns.

- [12] For 1944-1945, the highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 90 percent of statutory “net income.”
- [13] For 1946-1947, tax rates (columns 4 and 6) are the effective rates after a statutory 5-percent reduction of combined “tentative normal tax and surtax.” The highest rate (column 6) was subject to a maximum effective rate limitation equal to 85.5 percent of statutory “net income.”
- [14] For 1948-1986, in addition to the personal exemptions (columns 1-2), there were additional personal exemptions for blind taxpayer(s) and for taxpayers(s) age 65 or over.
- [15] For 1948-1949, tax rates (columns 4 and 6) are the effective rates after statutory reductions ranging from 17.0 percent of the first \$400 of combined “tentative normal tax and surtax” to 9.75 percent of combined tentative normal tax and surtax over \$100,000. The highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 77.0 percent of statutory “net income.”
- [16] For 1950, tax rates (columns 4 and 6) are the effective rates after statutory reductions ranging from 13.0 percent of the first \$400 of combined “tentative normal tax and surtax” to 7.3 percent of combined tentative normal tax and surtax over \$100,000. The highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 87.0 percent of statutory “net income.”
- [17] For 1951, the highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 87.2 percent of statutory “net income.”
- [18] For 1952-1953, the highest tax rate (column 6) was subject to a maximum effective rate limitation equal to 88.0 percent of statutory “net income.”
- [19] For 1954-1963, the highest tax rate (column 6) was subject to a maximum effective rate

Appendix to Selected Historical and Other Data Tables

limitation equal to 87.0 percent of statutory “taxable income.”

- [20] For 1968, the highest tax rate (column 6) includes a Vietnam War surcharge equal to 7.5 percent of tax (as defined for this purpose). However, this surcharge did not apply to “regular” tax generated at the lowest rate.
- [21] For 1969, the highest tax rate (column 6) includes a Vietnam War surcharge equal to 10 percent of tax (as defined for this purpose). However, this surcharge did not apply to “regular” tax generated at the lowest rate.
- [22] For 1970, the highest tax rate (column 6) includes a Vietnam War surcharge equal to 2.5 percent of tax (as defined for this purpose). However, this surcharge did not apply to “regular” tax generated at the lowest rate.
- [23] For 1971, “earned net income” was subject to a “maximum tax” of 60 percent (not shown in column 6).
- [24] For 1972-1981, “earned net income” (broadened to become “personal service net income” after 1976) was subject to a “maximum tax” of 50 percent (not shown in column 6).
- [25] For 1974, tax rates (columns 4 and 6) do not take into account a statutory rebate of 10 percent of total income tax after credits. In general, the minimum rebate was \$100 and the maximum, \$200, but could not exceed the tax liability.
- [26] For 1975, a \$30-per-capita tax credit was allowed in addition to the personal exemptions shown in columns 1-3.
- [27] For 1976-1978, a tax credit was allowed, in addition to the personal exemptions shown in columns 1-3, that was equal to the larger of \$35 per capita or 2 percent of the first \$9,000 of statutory “taxable income.”
- [28] For 1977-1986, in order to help preserve the conceptual comparability of the amounts shown with those for earlier and later years, the lowest tax rates in column 4 and the lowest “taxable income” amounts in column 5 exclude the so-called “zero tax rate” and the “zero bracket amount,” which were unique to the tax computation for these 10 years.
- [29] For 1981, tax rates (columns 4 and 6) are after a 1.25-percent statutory tax credit.
- [30] Starting with 1985, the personal exemption amounts (columns 1-3) reflect annual adjustments for inflation, using the U.S. Department of Labor Consumer Price Index for Urban Consumers (“CPS-U”).
- [31] Starting with 1985, tax “bracket” boundaries (columns 5 and 7) were indexed for inflation, using the U.S. Department of Labor Consumer Price Index (as described in footnote 30).
- [32] Starting with 1988, the amount eligible to be deducted for personal exemptions (columns 1-3) was phased out for certain high-income taxpayers. For 1988-1990, this was accomplished as part of the tax computation (see footnote 34, below).
- [33] For 1988-1990, excludes the effect on certain high-income taxpayers of the phaseout of the amount deductible for personal exemptions (columns 1-3).
- [34] For 1988-1990, the tax rates (columns 4 and 6) exclude the effects on certain high-income taxpayers of the phaseout both of the benefit of the 15-percent tax rate (compared to the 28-percent rate) and the amount deductible for personal exemptions. This phaseout was accomplished by imposing an additional, 5-percent tax on income above certain levels, based on filing status, thus creating a “temporary” 33-percent tax rate. At the point where the taxpayer had completely phased out the two benefits by use of the 33-percent rate, the tax rate on any remaining taxable income above the phaseout range returned to 28 percent (see also footnote 35). As Table 1 shows, beginning with 1991, this phaseout was replaced by including an additional, 31-percent, graduated rate for taxable incomes above certain levels. Two other, higher, graduated rates were subsequently added, starting with 1993, the higher of which is shown in Table 1.

Appendix to Selected Historical and Other Data Tables

[35] For 1988-1990, the 15-percent tax rate (column 4), which applied to the first \$29,750 of statutory “taxable income” (column 5), gradually increased to the top “brackets” rate, 28 percent (column 6), when taxable income (included in column 7) reached between \$71,900 and \$149,250. This was the range at which the 15-percent rate was phased out for certain high-income taxpayers, all of whose income was then effectively taxed at the higher 28-percent rate through use of the “temporary” 33-percent rate (see footnote 34, above, for additional information). The boundaries of the phaseout range were adjusted for inflation for 1989-1990, although the top tax rate on the taxable income above that covered by the phaseout range remained 28 percent. Therefore, the top taxable income and top tax bracket rate shown in Table 1 for 1988-1990 do not take into account the higher, 33-percent, “temporary” phaseout rate.

