

Partnership Returns for 1981 Reflect Tax Shelter Activity

By Patrick Piet*

For the first time in the twenty-five year history of annual Statistics of Income reports for partnership returns, partnerships operating in the United States reported an overall net loss for Tax Year 1981 [1]. While the economic downturn occurring during 1981 was largely responsible for the drop in partnership profits, an examination of the data reveals that tax shelter activity has also had an impact on the profits reported by partnerships.

SUMMARY

A partnership is defined as a business venture involving two or more persons which is not organized as a corporation. One important feature in which a partnership differs from a corporation is that a corporation is taxed directly on any profits it earns, whereas partnership profits are not taxed directly. Instead, any profit or loss realized by the partnership flows directly to the partners, who must report their shares on their own tax returns.

Partnerships range in complexity from simple two-owner businesses, many of which are engaged in wholesale and retail trade, farming, and personal services, to ventures involving thousands of partners, most of whom act merely as passive investors, and are not actually involved in the day-to-day operations of the business. These large ventures are commonly found in the oil and gas extraction, finance, and real estate industries. All partnerships which are engaged in business or obtain income in the United States must file Form 1065, U.S. Partnership Return of Income, from which the data in Table 1 were derived [2].

The number of returns filed by active partnerships rose from 1,379,654 for 1980 to 1,460,502 for 1981, an increase of 6 percent, the same as the increase between 1979 and 1980. Meanwhile, the number of partners reported in these partnerships rose from 8,419,899 in 1980 to 12,225,123 in 1981, an increase of 45 percent. Some of this increase

is probably due to improved validation during statistical processing of the number of partners reported by taxpayers. The number of partners was reported as 6,954,767 for 1979, and as 8,419,899 for 1980, an increase of 21 percent. The actual increase for 1981 probably was somewhere between those figures but definitely represented a substantial increase in the number of partners. This growth is closely tied to the increased use of partnerships as tax shelters.

Overall net income (less deficit) fell from a profit of \$8.3 billion for 1980 to a loss of \$2.7 billion, a decrease of \$11.0 billion. This is an even larger drop in profits than was recorded between 1979 and 1980, when net income (less deficit) fell by \$7.0 billion.

Figure A presents the number of partnerships and net income (less deficit) by industrial division for 1980 and 1981. The greatest percentage increases in number of partnerships occurred in the industrial divisions for mining, which increased by nearly 50 percent, wholesale and retail trade, which increased by about 8 percent, and finance, insurance, and real estate, which rose by almost 7 percent. For agriculture, forestry, and fishing and services, the number of partnerships actually declined slightly from 1980.

Meanwhile, net income (less deficit) fell in each division except for manufacturing, which showed a slight reduction in its overall net loss. The largest drop in net income, \$5.9 billion, occurred in the same industrial division, mining, which had the greatest percentage increase in the number of partnerships. Another division with a sharp increase in the number of partnerships, finance, insurance and real estate, had a drop in net income of \$1.1 billion. Both divisions also showed a net loss for both 1980 and 1981. This would lead one to question whether partnership investments were unprofitable due to the downturn in the economy, or whether other factors were also at work.

*Corporation Special Projects Section. Prepared under the direction of Thomas Petska, Chief.

Partnership Returns, 1981

Figure A.--Number of Partnerships and Net Income Less Deficit by Industrial Division, 1980 and 1981

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

Industrial division	Number of partnerships				Net income or deficit		
	1980	1981	Increase or decrease		1980	1981	Increase or decrease
			Number	Percent			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total.....	1,379,654	1,460,502	80,848	5.9	8,248,656	-2,734,897	-10,983,553
Agriculture, forestry, and fishing.....	126,224	124,973	-1,251	-1.0	471,548	-703,617	-1,175,165
Mining.....	35,076	51,368	16,292	46.4	-4,208,334	-10,109,096	-5,900,762
Construction.....	66,590	69,856	3,266	4.9	1,560,093	1,209,222	-350,871
Manufacturing.....	30,086	30,306	220	0.7	-472,049	-440,649	31,400
Transportation, communication, electric, gas, and sanitary services..	20,417	21,711	1,294	6.3	248,387	-227,832	-476,219
Wholesale and retail trade.....	200,273	216,808	16,535	8.3	2,474,626	1,316,933	-1,157,693
Finance, insurance, and real estate.....	637,480	618,638	44,158	6.9	-4,248,776	-5,360,047	-1,111,271
Services.....	263,400	262,932	-468	-0.2	12,424,161	11,618,171	-805,990

NOTE: Nature of business not allocable not shown separately because of the small number of sample returns on which it was based.

USE OF PARTNERSHIPS AS TAX SHELTERS

A closer look at the data in Table 1, plus information from other sources [3], supports an additional reason for large reported losses in partnerships: the increased use of partnerships as tax shelters. A tax shelter is defined as an investment in which a significant portion of the investor's return is derived from the realization of tax savings on other income, as well as the receipt of tax-favored (or effectively, tax-exempt) income from the investment itself [4]. It is important to note a distinction between this definition and the usual notion of a "tax shelter". The commonly-held image of a tax shelter is that of an opportunity to receive a deduction for an expense or an exclusion of income which will reduce one's tax liability. Examples of this type of shelter are contributions to an Individual Retirement Arrangement (IRA), payments for home mortgage interest, or the earning of interest on tax-free municipal bonds. All three of these result in a reduction in the amount of tax owed, but differ from a partnership tax shelter in that the tax saving is less than the amount invested. In the case of a partnership tax shelter, the tax savings may actually exceed the amount of money invested. This is achieved by means of three methods: first, by

the deferral of the realization of income for tax purposes; second, by the conversion of ordinary income into types which receive favored tax treatment; and third, by the use of borrowed funds to increase the amount of the investment while obtaining a tax deduction for interest expense.

Partnerships are particularly suited to serve as tax shelter vehicles due to the "flow-through" nature of partnership income and loss noted earlier. Losses sustained by partnerships pass to the partners who may use these losses to offset taxable income from other sources, thereby reducing their total tax bill. However, these losses may not reflect actual cash spent by the partner. Rather, the partnership may use special incentives provided by tax law to produce losses for tax purposes in the initial years of its activity. Eventually, the partnership may begin to realize profits for tax purposes, at which time it can reduce the tax paid on these profits by selling its assets and obtaining favorable capital gains treatment on the gain from the sale.

A good example of a tax shelter using all three methods of tax savings is commonly found in real estate. Using cash invested by the

partners and a mortgage, a partnership will acquire a building which it in turn leases to tenants. The interest paid on the mortgage is deductible from the gross rent income received from tenants. Various accounting methods are used to write off larger amounts of interest initially [5]. The partnership is also entitled to a deduction for the depreciation of the building, which is specified by the Accelerated Cost Recovery System (ACRS) instituted for 1981. This system allows proportionally larger write-offs in the initial years after the property is acquired. Depreciation deductions often are the main factor in sheltering income, especially in real estate industries [6]. These accelerated interest and depreciation deductions defer the realization of some portion of the taxable profits until later years, or may even result in losses. However, before significant taxable profits are realized, the partnership usually sells the building. If the building was held by the partnership for more than one year, the individual partner is entitled to exclude 60 percent of the gain on the sale from taxable income on his/her tax return [7].

It is important to note that, in this example as well as in many other types of tax shelter partnerships, the partnership realizes a cash profit while it reports a tax loss. This is due to the fact that the tax law allows deductions which do not coincide with actual cash payments by the partnership. The most important of these is depreciation. In the example of real estate, a partnership may depreciate the value of a building over a 15-year period, even though the mortgage period for the building is 30 or 40 years. Meanwhile, it obtains cash income from rent paid by its tenants. The partners share in any cash income realized by the partnership in excess of its actual cash expenses.

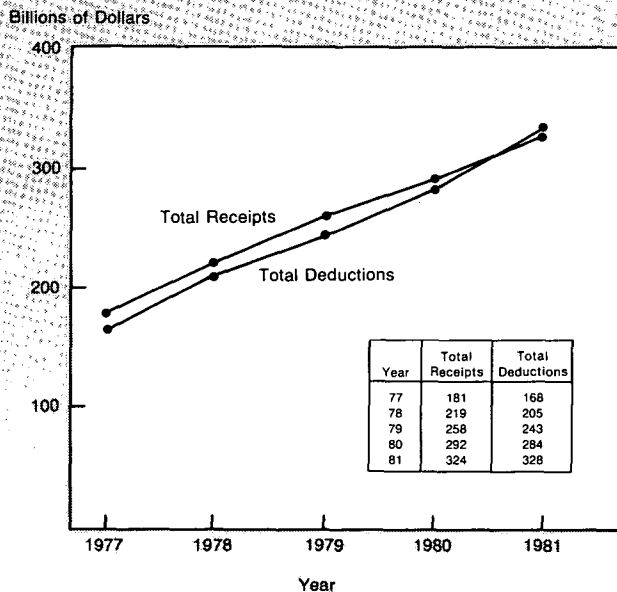
Another area where tax shelters are particularly active is in oil and gas extraction activities. These partnerships, and most tax shelter partnerships, are usually organized as "limited partnerships," in which one partner acts as the "general partner," who is liable for all debts of the partnership. The other partners are "limited partners," liable only to the amount of their investment in the partnership. These limited partners generally act as passive investors, having no involvement in the daily operation of the business. The partnership will acquire potential oil or gas producing property, drill wells, and, with luck, discover oil or gas which will provide income. Due to the inherent risk in such an activity, the tax law provides a special deduction for oil and gas drilling called "intangible drilling costs." These represent specific costs needed to develop a drilling site, such as labor, materials and supplies, fuel, repairs, and transportation.

