

Statistics of Income

SOI BULLETIN



Department of the Treasury
Internal Revenue Service

Volume 9, Number 1

Summer 1989

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Statistics of Income

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Department of the Treasury
Internal Revenue Service

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The SOI Bulletin provides the earliest published annual financial statistics from various types of tax and information returns filed with the Internal Revenue Service. It also includes information from periodic or special analytical studies of particular interest to tax administrators. In addition, historical data are provided for selected types of taxpayers, as well as the gross internal revenue collections and other tax related items.

Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division, TR:S Internal Revenue Service, Washington, DC 20224.

In addition, special Statistics of Income tabulations based on income tax returns can be produced upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, at the address shown above.

Overall policy review of the SOI Bulletin is conducted by the Office of Tax Analysis, under the direction of Thomas Neubig. For this issue, those assisting in the review were Seymour Fiekowsky, Susan Nelson, Gerald Silverstein and William Trautman. Robert A. Wilson and Bettye Jamerson of the Statistics of Income Division were the technical editors and were assisted by Wendy Alvey and Beth Kilss, editors of the SOI Bulletin Board, and Clementine D. Brittain who provided editorial assistance and prepared the copy.

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SOI STATISTICAL SERVICES

(Available from Statistics of Income Division)

As part of the Statistics of Income program a series of special services is now being offered to data users (see below). Detailed information on these statistical services can be obtained by writing to Director, Statistics of Income Division (R:S), Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC 20224. Purchase is by check made payable to the IRS Accounting Section.

Studies of International Income and Taxes, Publication 1267 — Price \$45.00

Purchase price includes a 516-page document for 1979–83 that presents information from 13 Statistics of Income studies in the international area, including:

- Foreign activity of U.S. corporations
- Activity of foreign corporations in the U.S.
- Foreign interests in U.S. corporations
- Statistics related to individuals, trusts, and estates
- Data presented by—
geographical area or industrial activity, as well as other classifiers

Purchasers of this service also will be provided with additional information for one year as it becomes available. The one year period for receiving additional information can be extended at a cost of \$35.00 per year. A long-term subscription (\$150) includes the compendium and additional information as it becomes available through August 1990. (The next compendium is scheduled for release in September 1990.)

Individual Income Tax Returns, Publication 1304 — Price \$32.00

Statistics of Income data presents information on:

- Sources of income
- Exemptions
- Itemized deductions
- Tax computations
- Data presented by—
size of adjusted gross income, marital status

Purchasers of this service also will be provided with additional articles relating to 1986 data and preliminary 1987 data as they become available and will be notified of future statistical releases relating to individual income tax returns.

Partnership Returns, Publication 369 — Price \$22.00

Purchase price includes a 314-page document for 1978–82 presenting previously unpublished Statistics of Income data for 1980, 1981 and 1982, as well as data previously issued in other publications. Features include:

- Number of partnerships
- Limited partnerships
- Receipts
- Cost of sales and operations
- Deductions
- Net income
- Capital gains
- Data presented by—
industry
size of total assets
state
number of partners

Purchasers of this service also will be provided with data for 1983–1985 as they become available and will also be notified of future statistical releases relating to partnership returns.

Other Services — Price dependent on the request

- Unpublished tabulations from SOI program are available. Includes detailed tables underlying those published in SOI Bulletin.
- Special tabulations produced to user specifications.
- Public use tape files, including the Individual Tax Model (1978–1985), among others. (Earlier files are available from the Machine Readable Branch (NNSR) of the National Archives, Washington, DC 20408.

BUSINESS SOURCE BOOKS

(Available from Statistics of Income Division)

In addition to the Corporation Source Book, two others are now being offered by the Statistics of Income Division (see below). Information can be obtained by writing to Director, Statistics of Income Division (TR:S) at the address above. Purchase of Source Books is by check made payable to the IRS Accounting Section.

Corporation Source Book, 1985, Publication 1053 — Price \$175.00

This is a 480-page document that presents detailed income statement, balance sheet, tax and investment credit items by major and minor industries and size of total assets. This report is part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150). A magnetic tape containing the tabular statistics for 1985 can be purchased for \$1,500.

Partnership Source Book, Publication 1289 — Price \$30.00

This is a 291-page document showing key partnership data for 1957 through 1983, at the minor, major and division industry level. Includes a historical definition of terms section and a summary of legislative changes affecting partnerships during that period. Tables feature:

- Number of partnerships
- Number of partners
- Business receipts
- Depreciation
- Taxes paid deduction
- Interest paid
- Payroll
- Payments to partners
- Net income

Purchasers of this service also will be advised of the release of subsequent years' data. A magnetic tape containing the tabular statistics can be purchased for an additional \$200.

Sole Proprietorship Source Book, Publication 1323 — Price \$95.00

This Source Book is a companion to that for partnerships, shown above. It is a 244-page document showing key proprietorship data for 1957 through 1984. Each page contains statistics for a particular industry. Included will be data on:

- Number of business
- Business receipts
- Interest paid
- Depreciation
- Taxes paid deduction
- Payroll
- Net income

As with Partnerships, a magnetic tape containing the tabular statistics can be purchased for \$245.

OTHER PUBLICATIONS

(Available from Superintendent of Documents GPO, Washington, D.C. 20402)

The Statistics of Income (SOI) Bulletin (Quarterly) — Publication No. 1136 Subscription price \$16.00; Single copy price \$6.00

The SOI Bulletin provides the earliest published financial statistics from the various types of tax and information returns filed with the Internal Revenue Service. The Bulletin also includes information from periodic or special analytical studies of particular interest to tax administrators and economists.

Statistics of Income—1985, Corporation Income Tax Returns, Publication No. 16 Price \$9.50

Presents information on—

- Receipts
- Deductions
- Net income
- Taxable income
- Income tax
- Tax credits
- Distribution to stockholders
- Assets
- Liabilities

Data classified by—

- industry
- accounting period
- size of total assets
- size of business receipts

Correction to Spring 1989 Issue

Individual Income Tax Returns, Preliminary Data, 1987

Figure O below is a substitute for the Figure O previously published in the above issue (page 15).

Figure N.
Income Tax As a Percentage of Adjusted Gross Income,
Tax Years 1986 and 1987