[36] For 2000, the tax rates (columns 4 and 6) do not reflect a special statutory refund, partially offset for 2001, of between \$300 and \$600, depending on the size of income tax for 2000 and filing status. See also footnote 37, below.

[37] For 2001, the tax rate (columns 4 and 6) does not reflect a 5-percent tax credit of up to \$300, \$500, or \$1,000, depending on the filing status. This credit effectively reduced the lowest rate on the income shown in column 5 from 15 percent to 10 percent, in lieu of an explicit 10-percent rate. However, the credit was reduced by the amount of the special statutory refund made in 2001 (based on tax for 2000), described in footnote 36, above. The 10 percent rate was only for dependents.

[38] For the change in the lowest tax “bracket” boundary (columns 5 and 7) for 2001, see footnotes 36 and 37, above.

SOURCE: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, Volume I, Budget Processes and Tax Systems, 1995, September 1996 (based, in part, on *Tax Foundation, Facts and Figures on Government Finance*, 1988-89 edition, 1988); Pechman,

Joseph A., *Federal Tax Policy*, fifth edition, The Brookings Institution, 1987 (based on relevant public laws and reports prepared by the Congressional Joint Economic Committee, including *The Federal Revenue System: Facts and Problems*, 1961, and *The Federal Tax System: Facts and Problems*, 1964); Statistics of Income—Part I (in particular, the historical synopses of laws included as appendices in the reports for 1949-1953) and *Statistics of Income—Individual Income Tax Returns* (annually, for 1954-1988); and relevant public laws and reports issued by the Congressional Joint Committee on Taxation for subsequent years, as well as reports, such as *Overview of the Federal Tax System* for 1990, 1991, and 1994, Committee on Ways and Means, U.S. House of Representatives, and reports issued by the Congressional Joint Committee on Taxation for subsequent years, including *Overview of Present Law and Economic Analysis Relating to Marginal Tax Rates and the President’s Individual Income Tax Rate Proposals*, 2001.

Table B

[1] The rates shown are the “standard” or “ordinary” rates, applying to all taxable corporate net income unless otherwise provided. However, there have always been numerous exceptions and special rates based on the type of corporation, the type of income, and other factors. In addition, there have been, at various times, additional taxes related to income that increased the statutory rates. When possible, these are noted in other footnotes to this table for the years for which they were effective. Credits, deductions, and other alterations in the definition of taxable income also effectively alter the tax rate, but these are too numerous and too frequent to include in a table such as this.

The most important types of corporations to which these rates have not always applied, or not applied as they did to other corporations, are: *Section 501(c)* and similar nonprofit corporations: Corporations not organized or operated for profit are generally exempt from the corporation income tax except, since 1950, on business income unrelated to their exempt

Appendix to Selected Historical and Other Data Tables

purposes. *Mutual and cooperative organizations*: Most of these were treated as nonprofits in the early days of the income tax. Most have long since been made taxable as ordinary corporations, but there are still some exceptions. Credit unions and small mutual property insurance companies are exempt. Rural electrical and telephone cooperatives are exempt on income generated in transactions with their members. Farmers' cooperatives are not taxed on income distributed to their members. *Insurance companies*: Because of the nature of insurance, determining taxable income has often been a problem for the tax system. Insurance companies have been subjected to a number of different tax structures since 1921, including special rates and complete exemption of premium income. They are currently taxed at the same rates as other corporations on income calculated using reserve deductions (which other corporations are not allowed). *Regulated Investment Companies (since 1936) and Real Estate Investment Trusts (since 1961)*: These investment companies are not taxed on profits distributed to shareholders if they distribute substantially all of their incomes annually. *S Corporations*: Since 1958, certain closely held corporations could elect to be taxed through their shareholders, as partnerships are, and not pay the corporate tax at all (except in special, unusual circumstances). *Foreign corporations*: Companies incorporated outside the U.S. are taxed on business income earned in the U.S. at the regular corporate rates, but may be taxed on investment income at special statutory or treaty rates. *U. S. corporations with foreign-source income*: The U.S. taxes the worldwide income of U.S. corporations; however, since 1918, taxes paid to foreign governments on foreign-source income can be credited against the U.S. tax otherwise due on that income. (Before 1918, the foreign taxes were allowed as a deduction against worldwide income.) *U.S. Possessions Corporations*: Since 1921, corporations earning most of their incomes in a U.S. possession were subject to reduced taxes. From 1921 to 1976, they were taxable only on U.S.-source income; since 1976, they have received a credit for manufacturing income earned in a possession

(including Puerto Rico). The credit is now being phased out and is scheduled to end after 2005. *Affiliated groups*: Corporations that are closely affiliated through stock ownership have usually been allowed to consolidate their financial statements for tax purposes and file one return for the group, but there have always been restrictions and, sometimes, they have been charged an additional tax for the privilege. In 1932 and 1933, consolidated returns were subject to an additional tax of .75 percent. In 1934 and 1935, only railroad companies were allowed to file consolidated returns, and the additional tax was 1 percent. From 1936 to 1941, there was no additional tax, but the privilege was restricted to railroads and a few other companies. From 1942 to 1964, most domestic affiliated groups that met the stock ownership and other requirements could file consolidated returns, but the surtax on such a group was increased by 2 percentage points. The additional tax on consolidated returns was repealed, effective December 31, 1963.

