

Statistics of Income

SOI BULLETIN

Department of the Treasury
Internal Revenue Service

Volume 1, Number 4

Spring 1982

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Department of the Treasury
Internal Revenue Service

Pub. 1136 (Rev. 4-82)

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This report contains information on: 1981 individual income tax returns filed during the first quarter of 1982; employee benefit plans for 1977, including detailed plan financial data by industry; income paid to and tax withheld from nonresident aliens for 1979; corporation income tax returns for 1979; and second quarter 1981 windfall profit tax liability.

Additional unpublished data concerning these topics are currently available upon request. Further information may be obtained by writing to the Statistics of Income Division, Internal Revenue Service, Washington, DC 20224.

Suggested Citation

Internal Revenue Service
Statistics of Income Bulletin,
Spring 1982
Washington, D.C. 1982

For sale by the Superintendent of Documents,
U.S. Government Printing Office,
Washington, D.C. 20402

COMMISSIONER OF INTERNAL REVENUE

Washington, DC 20224

April 9, 1982

The Honorable Donald T. Regan
Secretary of the Treasury
Washington, DC 20220

Dear Mr. Secretary:

I am transmitting the Spring 1982 issue of the Statistics of Income Bulletin. This report has been produced in accordance with the mandate of section 6108 of the Internal Revenue Code which requires the preparation and publication of statistics reasonably available with respect to the operation of the internal revenue laws.

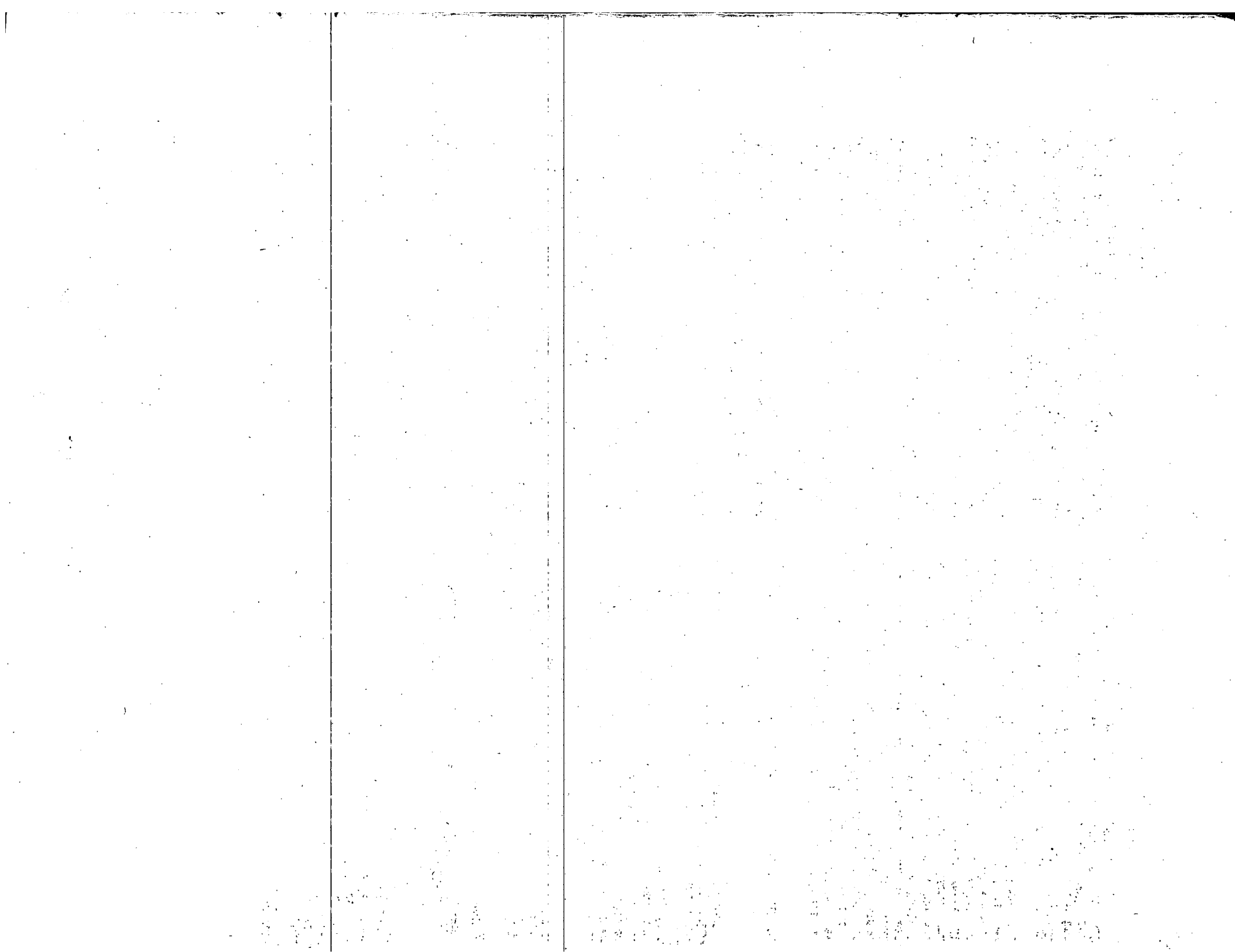
This issue contains information on five subjects. The first presents data from the early filings of 1981 individual income tax returns. Comprehensive statistics on employee benefit plans for 1977 are presented next. The third subject discussed is income paid to and tax withheld from nonresident aliens for 1979.

Preliminary statistics from the 1979 corporation income tax returns are covered in the fourth article. Finally, windfall profit tax liability for the second quarter of 1981 is shown, as well as cumulative data since the inception of the tax.

With kind regards,

Sincerely,





Early 1982 Filings of 1981 Individual Income Tax Returns

By Paul Grayson*

By the end of March 1982, about 44.4 million individual income tax returns--46.1 percent of the year's expected total of 96.4 million--had been processed by Internal Revenue's service centers and National Computer Center (NCC) at Martinsburg, West Virginia. (For the most part, these were returns for Tax Year 1981, although a small proportion of prior year returns was also included.) At NCC the returns were "posted" to the Individual Master File and some of the return entries were tabulated. A selection of data from these tabulations is provided in this report which also presents data on some of the characteristics of returns filed at service centers through April 8, 1982.

RETURNS PROCESSED AT THE NATIONAL COMPUTER CENTER (NCC) IN JANUARY, FEBRUARY, AND MARCH 1982

Any report on returns processed at NCC during the early months of the year will be strongly influenced by the character of the early returns filed. Since the make-up of the returns changes according to certain fairly fixed patterns (to be described below) as the filing season progresses, the early data cannot be considered as representative of all returns to be filed during the year. Further, since processing resources are set to handle only so many returns in a given time period, priority rules favor the processing of some classes of returns before others.

As a combined result of these factors, returns with refunds and lower income returns are more likely to be processed earlier in the year and to be over-represented in the early months. Such tax returns are likely to be less complex and less likely to report net capital gains, dividend income or various credits. The various items in Table 1 illustrate the range in the proportions of all returns reporting an item last year that had been processed by the end of March. At one extreme, 62 percent of last year's refunds had been certified by about the end of March; the corresponding proportion for net capital gains, however, was only about 16 percent. Table 1 also shows how returns processed during January, February, and March tend to show smaller than average item amounts: last year the proportion of returns processed during the first three months always exceeded the proportion of the year's total dollar amount for each of the items shown.

While about 1.5 million fewer returns were processed during January, February, and March of this year than in the same three-month period one year earlier, aggregate and average amounts of the various items were up over 1981. Average amounts per return reporting increased about 10 percent for salaries and wages, refunds, and adjusted gross income. Average tax increased 13 percent. Average interest income increased by 40 percent. The sharp increase in average interest may foreshadow continuation of the recent marked upward movement noted in an earlier issue of this Bulletin [1].

Typically, lower income returns are disproportionately represented among those processed in January through March (Table 2). Thus, last year about 56 percent of the year's total returns with adjusted gross income (AGI) of less than \$15,000 had been processed in this period; the corresponding proportion for returns with AGI of \$50,000 or more was only about 8 percent. The following table shows that in January, February, and March of this year, 39.4 percent of the returns processed had AGI of

Adjusted Gross Income Class	1982	1981	
	Jan/Mar	Jan/Mar	Entire
Total	100.0	100.0	100.0
Under \$10,000.....	43.9	47.8	41.0
\$10,000 under \$15,000..	16.7	16.8	15.3
\$15,000 under \$50,000..	38.4	34.8	40.4
\$50,000 and over.....	1.0	0.3	3.3

\$15,000 or more. This percentage was just over 35 percent for the same period last year--another preliminary indication of the upward trend in incomes already noted. (Although a comparative "handful" of returns with AGI of \$50,000 or more had been processed, their relative importance almost doubled from 0.6 percent last year in January through March to 1.0 percent this year.) Major shrinkage in relative importance was concentrated in the AGI class below \$10,000, which dropped from 48 percent to 44 percent.

RETURNS RECEIVED AT SERVICE CENTERS THROUGH APRIL 8, 1982

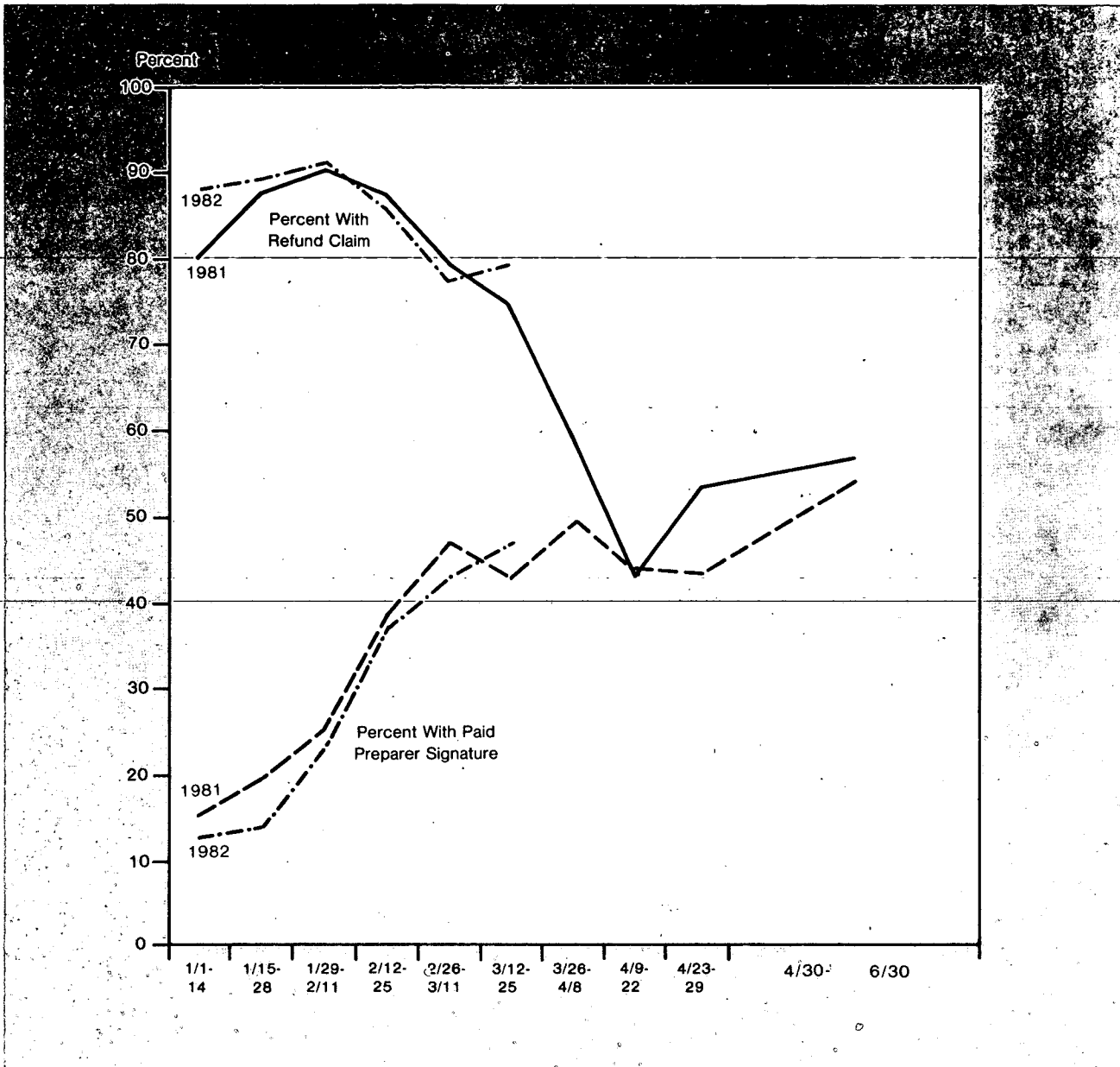
By April 8, 1982, after 14 weeks of filings of returns, about 63 million individual income tax returns had been received at the service centers--about 65 percent of the 96.4 million projected for the year. From a continuous daily sampling of these returns, the Taxpayer Usage Study [2] showed that 52.7 million Form 1040 and 1040A returns for Tax Year 1981 were filed with a claim for refund (see Table 3 and section on Data Sources and Limitations, below). Almost 22 million returns had been prepared and signed by paid preparers. About 38 million--or 61 percent--bore the IRS official mailing label, a subject of great interest from the point of view of staffing and budgeting in the service centers, as well as a matter of potential significance for processing by optical character recognition.

Two items new to the tax return were authorized by recent amendments to the Internal Revenue Code: the combined exclusion of interest and dividends (by the Crude Oil Windfall Profit Tax Act of 1980) and interest received on the All-Savers Certificate--ASC (by the Economic Recovery Tax Act of 1981).

*Chief, Special Studies Section. Technical assistance was provided by Dorothea Riley and Janet Barnhardt.

Figure A.

Percent of Returns With Refund Claim and Paid Preparer Signature, Biweekly Intervals (Jan. 1-April 29) During 1981 and 1982



The exclusion was claimed on almost 26 million of the returns filed through April 8; ASC interest, however, was reported on only about 600,000 returns. This low number may be due, in part, to the announced policy of many financial institutions to inform investors concerning ASC interest only after the certificates mature, rather than for the three months--at best--during which interest could have accrued during 1981 [3].

Seasonal patterns in the reporting of certain items are very pronounced and two such items are shown at biweekly intervals for 1981 and 1982 in Figure A. Whereas the incidence of refund claims declined as the 1981 filing season progressed--although even the period that included April 15, 1981, did not fall below 43 percent--the proportion of returns with a paid preparer's signature rose through most of the period.

Inversely correlated and causally associated with the trend in preparer-signed returns, was the steady drop in the 1981 use of the IRS mailing label through most of March:

IN PERIOD	PERCENT OF RETURNS RECEIVED AT SERVICE CENTERS WITH IRS MAILING LABEL	
	1982	1981
1/01 - 1/14.....	67.9	70.4
1/15 - 1/28.....	67.7	68.0
1/29 - 2/11.....	64.7	62.8
2/12 - 2/25.....	61.5	60.7
2/26 - 3/11.....	56.9	57.4
3/12 - 3/25.....	56.1	57.7

Use of the mailing label continued its decline in the ensuing weeks of 1981, dropping to about 50 percent in the last week of April; usage during May and June averaged 42 percent.

In general, the 1982 data mirrored the 1981 pattern in terms of levels and period-to-period movements (see, for example, the trends in mailing label usage, above). The incidence of preparer signatures, however, ran somewhat lower in 1982 during most of

the periods compared (Figure A). Thus indications after twelve weeks of the filing period were that usage of paid preparers, as reflected by the presence of their signature, was continuing the annual decline occurring in most years since 1976 [4]. The percentage with refund claims started somewhat higher this year than last year, but was running generally lower in 1982 after the initial weeks.

Individual Income Tax Returns, 1982 Filings

Table 1.--Returns Processed at National Computer Center: Number of Returns and Amounts for Selected Items, 1981 and Through March 1981 and March 1982

[Numbers of returns are in thousands; money amounts are in millions of dollars--average amounts are in dollars]

Period processed	Returns with--						
	Adjusted gross income	Salaries and wages	Interest income	Net capital gain	Itemized deductions	Acceptable total tax	Refunds certified
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number processed:							
January-March 1982.....	44,352	42,654	17,207	1,322	11,314	35,793	42,409
January-March 1981.....	45,829	44,285	18,222	1,259	10,476	36,070	44,190
Entire 1981.....	94,152	83,183	49,141	8,042	29,078	77,496	71,612
Percent of 1981 in January-March.....	48.7	53.2	37.1	15.6	36.0	46.5	61.7
Amount:							
January-March 1982.....	646,185	630,255	15,842	1,236	78,913	81,878	29,894
January-March 1981.....	606,892	591,343	11,958	1,150	68,601	72,793	28,140
Entire 1981.....	1,612,749	1,335,909	104,335	29,621	219,884	257,287	48,416
Percent of 1981 in January-March.....	37.6	44.3	11.5	3.9	31.2	28.3	58.1
Average amount:							
January-March 1982.....	14,569	14,776	921	935	6,975	2,288	705
January-March 1981.....	13,243	13,353	656	913	6,548	2,018	637
Entire 1981.....	17,129	16,060	2,123	3,683	7,562	3,320	676
Percent increase, January-March 1982 over January-March 1981.....	10.0	10.7	40.4	2.4	6.5	13.4	10.7

Individual Income Tax Returns, 1982 Filings

Table 2.--Returns Processed at National Computer Center: Number of Returns and Amounts for Adjusted Gross Income and Acceptable Total Tax, by Size of Adjusted Gross Income, 1981 and Through March 1981 and March 1982

[Numbers of returns are in thousands and money amounts are in millions of dollars]

Item and period processed	Total reporting	Size of adjusted gross income			
		Under \$10,000	\$10,000 under \$15,000	\$15,000 under \$50,000	\$50,000 or more
	(1)	(2)	(3)	(4)	(5)
Adjusted Gross Income					
Number of returns:					
January-March 1982.....	44,352	19,466	7,404	17,035	448
January-March 1981.....	45,829	21,897	7,716	15,952	264
Entire 1981.....	94,152	38,641	14,359	38,024	3,128
Percent of 1981 in January-March.....	48.7	56.7	53.7	42.0	8.4
Amount:					
January-March 1982.....	646,185	93,290	91,528	433,061	28,306
January-March 1981.....	606,892	105,251	95,200	389,509	16,931
Entire 1981.....	1,612,749	172,831	177,674	992,544	269,701
Percent of 1981 in January-March.....	37.6	60.9	53.6	39.2	6.3
Acceptable Total Tax					
Number of returns:					
January-March 1982.....	35,793	11,067	7,298	16,982	447
January-March 1981.....	36,070	12,276	7,618	15,914	263
Entire 1981.....	77,496	22,372	14,122	37,882	3,120
Percent of 1981 in January-March.....	46.5	54.9	53.9	42.0	8.4
Amount:					
January-March 1982.....	81,878	4,911	9,238	61,612	6,117
January-March 1981.....	72,793	5,482	9,623	53,912	3,776
Entire 1981.....	257,287	9,947	17,807	149,966	79,567
Percent of 1981 in January-March.....	28.3	55.1	54.0	35.9	4.7

Table 3.--Selected Reporting Characteristics of Form 1040 and Form 1040A Returns Filed Through April 9, 1981 and April 8, 1982

Period received	All returns	Returns with--					
		Refund claim	IRS official mail label	Paid preparer signature	Earned income credit	Interest/dividend exclusion	All Savers Certificate interest
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of Returns (In thousands)							
Number received--							
Through April 8, 1982.....	62,863	52,718	38,219	21,895	4,292	25,846	644
Through April 9, 1981.....	63,796	51,824	38,754	22,579	5,202		
Entire 1981.....	94,776	n.a.	55,254	38,868	7,058	n.a.	n.a.
Percentage With Item for Period							
Percentage--							
Through April 8, 1982.....	n.a.	83.9	60.8	34.8	6.8	41.1	1.0
Through April 9, 1981.....			60.7	35.4	8.2		
Entire 1981.....			n.a.	58.3	41.0	7.4	n.a.

n.a. - Not available or not applicable.

DATA SOURCES AND LIMITATIONS

The data on returns processed during January through March of 1981 and 1982 were prepared at the National Computer Center (NCC) as part of a monthly tabulation series. The data are cumulative for returns processed after January 1 of each year and reflect almost exclusively postings of Forms 1040 and 1040A for the tax year ending the previous December 31.

Variations in the counts of returns handled during a given period reflect differences in concepts and processes. An example for 1981 is provided below. In general, the annual total for the service centers exceeds the comparable NCC figure for such reasons as the failure of some returns to "post" to the Master File (due, for example, to erroneous social security numbers). Annual NCC figures closely approximate the Statistics of Income (SOI) population since the latter is sampled from the flow of the NCC posting process.

<u>Tax Year 1980 (1981 filing)</u> <u>Individual Income Tax Returns</u>	
<u>1980 SOI</u>	94,154,944
<u>Service Centers (12/31/81)</u>	
Receipts of 1040 and 1040A.....	94,776,000
Processed 1040 and 1040A.....	94,438,000
<u>National Computer Center</u>	
Posted through 12/31/81.....	94,008,000
Special tabulation (Dec. 1981).....	94,151,000

Data on returns received at service centers by April 8, 1981 and 1982 are derived from continuous sampling of returns immediately after receipt at service centers. Sampling was conducted at a designated 1:13,000 rate in 1981--and 1:15,000 in 1982--for the annual Taxpayer Usage Study. Data from that study used in this report apply exclusively to Form 1040 and 1040A returns filed for Tax Years 1980 and 1981, respectively.

Definitions

The concepts used in this report depart somewhat from those employed in Statistics of Income because the information comes from different sources. The terms for which such differences are important are defined below.

Net Capital Gain.--Consists of net gain or loss from sales of capital assets, including capital gain distributions, reported on Schedule D (Capital Gains and Losses).

Acceptable Total Tax.--Includes income tax after credits, plus tax from recomputing prior-year investment credit, self-employment tax, minimum tax, alternative minimum tax, and other minor taxes. The data for acceptable total tax have not been adjusted for earned income credit and, therefore, overstate actual tax liability by that amount.

Refunds Certified.--Includes the principal amount of refunds from all individual returns, including amended returns (Form 1040X), regardless of tax year, that have been certified by NCC for payment and have been sent to the disbursing office. It also includes refunds calculated for taxpayers requesting IRS to compute their tax and refund.

Refund Claim.--In the Taxpayer Usage Study, includes returns with a taxpayer entry for refund, whether erroneous or not. It does not include returns qualifying for a refund if the taxpayer has requested that IRS compute the tax and refund. Further information on the data sources used in this article will be found in the references shown below.

References

- [1] Hoffmeier, Noreen, "Preliminary Income and Tax Statistics from the 1980 Individual Income Tax Returns," SOI Bulletin, vol. 1, no. 3, Winter 1981-82, p. 5.
- [2] Grayson, Paul, "Individual Income Tax Returns: Selected Characteristics from the 1980 Taxpayer Usage Study," SOI Bulletin, vol. 1, no. 3, Winter 1981-82, pp. 13-21.
- [3] New York Times, February 3, 1982, p. D.13
- [4] Grayson, Paul, op. cit., p. 13.