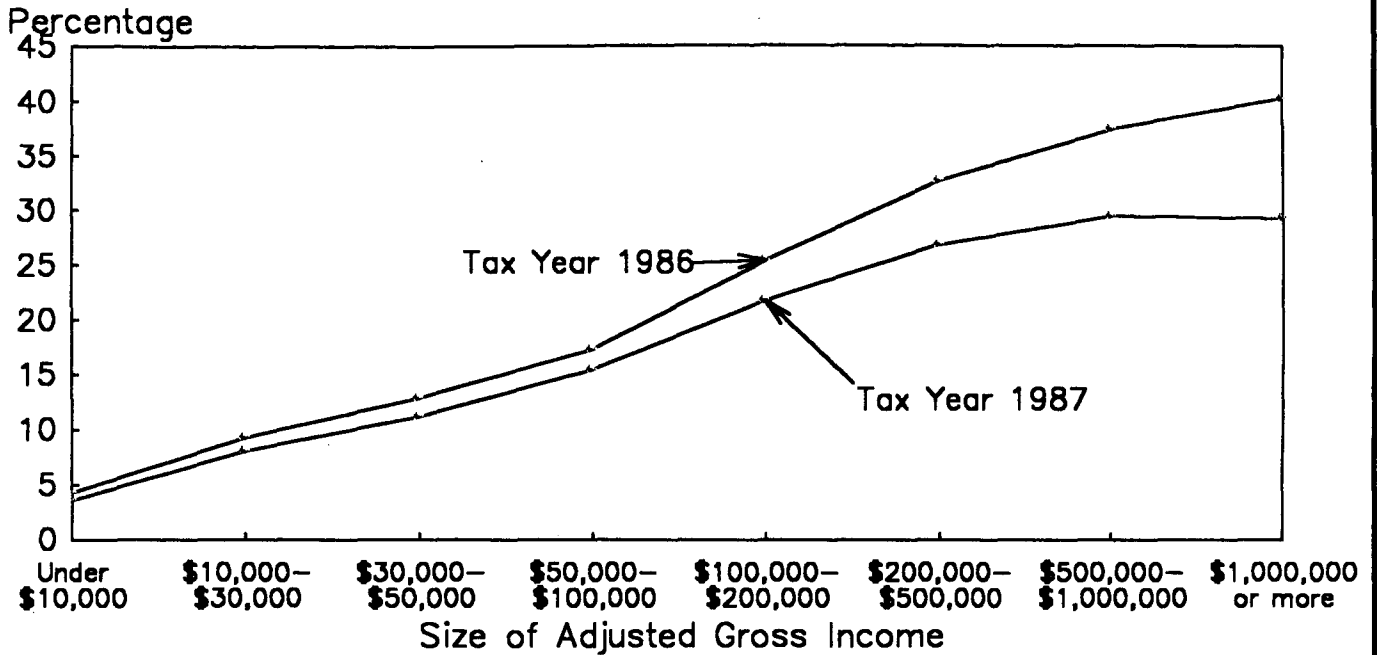
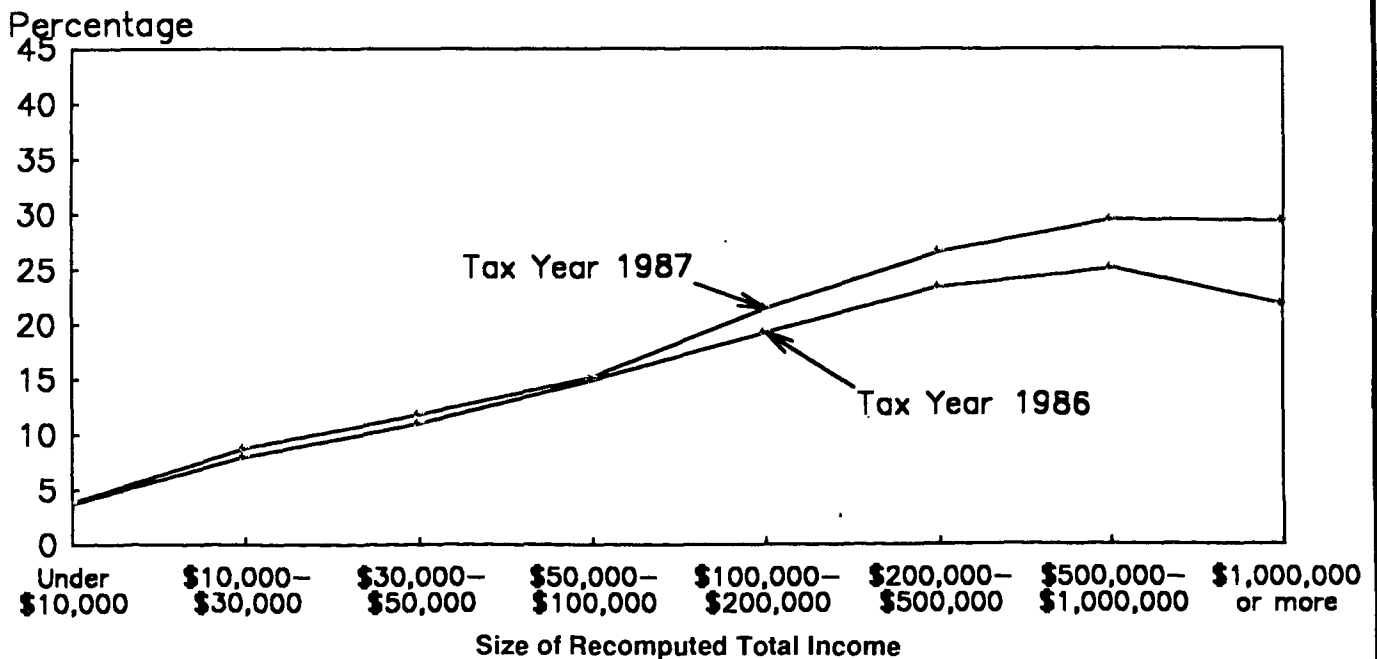


Figure O. (Revised)
Income Tax As a Percentage of Recomputed Total Income,
Tax Years 1986 and 1987



Correction to Spring 1989 Issue

Individual Income Tax Returns, Preliminary 1987

The following is a substitute for Columns 23 and 24 of Table 1 published on page 21 of the Spring 1989 issue.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income

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

Size of adjusted gross income	Rents and royalties net income less loss	
	Number of returns	Amount
	(23)	(24)
All returns, total	9,308,739	- 7,143,931
No adjusted gross income	189,793	-2,009,899
\$1 under \$1,000.....	37,915	- 135,314
\$1,000 under \$2,000.....	30,923	- 55,262
\$2,000 under \$3,000.....	75,627	-49,918
\$3,000 under \$4,000.....	119,632	- 179,261
\$4,000 under \$5,000.....	108,711	51,434
\$5,000 under \$6,000.....	136,014	-39,036
\$6,000 under \$7,000.....	154,478	-103,247
\$7,000 under \$8,000.....	128,246	63,502
\$8,000 under \$9,000.....	165,367	1,449
\$9,000 under \$10,000.....	135,537	10,210
\$10,000 under \$11,000.....	152,175	50,901
\$11,000 under \$12,000.....	128,528	1,407
\$12,000 under \$13,000.....	157,008	75,984
\$13,000 under \$14,000.....	180,018	- 19,412
\$14,000 under \$15,000.....	150,917	-176,174
\$15,000 under \$16,000.....	151,384	- 71,801
\$16,000 under \$17,000.....	151,412	- 89,181
\$17,000 under \$18,000.....	139,636	-42,927
\$18,000 under \$19,000.....	138,106	-172,908
\$19,000 under \$20,000.....	152,777	-48,827
\$20,000 under \$25,000.....	740,965	- 909,497
\$25,000 under \$30,000.....	684,918	- 808,734
\$30,000 under \$40,000.....	1,236,175	-1,656,000
\$40,000 under \$50,000.....	1,015,145	- 1,292,885
\$50,000 under \$75,000.....	1,473,693	-2,951,978
\$75,000 under \$100,000.....	549,085	-409,787
\$100,000 under \$200,000.....	557,304	879,225
\$200,000 under \$500,000.....	206,270	1,355,775
\$500,000 under \$1,000,000.....	40,492	731,001
\$1,000,000 or more.....	20,488	857,229
Taxable returns, total	8,051,830	- 4,265,690
Non-taxable returns, total	1,256,909	- 2,678,240

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By Louella Ballenger and Michael Strudler	
For 1987, nonfarm sole proprietorship profits (less losses) rose to \$105.5 billion, an increase of just over \$15 billion from 1986, continuing a trend of steady growth that began with 1983. Net losses declined by almost 9 percent, the first such drop in over 10 years. The depreciation deduction also declined for the first time in over 25 years.	
Corporation Income Tax Returns, 1986.....	15
By Jonathan E. Shook	
Corporate pre-tax profits reached \$269.5 billion for 1986. A contributing factor was the rise in net long term capital gains from \$53.8 billion to \$93.2 billion. This 73.5 percent increase over 1985 was, in large part, caused by the anticipated increase in the tax on capital gains for 1987 as a result of the Tax Reform Act of 1986. Income tax (before credits) actually declined somewhat, to \$111.1 billion, reflecting the larger proportion of income subject to tax at the lower capital gains rate. However, income tax (after credits) increased to a record \$73.8 billion because of the sharp decline in total tax credits for 1986, caused mostly by the repeal of the investment credit.	
Private Foundation Returns, 1985	27
By Margaret Riley	
For 1985, private foundations reported \$16.4 billion in revenue of which \$6.3 billion was disbursed for charitable purposes, including \$5.2 billion granted to organizations carrying on tax-exempt activities. Contributions received was the largest single source (33 percent) of foundation receipts, closely followed by net gain from sales of assets (31 percent).	
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SOI Bulletin Board

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SOME OBSERVATIONS AND INSIGHTS

Frequently in this column, we have reported to you on some of the recent studies undertaken by the Statistics of Income (SOI) Division in the wake of the Tax Reform Act of 1986. Recently, for example, we compiled some early statistics from individual income tax returns--for 1988, the second full year under the new law. A few highlights were presented in this column in our last issue, and, in a future issue, the results from that study will be presented in some detail.

These data are of considerable interest to the Treasury Department's Office of Tax Analysis (OTA) because a large part of OTA's research concerns revenue estimation--both the gains and the losses resulting from tax law changes proposed or actual. In order for the tax policymakers to assess the impact of these changes, simulations are made based initially on a large representative sample of the tax returns used for SOI. A key to the quality of the estimates produced from these microsimulation models is the extent to which researchers are able to continue to improve and refine their work by improving and refining the content of their models. To do this successfully, there has to be an exchange of ideas and a sharing of knowledge among those involved in tax microsimulation modelling.

Last year, the SOI Division collaborated with the Office of Tax Analysis to provide a forum for U.S. and Canadian researchers to dis-

cuss common interests and concerns related to modelling for tax law changes affecting individuals (see the Bulletin Board column in the Summer 1988 *SOI Bulletin*). The success of that Workshop on Microsimulation Modelling, held in May 1988, provided the impetus for a companion conference which took place recently. (Both conferences, incidentally, were ably managed by WENDY ALVEY and BETH KILSS of the SOI Division.)