These costs would normally be capitalized, and written off over the life of the well. Due to the uncertain nature of oil drilling, the law allows these costs to be written off in the year they are incurred. Because it usually takes several years to bring a property to production, oil and gas partnerships usually incur large tax losses in the first years of operation by use of these deductions. Similar to a real estate partnership, the oil and gas partnership will sell its interest in the well as it reaches production, and convert its profits, which are fully taxable, into long-term capital gains, which are only partially taxable.

HIGHLIGHTS OF 1981 DATA

An examination of the data in SOI reports for the past five years reflects the rapid increase in tax shelter activity. As shown in the graph (Figure B) total receipts rose from \$181 billion for 1977 to \$323 billion for 1981, an increase of 78 percent. At the same time, total deductions increased from \$168 billion to \$328 billion, or 95 percent. The deduction for depreciation showed an even greater growth, more than doubling from \$12.3 billion for 1977 to \$27.3 billion for 1981, an increase of 122 percent [8]. In contrast, the expense item for salaries and wages, which would usually be associated with a business in a trade or service industry, rose from \$14.7 billion for 1977 to \$22.0 billion for 1981, an increase of only 50 percent. The contrast of the percent increase in total deductions of 95 percent, depreciation deduction of 121 percent, and the

Figure B
Total Receipts and Total Deductions
for Partnerships, 1977-1981



salaries and wages deduction of 49 percent is consistent with a shift of partnerships from trade and service industries and into investment industries with strong tax shelter characteristics.

As mentioned previously, an area where tax shelter activity is particularly concentrated is in oil and gas extraction. In addition to responding to the general increase in tax shelter activity, this industry has received a stimulus from another source, the decontrol of domestic crude oil prices in 1980. For 1980, the partnership SOI report noted the increase in oil production ventures caused by decontrol [9]. This trend continued during 1981, as evidenced by increases in the number of partnerships in oil and gas extraction from 31,405 to 47,107 (50 percent), the amount of total receipts from \$10.0 billion to \$12.6 billion (26 percent), and the amount of total deductions from \$13.7 billion to \$22.0 billion (61 percent). Oil and gas partnerships reported a net loss of \$9.4 billion for 1981, up from a loss of \$3.7 billion for 1980. Most of this increase in losses may be attributed to deductions for intangible drilling costs. In the statistics, this is reflected in the large increase in the item "other deductions," which includes intangible drilling costs. For 1980, other deductions totaled \$8.5 billion, rising to \$14.0 billion for 1981, an increase of \$5.5 billion. By comparison, net loss in oil and gas rose from \$3.7 billion for 1980 to \$9.4 billion for 1981, an increase of \$5.7 billion. It is likely that the increase in losses reported by oil and gas partnerships was due largely, if not wholly, to newly-formed partnerships deducting large amounts for intangible drilling costs.

TRENDS IN TAX SHELTER ACTIVITY

Data available on investment in publicly-offered limited partnerships indicate that the boom in tax shelters will continue. According to The Stanger Report [10], investment (cash contributed by investors to fund ventures) in publicly-offered limited partnerships totaled \$5.5 billion for 1982, and \$4.0 billion for the first half of 1983. Total sales increased from \$2.3 billion for the first six months of 1982 to \$4.0 billion for the first six months of 1983, an increase of 70 percent. Investment in oil and gas partnerships rose from \$1.1 billion to \$1.4 billion, an increase of 26 percent, while investment in real estate partnerships rose from \$0.9 billion to \$2.2 billion, an increase of 137 percent. This boom in tax shelter formation for 1982 and 1983 should result in further decreases in partnership profits as reported in our SOI series.

DATA SOURCES AND LIMITATIONS

Sample Selection

The statistics for the 1981 Tax Year were estimated from a stratified probability sample of approximately 40,000 returns selected from a total population of about 1.6 million returns. Amended and tentative returns were excluded from the sampling procedure, which was implemented after revenue processing, but prior to audit. Sample rates ranged from 0.3 percent to 100 percent. The number of sampling classes was increased from 12 in 1980 to 42 for 1981. An additional stratifier, net income or deficit, was added to improve the precision of the estimate for this amount. Preliminary analysis indicates a substantial reduction in the variance of this estimate for 1981.

Limitations

Because the data presented in this article are estimates based on a sample of returns, they are subject to sampling error. To insure proper use of the estimates, the magnitude of the sampling error should be known.

The table below presents approximated coefficients of variation (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 partnerships other than those below, the corresponding CV's can be estimated by interpolation.

<u>Estimated Number of Returns</u>	<u>Approximated Coefficient of Variation</u>
1,500,000	.015
135,000	.05
34,000	.10
15,000	.15
8,500	.20
2,700	.35
1,400	.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.

Changes in Processing

For 1981, several major changes were implemented in the processing of returns for the partnership SOI program. Besides the revised sample design mentioned earlier, changes included: (1) the substitution of revenue processing data from the IRS Business Master File (BMF) system for data previously gathered

especially for the SOI program; (2) the discontinuation of editing (abstracting) data from supporting schedules; and (3) the institution of an industry code library system to assign industry codes to sampled returns.

For 1981, data from Form 1065 records on the BMF were substituted whenever possible for data traditionally edited especially for SOI. While this procedure greatly simplified data editing, it also resulted in the loss of some data which previously would have been edited from supporting schedules attached to the return. In order to assess the impact of these simplified procedures, a small subsample of returns in the 1981 SOI sample was selected and subjected to the same editing procedures which were used for the 1980 partnership SOI program. Due to the relatively small size of the sample, no statistically reliable estimates could be derived from this study; however, the results strongly suggest that the revised editing procedures significantly affected the comparability of detailed income and deduction figures with prior years.

Two areas in which data detail was definitely reduced for 1981 are in the farm and real estate industries. Prior to 1981, farm schedules (Schedule F) accompanying Forms 1065 were given special treatment during statistical editing. The various income and deduction items from Schedule F were associated with the corresponding income and deduction items in the income statement on page one of Form 1065, and any amounts reported on Schedule F were added to those on page one. Thus, while net income or loss was not changed, many of the detailed income and deduction items were increased. This special treatment was discontinued for 1981, so that only the net farm income after deductions was included in the income statement statistics. This resulted in a reduction of total receipts and total deductions on returns in the agriculture, forestry, and fishing division compared with prior years.

The second area in which special treatment during statistical editing was discontinued was in the area of rental schedules (Schedule H). Prior to 1981, rental schedules received the same treatment as farm schedules; that is, the detailed income and deduction items on the schedule were added to the appropriate amounts reported on page one of Form 1065. Data were edited from Schedule H for 1981. However, the prior years' practice of examining attached supporting schedules and allocating any amounts to page one items was not undertaken. Figure C presents partnership totals for data edited from Schedule H. (In Figure B, the total amount of gross rents was included in the total receipts figure.)

One data item significantly affected by these changes is the deduction for depreciation.

Figure C.--Data Edited From Schedule H, Rental Income, 1981

[Amounts are in millions of dollars]

Item	Amount
Gross rents.....	51,582
Rental depreciation.....	13,694
Rental repairs.....	2,045
Other rental expenses.....	37,195

Depreciation reported in the real estate industry for operators and lessors of buildings was \$10.8 billion for 1980; for 1981, the deduction was reported as \$1.7 billion. This drop was not due to any "real" event, but resulted from our revised editing procedures. To support this, Figure D presents data obtained from Form 4562, Depreciation, on which partnerships compute the depreciation deduction. This form was edited for a special study for the Treasury Department's Office of Tax Analysis. As shown by the figures, partnerships in the industry for operators and lessors of buildings reported a total depreciation deduction on Form 4562 of \$13.1 billion, an increase of \$2.3 billion from 1980. Overall, the depreciation deduction rose from \$21.6 billion in 1980 to \$27.3 billion in 1981, an increase of \$5.7 billion.

Figure D.--Depreciation Deduction From Form 4562, 1981

[Amounts are in millions of dollars]

Industry	Deduction
Total.....	27,264
Agriculture, forestry, and fishing.....	1,676
Mining.....	1,902
Construction.....	452
Manufacturing.....	847
Transportation, communication, electric, gas, and sanitary services.....	947
Wholesale and retail trade.....	974
Finance, insurance, and real estate.....	14,828
Real estate.....	13,761
Operators and lessors of buildings..	13,146
Services.....	5,475
Nature of business not allocable.....	163

The third change was the institution of a computerized industry code library system for 1981. In this system, the 1981 return was

matched to the partnership's return in the 1980 SOI file [11]. If the Principal Business Activity (PBA) code assigned during initial processing of the return for tax administration purposes was the same for both years, then the SOI industry code from the prior year's return was automatically assigned to the 1981 return. In cases where there was no return in the 1980 SOI file corresponding to the 1981 return, the PBA code, if it was a valid SOI code, was assigned to the 1981 return. If the PBA code was not a valid SOI code, the code was manually assigned by a statistical editor [12].