Employee Benefit Plans, 1977

By Nicholas Greenia*

The first truly comprehensive study of employee benefit plans is now complete [1]. This study is based on Form 5500 Series returns filed for Plan Year 1977, the time period applicable to plans whose year ending dates fell within the range December 1, 1977, through November 30, 1978. It reveals that for Plan Year 1977 almost 1.2 million employee benefit plans reported \$331 billion in assets, \$59 billion in contributions, \$33 billion in distributions and a total of 159 million participants.

FILING REQUIREMENTS

Filing a Form 5500 Series annual return for a plan covered by the Employee Retirement Income Security Act (ERISA) of 1974 was required of most employee benefit plan sponsors, such as corporations, partnerships, unions, tax-exempt organizations, self-employed individuals, or some similar entity. Each plan administrator or sponsor maintaining a pension plan was required to file a return whether or not the plan purported to qualify for tax purposes under Internal Revenue Code section 401(a) and even if benefits had ceased to accrue--a so-called "frozen plan" or "wasting trust." A pension plan return was not required if the plan was--

1. maintained outside the United States and benefited mostly non-resident aliens,
2. an unfunded excess benefit plan (benefits beyond those allowed tax-qualified plans), or
3. an unfunded plan maintained by the employer to provide benefits for a select group of management or highly compensated employees.

Form 5500 was required for a pension plan with 100 or more participants, Form 5500-C for a pension plan with fewer than 100 participants, and Form 5500-K for a pension plan with fewer than 100 participants and at least one owner-employee (see Definitions).

A return for a welfare plan generally was required unless the plan had fewer than 100 participants at the beginning of its plan year and benefits were paid solely from--

1. the plan sponsor's general assets,
2. through insurance contracts purchased from the plan sponsor's general assets or partly from these and partly from plan participants' contributions, or
3. a combination of the above.

Otherwise, Form 5500 was required for a welfare plan with 100 or more participants [2] and Form 5500-C was required for a welfare plan with fewer than 100 participants.

HIGHLIGHTS

The present study, reported on here, offers on computer tape a wealth of information on type of plan, funding arrangement, balance sheet, income statement, plan terminations, plan amendments, and Pension Benefit Guaranty Corporation coverage [3].

As shown in Figure A, most reported assets were in pension, or deferred compensation, plans. Many welfare plans (particularly those of health insurance) were on a pay-as-you-go basis requiring only that currently incoming contributions be sufficient to fund expected outgoing benefit payments, so that it is not unexpected that most assets were reported in pension plans. Most reported participants, on the other hand, were in welfare plans, which provided such benefits as health insurance, life insurance, and supplemental unemployment benefits. Since it was possible for an individual to participate in more than one welfare plan or pension plan, double-counting of participants proved unavoidable (see "Participant Double-Counting" under Nonsampling Error).

Figure A.-- Returns for All Employee Benefit Plans: Asset and Participant Information by Type of Form and Plan

(All figures are estimates based on samples)

Type of Plan	Returns (thousands)	Assets (millions)	Participants (thousands)
Total	1,157.3	\$331,142.6	159,468.1
Form 5500, total ...	89.8	283,558.2	153,586.2
Pension Plans	35.1	272,356.9	53,467.4
Welfare Plans	54.5	9,177.2	99,798.8
Combination Plans..	0.2	2,024.2	320.0
Form 5500-C, total .	418.1	41,105.4	4,974.5
Pension Plans	413.2	40,870.6	4,826.1
Welfare Plans	4.1	139.6	135.7
Combination Plans..	0.8	95.2	12.7
Form 5500-K			
Pension Plans	649.5	6,479.0	907.4

Of the 1.2 million employee benefit plans 95 percent were pension plans; the other 5 percent were mostly welfare plans. Approximately 59 percent of the pension plans were Keogh or self-employed plans filing Form 5500-K (see Tables 7 and 8). Despite the large number of such returns, they represented only 2 percent of the total 59 million pension plan participants and only 2 percent of the total \$319.7 billion in pension assets. Of the 448,230 remaining

*Business and Pension Statistics Section. Prepared under the direction of James Dumais, Acting Chief.

pension plans, 413,178 filed Form 5500-C, but, like the Form 5500-K plans, the percentages of assets and participants they represented were small: 8 percent of total pension participants and 13 percent of total pension assets. Although only 3 percent or 35,052 of all pension plan returns were Forms 5500, they accounted for over 90 percent, or 53 million, of pension plan participants and 85 percent, or \$272 billion, of pension plan assets.

Of the 58,540 welfare plans, 4,061 filed Form 5500-C, representing only 135,729 of the total 100 million welfare plan participants and only \$139.6 million of the \$9.3 billion in welfare plan assets. Most welfare plans, 93 percent, filed Form 5500, and represented almost 100 percent of welfare plan participants and welfare plan assets.

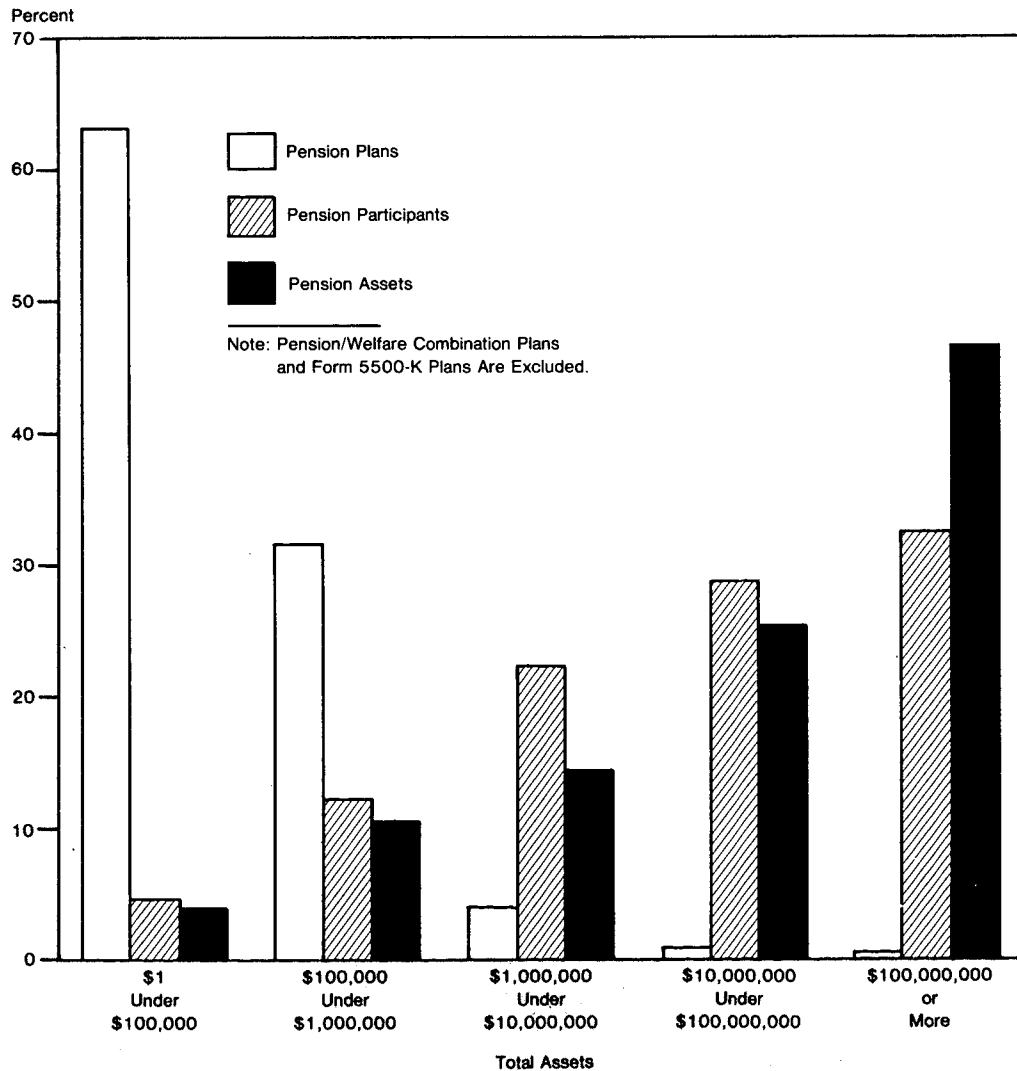
Assets

A dominant idea presented by the data is that most participants and assets were concentrated in a few plans [4]. The unavailability of tabulations prevents determining how many of these few plans accounting for most participants and assets were multi-employer plans and how many were single-employer plans.

Most welfare plans reported no assets (see "Zero Reported Assets" under Nonsampling Error). As previously mentioned, most health insurance plans were funded on a pay-as-you-go basis with really no stocks of assets to speak of. Since many welfare plans also were fully funded through insurance contracts and therefore not required to complete balance sheet information (see "Missing Data" under Nonsampling Error), the lack of reported assets for welfare plans is not surprising.

Figure B.

Pension Plans Reporting Assets: Percentage of Plans, Participants, and Total Assets by Size of Total Assets



While the majority of pension plans did report assets, most were small both in terms of assets and participants represented. For pension plans reporting assets, the concentration is most marked in the distribution of Form 5500 and 5500-C pension plan assets by asset category, investment category, and size of total assets.

As already noted, large pension plans accounted for the lion's share of both pension assets and pension participants. In Figure B and Table 3, the degree of concentration is defined: over 60 percent of pension plans reported assets of less than \$100,000, accounting for less than 3 percent of total reported assets. In fact, 99 percent of pension plans reporting assets had less than 30 percent of total pension assets. Thus, some 3,000, or less than 1 percent of, pension plans reporting assets controlled over 70 percent of pension assets. While over 60 percent of reported participants were also represented by these plans, the top 0.1 percent of plans nevertheless accounted for 33 percent of reported plan participants and over 46 percent of reported pension assets--accentuating the skewed character of the distributions.

As Figure C illustrates, most pension assets, 78 percent, were reported as investments; the great bulk of these, some 47 percent of assets, was in corporate stocks and bonds. Actually, this figure understates the true proportion of corporate stocks and bonds since pooled funds were frequently composed of these as well. Form 5500 investments constituted 69 percent of all pension assets with almost half of this amount in corporate common stocks, representing 31 percent of pension assets.

It now appears that 1977 private non-insured pension assets may have been almost \$90 billion higher than the \$181.2 billion previously estimated by the Securities and Exchange Commission (SEC) in its 1981 news release [5].

Even after excluding Form 5500-K assets, which contained an unknown portion of insured funds, pension assets for Forms 5500 and 5500-C came to \$313.2 billion. Subtracting the \$40 billion reported as unallocated insurance contracts for Form 5500 and 5500-C pension plans and the \$3.5 billion reported on Form 5500 Series by some government plans (see "Missing Data" under Nonsampling Error) leaves \$269.7 billion [6], or \$88.5 billion more than the SEC estimate.

According to Laurence Kotlikoff and Daniel Smith in their forthcoming Pensions and the American Economy [7], this discrepancy stems from two basic factors: (1) the absence of any benchmark for the SEC survey since 1967 (thereby omitting those new plans formed since then) and (2) the dwindling size of the SEC's survey sample, from some 1500 trusts in the 1950's to a little over 400 in the 1970's.

If the IRS figure of \$269.7 billion for private non-insured pension assets is added to the American Council of Life Insurance's \$101.5 billion [8] estimate for private insured pension assets (both allocated and unallocated insurance contracts), an estimate of \$371.2 billion is obtained for total private pension assets in 1977.

Income and Expenses

Income and expenses were dominated by Form 5500 pension plans and by their largest components, contributions and distributions, respectively. Across industries, contributions as a percentage of income for Form 5500 pensions (see Figure D and Table 5) ranged from a low of 70.9 percent for Mining to a high of 76.2 percent for Services. Such uniformity was not maintained across total assets strata (see Figure E and Table 4). A peak of 94.3 percent was reached for plans with total assets under \$50,000, but, as total assets increased, contributions accounted for less and less of income, reaching a low of approximately 70

Figure C.--Returns for Pension Plans: Percentage of Assets by Asset Category

[Money amounts are in millions of dollars]

Type of asset	Pension plans					
	Total		Form 5500		Form 5500-C	
	Amount	Percent	Amount	Percent	Amount	Percent
	(1)	(2)	(3)	(4)	(5)	(6)
Total assets.....	313,227.5	100.0	272,356.9	87.0	40,870.6	13.0
Cash and net receivables.....	25,076.0	8.0	15,847.6	5.1	9,228.4	2.9
Total investments ¹	243,036.3	77.6	215,875.2	68.9	27,161.1	8.7
Government securities.....	23,947.6	7.6	21,935.0	7.0	2,012.6	0.6
Corporate debt and equity.....	146,960.2	46.9	136,285.3	43.5	10,674.9	3.4
Common stock.....	n.a.	n.a.	97,867.9	31.2	n.a.	n.a.
Other.....	n.a.	n.a.	38,417.4	12.3	n.a.	n.a.
Pooled funds.....	38,344.3	12.2	31,796.8	10.2	6,547.5	2.0
Other investments ²	33,784.2	10.8	25,858.1	8.3	7,926.0	2.5
Unallocated insurance contracts.....	39,990.6	12.8	37,198.1	11.9	2,792.5	0.9
Other assets ³	5,124.5	1.6	3,435.9	1.1	1,688.5	0.5

n.a. - Not available.

¹Includes an unknown amount of Form 5500-C party-in-interest investments and \$24.1 billion of Form 5500 party-in-interest investments as shown in table 5.

²Includes regulated investment company stock, real estate, mortgages, and nonmortgage loans shown separately in tables 3, 4, and 5.

³Includes buildings and other depreciable assets, available separately in tables 3, 4, and 5.

NOTE: Excludes Form 5500-K and pension/welfare combination plans.

Figure D.

Form 5500 Pension Plans: Contributions as a Percent of Income and Distributions as a Percent of Expenses, for Selected Industries (Note: Excludes Pension/Welfare Combination Plans)

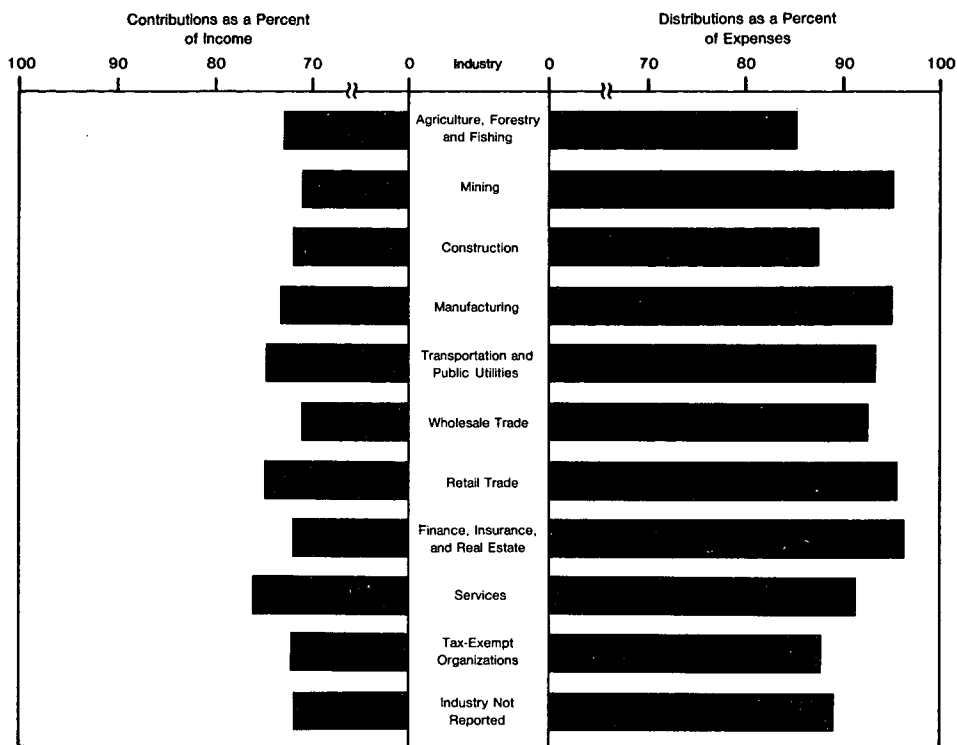
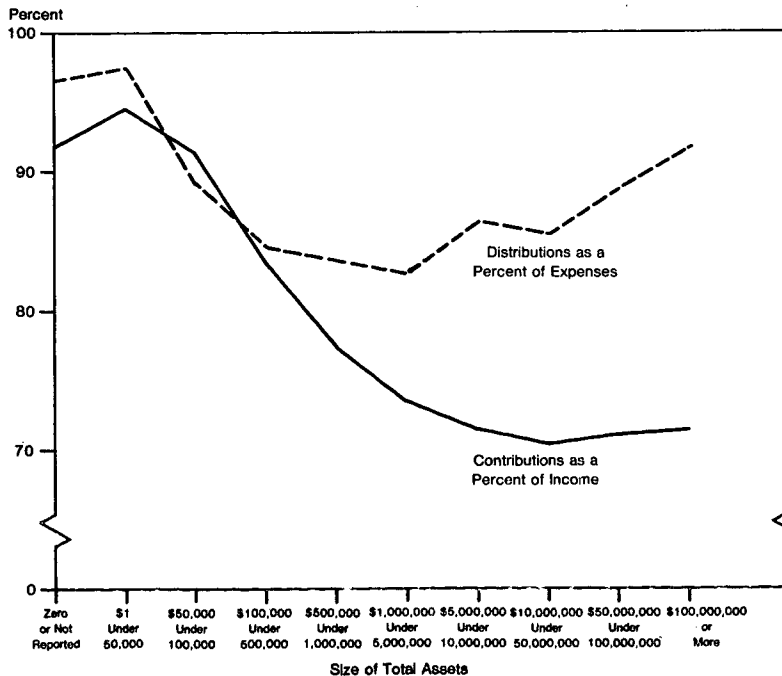


Figure E.

Pension Plans With 100 or More Participants: Contributions as a Percent of Income and Distributions as a Percent of Expenses, by Size of Total Assets



Note: Excludes Pension/Welfare Combination and Form 5500-K Plans.

percent for plans with assets over \$10,000,000--not terribly surprising when one remembers that this is where the investments were as well (see Table 4).

Distributions as a percentage of expenses followed a similar pattern, but to a lesser degree, ranging from 85.5 percent for Agriculture to 96.4 percent for Finance, insurance, and real estate (see Figure D and Table 5) across industries. However, after peaking at 97.2 percent for plans with assets under \$50,000 and bottoming out at 82.8 percent for plans with assets between \$1 million and \$5 million, distributions rose to 91.7 percent for plans with assets of \$100 million or more (see Figure E and Table 4).

Participants

Double-counting of participants (see Nonsampling Error) presented some difficulties in attaining accurate representations, but the following valid observations can still be made.

Of the total 59.2 million pension participants reported, 9.4 million were in government plans, and almost all of these, some 9.3 million, were reported on Form 5500. Netting out these participants leaves an estimated 49.8 million participants in private pension plans, including Form 5500-K plans. (This total includes retired and separated participants currently receiving benefits or entitled to future benefits, as well as deceased participants whose beneficiaries are receiving benefits or are entitled to future benefits.)

Just as assets were concentrated in a few pension plans and asset size classes; so, too, were participants [4]. Although the top 1.2 percent of pension plans (see Table 3) controlled 80 percent of reported pension investments and over 77 percent of reported pension assets, they accounted for only 56 percent of participants.

Pension plan vesting (plan participants' nonforfeitable rights to their benefits) percentages behaved similarly to assets and total participants. Fully vested participants as a percentage of total active participants was lowest for Form 5500-C plans at 31.2 percent and highest for Form 5500 at 41.7 percent (see Tables 5 and 6). Vesting differences by industry were also quite striking; ranging from 21.4 percent for Retail Trade to 40.4 percent for Tax-Exempt Organizations in Form 5500-C plans and from 26.9 percent for Services to 56.9 percent for Transportation, communication, electric, gas, and sanitary services in Form 5500 plans.

Keogh or Self-Employed Plans

The Self-Employed Individuals Tax Retirement Act of 1962 (H.R. 10) entitled self-employed individuals to establish and participate in what became known as

Keogh or H.R. 10 retirement plans. In 1974 ERISA increased the contribution limits and otherwise amended requirements for these plans.

Filing requirements differed for Keogh plans depending on whether they were for the owner-employee (see Definitions) self-employed or the non owner-employee self-employed. Only owner-employee Keogh plans with less than 100 participants were required to file Form 5500-K; those with 100 or more participants, non owner-employee Keogh plans, and plans for professional corporations were required to file either Form 5500 or Form 5500-C, depending on the number of plan participants.

Over 25 percent of Form 5500-K returns reported net assets between \$10,000 and \$50,000 (see Table 8) and accounted for some 31 percent of reported Form 5500-K participants. These statistics are less than complete, however, when one considers that almost as many plans reported no assets whatsoever (see "Zero Reported Assets" under Nonsampling Error).

Vesting information was not required by Form 5500-K. Nevertheless, since 686,170 of the total reported 901,201 active participants were also self-employed and since 100 percent immediate vesting was required for non self-employed participants in plans adhering to master or prototype plan guidelines for purposes of tax qualification, it is safe to assume that the vast majority of Form 5500-K participants were, in fact, fully vested.

BASIC TABLE INFORMATION

Tables 1 and 3 present data classified by size of total assets for all welfare plans (Forms 5500 and 5500-C) and all pension plans (Forms 5500 and 5500-C) on participants, balance sheet, income statement, and selected plan characteristics. Tables 2 and 4 present similar information, but only for welfare and pension plans with 100 or more participants (essentially Form 5500). Table 5 shows detailed financial data at the beginning and end of the plan year and participant data for all Form 5500 returns by type of plan and major industry grouping. In addition, Tables 6 through 8 delineate selected form-specific pension data, averages, and percentages for Forms 5500-C and 5500-K by major industry grouping, as well as similar data stratified by size of assets.

Information on the sample and population used for the statistics, sampling and nonsampling error, definitions of certain terms employed throughout this article, and notes and references can be found immediately following Table 8.