Once again, SOI Division worked jointly with OTA to organize a similar but longer event, with nearly 100 participants attending the 2-day meeting. The focus of this year's Workshop, however, was on tax policy modelling for businesses, with coverage of microdata applications in the U.S., Canadian, and European experience.

The formal program included both technically-oriented and policy-focused sessions by SOI Division and Office of Tax Analysis representatives for their Canadian and European counterparts on how the data suppliers and tax policy researchers in the U.S. Federal Government interact on issues of mutual interest. Other highlights from the Workshop included a presentation on the Swedish econometric model by GUNNAR ELIASSON; still another paper of particular interest was a description by WILLIAM LONG of a plan to study leveraged buy-outs.

From the Workshop, we have prepared a volume which may be of interest to *SOI Bulletin* subscribers. We have compiled a collection of selected background papers which

centers on contributions to the development of corporation microsimulation models. That set of materials provides a reference source for statisticians, economists, and other tax researchers with interests and responsibilities in the area of microsimulation modelling. To obtain free copies of the Workshop volume, please call me on (202) 376-0216 or write to me at 1111 Constitution Avenue, NW, Washington, DC 20224.

Fritz Scheuren
Director
Statistics of Income
Division

THIS ISSUE AT A GLANCE

The Summer 1989 issue of the *Bulletin* focuses on data from the business income tax returns: corporations, sole proprietorships and partnerships. Statistics on private foundations are also featured. A brief abstract of each article is provided below.

Private Foundations, 1985.--Provides statistics on assets, liabilities, revenue, expenses and disbursements of private foundations for Income Year 1985, taken from Form 990-PF.

Corporation Income Tax Returns, 1986.--Presents the first comprehensive statistics from corporation income tax returns for Income Year 1986. More detailed statistics for 1986 will be published in a separate SOI report at a later date.

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Nonfarm Sole Proprietorship Returns, 1987.--Presents statistics on selected income and deduction items for businesses and professions, as reported on Schedule C of the Form 1040, Individual Income Tax Return, for Tax Year 1987.

Partnership Returns, 1987.--Presents statistics on assets, liabilities, income, deductions, credits, and other tax-related items reported by the partnership, as reported on Form 1065, Partnership Return of Income.

Selected Historical Data.-- These tables contain historical and current financial statistics from the various tax returns and supporting schedules filed with the IRS, as well as the most recent information about tax collections and refunds.

BEHIND THE SCENES

As a follow-up to our discussion of the quality initiatives in the SOI Division, which we first told you about in the SOI Bulletin Board in our winter issue, we are pleased to announce the selection of DAN TREVORS as Chief of the recently formed Quality Support Section. Dan brings a lot of enthusiasm, experience and expertise to the quality activities in which the Division is currently involved. He will be ably supported in this position by a team of "quality" players -- MARY BATCHER, NANCY COLLINS, OTTO SCHWARTZ and RAY SHADID. Together, this group, plus others who will be added later, will have responsibilities in a number of

Quality areas. The Quality Support Staff will mainly be involved in quality initiatives within the SOI Division, as well as some Service-wide efforts. They will support Quality Councils for the SOI Division and also the Assistant Commissioner for Returns Processing. Providing facilitator and training support for the IRS/NTEU (National Treasury Employees Union) Joint Quality Improvement Process will be another key activity.

Three alumni of the SOI Division who personified quality when they worked here have gone on to share their talents elsewhere. One of them, CHARLIE PEOPLES, has recently been appointed Assistant Commissioner for Returns Processing. Over 20 years ago, however, Charlie spent 5 years of his early IRS career (from 1966 - 1971) in SOI. There are many in our group, in fact, who were here then and worked alongside Charlie in his role as a statistician. We are now looking forward to this opportunity to work both with him and for him.

A more recent "graduate" of our SOI team is DAN HOLIK, who is now working on Capitol Hill for the Joint Committee on Taxation. Fortunately for us, Dan's new job will enable us to continue working with him -- though now he will be a data "customer," rather than a data "supplier."

Another of our alumni, ART GIANELOS, has chosen a different path following his tenure in the SOI Division -- he has retired after 27 years in our ranks. For most of these years, he was one of the stalwarts of the corporation SOI pro-

gram. Recently, he has been responsible for the international boycott participation program. Art began his Government career as a financial analyst/statistician with the Securities and Exchange Commission and will be best remembered for his expertise in the area of corporate finance.

YOUR CALL

As we promised to do when this column began, from time-to-time, we will be bringing you up-to-date on the statistical services that we offer to data users. Two of these services are the topic of this column. Specifically, it is now possible to purchase both tape files and tabulations of area-to-area migration data, and we also have for sale a new individual income tax return public-use file. A brief description of each is provided below:

Migration Flow Data

Migration flow data (based on a year-to-year match of tax return addresses) are available on the county and Standard Metropolitan Statistical Area (SMSA) geographical levels for selected time periods between 1978 and 1985. In particular, users may purchase:

- County Flow Migration Data for Calendar Years 1978-80, 1980-81, 1983-84 and 1984-85 for the whole country. (These data are available on computer tape; data for 1982-83 are also available, as hard copy only.)

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- **County Income Data for Tax Years 1982 and 1984.** These provide adjusted gross income, wages and salaries, interest, dividends, rents, and royalties for each county, as well as the number of returns and exemptions. (Data are available on computer tape.)
- **County Flow Data for Calendar Years 1978-80, 1980-81, 1981-82, 1982-83, 1983-84 and 1984-85.** These data show mobility to and from each county and are available for either in-migration flows and/or out-migration flows. They may be purchased by State or by individual counties. (Data are available as hard copy only.)
- **County Migration Data for Calendar Years 1982-84.** This report gives the number of people moving in, the number moving out, and the number who did not move at all. (Data are available as hard copy and also on computer tape.)
- **SMSA Migration Flows for Calendar Years 1978-80 and 1980-81** are available for either inflows or outflows. (Data are available as hard copy.)
- **Interstate Migration Flows for Calendar Years 1970-73, 1975-76, 1976-77, 1976-78, 1978-79, 1980-81, 1981-82, 1982-83, 1983-84, and 1984-85.** (Data are available as hard copy.)

The migration flow data listed above are produced under a cooperative arrangement with the U.S. Bureau of the Census. (BOB O'KEEFE is our lead statistician on this work.)

1986 Individual Tax File

The 1986 Individual Tax File (formerly known as the Individual Tax Model File) consists of selected income, deduction, and tax data taken from a random sample of actual tax returns--Forms 1040, 1040A and 1040EZ Federal Individual Income Tax Returns filed by U.S. citizens and residents for Tax Year 1986. This is the latest in a long line of Tax Files which have been produced since 1960.

The public-use version, which has been designed for making national level estimates, is, of course, in an unidentifiable form, with names, social security numbers, and other similar information omitted. In addition, we subsample our high income returns, alter certain data codes, and "blur" some of the data fields. The item content is quite extensive (including about 200 items), however, which makes the file useful for many purposes, including simulating the administrative and revenue impact of tax law changes, as well as providing general statistical tabulations relating to sources of income and taxes reported by individuals. (MARIO FERNANDEZ is our lead economist on this project.)

We encourage you to take advantage of these new services and will be glad to answer your inquiries about these products. Please call DAVE JORDAN or SANDY BYBERG on (202) 376-3900 or write to me at the address mentioned above.

UPCOMING FEATURES

The following are a few of the articles to look for in upcoming issues of the *SOI Bulletin*:

- High Income Returns, 1985-86;
- Corporate Foreign Tax Credit by Industry, 1984;
- Environmental Taxes, 1987;
- Controlled Foreign Corporations by Industry, 1984;
- Projections, 1990-97;
- Nonprofit Charitable Organizations, 1985; and
- Taxpayer Usage of Individual Income Tax Returns, 1988 (previously scheduled for the Summer 1989 issue).

Sole Proprietorship Returns, 1987

By Louella Ballenger and Michael Strudler*

Nonfarm sole proprietorship profits for 1987 set another record high, exceeding \$100 billion for the first time [1,2]. Tax Year 1987 was also the first full year of transition under the Tax Reform Act of 1986. Because it is difficult to separate the direct effects of changes in the law from sole proprietor behavioral responses to changes in the economy as well as changes in the law, it is not possible to fully assess the impact of the new law. However, for Tax Year 1987, the depreciation deduction declined for the first time since 1961. Also, net losses reported by sole proprietors declined for the first time in over 10 years.

Figure A shows total nonfarm sole proprietorship profits over the decade ending with 1987. Profits increased \$15.1 billion in Tax Year 1987, continuing a growth trend that began after the economic downturn of the early 1980's [3]. Figure B shows the relationship between profits and receipts over the same time period. This ratio fell continuously from 1978 to 1982, and then began a climb that continued through 1987 [4].