The most important type of income to have received special rates was "long-term" capital gains. From 1942 through 1987, the tax rate was capped at a maximum rate lower than the highest corporate rate. (The rates are noted in footnotes to the table.) Although there is currently no special rate for corporations' capital gains, long-term capital gains are still treated separately from other income in the tax code.

During World War I, the Great Depression, World War II, and the Korean War, additional taxes were imposed on what were called "war profits" or "excess profits." These are noted in the table in footnotes to the applicable years.

In addition to taxes based on net income, there have been from time to time taxes based on accumulated earnings that were not distributed to shareholders, designed to limit tax avoidance at the individual stockholder level. Taxes on "undue" accumulations have been imposed (though seldom paid) since the inception of the income tax. These were supplemented, since 1934, by a "personal holding company" tax, equal to the highest individual income tax rate,

Appendix to Selected Historical and Other Data Tables

on the undistributed earnings of closely held companies accumulating investment income. There was also a Depression-era tax on accumulated earnings (noted below).

In recent years, there have also been “minimum taxes” designed to supplement the regular taxes. These have the effect of a separate set of tax rates. These are noted in footnotes to the table.

- [2] Calendar year unless otherwise noted. Taxpayers whose fiscal years spanned years with different rates were required to prorate the year’s income between the two rate structures. Before 1933, the proration was based on the number of months in each year; after 1932, it was based on the number of days in each year.
- [3] “Taxable income” is used here to mean the amount of income to which the rates shown were applied. The concept has had various names and various meanings over the years covered; so, brackets for one year are not necessarily comparable with those for another.
- [4] An additional tax on “excess profits” and/or “war profits” was in effect from 1917 to 1922. It was allowed as a deduction in computing income tax.
- [5] An additional “declared value” excess profits tax, based on profits in excess of a percentage of the value of corporate stock, was in effect from 1933 through 1945. It was a deduction for income tax purposes.
- [6] An additional surtax ranging from 7 percent to 27 percent was imposed on undistributed profits.
- [7] From June 1940 to the end of 1945, a tax on profits in excess of average prewar earnings was also imposed. It was taken into account, as either a deduction or a credit, for the income tax and the other excess profits tax.
- [8] The rates for 1940 include extra “defense tax” rates that are integrated with the regular rates in later years.
- [9] These rates are the sum of the “normal tax” rates and the “surtax” rates, which actually
- applied to slightly different definitions of taxable income.
- [10] Beginning with Tax Year 1942, gains on the sale of assets held for more than 6 months (long-term capital gains) could be treated separately from other taxable income and taxed at a maximum rate of 25 percent.
- [11] An excess profits tax was also in effect from July 1950 through Calendar Year 1953. The tax was 30 percent of an adjusted profits figure reduced by credits for the level of prewar profits. It was not offset against income tax, but the sum of income and excess profits taxes was capped at a given percentage of income (from 62 percent to 70 percent).
- [12] These rates reflect a tax increase (for the Korean War), effective March 31, 1951. The maximum capital gains tax rate was also increased to 26 percent.
- [13] From April 1, 1954, through Calendar Year 1969, the maximum tax rate on capital gains was 25 percent.
- [14] From 1969 through 1986, corporations were also subject to an “add-on minimum tax” on certain “tax preference” items (such as percentage depletion, accelerated depreciation, etc.) above a certain amount. For Tax Years 1969 through 1976, the tax was 10 percent of tax preferences in excess of \$30,000; after 1976, the tax was 15 percent of preferences in excess of the greater of \$10,000 or regular income tax.
- [15] Rates include the Vietnam War surcharge of 10 percent.
- [16] Includes a 2.5-percent Vietnam War surcharge.
- [17] The maximum tax rate on long-term capital gains was increased to 28 percent.
- [18] The maximum tax rate on long-term capital gains was increased to 30 percent.
- [19] The holding period for long-term capital gain treatment of assets was increased from 6 to 9 months in 1977 and 12 months in 1978. The rate remained at 30 percent.

Appendix to Selected Historical and Other Data Tables

- [20] The maximum tax rate on long-term capital gains was 28 percent.
- [21] Beginning in 1983, incorporated professional practices (“personal service corporations”) have been taxed on all taxable income at the corporate tax rate applicable to the highest income bracket.
- [22] The Tax Reform Act of 1986 (TRA86) established a new rate structure effective for Tax Year 1988 and made the rates for Transition Year 1987 an average of the pre-TRA rates for 1986 and the post-TRA rates for 1988.
- [23] A new “alternative minimum tax” (AMT) replaced the add-on minimum tax, effective in 1987. It required a calculation of an alternative measure of taxable income that reduced or eliminated many tax preference items. The tax was 20 percent of the excess of this “alternative minimum taxable income” (AMTI) over \$40,000. The \$40,000 exemption was reduced by 25 percent of the excess of AMTI over \$150,000. AMT in excess of regular tax could be carried over as a credit against regular tax in future years. In 1998, “small” corporations

(generally, those with average gross receipts of less than \$5 million) were exempted from the AMT.

- [24] The maximum tax rate on capital gains was capped at 34 percent for 1987, which was to be the rate on the highest corporate tax bracket in 1988 and after, according to TRA86. The maximum capital gain rate was raised to 35 percent when the highest corporate rate bracket was increased in 1993.

SOURCE: Blakey, Roy G. and Blakey, Gladys C. (1940), *The Federal Income Tax*, New York. Gravelle, Jane G. (1994), *The Economic Effects of Taxing Capital Income*, Appendix A, History of Capital Income Taxation in the United States. MIT. Internal Revenue Service, *Form 1120 series and Instructions*, various years. Internal Revenue Service, *Statistics of Income for 1949, Part 2*, Appendix A. U. S. Congress, Joint Committee on Taxation, Explanations of various tax acts, published after each major tax act since the 1960’s. U. S. Senate, Committee on the Budget, *Tax Expenditures: Compendium of Background Materials on Individual Provisions*, published periodically.