Table 1.—Returns of Welfare Benefit Plans: Participation, Balance Sheet, Income Statement, Reconciliation of Net Assets, and Plan Characteristics, by Size of Total Assets

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

Item	Size of total assets											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total	Zero or less reported	\$1 under \$10,000	\$10,000 under \$25,000	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more	
Number of plans	56,540	49,547	1,222	889	932	1,059	2,542	821	1,111	176	126	15
Total participants	98,934,570	77,641,613	422,527	355,368	435,717	589,807	2,910,127	2,058,011	6,286,921	2,412,196	4,028,531	2,810,851
Total assets	9,316,835	14,857	4,948	14,857	34,503	74,130	632,432	646,101	2,403,923	1,332,136	2,441,734	1,641,734
Cash.....	2,362,252	3,133	4,948	9,725	20,219	42,702	331,188	343,693	859,700	399,262	399,262	68,956
Receivables.....	1,190,781	359	1,713	1,737	3,527	6,430	66,381	95,994	312,578	159,856	316,208	207,618
Total investments.....	5,032,980	381	2,881	1,031	7,571	19,456	176,456	108,613	1,061,922	632,941	1,546,956	1,379,694
Government securities.....	2,115,787	*22	*22	1,031	3,915	6,414	65,008	79,519	429,532	239,305	681,488	709,290
Real estate and mortgages.....	154,524	*22	*22	*22	1,188	2,987	25,856	8,267	53,969	21,819	55,268	24,928
Corporate debt and equity instruments.....	1,859,678	*65	*23	861	1,377	3,466	50,365	50,354	439,158	270,257	569,993	474,668
Other investments.....	198,643	—	*45	384	1,096	6,246	34,167	20,500	174,973	23,433	223,175	128,636
Buildings and other depreciable property.....	219,211	—	14	198	320	1,619	6,170	17,826	50,947	17,847	220,172	128,636
Unallocated insurance contracts.....	10,411	—	*2	*181	*2	2,429	8,172	17,995	16,577	23,988	22,121	20,190
Other assets.....	401,193	—	927	2,283	2,857	14,364	14,364	11,860	56,926	61,720	84,669	165,852
Total liabilities	2,428,286	*305	1,056	2,450	6,374	183,396	184,243	173,016	385,990	785,745	255,398	205,398
Payables.....	1,622,716	*92	805	4,653	104,056	121,613	483,263	221,299	492,679	203,943	492,679	203,943
Acquisition indebtedness.....	13,128	—	*15	—	*6	*669	—	3,288	321	3,406	4,831	4,831
Other liabilities.....	792,442	*213	237	999	3,717	10,045	48,671	62,042	246,465	143,770	229,660	46,624
Total income*	12,388,575	1,907,418	67,738	86,568	109,547	186,729	1,032,549	911,364	2,811,871	1,348,842	2,414,277	1,529,871
Total contributions to plan.....	11,440,411	1,845,342	67,959	85,956	106,848	159,115	979,311	868,938	2,622,340	1,169,697	2,126,133	1,408,973
Cash contributions.....	10,463,973	1,560,987	55,346	75,408	92,241	128,329	894,983	781,935	2,415,653	1,075,088	2,003,123	1,360,881
By employees.....	678,153	194,505	11,733	7,357	10,824	21,881	66,988	51,020	153,501	66,489	72,333	21,521
By other than employer or employees.....	288,069	68,781	779	2,955	8,905	14,559	14,559	35,389	51,915	23,768	50,676	26,571
Noncash contributions.....	10,216	1,069	—	*136	*12	—	*2,780	*594	*1,272	4,353	—	—
Earnings from investments.....	433,768	597	270	490	1,201	3,677	30,202	26,844	115,187	54,654	113,475	87,370
Realized gain on sale or exchange of assets.....	13,602	*179	—	216	1,491	520	500	121	3,072	5,914	5,914	1,604
Other income.....	500,794	61,300	1,610	217	1,481	3,417	22,536	15,661	71,071	122,812	166,755	31,924
Total expenses*	11,371,060	1,946,038	71,716	83,801	106,983	159,343	965,116	847,961	2,589,451	1,242,399	2,171,584	1,188,668
Total distribution of benefits and payments to provide benefits.....	10,392,947	1,895,557	66,857	78,066	94,503	138,493	870,694	782,641	2,365,016	1,046,927	1,894,131	1,182,081
Payments to insurance carriers or similar organizations for provision of benefits.....	4,626,095	314,621	40,968	29,277	40,684	67,222	361,547	249,799	1,064,081	646,282	1,100,874	710,739
Payments to other organizations or individuals providing welfare benefits.....	5,290,362	1,538,857	25,046	39,550	51,099	66,753	484,748	504,619	1,178,735	361,081	641,724	398,149
Interest expense.....	466,489	42,078	*843	7,298	2,720	4,518	24,399	28,223	122,199	39,564	141,533	53,172
Administrative expenses.....	3,849	—	*25	*20	*3	*18	618	553	1,315	341	194	—
Realized loss on sale or exchange of assets.....	592,502	21,312	3,229	5,686	7,966	10,815	69,100	50,598	169,034	132,959	111,813	9,890
Other expenses.....	12,560	71	28	10	22	479	479	368	2,339	1,212	6,665	1,323
Net assets, end of year.....	379,202	29,097	1,576	2,008	4,489	9,993	24,225	13,771	51,747	60,960	167,940	13,385
Net assets, beginning of year.....	6,886,549	*-305	3,791	12,407	26,130	55,217	470,036	481,858	1,690,907	866,746	1,715,428	1,586,335
Net income (less deficit).....	5,964,965	20,365	5,774	11,191	23,168	48,397	410,668	399,342	1,497,772	763,907	1,520,323	1,263,858
Net income (less deficit).....	1,017,515	-38,620	-1,977	2,767	2,564	7,366	67,433	63,403	222,220	106,443	242,693	343,203
Unrealized appreciation of assets.....	7,273	*3	*26	*31	*31	271	947	1,154	1,963	498	1,678	690
Unrealized depreciation of assets.....	118,180	—	*15	78	78	3,108	3,108	3,246	29,923	14,977	45,172	21,459
Other changes in net assets.....	16,978	17,948	-12	-1,551	445	-662	-6,104	1,205	-1,125	10,876	-4,094	53
Number of plans:												
Amended in current plan year.....	8,220	6,757	122	78	198	121	353	184	298	60	42	7
Terminated in current or any prior plan year.....	906	859	*13	1	*22	1	*8	1	1	—	—	—
Merged or consolidated in current plan year or with assets or liabilities transferred to another plan.....	644	607	1	*9	*10	*2	2	3	6	4	—	—
With changed trustees, accountants, insurance carriers, actuaries, administrators, investment managers, or custodians in current plan year.....	6,042	3,661	135	208	172	221	698	337	450	87	69	4
With surety bond coverage.....	30,621	22,875	890	717	785	843	2,294	871	1,048	170	125	13
With plan administrator other than plan sponsor.....	12,031	9,449	531	308	307	326	669	177	219	18	23	4

*Estimate should be used with caution because of the small number of sample returns on which it is based. Income and expense statement data are representative of only plans not unfunded or not fully funded through insurance contracts. NOTE: Detail may not add to total due to rounding.

Employee Benefit Plans, 1977

Table 2. - Returns of Welfare Benefit Plans With 100 or more Participants: Participation, Balance Sheet, Income Statement, Reconciliation of Net Assets, and Plan Characteristics, by Size of Total Assets

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

Item	Total	Zero or not reported	\$1 under \$10,000	\$10,000 under \$25,000	\$25,000 under \$50,000	\$50,000 under \$100,000	Size of total assets					\$50,000,000 under \$50,000,000	\$50,000,000 or more
							(1)	(2)	(3)	(4)	(5)		
Number of plans	51,644	44,789	640	550	647	685	2,078	885	1,056	1,056	167	122	15
Total participants	98,601,928	76,552,655	400,967	349,444	416,599	571,965	2,876,968	2,015,697	6,243,948	6,243,948	2,378,207	3,984,627	2,810,951
Total assets	8,992,441	—	2,828	9,084	24,404	49,294	508,303	620,329	2,292,342	2,292,342	1,173,455	2,370,670	1,841,734
Cash.....	2,236,667	—	2,238	6,254	14,928	28,809	292,376	327,254	823,951	823,951	280,524	393,375	68,956
Receivables.....	1,139,474	—	252	1,068	3,223	5,399	72,577	90,449	293,093	293,093	155,174	310,473	207,618
Total investments.....	4,816,269	—	197	997	5,399	12,623	119,026	157,710	1,054,632	1,054,632	224,417	1,488,693	1,378,694
Government securities.....	2,153,878	—	159	636	2,940	5,527	58,495	78,629	419,546	419,546	224,417	1,488,693	1,378,694
Pooled funds and mutual funds.....	141,832	—	22	224	1,124	2,987	14,178	8,267	53,968	53,968	20,867	15,268	709,290
Corporate debt and equity instruments.....	1,780,044	—	15	95	956	2,970	30,764	49,406	407,698	407,698	254,806	586,762	474,668
Real estate and mortgages.....	132,495	—	1	—	—	222	964	909	11,558	11,558	54,123	42,172	20,828
Other investments.....	608,022	—	1	—	—	916	14,623	20,500	161,951	161,951	74,662	206,303	128,638
Buildings and other depreciable property.....	211,892	—	6	184	298	3,814	8,148	16,299	50,166	50,166	67,228	71,750	1,324
Unallocated insurance contracts.....	105,881	—	3	—	—	658	6,778	17,128	16,577	16,577	22,210	20,190	20,190
Other assets.....	380,257	—	98	261	543	1,488	13,732	53,922	53,922	53,922	84,259	84,259	613,952
Total liabilities	2,318,758	—	471	7,690	7,690	16,285	144,666	181,900	661,820	661,820	348,798	699,591	255,398
Payables.....	1,566,826	—	354	—	—	7,305	99,843	119,303	432,476	432,476	211,909	486,015	203,943
Acquisition indebtedness.....	739,298	—	117	—	—	608	186	3,288	3,288	3,288	321	3,406	833
Other liabilities.....	12,634	—	—	—	—	4	—	—	—	—	—	—	203,943
Total income	11,927,872	1,875,683	59,215	80,036	98,790	148,017	984,829	892,182	2,653,089	2,653,089	1,293,377	2,333,790	1,599,871
Payments to insurance carriers or similar organizations for provision of benefits.....	11,043,442	1,814,145	58,903	79,619	98,482	143,812	922,023	851,058	2,503,087	2,503,087	1,116,468	2,049,442	1,408,873
Cash contributions.....	10,091,285	1,555,620	47,671	69,985	82,731	116,011	843,488	788,891	2,298,786	2,298,786	1,023,149	1,927,071	1,380,881
By employer.....	658,417	189,530	10,285	7,148	10,174	19,486	62,559	46,611	153,181	153,181	65,218	71,894	21,521
By other than employer or employees.....	283,599	67,925	348	2,350	3,563	8,315	13,271	13,271	51,848	51,848	23,168	50,676	26,571
Noncash contributions.....	10,141	—	1,069	—	—	112	2,705	—	—	—	—	—	—
Earnings from investments.....	414,040	47	176	304	850	2,690	25,087	25,087	109,424	109,424	52,438	109,757	87,370
Realized gain on sale or exchange of assets.....	12,578	—	—	—	—	—	—	—	—	—	—	—	—
Other income.....	457,812	60,883	736	101	1,454	1,501	17,947	15,505	36,008	36,008	1,668	5,852	1,604
Total expenses	10,947,809	1,914,293	60,168	76,051	96,526	142,741	914,765	836,436	2,433,512	2,433,512	1,189,155	2,095,493	1,186,668
Total distribution of benefits and payments to provide benefits.....	10,023,621	1,866,527	57,023	72,647	85,287	128,601	827,507	773,552	2,223,911	2,223,911	999,093	1,827,614	1,162,061
Payments to insurance carriers or similar organizations for provision of benefits.....	4,495,029	301,666	36,477	27,980	35,070	84,379	352,166	245,275	1,051,470	1,051,470	619,050	1,051,156	710,739
Payments to other organizations or individuals providing welfare benefits.....	5,073,310	1,525,481	19,735	37,899	48,604	60,465	453,524	501,890	1,050,401	1,050,401	340,973	636,208	398,149
Interest expense.....	455,482	39,400	*910	7,168	1,613	3,757	21,816	26,387	122,040	122,040	39,070	140,248	53,172
Administrative expenses.....	596,086	20,729	1,647	3,979	7,413	7,953	64,468	48,573	161,756	161,756	341	934	9,890
Realized loss on sale or exchange of assets.....	12,388	—	—	—	—	—	—	—	—	—	—	—	—
Other expenses.....	341,835	27,033	1,247	1,392	3,812	4,158	21,793	13,360	44,323	44,323	56,217	151,107	13,395
Net assets, end of year	6,573,682	*-305	2,357	7,248	16,714	33,006	363,637	438,430	1,630,523	1,630,523	824,657	1,071,079	1,568,335
Net assets, beginning of year.....	5,685,164	18,164	3,287	6,800	14,060	28,848	321,414	383,571	1,440,558	1,440,558	725,259	1,478,366	1,263,858
Net income (less deficit).....	980,063	-38,611	-953	1,979	2,263	5,276	50,064	55,746	218,577	218,577	104,222	238,297	343,203
Unrealized appreciation of assets.....	6,674	—	*21	26	75	25	635	1,154	1,953	1,953	488	1,678	680
Unrealized depreciation of assets.....	115,873	—	*5	23	75	147	2,528	3,245	29,439	29,439	14,425	44,526	21,459
Other changes in net assets.....	17,634	20,139	7	-1,533	464	-986	-5,947	1,205	-1,125	-1,125	9,104	-3,736	53
Number of plans:													
Amended in current plan year.....	7,526	6,318	70	42	100	102	322	182	285	285	58	40	7
Terminated in current or any prior plan year.....	580	556	3	1	*10	1	*7	1	1	1	—	—	—
Merged or consolidated in current plan year, or with assets or liabilities transferred to another plan.....	576	539	1	*9	*10	*2	2	3	6	6	4	—	—
With changed trustees, accountants, insurance carriers, actuaries, administrators, investment managers, or custodians in current plan year.....	5,242	3,293	69	128	109	151	573	327	436	436	87	65	4
With surety bond coverage.....	27,510	21,951	499	454	577	624	1,970	835	1,002	1,002	164	121	13
With plan administrator other than plan sponsor.....	9,815	8,094	239	153	189	227	503	177	192	192	18	23	4

*Estimate should be used with caution because of the small number of sample returns on which it is based. Income and expense statement data are representative of only plans not unfunded or not fully funded through insurance contracts. NOTE: Detail may not add to total due to rounding.

Table 5. — Returns of Form 5500 Employee Benefit Plans: Participation, Balance Sheet, Income Statement, and Reconciliation of Net Assets, by Type of Plan for Selected Industries — Continued

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

Item	Type of plan — Continued											
	Agriculture services, hunting and trapping				Mining				Construction			
	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit
(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(24)
General investments other than party-in-interest												
Investments—Continued												
Shares of registered investment company:												
Beginning of year.....	5,471	—	5,471	—	2,423	—	2,423	—	47,021	*3,828	43,194	—
End of year.....	6,499	—	6,499	—	1,672	—	1,672	—	49,900	*2,433	47,467	—
Real estate:												
Beginning of year.....	1,422	—	1,422	—	21,524	7,325	14,199	—	183,280	13,365	169,915	—
End of year.....	1,406	—	1,406	—	20,313	6,994	13,319	—	204,078	13,285	190,793	—
Mortgages:												
Beginning of year.....	3,540	—	3,540	—	34,265	—	34,265	—	879,840	10,394	869,362	83
End of year.....	3,353	—	3,353	—	33,288	—	33,288	—	1,000,430	9,157	991,199	74
Loans other than mortgages:												
Beginning of year.....	84	—	84	—	3,240	—	3,240	—	41,491	4,574	36,917	—
End of year.....	87	—	87	—	3,140	—	3,140	—	56,576	4,093	52,483	—
Value of interest in pooled funds:												
Beginning of year.....	12,996	3,230	9,766	—	644,142	—	644,142	—	482,424	6,524	475,899	—
End of year.....	13,749	1,412	12,337	—	754,640	3,676	750,965	—	565,847	11,985	553,338	*524
Other investments:												
Beginning of year.....	13,350	601	12,749	—	211,966	21,177	190,790	—	712,517	49,909	662,608	—
End of year.....	12,778	540	12,238	—	263,959	28,045	235,914	—	883,801	53,399	830,401	—
Total investments other than party-in-interest:	210,938	7,529	203,409	—	2,970,600	31,530	2,939,071	—	9,039,947	684,480	8,347,046	*8,422
Beginning of year.....												
End of year.....	244,519	2,897	241,622	—	3,175,615	42,135	3,133,480	—	10,206,473	748,516	9,449,462	*8,495
Party-in-interest investments:												
Corporate debt instruments:												
Beginning of year.....	2,685	—	2,685	—	2,653	—	2,653	—	9,627	2,822	7,005	—
End of year.....	3,886	—	3,886	—	1,535	—	1,535	—	6,238	1,711	4,527	—
Corporate stocks, preferred:												
Beginning of year.....	—	—	—	—	3,665	—	3,665	—	17,507	—	17,507	—
End of year.....	—	—	—	—	1,591	—	1,591	—	13,584	—	13,584	—
Corporate stocks, common:												
Beginning of year.....	816	272	544	—	419,750	—	419,750	—	85,848	—	85,668	*180
End of year.....	952	303	649	—	439,003	—	439,003	—	100,813	—	100,533	*280
Real estate:												
Beginning of year.....	3,500	—	3,500	—	9,454	—	9,454	—	7,070	—	7,070	—
End of year.....	—	—	—	—	7,870	—	7,870	—	6,905	—	6,905	—
Mortgages:												
Beginning of year.....	—	—	—	—	650	—	650	—	63,639	963	62,677	—
End of year.....	—	—	—	—	414	—	414	—	61,666	824	60,842	—
Loans other than mortgages:												
Beginning of year.....	23	—	23	—	39	—	39	—	12,591	1,709	10,882	—
End of year.....	22	—	22	—	202	—	202	—	28,917	2,917	26,000	—
Other investments:												
Beginning of year.....	1,665	—	1,665	—	27,123	—	27,123	—	48,658	3,122	45,536	—
End of year.....	2,346	—	2,346	—	48,589	—	48,589	—	64,954	7,966	56,988	—
Total party-in-interest investments:	8,690	272	8,418	—	463,333	—	463,333	—	244,941	8,416	236,344	*180
Beginning of year.....												
End of year.....	7,206	303	6,903	—	499,204	—	499,204	—	283,076	13,417	269,379	*280
Buildings and other depreciable property:												
Beginning of year.....	97	10	86	—	663	63	600	—	92,029	40,067	51,961	—
End of year.....	89	9	81	—	65	65	—	—	101,534	45,809	55,725	—
Value of unallocated insurance contracts:												
Separate accounts:												
Beginning of year.....	30,601	—	30,601	—	67,844	—	67,844	—	249,941	615	249,326	—
End of year.....	33,110	—	33,110	—	82,314	—	82,314	—	284,888	624	284,264	—
Other:												
Beginning of year.....	37,093	—	37,093	—	450,167	—	450,167	—	795,754	5,797	789,956	—
End of year.....	41,380	—	41,380	—	545,509	—	545,509	—	980,965	5,400	975,565	—
Total unallocated insurance contracts:	67,694	—	67,694	—	518,011	—	518,011	—	1,045,695	6,412	1,039,282	—
Beginning of year.....												
End of year.....	74,491	—	74,491	—	627,823	—	627,823	—	1,265,853	6,024	1,259,828	—
Other assets:												
Beginning of year.....	6,093	137	5,956	—	6,874	136	6,738	—	87,844	26,241	61,600	3
End of year.....	7,023	128	6,895	—	17,207	144	17,063	—	94,833	27,111	67,717	5
Total assets:	323,375	9,528	313,847	—	4,194,696	66,748	4,127,949	—	12,280,126	1,665,958	10,602,769	*11,399
Beginning of year.....												
End of year.....	360,507	5,219	355,287	—	4,600,075	80,279	4,519,796	—	13,895,300	1,882,925	11,998,702	*13,674

Footnotes at end of table.

Table 5. — Returns of Form 5500 Employee Benefit Plans: Participation, Balance Sheet, Income Statement, and Reconciliation of Net Assets, by Type of Plan for Selected Industries — Continued

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

Item	Type of plan—Continued											
	Manufacturing				Transportation, communication, electric, gas, and sanitary services				Wholesale trade			
	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit
(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	
General investments other than party-in-interest												
Investments—Continued												
Shares of registered investment company:												
Beginning of year	243,549	*168	243,381	—	46,425	6,393	40,033	—	24,897	—	24,897	—
End of year	297,029	*197	296,831	—	45,522	5,638	39,883	—	28,689	—	28,689	—
Real estate:												
Beginning of year	913,053	*1,668	911,385	—	600,742	*10,905	589,836	—	19,987	—	19,987	—
End of year	945,992	*1,746	944,247	—	655,679	*9,163	646,516	—	19,935	—	19,935	—
Mortgages:												
Beginning of year	748,818	35,651	713,167	—	868,144	452	867,692	—	22,850	—	22,850	—
End of year	839,385	33,207	806,178	—	822,397	1,157	821,241	—	22,810	—	22,810	—
Loans other than mortgages:												
Beginning of year	195,457	*462	191,054	3,941	78,918	*617	78,301	—	9,849	51	9,799	—
End of year	220,838	*966	215,717	4,154	86,059	153	85,905	—	10,544	49	10,495	—
Value of interest in pooled funds:												
Beginning of year	16,074,053	33,693	16,017,305	*23,055	2,525,685	3,546	2,522,139	—	362,908	—	362,908	—
End of year	20,915,839	48,095	20,839,266	*28,478	3,055,549	4,415	3,051,134	—	399,152	—	399,152	—
Other investments:												
Beginning of year	6,512,641	*196,719	6,310,292	5,630	1,154,088	47,762	1,106,326	—	177,823	4,130	173,693	—
End of year	7,826,488	222,247	7,594,712	9,529	1,443,614	65,002	1,378,612	—	224,289	*5,978	218,310	—
Total investments other than party-in-interest:												
Beginning of year	98,843,905	1,406,681	97,380,327	56,896	31,620,166	686,104	30,934,062	—	2,384,180	59,326	2,324,854	—
End of year	104,660,909	1,720,411	102,869,170	71,329	33,339,165	806,128	32,533,036	—	2,570,276	61,284	2,508,992	—
Party-in-interest investments:												
Corporate debt instruments:												
Beginning of year	201,544	113	201,431	—	473,007	1,003	472,004	—	4,411	—	4,411	—
End of year	185,533	*994	184,540	—	421,659	7,190	414,469	—	5,829	—	5,829	—
Corporate stocks, preferred:												
Beginning of year	211,367	2,428	208,938	1	5,566	—	5,566	—	3,563	*490	3,074	—
End of year	243,874	3,245	240,628	1	9,199	—	9,199	—	1,938	—	1,938	—
Corporate stocks, common:												
Beginning of year	11,010,200	*40,663	10,969,526	12	2,198,499	2,583	2,195,916	—	128,978	*1,280	127,698	—
End of year	10,635,894	*35,524	10,600,353	16	2,663,771	5,444	2,658,328	—	148,021	*1,315	146,706	—
Real estate:												
Beginning of year	155,248	—	155,248	—	41,749	2,172	39,576	—	20,683	—	20,683	—
End of year	143,791	—	143,791	—	40,682	2,142	38,540	—	17,386	—	17,386	—
Mortgages:												
Beginning of year	31,571	600	30,971	—	56,070	—	56,070	—	4,971	—	4,971	—
End of year	29,187	600	28,587	—	21,970	—	21,970	—	5,038	—	5,038	—
Loans other than mortgages:												
Beginning of year	25,659	—	25,659	—	6,552	3,636	2,915	—	11,542	*311	11,231	—
End of year	23,595	—	23,595	—	6,558	3,548	3,010	—	12,943	*291	12,652	—
Other investments:												
Beginning of year	1,063,588	3,320	1,060,220	248	798,014	2,954	795,060	—	27,297	3,966	23,331	—
End of year	1,452,224	4,295	1,444,568	3,362	1,562,145	4,485	1,557,660	—	29,151	3,887	25,264	—
Total party-in-interest investments:												
Beginning of year	12,699,178	47,124	12,651,794	261	3,579,457	12,349	3,567,108	—	201,444	*6,047	195,397	—
End of year	12,714,097	44,657	12,666,061	3,379	4,725,984	22,809	4,703,175	—	220,306	*5,493	214,813	—
Buildings and other depreciable property:												
Beginning of year	24,306	3,743	20,560	*3	80,390	60,063	20,327	—	14,903	4,514	10,388	—
End of year	27,714	3,354	24,358	*2	80,748	58,549	22,199	—	15,601	4,298	11,303	—
Value of unallocated insurance contracts:												
Separate accounts:												
Beginning of year	3,411,923	3,530	3,408,393	—	1,563,447	696	1,562,751	—	119,952	—	119,952	—
End of year	3,580,412	1,684	3,578,728	—	1,593,301	2,535	1,590,766	—	130,937	—	130,937	—
Other:												
Beginning of year	12,578,680	17,608	12,557,095	*3,977	4,285,331	*1,951	4,270,932	12,448	425,933	*543	425,354	36
End of year	14,206,058	21,121	14,180,588	*6,349	4,702,613	*1,813	4,685,171	15,629	536,078	*591	535,430	56
Total unallocated insurance contracts:												
Beginning of year	15,990,604	21,139	15,965,488	*3,977	5,848,777	*2,847	5,833,682	12,448	545,885	*543	545,306	36
End of year	17,788,470	22,805	17,759,316	*6,349	6,295,914	*4,348	6,275,937	15,629	687,014	*591	686,367	56
Other assets:												
Beginning of year	2,392,790	208,134	2,184,496	*160	480,784	7,159	473,624	—	64,336	6,680	57,656	—
End of year	2,323,901	260,264	2,063,417	*220	514,639	7,613	507,027	—	55,186	8,101	47,085	—
Total assets:												
Beginning of year	136,895,100	2,045,561	134,777,836	71,703	43,764,780	1,256,735	42,495,597	12,448	3,615,881	121,068	3,494,777	36
End of year	146,044,084	2,498,093	143,456,147	89,844	47,460,133	1,449,925	45,994,579	15,629	3,981,289	133,009	3,848,224	56

Footnotes at end of table.

