Investment Tax Credit on Corporation Returns, 1980

By David Barker*

> Capital is wayward and timid in lending itself to new undertakings, and the State ought to excite the confidence of capitalists, who are ever cautious and sagacious, by aiding them to overcome the obstacles that lie in the way of all experiments.
>
> Alexander Hamilton, 1791

The $15.1 billion investment tax credit claimed by U.S. corporations for 1980 was the largest amount ever claimed in a single Tax Year. This amount was an increase of $0.4 billion over 1979. However, cost of depreciable property (such as plant and equipment) used for investment credit [1], a measurable portion of the total investment that the credit was intended to stimulate, dropped slightly, from $220.9 billion for 1979 to $219.0 billion for 1980. In addition, the amount of the credit generated that was unused in the current Tax Year because of tax limitations also reached a new high, and for the first time since 1974 exceeded the credit claimed.

Income Year	Income Tax Before Credits	Investment Credit	Cost of Property	Unused Credit
	(Billions of dollars)			
1974	65.6	4.2	96.6	4.7
1975	65.8	6.5	110.8	6.2
1976	82.8	9.2	134.7	7.5
1977	95.6	11.0	168.5	10.0
1978	107.0	12.9	184.6	11.1
1979	119.2	14.7	220.9	14.4
1980	103.8	15.1	219.0	18.1

The investment credit is the second largest corporate tax credit (after the foreign tax credit). For 1980 the amount claimed was 14.6 percent of corporate income tax before credits, and it has averaged 11.5 percent of income tax before credits for the period 1974 through 1980. Both the credit claimed and its percentage of tax before credits showed an increase for 1981 due to the Safe Harbor Leasing provisions of the Economic Recovery Tax Act of 1981 (ERTA) [2, 3].

The paradox of a decrease in investment accompanied by a rise in the credit that occurred for 1980 may have been caused by a shift from short-term investment to long-term investment, which qualifies for the credit at a higher rate. Statistics of Income data on the various life-years of investment credit property for corporations are not available.

EVOLUTION OF THE INVESTMENT TAX CREDIT

The credit was first enacted in 1962 as a stimulus to investment and economic growth. The original credit generally provided for a reduction of income tax equal to 7 percent of "qualified" investment. The amount of the credit had to be subtracted from the cost or basis of the investment before calculating any tax depreciation, thus reducing any depreciation deductions claimed. (This reduction of depreciation benefits was repealed in 1964 but reappeared for property placed in service after 1982.) The credit was briefly suspended in late 1966 through early 1967 and repealed in 1969 as an anti-inflation measure. It was restored in 1971 and has since remained in effect. In 1975 the credit was increased from 7 to 10 percent of qualified investment.

In its present form, including changes resulting from the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), the investment credit provides for a 10 percent credit on investment in qualified property, and a 15 percent, 20 percent, and 25 percent credit on qualified rehabilitation expenditures for 30-year-old buildings, 40-year-old buildings, and certified historic structures, respectively. Also, corporations contributing 1 percent of their qualifying investment to an employee stock ownership plan (ESOP) are entitled to an additional 1 percent credit (or 1.5 percent credit if the corporation's employees matched the contribution). Since 1978, there has been an additional credit, the Business Energy Investment Tax Credit, for investment in energy related property [4].

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All investments do not generate the same amount of investment credit. Before calculating the 10 percent credit, the property is converted to qualified investment. Sixty percent of new or used 3-year recovery property and 100 percent of recovery property with a longer life is considered qualified. Recovery property is property placed in service after December 1980, and depreciated using the Accelerated Cost Recovery System (ACRS). Nonrecovery property qualifies at rates of 33 1/3, 66 2/3, and 100 percent for property with a 3 to 5, 5 to 7, or 7 or more years life, respectively. Nonrecovery property is property placed in service before January 1981. Data in this article are for 1980 and prior, when these lower qualifying rates were in effect.

Not all investment can be included in the credit computation. In order to qualify, property has to have a useful life of at least 3 years. Such property cannot be disposed of or cease to be qualifying property prior to the end of the useful life which was the basis of the credit. Otherwise, any credit already taken has to be repaid as an additional tax for the year in which the disposition or disqualification occurred.