SOI Sampling Methodology and Data Limitations

Appendix

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

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see pages 271-272 at the end of this *Bulletin*). More technical information is available, on request, by writing to the Director, Statistics of Income Division RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608.

Sample Criteria and Selection of Returns

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

The probability of a return's selection depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the

stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the estimated processing costs or the target size of the total sample for the program.

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

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

Method of Estimation

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. "Weights" are computed by dividing the count of returns filed for a given stratum by the number of population sample returns for that same stratum. These weights are usually adjusted for unavailable returns, outliers, or trimming weights. Weights are used to adjust for the various sampling rates used, relative to the population--the lower the rate, the larger the weight. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "post-strata," based on additional criteria or refinements of those used in the original stratification. Weights are then computed for these post-strata using additional population counts. The data on each sample return in a stratum are

Sample returns are designated by computer from the IRS Master Files based on the taxpayer identification number.

Information for this appendix was compiled under the direction of Beth Kilss, Chief, Statistical Data Section. Major contributions were made by Paul McMahan and Tamara Rib, Statistical Computing Branch, Mathematical Statistics Section, under the direction of Yahia Ahmed, Chief.

SOI Sampling Methodology and Data Limitations

then multiplied by that weight. To produce the tabulated estimates, the weighted data are summed to produce the published statistical totals.

In transcribing and tabulating data from tax returns, checks are imposed to improve the quality of the statistics.

Sampling Variability

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the

variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

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

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 2 percent, then the following arithmetic procedure would be followed to construct a 68-percent confidence interval estimate:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ \times 0.02 & \text{(coefficient of variation)} \\ = 3,000 & \text{(standard error of estimate)} \end{array}$$

then:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ + \text{ or } - 3,000 & \text{(standard error)} \\ = \{147,000, 153,000\} & \text{(68-percent confidence interval).} \end{array}$$

Based on these data, the interval estimate is from 147 to 153 thousand returns. This means that the average estimate of the number of returns lies within an interval computed in this way. Such an estimate would be correct for approximately two-thirds of all possible samples similarly

selected. To obtain this interval estimate with 95-percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

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

Nonsampling Error Controls and Limitations

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors and inconsistencies, processing errors, and the effects of any early cutoff of sampling. Additional information on nonsampling error as it applies to individual and corporation income tax returns is presented in the separate SOI reports on these returns.

In transcribing and tabulating the information from returns or forms selected for the sample, steps are taken to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during the statistical abstracting and "editing" process that takes place in IRS submission processing centers. This is done to improve data consistency from return to return and to achieve definitions of the data items more in keeping with the needs of major users. In some cases, not all of the data are available from the tax return as originally filed. Sometimes, the missing data can be obtained by the Statistics of Income Division in Washington, DC, through field followup. More often, though, they are obtained through manual or computerized imputation. For this purpose, other information in the return or in accompanying schedules may be sufficient to serve as the basis for making an estimate. Prior-year data for the same taxpayer can be used for this same purpose; or comparable data from business reference books may be substituted.

Data abstracted or "edited" from returns for statistical use are subjected to a number of validation checks, including systematic verifications of a sampling of the work of each tax examiner involved in the SOI process. Data

SOI Sampling Methodology and Data Limitations

reported on sampled returns and previously transcribed as part of processing for the IRS Master Files are subject to validation as part of the administrative process before SOI processing begins. However, during the administrative process, it is only practical to transcribe corrections to errors that have a direct bearing on the tax reported or the refund claimed. Therefore, during the SOI process, checks must also be made to correct any errors or inconsistencies left in the administrative data before the data can be accepted for the statistics.

The Statistics of Income program includes many more tax return items than are transcribed and perfected for IRS tax administration needs, especially for items reported in tax return schedules in support of the various summary totals reported on the return. Therefore, checks must also be designed to validate these additional data items and to assure that they are consistent with other data entries.

Most of the data validation checks made during the SOI process take the form of computerized tests of each record. In addition to verifying that internal consistency and proper balance and relationships among the tax return items and statistical classifications are maintained, this process is intended to check on consistency with tax law provisions, acceptable reporting practices, and generally accepted accounting principles. Most testing occurs during the data abstracting and editing operation, while the tax return source document is still on hand, although some testing for certain programs occurs later on. Records failing the tests are subjected to further review and correction.

Finally, before publication, the statistics are reviewed for accuracy and reasonableness in light of the tax law provisions, taxpayer reporting variations and other limitations, tolerances and statistical techniques allowed or employed in data processing and estimating, economic conditions, and comparability with other statistical series. However, these controls do not completely eliminate the possibility of error. When discovered, errors in *Bulletin* tables are corrected, usually through published errata.

Table Conventions

Published estimates subject to excessive sampling variability are identified for most of the statistics by means of an asterisk (*) presented alongside the estimate or in place of an estimate. Presence of an asterisk means that the sampling rate was less than 100 percent of the population and that there were fewer than 10 sample observations available for estimation purposes. This method produces a rough indication of excessive sampling variability. However, the results will differ somewhat from more precise indicators of excessive sampling variability based on the standard statistical formula. For some of the statistics based on samples, asterisking was not possible because of resource and other constraints. Users should keep this limitation in mind when using these data.

A dash, in place of a frequency or an amount, in any given table cell presenting data based on an SOI sample, indicates either that (1) there were no returns in the population with the particular characteristic, or (2) because of its rarity, instances of the characteristic were not present among the sampled returns. However, for statistics based on returns selected for the sample at the 100-percent rate, a dash indicates a presumption of no returns with the particular characteristic in the population.