Table 5.—Returns of Form 5500 Employee Benefit Plans: Participation, Balance Sheet, Income Statement, and Reconciliation of Net Assets, by Type of Plan for Selected Industries — Continued

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

Item	Type of plan—Continued											
	Retail trade				Finance, insurance, and real estate				Services			
	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit
(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	
General investments other than party-in-interest investments—Continued												
Shares of registered investment company:												
Beginning of year.....	39,609	1,330	38,279	—	167,441	*3,051	164,389	—	52,909	300	52,610	—
End of year.....	42,555	1,152	41,403	—	180,274	*3,309	176,965	—	61,283	441	60,843	—
Real estate:												
Beginning of year.....	38,394	—	38,043	352	69,565	—	69,565	—	37,691	*3,152	34,519	21
End of year.....	46,281	*75	45,882	324	73,350	975	72,374	—	37,834	*4,087	33,713	34
Mortgages:												
Beginning of year.....	75,292	1,918	72,993	381	265,671	3,550	262,075	47	50,899	2,686	48,179	33
End of year.....	72,703	2,660	69,691	352	303,893	3,865	299,982	45	50,503	1,698	48,773	32
Loans other than mortgages:												
Beginning of year.....	11,281	—	11,281	—	39,192	1,154	38,038	—	12,124	707	11,417	—
End of year.....	11,578	—	11,578	—	34,926	1,476	33,449	—	25,566	418	25,148	—
Value of interest in pooled funds:												
Beginning of year.....	731,073	13,319	717,378	376	2,102,556	3,807	2,097,843	905	1,146,467	12,135	1,125,859	8,474
End of year.....	839,412	15,977	822,654	782	2,579,033	6,490	2,570,963	1,580	1,329,734	15,155	1,300,745	13,834
Other investments:												
Beginning of year.....	837,114	27,035	809,309	770	581,752	*30,853	550,889	9	571,740	16,320	550,908	4,512
End of year.....	1,029,996	41,314	987,921	762	611,114	*10,023	601,081	9	672,890	27,848	639,264	5,779
Total investments other than party-in-interest:	6,208,056	209,042	5,986,706	12,308	12,218,208	56,870	12,149,610	11,727	6,280,951	147,988	6,076,734	56,230
End of year.....	6,636,542	240,358	6,383,227	12,957	13,230,655	66,832	13,148,941	14,882	7,096,242	182,662	6,857,942	55,638
Party-in-interest investments:												
Corporate debt instruments:												
Beginning of year.....	15,756	373	15,383	—	32,865	277	32,589	—	7,846	—	7,846	—
End of year.....	11,691	373	11,318	—	22,510	—	22,510	—	8,198	—	8,198	—
Corporate stocks, preferred:												
Beginning of year.....	21,349	—	21,349	—	24,660	—	24,660	—	6,767	—	6,767	—
End of year.....	30,036	—	30,036	—	45,020	—	45,020	—	7,230	—	7,230	—
Corporate stocks, common:												
Beginning of year.....	2,771,605	24,466	2,747,139	—	1,172,148	457	1,171,691	—	266,277	1,624	264,653	—
End of year.....	2,414,816	16,292	2,398,523	—	1,210,383	927	1,209,456	—	306,575	1,073	305,502	—
Real estate:												
Beginning of year.....	150,601	—	150,601	—	33,292	—	33,292	—	15,177	75	15,102	—
End of year.....	171,187	—	171,187	—	12,484	—	12,484	—	15,456	82	15,374	—
Mortgages:												
Beginning of year.....	18,788	56	18,731	—	20,498	—	20,498	—	4,685	236	4,449	—
End of year.....	15,366	56	15,310	—	19,734	—	19,734	—	4,250	85	4,165	—
Loans other than mortgages:												
Beginning of year.....	5,085	122	4,963	—	13,116	37	13,079	—	4,226	1,980	2,246	—
End of year.....	5,063	317	4,746	—	14,617	62	14,555	—	4,619	1,933	2,686	—
Other investments:												
Beginning of year.....	74,544	10	74,535	—	486,123	85	486,038	—	77,981	*8,676	69,305	—
End of year.....	78,761	8	78,753	—	615,766	369	615,397	—	108,748	*15,177	93,571	—
Total party-in-interest investments:	3,057,728	25,027	3,032,701	—	1,782,702	855	1,781,847	—	382,958	*12,590	370,368	—
End of year.....	2,726,919	17,048	2,709,873	—	1,940,513	*1,358	1,939,156	—	455,076	18,350	436,726	—
Buildings and other depreciable property:												
Beginning of year.....	51,224	3,600	47,624	—	3,741	404	3,336	—	50,763	43,017	7,746	—
End of year.....	52,669	3,486	49,183	—	4,086	417	3,669	—	48,874	42,809	6,065	—
Value of unallocated insurance contracts:												
Separate accounts:												
Beginning of year.....	236,683	226	236,457	—	2,604,071	7,762	2,581,039	15,270	340,727	1,329	338,951	447
End of year.....	170,313	990	169,323	—	2,623,456	7,991	2,595,867	19,597	374,236	1,595	371,947	694
Other:												
Beginning of year.....	618,926	385	618,541	—	4,091,495	22,151	2,937,073	1,132,271	1,050,652	3,866	992,995	*53,792
End of year.....	730,345	1,389	728,956	—	4,535,939	24,341	3,329,869	1,181,730	1,304,383	4,497	1,235,515	*64,371
Total unallocated insurance contracts:	855,609	611	854,998	—	6,695,566	29,912	5,518,112	1,147,541	1,391,379	5,194	1,331,946	*54,239
End of year.....	900,659	2,379	898,280	—	7,159,395	32,333	5,925,736	1,201,326	1,678,619	6,093	1,607,462	*65,065
Other assets:												
Beginning of year.....	63,075	9,007	54,068	—	217,332	5,846	211,486	—	99,810	10,627	89,088	96
End of year.....	71,574	13,603	57,971	—	223,925	11,353	212,573	—	87,161	11,285	75,776	101
Total assets:	11,104,183	418,683	10,671,813	13,687	21,925,091	129,872	20,633,877	1,161,342	9,101,080	419,177	8,569,126	*112,777
End of year.....	11,423,346	471,870	10,937,588	13,888	23,785,011	172,997	22,393,601	1,218,413	10,493,500	500,930	9,868,840	*123,731

Footnotes at end of table.

Table 5. — Returns of Form 5500 Employee Benefit Plans: Participation, Balance Sheet, Income Statement, and Reconciliation of Net Assets, by Type of Plan for Selected Industries — Continued

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

Item	Type of plan — Continued							
	Tax-exempt organizations				Industry not reported			
	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit
(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	
Number of returns.....	8,659	5,275	3,317	67	5,971	3,778	2,155	38
Active participants:								
Total:	17,810,805	8,085,259	9,623,981	101,565	5,255,844	3,691,334	1,544,457	20,053
Fully vested.....	3,442,223	—	3,427,305	14,918	526,643	—	516,108	*10,535
Partially vested.....	837,890	—	809,271	*28,619	289,314	—	288,130	*1,184
Nonvested.....	4,487,701	—	4,433,117	54,584	719,353	—	716,332	*3,021
Vesting not reported.....	957,732	—	954,288	*3,444	29,200	—	23,887	5,313
Retired or separated participants receiving benefits.....	2,275,411	454,178	1,796,138	25,095	292,522	151,636	138,862	*2,024
Retired or separated participants entitled to future benefits.....	514,371	121,150	383,712	9,509	73,629	23,094	50,179	*356
Participants, subtotal.....	20,600,587	8,660,587	11,803,831	136,169	5,621,995	3,866,064	1,733,498	22,433
Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	250,260	84,615	165,565	80	27,598	15,340	11,970	288
Participants, total.....	20,678,168	8,572,523	11,969,396	136,249	5,604,899	3,836,710	1,745,468	22,721
Cash on hand:								
Beginning of year.....	61,496	17,532	43,964	—	24,553	2,877	21,475	*201
End of year.....	44,633	16,358	28,275	—	43,997	4,114	39,699	*184
Cash in bank:								
Certificates of deposit:								
Beginning of year.....	537,064	245,233	281,201	10,630	140,509	51,132	88,978	*400
End of year.....	638,889	288,871	316,973	33,045	203,103	71,923	131,090	90
Other interest bearing:								
Beginning of year.....	319,423	151,338	167,995	*90	127,815	47,951	79,314	*551
End of year.....	268,338	150,134	118,147	*57	128,920	51,239	77,268	*414
Noninterest bearing:								
Beginning of year.....	97,131	55,457	35,778	5,896	34,354	18,590	15,726	*39
End of year.....	94,821	55,155	38,783	883	31,812	16,446	15,331	*36
Total cash:								
Beginning of year.....	1,015,114	469,559	528,938	*16,617	327,232	120,549	205,493	*1,190
End of year.....	1,046,681	502,179	502,179	*33,985	407,832	143,721	283,388	*724
Employer contributions receivable:								
Beginning of year.....	233,269	99,647	123,914	*9,707	234,306	36,227	194,971	*3,108
End of year.....	272,247	119,454	142,302	10,492	297,140	42,841	250,878	*3,421
Employee contributions receivable:								
Beginning of year.....	13,870	3,879	9,990	1	16,339	855	15,483	—
End of year.....	16,982	4,367	12,614	1	19,621	3,131	16,490	—
Other receivables:								
Beginning of year.....	128,155	38,129	83,810	6,216	80,216	12,078	66,059	*80
End of year.....	155,192	42,057	102,102	11,034	68,654	9,774	58,753	*127
Less reserve for doubtful accounts:								
Beginning of year.....	5,808	5,082	725	—	3,081	2,806	275	—
End of year.....	10,006	7,430	2,577	—	4,241	3,947	294	—
Net receivables:								
Beginning of year.....	369,486	136,573	216,990	*15,924	327,780	46,354	278,238	*3,188
End of year.....	434,415	158,448	254,441	21,526	381,175	51,799	325,828	*3,548
General investments other than party-in-interest investments:								
U.S. Government securities, long-term:								
Beginning of year.....	1,418,626	216,597	1,098,380	103,649	388,240	71,004	316,976	260
End of year.....	1,819,885	245,048	1,523,943	50,895	421,702	71,031	347,364	*3,306
U.S. Government securities, short-term:								
Beginning of year.....	238,532	44,294	174,445	19,793	85,977	6,789	78,798	*389
End of year.....	316,631	58,984	224,010	33,638	106,421	5,350	100,100	*970
State and municipal securities:								
Beginning of year.....	29,836	7,123	22,713	—	13,433	*2,361	11,071	—
End of year.....	42,320	7,479	34,840	—	12,029	*2,064	9,965	—
Corporate debt instruments, long-term:								
Beginning of year.....	2,543,607	157,803	2,385,804	—	1,106,917	64,940	1,040,195	*1,782
End of year.....	2,668,827	166,996	2,425,362	76,469	1,188,018	72,686	1,113,244	*2,088
Corporate debt instruments, short-term:								
Beginning of year.....	24,684	190,739	20,887	20,887	325,129	4,270	320,476	*384
End of year.....	679,461	38,886	567,299	73,276	401,038	7,609	393,054	*375
Corporate stocks, preferred:								
Beginning of year.....	59,238	3,587	53,820	1,831	45,663	*1,456	44,198	9
End of year.....	56,193	4,801	49,347	2,045	36,833	*1,011	35,818	4
Corporate stocks, common:								
Beginning of year.....	2,614,487	55,885	2,386,617	171,986	1,573,213	31,423	1,539,317	*2,473
End of year.....	2,565,192	55,685	2,335,855	173,652	1,547,609	27,720	1,517,131	*2,759

Footnotes at end of table.

Table 5. — Returns of Form 5500 Employee Benefit Plans: Participation, Balance Sheet, Income Statement, and Reconciliation of Net Assets, by Type of Plan for Selected Industries — Continued

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

Item	Type of plan—Continued							
	Tax-exempt organizations				Industry not reported			
	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit	Total	Welfare benefit	Pension benefit	Combination of welfare and pension benefit
(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	
General investments other than party-in-interest investments—Continued								
Shares of registered investment company:								
Beginning of year.....	45,668	1,522	44,147	—	35,842	4,684	31,158	—
End of year.....	45,208	1,374	43,834	—	36,711	1,761	34,950	—
Real estate:								
Beginning of year.....	97,527	16,166	80,701	659	26,864	343	26,521	—
End of year.....	105,916	16,139	89,306	470	28,368	361	28,007	—
Mortgages:								
Beginning of year.....	649,112	23,955	613,541	11,617	277,325	1,792	275,533	—
End of year.....	688,565	24,229	653,992	10,344	307,988	1,628	306,360	—
Loans other than mortgages:								
Beginning of year.....	58,196	*17,589	40,608	—	10,966	500	10,466	—
End of year.....	59,270	*18,091	41,179	—	15,839	*592	15,247	—
Value of interest in pooled funds:								
Beginning of year.....	641,562	6,604	634,958	—	574,361	*10,906	562,462	*993
End of year.....	771,343	9,725	761,618	—	694,936	*25,856	668,383	*697
Other investments:								
Beginning of year.....	619,931	63,268	552,707	3,956	321,227	2,662	318,423	*141
End of year.....	757,743	82,465	670,443	4,836	425,641	5,155	420,362	*123
Total investments other than party-in-interest:	9,252,632	639,075	8,279,179	334,377	4,765,156	203,131	4,575,594	*6,431
Party-in-interest investments:	10,576,553	729,901	9,421,027	425,625	5,223,133	222,825	4,989,985	*10,323
Corporate debt instruments:								
Beginning of year.....	11,809	—	11,809	—	24,492	7	24,485	—
End of year.....	13,646	—	13,646	—	21,772	7	21,764	—
Corporate stocks, preferred:								
Beginning of year.....	356	—	356	—	23,282	—	23,282	—
End of year.....	287	—	287	—	34,622	—	34,622	—
Corporate stocks, common:								
Beginning of year.....	16,777	*1,610	15,167	—	430,659	—	430,659	—
End of year.....	20,692	*1,610	19,082	—	405,195	—	405,195	—
Real estate:								
Beginning of year.....	—	—	—	—	15,539	160	15,379	—
End of year.....	—	—	—	—	13,929	162	13,767	—
Mortgages:								
Beginning of year.....	27,636	643	26,994	—	8,219	1,414	6,806	—
End of year.....	36,305	540	35,765	—	7,873	1,500	6,373	—
Loans other than mortgages:								
Beginning of year.....	9,090	645	8,446	—	8,190	21	8,170	—
End of year.....	8,584	812	7,772	—	9,171	17	9,154	—
Other investments:								
Beginning of year.....	25,356	1,840	23,516	—	46,638	*9,055	37,584	—
End of year.....	30,329	1,852	28,477	—	97,273	*9,387	87,886	—
Total party-in-interest investments:	91,025	4,738	86,288	—	557,020	10,656	546,364	—
End of year.....	109,843	4,814	105,029	—	589,835	11,074	578,761	—
Buildings and other depreciable property:								
Beginning of year.....	50,561	47,129	2,986	445	17,746	10,585	7,161	—
End of year.....	56,138	48,987	6,729	421	14,351	10,387	3,964	—
Value of unallocated insurance contracts:								
Separate accounts:								
Beginning of year.....	411,508	*1,969	389,188	20,350	375,718	*18,671	357,046	—
End of year.....	454,040	*3,298	427,428	23,313	406,409	*21,343	384,164	*902
Other:								
Beginning of year.....	667,149	5,394	645,481	16,273	371,038	*1,106	362,558	7,374
End of year.....	795,958	7,259	769,232	19,468	466,222	*1,290	455,942	8,990
Total unallocated insurance contracts:	1,078,656	7,363	1,034,670	36,624	746,755	19,777	719,604	7,374
End of year.....	1,249,998	10,556	1,196,660	42,781	872,632	*22,633	840,106	*9,692
Other assets:								
Beginning of year.....	215,351	32,650	129,524	*53,177	41,975	4,503	37,374	*98
End of year.....	183,544	38,896	144,638	11	54,418	6,403	47,927	*88
Total assets:	12,072,825	1,337,087	10,278,575	457,163	6,803,665	415,555	6,369,829	*18,281
End of year.....	13,657,173	1,502,120	11,630,704	524,349	7,543,376	468,841	7,049,959	*24,575

Footnotes at end of table.

Employee Benefit Plans, 1977

Table 6.—Returns for Form 5500-C Pension Plans: Number of Plans, Participants, and Assets, by Industry

[All figures are estimates based on samples]

Industry	Plans		Participants				Assets		
	Number ¹	Percent of pension plans ²	Total	Average per plan	Percent of pension participants	Fully vested as a percent of active participants	Total	Average per participant	Percent of pension assets
	(1)	(2)	(3)	(4)	(5)	(6)	(Thousands) (7)	(Dollars) (8)	(9)
All industries.....	413,178	92.2	4,826,109	12	8.3	31.2	40,870,565	8,469	13.0
Agriculture ³	6,076	1.4	52,716	9	0.1	30.8	361,019	6,848	0.1
Mining.....	1,870	0.4	41,767	22	0.1	26.7	261,168	6,253	0.1
Construction.....	25,624	5.7	251,799	10	0.4	35.1	2,295,071	9,115	0.7
Manufacturing.....	51,257	11.4	1,205,440	24	2.1	32.4	7,392,959	6,133	2.4
Transportation ⁴	7,841	1.7	143,503	18	0.2	36.0	1,005,987	7,010	0.3
Wholesale trade.....	40,965	9.1	521,170	13	0.9	28.7	4,992,314	9,579	1.6
Retail trade.....	35,201	7.9	522,315	15	0.9	21.4	2,712,054	5,192	0.9
Finance, insurance, and real estate.....	31,047	6.9	423,141	14	0.7	31.2	3,614,110	8,541	1.2
Services.....	153,060	34.1	968,803	6	1.7	32.4	13,900,673	14,348	4.4
Tax-exempt organizations.....	16,772	3.7	244,295	15	0.4	40.4	783,290	3,206	0.3
Industry not reported.....	43,465	9.7	451,160	10	0.8	31.7	3,551,920	7,873	1.1

¹Excludes pension/welfare combination plans.²Excludes pension/welfare combination plans and Form 5500-K Plans.³Contains agricultural crop, livestock production, services, forestry, fishing, hunting, and trapping.⁴Includes communication, electric, gas, and sanitary services.

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

Table 7.—Returns for Form 5500-K Plans: Number of Plans, Participants, and Assets, by Industry

[All figures are estimates based on samples]

Industry	Plans		Participants			Net assets		
	Number	Percent of Form 5500-K plans	Total	Average per plan	Percent of Form 5500-K participants	Total	Average per participant	Percent of net assets
	(1)	(2)	(3)	(4)	(5)	(Thousands) (6)	(Dollars) (7)	(8)
All industries.....	649,456	100.0	907,403	1	100.0	6,479,048	7,140	100.0
Agriculture ¹	106,527	16.4	119,163	1	13.1	521,055	4,372	8.0
Mining.....	2,139	0.3	2,948	1	0.3	23,220	7,877	0.4
Construction.....	21,392	3.3	26,162	1	2.9	120,221	4,595	1.9
Manufacturing.....	12,118	1.9	16,436	1	1.8	92,879	5,651	1.4
Transportation ²	6,033	0.9	7,070	1	0.8	27,092	3,832	0.4
Wholesale trade.....	17,616	2.7	21,968	1	2.4	170,202	7,748	2.6
Retail trade.....	37,837	5.8	55,880	1	6.2	242,598	4,341	3.7
Finance, insurance, and real estate.....	53,771	8.3	64,925	1	7.2	451,849	6,960	7.0
Services.....	305,450	47.0	491,602	2	54.2	4,261,978	8,670	65.8
Tax-exempt organizations.....	675	0.1	690	1	0.1	1,874	2,716	-
Industry not reported.....	85,898	13.2	100,559	1	11.1	566,101	5,630	8.7

¹Contains agricultural crop, livestock production, services, forestry, fishing, hunting, and trapping.²Includes communication, electric, gas, and sanitary services.

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

Table 8.—Returns for Form 5500-K Plans: Asset and Participant Information by Size of Net Assets

[All figures are estimates based on samples]

Size of net assets	Plans		Participants			Net assets		
	Total	Percent of Form 5500-K plans	Total	Average per plan	Percent of Form 5500-K participants	Total	Average per participant	Percent of net assets
	(1)	(2)	(3)	(4)	(5)	(Thousands) (6)	(Dollars) (7)	(8)
All Form 5500-K.....	649,456	100.0	907,403	1	100.0	6,479,048	7,140	100.0
Zero or not reported.....	163,727	25.2	198,601	1	21.9	-	-	-
\$1 under \$5,000.....	186,505	28.7	200,939	1	22.1	433,201	2,156	6.7
\$5,000 under \$10,000.....	109,306	16.8	131,542	1	14.5	794,640	6,041	12.3
\$10,000 under \$25,000.....	118,445	18.2	170,019	1	18.7	1,898,330	11,165	29.3
\$25,000 under \$50,000.....	53,855	8.3	110,165	2	12.1	1,857,838	16,864	28.7
\$50,000 under \$100,000.....	13,124	2.0	51,727	4	5.7	854,196	16,514	13.2
\$100,000 under \$250,000.....	2,822	0.4	26,259	9	2.9	391,790	14,920	6.0
\$250,000 under \$500,000.....	488	0.1	12,675	26	1.4	169,213	13,350	2.6
\$500,000 or more.....	*61	*(¹)	*4,147	*68	*0.5	*88,986	*21,458	*1.4

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

¹Less than 0.10 percent.