TAX REFORM AND SOLE PROPRIETORSHIPS

The primary provisions of the new tax law affecting sole proprietors' business activity for 1987 were the new rules for depreciation, capitalization of inventory costs, meals and entertainment expenses, and "passive" losses. Provisions relating to depreciation tended to affect all industries to a varying extent. Others, for example, passive activity losses, were more likely to affect specific industries.

The new Act modified the depreciation of assets covered under the Accelerated Cost Recovery System (ACRS) by lengthening the recovery period for many of the personal and real property categories. While this tended to decrease depreciation deductions, the new law also liberalized the declining-balance method of depreciation for most categories, a factor that increased depreciation deductions in the first years of the assets life. An exception to this latter change was most real estate property, for which the more limited deductions under the straight-line method were required. The Act also increased, from \$5,000 to \$10,000, the maximum deduction for expensing all or part of the cost of depreciable assets in the year they were placed in service, while placing a ceiling on expensing for certain

taxpayers. The overall net effect of tax reform was a decline of 3.3 percent in depreciation reported by sole proprietors for 1987 (see Figure C).

Tax reform also changed the capitalization of inventory costs. Under the new uniform capitalization rules, in general, businesses were required to depreciate certain costs incurred in producing or acquiring property. Other costs, such as insurance, attributable to inventory had to be treated as product costs and added to inventory costs. Under the previous law, businesses could claim these costs as current deductions. Also, State and local taxes paid on depreciable property now had to be added to the cost of the property and deducted over time as part of the depreciation deduction. Prior to tax reform, the full amount of taxes could be claimed as a current deduction. These changes in the capitalization of inventory costs and the treatment of taxes on depreciable property would all tend to decrease the deductions reported by sole proprietors.

Another deduction, for meals and entertainment, was limited by the new law to 80 percent of the cost. Despite this limitation, the combined deduction for travel and entertainment, including meals, increased over 11 percent from 1986. For 1987, meals and entertainment, after the limitation, accounted for 45 percent of the total deductible travel and entertainment expense claimed by sole proprietors [5].

The Act attempted to curb tax shelter activity by limiting passive losses and extending the "at-risk" rules. The new passive loss rules for 1987 limited the losses that could be deducted from any activity in which the taxpayer did not actively participate. With some exceptions for real estate, these passive losses could be used only to offset income from passive activities, with a 5-year phase-in for pre-enactment investment. Previously, any business losses could be used to offset income from any other activity. In

Figure A.—Nonfarm Sole Proprietorship Profits, Tax Years 1978–1987

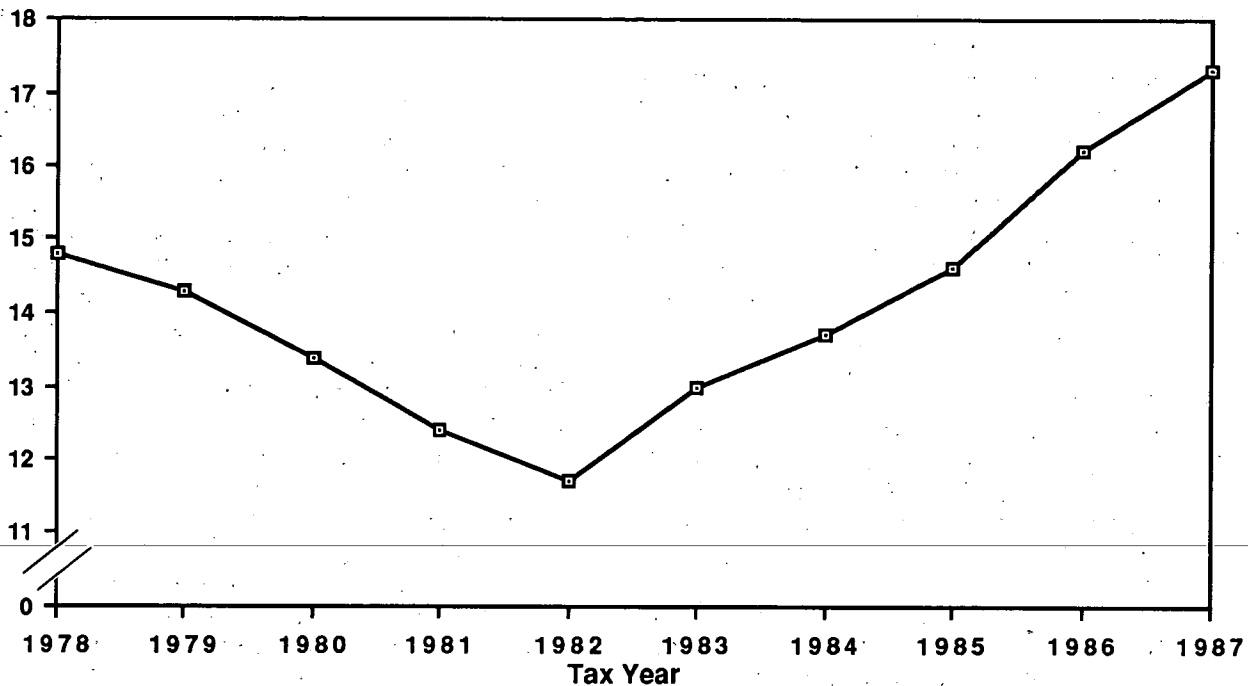
Tax Year	Net income (less deficit) (billions)
1978	\$ 53.5
1979	56.5
1980	54.9
1981	53.1
1982	50.6
1983	60.4
1984	70.8
1985	78.8
1986	90.4
1987	105.5

*Individual Returns Analysis Section. Prepared under the direction of Jeff Hartzok, Chief.

Figure B

Profits as a Percentage of Receipts, Tax Years, 1978-1987

Percentage



addition, for 1987 the at-risk rules were applied to real estate activities. These rules limited deductible losses from real estate tax shelters to the amount the taxpayer had contributed or borrowed for use in the activity. In the past, real estate had not been subject to these at-risk rules.

Another law change aimed at curbing deductible losses required a business activity to show a profit in 3 out of 5

Figure C.—Nonfarm Sole Proprietorship Net Income, Net Deficit, and Depreciation, Tax Years 1978–1987

(Money amounts are in billions of dollars)

Tax Year	Net Income	Net Deficit	Depreciation
	(1)	(2)	(3)
1978	\$ 62.3	\$ 8.8	\$10.0
1979	67.1	10.6	12.9
1980	68.0	13.1	14.0
1981	68.5	15.5	15.9
1982	68.6	18.1	19.1
1983	78.6	18.3	22.1
1984	89.8	19.1	23.9
1985	98.8	20.0	26.3
1986	110.5	20.1	26.4
1987	123.8	18.3	25.6

consecutive years in order to be considered a bonafide business; otherwise, deductions for expenses related to the activity were limited. Before 1987, the requirement was 2 out of 5 years.

Other provisions of the tax law affecting sole proprietorship operations were the reduction in the jobs credit, changes in the rules regarding pension and profit-sharing plans, and the depletion limitations. The jobs credit deduction reported for 1987 by sole proprietors declined over 82 percent from 1986, and deductions for employer contributions to pension and profit-sharing plans dropped over 14 percent. The depletion deduction also showed a decline of 39 percent. However, these three deductions combined represented less than 1 percent of total sole proprietorship deductions.

With the various limitations on deductible losses and other tax law changes described above as contributing factors, the total net losses reported by sole proprietors for 1987 declined by almost 9 percent, the only decline in 10 years (see Figure C) [6].

INDUSTRY TRENDS UNDER TAX REFORM

Reflecting all of the changes in the law mentioned herein, as well as others that applied to specific industrial activities, sole proprietorship profits increased 16.6 percent for 1987 compared to 1986. All industry divisions except mining shared in this increase. Although mining reported a net loss (see Figure D), it was about one third of the loss reported for 1986, with the oil and gas extraction group accounting for most of this decline. The new passive loss rules probably contributed to this decline by limiting the deductible losses of those proprietors engaged in oil and gas extraction tax shelters [7]. The oil and gas extraction group also reported a decline of over 35 percent in the depletion deduction. This may have been due, in part, to the new rules eliminating percentage depletion that was not related to production, such as those on lease bonuses and advance royalties.

Real estate operators and lessors of buildings, an industry generally associated with tax shelter activities, also reported a large decline in net loss, almost 50 percent, for 1987. Contributing to this decline were the new passive loss limitations and lower depreciation deductions, which fell 57 percent for this group [8].