In addition to sampling variability, Statistics of Income is required to prevent disclosure of information about specific taxpayers or businesses in its tables. Therefore, a weighted frequency (and the associated amount, where applicable) of less than 3 is either combined with data in an adjacent cell(s) so as to meet the criteria, or deleted altogether. Similar steps are taken to prevent indirect disclosure through subtraction. However, any combined or deleted data are included in the appropriate totals. (A double asterisk is used in a cell where a frequency or amount has been deleted.) Most data on tax-exempt, nonprofit organizations are excluded from disclosure review because the Internal Revenue Code and regulations permit public access to most of the information reported by these organizations.

SOI Projects and Contacts

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Planned Projects, Year*	Primary Analysts	Frequency and Program Content
Americans Living Abroad: 2006 Program	Jeff Curry Maureen Keenan Kahr	This periodic study is conducted every 5 years. It covers foreign income, foreign taxes paid, and foreign tax credit shown on individual income tax returns. Data are classified by size of adjusted gross income and country.
Controlled Foreign Corporations: 2004 Program	Randy Miller	This semiannual study provides data on activities of foreign corporations that are controlled by U.S. corporations. Data are classified by industry group and country.
Controlled Foreign Partnerships: 2004 Program	Bill States	This study provides data on activities of foreign partnerships that are controlled by U.S. corporations or partnerships. Frequency of this study has not been determined.
Corporation Foreign Tax Credit: 2003 Program 2004 Program	Rob Singmaster Scott Luttrell	This annual study provides data on foreign income, taxes paid, and foreign tax credit reported on corporation foreign income tax returns. Data are classified by industry group and country.
Corporation Income Tax Returns: 2004 Program 2005 Program	Bill Rush Gabe Schneider Heather Duffy	Basic data are produced annually and cover complete income statement, balance sheet, tax, tax credits, and details from supporting schedules. Data are classified chiefly by industry group or asset size.
Entity Classification Election ("Check-the-Box"):	John Comisky Lawrence Sao	This annual study includes data from all Entity Classification Elections including the type of election, and whether the entity is foreign or domestic.
Estate Tax: 2004-2006 Program	Martha Gangi Brian Raub	This annual study includes information on a gross estate and its composition, deductions, and tax; and information on the age, sex, and marital status of decedents. Basic estate tax return data by year in which returns are filed are produced each year. Also included are data on nonresident aliens who had more than \$60,000 of assets in the United States. Other statistics are available on a year-of-death basis (approximately every 3 years). The most recent study is based on decedents who died in 2004 with returns filed in 2004-2006. The most recent data available are for returns filed in 2004.
Excise Taxes:	Emily Gross	Basic data are collected and processed by three Department of the Treasury agencies: the Internal Revenue Service, the Alcohol and Tobacco Tax and Trade Bureau (formerly the Bureau of Alcohol, Tobacco, Firearms, and Explosives), and the Customs Service. Data by type of tax are shown by Fiscal Year (FY) for 1997-2004 and quarterly for FY 2004 and FY 2005.

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Planned Projects, Year*	Primary Analysts	Frequency and Program Content
Exempt Organizations (Charitable and Other, Except Private Foundations): 2002 Program 2003 Program 2004 Program	Paul Arnsberger	This annual study includes balance sheet and income statement data for organizations classified as tax-exempt under subsections 501(c)(3)-(9) of the Internal Revenue Code. The most recent data are for Reporting Year 2002 returns filed in Calendar Years 2003-2004.
Exempt Organizations (Private Foundations): 2002 Program 2003 Program 2004 Program	Melissa Ludlum	This annual study includes balance sheet and income statement data for domestic private foundations and charitable trusts filing a Form 990-PF. The most recent data are for Reporting Year 2002 returns filed in Calendar Years 2003-2004.
Exempt Organizations Unrelated Business Income: 2002 Program 2003 Program 2004 Program	Peggy Riley	This annual study includes tabulations of "unrelated business" income and deductions for organizations classified as tax-exempt under the Internal Revenue Code. The most recent data are for Reporting Year 2002 returns filed in Calendar Years 2003-2004.
Foreign-Controlled Domestic Corporations: 2002 Program	James Hobbs	This annual study covers domestic corporations with 50-percent-or-more stock ownership by a single foreign "person." It covers balance sheet, income statement, and tax-related data, which are classified by industry group, country, and size and age of the corporations. Data are compared to those for other domestic corporations.
Foreign Recipients of U.S. Income: 2003 Program	Scott Luttrell	This annual study provides data by country on income paid to nonresident aliens and the amount of tax withheld for the U.S. Government.
Foreign Trusts: 2002 Program	Dan Holik	This periodic study, conducted every 4 years, provides data on foreign trusts that have U.S. "persons" as grantors, transferors, or beneficiaries. Data include country where the trust was created, value of transfer to the trust, and year the trust was created. The most recent study is for Tax Year 1998.
Gift Tax: 2004 Program 2005 Program 2006 Program	Darien Jacobson	This annual study provides data for type and amount of gift; information on donee; and tax computation items. Information about the donor and gift splitting are also available. Most recent data are for Gift Year 2004.