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

DATA SOURCES AND LIMITATIONS

These statistics are based on stratified probability samples of unaudited employee benefit plan returns and were obtained from two Statistics of Income (SOI) sample files. The first sample was drawn from returns processed by IRS from July 1, 1978, through June 30, 1979, and contained 83,545 records (including duplicates). However, since Plan Year 1977 returns received or processed by IRS after June 30, 1979--due to late filing, correspondence with the filer, etc.--were not included in this sample, the resulting file was incomplete, i.e., only an estimated 75 percent of Forms 5500 and 5500-C were represented, although 99 percent of Forms 5500-K were [9]. The sample file (see Figure F for complete sample sizes) was ultimately completed by extracting and merging with the first sample some 17,700 Plan Year 1977 returns (including duplicates) sampled from July 1, 1979, through June 30, 1980. Approximately 100 percent of each form type for Plan Year 1977 were then deemed represented. Of course, Plan Year 1977 returns received or processed by IRS after June 30, 1980, would not be represented by the data in this study, but the number of such later returns, as well as any impact they might have on aggregates, are considered to be minimal for most statistical purposes.

Figure F.-- Plan Year 1977 Estimated Population and Sample

Type of Plan	Estimated Population	Sample Counts
Total	1,157,281	94,312
Form 5500:		
Pension plans	35,052	34,862
Welfare plans ¹	54,712	19,946
Form 5500-C:		
Pension plans	413,178	13,703
Welfare plans ¹	4,883	707
Form 5500-K:		
Pension plans	649,456	25,094

¹Includes pension/welfare combination plans.

The sample designs employed in both files were essentially the same: all Form 5500 welfare plans with 1000 or more participants and all Form 5500 pension plans were to be selected; the remaining plans were sampled at various rates based upon type of form, type of plan, and number of participants. Both samples were selected on the basis of a systematic design of randomly-designated ending digits of the employer identification number.

Because the estimates are based on samples, they are subject to sampling error. The return data were also subject to nonsampling error due to reporting idiosyncrasies as well as differences between form instructions and their interpretation by filers. Short expositions follow below on both types of error.

Sampling Error

Sampling introduces imprecision to the estimates. The imprecision of an estimate is measured by the standard deviation, which is presented here as a percentage of the estimate and called the coefficient of variation (CV). The upper limits of the coefficient of variation shown below (for frequency estimates only) are intended as a general indicator of the sampling

error of the data. However, the data presented for Form 5500 pension plans are not subject to sampling error.

Coefficient of Variation (Percent)	Pension Plans (Number)	Welfare Plans (Number)
2	75,000	25,000
5	12,000	4,000
10	3,000	1,000
15	1,333	444
20	750	250
25	480	160

Nonsampling Error

Nonsampling error was controlled during statistical processing by a variety of methods. Among them was a systematic verification at the field processing locations of the manual data editing. As a further check on the quality of the editing, small subsamples selected after field verification were reprocessed in the National Office. Key entry of the data at the processing locations was also subjected to verification.

Prior to tabulation, numerous computer tests were applied to each return record to check for inconsistencies. Finally, prior to publication, all statistics and tables were reviewed for accuracy in light of provisions of the tax law, reporting variations and limitations, economic conditions, and comparability with other statistical series.

Other Limitations

Participant Double-Counting.--Because a plan sponsor could maintain more than one pension or welfare plan but had to file a separate return for each type of pension plan, it was possible to report duplicated participant information. Moreover, the same participant could have belonged to two or more different employee benefit plans offered by different sponsors. Since a general dearth of microdata on individual plan participants [10] made it impossible to determine the number of unique plan participants, such double-counting during tabulations was unavoidable.

It is probable that participant double-counting was more prevalent for welfare plans than pension plans, since it seems easier to imagine someone participating in multiple welfare plans such as health insurance, life insurance, prepaid legal or dental plans, etc., than in multiple plans of deferred compensation.

Missing Data.--The primary reason for missing financial data is that plans funded through insurance contracts often faced filing requirements different from those for other plans. Fully insured welfare plans were not required to complete any balance sheet or income statement items. Form 5500 and 5500-C pension plans fully funded through allocated insurance contracts (insurance contracts allocated to individual participants' accounts, in contrast to unallocated insurance contracts or those in a general fund) were not required to complete asset and liability items on the balance sheet. Income and expense items were deleted during statistical processing of the few of these pension plans which left the balance sheet blank but did complete income and expense items.

In addition, plans partially funded through allocated insurance contracts and partially through a trust were required to report only asset and liability items pertaining to the trust, so that allocated insurance contracts are not represented in any fashion by tabulated balance sheet data.

A secondary explanation for missing financial data is that Forms 5500 and 5500-C filed for government plans, plans for churches not electing coverage under Internal Revenue Code section 410(d), individual

retirement account trusts, and annuity arrangements of certain exempt organizations (Internal Revenue Code section 403(b)(1)) were not required to report any balance sheet and income statement information at all.

Missing participant data posed a different problem since the returns were processed for statistical purposes after correspondence had occurred between IRS and the return filers, i.e., when little could be done to resolve the situation. While this problem does not appear to have been widespread, it probably does account for such abnormalities as the few plans which can be deduced from Tables 3 and 4 to have had less than 100 participants but more than \$10 million in assets--an unlikely possibility, to say the least.

Zero Reported Assets.--Approximately 85 percent of welfare plans (see Tables 1 and 2) and 14 percent of Form 5500 and 5500-C pension plans (see Tables 3 and 4) reported no assets on their balance sheets. It is quite probable that another reason for such statistics, in addition to those already enumerated in "Missing Data" above, is plan termination. Of the total 18,143 Form 5500 and 5500-C pension plans reporting termination, 8,092 also reported zero assets--a logical consequence.

Some 25 percent of Form 5500-K pension plans reported zero net assets. Unlike the instructions for Forms 5500 and 5500-C, those for Form 5500-K did not ask filers to omit financial information if their plans were fully insured through allocated insurance contracts, so that this explanation seems inadequate. Further, only 23,381 Form 5500-K plans reported termination, and even though 16,232 of these also reported zero net assets, termination does not seem a satisfactory explanation either. Instead, a more likely reason might be that, because Form 5500-K required reporting of plan net assets but had no separate line item for plan total assets, a number of administrators simply may have calculated plan net assets to be zero, figuring accrued future benefits as liabilities to negate current total assets.

Overreporting of Financial Data.--Overreporting of financial data could occur because many plans, through separate entities, shared a common or master trust as a vehicle for asset retention, investment, and distribution. Financial data reported for each of these plans should have shown only the particular plan's financial interest in the trust, but, in many cases, the entire trust's financial data were reported for each plan. Experience taught that any plan with assets per participant greater than \$25,000 or contributions per active participant greater than \$10,000 was likely to contain such a trust asset error. In one instance, 283 returns selected for the study had different identity information (i.e., plan sponsor, plan number, employer identification number, etc.) but the same financial data; each, in fact, reporting over \$200 million in net assets when the true figure was closer to several thousand dollars. Once identified, these records and others like them were corrected by using the plan's share of assets to fractionally reallocate its financial data.

Liabilities.--Data presented for liabilities should be treated with caution, since plans were not required to consider future benefit payments as claims against current assets, though, of course, those same future flows of benefits must eventually be provided, in large part, from current stocks of assets.

Assets Per Participant.--Using reported participants and reported assets yielded an average assets per participant by industry ranging from a low of \$972 per participant for Form 5500 Tax-Exempt Organizations to a high of \$14,348 per participant for Form 5500-C returns in the Services area (see Tables 5 and 6). Truer estimates might be obtained by using only participants and assets for plans which reported both.

Yet, as measures of average future financial security, even these figures should be viewed with caution, since there is no way of determining from the data what portion of reported assets current participants are entitled to, i.e., what vesting percentages (see Participants) apply to which amounts, or, for that matter, how much of their benefits will actually be derived from their own employee contributions.

Industry Code.--Each plan was required to report the industry or business code of its plan sponsor. For multi-employer pension plans and pension plans sponsored by unions this requirement resulted in some problems during tabulations, since the multi-employer plan sponsors may have crossed industries and the one business code reported could not be indicative of all the business activities. Additionally, the Department of Labor estimates that as many as 400-500 Form 5500 multi-employer pension plans incorrectly reported an industry code of 9319 (Tax-Exempt Organization) due to union co-sponsorship, rather than the industry code of the actual business activity in which the participants were engaged.

Definitions

Most of the terminology encountered in the Form 5500 Series of returns follows generally accepted accounting principles [11]. The few definitions presented here are not intended to be exhaustive but instead are offered to clarify selected terms perhaps not quite so familiar to the reader.

Active Participants.--Generally, active participants were those on whose behalf contributions were being made. They included individuals who were employed, and those not so employed and not entitled to future benefits, who were retaining or earning credited service (towards vested benefits) under the terms of the plan.

Employee Benefit Plan.--An employee benefit plan was a pension plan, welfare plan, or some combination of both. A pension plan provided deferred compensation; a welfare plan provided benefits such as health insurance, life insurance, and similar services. Typically, a pension plan could be categorized as either a defined benefit plan or a defined contribution plan. A defined benefit plan defined or specified the future benefits to be tendered; plan contributions, thus, must have been whatever necessary to fund such benefits and could vary over time. In contrast, a defined contribution plan defined or specified the contributions to be made, and future benefits were simply whatever such contributions would buy.

Owner-Employee.--An owner-employee was (a) a sole proprietor, or (b) a partner owning more than 10 percent of either the capital interest or the profits interest in a partnership. A pension plan for ten equal ownership partners was required to file Form 5500-C, or Form 5500 for 100 or more participants.

Party-in-Interest.--In effect, a party-in-interest could be almost anyone affiliated with the employee benefit plan, and included (1) any fiduciary, counsel, or employee of the plan; (2) any person providing services to the plan; (3) an employer any of whose employees were covered by the plan; and (4) an employee organization (such as a union) any of whose members were covered by the plan.

Vesting.--Vesting pertained to the nonforfeitable portion of the participant's accrued benefits for a defined benefit plan or the participant's account balance for a defined contribution plan, to which he or she was entitled. Vesting generally increased the longer a participant belonged to the plan, and every participant was always entitled to 100 percent of his or her own contributions to the plan.

NOTES AND REFERENCES

- [1] There were, however, unpublished data from a study more limited in scope and using a smaller sample conducted by the Department of Labor based upon the 1975 Form 5500 Series.
For preliminary 1977 IRS data, as well as a more complete treatment of the basic study's background and processing methodology, see Greenia, Nicholas H., and Rosa, Daniel A., "1977 Employee Benefit Plan Data--Form 5500 Series," 1981 Proceedings, American Statistical Association, Section on Survey Research Methods.
- [2] Welfare plans were required to complete only through the subtotal of participants for Form 5500; these subtotals were used during tabulations to compute total participants for welfare plans as well as total participants for all employee benefit plans.
- [3] Development of an annual Form 5500 Series data base for statistical purposes by the Internal Revenue Service (IRS) for the Department of Labor (DOL) was a result of a 1977 reimbursable agreement entered into by both agencies. Preliminary results from the 1977 Employee Benefit Plans statistical study were provided to DOL on computer tape in September 1980.
The complete data file contains information open to public inspection and can be purchased by writing to Director, Statistics of Income Division, Internal Revenue Service, 1111 Constitution Avenue, Washington, D.C. 20224. Selected tables are also available on a reimbursable basis.
- [4] Form 5500-K and pension/welfare combination plans are excluded from this discussion.
- [5] News Release, Securities and Exchange Commission, May 15, 1981.
- [6] An earlier preliminary estimate of \$282 billion is also available from the Department of Labor in their 1981 "Preliminary Estimates of Participant and Financial Characteristics of Private Pension Plans, 1977". This estimate was obtained by extrapolating from the Plan Year 1977 returns sampled in the period July 1, 1978 through June 30, 1979, (the preliminary 1977 file provided by IRS in September 1980) using counts of Plan Year 1977 returns sampled from July 1, 1979, through June 30, 1980, to adjust the weights. It is somewhat higher probably because these extrapolated weights may not have provided as precise an estimate as did those later derived from the complete 1977 file and because duplicates were not purged from the files as thoroughly as in the IRS effort.
- [7] Pensions and the American Economy, Laurence Kotlikoff and Daniel Smith, University of Chicago Press for the National Bureau of Economic Research, Inc., 1982 (forthcoming).
- [8] 1980 Pension Facts, American Council of Life Insurance, p. 8.
- [9] These percentage estimates were obtained by dividing Plan Year 1977 return counts from the IRS Employee Plan Master File (a magnetic tape file containing limited data for every employee benefit plan return processed by IRS) over a period comparable to the Statistics of Income sampling period by those of the population represented by the entire Plan Year 1977 Employee Plan Master File.
- [10] Plans are currently being made to partially overcome this shortage of microdata by abstracting and possibly tabulating pension indicator responses on the Form W-2 filed with an individual income tax return sampled for the Statistics of Income Individual Income Tax Return program.
- [11] See, for example, "Definitions of Terms" in either Statistics of Income--1977 Corporation Income Tax Returns or Statistics of Income--1978 Partnership Returns.

Nonresident Alien Income and Tax Withheld, 1971-1979

By Chris Carson*

The Internal Revenue Code requires that income paid by U.S. "persons" to nonresident aliens be taxed by withholding. In 1979, over \$5 billion of income was paid to nonresident aliens by U.S. organizations and "persons." The U.S. tax withheld on this income exceeded \$620 million. This tax was applied primarily to "passive" or unearned income, that is, income that was not connected with the conduct of a trade or business in the United States.

The basic tax rate on this income is 30 percent, although certain types of income are taxed at lower rates. Income paid to residents of countries that have entered into tax treaties with the United States, however, is typically taxed at a lower rate, also varying by type of income. The payor of the income is responsible for withholding this tax. When the tax is withheld, this represents final payment of the tax liability. No additional forms need be filed by either the recipient or the payor. Common examples of income subject to this tax are: dividends, interest, certain capital gains, royalties, pensions, scholarships, alimony and compensation for certain services. Certain kinds of most of these forms of income are exempt from withholding [1]. These include interest on deposits, certain dividends, interest on U.S. Treasury bills, and most capital gains. The major payors (organizations and "persons") of this income are corporations, individuals, partnerships, estates, and trusts.

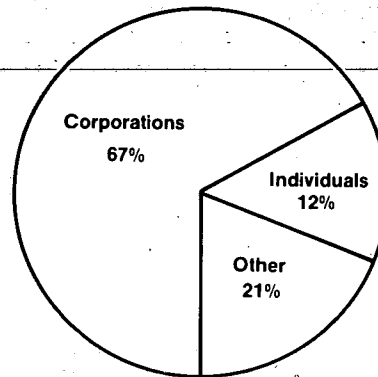
The most common types of income paid to nonresident aliens are dividends and interest. These accounted for approximately 86 percent of all income paid in 1979.

The relatively large percentage of total tax withheld on dividend income can be attributed partially to higher tax rates on dividend income than on most other

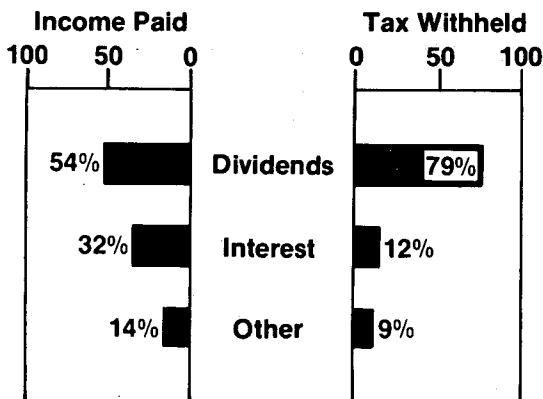
income types in many major income-receiving countries with tax treaties. The tax rate on interest payments to recipients in these countries is usually lower. In the case of most kinds of interest payments to some countries, for example, the United Kingdom and West Germany, no U.S. tax is withheld.

Corporations and individuals received about 79 percent of all U.S. income paid to nonresident alien persons. Other common recipients include: partnerships, fiduciaries, nominees, government organizations, exempt organizations, and private foundations.

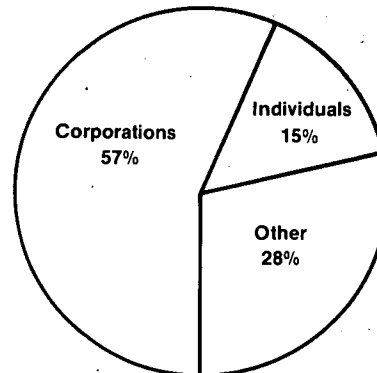
Percent of Total Income Paid, by Recipient Type, 1979



Percent of Total Income Paid and Percent of Total Tax Withheld, by Income Type, 1979



Percent of Total Tax Withheld, by Recipient Type, 1979



*Foreign Statistics Section. Prepared under the direction of Daniel F. Skelly, Chief, with technical assistance from Bill States.

The percent of income that is exempt from withholding varies among recipient types. Only 57 percent of the total U.S. tax withheld was withheld from income paid to foreign corporations, although these same foreign corporations received 67 percent of the total income. This can be attributed to the fact that a relatively large amount of income paid to corporations was exempt from withholding (32 percent). As only 20 percent of the income paid to individuals and 19 percent of the income paid to other noncorporate recipients was exempt from withholding, their proportion of the total tax withheld was relatively high (15 percent and 28 percent, respectively) when compared to the proportion of income they received (12 percent and 21 percent, respectively).

Although recipients in tax treaty countries typically enjoy lower U.S. tax rates, if the income is paid to a nominee or fiduciary, additional withholding is often required to be held by the country of the nominee or fiduciary in accordance with the applicable tax treaty. The purpose of this additional withholding is to prevent citizens of nontreaty countries from taking advantage of the lower tax rates of treaty countries. The foreign government holds this additional tax until the ultimate recipient proves residency in that country. If residence is not proven within a period of time specified by the treaty, the tax is remitted to the United States (see Table 2, column 7.) In the case of Canada, nominees and fiduciaries remit this additional tax directly to the Internal Revenue Service (IRS), acting as the withholding agents.

INCOME AND TAX TRENDS

Both income paid and tax withheld have increased substantially in recent years [2]. Between 1977 and 1979, income has risen 55 percent while taxes rose 33 percent. The fact that income has risen faster than taxes is partially due to a sharp increase in the amount of income exempt from withholding (129 percent) compared to the increase in income subject to withholding (40 percent) during this period.

Trends by Income Type

Interest paid, which increased by 139 percent in this period, was the major factor in the total increase in income. This is probably attributable to the rising interest rates available to investors in the United States during this period. Dividend income and other income types increased by 34 percent and 37 percent, respectively.

<u>Income Type</u>	<u>Gross Income Paid</u> (in thousands)		
	<u>1977</u>	<u>1978</u>	<u>1979</u>
Dividends.....	\$2,047,105	\$2,867,596	\$2,707,108
Interest.....	666,053	990,949	1,591,309
Other.....	525,369	592,262	717,728
Total.....	3,238,527	4,450,807	5,016,145

Trends by Country of Recipient

Increases in the amount of income paid to residents of certain countries have been substantial. From 1971 to 1979, income paid to recipients in West Germany and Japan has increased approximately three-fold and five-fold, respectively, after adjustments for inflation. The yearly real increase, in 1971 dollars, for Japan exceeded 20 percent while such increases for West Germany and France were greater than 10 percent.

BASIC TABLE INFORMATION

Table 1 shows gross income paid by year and percentage change in this income paid for selected countries. Shown for 1979, in Table 2, are number of Forms 1042S (Income Subject to Withholding Under Chapter 3, Internal Revenue Code) filed, income paid, and tax withheld by treaty and nontreaty countries. Other treaty and nontreaty country data are available for tax haven countries in a separate report [3]. Tax amounts withheld by domestic and foreign withholding agents are also shown. Gross income paid is categorized by amounts subject to withholding and amounts exempt from withholding. Shown in Table 3 are total income paid and amounts of tax withheld by income type for corporations and individuals in selected countries for 1979.

Information dealing with the source of the data and the sample can be found following these tables.

Nonresident Alien Income and Tax, 1971-1979

Table 1.--Gross Income Paid by Year, Percent Total Increase, and Percent Increase Per Year, by Country of Recipient

[Money amounts are in thousands of dollars]

Country or Geographic area	Gross income paid			Percent increase--1971 to 1979			
	1971	1975	1979	Total	Average per year	1971 dollars ¹	
						Total	Average per year
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total.....	1,671,097	2,634,179	5,016,145	200.2	14.7	77.1	7.4
Canada.....	265,815	406,901	780,663	193.6	14.4	73.0	7.1
France.....	75,264	192,806	357,150	374.5	21.5	179.9	13.7
Germany, Federal Republic.....	74,479	95,370	380,628	411.0	22.6	201.7	14.8
Japan.....	40,340	90,466	341,371	746.2	30.6	399.2	22.3
Netherlands.....	193,528	209,842	477,056	146.5	11.9	45.4	4.8
Netherlands Antilles.....	164,028	212,122	343,328	109.3	9.7	23.5	2.7
Switzerland.....	314,141	600,027	702,376	123.5	10.6	31.9	3.5
United Kingdom.....	352,465	410,468	633,676	79.7	7.6	6.0	0.7
Other countries.....	191,037	416,177	999,897	423.4	23.0	208.7	15.1

¹1979 dollars deflated using GNP Implicit Price Deflator [4]. Percentages showing average change per year were computed considering the effects of compounding.