If the credit is claimed for an investment that is also depreciated under the Accelerated Cost Recovery System (ACRS), the cost or basis of the property used in figuring the depreciation deduction has to be reduced by one half of the credit claimed. This is similar to the original 1962 provision which prevented a double benefit accruing to the corporation, in that the basis was reduced by the full amount of the credit. In lieu of the reduced cost or basis, the corporation can elect to reduce the rates at which recovery property qualifies for the credit, from 100 percent and 80 percent to 60 percent and 40 percent, respectively.

The amount of the credit claimed is limited by the income tax liability of the corporation. For corporations with a tax liability of $25,000 or less, the limitation currently is 100 percent of U.S. income tax after foreign tax and U.S. possessions tax credits. For those corporations with a tax liability of more than $25,000, it is 90 percent of income tax after foreign tax and U.S. possessions tax credits.

The excess of the investment credit over the limitation is available to the corporation, first as a carryback to the three years prior to the year the credit was generated, then as a carryover to the fifteen years following the credit year.

INVESTMENT CREDIT BY INDUSTRY

The credit is used most heavily by industries which are highly capital intensive. Proportionately more of the investment in plant and equipment made by the manufacturing, construction, transportation, and utility industries can be used for the credit than for the economy as a whole. One reason is that these industries make long-term investments which are necessary to generate a credit. Extension of the credit to benefit other industries has been considered but has never been implemented. Most recently, the Ford administration proposed eliminating the tie-in of the credit to the estimated life-years of the investment which would make short-term investment eligible for the credit. Another factor, which might explain the higher than average use of the investment credit by manufacturing concerns, is a multiplier effect, whereby investment by one corporation leads to higher demand for the product of, and therefore, increased investment by another corporation.

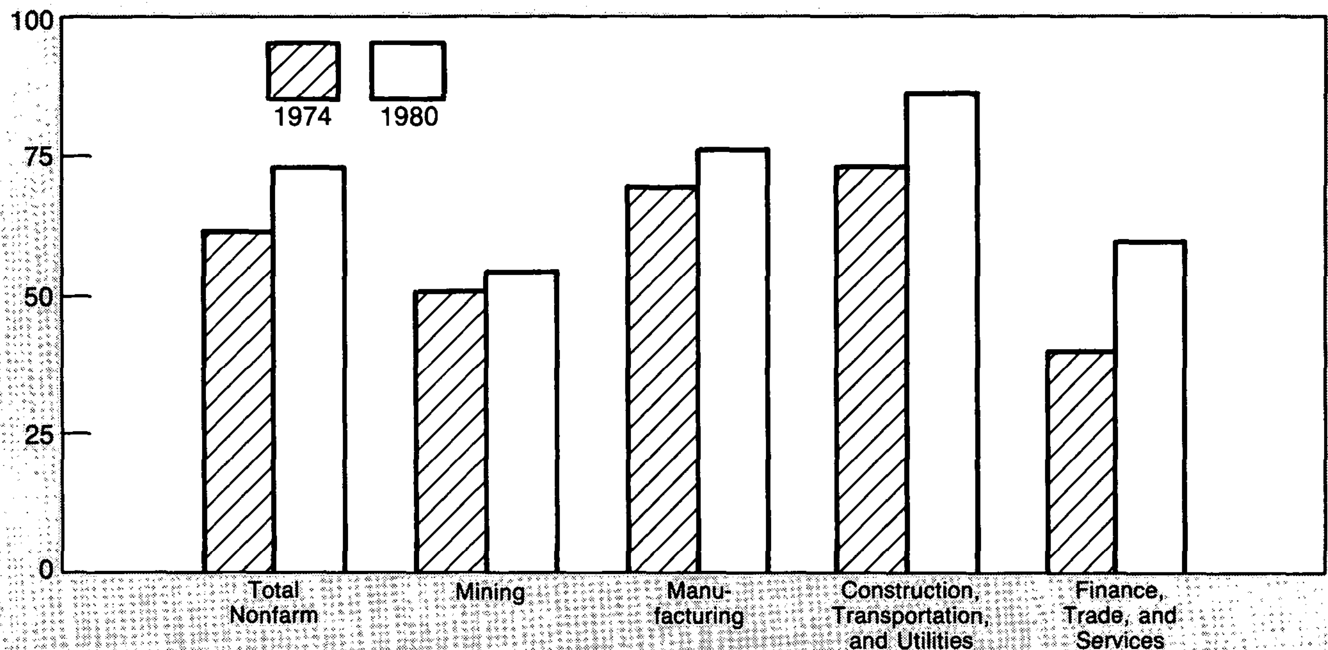
One measure of the utilization of the credit is to compare cost of property used for investment credit, as reported on tax returns, to total investment, as reported to the U.S. Bureau of Economic Analysis in its yearly survey [5]. There are some limitations to this comparison. The tax return data are for investments in new and used property, while the survey data exclude investments in used property [6]. Also, the tax return data are limited to corporations, while the survey data include all businesses. In 1980, 73.3 percent of total investment by all nonfarm corporations and 76.1 percent of investment by manufacturing industries generated a credit. Corporations in the construction, transportation, and utility areas had even higher amounts of total investment generating a credit of 86.2 percent.