NOTES AND REFERENCES

[1] Prior to the introduction of annual reports in 1957, statistics on partnerships were published for the years 1939, 1945, 1947, and 1953.

[2] Partnerships meeting the following criteria may elect not to file annual returns, except for the year of the election. To qualify, the partnership must be: (1) an unincorporated investment organization; (2) an organization engaged in the joint production, extraction, or use of property under an operating agreement; or (3) an organization that deals in the underwriting, selling, or distribution of a particular issue of securities for a short period of time. In addition, a business owned jointly by husband and wife may elect to file as a sole proprietorship rather than as a partnership.

[3] For example see:

Jacobson, Aileen; "The Ins and Outs of Tax-Shelter Investments," Newsday, August 25, 1983.

McLaughen, Duncan, "Limited Partnerships Gaining Popularity," The Boston Globe, August 20, 1983.

Nulty, Peter, "The Mysterious Money Magnet in the Oil Patch," Fortune, September 5, 1983.

Rohmann, Laura, "News from the Shelter Front," Forbes, September 26, 1983.

[4] Joint Committee on Internal Revenue Taxation (Staff) Background on Tax Shelters, U.S. Government Printing Office, 1983.

[5] Ibid., pp. 20-24.

[6] Willis, Arthur B., Pennell, John S., and Postlewaite, Philip F., Partnership Taxation, 3rd ed., Section 191.01 McGraw-Hill Book Company, Inc., New York, 1983.

[7] Accelerated depreciation is subject to rules which limit the amount of gain on a sale which may receive capital gains treatment.

[8] See the section of this article titled "Changes in Processing" for an explanation of the derivation of the 1981 figures for total receipts and depreciation.

[9] Internal Revenue Service, Statistics of Income--1980, Partnership Returns, U.S. Government Printing Office.

[10] The Stanger Report, "First Half Sales Summary," Robert A. Stanger & Company, August 1983. See also Strategic Real Estate, "\$1 Billion Quarter for Syndication Money Raising Sets Record," Kenneth Leventhal & Company, July 1983.

[11] To achieve a higher match rate, returns from the 1979 partnership SOI file which were not also in the 1980 file were included in the matching procedure.

[12] In addition, the SOI code was always assigned manually for unmatched returns with large amounts of assets, receipts, and net income.

Partnership Returns/1981

Table 1.—Total Assets and Income Statement for Selected Industries

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

Item	Agriculture, forestry, and fishing									
	All industries	Farms								
		Total	Field crop	Vegetable and melon	Fruit and tree nut	Beef cattle feedlots	Beef cattle except feedlots	Hogs, sheep, and goats	Dairy farms	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Partnerships With and Without Net Income										
Number of partnerships	1,460,502	124,973	108,199	44,573	2,191	10,774	2,032	17,004	4,883	15,687
Number of partners	12,225,123	405,594	346,911	140,919	7,009	56,558	12,952	43,233	14,245	40,247
Total assets	715,232,726	23,129,919	20,293,229	8,228,840	555,359	3,409,573	484,997	3,492,342	378,465	2,025,883
Total receipts	272,129,807	7,364,972	4,846,044	1,693,818	205,356	470,839	237,165	673,349	237,553	550,928
Business receipts	230,027,336	4,993,144	2,574,407	667,928	110,139	245,365	198,328	449,564	185,197	179,641
Income from other partnerships and fiduciaries	1,862,539	17,985	14,672	8,126	984	2,060	829	1,976	220	152
Nonqualifying dividends	2,748,594	3,071	2,650	945	2	1,035	32	173	29	189
Interest received	13,772,559	145,923	125,398	58,603	2,881	21,103	1,841	20,456	892	8,052
Rents received	12,211,547	179,557	176,635	99,284	5,795	6,548	1,461	41,686	872	7,506
Royalties	712,667	32,425	26,363	6,857	44	820	82	9,491	2,471	5,816
Farm net profit	1,918,127	1,635,786	1,621,505	775,151	81,089	159,471	28,739	105,486	41,481	314,778
Net gain, noncapital assets	1,961,662	203,916	176,633	53,266	2,358	21,279	4,178	31,035	5,158	29,254
Other receipts	6,914,777	153,167	127,780	23,659	2,066	13,158	1,675	13,481	1,243	5,540
Total deductions	274,864,690	8,068,589	5,480,836	1,707,423	182,968	651,571	310,160	1,030,275	224,726	429,593
Cost of sales and operations	130,043,609	3,086,365	1,721,708	394,436	73,088	112,346	173,027	344,368	103,531	118,548
Inventory, beginning of year	16,141,130	273,500	186,898	43,202	1,796	28,280	30,133	62,378	127	14,011
Purchases	92,136,914	2,153,951	1,221,570	276,701	62,978	41,557	157,007	282,630	78,073	115,875
Cost of labor	5,835,583	148,622	57,086	10,878	5,498	18,804	38	2,752	992	1,879
Materials and supplies	6,151,003	163,756	120,409	23,509	3,728	3,458	6,647	7,518	11,327	531
Other costs	32,495,993	617,718	304,209	84,220	2,041	36,784	4,105	44,087	13,117	2,862
Less: inventory, end of year	22,667,114	270,732	168,464	44,075	2,952	16,535	24,903	54,997	106	16,609
Salaries and wages	21,952,655	290,505	121,797	36,266	2,204	17,846	4,182	15,115	2,676	16,076
Less: jobs credit	91,418	5,098	3,095	2,843	—	161	—	67	—	—
Guaranteed payments to partners	5,212,661	310,131	253,402	103,079	11,907	29,850	1,649	34,518	8,656	52,287
Rent paid	4,985,675	74,751	40,345	13,154	409	3,291	2,162	3,120	1,184	7,203