Over 47 percent of the increase in profits for all sole proprietorships was reported by service industries, an industrial division in which sole proprietorships are the predominant form of business in terms of the number of businesses. This \$7.2 billion increase in profits was larger than that of any other industrial division (see Figure D), and accounted for over 50 percent of the total profits for all sole proprietors. The medical and health services group continued to account for the largest share of service industry profits, but this share had gradually declined from 40 percent for 1979 to 33 percent for 1987. Over the same time period, business services, the second largest service group (including such diverse businesses as advertising, building services, computer and data processing services, and management and public relations) increased its share from 16 to 26 percent of service industry profits.

Figure D.—Profits by Industrial Division, Tax Years 1986 and 1987¹

Industrial Division	Net income (less deficit)	
	1986	1987
	(billions)	
Mining.....	\$-.7	\$-.2
Construction.....	12.8	14.5
Manufacturing.....	1.5	2.1
Transportation and public utilities.....	3.4	3.7
Wholesale and retail trade.....	10.0	11.2
Finance, insurance, and real estate.....	11.6	14.4
Services.....	48.8	56.0

¹ Excludes certain proprietorships included in Figure B, the nature of whose business was not allocable by industry.

Manufacturing, led by metal products, non-electric machinery, and printing and publishing, reported the highest increase in profits at 42.5 percent. Finance, insurance, and real estate followed, with the security and commodity brokers and services within this industry division reporting a 59 percent increase for 1987. Of those industries reporting profits, transportation, dominated by trucking and warehousing, reported the lowest increase at 7.7 percent over the previous year [9].

Sole proprietorship total receipts and number of returns on which they were reported increased along with profits for Tax Year 1987. Reported receipts increased 9.2 percent, from \$559 billion for 1986 to \$611 billion for 1987. This increase represented a gain in real (1982) dollar sales of \$28 billion [10]. All industrial divisions except mining and manufacturing showed increased receipts. The number of individual income tax returns reporting nonfarm sole proprietorship activity increased by 5.7 percent, from 12.4 million for 1986 to 13.1 million for 1987. The number of proprietorships increased in all industrial divisions except mining, which declined 0.6 percent.

SUMMARY

The continuing economic expansion in 1987 was reflected in record levels of sole proprietorship total receipts and profits. The Tax Reform Act of 1986 introduced a number of changes in the law that affected sole proprietorship activity, but it is not possible to fully assess the effects of these changes. This is because it is difficult to separate the direct effects of changes in the law from sole proprietor behavioral responses to changes in the economy as well as changes in the law. Overall, profitability of sole proprietorships for 1987 continued a trend of steady growth that began with 1983.

DATA SOURCES AND LIMITATIONS

A general description of sampling procedures and data limitations applicable to the Statistics of Income (SOI) tabulations is contained in the Appendix to this issue. Specific information applicable to sole proprietorship data for 1987 follows.

Sample Selection Criteria

The 1987 sole proprietorship estimates are based on data from a sample of individual income tax returns, Forms 1040, processed by the Internal Revenue Service (IRS) during 1988. The sample was stratified based on presence or absence of Schedule C, Profit or Loss from Business (Sole Proprietorship); Schedule F, Farm Income and Expenses; Form 4835, Farm Rental Income/Loss; the larger of total income or total loss; and size of business plus farm

Figure E.—Coefficients of Variation for Frequency Estimates, Tax Year 1987

Estimated number of returns	Approximate coefficient of variation
5,620,600 .....	.018
4,552,700 .....	.020
728,400 .....	.050
182,100 .....	.100
45,500 .....	.200
20,200 .....	.300
14,900 .....	.350
7,300 .....	.500

receipts. The returns were selected at rates that ranged from 0.05 percent to 100 percent. For 1987, there were 33,066 nonfarm sole proprietorship returns included in the sample, drawn from a population of 13,201,835 returns. For 1986, 35,680 out of 13,030,418 returns were selected.

Limitations

Because the data presented in this article are estimates based on a sample of returns, they are subject to sampling as well as nonsampling error. To ensure proper use of the statistical data provided, it is important to know the magnitude of the potential sampling error.

Approximate coefficients of variation (CV's) for frequency estimates are presented in Figure E. These CV's can be used to obtain measures of the potential sampling error. They are shown here only as a general indication of data reliability. For numbers other than those shown, the corresponding CV's can be estimated by interpolation. 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.

NOTES AND REFERENCES

[1] For purposes of this article, the terms "sole proprietor" and "sole proprietorship" are used interchangeably. In fact, there are always more sole proprietorships than sole proprietors because some individuals own more than one business. As of 1981, the last year for which an analysis was made, the ratio of proprietorships to proprietors was approximately 1.1 to 1. For a fuller explanation of the relationship between proprietors and proprietorships, see *Statistics of Income—1981, Sole Proprietorship Returns*.

[2] Unless otherwise noted, all money amounts are as reported and are not adjusted for inflation.

[3] Profits are represented by net income less deficit (net losses), before Federal income tax. Proprietors compute their tax on total "taxable income" which includes their business profits plus any other income. For these statistics, if a proprietor owned more than one busi-

ness, the net income less deficit of each of the businesses was combined and reported under the industry of the proprietor's dominant business. The profits were calculated as the sum of net income (for proprietors reporting a profit) offset by net deficit (for proprietors reporting a deficit) for all returns within a particular industrial classification. Net income or net deficit for each return was calculated as business receipts minus cost of sales and operations and other business deductions. Industry profits, as well as all other industry statistics, are based on the 1972 Standard Industrial Classifications, as revised. Changes in these classifications, made in 1987, will be reflected in the Tax Year 1989 data.

[4] The ratio of profits to receipts increased from 1976 to 1977 and then fell in 1978, the first year displayed in Figure B.

[5] For 1986, data for travel and entertainment were combined. Therefore, since a comparison cannot directly be made between 1987 meals and entertainment with data from 1986, the comparison of the total travel and entertainment deduction between the 2 years is made.

[6] The terms "net losses" and "net deficit" are used interchangeably.

[7] Oil and gas tax shelters were able to create "tax losses" for their owners through deductions for dry holes, intangible drilling costs, and accelerated depreciation. Investors could then subtract these losses from their other income to lower their income tax liability. If the shelter became profitable, it could be sold, and the profit would be taxed as a long-term capital gain at a maximum tax rate of 20 percent for 1986, as opposed to the top rate of 50 percent for all other income. The Tax Reform Act of 1986 eliminated the use of these "passive" losses to offset any income except that from passive activities, with a phase-in period for pre-enactment investments. Starting with 1988, it also repealed the preferential tax treatment of capital gains.

For a further discussion of tax shelter activity, see "Partnership Returns, 1987," in this issue.

[8] For Tax Year 1987, sole proprietorship passive loss information was not separately abstracted for Statistics of Income. Therefore, the full impact of passive loss restrictions on sole proprietorship net income less deficit could not be accurately determined.

Of the total \$68 billion of passive losses from all sources reported on 1987 individual income tax re-

turns, \$13.5 billion was disallowed. About \$3 billion of this was in connection with nonbusiness real estate rental activities. (These estimates are based on data used for *Statistics of Income—1987, Individual Income Tax Returns*, which was in preparation at the time this article was written.) Since the purpose of the passive loss limitations was to reduce or eliminate benefits that resulted from tax shelter activities, it is likely that their effect was mostly reflected in the statistics reported for income or loss from partnerships, the category most frequently used for this purpose. Therefore, the effect of disallowed losses on the overall 1987 profit statistics for nonfarm sole proprietorships may be minimal, with the possible exception of specific industries. For additional information about passive losses for 1987, see Hostetter, Susan and Bates, Jeffrey, "Individual Income Tax Returns, Preliminary Data, 1987," *Statistics of Income Bulletin*, Spring 1989, Volume 8, Number 4.

- [9] Data for proprietorships providing agricultural services (including forestry and fishing) shown in Table 1 are omitted from Figure D because of their close relationship to farming industry data, which are not tabulated annually. For Tax Year 1982 (the most recent year for which detailed farm industry data are available), the number of farm returns was 2,691,722, and the number of returns reporting agricultural service businesses was 211,282. Reported receipts were \$99.3 billion and \$7.3 billion, respectively.
- [10] Constant dollars were based on the Gross National Product (GNP) implicit price deflator (1982 = 100; 1986 = 114; 1987 = 118) calculated by the U.S. Department of Commerce, Bureau of Economic Analysis. For a discussion of this deflator, see U.S. Department of Commerce, *Survey of Current Business*, U.S. Government Printing Office, March 1989, Volume 63, Number 3.