These relationships between industries, manufacturing, construction, transportation and utilities having the largest proportions of cost of property used for investment credit to total investment, have remained constant through the years, but the overall relationship of cost of property used for investment credit to total investment has been an increasing one, both for the economy as whole and across industries. This increase may be due, in part, to efforts in the 1970's to increase the benefits accrued to taxpayers who used the credit.

While the trend for the total of all industries during the period 1974 through 1980 has been for both credit claimed and cost of property used for investment credit to rise (with a slight drop for 1980), trends at the industry level have not always followed this pattern.

For instance, in the mining industry cost of property continued to increase for the 1979 to 1980 period, from $6.2 billion to $7.3 billion. However, not all the components of the mining

Figure A
Percent of Total Investment Used for Investment Tax Credit, by Selected Industry, 1974 and 1980



Source: Cost of Property Data—Internal Revenue Service
Total Investment Data—U.S. Department of Commerce, Bureau of Economic Analysis
See text for details.

industry reflected this increase. For those corporations classified in iron ore mining the cost of property plunged from $215 million for 1979 to $38 million for 1980. This industry is quite concentrated, with the four largest corporations, measured by size of total assets, holding 92.5 percent of the industry's assets for 1980. Cost of property used for investment credit for these four largest iron ore mining corporations accounted for a large portion of the decrease, falling from $148 million for 1979 to $36 million for 1980. This may have been caused by corporations with no tax liability for 1980 failing to report any amounts of property used for investment credit on their tax returns, even though such investment was made. In any event, the amount of credit claimed by iron ore mining companies has proven to be far less volatile than investment, and for 1980 was $7 million, $2 million higher than for 1979.

Property used for investment credit also increased for the manufacturing sector, but the credit claimed fell from $7.1 billion for 1979 to $6.7 billion for 1980. It is not uncommon for cost of property used for investment credit to rise in spite of a fall in credit, since many corporations make investments for reasons other than being able to claim a tax credit. One possibility for the decrease in credit claimed may have been the constricting effect of the tax limitation, since income tax before credits for manufacturing had the smallest increase for the 1979 to 1980 period since the 1974 to 1975 period. Even with this decrease, manufacturing's portion of the credit claimed was 44.2 percent of the U.S. total.

A major component of the manufacturing sector was manufacturers of motor vehicles. In this industry, the credit claimed declined for both 1979 (when cost of property used for investment credit rose) and 1980 (when cost also declined). Thus, manufacturers of motor vehicles continued to invest in new equipment, even though unable to use the credits generated [7]. Motor vehicles is another concentrated industry. For 1980 the four largest corporations held 83.0 percent of the industry's assets. These four largest corporations were also able to claim $135 million of investment credit for 1980, or 67.2 percent of the industry total. The credit claimed by these corporations moved exactly as the industry did, rising from $336 million for 1977 to $442 million for 1978, and then dropping to $332 million for 1979.

Another broad industry group that was able to claim a large proportion of investment credit is transportation and public utilities, with 32.4 percent of the total for 1980. This industry followed the U.S. total pattern, and cost of property used for investment credit dropped in 1980.