Interest paid	19,586,018	341,580	189,012	53,925	7,757	49,763	5,288	37,627	4,937	5,365
Taxes paid	5,040,336	69,427	35,057	10,030	985	7,214	471	5,036	794	2,310
Bad debts	394,458	5,061	2,438	217	700	78	579	—	—	—
Repairs	1,900,379	111,942	53,041	14,100	12,295	3,914	1,353	9,861	1,843	3,545
Depreciation	937,460	8,901	6,419	4,808	109	362	5	226	2	650
Amortization	308,866	2,785	391	132	—	6	—	181	—	72
Depletion	—	—	—	—	—	—	—	—	—	—
Pension, profit sharing, annuity and bond purchase plans	358,939	1,878	1,283	314	96	183	—	50	—	487
Employee benefit plans	514,505	18,785	18,128	16,952	56	80	33	551	1	319
Net loss from other partnerships and fiduciaries	6,987,649	84,188	77,071	17,492	4,280	7,988	37,390	3,657	437	1,796
Rent net loss	12,507,395	16,592	16,268	8,238	—	2,764	—	1,532	24	207
Royalty net loss	229,221	1,330	1,330	324	—	—	—	—	—	1,006
Farm net loss	2,398,676	2,238,586	2,115,480	791,392	50,467	281,821	66,389	444,727	72,184	154,661
Net loss, noncapital assets	568,479	33,633	30,395	7,573	81	2,630	318	2,638	332	14,427
Other deductions	51,260,982	1,068,977	638,457	187,520	17,028	93,342	15,561	104,577	21,317	38,792
Net income (less deficit)	-2,734,897	-703,817	-634,793	-13,805	22,389	-180,732	-72,896	-356,925	12,826	121,336
Net income	50,567,190	2,133,180	1,828,160	861,359	87,818	190,316	26,787	134,814	93,110	292,306
Deficit	-53,302,086	-2,836,798	-2,462,952	-874,964	-65,429	-371,048	-99,783	-491,739	-80,283	-170,970
Capital gains and losses allocable to partners:										
Net short-term capital gain (less loss)	1,889,621	2,825	4,780	4,222	63	349	4	-115	-118	192
Net long-term capital gain (less loss)	5,546,775	300,372	267,500	102,257	2,269	66,552	16,333	40,830	7,476	22,892
Partnerships With Net Income										
Number of partnerships	749,222	64,101	55,300	25,638	1,215	4,860	746	5,758	2,114	10,533
Number of partners	4,492,647	188,391	165,985	79,668	3,988	18,807	3,619	14,273	6,553	26,823
Total assets	262,063,825	8,190,444	7,357,707	3,129,462	299,953	1,227,538	209,549	973,230	108,365	904,693
Total receipts	190,686,884	5,162,504	3,405,504	1,258,859	184,081	375,612	156,602	354,102	186,969	406,877
Business receipts	159,401,539	3,209,576	1,506,518	335,948	95,641	178,872	126,007	199,455	139,820	177,154
Income from other partnerships and fiduciaries	1,720,487	7,392	7,992	5,481	188	689	87	1,274	—	17
Nonqualifying dividends	2,700,493	1,161	948	455	2	132	31	22	3	187
Interest received	8,570,492	77,614	69,921	37,562	1,735	14,300	1,078	3,628	187	4,648
Rents received	9,685,296	120,919	119,348	82,359	4,102	4,268	108	22,663	88	3,578
Royalties	603,472	18,936	15,774	4,626	44	670	77	6,809	1,896	870
Farm net profit	1,849,842	1,571,195	1,560,149	749,746	80,694	153,212	25,725	99,042	41,481	298,979
Net gain, noncapital assets	1,313,378	105,934	88,564	28,508	223	17,078	1,070	13,566	17,433	3,466
Other receipts	4,841,684	49,177	36,290	14,174	1,452	6,392	1,419	7,642	28	4,013
Total deductions	140,119,489	3,029,322	1,577,344	397,500	96,263	185,296	128,815	219,288	93,859	114,571
Cost of sales and operations	77,888,146	1,871,318	941,388	187,756	60,802	84,185	111,130	148,787	70,184	44,264
Inventory, beginning of year	8,407,868	125,554	65,659	18,952	96	6,375	9,535	23,944	51	4,489
Purchases	50,622,755	1,318,185	652,123	122,669	49,710	37,948	105,687	113,783	70,173	46,244
Cost of labor	3,647,406	98,403	35,532	6,383	5,498	14,131	27	1,015	—	72
Materials and supplies	4,331,497	94,480	66,142	12,057	3,728	948	1,779	3,634	—	594
Other costs	19,300,974	370,413	188,033	44,471	2,041	32,759	2,232	29,118	40	7,762
Less: inventory, end of year	8,422,355	135,716	66,101	16,776	270	7,975	8,129	22,707	865	6,012
Salaries and wages	16,954,193	154,448	56,442	18,210	940	13,992	2,863	22,484	460	—
Less: jobs credit	75,595	3,157	3,004	2,843	—	181	—	—	—	—
Guaranteed payments to partners	3,076,892	124,485	97,444	40,646	8,994	9,384	292	8,956	2,469	20,522
Rent paid	3,470,286	42,408	19,619	7,314	57	1,338	1,249	1,078	691	6,472
Interest paid	6,068,594	68,182	37,455	12,565	2,029	12,119	1,805	3,520	692	811
Taxes paid	3,226,911	41,385	19,999	7,081	731	5,311	247	864	412	1,024
Bad debts	214,965	2,546	966	22	118	66	2	—	—	127
Repairs	1,152,152	65,208	33,092	10,091	12,178	2,594	877	1,109	1,188	2,621
Depreciation	240,900	827	187	33	—	70	5	—	—	76
Amortization	209,194	336	106	—	—	—	—	38	—	68
Depletion	—	—	—	—	—	—	—	—	—	—
Pension, profit sharing, annuity and bond purchase plans	307,364	1,229	749	269	74	111	—	—	—	233
Employee benefit plans	355,918	1,050	526	74	—	10	—	16	—	319
Net loss from other partnerships and fiduciaries	201,553	13,467	13,235	3,197	24	2,650	5,259	754	77	534
Rent net loss	243,949	7,323	7,216	3,613	—	2,473	7	44	—	133
Royalty net loss	3,118	288	288	288	—	—	—	—	—	—
Farm net loss	76,298	46,714	42,626	15,866	1,216	2,361	—	10,290	3,396	4,932
Net loss, noncapital assets	139,663	8,796	8,307	2,463	72	24	157	605	77	4,888
Other deductions	22,541,195	481,064	257,458	75,999	8,040	40,731	4,166	37,806	11,277	16,369
Net income	50,567,190	2,133,180	1,828,160	861,359	87,818	190,316	26,787	134,814	93,110	292,306
Capital gains and losses allocable to partners:										
Net short-term capital gain (less loss)	551,921	2,950	2,948	2,686	—	199	4	-104	135	—
Net long-term capital gain (less loss)	2,127,000	130,657	112,907	49,375	14	38,190	39	5,650	929	17,021