SOI Projects and Contacts

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Planned Projects, Year*	Primary Analysts	Frequency and Program Content
Individual Income Tax Return Public-Use File:	Mario Fernandez Mike Weber	Microdata on CD-ROM's are produced annually and contain detailed information obtained from the individual income tax return statistics program, with identifiable taxpayer information omitted to make the file available for public dissemination on a reimbursable basis.
Individual Income Tax Returns: 2004 Program 2005 Program 2006 Program	Maureen Keenan Kahr Jeff Curry Mike Strudler	Basic data are produced annually and cover income, deductions, tax, and credits reported on individual income tax returns and associated schedules. Data are classified by size of adjusted gross income, marital status, or type of tax computation.
Individual Income Tax Returns Special Tabulations: Individuals Sole Proprietorships	Mike Strudler Mario Fernandez	Special tabulations of selected individual income, deduction, and tax data are produced on a reimbursable basis.
Interest-Charge Domestic International Sales Corporations (IC-DISC's): 2004 Program	Dan Holik	These corporations replaced the Domestic International Sales Corporations, or DISC's, as of 1985. Balance sheet, income statement, and export-related data are tabulated every 4 years. The most recent study is for Tax Year 2000.
International Boycott Reports: 2004 Program	Lissa Redmiles	This study provides data on business operations of U.S. "persons" in boycotting countries, as well as the requests and agreements to participate in, or cooperate with, international boycotts not sanctioned by the U.S. Government.
Migration Flow and County Income Data:	Emily Gross	Migration flow data (based on year-to-year changes in individual income tax return addresses) and county or State income data are available annually on a reimbursable basis. The most recent data are for 2003-2004.
Noncash Charitable Contributions: 2003 Program	Janette Wilson	This study of Individual income tax returns provides detailed asset donations, descriptions of the donees, donor cost, fair market value and deduction claimed on Form 8283, <i>Noncash Charitable Contributions</i> .
Occupation Studies:	Terry Nuriddin	This periodic study classifies individual income tax returns by occupation and contains a dictionary of occupational titles that can be used to enhance the economic data of other individual income tax return studies.
Partnership Returns of Income:	Tim Wheeler Nina Shumofsky	Basic data, produced annually, cover income statement, balance sheet, and details from supporting schedules. Data are classified chiefly by industry group.

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Planned Projects, Year*	Primary Analysts	Frequency and Program Content
Partnership Withholding Study: 2002 Program	Chris Carson	This annual study includes data on U.S. partnership payments to foreign partners. Data are classified by country and recipient type.
Personal Wealth Study: 2001 Program	Barry Johnson Brian Raub	This periodic study provides estimates of personal wealth of top wealth holders that are generated from estate tax return data using the "estate multiplier" technique, in conjunction with both filing-year and year-of-death estate data bases. The most recent data, 2001, are based on returns filed from 2001 to 2003.
S Corporations:	Kelly Luttrell Matt Scoffie	Annual study data are collected for the income statement and balance sheet, and from supporting schedules. Data are classified by industry group or asset size.
Sales of Capital Assets: 2004 Program 2005 Program 2006 Program	Janette Wilson	This periodic study provides detailed data on the sales of capital assets reported in the capital gains schedule of the individual income tax return, and on sales of residences and personal or depreciable business property.
Sales of U.S. Real Property Interest by Foreign Persons: 2002 Program	Chris Carson	This annual study provides data on transfers of U.S. real property interests acquired from foreign "persons." Data include the amount realized on transfers, U.S. tax withheld, and countries of foreign persons.
Sole Proprietorships: 2004 Program 2005 Program 2006 Program	Mike Parisi Kevin Pierce	Basic data, produced annually, cover business receipts, deductions, and net income reported on Schedule C (for nonfarm proprietors), classified by industry group.
Split-Interest Trust Information Return: 2004 Program 2005 Program 2006 Program	Lisa Schreiber	This annual study provides information on charitable remainder trusts, charitable lead trusts and pooled income funds. Data include balance sheet, income, deductions, and detail from accumulation and distribution schedules. The most recent data are for Filing Year 2004.
Tax-Exempt Bond Issues: 2003 Program 2004 Program 2005 Program	Cynthia Belmonte	This annual study provides information on private activity and Governmental bond issues by type of property financed, size of face amount, and State. The most recent data are for Tax Year 2003 public purpose bonds and private activity bonds.
Taxpayer Usage Study:	Mike Weber Peter Sailer	Produced annually, this program provides weekly frequencies of specific line entries made by taxpayers, the use of various return schedules and associated forms, and general characteristics of the individual taxpayer population, for returns received during the primary filing season (January through April).

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Planned Projects, Year*	Primary Analysts	Frequency and Program Content
Transactions of Foreign-Controlled Corporations: 2002 Program	Mark Lowe	This biennial study includes data on transactions between U.S. corporations and their foreign owners. Data are classified by country and industry group.
U.S. Possessions Corporations: 2003 Program 2005 Program	Dan Holik	This periodic study, planned for every 2 years, provides data on income statements, balance sheets, tax, and "possessions tax credit" for qualifying U. S. possessions corporations. (Most of these corporations are located in Puerto Rico.)
ZIP Code Area Data:	Emily Gross Mike Weber	Statistics on CD-ROM show number of individual income tax returns, exemptions, and several income items by State and 5-digit ZIP code. Data are available for 2002 on a reimbursable basis. (Data for Tax Years 1991, 1998, and 2001 are also available, free of charge, on the IRS Web site: http://www.irs.gov/taxstats/article/0,,id=96947,00.html .)

*Most projects shown are currently in progress and, therefore, may not be completed. Many of the data release dates, i.e., the months in which the Statistics of Income Division expects to release data to users, ahead of publication, on request, are published annually in the Fall issue of the *SOI Bulletin*. For more information about data availability for a particular project, call or fax the numbers shown at the top of the page.