One interesting component of the transportation industry was airlines, where cost of property reached a new high of $4.1 billion for 1980, while credit claimed dropped to only $106 million. 1980 was a poor year for the airlines, and the four largest had no tax liability because of net losses. This accounted for the decrease in investment credit claimed.

In general, then, many corporations, in diverse industries, continue to invest, even though the cost of investment is higher when they are unable to claim an investment credit. In some cases they may be able to use a credit in another year, as a carryback or carryover.

IMPACT OF UNUSED CREDIT

Amounts carried back generate an immediate refund. While the statistics do not include carrybacks (amended returns are excluded from Statistics of Income data), subtracting one year's carryover from the previous unused credit gives a rough approximation of carryback used [8].

Income year	Unused credit	Reported carryover	Approximate carryback
	(Billions of dollars)		
1974	4.7	3.5	0.6
1975	6.2	4.1	0.8
1976	7.5	5.4	0.5
1977	10.0	7.0	1.8
1978	11.1	8.2	1.1
1979	14.4	10.0	2.1
1980	18.1	12.3	*

* Not Available

While the amounts of unused credit and carryover tripled between 1974 and 1980, the estimated amount of carryback used has remained nearly constant at $1 to $2 billion since 1977, even though a carryback would be immediately beneficial to the corporation, and the requirement to carry back first is mandatory [9].

The carryback and carryover provisions of the investment credit were designed to prevent short term inequities in the allocation of the credit. It was argued that unprofitable corporations were placed at a competitive disadvantage when capital was less expensive for profitable corporations. Also, investment by temporarily unprofitable corporations was to be encouraged in the same manner as investment by profitable corporations. However, the carryback and carryover provisions provide no relief for corporations that are unprofitable for long periods. As the amount of unused credits available increased, proposals have been made to make the investment credit refundable.

In 1981 a different approach to the excess unused credits situation was adopted, safe-harbor leasing. Safe-harbor made it possible for profitable corporations leasing property to unprofitable corporations to take advantage of the unprofitable corporation's otherwise unusable investment credits in exchange for either cash payments to the unprofitable lessee or reduced rental payments. It has been estimated that the reduction in corporate taxes resulting from safe-harbor leasing was about $3.6 billion in fiscal 1982 [10]. However, the full safe-harbor lease provisions were short-lived. TEFRA modified the leasing rules for 1982 in order to eliminate abuses.

The investment tax credit was designed to stimulate investment, and, in fact, both total investment and cost of property used for investment credit were much higher for 1980 than they were for 1962, when the credit was begun. However, this does not demonstrate a cause and effect relationship. In the case of many corporations, these investments would be made in the absence of an investment credit. This is shown below for nonfarm industries by the increase in unused credit for every year in the 1974 through 1980 period, as corporations made investments even when they could not claim a credit.

Income Year	Cost of property	Total investment
	(Billions of dollars)	
1974	95.6	157.0
1975	109.8	157.7
1976	133.1	171.5
1977	166.5	198.1
1978	182.2	231.2
1979	217.9	270.5
1980	216.7	295.6

Source: Cost of property data from Statistics of Income [11].
Total investment data from the U.S. Department of Commerce, Bureau of Economic Analysis [12].

DATA SOURCES AND LIMITATIONS

Sample Selection

The statistics for the 1980 Tax Year were estimated from a stratified probability sample of about 85,000 corporation income tax returns selected after revenue processing but before audit.

A description of the sample selection procedures for corporate returns is presented in the Appendix.

Limitations

Because the data presented in this article are estimates based upon a sample, they are subject to sampling error. To use the data properly, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude.

The table below presents approximated CV's for frequency estimates. The approximate CV's shown here are intended only as a general indication of the reliability of the data. For numbers of corporations other than those shown below, the corresponding CV's can be estimated by interpolation.

Estimated Number of Returns	Approximated Coefficient of Variation
1,000,000	.02
160,000	.03
40,000	.10
10,000	.20
4,500	.30
3,300	.35
1,600	.50

The reliability of estimates based on samples and the use of CV's for evaluating the precision of sample estimates are discussed in the Appendix.