Footnotes at end of table.

Partnership Returns/1981

Table 1.—Total Assets and Income Statement for Selected Industries—Continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Item	Transportation, communication, electric, gas and sanitary services			Wholesale and retail trade						
	Total	Transportation	Communication, electric, gas and sanitary services	Total	Wholesale trade	Retail trade				
						Total	Building materials, hardware, garden supply and mobile home dealers	General merchandise stores	Food stores	Automotive dealers and service stations
(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	
Partnerships With and Without Net Income										
Number of partnerships	21,711	17,790	3,921	216,808	30,309	184,874	7,297	3,046	23,461	23,474
Number of partners	73,005	52,523	20,482	528,483	76,459	436,828	18,645	7,866	51,550	54,812
Total assets	11,627,384	5,116,954	6,510,430	20,253,212	7,155,135	12,851,922	1,095,641	365,601	1,824,673	2,147,454
Total receipts	6,425,968	4,643,440	1,782,528	71,169,890	29,835,425	40,631,529	2,137,934	932,124	7,465,635	10,217,294
Business receipts	6,239,972	4,530,255	1,709,717	70,442,389	29,601,718	40,143,385	2,075,492	918,565	7,406,263	10,118,265
Income from other partnerships and fiduciaries	12,476	1,889	10,587	25,205	6,456	18,749	10,563	1	55	7,826
Nonqualifying dividends	379	335	44	9,213	4,360	4,834	867	620	1,396	474
Interest received	40,652	13,304	27,348	141,408	64,471	72,471	9,424	2,823	4,611	23,135
Rents received	24,187	22,732	1,455	105,919	13,442	92,462	14,017	2,200	9,471	11,892
Royalties	172	169	3	3,114	2,143	966	—	—	13	115
Farm net profit	129	129	—	3,185	2,165	963	—	65	705	133
Net gain, noncapital assets	29,021	25,630	3,392	35,342	6,255	29,077	282	463	3,697	6,632
Other receipts	78,980	48,998	29,983	404,117	134,415	268,244	27,290	7,387	39,478	48,822
Total deductions	6,653,799	4,328,908	2,324,892	69,852,951	29,397,850	39,525,364	2,034,017	883,206	7,252,860	10,025,735
Cost of sales and operations	2,744,403	1,962,572	781,831	56,339,819	26,772,086	29,029,568	1,477,954	685,133	5,949,804	8,661,448
Inventory, beginning of year	43,188	35,717	7,471	5,265,079	1,619,905	3,600,214	357,509	136,110	364,321	778,269
Purchases	1,289,259	891,048	398,211	50,909,272	915,595	23,986,168	26,574,044	1,471,348	648,889	8,103,191
Cost of labor	155,597	130,360	25,237	64,727	53,722	230,989	651,062	11,917	2,268	76,598
Materials and supplies	1,219,903	870,325	349,578	4,438,694	2,572,911	1,746,211	13,036	36,124	215,137	437,327
Other costs	28,271	18,600	9,671	5,810,826	1,837,962	3,924,067	410,891	146,803	394,753	813,319
Less: inventory, end of year	493,252	316,214	177,038	3,687,836	677,411	2,980,403	65,223	68,869	417,287	373,914
Salaries and wages	573	572	2	60,298	48,861	11,437	288	39	640	289
Less: jobs credit	60,912	45,755	15,158	690,223	137,037	550,571	45,495	14,168	59,160	86,490
Guaranteed payments to partners	102,665	67,062	35,603	1,215,513	115,998	1,085,381	30,254	16,391	93,974	113,613
Rent paid	438,409	291,526	146,883	759,169	212,533	536,671	40,066	10,448	58,153	104,934
Interest paid	101,359	59,906	41,453	802,439	118,850	675,806	29,559	13,861	87,493	100,933
Taxes paid	16,382	5,499	35,128	89,075	35,128	53,132	4,931	764	3,525	13,984
Bad debts	149,661	132,584	17,078	283,355	57,812	224,532	12,197	3,279	33,084	25,904
Repairs	—	—	—	—	—	—	—	—	—	—
Depreciation	—	—	—	—	—	—	—	—	—	—
Amortization	10,741	2,180	8,561	33,570	4,440	29,018	127	159	4,606	3,257
Depletion	1,063	190	873	4,515	2,788	1,726	107	—	—	—
Pension, profit sharing, annuity and bond purchase plans	6,082	4,615	1,466	18,704	10,396	8,193	1,091	521	1,911	762
Employee benefit plans	16,874	10,994	5,880	52,948	18,771	33,435	2,155	499	6,787	7,960
Net loss from other partnerships and fiduciaries	37,140	4,643	32,497	12,775	2,921	8,004	179	—	1,732	4,326
Rent net loss	114,572	114,534	37	25,157	4,814	19,830	292	325	2,034	3,096
Royalty net loss	—	—	—	54	54	—	—	—	—	—
Farm net loss	1,827	1,827	—	15,315	9,677	5,622	7	113	1,176	3,196
Net loss, noncapital assets	2,981	989	1,992	14,900	4,954	9,795	491	6	291	330
Other deductions	1,643,502	912,376	731,126	5,061,811	1,089,726	3,662,606	193,409	61,202	446,753	446,388
Net income (less deficit)	-227,832	314,532	-542,364	1,316,933	437,573	1,106,162	103,919	48,918	212,774	191,562
Net income	1,103,053	816,238	286,816	2,938,639	781,945	2,116,917	145,626	54,189	299,608	306,050
Deficit	-1,330,885	-501,706	-829,180	-1,621,706	-344,371	-1,010,755	-41,708	-5,272	-86,834	-114,488
Capital gains and losses allocable to partners:										
Net short-term capital gain (less loss)	1,142	770	372	3,449	187	3,262	5	4	155	519
Net long-term capital gain (less loss)	83,524	24,936	58,588	230,636	193,316	35,627	2,683	165	5,326	7,026
Partnerships With Net Income										
Number of partnerships	10,244	8,608	1,636	117,916	16,357	101,281	4,277	2,240	15,086	13,272
Number of partners	26,516	21,254	5,262	250,726	41,275	238,872	11,246	6,069	32,744	32,143
Total assets	3,151,735	1,781,152	1,370,584	12,179,511	3,519,539	8,479,812	732,366	237,172	1,491,760	1,343,867
Total receipts	4,204,912	2,930,686	1,274,246	46,762,879	16,535,421	29,799,041	1,686,538	786,141	5,926,969	7,177,417
Business receipts	4,096,621	2,879,028	1,217,593	46,214,386	16,364,377	29,426,056	1,641,646	776,648	5,877,201	7,105,426
Income from other partnerships and fiduciaries	12,050	1,855	10,165	23,893	5,304	18,589	10,563	1	44	7,826
Nonqualifying dividends	146	130	16	8,186	4,205	3,963	382	594	1,268	242
Interest received	24,048	6,241	17,807	93,301	31,194	57,931	8,452	2,692	3,595	19,904
Rents received	10,908	10,696	212	77,318	10,556	66,762	2,077	1,516	8,505	10,309
Royalties	170	167	3	2,732	2,109	623	—	—	4	115
Farm net profit	129	129	—	2,962	2,067	896	—	85	661	130
Net gain, noncapital assets	23,624	21,054	2,570	24,827	4,165	20,652	209	442	3,597	9,909
Other receipts	37,215	11,335	25,880	315,272	111,444	203,570	29,208	4,183	35,094	29,577
Total deductions	3,101,857	2,114,427	987,430	43,824,242	15,753,474	27,682,128	1,540,911	731,951	5,627,360	6,871,370
Cost of sales and operations	1,340,725	845,960	494,765	35,224,825	13,956,275	20,937,637	1,150,922	575,989	4,708,737	5,966,672
Inventory, beginning of year	9,538	4,240	5,298	3,481,922	1,034,169	2,417,252	241,206	89,070	264,586	475,800
Purchases	498,406	140,227	358,179	31,156,536	11,552,207	19,418,766	1,124,553	541,060	4,465,821	5,646,366
Cost of labor	87,967	74,733	13,234	513,111	141,713	362,396	9,576	2,268	25,548	59,003
Materials and supplies	54,297	46,469	7,828	492,570	170,110	292,121	10,465	8,546	47,533	59,004
Other costs	706,455	588,425	118,029	3,391,144	2,138,436	1,146,471	30,490	34,694	188,198	243,771
Less: inventory, end of year	15,938	8,135	7,804	3,810,458	1,078,359	2,699,369	265,368	99,649	282,949	517,272
Salaries and wages	340,464	246,182	94,282	2,696,025	544,480	2,143,470	129,119	58,197	316,975	264,804
Less: jobs credit	327	327	—	54,653	48,857	5,996	250	39	244	216
Guaranteed payments to partners	38,433	28,497	9,935	409,199	94,353	312,771	31,692	8,698	33,382	49,773
Rent paid	56,936	49,935	7,001	741,254	80,094	659,377	19,287	15,397	60,056	82,121
Interest paid	120,512	69,594	50,918	377,060	101,081	270,381	16,374	4,235	27,925	53,970
Taxes paid	57,807	41,264	16,544	548,864	89,571	458,258	22,172	10,740	63,792	67,662
Bad debts	7,492	3,759	3,733	52,858	22,653	29,551	4,182	714	2,747	8,128
Repairs	99,900	88,108	11,791	185,891	41,725	143,900	5,158	2,602	24,625	16,406
Depreciation	—	—	—	—	—	—	—	—	—	—
Amortization	920	375	545	14,237	1,852	12,325	45	110	1,601	880
Depletion	190	190	—	3,078	1,372	1,706	107	—	—	—
Pension, profit sharing, annuity and bond purchase plans	5,194	4,372	822	15,941	8,976	6,930	892	521	1,230	681
Employee benefit plans	12,229	8,714	3,516	39,196	15,133	23,473	1,759	391	5,177	6,122
Net loss from other partnerships and fiduciaries	1,145	745	400	6,588	783	5,806	179	—	37	3,823
Rent net loss	596	574	21	6,981	2,080	4,409	291	—	2,032	54
Royalty net loss	—	—	—	54	54	—	—	—	—	—
Farm net loss	—	—	—	3,197	1,735	1,446	7	—	934	505
Net loss, noncapital assets	89	76	13	2,568	730	1,837	—	2	32	39
Other deductions	766,990	577,023	189,966	3,118,080	746,600	2,340,395	140,855	49,146	324,106	306,820
Net income	1,103,053	816,238	286,816	2,938,639	781,945	2,116,917	145,626	54,189	299,608	306,050
Capital gains and losses allocable to partners:										
Net short-term capital gain (less loss)	177	177	—	3,867	621	3,246	5	4	155	503</