Table 2.--Number of Forms 1042S Filed, Gross Income Paid, Tax Withheld, and Other Items, by Selected Treaty and Nontreaty Countries, 1979

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	Domestic withholding agents	Foreign Governments and withholding agents
Total.....	585,905	5,016,145	1,377,483	3,638,662	620,546	545,980	74,566
Treaty country, total.....	484,137	4,266,829	1,233,292	3,033,537	506,557	431,991	74,566
Australia.....	7,247	11,726	1,659	10,067	2,011	2,011	-
Austria.....	4,648	11,815	3,174	8,641	1,721	1,721	-
Belgium.....	12,102	86,410	15,808	70,602	13,583	10,645	2,938
Canada.....	260,444	779,663	178,815	600,848	119,023	119,023	-
France.....	14,175	357,121	29,773	327,348	36,736	36,216	520
Germany, Federal Republic...	45,797	380,628	241,033	139,595	19,619	19,619	-
Italy.....	7,751	37,449	16,628	20,821	4,928	4,928	-
Japan.....	4,799	341,371	95,893	245,478	25,007	25,007	-
Luxembourg.....	6,369	20,662	4,502	16,160	4,409	3,749	660
Netherlands.....	14,360	477,056	75,825	401,231	41,050	40,426	624
Netherlands Antilles.....	1,675	343,328	283,754	59,574	7,820	7,815	5
Sweden.....	4,672	45,899	12,969	32,930	3,318	3,318	-
Switzerland.....	23,366	702,376	78,578	623,798	153,881	85,211	68,670
United Kingdom.....	57,296	614,729	171,487	443,242	67,548	66,411	1,137
Other treaty countries.....	19,436	56,596	23,394	33,202	5,903	5,891	12
Nontreaty country, total.....	101,768	749,316	144,191	605,125	113,989	113,989	-
Bahamas.....	2,114	16,883	131	16,752	4,785	4,785	-
Bermuda.....	1,991	35,336	2,165	33,171	9,750	9,750	-
Cayman Islands.....	548	13,382	9,620	3,762	1,072	1,072	-
Hong Kong.....	8,101	14,003	1,076	12,927	3,664	3,664	-
Liechtenstein.....	788	20,051	712	19,339	3,929	3,929	-
Mexico.....	6,943	25,437	2,526	22,911	6,584	6,584	-
Panama.....	2,013	21,412	4,180	17,232	4,822	4,822	-
Portugal.....	1,269	11,738	130	11,608	1,097	1,097	-
Saudi Arabia.....	1,142	20,771	19,784	987	289	289	-
Spain.....	4,039	10,404	254	10,150	2,738	2,738	-
Other nontreaty countries...	72,820	559,899	103,613	456,286	75,259	75,259	-

Nonresident Alien Income and Tax, 1971-1979

Table 3.--Number of Forms 1042S Filed, Gross Income, and Tax Withheld by Income Type, by Recipient Type and Country of Recipient, 1979

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Gross income paid	Tax withheld			
			Total	Interest	Dividends	Other
	(1)	(2)	(3)	(4)	(5)	(6)
ALL RECIPIENTS						
Total.....	585,905	5,016,145	545,980	66,091	429,286	50,603
Australia.....	7,247	11,726	2,011	208	792	1,011
Austria.....	4,648	11,815	1,721	18	1,603	100
Bahamas.....	2,114	16,883	4,785	313	4,055	417
Belgium.....	12,102	86,410	10,645	3,174	6,945	526
Bermuda.....	1,991	35,336	9,750	4,279	3,911	1,560
Canada.....	260,444	779,663	119,023	22,763	88,546	7,714
Cayman Islands.....	548	13,382	1,072	210	800	62
France.....	14,175	357,121	36,216	5,130	27,542	3,544
Germany, Federal Republic.....	45,797	380,628	19,619	274	18,151	1,194
Hong Kong.....	8,101	14,003	3,664	209	3,123	332
Italy.....	7,751	37,449	4,928	1,048	1,266	2,614
Japan.....	4,799	341,371	25,007	10,259	9,120	5,628
Liechtenstein.....	788	20,051	3,929	259	3,458	212
Luxembourg.....	6,369	20,662	3,749	135	3,586	28
Mexico.....	6,943	25,437	6,584	582	2,009	3,993
Netherlands.....	14,360	477,056	40,426	2,203	33,478	4,745
Netherlands Antilles.....	1,675	343,328	7,815	2,034	5,482	299
Panama.....	2,013	21,412	4,822	427	3,557	838
Portugal.....	1,269	11,738	1,097	56	1,023	18
Saudi Arabia.....	1,142	20,771	289	11	265	13
Spain.....	4,039	10,404	2,738	821	1,173	744
Sweden.....	4,672	45,899	3,318	95	2,335	888
Switzerland.....	23,366	702,376	85,211	6,593	76,607	2,011
United Kingdom.....	57,296	614,729	66,411	539	59,559	6,313
Other countries.....	92,256	616,495	81,150	4,451	70,900	5,799
INDIVIDUALS						
Total.....	407,819	577,480	81,589	6,626	53,738	21,225
Australia.....	6,154	5,692	796	114	401	281
Austria.....	2,149	6,052	1,183	11	1,073	99
Bahamas.....	800	2,744	796	50	419	327
Belgium.....	7,175	9,176	1,394	39	1,077	278
Bermuda.....	653	4,856	1,430	46	857	527
Canada.....	196,689	114,850	12,405	1,816	8,093	2,496
Cayman Islands.....	94	301	87	25	61	1
France.....	10,107	39,920	4,769	430	2,861	1,478
Germany, Federal Republic.....	36,723	44,243	4,242	98	3,321	823
Hong Kong.....	5,858	6,950	1,947	59	1,761	127
Italy.....	6,388	16,947	3,497	243	689	2,565
Japan.....	3,570	20,919	2,078	512	1,148	418
Liechtenstein.....	362	11,397	1,614	43	1,467	104
Luxembourg.....	1,213	1,568	335	1	328	6
Mexico.....	5,847	10,029	2,631	373	1,372	886
Netherlands.....	4,817	17,098	1,750	17	1,198	535
Netherlands Antilles.....	460	17,988	446	2	397	47
Panama.....	1,260	2,984	745	16	684	45
Portugal.....	996	9,867	558	23	517	18
Saudi Arabia.....	998	1,440	247	9	226	12
Spain.....	3,388	6,339	1,549	133	827	589
Sweden.....	4,101	6,335	1,047	34	243	770
Switzerland.....	9,333	50,737	8,216	567	6,394	1,255
United Kingdom.....	28,229	59,250	7,554	153	3,892	3,509
Other countries.....	70,455	109,798	20,273	1,812	14,432	4,029
CORPORATIONS						
Total.....	101,204	3,357,263	309,333	53,737	234,250	21,346
Australia.....	571	4,913	1,035	80	287	668
Austria.....	852	4,149	339	1	337	1
Bahamas.....	856	10,253	2,872	191	2,622	59
Belgium.....	3,383	56,165	6,159	2,692	3,222	245
Bermuda.....	838	26,615	7,267	4,095	2,236	936
Canada.....	39,809	531,104	52,965	19,343	28,862	4,760
Cayman Islands.....	355	12,578	847	166	629	52
France.....	1,401	218,713	18,552	3,762	13,000	1,790
Germany, Federal Republic.....	2,902	169,177	8,103	91	7,685	327
Hong Kong.....	455	4,244	1,049	121	729	199
Italy.....	292	12,569	566	421	140	5
Japan.....	964	311,247	21,957	9,528	7,367	5,062
Liechtenstein.....	197	5,199	1,415	126	1,183	106
Luxembourg.....	4,880	14,197	2,429	38	2,368	23
Mexico.....	388	8,017	1,843	155	339	1,349
Netherlands.....	7,402	317,880	28,199	2,184	25,732	283
Netherlands Antilles.....	952	304,514	5,696	1,899	3,561	236
Panama.....	503	13,622	3,269	334	2,143	792
Portugal.....	89	1,733	500	24	476	-
Saudi Arabia.....	18	60	18	2	16	-
Spain.....	145	2,871	858	665	98	95
Sweden.....	134	34,804	1,751	61	1,688	2
Switzerland.....	5,891	487,979	54,481	5,340	48,435	706
United Kingdom.....	17,387	441,422	44,130	361	41,325	2,444
Other countries.....	10,540	363,238	43,033	2,057	39,770	1,206

DATA SOURCES AND LIMITATIONS

Payors of income to nonresident aliens are required to withhold tax in accordance with Chapter 3 of the Internal Revenue Code. The Form 1042, U.S. Annual Return of Income Tax To Be Paid at Source (Under Chapter 3, Internal Revenue Code), and Form 1042S, Income Subject to Withholding Under Chapter 3, Internal Revenue Code, must be filed to report these payments and the associated U.S. tax withheld on this income. These forms are filed by the payor of the income or a "person" (usually a financial institution) acting on behalf of the payor. The Form 1042S is an information return that is filed for each income recipient. The information reported on the Form 1042S includes type of income, type of recipient, gross income paid, tax rate, amount of tax withheld, the country of legal residence of the recipient and the identity of the recipient. These forms are filed with the Form 1042 which identifies the tax liability of the payor. Filing is required even if no withholding tax is due, as in the case of income effectively connected with a trade or business in the United States.

These statistics are tabulated by calendar year, based on all Forms 1042S, processed at the Philadelphia Service Center. However, dividend, interest, and other totals for 1977 were imputed as only 99 percent of all Forms 1042S had been processed when those tabulations were made. The total income figure for that year represents 100 percent of the forms filed. The years indicated in the tables represent the year the income was paid and the U.S. tax withheld, except the tax from foreign governments and foreign withholding agents. These amounts are shown by the year this tax was remitted to the United States under treaty agreements. Canadian nominees and fiduciaries remit this additional tax directly to the IRS. These amounts are represented in the tables as though the tax were withheld by a U.S. withholding agent.

Tax withheld amounts and percentages shown in text figures and Table 3 do not include tax withheld by foreign governments and withholding agents (except Canada). This additional withholding cannot be properly attributed to specific recipient and income types. Correct 1979 income paid and tax withheld amounts could not be determined for Venezuela. Therefore, these amounts were estimated based on data for prior years. These data are included as part of the "Total" and "Other Countries" categories. Venezuela is not a tax treaty country.

As all forms 1042S are included in these statistics, they are not subject to sampling error. The data are subject to nonsampling errors such as computer data entry errors and taxpayer reporting errors. Forms 1042S with gross income greater than \$500,000 were manually verified. A limited computerized correction program was used to test the data for basic numerical relationships.

Definitions

Nonresident Alien.--An individual whose residence is not within the United States and who is not a U.S. citizen. Corporations, private foundations and partnerships created or organized outside the United States are also considered nonresident aliens.

Withholding Agent.--Any person (individual, corporation, partnership, estate, or trust) required to withhold tax. Usually the withholding agent is the payor of the income or a "person" (usually a financial institution) acting on behalf of the payor. A foreign nominee or fiduciary required to withhold additional tax under a tax treaty is also a withholding agent.

Income Effectively Connected With A Trade or Business.--Income that is effectively connected with the conduct of a trade or business in the United States is exempt from withholding. This income is subject to the same tax rates that apply to U.S. citizens, residents, and corporations.

Nominee.--An entity, chosen or appointed to accept income for, or act on behalf of, the eventual recipient of the income. Typically, a financial institution acts as nominee.

Other Income.--Income reported on a Form 1042S that is other than dividends and interest is defined for purposes of this article as "other income." Included in this category are such items as royalties, pensions, scholarships, alimony, certain capital gains, and compensation for certain services.

References

- [1] Department of the Treasury, Internal Revenue Service, Publication 515, Withholding of Tax on Non-resident Aliens and Foreign Corporations, (Revised November 1980).
- [2] Department of the Treasury, Internal Revenue Service, Annual Report - Commissioner of Internal Revenue, annual data through 1978.
- [3] Department of the Treasury, Internal Revenue Service, Tax Haven Study Group, Estimates of Levels of Tax Haven Use, May 1981 (unpublished report).
- [4] U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, September 1981, Vol. 61, No. 9, p. 16. Also U.S. Department of Commerce, Bureau of Economic Analysis, The National Income and Product Accounts of the United States, 1929-76 Statistical Tables, September 1981, p. 319.

Corporation Income Tax Returns: Income Statement and Balance Sheet Statistics for 1979

By Nathan F. Shaifer*

A key indicator of the expansion of the economy is the entry of new corporations into the system. Figure A shows that for 1979 there were 180,000 more corporation returns than for 1978. These additional returns were filed by newly established firms and by former proprietorships and partnerships that saw advantages in choosing the corporate form of business organization. The 7.6 percent increase--from nearly 2.4 million returns for 1978 to almost 2.6 million for 1979--is typical of the annual growth in recent years.

BALANCE SHEET

The increase in corporate assets for 1979 outpaced the inflation rate with a growth from \$6.0 trillion for 1978 to \$6.8 trillion for 1979, a rate of nearly 14 percent. Increases were noted in every single category, especially in loans to stockholders with a jump of nearly 39 percent, and in depletable assets with an increase of nearly 29 percent. Investment in U.S. government obligations increased only 2 percent.

INCOME STATEMENT

Total receipts for all corporations for 1979, shown in Figure A, a two year comparison, and Table 1, increased nearly 19 percent over 1978, to nearly \$5.6 trillion from \$4.7 trillion. This is the largest increase since 1974, when receipts were nearly 21 percent greater than the previous year. Business receipts, which for most corporations is the largest single component of total receipts (92 percent), comprised the bulk of the 19 percent increase. However, the large increase was not limited to business receipts, but can be seen in nearly every receipt category. A particularly noticeable upswing occurred in foreign dividends with a 37 percent jump to \$12.7 billion from \$9.3 billion. Although these dividends increased in nearly every industry, most of the growth occurred in petroleum extraction largely as a reflection of the petroleum price increases. Foreign dividends in that industry increased nearly 71 percent, from \$1.7 billion for 1978 to \$2.9 billion for 1979.

Capital gains resulting from the sale or disposition of certain business property and from the sale of investments such as stocks and bonds also grew at a substantial rate (36 percent) over the previous year. Net short-term gain (less net long-term loss) rose from \$885 million to \$1.2 billion while net long-term gain (less net short-term loss) increased from \$14.7 billion to \$20.0 billion.

Comparisons for sixteen categories of deductions also showed substantial increases for 1979. Total deductions rose from nearly \$4.5 trillion for 1978 to over \$5.3 trillion. As shown in Figure A, the cost of sales and operations, the largest single deduction, jumped by 19 percent over 1978 from \$3.1 trillion to \$3.7 trillion for 1979. The nearly 36 percent increase in interest paid, from \$192.4 billion to \$261.3 billion, reveals that despite the moderately high interest rates, borrowed funds continued to be significant source of corporate funds.

The 1979 income year accounted for the largest increase in net income less deficit since the recovery from the 1975 economic downturn. As Figure B shows, there was an increase to \$284.6 billion in 1979, \$37.7 billion over the previous year and nearly double the 1975 level of \$142.6 billion. A short historical perspective is presented below:

Years Compared	Difference (billions)	Percent Change
1978-1979	\$37.7	15.3
1977-1978	27.6	12.6
1976-1977	33.8	18.2
1975-1976	42.8	30.0
1974-1975	-3.4	-2.3
1973-1974	25.6	21.2

INCOME TAX

Income tax before credits for the 1979 Income Year rose 11.3 percent from \$107.9 billion for 1978 to \$120.0 billion for 1979, the smallest increase since 1975. Tax after credits, on the other hand, increased only 2.3 percent, a significant reduction in the growth rate of tax liability and an actual decrease in constant dollars considering inflation. Both of these changes reflect the influence of the new tax rate structure for 1979 provided by the Revenue Act of 1978.

The main purpose of the 1978 Act was to reduce the corporation tax burden in order to stimulate investment in plant and equipment and to increase employment. The new law repealed the old tax rate structure for corporations and in its place provided a graduated rate structure based on five steps of taxable income, each step \$25,000 larger than the preceding step. Under temporary revisions to prior law, the tax rate structure for 1978 consisted of a normal tax of 20 percent on the first \$25,000 and 22 percent on amounts in excess of the first \$25,000. There was also a surtax of 26 percent imposed on amounts of taxable income in excess of \$50,000. (See below.) The new rate structure, based upon five graduated steps of taxable income, was effective for taxable years beginning after December 31, 1978. These new rates ranged from 17 percent for the first \$25,000 of taxable income to 46 percent for taxable income in excess of \$100,000.

Taxable income	Tax rates (Percent of taxable income)	
	1978	1979 and thereafter
\$1 to \$25,000.....	20	17
\$25,000 to \$50,000.....	22	20
\$50,000 to \$75,000.....	*48	30
\$75,000 to \$100,000.....	*48	40
Over \$100,000.....	*48	46

*Includes surtax rate.

*Corporation Statistics Section. Prepared under the direction of James R. Hobbs, Acting Chief. Research assistance was provided by Ernest B. Hooper.

Figure A.--Returns of Active Corporations: Balance Sheet, Income Statement, and Tax Items, 1978 and 1979

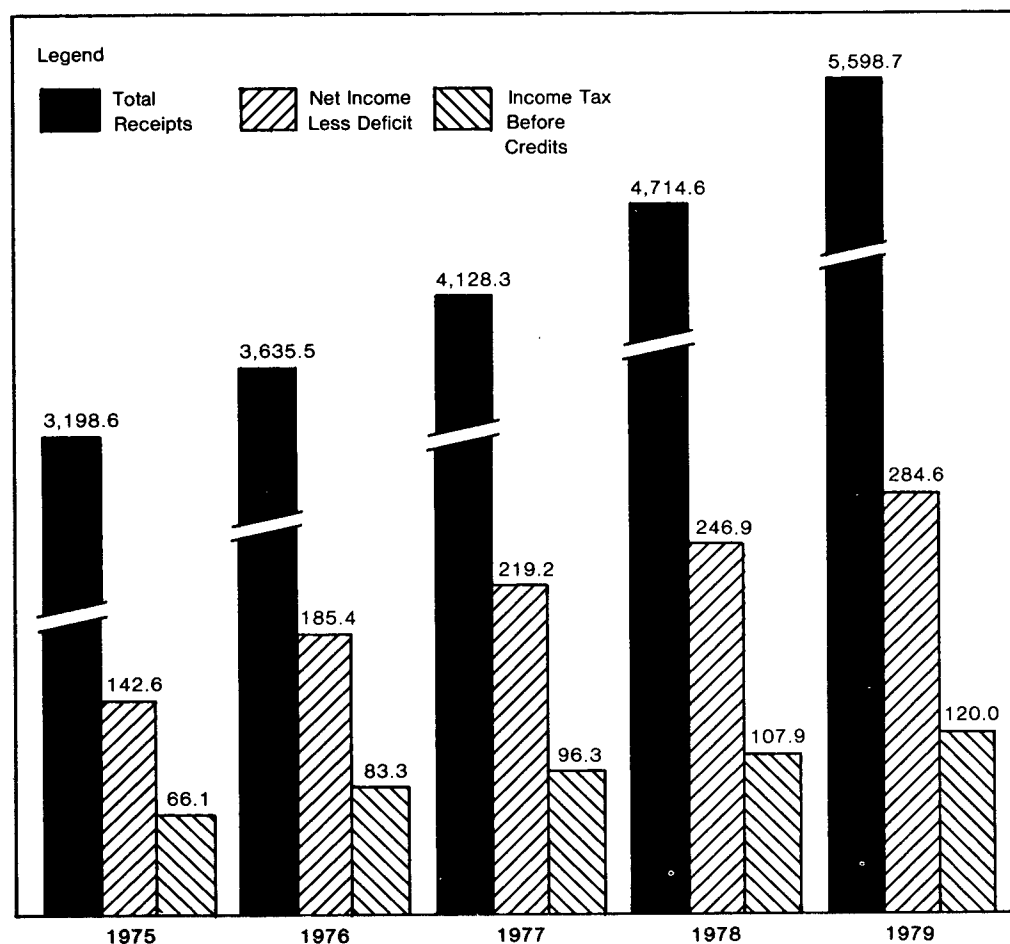
[All figures are estimates based on samples--money amounts are in thousands of dollars]

	Item	1978	1979	Percent change 1978 to 1979		Item	1978	1979	Percent change 1978 to 1979
		(1)	(2)				(3)	(1)	
1	Number of returns.....	2,376,779	2,556,794	7.6	46	Total deductions.....	4,467,196,877	5,315,725,012	19.0
2	Total assets.....	6,014,452,008	6,835,056,963	13.6	47	Cost of sales and operations.....	3,113,421,507	3,709,672,825	19.2
3	Cash.....	412,948,244	461,750,680	11.8	48	Compensation of officers.....	85,085,175	97,221,581	14.3
4	Notes and accounts receivable.....	1,589,330,717	1,814,195,947	14.1	49	Repairs.....	33,861,153	38,712,313	14.3
5	Less: Allowance for bad debts.....	38,204,317	42,800,472	12.0	50	Bad debts.....	15,660,693	17,432,363	11.3
6	Inventories.....	442,652,820	503,033,064	13.6	51	Rent paid on business property.....	56,032,175	63,517,369	13.4
7	Investments in Government obligations:				52	Taxes paid.....	116,155,070	127,751,719	10.0
8	United States.....	219,415,567	224,260,009	2.2	53	Interest paid.....	192,403,316	261,277,331	35.8
9	State and local.....	184,212,816	196,705,649	6.8	54	Contributions or gifts.....	2,084,022	2,288,334	9.8
10	Other current assets.....	206,725,556	259,684,140	25.6	55	Amortization.....	1,188,784	1,408,016	18.4
11	Loans to stockholders.....	18,304,758	25,429,489	38.9	56	Depreciation.....	121,299,900	138,061,915	13.8
12	Mortgage and real estate loans.....	762,046,306	840,876,064	10.3	57	Depletion.....	6,402,020	7,817,359	22.1
13	Other investments.....	868,776,652	1,027,900,380	18.3	58	Advertising.....	40,786,627	46,321,658	13.6
14	Depreciable assets:				59	Pension, profit-sharing, stock bonus, and annuity plans.....	41,825,415	46,506,098	11.2
15	Less: Accumulated depreciation.....	631,320,855	697,645,652	10.5	60	Employee benefit programs.....	27,019,096	33,620,835	24.4
16	Depletable assets.....	44,770,440	57,655,398	28.8	61	Net loss, noncapital assets.....	2,155,305	4,072,020	88.9
17	Less: Accumulated depletion.....	13,928,939	16,005,905	14.9	62	Other deductions.....	611,816,617	720,043,275	17.7
18	Land.....	79,654,340	85,030,153	6.8	63	Total receipts less total deductions.....	247,405,739	282,964,117	14.4
19	Intangible assets (amortizable).....	34,227,958	37,394,782	9.3	64	Constructive taxable income from related foreign corporations.....	8,602,401	12,524,077	45.6
20	Less: Accumulated amortization.....	14,396,862	15,126,876	5.1	65	Net income (less deficit) (line 63 plus 64 minus 36), total.....	246,867,473	284,615,731	15.3
21	Other assets.....	153,024,102	176,110,231	15.1	66	Net income.....	274,519,721	321,649,761	10.9
22	Total liabilities.....	6,014,452,008	6,835,056,963	13.6	67	Deficit.....	27,652,248	37,034,030	16.5
23	Accounts payable.....	403,553,630	481,133,527	19.2	68	Statutory special deductions, total.....	15,770,206	18,294,206	16.0
24	Mortgages, notes, and bonds payable in less than one year.....	380,851,818	452,181,682	18.7	69	Net operating loss deduction.....	9,080,342	9,456,748	4.1
25	Other current liabilities.....	2,335,790,244	2,582,916,809	10.6	70	Dividends received deduction.....	6,379,427	8,672,076	36.0
26	Loans from stockholders.....	58,186,425	67,343,182	15.7	71	Other.....	310,437	165,382	-46.7
27	Mortgages, notes, and bonds payable in one year or more.....	780,536,053	884,636,968	13.3	72	Income subject to tax, total.....	239,631,773	279,376,063	16.6
28	Other liabilities.....	560,776,983	651,059,724	16.1	73	Net long-term capital gain taxed at alternative rates.....	9,931,703	13,581,685	36.8
29	Capital stock.....	309,432,793	352,811,534	14.0	74	Income tax (before credits), total.....	107,888,445	120,047,034	11.3
30	Paid-in or capital surplus.....	381,888,848	447,596,758	17.2	75	Normal tax, surtax, and alternative tax	106,976,893	118,860,300	11.1
31	Retained earnings, appropriated.....	40,070,733	48,745,435	21.6	76	Tax from recomputing prior-year investment credit.....	570,927	744,915	30.5
32	Retained earnings, unappropriated.....	795,467,154	910,521,567	14.5	77	Tax from recomputing prior-year (WIN) credit.....	106	9,171	8,551.9
33	Less: Cost of treasury stock.....	32,102,672	43,890,224	36.7	78	Additional tax for tax preferences.....	340,519	432,649	27.1
34	Total receipts.....	4,714,602,615	5,598,689,129	18.8	79	Foreign tax credit.....	26,357,629	36,827,331	39.7
35	Business receipts.....	4,353,704,519	5,136,075,461	18.0	80	U.S. possessions tax credit.....	1,134,422	1,376,124	21.3
36	Interest on Government obligations:				81	Investment credit.....	12,897,172	14,634,672	13.5
37	United States.....	16,241,045	19,508,285	20.1	82	Nonrefundable energy credit.....	61,955	242,539	291.5
38	State and local.....	9,140,667	10,872,462	18.9	83	Work incentive (WIN) credit.....	18,469	27,934	51.2
39	Other interest.....	195,479,301	258,924,285	32.5	84	Jobs credit.....	3,093,915	1,293,215	-58.2
40	Rents.....	30,260,402	31,864,870	5.3	85	Refundable energy credit.....	5,120	10,265	100.5
41	Royalties.....	7,904,359	8,437,908	6.8	86	Travel, entertainment and gift expense.....	14,093,581	20,389,975	44.7
42	Net short-term capital gain reduced by net long-term capital loss.....	884,646	1,207,729	36.5	87	Distributions to stockholders:			
43	Net long-term capital gain reduced by net short-term capital loss.....	14,679,876	19,958,447	36.0	88	Cash and property except own stock.....	70,294,349	86,613,794	23.2
44	Net gain, noncapital assets.....	12,137,078	15,378,796	26.7		Corporation's stock.....	2,346,329	3,132,795	33.5
45	Dividends received from domestic corporations.....	13,321,287	16,824,708	26.3					
	Dividends received from foreign corporations.....	9,277,932	12,713,087	37.0					
	Other receipts.....	51,571,503	66,923,091	29.8					

The amounts for 1978 and 1979 are not strictly comparable. While the 1979 amount was actually used to reduce tax, the 1978 figure may include amounts which were in excess of the limitation based on the size of the tax.