Time Period Covered

The 1980 estimates are based on data from returns with accounting periods that coincided with Calendar Year 1980 (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 1980 through June 1981. In addition to returns filed for 12-month accounting periods, the statistics also include data from part-year returns. These returns, which were filed for less than a 12-month period, were for corporations that changed accounting periods, and for new, merging, and liquidating corporations.

Definitions and Changes in Law

Definitions of terms, changes in law, a comprehensive description of data limitations, and additional detailed statistics are available in Statistics of Income--1980, Corporation Income Tax Returns.

NOTES AND REFERENCES

[1] The term cost of property used for investment credit means the investment reported on corporate income tax returns that was eligible for an investment tax credit. Not all of this investment could be used, because of tax limitations. It was less than total investment made by corporations, since investment had to meet certain life-year and other criteria to generate an investment tax credit. Excluded is cost of property reported by Small Business Corporations for which the credit was claimed by shareholders.

[2] For 1981 investment credit was $18.3 billion and income tax before credits was $98.6 billion. All 1981 data are preliminary. See Samuelson, Ray, "Corporation Income Tax Returns, 1981, Preliminary Data," found on pages 23-27.

[3] See Riley, Margaret, "Safe Harbor Leasing, 1981 and 1982," Statistics of Income Bulletin, Volume 3, Number 2, pp. 1-8, for another examination of the leasing provisions.

[4] The Business Energy Investment Tax Credit was $0.3 billion for 1980.

[5] Business Expenditures for New Plant and Equipment figures from U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, appropriate months. For more information on business expenditures, see Woodward, John T., "Plant and Equipment Expenditures: 1981," Survey of Current Business, January 1981, pp. 24-25. Estimates for prior years can be found in "Revised Estimates of New Plant and Equipment Expenditures in the United States, 1947-77," Survey of Current Business, October 1980, pp. 42-49.

[6] For 1975, the most recent year that data are available, cost of used property was $2.6 billion, or 2.3 percent of the entire investment of 110.8 billion. For 1974, investment in used property was 2.1 percent of the total.

[7] In some instances, certain companies invested in machinery and toiling and then sold the Investment Tax Credit generated.

For a discussion of this phenomenon, see U.S. News and World Report, November 23, 1981, page 3.

[8] The approximation is rough because the assumption is made that all amounts not carried forward are used as a carryback in the first year preceding the credit year. Actually, amounts may be carried back to the three years preceding the credit year.

[9] Internal Revenue Code section 46(b).

[10] U.S. Office of Management and Budget, Special Analyses, Budget of the United States Government, annual.

[11] Statistics of Income, Corporation Income Tax Returns, appropriate years.

[12] U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, appropriate months.

RETURNS OF ACTIVE CORPORATIONS OTHER THAN FORMS 1120-DISC AND FORMS 1120S[1]

Table 1.--Selected Investment Credit Items, 1974-1980

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

Item	1974	1975	1976	1977	1978	1979	1980
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	1,626,334	1,658,803	1,683,604	1,807,018	1,890,892	2,051,185	2,156,485
Net income (less deficit)	137,507	134,631	176,685	209,281	235,117	273,063	226,617
Income subject to tax	143,967	146,584	183,461	212,499	239,619	280,153	246,593
Income tax before credits	65,582	65,768	82,791	95,627	106,973	119,157	103,830
Investment tax credit:							
Number of returns	533,947	553,279	584,815	670,955	739,424	799,475	785,001
Amount	4,221	6,460	9,153	11,038	12,897	14,678	15,103
Cost of property used for investment credit	96,620	110,842	134,703	168,472	184,570	220,932	218,985
Qualified investment	86,573	93,560	107,933	134,327	151,908	181,163	198,267
Current year regular investment credit	5,366	8,586	11,266	14,034	15,819	19,095	20,910
Carryover of unused credit	3,519	4,079	5,386	6,978	8,162	9,966	12,257
Tentative regular investment credit	8,885	12,666	16,651	21,011	23,981	29,061	33,167
Unused investment credit	4,664	6,206	7,499	9,973	11,084	14,383	18,064

[1]Forms 1120-DISC are returns of Domestic International Sales Corporations taxed through their stockholders (generally corporations). Forms 1120S are returns of Small Business Corporations taxed through their stockholders (generally individuals). These returns are excluded from the statistics whenever possible.