Table 1. — Total Assets and Income Statement for Selected Industries — Continued

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

Item	Wholesale and retail trade—Continued							Finance, insurance, and real estate		
	Retail trade—Continued							Finance		
	Automotive dealers and service stations—Continued		Apparel and accessory stores	Furniture and home furnishings stores	Eating places	Drinking places	Liquor stores	Total	Total	Banking, and credit agencies other than banks
	Motor vehicle dealers	Gasoline service stations								
(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	
Partnerships With and Without Net Income										
Number of partnerships	4,280	12,377	16,438	11,414	28,502	6,749	3,926	681,638	152,058	2,559
Number of partners	12,362	27,944	36,476	26,232	82,369	14,718	8,969	8,456,258	5,299,684	24,079
Total assets	796,844	756,581	914,355	793,103	2,241,187	315,241	372,587	550,143,188	209,326,175	3,077,547
Total receipts	2,726,050	6,062,489	1,812,697	1,930,382	6,703,893	510,505	1,362,897	73,573,659	39,890,980	1,351,952
Business receipts	2,673,452	6,027,901	1,793,717	1,907,479	6,622,192	504,580	1,352,713	41,103,117	22,977,632	1,043,936
Income from other partnerships and fiduciaries	6,300	183	—	—	48	—	—	1,328,934	896,112	6,561
Nonqualifying dividends	265	83	644	272	231	—	—	2,683,944	2,654,295	1,343
Interest received	14,936	3,520	6,180	8,313	6,342	435	1,334	12,722,555	10,446,423	192,786
Rents received	6,041	4,785	3,749	3,042	34,951	369	1,292	10,627,798	329,361	578
Royalties	—	115	76	—	—	—	—	376,129	335,063	1,258
Farm net profit	25	58	17	1	33	—	—	275,976	254,672	885
Net gain, noncapital assets	976	5,345	1,168	344	10,879	75	970	614,266	132,606	83
Other receipts	23,456	20,070	7,145	10,911	28,574	5,045	6,562	3,840,939	1,884,827	104,523
Total deductions	2,672,701	5,984,377	1,730,687	1,861,078	6,605,245	481,945	1,307,839	78,933,705	37,839,186	1,237,352
Cost of sales and operations	2,303,255	5,363,865	1,172,547	1,244,683	3,160,944	238,073	1,056,075	28,952,082	19,489,257	924,085
Inventory, beginning of year	324,894	165,738	439,448	311,441	100,443	—	—	7,104,060	1,658,399	11,931
Purchases	2,115,155	5,046,796	1,157,416	1,140,965	2,522,255	220,569	1,050,146	23,725,583	20,808,781	66,734
Cost of labor	50,185	18,089	6,468	58,084	337,269	8,904	1,536	323,038	122,618	—
Materials and supplies	30,221	33,574	2,357	24,261	97,953	9,588	3,011	918,987	119,331	—
Other costs	123,012	280,638	69,794	41,107	213,948	786	8,562	9,496,659	2,828,651	856,438
Less: inventory, end of year	340,212	180,969	502,936	331,175	110,924	13,033	138,939	12,616,245	6,068,522	11,018
Salaries and wages	101,094	172,775	154,703	124,053	1,140,766	53,594	62,703	2,455,976	1,319,227	65,054
Less: jobs credit	75	202	45	101	9,822	26	—	6,150	897	—
Guaranteed payments to partners	15,151	41,672	33,686	72,065	79,245	9,699	23,126	1,306,257	575,115	12,578
Rent paid	25,579	61,209	95,197	59,568	409,216	29,299	22,328	446,188	149,475	13,602
Interest paid	46,478	27,837	25,687	25,587	114,220	9,511	14,916	13,497,742	6,943,636	126,290
Taxes paid	19,397	61,099	28,477	35,340	223,428	22,134	23,597	1,416,746	257,911	3,953
Bad debts	3,056	4,958	3,073	11,407	2,669	59	1,817	96,459	44,219	11,550
Repairs	6,816	13,002	7,393	6,800	77,469	13,840	5,429	369,995	54,511	761
Depreciation	1,498	993	1,138	365	11,632	178	3,278	487,975	88,615	9,334
Amortization	—	—	—	—	—	—	—	3,446	1,678	—
Depletion	—	—	—	—	—	—	—	—	—	—
Pension, profit sharing, annuity and bond purchase plans	245	303	571	436	544	—	44	63,263	48,053	1,860
Employee benefit plans	3,559	1,128	1,103	1,068	8,508	160	1,249	61,671	35,758	2,983
Net loss from other partnerships and fiduciaries	4,196	131	239	154	157	—	—	4,572,436	2,908,547	1,785
Rent net loss	1,742	92	99	1,153	2,533	822	347	11,351,904	534,916	1,435
Royalty net loss	—	—	—	—	—	—	—	66,904	41,857	—
Farm net loss	1,228	1,370	—	—	374	—	—	105,867	35,034	66
Net loss, noncapital assets	34	298	1,101	17	4,688	88	—	427,079	310,861	—
Other deductions	125,956	190,117	181,435	252,999	1,191,220	84,968	73,689	11,062,971	4,509,229	56,297
Net income (less deficit)	53,349	78,116	82,010	69,287	98,645	28,555	55,064	-5,360,047	2,051,794	114,600
Net income	81,862	138,905	148,682	115,837	438,771	40,800	66,676	19,771,162	9,324,064	144,317
Deficit	-28,512	-60,788	-66,672	-46,550	-340,126	-12,244	-11,612	-25,313,209	-7,272,270	-29,718
Capital gains and losses allocable to partners:										
Net short-term capital gain (less loss)	1	194	66	—	2,388	—	—	1,831,350	1,676,054	1,205
Net long-term capital gain (less loss)	2,783	3,425	2,128	250	8,687	593	734	4,739,284	3,161,924	447
Partnerships With Net Income										
Number of partnerships	2,321	6,418	9,079	5,520	15,046	4,975	2,421	300,079	78,127	1,721
Number of partners	6,192	14,097	20,845	11,870	43,968	10,876	5,312	2,547,944	1,325,294	22,917
Total assets	510,092	436,396	723,864	460,835	1,231,340	218,422	286,372	194,935,703	78,014,998	2,035,394
Total receipts	1,858,304	4,280,322	1,459,172	1,240,682	4,623,560	405,755	1,053,787	46,461,773	23,528,875	571,850
Business receipts	1,819,689	4,255,925	1,444,224	1,224,106	4,558,609	400,088	1,046,814	22,410,348	11,411,515	319,781
Income from other partnerships and fiduciaries	6,900	613	—	—	5	—	—	1,229,014	840,884	6,557
Nonqualifying dividends	33	83	644	272	231	—	—	2,640,738	2,620,055	1,343
Interest received	12,274	3,175	6,179	5,890	3,448	403	966	7,913,211	6,284,763	159,848
Rents received	5,437	4,063	1,950	2,119	30,618	369	1,191	8,457,305	209,759	547
Royalties	—	115	76	—	—	—	—	337,397	297,798	1,258
Farm net profit	2	59	17	1	33	—	—	273,148	254,501	885
Net gain, noncapital assets	851	2,884	1,168	156	9,639	75	174	473,522	100,818	83
Other receipts	13,119	13,408	4,914	8,139	20,668	4,819	4,616	2,727,089	1,508,783	81,349
Total deductions	1,776,442	4,141,421	1,310,489	1,124,844	4,184,787	364,955	987,117	26,690,611	14,204,811	427,333
Cost of sales and operations	1,551,793	3,731,568	929,217	780,723	2,086,099	182,150	809,213	14,614,205	9,225,014	212,240
Inventory, beginning of year	182,025	111,471	313,399	191,080	70,311	8,005	92,296	3,035,021	597,595	11,931
Purchases	1,425,459	3,573,789	930,256	725,456	1,698,570	172,513	803,378	8,758,483	7,376,669	66,734
Cost of labor	41,839	10,415	3,868	30,520	179,928	2,913	1,536	153,477	78,826	—
Materials and supplies	22,572	27,825	1,517	22,330	70,973	9,051	3,011	568,002	85,994	—
Other costs	79,146	132,254	64,073	28,067	143,868	19	7,601	4,698,002	1,343,771	144,593
Less: inventory, end of year	200,265	124,186	383,896	216,730	70,551	10,351	98,610	2,598,780	257,841	11,018
Salaries and wages	59,860	123,414	112,965	76,464	776,384	45,453	51,164	1,296,540	655,649	52,762
Less: jobs credit	67	136	45	101	4,916	26	—	702	317	—
Guaranteed payments to partners	7,898	22,428	21,287	31,683	47,010	5,427	10,899	552,488	295,501	11,338
Rent paid	20,049	41,794	57,880	32,599	241,903	24,098	16,151	196,359	71,194	9,685
Interest paid	21,988	15,152	18,869	12,214	49,255	4,129	10,048	3,907,213	2,333,696	83,674
Taxes paid	11,737	39,755	19,525	24,384	141,686	18,090	18,054	615,839	120,851	2,795
Bad debts	1,862	3,344	2,558	4,232	706	34	645	39,788	14,331	2,045
Repairs	4,037	8,707	4,906	4,212	47,606	10,336	3,726	167,977	32,812	701
Depreciation	—	—	—	—	—	—	—	—	—	—
Amortization	35	680	609	126	4,999	37	2,060	76,277	19,680	796
Depletion	—	—	—	—	—	—	—	2,827	1,638	—
Pension, profit sharing, annuity and bond purchase plans	197	272	571	297	479	—	44	45,607	32,642	885
Employee benefit plans	2,244	1,001	745	403	4,531	102	1,219	27,588	13,620	1,993
Net loss from other partnerships and fiduciaries	3,805	19	239	154	157	—	—	108,027	55,664	737
Rent net loss	13	22	92	202	895	—	—	199,157	26,628	315
Royalty net loss	—	—	—	—	—	—	—	—	—	—
Farm net loss	80	305	—	—	—	—	—	1,200	35	—
Net loss, noncapital assets	—	—	—	—	—	—	—	15,819	8,100	66
Other deductions	84,928	127,845	127,118	142,070	691,787	64,179	49,094	117,317	99,381	13
Net income	81,862	138,905	148,682	115,837	438,771	40,800	66,676	19,771,162	9,324,064	144,317
Capital gains and losses allocable to partners:										
Net short-term capital gain (less loss)	—	180	66	—	2,388	—	—	539,880	490,810	264
Net long-term capital gain (less loss)	905	837	1,245	231	9,093	593	411	1,712,032	1,109,336	438

Footnotes at end of table.