Figure B.

Returns of Active Corporations: Total Receipts, Net Income Less Deficit, and Income Tax Before Credits, 1975-1979 (Amounts in Billions of Dollars)



The tax rate structure in effect for 1978 had been scheduled to expire at the end of 1978 after which the rates were to revert to the prior structure of 22 percent on all taxable income and a 26 percent surtax on all taxable income in excess of \$25,000. These rates were in effect prior to 1975.

The alternative method of computing corporate tax using net long-term capital gains was still available under the new law. Under prior law, long-term capital gains were taxable at a maximum regular tax rate of 48 percent or, if it was beneficial for the corporation to use the alternative method, at a special capital gains rate of 30 percent. The new law reduced each of these tax rates by two percentage points.

TAX CREDITS

The \$120 billion of corporation income tax liability for 1979 was reduced in sequence by the credits for foreign taxes, U.S. possessions tax, investment (including energy), work incentive (WIN), and by jobs

credit. Collectively, these credits amounted to \$54.4 billion. The amount of tax offset by the credits varied with the industry. The greatest reduction in tax occurred in the oil and gas extraction industry where credits were nearly 96 percent as large as the tax. At the other end of the scale, credits for the real estate industry were only 6 percent as large as tax. A two-year comparison for each of the credits is given in Figure A. A short discussion for each is also provided below.

Foreign Tax Credit.--The amounts claimed for taxes paid to foreign governments jumped from \$26.4 billion to \$36.8 billion, nearly 40 percent. The greatest percentage increase, though not the largest dollar increase, occurred in wholesale trade where the credit rose some \$285 million, from \$478 million to \$763 million, an increase of 59.6 percent. The largest dollar increase (\$6.6 billion), reflective of the petroleum price increases, occurred in the mining industry, with corporations engaged in oil and gas extraction accounting for the vast bulk of the

increase, from \$12.3 billion in 1978 to \$18.5 billion for 1979, an increase of 49.9 percent. As a result, the U.S. tax liability of the crude petroleum, natural gas, and natural gas liquids extraction industry was reduced from nearly \$19 billion before credits to \$421 million after credits, a substantial decrease of nearly 98 percent. Thus, the petroleum industry paid about 45 times as much tax to foreign governments as to the United States.

U.S. Possessions Tax Credit.--After the introduction of this credit in 1976, the amounts claimed against U.S. taxes attributable to certain income from Puerto Rico and possessions of the United States are showing signs of stabilizing. The credit increased \$242 million, from over \$1.1 billion for 1978 to nearly \$1.4 billion for 1979. Previous increases included one of \$297 million from 1977 to 1978, and another of \$134 million from 1976 to 1977.

Investment Credit.--Investment credit posted gains of just over 13 percent from nearly \$13 billion for 1978 to nearly \$15 billion for 1979. The 1979 credit reflects the large increase in expenditures for depreciable and amortizable property in the manufacturing industry, which claimed over \$7 billion in credit, the largest amount claimed for any industry. While the increase was observed generally throughout manufacturing, the petroleum products industry claimed the lion's share with \$1.8 billion. This amount was more than double the amount claimed for 1978.

The statistics reflect the temporary provisions of prior law, first introduced for 1975, which increased the allowable credit to 10 percent from 7 percent of the "qualified" investment, and upped the limit for used property eligible for the credit from \$50,000 to \$100,000. These provisions were made permanent by the Revenue Act of 1978. The investment credit statistics also reflect amounts for the energy credit (see the discussion which follows.)

The credit did not increase in all industries, however. Investment credit in transportation and public utilities dropped by 15 percent from \$4.8 billion to \$4.1 billion. This decrease was due in some measure to the 11 percent drop in tax against which the credit could be applied.

Business Energy Investment Credit.--In addition to the regular credit allowed for investment in depreciable property, a temporary new credit was provided by the Energy Tax Act of 1978 to encourage

the conservation of oil and natural gas and the conversion to other sources of energy. So-called energy property was often eligible for both the temporary credit beginning in the fall of 1978, as well as for the regular investment credit. An additional feature of the energy credit was that it could be used to reduce all of a corporation's income tax instead of being limited, as was the case for the regular investment credit.

The amount of credit claimed for solar and wind energy property, the refundable energy credit, doubled from \$5 million to over \$10 million for 1979. This credit could have been larger than a corporation's tax (the excess over tax was refundable).

Jobs and Work Incentive (WIN) Credits.--The amount claimed against tax for jobs credit dropped dramatically 58 percent, from \$3.1 billion for 1978 to \$1.3 billion for 1979. Figure A also shows that amounts claimed for the work incentive (WIN) credit increased more than 51 percent from \$18.5 million to nearly \$28 million.

The basis of these two large percentage changes lay in the change in emphasis brought about by the Revenue Act of 1978. The law narrowed the scope of the jobs credit to certain categories of the structurally unemployed and expanded the benefits of the WIN credit. In the case of the jobs credit, the more restrictive "targeted" jobs credit concentrated the hiring incentive to seven specific groups of people who have had trouble finding jobs even in the best of times. These included vocational rehabilitation referrals, economically disadvantaged youths and Vietnam-era veterans, Supplemental Security Income recipients, general assistance recipients, youths participating in a cooperative education program, and economically disadvantaged ex-convicts. For WIN credit, the 1978 Act permitted 50 percent of qualified first-year wages and 25 percent of qualified second year wages to be claimed. Formerly, only 20 percent of the first-year wages were allowed as credit.

BASIC TABLE INFORMATION

Table 1 presents selected income statement, balance sheet, and tax items, classified by industrial division, major industry, and minor industry.

Information on the sample used for the statistics, on sampling and nonsampling error, and on definitions may be found immediately following the table.

RETURNS OF ACTIVE CORPORATIONS

Table 1.—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, and Depreciation Deduction, by Minor Industry — Continued

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

Table with 10 columns: Minor Industry, Number of returns, With net income, Total returns, Returns with net income, Business receipts, Cost of sales and operations, Net income (less deficit), Net income, Income subject to tax, Total income tax. Rows include Wholesale and retail trade, Retail trade, Building materials, etc.

Footnotes at end of table.

RETURNS OF ACTIVE CORPORATIONS

Table 1.— Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, and Depreciation Deduction, by Minor Industry— Continued

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

Minor industry	Foreign tax credit (11)	Investment credit (12)	Jobs credit (13)	Total income tax after credits (14)	Distributions to stockholders except in own stock		Total assets (17)	Net worth (18)	Depreciable assets (19)	Depreciation deduction (20)
					All returns (15)	Returns with net income (16)				
Manufacturing — Continued										
Stone, clay, and glass products.....	118,167	244,204	14,590	857,900	624,509	622,844	34,238,070	17,053,646	25,386,482	1,908,644
Glass products.....	46,546	60,423	2,372	217,625	205,147	204,156	10,628,848	5,460,145	7,914,751	611,866
Cement, hydraulic.....	4,409	59,595	58	96,912	93,311	93,311	4,925,720	2,362,370	4,294,704	209,670
Concrete, gypsum, and plaster products.....	2,525	69,113	7,855	351,357	351,357	149,076	9,336,796	4,250,389	4,250,389	620,635
Other nonmetallic mineral products.....	64,688	55,082	4,305	192,006	176,867	176,301	9,346,706	4,980,742	5,969,012	466,474
Primary metal industries.....	493,574	487,471	12,950	1,526,077	1,688,014	1,541,641	117,444,731	47,673,482	76,262,883	4,610,987
Ferrous metal industries; miscellaneous.....										
primary metal products.....	135,049	278,297	10,135	845,351	860,339	720,968	58,678,555	25,617,130	52,765,969	3,114,515
Nonferrous metal industries.....	358,525	209,174	2,814	680,727	827,674	820,673	58,766,176	22,056,351	23,496,914	1,496,472
Fabricated metal products.....	303,725	308,145	61,359	2,179,408	1,090,812	1,074,883	68,991,194	31,321,190	32,420,319	2,484,414
Metal cans and shipping containers.....	51,808	47,477	*399	106,497	177,759	177,458	8,906,726	4,328,387	4,718,114	339,819
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	56,334	41,266	6,390	425,942	235,106	233,390	9,570,468	4,816,383	4,507,185	346,446
Plumbing and heating, except electric and warm air.....	7,970	10,848	1,640	166,495	58,429	57,993	3,543,829	1,772,044	1,391,220	112,762
Fabricated structural metal products.....	79,962	94,101	17,223	523,427	226,951	225,175	19,326,675	7,869,638	7,949,693	567,690
Metal forgings and stampings.....	8,835	30,298	8,136	229,781	67,859	67,319	6,182,135	2,851,350	3,723,489	305,880
Coating, engraving, and allied services.....	301	14,189	2,424	84,000	47,585	47,237	2,916,273	1,197,932	1,692,997	150,367
Ordnance and accessories, except vehicles and guided missiles.....	654	2,092	105	34,108	15,690	15,690	649,378	331,427	334,879	22,649
Miscellaneous fabricated metal products.....	97,862	67,874	25,042	609,158	261,432	250,621	17,895,710	8,154,130	8,102,741	638,801
Machinery, except electrical.....	2,215,971	582,554	51,313	4,134,384	3,586,791	3,561,680	143,520,701	64,132,223	57,714,791	5,545,440
Farm machinery.....	4,633	30,825	2,094	289,303	147,946	147,239	12,471,933	3,416,202	3,514,157	303,941
Construction and related machinery.....	179,644	136,220	5,817	881,290	584,618	576,887	23,611,639	10,650,405	10,346,924	1,025,426
Metalworking machinery.....	36,850	49,605	11,699	432,149	160,532	157,925	9,478,087	4,277,972	4,782,939	363,624
Special industry machinery.....	59,850	27,815	7,152	289,394	137,169	136,082	9,945,815	4,325,685	3,388,744	278,624
General industrial machinery.....	105,930	75,171	8,829	554,823	282,907	277,182	19,441,252	8,759,593	6,535,311	553,456
Office, computing, and accounting machines.....	1,801,702	219,880	3,778	1,298,029	2,063,115	2,061,327	57,405,987	26,362,261	24,278,538	2,608,143
Other machinery, except electrical.....	27,362	43,039	11,945	389,396	210,505	205,038	11,552,989	4,990,105	4,868,178	412,227
Electrical and electronic equipment.....	733,072	474,816	51,364	2,693,441	2,766,525	2,668,712	126,600,158	47,898,960	44,576,797	4,514,687
Household appliances.....	32,658	16,548	904	284,733	233,393	233,298	8,443,208	3,945,677	2,919,889	229,634
Radio, television, and communication equipment.....	257,449	83,053	3,766	420,104	641,746	639,904	37,783,630	13,789,087	9,296,506	1,263,235
Electronic components and accessories.....	112,169	121,437	34,959	829,643	358,155	347,837	29,116,894	11,909,921	9,810,150	978,861
Other electrical equipment.....	330,796	253,778	11,735	1,158,961	1,533,231	1,447,672	51,256,427	18,254,275	22,550,252	2,042,995
Motor vehicles and equipment.....	1,455,818	460,972	9,171	2,206,052	2,886,126	2,840,013	129,289,567	42,593,869	50,481,364	5,426,955
Transportation equipment, except motor vehicles.....	158,173	240,517	12,274	707,866	877,318	731,986	48,991,719	17,426,110	19,920,247	1,265,998
Aircraft, guided missiles and parts.....	155,498	215,189	4,052	511,376	733,544	654,624	40,037,895	13,614,365	16,196,901	964,362
Ship and boat building and repairing.....	580	13,517	6,218	118,021	90,985	34,375	5,233,939	2,475,280	1,561,550	140,869
Other transportation equipment, except motor vehicles.....	2,094	11,811	2,005	78,469	52,789	42,987	3,719,885	1,336,465	2,161,796	159,568
Instruments and related products.....	379,027	113,828	15,187	1,152,804	1,070,858	964,311	27,947,489	14,379,648	13,042,738	1,039,383
Scientific instruments and measuring devices; watches and clocks.....	109,286	34,855	8,991	422,078	242,377	151,431	10,729,800	4,622,721	3,905,064	318,536
Optical, medical, and ophthalmic goods.....	125,274	29,843	4,854	265,514	317,041	307,666	9,360,216	4,786,529	3,294,463	283,665
Photographic equipment and supplies.....	144,468	49,329	*1,342	465,213	511,440	*505,215	7,857,473	4,970,398	5,843,211	437,181
Miscellaneous manufacturing and manufacturing not allocable.....	73,124	51,201	11,116	580,520	273,240	**	20,207,373	8,927,501	6,980,774	581,847
Transportation and public utilities.....	315,096	4,055,857	43,203	4,804,126	15,264,900	13,589,362	674,479,897	264,142,807	635,045,371	33,316,414
Transportation.....	126,811	882,719	33,141	1,456,946	1,547,515	1,440,240	159,824,985	55,957,736	127,014,662	8,472,656
Railroad transportation.....	8,521	409,688	982	350,844	589,587	589,088	56,305,096	23,898,536	47,425,998	1,833,745
Local and interurban passenger transit.....	1	12,152	2,970	40,408	18,174	18,168	2,406,051	934,802	1,876,883	208,917
Trucking and warehousing.....	23,714	192,700	16,714	434,554	252,365	228,972	32,514,960	12,242,180	24,311,501	2,761,627
Water transportation.....	57,426	59,514	5,932	146,101	150,618	130,067	15,590,144	4,694,694	5,515,893	709,287
Transportation by air.....	21,973	146,690	2,795	86,005	188,996	128,335	32,571,338	9,739,530	28,234,483	1,986,721
Pipelines, except natural gas.....	5,813	30,365	*414	295,236	223,805	223,805	8,339,647	1,832,353	6,193,192	369,389
Transportation services, not elsewhere classified.....	*9,364	31,610	3,335	103,719	123,970	121,806	12,097,749	3,324,642	7,456,712	602,970
Communication.....	49,735	1,732,352	6,463	1,479,762	4,937,975	4,911,490	180,387,458	78,436,667	172,441,028	12,461,063
Telephone, telegraph, and other communication services.....	26,942	1,666,186	3,597	909,409	4,703,269	4,702,318	167,584,049	72,639,034	166,751,265	11,817,802
Radio and television broadcasting.....	22,793	66,166	2,866	570,353	234,706	209,172	12,803,409	5,797,633	5,689,764	643,261
Electric, gas, and sanitary services.....	138,550	1,440,786	3,599	1,867,419	8,779,410	7,237,631	334,267,454	129,748,403	335,589,681	12,382,695
Electric services.....	500	685,713	508	385,699	4,133,466	3,470,617	151,499,805	59,415,465	159,906,348	5,734,508
Gas production and distribution.....	131,238	334,966	934	1,082,172	1,615,962	1,429,271	80,148,748	27,868,343	67,429,339	2,878,214
Combination utility services.....	5,099	371,926	92	306,418	2,945,328	2,253,609	94,821,038	39,843,997	100,998,758	3,339,448
Water supply and other sanitary services.....	1,713	48,180	2,065	93,129	84,653	84,134	7,797,864	2,620,598	7,255,236	430,525
Wholesale and retail trade.....	891,394	1,328,438	359,373	10,758,948	8,828,705	8,644,232	573,306,508	196,573,329	169,822,837	15,975,729
Wholesale trade.....	763,182	594,219	137,896	5,728,963	5,905,980	5,814,529	306,083,310	107,180,299	63,884,946	6,340,405
Groceries and related products.....	950	68,077	16,756	441,639	262,346	249,138	26,039,399	7,808,626	8,268,031	809,526
Machinery, equipment, and supplies.....	12,853	117,205	37,568	974,406	1,733,076	1,722,112	53,257,989	20,915,064	10,696,351	1,386,258
Miscellaneous wholesale trade.....	749,379	408,937	83,572	4,312,918	3,910,558	3,843,279	226,785,922	78,456,609	44,900,564	4,144,621
Motor vehicles and automotive equipment.....	*7,845	23,935	9,455	495,142	589,545	587,897	19,463,306	7,668,373	3,593,624	337,583
Furniture and home furnishings.....	354	4,180	1,538	53,148	24,299	22,036	3,598,873	1,068,390	794,213	77,083
Lumber and construction materials.....	4	20,732	9,308	281,992	98,082	87,051	10,728,353	4,827,217	2,714,643	266,650
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	*1,156	2,546	686	49,917	27,841	25,639	3,245,169	791,299	413,175	38,511
Metals and minerals, except petroleum and scrap.....	9,719	25,027	2,057	298,279	176,889	174,774	18,437,221	4,877,889	3,007,645	261,292
Electrical goods.....	1,328	21,188	10,431	391,781	571,078	545,702	16,884,454	7,097,596	1,966,647	203,934
Hardware, plumbing, and heating equipment and supplies.....	*1,613	20,189	4,880	313,237	92,885	90,654	11,478,031	4,666,697	2,111,437	212,314
Other durable goods.....	12,867	46,836	9,152	499,834	393,715	386,089	23,231,291	8,885,619	3,822,373	439,591
Paper and paper products.....	2,219	8,668	2,245	115,763	88,523	88,452	4,832,905	1,983,844	1,000,657	104,406
Drugs, drug proprietaries, and druggists' sundries.....	*3,825	5,047	1,730	66,609	93,483	91,349	3,666,194	1,500,525	614,048	66,016
Apparel, piece goods, and notions.....	1,477	6,383	3,990	190,747	91,488	90,658	9,092,032	2,555,783	804,964	92,869
Farm-product raw materials.....	20,742	72,689	6,516	184,385	265,511	260,818	24,662,495	7,705,523	8,216,912	580,112
Chemicals and allied products.....	*9,558	7,637	1,299	99,987	437,576	437,573	7,22			

RETURNS OF ACTIVE CORPORATIONS

Table 1. — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, and Depreciation Deduction, by Minor Industry — Continued