SOI Products & Services

Statistics of Income (SOI) data are available in electronic formats and in printed publications. For further information on any of the following products and services, or for answers to questions on the availability of SOI data, other statistical services, or release dates for data, contact SOI's **Statistical Information Services (SIS) Office:**

Statistical Information Services (sis@irs.gov)
Statistics of Income Division
Internal Revenue Service
P.O. Box 2608 • Washington, DC 20013-2608
(202) 874-0410 • **Fax:** (202) 874-0964

As its name implies, SIS is best able to answer questions about data. It does not supply tax forms or information about the status of an individual's tax refund or audit examination. Media requests should be directed to the IRS Media Relations Branch, Communications Division, on (202)622-4000.

Electronic Products and Services

Products Available Free on the Internet

SOI's Internet site offers a combination of files presenting SOI tables, articles about SOI data, and information about SOI products and services, as well as non-SOI products, including annual *IRS Data Book* tables, Compliance Research projections, and nonprofit Master File microdata records. At present, over 5,391 files reside there.

Website: www.irs.gov/taxstats.

There is also a direct link to our Web site from FedStats, the gateway to official statistics from the Federal Government: www.fedstats.gov.

Tax Stats

On the Tax Stats Home Page you will find the following list of topics that will lead you to a wide range of tables, articles, and data that describe and measure elements of the U.S. tax system. There is also a link to check out What's New.

Business Tax Statistics

Corporations • International • Partnerships
Nonfarm Sole Proprietorships
S Corporations • All Topics

Charitable and Exempt Organization Statistics

Charities • Exempt Organization Master File
Private Foundations • Trusts
Tax-Exempt Bonds • All Topics

Individual Tax Statistics

Filing Season Statistics • Estate and Gift Tax
Individual Income Tax • International
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Issuing Refunds • Collecting Revenue
Enforcing Laws • Assisting Taxpayers
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1040 • 1041 • 1065 • 1118 • 1120
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Many of SOI's data files are available for sale on CD-ROM, diskette, tape, or via e-mail through the Statistical Information Services Office. **Prepayment is required for orders of \$100 or more**, with checks made payable to the **IRS Accounting Section**. Contact SIS for information on specific products, prices, sources, media, and ordering instructions.

The following files are currently available on a reimbursable basis and include data from returns covering corporations, individuals, exempt organizations, and private foundations and charitable trusts. Most of these files are tabulations of aggregated data, but some are files of microdata records.

SOI Products & Services

Corporation Income Tax Returns

Corporation Source Book

A magnetic tape, PC-diskettes, or CD-ROM containing the tabular statistics from the *Corporation Source Book*, for years 1996-2003. Price is \$1,500 per year for 2002 and 2003; earlier years are \$250 per year. Tables from the 2000 and 2003 *Source Books* are also available for free from the Tax Stats Web site at: www.irs.gov/taxstats/bustaxstats/article/0,,id=150481,00.html. See also *Printed Publications* section below.

Individual Income Tax Returns

Individual Public-Use Microdata Files

These files include individual income tax returns for 1960, 1962, 1964, and 1966-2001. All of the files have been edited to protect the confidentiality of individual taxpayers. Public-use files of individual income tax returns for 1960, 1962, 1964, and 1966-1991 are available for sale by writing to the Center for Electronic Records at the National Archives and Records Administration, 8601 Adelphi Road, College Park, MD 20740-6001, or by calling toll-free (866) 272-6272. Files for 1992 through 2002 are available on CD-ROM from the SOI Division. Price for the SOI microdata files is \$4,000 per year.

County-to-County Migration Data

One table, based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. This table presents data on migration patterns by county for the entire United States, including inflows and outflows. The data include the number of returns (which approximates the number of households); the number of personal exemptions (which approximates the population); total "adjusted gross income" and "median adjusted gross income" (starting with Filing Year 1996); total money income and median total money income (for Filing Years 1993 through 1996). Available for Filing Years 1984-2004. Price is \$200 per year for the entire United States or \$10 per State per year. (All years for the entire United States are also available for \$500.)

State-to-State Migration Data

One table, based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. This table presents data on migration patterns by State for the entire United States, including inflows and outflows. The data include the number of returns (which approximates the number of households); the number of personal exemptions (which

approximates the population); total "adjusted gross income" and "median adjusted gross income" (starting with Filing Year 1996); total money income and median total money income (for Filing Years 1993 through 1996). Available for Filing Years 1989-2004. Price is \$50 per year for the entire United States or \$10 per State per year.

County Income Data

One table, based on the population of returns from the IRS Individual Master File system. This table presents data for adjusted gross income (total and for selected sources), number of returns (which approximates the number of households), and number of personal exemptions (which approximates the population). The data are presented by county (including State totals) and are available for Tax Years 1989-2003 for the entire United States. Price is \$50 per year for the entire United States or \$10 per State per year.

ZIP Code Area Data

Statistics are available for Tax Year 2002 on CD-ROM showing the number of individual income tax returns; the total number of exemptions and number of dependent exemptions (which approximates population); adjusted gross income; salaries and wages; taxable interest; total tax; contributions; number of returns with Schedules C and F; and number of returns with a Schedule A, by State and 5-digit ZIP code. Price is \$500 for the entire United States; \$25 for a single State. (Data for Tax Years 1991, 1998, and 2001 are available free on SOI's Internet site.) Go to www.irs.gov, select the **Tax Stats** option; Individual Tax Statistics; Individual Income Tax; Zip Code Data (SOI) under Data by Geographic Areas.

Tax-Exempt Organizations

Compendium of Studies of Tax-Exempt Organizations, 1989-1998

This is a compilation of articles on SOI studies of charitable and other nonprofit organizations described in Internal Revenue Code sections 501(c)(3)-(c)(9), private foundations, charitable remainder trusts, and nonprofit organizations' unrelated business income. All of these articles were published previously in various issues of the *Statistics of Income Bulletin*. In addition, the *Compendium* includes papers on statistical sampling of tax-exempt organization returns, and other topics relating to tax-exempt organizations and philanthropy that were authored by IRS staff and others who use SOI study data for research. Available at no charge on CD-ROM.