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

Returns of Active Corporations other than Forms 1120-DISC and Forms 1120S[1]

Table 2. — Selected Investment Credit Items, by Selected Industries, 1974-1980

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

Year, Item	Total	Mining	Iron Ores	Manufacturing	Pulp, Paper and Board Mills	Ferrous Metals	Motor Vehicles and Equipment	Transportation and Public Utilities	Railroad Transportation	Transportation by Air	Wholesale and Retail Trade	Finance, Insurance, and Real Estate	Services
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1974													
Number of returns	1,626,334	13,369	(2)585	177,654	(2)349	(3)1,983	2,011	65,695	(2)425	(2)4,561	479,003	387,072	317,299
Income subject to tax	143,967	25,557	62	68,888	1,589	4,075	2,800	10,100	(3)883	(3)328	19,338	12,586	3,651
Income tax before credits	65,582	12,207	27	31,970	679	1,934	1,285	4,682	(3)396	(3)146	8,292	5,494	1,420
Investment tax credit:													
Number of returns	533,947	5,148	n.a.	83,575	n.a.	n.a.	1,103	25,142	n.a.	n.a.	196,954	54,267	102,636
Amount	4,221	135	*3	2,112	55	182	115	1,112	175	59	395	161	161
Cost of property used for investment credit	96,620	2,317	(3)102	36,892	(3)793	(3)1,773	4,222	34,474	(3)2,443	(3)1,888	8,492	5,445	5,150
1975													
Number of returns	1,658,803	11,645	(2)63	181,616	(2)357	(3)1,519	2,016	64,903	(2)424	(2)5,443	484,942	373,500	353,269
Income subject to tax	146,584	23,828	(3)65	69,738	(3)1,099	(3)1,964	3,278	11,126	(3)606	(3)124	19,807	13,140	4,469
Income tax before credits	65,768	11,361	(3)27	32,306	(3)460	(3)913	1,555	5,107	(3)261	(3)56	8,103	5,588	1,625
Investment tax credit:													
Number of returns	553,279	4,621	n.a.	83,908	n.a.	n.a.	898	22,913	n.a.	n.a.	199,960	55,559	118,357
Amount	6,460	164	*4	2,865	89	124	156	2,190	121	17	571	223	243
Cost of property used for investment credit	110,842	3,176	(3)68	47,143	(3)1,293	(3)3,016	3,255	36,942	(3)2,844	(3)1,634	9,447	4,562	5,543
1976													
Number of returns	1,683,604	(4)13,313	(2)26	(4)178,306	(2)430	(2)2,024	(2)2,716	(4)64,119	(2)439	(2)5,464	(4)495,558	(4)366,706	(4)375,953
Income subject to tax	183,461	30,389	*91	88,824	(3)1,318	(3)1,630	(3)7,764	15,265	828	388	22,231	16,614	5,185
Income tax before credits	82,791	14,484	*40	41,235	(3)557	(3)750	(3)3,703	7,081	368	178	9,098	7,136	1,897
Investment tax credit:													
Number of returns	584,815	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Amount	9,153	215	*5	4,151	113	118	291	3,235	161	91	674	340	299
Cost of property used for investment credit	134,703	(3)4,241	*(3)142	(3)59,835	(3)1,486	(3)4,393	(3)3,667	(3)44,450	(3)3,479	(3)1,126	(3)11,976	(3)5,190	(3)7,258
1977													
Number of returns	1,807,018	15,939	(2)59	193,303	(2)142	(2)2,199	(2)2,318	66,102	(2)621	(2)6,772	518,894	381,543	416,928
Income subject to tax	212,499	(3)31,920	*(3)57	(3)101,639	(3)1,452	(3)1,440	(3)11,752	(3)18,893	(3)1,096	(3)1,066	(3)25,619	(3)21,318	(3)6,880
Income tax before credits	95,627	(3)15,177	*(3)25	(3)47,135	(3)592	(3)670	(3)5,617	(3)8,770	(3)496	(3)498	(3)10,481	(3)9,204	(3)2,555