Table 1.—Total Assets and Income Statement for Selected Industries—Continued

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

Item	Finance, insurance, and real estate—Continued							Services		
	Finance—Continued		Insurance agents, brokers, and services	Real estate			Total	Hotels and other lodging places	Personal services	
	Security and commodity brokers and services	Holding and investment companies		Total	Operators and lessors of buildings	Lessors, other than buildings				Real estate agents, brokers, and managers
(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	
Partnerships With and Without Net Income										
Number of partnerships	3,507	145,992	7,227	522,352	435,836	30,808	19,018	262,932	19,589	27,840
Number of partners	61,887	5,213,717	23,488	3,133,086	2,692,739	168,988	72,128	1,024,751	122,183	62,564
Total assets	84,633,778	121,614,850	3,449,346	337,367,666	286,430,229	8,234,424	6,650,722	53,559,394	17,185,839	892,389
Total receipts	22,999,310	15,539,719	3,157,085	30,525,594	17,727,222	706,983	2,426,235	64,849,886	9,014,845	1,724,943
Business receipts	18,586,646	3,347,050	2,472,958	15,652,527	4,806,922	192,858	1,939,265	60,997,315	8,178,604	1,714,784
Income from other partnerships and fiduciaries	43,593	845,958	385	432,437	310,507	26,615	6,894	106,096	8,443	—
Nonqualifying dividends	12,245	2,640,770	994	26,654	26,553	539	633	16,574	—	837
Interest received	3,628,481	6,625,156	117,900	2,158,239	1,617,815	46,983	113,029	311,939	98,985	2,507
Rents received	66,745	262,039	3,920	10,294,517	9,769,838	369,283	49,403	1,185,684	476,402	2,963
Royalties	346	335,459	21	41,045	12,326	28,604	1	34,871	581	—
Farm net profit	—	253,777	—	21,314	5,285	—	—	14,607	—	1,155
Net gain, noncapital assets	25	132,498	330	481,330	394,989	2,144	2,640	638,192	31,543	1,889
Other receipts	661,229	1,099,075	560,576	1,415,536	782,988	25,350	314,370	1,557,870	219,451	2,502
Total deductions	23,681,292	12,920,543	2,661,713	38,432,806	24,448,135	650,811	2,598,620	53,231,510	9,367,329	1,553,313
Cost of sales and operations	16,732,292	1,812,879	518,966	8,963,859	1,664,039	103,144	834,867	10,344,347	2,537,467	371,499
Inventory, beginning of year	950,506	695,962	—	5,445,661	517,331	57,544	268,418	468,085	63,181	30,649
Purchases	20,404,610	337,437	51,897	2,864,904	620,691	27,422	216,747	3,834,669	720,360	236,795
Cost of labor	38,608	84,008	10,641	189,782	56,579	2,758	17,967	1,504,007	378,096	53,508
Materials and supplies	131	119,200	48,829	750,827	210,696	28,671	22,741	740,046	106,634	32,649
Other costs	592,721	1,379,493	422,254	6,245,753	900,000	42,107	573,206	4,417,051	1,340,290	61,901
Less: inventory, end of year	5,254,283	803,221	14,654	6,533,068	641,257	55,358	264,213	6,119,511	71,094	43,824
Salaries and wages	842,202	411,971	293,749	843,000	519,780	18,567	147,974	13,264,646	1,264,147	288,343
Less: jobs credit	73	824	—	5,252	5,026	—	—	8,005	—	291
Guaranteed payments to partners	290,315	272,222	84,262	648,880	370,367	6,007	147,185	2,164,698	72,850	134,973
Rent paid	72,132	63,741	46,773	249,940	168,711	3,290	43,065	2,688,071	230,681	102,833
Interest paid	3,458,797	3,358,549	75,207	6,478,899	4,091,219	108,539	302,028	2,589,365	1,189,509	39,056
Taxes paid	71,797	182,161	34,580	1,124,254	875,673	20,603	63,486	1,710,381	389,120	50,461
Bad debts	4,159	28,610	17,362	34,878	21,104	73	7,132	111,163	22,380	3,303
Repairs	4,396	49,354	11,458	304,026	252,488	4,932	21,069	570,576	216,289	23,985
Depreciation	—	—	—	—	—	—	—	—	—	—
Amortization	7,368	71,913	454	398,906	281,759	8,938	7,953	265,832	44,453	4,545
Depletion	1,560	118	—	1,768	387	—	375	11,626	25	297
Pension, profit sharing, annuity and bond purchase plans	23,928	22,265	8,122	7,088	4,582	1,213	707	210,526	3,174	1,087
Employee benefit plans	18,066	14,709	9,999	15,914	8,097	830	1,396	268,783	38,293	1,563
Net loss from other partnerships and fiduciaries	234,765	2,671,998	5,693	1,858,206	1,365,204	22,487	129,958	243,839	34,048	564
Rent net loss	720	532,760	346	10,816,642	10,409,494	157,119	59,427	949,352	139,928	7,343
Royalty net loss	4,164	37,693	—	25,047	—	—	—	10,447	—	—
Farm net loss	665	34,303	—	70,833	36,934	28,382	744	20,076	1,032	—
Other deductions	27,457	283,300	18	116,200	90,600	19,847	1,239	54,586	5,182	12
Net income (less deficit)	1,868,713	2,614,219	1,532,919	4,990,824	2,859,395	91,237	714,332	14,269,112	2,338,875	430,681
Net income	654,715	8,525,031	594,741	9,852,357	7,968,758	404,188	255,437	16,804,203	793,239	232,356
Deficit	-1,336,697	-5,905,855	-99,366	-17,759,570	-14,689,672	-348,015	-427,822	-5,186,013	-1,145,723	-60,729
Capital gains and losses allocable to partners:										
Net short-term capital gain (less loss)	945,421	729,428	1,356	153,942	108,281	4,013	90	48,844	10,895	—
Net long-term capital gain (less loss)	688,207	2,479,270	13,976	1,563,385	1,332,135	53,562	26,006	94,829	22,413	3,283
Partnerships With Net Income										
Number of partnerships	1,847	74,559	6,238	215,713	178,531	17,075	8,503	168,116	7,792	18,359
Number of partners	45,498	1,257,779	19,823	1,202,827	1,033,816	80,875	27,063	611,995	51,930	41,536
Total assets	11,110,910	64,868,193	2,575,933	114,345,273	99,838,128	3,383,359	2,552,591	22,455,486	5,932,787	443,733
Total receipts	9,826,781	13,130,444	2,828,287	20,104,631	12,269,111	557,743	1,234,444	53,539,878	4,311,217	1,274,046
Business receipts	8,754,931	2,336,804	2,178,467	8,820,366	2,216,204	132,080	1,050,429	50,503,572	3,647,523	1,266,718
Income from other partnerships and fiduciaries	32,917	801,409	385	387,745	270,506	25,952	4,332	101,715	7,406	—
Nonqualifying dividends	4,407	2,614,305	994	19,689	17,994	346	571	15,685	424	280
Interest received	434,720	5,690,195	102,526	1,525,923	1,161,124	39,706	74,012	240,008	77,873	1,736
Rents received	35,564	173,648	3,757	8,243,790	7,848,138	306,663	34,560	965,908	410,457	2,567
Royalties	—	296,541	21	39,578	11,306	28,253	—	17,977	581	—
Farm net profit	—	253,616	287	16,647	3,504	14,521	—	1,156	—	—
Net gain, noncapital assets	24	100,711	287	372,418	305,715	1,268	1,277	613,788	28,297	802
Other receipts	564,219	863,214	541,831	676,476	434,619	8,954	69,264	1,080,071	138,655	1,944
Total deductions	9,172,066	4,605,412	2,233,526	10,252,274	4,300,353	153,555	979,007	36,735,684	3,517,977	1,041,688
Cost of sales and operations	7,607,069	1,405,706	291,876	5,097,314	838,718	76,309	385,392	6,600,560	737,392	262,245
Inventory, beginning of year	376,131	209,533	—	2,437,425	164,136	38,208	122,811	323,291	28,597	23,440
Purchases	7,200,663	109,272	51,897	1,329,917	255,309	6,945	166,468	2,641,987	309,944	166,270
Cost of labor	38,608	84,008	10,641	189,782	56,579	2,758	17,967	1,504,007	378,096	53,508
Materials and supplies	131	119,200	48,829	750,827	210,696	28,671	22,741	740,046	106,634	32,649
Other costs	81,967	1,117,211	199,735	3,154,496	449,425	29,701	201,166	2,415,860	526,486	43,267
Less: inventory, end of year	90,432	156,391	14,654	2,326,285	157,476	29,868	125,139	371,013	31,113	37,690
Salaries and wages	417,132	185,755	267,326	373,565	225,475	13,062	86,208	11,275,014	568,872	206,405
Less: jobs credit	50	268	—	384	204	—	—	6,077	558	271
Guaranteed payments to partners	186,934	97,229	52,099	93,205	59,205	1,909	77,977	1,586,635	37,704	75,949
Rent paid	43,576	17,933	41,878	83,287	55,181	1,128	19,290	2,192,603	86,956	72,524
Interest paid	354,367	1,895,654	24,413	1,549,104	1,042,519	12,313	74,910	1,011,104	360,097	16,775
Taxes paid	42,942	75,115	31,407	463,580	382,765	8,439	29,009	1,303,323	171,554	35,513
Bad debts	1,858	10,428	16,564	8,893	5,629	2	1,346	71,203	12,285	2,421
Repairs	3,186	28,924	10,997	124,168	105,974	1,533	7,671	364,300	111,980	16,543
Depreciation	—	—	—	—	—	—	—	—	—	—
Amortization	2,160	16,724	453	56,144	42,622	517	2,201	127,316	10,113	1,181
Depletion	1,560	78	—	1,189	264	—	813	10,057	—	297
Retirement plans etc.	11,459	20,298	8,008	4,958	2,964	1,209	459	202,640	1,835	1,087
Pension, profit sharing, annuity and bond purchase plans	10,966	662	9,261	4,707	2,470	824	724	222,880	19,392	1,546
Net loss from other partnerships and fiduciaries	13,153	41,774	4,021	48,343	41,913	105	1,073	26,955	569	564
Rent net loss	—	26,313	—	172,529	150,489	2,742	3,294	20,826	3,203	196
Royalty net loss	—	35	—	1,165	—	—	—	718	—	—
Farm net loss	—	8,033	—	7,720	6,067	1,407	200	1,702	—	—
Other deductions	6,496	92,872	18	17,918	17,837	1	46	5,943	645	4
Net income	459,898	634,338	1,460,876	1,553,974	888,952	22,250	254,720	10,239,981	1,107,265	298,370
Net income	654,715	8,525,031	594,741	9,852,357	7,968,758	404,188	255,437	16,804,203	793,239	232,356
Capital gains and losses allocable to partners:										
Net short-term capital gain (less loss)	271,835	218,711	1,356	47,714						