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

Minor industry	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits	Distributions to stockholders except in own stock		Total assets	Net worth	Depreciable assets	Depreciation deduction
					All returns	Returns with net income				
Wholesale and retail trade — Continued	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Retail trade	128,212	732,893	221,346	5,024,581	2,919,230	2,826,208	266,714,400	89,320,566	105,764,078	9,620,396
Building materials, garden supplies, and mobile home dealers	*83	35,439	13,268	414,150	107,851	107,372	18,546,781	7,364,695	5,695,301	526,964
Building materials dealers	*93	27,769	8,042	319,614	89,867	89,525	12,502,049	5,428,845	3,983,660	362,219
Hardware stores	(*)	3,682	2,901	65,788	7,347	7,323	3,083,153	1,320,064	757,722	67,775
Garden supplies and mobile home dealers		3,789	2,324	28,548	11,837	10,524	2,961,579	614,785	953,919	96,970
General merchandise stores	83,845	182,427	11,485	1,146,601	1,284,299	1,272,343	69,699,691	24,378,344	24,506,341	1,850,526
Food stores	23,724	167,401	36,679	774,188	404,780	382,184	31,070,916	11,110,045	19,648,777	1,658,790
Grocery stores	23,724	161,840	36,166	745,375	392,955	370,924	29,318,469	10,556,250	18,358,463	1,544,218
Other food stores		5,561	*513	28,812	11,825	11,261	1,752,447	453,795	1,290,314	114,572
Automotive dealers and service stations	*31	78,464	33,686	609,669	154,147	140,403	51,697,569	12,824,100	14,081,500	1,706,989
Motor vehicle dealers		38,072	16,905	299,832	77,357	67,794	38,104,365	8,557,420	9,272,741	1,185,569
Gasoline service stations	(*)	24,150	9,230	210,483	42,176	39,731	5,649,132	1,988,439	2,558,480	244,795
Other automotive dealers	*31	16,241	7,551	99,354	34,614	32,878	7,944,073	2,278,551	2,250,279	276,625
Apparel and accessory stores	*116	21,993	13,912	423,804	209,328	186,082	13,455,770	6,159,928	4,066,025	396,570
Furniture and home furnishings stores	89	17,649	12,113	268,702	46,748	44,262	12,975,459	4,696,636	2,875,395	280,596
Eating and drinking places	6,129	109,569	68,699	453,533	316,300	304,318	26,590,123	7,343,150	19,449,167	1,748,092
Miscellaneous retail stores	14,186	119,951	31,505	951,935	395,777	389,242	42,678,091	15,443,357	15,441,572	1,451,870
Drug stores and proprietary stores	1,350	25,798	3,919	261,534	106,564	103,783	8,472,680	3,418,763	3,058,446	225,000
Liquor stores		3,111	972	20,811	*13,220	*13,220	1,859,118	594,171	623,361	52,261
Other retail stores	12,836	91,042	26,615	669,590	275,994	272,240	32,346,294	11,430,423	11,759,766	1,174,609
Wholesale and retail trade not allocable		1,326	*131	5,403	*3,495	*3,495	508,797	72,465	193,813	14,928
Finance, insurance, and real estate	1,289,724	807,449	57,336	9,591,910	18,294,307	17,120,359	3,626,872,420	441,498,520	131,789,678	10,250,006
Banking	959,889	479,885	14,819	1,957,314	3,929,337	3,631,657	1,903,716,361	131,429,159	34,567,826	4,189,739
Mutual savings banks	259	5,912	1,225	123,594	—	—	159,166,628	8,738,822	1,880,853	122,569
Bank holding companies	944,061	385,266	5,190	840,673	2,876,502	2,723,034	1,281,160,914	87,596,161	22,180,105	3,176,032
Banks, except mutual savings banks and bank holding companies	15,569	88,707	8,404	993,047	1,052,835	908,622	463,388,819	35,094,176	10,506,868	891,138
Credit agencies other than banks	43,179	56,431	6,603	1,483,492	730,958	683,885	699,820,816	36,045,893	13,222,495	922,062
Savings and loan associations	5	20,827	3,842	932,065	213,916	202,872	538,293,095	18,125,046	8,341,678	446,851
Personal credit institutions	21,774	26,152	*936	134,662	187,995	185,933	35,029,882	6,177,837	2,177,897	248,647
Business credit institutions	*20,410	3,864	*180	169,787	18,222	18,189	16,760,376	2,333,874	239,783	65,242
Other credit agencies; finance not allocable	990	5,587	1,645	246,978	310,822	276,891	109,737,464	9,409,336	2,463,137	161,322
Security, commodity brokers and services	5,055	26,731	3,321	295,777	201,746	180,882	70,088,356	5,508,840	1,070,442	202,355
Security brokers, dealers, and flotation companies	4,782	24,063	3,089	246,383	161,877	154,101	65,270,333	4,771,292	746,391	159,439
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	*273	2,668	233	49,394	39,869	26,781	4,818,023	737,548	324,051	42,916
Insurance	204,626	141,884	3,067	3,956,658	3,316,567	3,278,224	656,732,114	102,337,721	11,524,078	1,640,204
Life insurance	85,719	67,269	1,139	2,978,590	1,339,492	1,316,034	433,361,174	35,998,810	3,232,125	739,956
Mutual insurance, except life or marine and certain fire or flood insurance companies	5,830	12,177	558	345,223	—	—	47,380,649	14,152,331	5,18,391	137,062
Other insurance companies	113,077	62,439	1,370	632,845	1,977,075	1,962,189	175,990,291	52,186,580	7,773,562	763,186
Insurance agents, brokers, and service	15,869	19,188	5,809	336,403	382,186	373,095	13,982,598	4,556,258	1,823,762	248,094
Real estate	1,366	54,832	19,167	1,121,327	832,663	741,762	120,461,347	28,265,642	63,984,485	2,785,988
Real estate operators and lessors of buildings	672	22,477	2,862	528,094	468,439	386,758	60,550,681	16,780,515	49,806,907	1,986,229
Lessors of mining, oil, and similar property	31	1,357	*	42,477	75,546	75,509	1,244,998	723,191	780,588	26,790
Lessors of railroad property, and of real property, not elsewhere classified	—	1,574	*18	9,398	14,351	14,151	1,954,702	837,577	763,550	44,796
Condominium management and cooperative housing associations	—	*175	53	3,388	100	100	3,199,404	935,043	2,875,835	67,802
Subdividers and developers	*123	10,710	3,383	368,971	143,178	140,271	33,173,024	5,113,366	4,479,214	258,224
Other real estate	*540	18,539	12,852	169,000	131,049	124,973	20,338,538	3,875,950	5,278,392	402,146
Holding and other investment companies, except bank holding companies	59,740	28,498	4,550	440,939	8,900,850	8,230,855	162,070,829	133,355,006	5,596,590	261,564
Regulated investment companies	—	(*)	—	*83	7,150,981	6,606,269	110,323,843	106,862,819	11,740	311
Real estate investment trusts	—	2	15	151,896	125,201	125,201	6,863,891	2,590,696	2,575,168	75,743
Small business investment companies	—	*31	*8	7,364	*8,015	*8,015	794,351	390,974	7,817	897
Other holding and investment companies, except bank holding companies	59,740	28,465	4,542	433,478	1,560,159	1,491,370	44,088,744	24,750,517	2,998,865	184,613
Services	142,072	561,508	186,234	2,422,559	1,822,529	1,708,192	154,038,119	45,262,060	97,653,470	11,720,749
Hotels and other lodging places	5,539	43,697	12,601	342,256	213,809	199,764	19,491,460	5,064,294	15,556,889	936,666
Personal services	5,406	25,268	6,370	145,279	141,883	138,154	6,823,723	2,934,690	5,298,233	525,188
Business services	61,646	160,517	65,096	834,071	487,378	434,867	45,590,229	13,375,952	22,961,835	3,333,022
Advertising	27,873	15,632	7,251	170,323	72,559	65,098	8,034,080	1,736,711	1,509,357	178,682
Business services, except advertising	33,773	144,885	57,846	663,748	414,819	368,769	39,556,148	11,639,241	21,452,478	3,154,340
Auto repair; miscellaneous repair services	*204	64,732	13,615	139,732	89,950	85,258	19,244,023	4,317,765	17,991,340	3,195,642
Auto repair and services	*196	56,931	6,794	91,285	66,033	62,852	16,771,169	3,394,101	16,852,721	3,054,339
Miscellaneous repair services	8	7,801	6,821	48,437	23,918	22,406	2,472,853	923,664	1,138,619	141,303
Amusement and recreation services	47,969	134,700	9,098	411,899	280,363	276,041	27,212,351	7,959,446	15,728,017	1,894,634
Motion picture production, distribution, and services	43,148	97,996	1,457	105,049	117,179	114,802	12,117,723	2,960,612	2,396,708	995,416
Motion picture theaters	*6	7,796	1,226	42,549	17,332	17,080	2,282,648	823,442	2,046,532	130,641
Amusement and recreation services, except motion pictures	*4,816	28,907	6,414	264,301	145,852	144,158	12,811,979	4,175,393	11,284,777	768,576
Other services	21,308	132,594	79,455	549,323	609,146	574,107	35,676,334	11,609,313	20,117,156	1,835,597
Offices of physicians, including osteopathic physicians	—	27,691	16,344	72,148	30,828	26,980	4,385,069	1,947,509	2,977,779	381,334
Offices of dentists	—	9,295	5,515	9,335	*394	*327	1,111,723	464,231	996,677	115,775
Offices of other health practitioners	—	*684	*279	*2,510	*3,518	*3,518	151,789	57,702	120,447	12,924
Nursing and personal care facilities	—	9,817	10,086	50,892	89,864	85,234	5,601,886	850,875	4,541,724	224,996
Hospitals	1,927	22,435	3,035	83,379	69,293	60,482	5,679,522	1,948,989	3,239,989	208,850
Medical laboratories	22	3,185	*827	7,939	2,140	2,140	554,044	264,496	353,901	43,197
Other medical services	1,766	9,064	6,557	37,875	41,348	40,806	1,835,326	507,697	927,248	91,786
Legal services	—	7,682	4,555	24,754	62,088	62,065	1,468,614	489,761	810,377	98,522
Educational services	*6,089	5,498	3,145	31,223	49,257	46,772	1,759,460	528,324	928,047	97,028
Social services	—	*536	*648	*2,016	*2,489	*2,489	392,662	*25,251	299,085	29,873
Membership organizations	—	1,457	*1,223	10,468	—	—	847,664	428,707	453,203	23,071
Architectural and engineering services	9,134	17,272	12,950	125,566	89,223	86,790	5,098,585	2,123,706	1,783,660	211,921
Accounting, auditing, and bookkeeping services	12	3,216	*3,253	17,180	49,482	49,479	720,444	206,347	307,181	45,509
Miscellaneous services (including veterinarians), not elsewhere classified	*2,359	14,761	11,045	74,037	119,223	107,027	6,069,545	1,816,919	2,372,438	250,801
Nature of business not allocable	—	3,547	*1,309	31,445	*11,547	*11,547	1,418,661	3		

DATA SOURCES AND LIMITATIONS

Sample Selection

The statistics for the 1979 Income Year were estimated from a stratified probability sample of about 80,000 corporation income tax returns selected after revenue processing but before audit. The returns were generally stratified using net income or deficit and total assets. The corporation population from which the sample was drawn contained the following types of returns: Form 1120--U.S. Corporation Income Tax Return; Form 1120L--U.S. Life Insurance Company Income Tax Return; Form 1120M--U.S. Mutual Insurance Company Income Tax Return; Form 1120S--U.S. Small Business Corporation Income Tax Return; Form 1120F--Return of a Foreign Corporation; and Form 1120-DISC--Domestic International Sales Corporation Return.

The sample rates for return Forms 1120 and 1120S ranged from 0.3 percent to 100 percent and were based on size of total assets and net income (or deficit) and the presence or absence of selected "financial" principal business activity codes. Return Forms 1120L and 1120M were sampled at 100 percent rate. Return Form 1120F was sampled at rates ranging from 25 percent to 100 percent. For return Form 1120-DISC, sample rates ranged from 10 to 100 percent.

Limitations

Sampling introduces imprecision into the estimates. The imprecision of an estimate is measured by the standard error, which is presented as a percentage of the estimate and is called the coefficient of variation. The return data are also subject to nonsampling error due to both taxpayer reporting differences and discrepancies introduced in statistical processing.

Coefficient of Variation.--The upper limits of the coefficient of variation shown below are for estimated frequencies only and are intended as a general guide to the reliability of the data. They can be applied to the frequencies shown in Table 1 for a rough idea of the reliability of the data for each of the industries.

<u>Coefficient of Variation (Percent)</u>	<u>Number of Returns</u>
1	(*)
2	840,625
5	134,500
10	33,625
20	8,406
30	3,736
35	2,745
50	1,345

*The estimated number of returns is greater than the total population.

Additional measures of the sampling error, expressed as coefficients of variation for specific industries and for the various data items, will be presented separately in the forthcoming publication, Statistics of Income--1978-1979, Corporation Income Tax Returns.

Nonsampling Error.--Nonsampling error was controlled during statistical processing by a variety of methods. Among them was a systematic verification at

the field processing locations of the manual data editing and industry coding. As a further check on the quality of the editing and industry coding, small subsamples selected after field verification were reprocessed in the National Office. Key entry of the data at the processing locations was also subjected to 100 percent verification.

Numerous computer tests were applied to each return record to check for inconsistencies. Finally, the statistics were reviewed for accuracy and reasonableness in light of provisions of the law, business reporting variations and limitations, economic conditions, and comparability with other statistical series.

Other Data Limitations

Time Period Covered.--The 1979 estimates are based on data from returns with accounting periods that coincided with Calendar Year 1979 (these returns accounted for the bulk of the financial data) as well as returns with accounting periods that were for fiscal years ending any time from July 1979 through June 1980 (see the following figure). In addition to returns with 12-month accounting periods, the statistics also include data from so-called part-year returns. These were for corporations that changed accounting periods, and for new, merging, and liquidating corporations.

Industrial Classification.--The data presented in Table 1 are classified according to the principal business activity of the corporation. Returns were classified in the "minor" industry which accounted for the largest portion of receipts even though the company may have been engaged in many business activities or may have been a consolidated return filed for the members of an affiliated group. Minor industries were aggregated into major industries, which in turn were aggregated into industrial divisions.

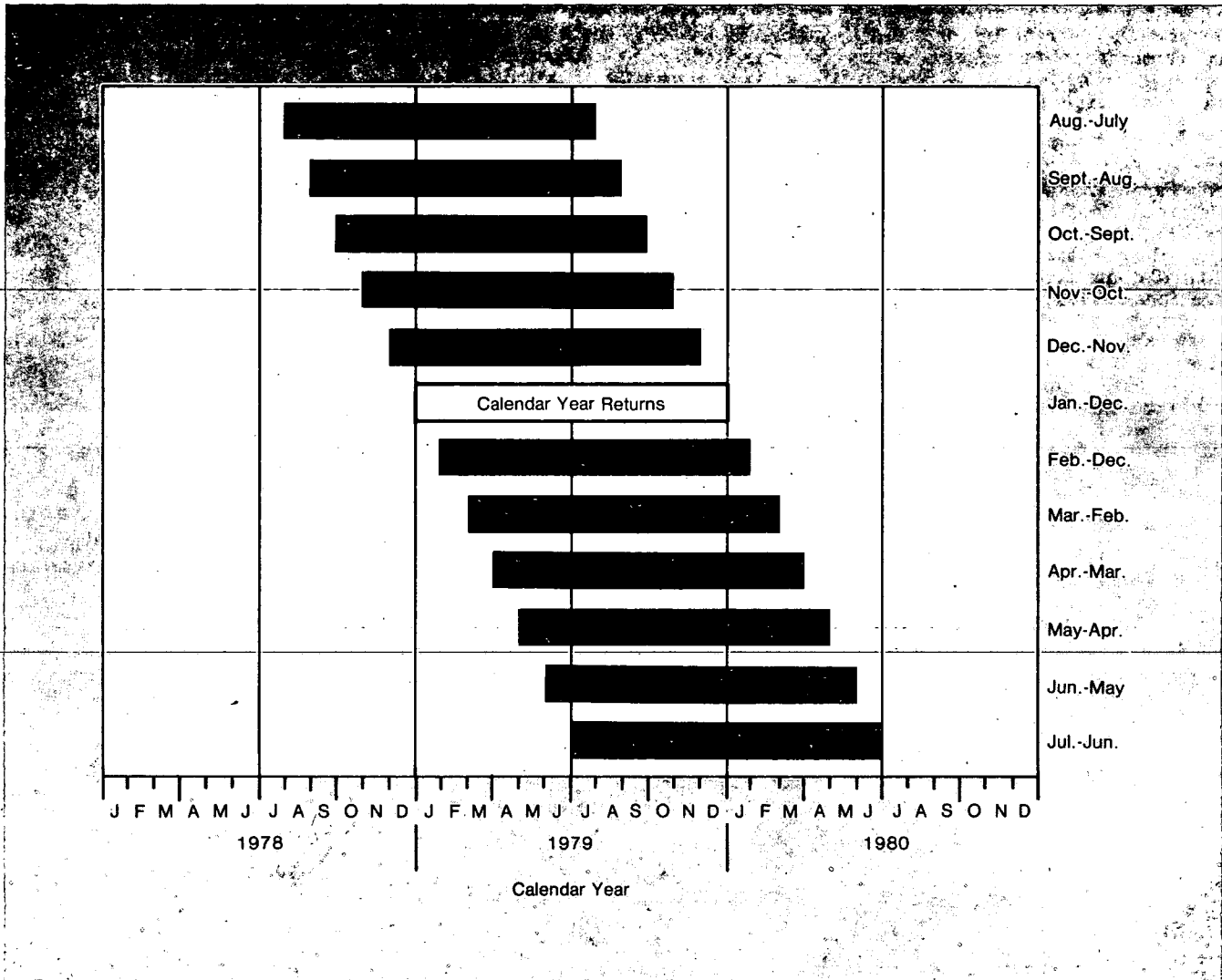
The industries generally conform with the Enterprise Standard Industrial Classification (ESIC) authorized by the Office of Information and Regulatory Affairs in the Office of Management and Budget. This classification follows closely along the line of the more detailed Standard Industrial Classification Manual (SIC), which was designed to classify separate "establishments" rather than the companies of which the establishments were part. Some departures from the ESIC were made for the finance industries in order to reflect particular provisions of the Internal Revenue Code.

Definitions and Changes in Law

Definitions of terms, a comprehensive description of data limitations, and additional detailed statistics will be available in the publication, Statistics of Income--1978-79, Corporation Income Tax Returns. Definitions for most of the terms used here are now available in Statistics of Income--1977, Corporation Income Tax Returns.

The discussion of the major changes in law which affect the 1979 data is included in the body of this article. The Revenue Act of 1978 contained provisions for the (1) reduction in tax rates, (2) liberalization of investment credit, (3) tightening up of jobs credit provisions, (4) initiation of a targeted jobs credit and (5) liberalization of the work incentive (WIN) credit. The effect of the energy credit, which was established by the Energy Credit Act of 1978, is also briefly discussed.

Accounting Periods



Windfall Profit Tax, 1980-1981

By Rashida Belal*

Windfall profit tax liability after adjustments for the second quarter of 1981 amounted to approximately \$7.1 billion, bringing the first half of Calendar Year 1981 total to \$14.3 billion. Below is a summary of windfall profit tax liability by quarter and cumulatively since the inception of the tax. These data reflect adjustments made by the depositing or withholding agent because of error or the application of the net income limitation provision.

Windfall Profit Tax After Adjustments
(Millions of Dollars)

<u>Quarter Ending</u>	<u>Quarterly</u>	<u>Cumulative</u>
June 1981.....	7,142	24,262
March 1981.....	7,195	17,120
December 1980.....	2,991	9,925
September 1980.....	3,325	6,934
June 1980.....	2,821	3,609
March 1980.....	788	788

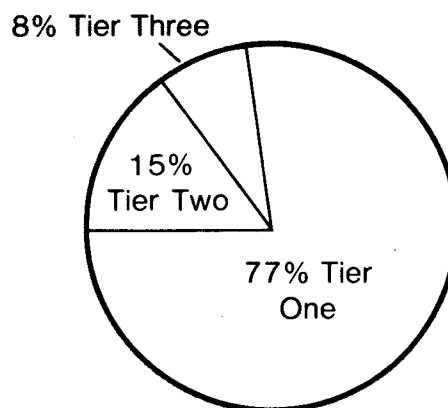
The tax begins to phase out when cumulative "net" revenues reach \$227.3 billion, with the phase-out beginning no earlier than January 1988 and no later than January 1991. The "net" revenue equals the gross windfall profit tax (excluding amounts attributable to U.S. governmental interests), \$24.3 billion to date, less refunds, the reduction in income taxes as a result of windfall profit taxes being deductible, and the royalty owner's credit.

Congress attempted to structure the tax in such a way as not to cause "adverse effects on domestic production" and to provide an incentive to producers to seek new sources of oil. Therefore, a structure was established so that the tax rate varied with the classification of the taxable crude oil into one of three tiers. Also, the law provides reduced tax rates for up to 1,000 barrels per day of tier one and tier two production by independent producers [1].

Tier one oil basically is oil that comes from high volume wells that were productive before 1979; as a result, it is accorded the highest tax rate of 70 percent (50 percent for independents). Tier two oil includes stripper well oil and oil produced from a National Petroleum Reserve, with a tax rate of 60 percent (30 percent). Tier three oil is newly discovered oil, heavy oil and incremental tertiary oil, taxed at 30 percent. About 70 percent of the oil produced has been tier one oil and it represents 77 percent of the liability (see also Table 1).

Five types of oil production are exempt from the windfall profit tax. In general these are (a) governmental interests; (b) charitable interests; (c) Indian oil; (d) certain Alaskan oil; and (e) certain oil deregulated in order to finance a tertiary recovery project ("front-end oil"). For the quarter ending June 30, 1981, there was a total of 16.8 million barrels of exempt oil reported and almost 85 percent was from exempt governmental interests (see Table 2).

Tax Liability by Tier March 1, 1980, Through June 30, 1981



For more detailed information concerning the tax, adjustments, and exempt oil, see the Winter issue of the SOI Bulletin [2].

DATA SOURCES AND LIMITATIONS

The Quarterly Federal Excise Tax Return, Form 720, is the form on which the windfall profit tax is reported. Form 6047, Windfall Profit Tax, shows how the tax is computed and is filed as an attachment to Form 720. Returns are due two months after the end of the quarter in which the oil is removed.

The data for 1980 are based on all returns filed without regard to amount of liability. Data for 1981 are based on all returns with a tax liability of \$1 million or more before adjustments and a 10 percent sample of all other returns. Data formerly published [2] for the first quarter of 1981 were based on returns with a tax liability of \$1 million or more before adjustments, adjusted upward to estimate total liability and barrels of oil. All data may be revised as additional returns are received.

Sampling and nonsampling errors were controlled by a variety of methods. Missing returns were requested from the service centers. However, some returns may have been omitted due to time and resource constraints. Attempts were made to correct imbalances in taxpayer entries for the components of windfall profit; if this proved impossible, an out-of-balance return was treated as a return on which the components were not reported, and therefore only the liability for each tier was tabulated. A number of verification checks were performed at all stages of manual data abstraction and computer tabulation.

*Prepared under the direction of Michael Coleman, Windfall Profit Tax Team Leader.

Windfall Profit Tax, Second Quarter, 1981

Table 1.--Windfall Profit Tax Liability by Oil Tier and Tax Rate for the Quarter Ended June 30, 1981; Components of Windfall Profit Cumulative from March 1, 1980, to June 30, 1981

[Money amounts are in millions of dollars]

Oil tier and tax rate	Tax liability before adjustments		Returns with components of windfall profit cumulative from March 1, 1980 to June 30, 1981 ¹					
	Quarter ended June 30, 1981	Cumulative from March 1, 1980, to June 30, 1981	Number of barrels of oil (000's)	Removal value	Adjusted base value	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns, total.....	7,253	25,167	1,442,183	46,247	22,446	1,257	22,543	13,213
Returns with tax liability shown by oil tier and tax rate:								
Total.....	6,869	22,312	1,442,183	46,247	22,446	1,257	22,543	13,213
Tier one, other than Sadlerochit oil:								
Taxed at 70 percent.....	4,631	14,128	736,786	23,604	10,547	650	12,407	8,684
Taxed at 50 percent.....	340	970	80,326	2,500	1,160	75	1,265	632
Tier one, Sadlerochit oil:								
Taxed at 70 percent.....	700	1,659	147,598	3,562	2,145	159	1,258	881
Taxed at 50 percent.....	3	19	1,207	44	17	2	25	12
Tier two oil:								
Taxed at 60 percent.....	560	2,899	139,389	4,937	2,393	118	2,426	1,454
Taxed at 30 percent.....	177	865	93,634	3,444	1,650	72	1,722	517
Tier three oil (taxed at 30 percent):								
Newly discovered oil.....	354	1,316	169,817	6,256	3,354	170	2,732	820
Incremental tertiary oil.....	13	32	6,181	203	122	6	75	22
Heavy oil.....	89	422	67,243	1,697	1,059	5	633	191
Total returns with tax liability not shown by oil tier and tax rates.....	385	2,855	-	-	-	-	-	-

¹Represents 72.4 percent of all returns tabulated and 52.5 percent of liability (79 percent of the liability for the first two quarters of 1981). Filers were not required to report this detail for 1980.

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

Table 2.--Exempt Oil Volume by Tier and Category, Quarter Ending June 30, 1981

[Thousands of barrels]

	Total	Tier one	Tier two	Tier three		
				Newly discovered oil	Incremental tertiary oil	Heavy oil
	(1)	(2)	(3)	(4)	(5)	(6)
Total.....	16,841	13,655	1,891	1,093	76	121
Exempt governmental interest.....	14,165	12,251	906	850	74	79
Exempt charitable interest.....	867	514	237	99	2	16
Exempt Indian oil.....	1,107	484	494	124	-	5
Exempt Alaskan oil.....	18	8	5	5	-	-
Exempt front-end oil.....	684	399	248	15	-	21

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