Investment tax credit:													
Number of returns	670,955	6,211	n.a.	100,356	n.a.	n.a.	n.a.	28,806	n.a.	n.a.	225,814	69,584	154,565
Amount	11,038	223,125	*2	4,607	117	85	412	4,143	384	341	826	513	427
Cost of property used for investment credit	168,472	(3)4,974	*(3)208	(3)67,785	(3)1,664	(3)4,196	(3)5,473	(3)55,262	(3)3,818	(3)1,676	(3)14,396	(3)7,676	(3)11,664
1978													
Number of returns	1,890,892	16,091	(2)13	186,004	(2)303	(2)2,127	(2)2,108	72,718	(2)340	(2)6,499	546,833	398,366	446,080
Income subject to tax	239,619	29,042	48	(3)114,374	(3)1,765	(3)2,481	(3)11,504	22,091	1,330	1,594	30,590	26,969	8,586
Income tax before credits	106,973	13,742	18	(3)52,753	(3)712	(3)1,158	(3)5,486	10,252	593	748	12,385	11,756	(3)3,151
Investment tax credit:													
Number of returns	739,424	6,831	n.a.	104,176	n.a.	n.a.	n.a.	27,877	n.a.	n.a.	255,051	73,555	171,915
Amount	12,897	234	4	5,176	160	217	539	4,766	356	541	1,088	696	500
Cost of property used for investment credit	184,570	(3)6,073	(3)204	(3)68,785	(3)1,848	(3)4,007	(3)6,995	(3)67,580	(3)4,436	(3)2,823	(3)17,775	(3)9,633	(3)11,724
1979													
Number of returns	2,051,185	(2)24,296	(2)39	(2)241,795	(2)390	(2)2,431	(2)3,036	(2)106,824	(2)549	(2)6,550	(2)776,661	(2)471,227	(2)609,103
Income subject to tax	280,153	44,065	53	133,548	2,883	2,868	9,127	20,862	1,800	594	(3)34,744	28,267	9,529
Income tax before credits	119,157	20,098	17	58,668	1,021	1,244	4,160	9,115	759	248	(3)13,314	11,595	3,276
Investment tax credit:													
Number of returns	799,475	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Amount	14,678	272	5	7,144	233	278	464	4,069	410	147	1,331	808	562
Cost of property used for investment credit	220,932	(3)6,152	(3)215	(3)81,865	(3)2,303	(3)4,092	(3)8,417	(3)81,048	(3)5,476	(3)3,872	(3)21,992	(3)12,345	(3)13,576
1980													
Number of returns	2,156,485	20,378	(2)92	202,286	(2)246	(2)2,745	(2)2,390	85,270	(2)240	(2)6,317	609,779	426,622	535,685
Income subject to tax	246,593	9,074	54	134,840	(3)1,866	(3)2,146	(3)2,215	23,917	1,962	570	(3)35,035	24,320	(3)10,450
Income tax before credits	103,830	3,948	17	59,577	(3)723	(3)872	(3)979	10,533	849	244	(3)13,516	9,681	(3)3,497
Investment tax credit:													
Number of returns	785,001	7,649	n.a.	102,623	N.A	n.a.	n.a.	32,585	n.a.	n.a.	252,974	70,336	214,861
Amount	15,103	435,015	7	6,671	203	158	201	4,896	458	106	1,330	675	633
Cost of property used for investment credit	218,985	7,250	(3)38	88,144	(3)2,974	(3)3,750	(3)7,912	66,753	(3)5,766	(3)4,118	21,501	13,303	13,657

n.a.–Not available.
*Estimate should be used with caution because of the small number of sample returns on which it was based.
(1)Forms 1120-DISC are returns of Domestic International Sales Corporations taxed through their stockholders (generally corporations).
Forms 1120S are returns of Small Business Corporations taxed through their stockholders (generally individuals). These returns are excluded from the statistics whenever possible.
(2)Includes Forms 1120-DISC and 1120S.
(3)Includes Forms 1120S.
(4)Includes Forms 1120-DISC.