Table 1. — Total Assets and Income Statement for Selected Industries — Continued

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

Item	Services—Continued									
	Business services	Automobile repair and services	Miscellaneous repair services	Amusement and recreation services, including motion pictures	Medical and health services		Legal services	Engineering and architectural services	Accounting, auditing, and bookkeeping services	
					Total	Offices of physicians			Total	Certified public accountants
(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	
Partnerships With and Without Net Income										
Number of partnerships	59,193	25,190	10,722	23,392	28,044	12,035	25,446	6,342	12,543	6,865
Number of partners	274,173	59,205	22,877	126,834	100,920	42,654	106,410	16,014	46,649	34,313
Total assets	16,391,626	1,682,233	626,948	5,705,510	3,424,341	945,321	3,366,071	574,990	1,778,518	1,642,121
Total receipts	6,060,445	3,186,773	1,094,947	4,833,550	11,360,207	5,915,002	14,861,884	2,897,148	7,767,800	7,306,467
Business receipts	4,898,639	3,104,175	1,088,388	4,266,083	10,737,978	5,392,794	14,615,166	2,840,232	7,595,965	7,141,221
Income from other partnerships and fiduciaries	21,728	70	—	10,788	14,383	2,166	8,291	30,289	11,705	10,456
Nonqualifying dividends	3,163	71	114	1,637	321	313	2,824	1,744	3,948	3,878
Interest received	72,316	4,334	1,480	34,843	19,332	11,187	30,038	12,112	31,759	30,298
Rents received	541,996	43,991	22	79,679	20,716	6,882	16,600	339	1,407	1,158
Royalties	403	31	—	27,521	52	—	449	3,758	2,076	—
Farm net profit	743	268	—	—	—	—	—	—	—	—
Net gain, noncapital assets	78,175	12,216	6	40,316	469,384	463,411	2,010	168	686	296
Other receipts	443,282	21,617	4,937	372,682	98,041	38,196	186,506	8,506	120,255	117,084
Total deductions	6,397,528	2,984,772	988,808	5,417,217	7,720,942	3,250,234	8,584,607	2,523,277	5,963,512	5,624,224
Cost of sales and operations	1,406,398	1,652,207	558,337	1,576,053	825,449	78,187	144,231	722,198	49,658	37,849
Inventory, beginning of year	69,842	107,974	80,416	61,639	27,334	8,208	—	7,292	4,404	2,619
Purchases	589,430	1,074,249	433,341	336,899	131,975	19,459	29,143	594	—	—
Cost of labor	176,677	204,879	49,846	116,859	269,202	18,019	15,725	162,505	35,189	27,132
Materials and supplies	116,384	194,043	11,459	39,046	103,017	11,571	3,496	93,293	127	44
Other costs	546,431	182,735	81,178	1,154,245	333,876	37,174	125,010	436,386	12,378	10,646
Less: inventory, end of year	92,365	111,673	97,905	132,627	39,956	16,239	—	6,422	3,015	2,592
Salaries and wages	590,179	225,817	105,558	669,132	2,445,830	1,198,210	3,774,386	685,958	2,937,547	2,813,011
Less: jobs credit	282	445	551	285	2,010	326	416	26	1,275	797
Guaranteed payments to partners	190,370	97,159	44,958	146,222	296,302	84,765	453,658	138,715	509,593	480,800
Rent paid	150,663	103,622	37,125	181,522	512,618	285,161	813,455	102,055	405,308	381,796
Interest paid	551,207	112,108	11,273	300,077	177,680	22,498	107,579	24,320	94,173	87,128
Taxes paid	87,866	60,062	22,042	119,358	262,931	96,997	377,762	64,816	235,869	224,884
Bad debts	8,034	12,164	1,691	21,721	16,984	3,553	10,758	2,313	9,484	9,463
Repairs	64,264	22,905	7,331	59,213	58,421	24,249	45,737	5,852	23,267	20,513
Depreciation	—	—	—	—	—	—	—	—	—	—
Amortization	24,463	6,306	2,223	127,893	11,093	662	15,301	1,097	22,178	20,448
Depletion	1,254	—	—	154	181	4	1,998	1,778	4,624	4,624
Pension, profit sharing, annuity and bond purchase plans	7,817	574	125	10,316	50,964	41,204	79,376	15,531	38,795	38,441
Employee benefit plans	8,171	2,569	342	13,429	85,406	57,833	63,407	13,266	38,278	35,508
Net loss from other partnerships and fiduciaries	94,069	3,250	—	81,022	11,066	44	15,543	3,458	368	368
Rent net loss	758,465	6,948	—	11,191	6,465	2,440	15,008	314	1,036	816
Royalty net loss	10,394	—	—	53	—	—	—	—	—	—
Farm net loss	4,674	412	440	12,925	594	—	—	—	—	—
Net loss, noncapital assets	17,109	13,483	—	6,029	1,572	235	864	133	1,742	1,153
Other deductions	1,495,365	397,962	168,678	1,500,260	2,767,522	1,305,228	2,392,116	709,047	1,459,397	1,347,506
Net income (less deficit)	-337,084	301,987	106,136	-583,668	3,639,265	2,664,767	6,297,277	373,871	1,804,287	1,682,243
Net income	1,489,427	436,841	144,043	576,808	3,886,421	2,694,254	6,422,171	454,105	1,870,279	1,745,931
Deficit	1,826,511	-134,854	-37,907	-1,160,476	-247,156	-29,487	-124,893	-80,234	-65,992	-63,689
Capital gains and losses allocable to partners:										
Net short-term capital gain (less loss)	12,000	204	—	24,056	4	—	810	78	803	599
Net long-term capital gain (less loss)	26,870	1,202	—	23,492	9,150	642	3,916	3,339	707	629
Partnerships With Net Income										
Number of partnerships	33,628	15,854	7,839	8,212	23,006	11,158	22,057	4,949	10,724	6,300
Number of partners	148,759	34,499	15,986	36,602	81,468	40,231	94,296	12,852	42,540	32,817
Total assets	4,597,784	1,003,384	538,198	1,612,168	2,277,040	876,121	3,150,126	474,202	1,713,108	1,614,555
Total receipts	4,690,876	2,504,415	980,236	2,685,891	10,311,969	5,762,285	14,551,227	2,600,945	7,968,822	7,218,822
Business receipts	3,744,929	2,457,256	974,785	2,644,027	9,723,734	5,254,767	14,307,828	2,555,166	7,498,154	7,053,875
Income from other partnerships and fiduciaries	21,343	70	—	9,640	13,419	1,202	6,291	29,840	11,705	10,456
Nonqualifying dividends	3,036	71	—	1,810	320	313	2,817	1,744	3,765	3,697
Interest received	48,026	3,754	921	17,241	17,067	11,098	29,501	10,628	30,781	30,186
Rents received	426,539	33,010	22	58,627	16,480	6,882	15,840	113	1,407	1,158
Royalties	68	31	—	10,961	52	—	449	3,758	2,076	—
Farm net profit	743	268	—	—	—	—	—	—	—	—
Net gain, noncapital assets	71,218	8,558	6	31,582	469,004	463,411	1,873	96	686	296
Other receipts	374,973	1,397	4,501	112,113	71,884	24,557	184,627	7,580	120,247	117,077
Total deductions	3,201,448	2,067,572	836,190	2,306,992	6,425,539	3,068,028	8,129,057	2,154,840	5,798,543	5,472,891
Cost of sales and operations	1,025,192	1,280,649	490,986	869,138	696,917	69,436	144,231	658,697	49,117	37,849
Inventory, beginning of year	55,459	75,036	61,255	40,326	14,467	414	—	6,477	4,346	2,619
Purchases	396,769	840,678	373,260	153,411	107,492	8,640	—	26,186	—	—
Cost of labor	132,120	150,868	45,924	52,332	213,207	18,013	15,725	109,748	35,169	27,132
Materials and supplies	105,790	157,847	4,312	28,651	96,770	11,571	3,496	89,735	44	44
Other costs	411,832	127,533	77,804	628,842	289,999	37,174	125,010	342,201	11,995	10,646
Less: inventory, end of year	76,778	71,314	71,567	34,424	25,019	6,376	—	5,649	3,015	2,592
Salaries and wages	475,483	174,979	83,217	292,987	2,084,867	1,152,160	3,637,063	656,463	2,873,328	2,749,214
Less: jobs credit	276	445	43	282	1,985	326	414	26	1,256	777
Guaranteed payments to partners	106,977	45,176	34,246	60,476	254,191	67,900	355,327	98,891	473,641	451,301
Rent paid	89,533	75,178	28,368	92,730	440,019	274,069	782,252	92,536	395,621	372,787
Interest paid	171,205	47,997	7,652	63,670	105,035	20,772	97,378	16,703	89,154	83,941
Taxes paid	65,247	42,747	16,535	61,233	221,823	93,462	367,669	60,663	230,065	219,334
Bad debts	3,972	9,377	1,679	3,657	15,142	3,473	10,214	2,166	9,451	9,437
Repairs	34,558	16,566	6,121	25,584	49,705	24,025	44,688	5,729	22,373	19,629
Depreciation	—	—	—	—	—	—	—	—	—	—
Amortization	2,395	1,358	2,223	66,103	5,130	640	15,155	1,080	21,882	20,152
Depletion	1,254	—	—	3	85	4	1,998	1,778	4,624	4,624
Retirement plans etc.	7,308	536	125	5,733	50,405	41,126	79,051	15,488	38,795	38,441
Pension, profit sharing, annuity and bond purchase plans	5,185	2,449	342	5,058	75,881	57,636	61,282	11,735	36,764	34,005
Net loss from other partnerships and fiduciaries	4,414	167	—	13,034	645	44	6,780	414	368	368
Rent net loss	8,780	331	—	372	1,733	772	4,004	314	1,036	816
Royalty net loss	718	—	—	—	—	—	—	—	—	—
Farm net loss	696	412	—	—	594	—	—	—	—	—
Net loss, noncapital assets	2,014	480	—	6	477	234	864	127	1,108	1,108
Other deductions	874,311	286,672	143,054	620,504	2,285,421	1,218,204	2,276,551	593,890	1,423,659	1,314,232
Net income	1,489,427	436,841	144,043	576,808	3,886,421	2,694,254	6,422,171	454,105	1,870,279	1,745,931
Capital gains and losses allocable to partners:										
Net short-term capital gain (less loss)	-334	165	—	501	4	—	775	78	599	599
Net long-term capital gain (less loss)	16,206	1,009	—	2,454	9,025	642	3,623	1,218	707	629

The deduction for depreciation is not shown separately because the amounts reported on the partnership return, Form 1065, are understated. The understatement results from the reporting characteristics of partnerships in farming and real estate. A more accurate estimate of the depreciation deduction, obtained from the Form 4562, the form on which depreciation is computed, is almost \$27.3 billion for all industries. Of this total, almost \$1.5 billion is reported for farms and \$13.8 billion for real estate.
NOTE: Detail may not add to totals because of rounding.