Table 1.—Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry

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

Industry	Businesses with and without net income							Businesses with net income						
	Number of returns	Business receipts	Depreciation deduction	Rent paid deduction	Total interest paid deduction	Payroll	Net income less deficit	Number of returns	Business receipts	Depreciation deduction	Rent paid deduction	Total interest paid deduction	Payroll	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All nonfarm industries	13,091,132	610,822,732	25,557,350	16,358,248	11,615,902	61,960,503	105,460,627	9,884,338	515,313,171	17,559,319	12,760,400	7,035,214	50,092,680	123,782,540
Agricultural services, forestry, and fishing	360,654	14,495,263	1,206,835	279,524	368,217	1,562,241	2,039,480	262,735	12,064,134	731,026	257,057	210,460	1,435,034	2,724,419
Agricultural services	286,845	12,096,668	821,967	265,180	280,218	1,536,029	1,513,386	210,224	10,470,710	580,864	244,401	183,130	1,427,878	2,045,263
Veterinary services	19,248	2,128,471	111,600	58,168	54,559	375,566	579,188	18,765	2,113,227	111,109	54,774	54,219	371,051	583,155
Livestock breeding	15,858	138,793	71,129	2,544	20,913	6,553	-146,266	982	49,333	*5,590	—	*3,787	*1,075	13,202
Animal services, except livestock breeding and veterinary	65,290	3,832,077	159,361	137,592	62,431	205,942	51,638	38,299	2,996,275	86,764	135,111	35,122	160,659	238,196
Landscape and horticultural services	139,153	4,682,491	322,271	63,299	80,153	808,793	840,497	114,530	4,372,370	261,097	52,771	66,414	783,883	929,702
Other agricultural services	47,296	1,314,836	157,606	3,577	62,162	139,176	188,330	37,648	939,505	116,305	1,745	23,588	111,209	281,008
Forestry	13,403	178,829	154	154	5,987	4,042	31,574	5,953	127,825	*8,952	*22	*615	*2,175	55,691
Fishing, hunting, and trapping	60,406	2,219,767	365,177	14,190	82,011	22,170	494,520	46,558	1,465,600	141,210	12,633	26,714	4,981	623,465
Mining	158,864	6,600,294	835,631	75,844	361,606	420,609	-256,665	87,465	4,439,744	382,517	50,557	116,853	325,015	924,186
Metal mining	6,504	*46,097	*11,032	*10	*35	*2,433	-2,719	*2,293	*45,475	*7,790	—	*3	*2,004	*4,342
Coal mining	2,758	108,220	21,882	464	2,810	*2,819	-18,420	*1,842	*70,824	*4,342	*70	*650	*1,416	*7,058
Oil and gas extraction	146,887	6,400,492	796,647	75,223	356,076	410,812	-244,390	81,355	4,284,953	366,391	50,359	113,910	319,546	897,819
Nonmetallic minerals, except fuels	2,715	45,484	6,071	*147	2,686	*4,544	8,863	1,975	38,491	3,995	*128	*2,290	*2,049	14,967
Construction	1,635,744	89,277,578	3,192,300	723,308	1,077,825	14,109,964	14,512,879	1,399,297	79,803,525	2,577,001	584,165	853,792	12,395,599	15,703,474
General building contractors and operative builders	336,818	28,782,406	665,187	147,978	429,557	4,289,428	3,710,878	286,008	25,425,765	543,398	131,891	317,388	3,892,017	4,119,177
General building contractors	313,394	27,688,231	622,419	132,562	394,469	4,088,167	3,557,922	266,053	24,714,960	511,134	117,698	300,244	3,793,422	3,915,261
Operative builders	23,424	1,094,175	42,768	*15,415	35,088	201,261	152,956	19,955	710,805	32,264	*14,193	17,143	98,595	203,917
Heavy construction contractors	45,882	3,426,798	207,304	29,484	58,227	398,702	365,879	36,986	2,774,850	136,469	13,536	46,229	255,732	499,254
Highway and street construction	7,888	865,563	35,390	15,530	4,725	187,140	45,144	5,068	366,785	4,267	*115	3,253	54,153	61,614
Heavy construction, except highway	37,994	2,561,235	171,914	13,954	53,502	211,562	320,735	31,918	2,408,065	132,202	13,422	42,975	201,580	437,640
Special trade contractors	1,231,121	56,359,925	2,296,702	525,668	579,422	9,357,961	10,234,697	1,057,582	50,948,494	1,876,272	434,971	479,569	8,184,173	10,874,986
Plumbing, heating, and air conditioning	125,711	10,177,529	256,937	93,407	61,470	1,475,339	1,242,872	98,962	8,338,107	195,493	67,218	45,528	1,093,204	1,376,421
Painting, paperhanging, and decorating	176,344	6,373,823	203,247	70,267	75,384	1,164,208	1,498,519	160,086	6,241,881	183,064	70,263	73,293	1,153,487	1,565,125
Electrical work	77,511	4,056,119	123,844	12,206	35,142	705,645	599,765	61,972	3,964,541	114,442	11,313	31,456	701,680	629,316
Masonry, stonework, tile setting, and plastering	131,451	5,683,770	147,026	33,512	31,814	1,098,963	1,123,273	113,304	4,915,551	140,888	19,219	29,992	792,847	1,187,815
Carpentering and flooring	427,766	13,330,414	495,268	134,517	125,242	2,139,551	3,344,894	386,814	12,716,688	431,699	108,209	117,166	2,099,236	3,395,991
Roofing and sheet metal work	80,205	4,140,763	112,073	21,377	27,058	688,731	685,328	74,270	3,839,085	107,679	19,689	22,113	645,826	708,174
Concrete work	29,908	2,626,690	88,608	29,075	15,671	664,005	311,119	23,272	2,569,967	84,061	*27,630	13,005	643,750	327,028
Water well drilling	7,773	599,287	*57,323	*10,331	*13,793	*40,478	*103,165	*7,746	*597,411	*57,166	*10,156	*13,769	*40,401	*104,102
Miscellaneous special trade contractors	174,452	9,371,529	812,377	120,975	193,849	1,381,040	1,325,761	131,156	7,765,263	561,779	101,274	133,249	1,013,742	1,581,014
Contractors not allocable	21,923	708,450	23,108	*20,178	*10,620	*63,874	201,426	18,721	654,416	*20,862	*3,766	*10,607	*63,676	210,056
Manufacturing	360,210	18,934,642	1,050,904	499,486	348,587	3,301,611	2,076,303	235,382	14,290,295	664,997	318,064	161,768	2,298,268	2,700,160
Food and kindred products	4,067	586,602	17,685	5,575	15,572	46,382	8,262	371	427,181	6,318	*1,045	*8,317	*23,402	35,403
Textile mill products	*3,281	*315,014	*320	*24,379	*6,716	*109,448	*57,581	*3,281	*315,014	*320	*24,379	*6,716	*109,448	*57,581
Apparel and other textile products	24,584	1,013,194	30,953	39,758	8,099	223,582	157,289	16,558	916,421	24,239	19,684	4,697	215,091	185,496
Lumber and wood products, except furniture	79,171	4,678,614	337,657	44,400	57,935	592,777	594,397	46,124	3,918,976	268,896	39,410	39,418	531,771	685,260
Furniture and fixtures	26,469	930,263	55,717	74,303	28,224	*177,848	39,006	15,942	543,269	*26,109	*18,837	*9,338	*52,583	98,599
Printing, publishing, and allied industries	63,855	4,528,613	250,515	110,196	118,457	859,622	275,311	36,084	2,271,041	86,860	60,899	23,086	351,399	461,452
Chemicals and allied industries	3,683	220,217	*8,513	*7,727	*249	*42,157	31,645	*2,306	*214,150	*8,494	*7,727	*249	*42,084	*45,362
Leather and leather products	7,339	207,167	*5,374	*20,669	*8,012	*4,105	29,239	5,491	*194,974	*2,580	*20,558	*7,670	*3,482	*35,948
Stone, clay, and glass products	15,042	309,087	25,865	*7,516	*17,140	*49,305	-33,722	9,377	138,388	*11,562	*2,480	*3,512	*12,723	18,654
Primary metal industries	*3,678	*299,988	*16,901	*27	*3,250	*18,091	*5,115	*2,970	*290,239	*11,281	*27	*3,250	*16,901	*9,321
Fabricated metal products	29,689	1,557,250	59,378	31,901	22,754	208,032	334,799	23,705	1,509,439	57,142	31,478	22,288	204,864	351,421
Machinery, except electrical	41,711	2,708,021	194,457	112,602	48,861	600,046	337,312	34,366	2,078,612	134,584	77,686	23,287	386,491	398,024
Electrical and electronic equipment	7,848	546,417	7,772	8,028	*5,919	28,874	101,805	7,355	545,223	7,362	7,939	*5,908	28,880	103,995
Transportation equipment	*2,116	*510,639	*6,507	*38	*1,918	*290,393	*43,390	*2,063	*509,565	*6,482	—	*1,821	*290,305	*44,981
Other manufacturing industries	46,719	507,530	32,598	11,413	5,017	49,319	95,455	29,338	416,579	12,755	5,893	2,210	29,155	168,198
Manufacturing not allocable	*958	*16,028	*693	*954	*463	*1,629	*-581	*51	*1,226	*11	*22	—	*189	*465
Transportation, communication, electric, gas, and sanitary services	647,778	29,733,523	2,869,165	553,173	845,521	2,454,938	3,686,399	504,349	23,849,530	1,895,017	404,184	550,547	1,769,677	4,796,689
Local and interurban passenger transit	98,471	1,816,365	113,375	92,406	71,839	*62,711	420,585	76,559	1,606,994	78,320	60,049	*62,695	472,936	
Taxicabs	65,131	927,493	48,754	74,659	*55,626	*17	187,042	47,750	750,789	*24,801	*61,002	*45,000	223,792	
Other passenger transportation	33,340	888,872	64,622	17,746	16,213	*62,695	233,543	28,752	856,204	53,520	17,746	15,043	*62,695	249,145

Footnotes at end of table.