Microdata Records for Tax Year 2003

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 14,415 Internal Revenue Code section 501(c)(3) organizations and 6,494 section 501(c)(4)-(9) organizations. All returns for organizations with assets of \$50,000,000 or more are included in the sample. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's Tax Stats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html, or may be purchased on CD-ROM for \$20.

Microdata Records for Tax Years 1992-2002

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Available for download from SOI's Tax Stats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=97176,00.html, or may be purchased on CD-ROM for \$20.

Private Foundations (and Charitable Trusts)

Microdata Records for Tax Year 2003

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. The file contains both operating and nonoperating foundations and trusts. The sample includes 10,337 returns. (All returns filed by foundations with assets of \$10 million or more, as well as, the population of returns filed by nonexempt charitable trusts, are included in the sample.) Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's Tax Stats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html, or may be purchased for \$20.

Microdata Records for Tax Years 1992-2002

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Available for download from SOI's Tax Stats Web site at www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html, or may be purchased for \$20.

Printed Publications

Publications Available for Sale From GPO

Recent SOI publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, by calling (202) 512-1800, or faxing (202) 512-2250. (Credit cards are accepted.) Publications may also be obtained by using the order form at the end of this *Bulletin* or write to:

Superintendent of Documents

P.O. Box 371954
Pittsburgh, PA 15250-7954

If you determine from the Government Printing Office that any of the next four items is out of print, telephone the **Statistical Information Services Office on (202) 874-0410** for assistance.

IRS Data Book 2005

*Annually, Publication 55B, Stock No. 048-004-02489-6
Price \$9.50*

This volume pertains to Fiscal Year 2004-October 1, 2003, through September 30, 2004. The report provides data on collecting the revenue, enforcing the law, assisting the taxpayer, and managing the system, as well as lists and a chart about the structure and administration of the IRS itself.

Statistics of Income (SOI) Bulletin

*Quarterly, Publication 1136, Stock No. 748-005-00000-5
Subscription price: \$53; Single copy price: \$39*

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

Statistics of Income--2003, Corporation Income Tax Returns

*Publication 16, Stock No. 048-004-02491-8
Price \$45*

This report presents more comprehensive data on corporation income tax returns with accounting periods that ended July 2003 through June 2004 than those published earlier in the *SOI Bulletin*.

SOI Products & Services

Presents information on:

- receipts
- deductions
- net income
- taxable income
- income tax
- tax credits
- assets
- liabilities

Classifies data by:

- industry
- accounting period
- size of total assets
- size of business receipts
- size of income tax after credits

Statistics of Income--2003, Individual Income Tax Returns

Publication 1304, Stock No. 048-004-02487-0

Price: \$36 Foreign \$50.40

This report presents more comprehensive and complete data on individual income tax returns for Tax Year 2003 than those published earlier in the *SOI Bulletin*.

Presents information on:

- sources of income
- exemptions
- itemized deductions
- tax computations

Classifies data by:

- size of adjusted gross income
- marital status
- type of tax computation

Publications Available From SOI

Other SOI periodicals and one-time reports are available for sale from the Statistical Information Services Office. These reports include data from returns covering corporations, exempt organizations, international income and taxes, and estate taxes. The report from the IRS methodology reports series is available free while supplies last.

Corporation Source Book, 2003

Publication 1053--Price: \$175, plus \$10 for shipping and handling

This 612-page document presents detailed income statement, balance sheet, tax, and selected items, by sector, major and minor industrial groups, and size of total assets for all returns and separately for returns with net income. Separate statistics on S corporations are included by sector. Industry detail is based on the North American Industry Classification System (NAICS). The report, which underlies the *Statistics of Income--Corporation Income Tax Returns* publication, is part of an annual series and can be purchased in its entirety or by page. *Corporation Source Book* industry pages and notes for

1963 through present are available at a cost of \$30, plus \$1 per page copying charge (free for orders under 5 pages). The complete, printed version of the *Source Book* for selected prior years, 1984-2002, is also for sale at \$175 per year, plus \$10 for shipping and handling. See also *Electronic Products and Services* section.

Compendium of Federal Estate Tax and Personal Wealth Studies

Publication 1773--Price: \$26, plus \$10 for shipping and handling

Part I of this report focuses on data from estate tax returns, describing decedents, their beneficiaries, and the composition of their estates. It contains a methodological discussion of the strategy used in weighting sample data for the estate studies and presents statistics on selected components of decedents' estates, 1916-1990. Information on charitable giving is also included.

Part II presents a series of articles describing the estate-multiplier technique and its applications for personal wealth estimates, estimates of personal wealth for selected years 1962-1989, and a discussion of the relationship among realized income, wealth, and well-being.

Special Studies in Federal Tax Statistics--2004

Publication 1299--No charge

This is the fourth edition of a new set in the IRS Methodology Report series, now entitled *Special Studies in Federal Tax Statistics* (previous volumes in the series were called *Turning Administrative Systems Into Information Systems* and *Statistics of Income and Related Administrative Record Research*). The title was changed to more clearly reflect the nature of the papers prepared by SOI as it adapts to better meet the data and information needs of its wide-ranging customers.

This year's compilation has been divided into five major sections, each focusing on a somewhat different area of research:

- recent developments in Statistics of Income research;
- quality assessment of administrative records data;
- research in income and wealth;
- disclosure protection techniques;
- multivariate analysis.