Table 1.—Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry—Continued

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

Industry	Businesses with and without net income—continued							Businesses with net income—continued						
	Number of returns	Business receipts	Depreciation deduction	Rent paid deduction	Total interest paid deduction	Payroll	Net income less deficit	Number of returns	Business receipts	Depreciation deduction	Rent paid deduction	Total interest paid deduction	Payroll	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Transportation, communication, electric, gas, and sanitary services—Continued														
Trucking and warehousing	385,487	21,118,358	2,348,568	310,127	632,790	1,506,229	2,707,101	316,591	16,817,604	1,650,118	261,997	433,412	977,817	3,320,834
Trucking, local and long distance	381,585	20,648,212	2,338,952	307,296	618,255	1,495,034	2,704,657	313,772	16,670,767	1,647,675	259,650	427,811	968,957	3,301,883
Public warehousing and trucking terminals	3,902	470,146	9,616	*2,831	14,534	11,195	2,443	*2,819	*146,837	*2,443	*2,347	*5,601	*8,861	*18,951
Water transportation	11,950	345,760	51,450	3,509	19,369	*14,861	127,829	8,224	282,633	12,878	*14	*1,769	*305	196,311
Air transportation	16,959	263,267	90,794	4,633	32,055	10,493	-93,700	6,882	125,153	*6,397	*875	*1,056	*7,607	48,044
Transportation services	72,887	4,863,640	135,464	129,435	58,021	447,935	431,123	54,593	3,959,832	108,082	54,118	50,771	390,358	528,028
Passenger transportation arrangement	33,574	2,560,338	23,200	101,072	20,831	-269,716	194,151	24,997	1,983,377	17,838	31,742	20,038	253,511	238,435
Freight transportation arrangement	5,957	308,368	32,657	*171	14,142	*2,989	54,887	3,208	298,720	*23,690	*146	*12,602	*1,750	76,645
Other transportation services	33,356	1,994,934	79,607	28,192	23,049	175,230	182,085	26,388	1,677,675	66,584	*22,230	18,131	*135,098	212,948
Communication	29,565	970,920	47,464	11,740	14,753	370,783	114,886	25,087	869,586	22,286	8,412	3,346	326,828	164,223
Electric, gas, and water services	5,547	66,632	24,812	*1,161	3,608	*1,164	*10,021	*3,645	*59,447	*263	*20	*9	*1,138	*19,196
Sanitary services	26,912	288,581	57,237	*163	13,086	*40,762	-11,403	12,768	128,281	*16,673	*1	*133	*2,929	47,117
Wholesale and retail trade	2,368,480	216,304,918	4,321,229	5,521,536	2,831,977	15,600,356	11,207,639	1,473,919	173,048,182	2,914,332	3,872,931	1,708,030	11,435,714	15,664,089
Wholesale trade	338,562	35,361,347	686,150	378,448	401,473	1,579,627	3,526,419	249,433	29,300,264	491,033	237,774	193,672	1,128,223	4,232,699
Motor vehicles and automotive equipment	9,605	823,345	*11,612	*2,428	*6,511	*31,897	89,564	*9,133	*814,584	*11,456	*2,427	*6,322	*31,884	*93,161
Lumber and construction materials	*4,107	*446,487	*51,114	*42,186	*229	*49,264	*-14,262	*1,378	*26,693	*119	*3	*16	*221	*21,700
Electrical goods	7,653	292,840	19,634	*754	4,806	7,205	40,499	4,849	240,933	12,090	*218	*2,240	*2,107	*53,678
Hardware, plumbing, and heating equipment	*2,811	*16,083	-	-	-	-	*5,090	*84	*10,234	-	-	-	-	*8,682
Farm machinery and equipment	2,398	1,022,974	27,552	*7,693	*34,033	*97,337	-46,212	*242	*7,368	*581	*55	*7	*538	*1,633
Other machinery, equipment, and supplies	18,989	2,207,624	58,595	32,464	27,523	252,278	271,434	14,638	1,761,956	50,037	20,856	15,267	190,544	323,266
Other durable goods	156,255	10,970,482	232,569	138,810	167,879	385,827	1,746,580	122,752	9,914,656	194,496	99,076	106,169	316,132	2,009,440
Drugs, chemicals, and allied products	8,541	1,385,409	22,368	*24,509	41,813	*109,868	63,157	6,257	712,529	*7,449	*20,426	*580	*51,480	99,861
Apparel, piece good, and notions	8,565	908,007	5,217	*242	1,148	*8,397	87,861	5,293	893,291	3,395	*242	*1,125	*8,050	93,294
Groceries and related products	25,533	8,262,608	104,362	45,331	31,762	382,122	265,000	17,492	7,636,233	95,337	43,753	29,432	370,729	315,354
Farm-product raw materials	4,121	536,442	7,384	*917	1,628	3,977	32,246	*3,205	480,052	6,476	*912	*814	*3,899	36,122
Alcoholic beverages	*1,104	*312,734	*9,290	*17,687	*30,717	*53,008	*-992	*944	*150,448	*677	*205	*77	*1,381	*35,003
Other nondurable goods	11,724	1,513,497	13,232	4,925	3,969	23,315	200,696	10,201	1,463,249	11,513	4,880	3,360	22,284	207,115
Wholesalers not allocable	77,156	6,662,816	123,220	60,502	49,457	174,132	785,759	52,965	5,188,038	97,406	44,901	28,623	128,974	934,390
Retail trade	1,973,508	177,334,483	3,568,727	5,108,892	2,409,617	13,563,798	7,309,634	1,189,742	140,867,867	2,373,087	3,606,849	1,500,416	10,195,361	10,984,951
Building materials, paint, hardware, garden supply, and mobile home dealers	51,051	6,689,566	112,782	134,291	141,795	755,307	490,017	33,169	5,180,527	64,019	89,011	52,248	616,255	638,514
Lumber and other building materials dealers	12,006	2,694,339	66,024	41,375	75,655	490,307	86,816	7,289	1,803,218	25,406	30,113	19,186	373,506	174,378
Paint, glass, and wallpaper stores	10,070	967,452	*10,959	*27,554	*15,188	*112,142	149,993	7,340	914,955	*8,684	*20,051	*14,301	*111,676	153,343
Hardware stores	8,388	1,749,400	16,797	*30,730	16,599	106,269	99,182	5,405	1,668,510	16,476	*30,342	*10,965	*102,599	117,307
Retail nurseries and garden supply stores	14,377	759,438	15,944	*14,991	4,771	39,099	84,564	8,390	595,041	13,259	*1,326	*3,740	*22,422	102,587
Mobile home dealers	6,210	518,937	3,058	*19,640	29,584	*7,490	69,463	*4,745	*198,803	*194	*7,180	*4,056	*6,051	*90,899
General merchandise stores	29,038	3,022,186	26,953	60,639	15,298	207,105	115,981	19,668	2,738,201	22,411	46,234	*14,634	182,618	151,765
Variety stores	18,690	1,605,687	*13,702	*36,777	*4,858	*94,645	47,179	13,087	1,451,109	*9,803	*26,576	*4,601	*75,473	78,289
Other general merchandise stores	10,348	1,416,499	13,252	*23,862	*10,439	*112,460	68,801	6,581	1,287,092	*12,607	*19,658	*10,033	*107,145	73,476
Food stores	139,962	27,797,971	480,168	503,057	325,519	1,500,569	749,675	90,028	21,288,384	329,638	346,584	193,856	1,156,182	1,141,638
Grocery stores	94,660	23,542,157	398,800	342,260	256,963	1,255,232	564,077	63,024	17,758,341	268,633	243,109	150,828	973,193	843,052
Meat and fish markets, including freezer provisioners	*1,889	*745,005	*6,645	*10,220	*1,796	*42,231	*27,967	*1,180	*475,344	*177	*8,642	*738	*2,611	*32,363
Fruit stores and vegetable markets	*6,614	*860,761	*6,984	*8,786	*5,195	*33,113	*33,462	*5,708	*794,409	*6,649	*6,343	*3,932	*32,070	*48,763
Candy, nut, and confectionery stores	*4,591	*50,279	*3,433	*3,256	*2,283	*4,951	*-9,231	†	†	†	†	†	†	†
Dairy product stores	*909	*184,751	*9,852	*10,530	*7	*37,829	*4,171	*906	*184,751	*9,846	*10,530	-	*37,829	*4,196
Retail bakeries	16,014	917,145	24,329	49,028	30,553	62,093	85,083	14,166	882,843	*22,667	*47,752	*27,140	*61,874	90,695
Miscellaneous food stores	15,285	1,497,874	30,123	78,978	28,723	65,119	44,147	5,042	1,189,404	*21,568	*30,202	*11,216	*48,424	120,452
Automotive dealers and service stations	169,483	52,358,270	532,265	883,704	464,219	2,660,854	1,282,891	116,634	43,505,067	396,661	757,733	309,730	2,132,427	1,705,075
Motor vehicle dealers—new car dealers (franchised)	12,495	3,893,179	24,646	21,031	38,125	110,404	48,088	10,699	3,719,747	22,399	18,552	34,279	100,526	67,725
Motor vehicle dealers—used cars only	57,921	12,053,004	101,088	234,022	135,997	370,837	398,059	40,309	10,233,407	57,362	205,302	94,733	352,578	564,826
Auto and home supply stores	35,234	4,880,734	98,219	90,888	88,198	480,389	184,057	25,128	3,929,834	80,889	79,125	62,073	371,160	259,636
Gasoline service stations	51,698	28,804,030	258,657	521,387	159,526	1,569,960	569,827	33,744	23,438,687	197,695	445,761	82,090	1,225,252	690,835
Boat dealers	*1,926	*359,015	*1,062	*994	*3,126	*828	*33,768	*990	*354,194	*55	*18	*20	*280	*41,872
Recreational vehicles	*552	*63,825	*863	-	*43	*11,589	*-5,680	*469	*2,768	*48	-	*43	*821	*686
Motorcycle dealers	*484	*591,540	*5,823	*6,854	*12,528	*59,691	*7,510	*243	*284,947	*2,729	*891	*10,600	*29,406	*9,952
Miscellaneous aircraft and automotive dealers	9,173	1,712,941	41,907	8,527	26,677	57,156	47,261	*5,052	*1,541,483	*35,484	*8,084	*25,867	*52,403	*69,545

Footnotes at end of table.

Sole Proprietorship Returns/1987

Table 1.—Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry—Continued

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

Industry	Businesses with and without net income—continued							Businesses with net income—continued						
	Number of returns	Business receipts	Depreciation deduction	Rent paid deduction	Total interest paid deduction	Payroll	Net income less deficit	Number of returns	Business receipts	Depreciation deduction	Rent paid deduction	Total interest paid deduction	Payroll	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Wholesale and retail trade—Continued														
Retail trade—Continued														
Apparel and accessory stores	73,796	7,432,474	132,290	412,489	128,227	557,350	424,461	51,557	5,668,532	75,792	288,482	94,639	403,113	618,113
Men's and boy's clothing and furnishings stores	*2,170	*668,925	*21,982	*51,311	*10,877	*43,069	*39,726	*1,847	*648,220	*10,884	*50,639	*1,867	*42,539	*66,526
Women's ready-to-wear stores	21,121	2,818,031	51,456	133,364	27,715	186,252	153,452	12,585	1,716,694	20,342	66,146	15,613	111,511	219,492
Women's accessory and specialty stores	7,424	112,257	*2,930	*21,226	*1,006	*261	-11,265	*5,033	*90,768	—	*17,710	—	—	*8,974
Children's and infant's wear stores	*1,149	*518,555	*6,390	*25,501	*6,811	*61,209	*10,891	*1,145	*518,299	*6,385	*25,443	*6,783	*61,097	*11,172
Family clothing stores	16,380	1,203,719	16,636	70,734	26,445	60,922	104,853	11,764	884,863	*15,487	51,183	*24,156	*25,693	111,279
Shoe stores	7,819	874,451	*9,109	*38,316	*28,429	*87,445	23,003	*5,685	*729,340	*5,578	*23,620	*23,792	*54,404	*64,030
Furriers and fur shops	*1,822	*32,477	—	*10,932	—	—	*1,108	*1,822	*32,477	—	*10,932	—	—	*1,108
Apparel and accessory stores, not elsewhere classified	15,911	1,204,059	23,787	61,105	26,944	118,192	102,694	11,676	1,047,869	*17,117	42,809	*22,428	107,870	135,533
Furniture and home furnishings stores	101,957	11,571,796	287,037	356,318	209,029	1,303,951	790,051	73,707	9,049,235	213,210	231,403	130,126	908,830	1,013,454
Furniture stores	28,456	4,265,519	90,721	127,289	98,263	387,158	329,686	22,317	3,720,106	82,339	83,362	77,534	338,969	392,005
Floor covering stores	8,529	1,219,509	40,534	*868	*22,704	257,983	80,103	6,915	616,722	*17,132	*224	*4,265	*135,171	89,561
Drapery, curtain, and upholstery stores	*6,644	*228,755	*1,867	*18,233	*10,230	*30,896	*21,674	*3,437	*103,097	*1,507	*654	*1,595	—	*37,678
Home furnishings and equipment stores, except appliances	16,438	1,305,346	32,941	43,515	24,455	167,843	75,410	10,590	1,135,794	31,061	38,357	14,534	146,068	113,722
Household appliance stores	13,055	1,844,653	*23,927	103,781	*28,577	*251,163	113,189	*10,485	*993,883	*12,793	*58,854	*13,471	*83,548	*130,326
Radio and television stores	21,304	2,160,541	64,904	43,710	20,483	183,933	172,605	15,181	1,948,207	58,259	31,827	16,055	180,392	224,248
Music stores	5,721	521,652	32,144	*18,923	4,316	*24,974	-4,721	*2,972	*505,605	*10,120	*18,124	*2,670	*24,682	*23,808
Computer and software stores	*1,810	*25,821	—	—	—	—	*2,107	*1,810	*25,821	—	—	—	—	*2,107
Eating and drinking places	216,465	22,030,673	928,450	1,225,552	492,236	3,845,490	707,803	115,147	15,532,765	582,815	826,864	288,618	2,678,205	1,488,915
Eating places	163,852	17,653,789	759,077	1,104,028	380,675	3,391,663	419,900	81,269	12,359,258	484,458	733,292	213,321	2,310,049	1,090,231
Drinking places	52,613	4,376,884	169,373	121,524	111,562	453,827	287,903	33,878	3,173,507	98,357	93,572	75,297	368,156	398,685
Miscellaneous retail stores	1,161,425	45,050,969	1,039,887	1,469,388	610,094	2,672,742	2,694,303	673,554	37,046,249	683,258	981,681	409,551	2,075,423	4,062,236
Drug stores and proprietary stores	10,896	4,570,602	74,351	63,069	47,931	335,381	379,754	10,425	4,566,452	74,280	62,979	47,755	335,184	380,688
Liquor stores	20,887	6,320,022	83,937	123,560	90,612	338,367	129,147	12,168	4,990,225	62,238	86,348	62,952	139,390	178,882
Used merchandise stores	75,290	2,097,157	65,435	114,361	21,215	31,427	59,868	39,824	1,705,479	35,526	58,837	12,357	23,757	187,589
Sporting goods and bicycle shops	39,937	3,047,551	64,930	75,574	45,228	168,130	270,129	23,439	2,796,745	60,047	*55,888	39,214	157,626	338,685
Book stores	13,622	1,224,381	22,075	104,860	5,093	111,322	102,067	10,773	1,207,617	20,816	98,589	*5,030	104,131	116,619
Stationery stores	2,679	559,204	11,301	21,133	*7,425	*92,807	24,041	*2,670	*558,257	*11,113	*21,047	*7,395	*92,591	*24,278
Jewelry stores	26,540	1,678,653	32,427	55,484	20,008	136,553	192,265	15,336	1,403,315	22,707	28,773	9,441	124,509	240,738
Hobby, toy, and game shops	12,431	530,982	15,531	*29,343	*3,888	*2,401	12,078	*4,655	*497,072	*10,134	*28,252	*3,812	*709	*31,925
Camera and photographic supply stores	*3,196	*41,928	*72	—	*9	—	-2,198	—	—	—	—	—	—	—
Gift, novelty, and souvenir shops	55,367	2,292,279	50,105	258,193	73,310	158,299	17,585	23,753	1,535,513	31,443	141,484	54,623	116,078	153,375
Luggage and leather goods stores	*3,199	*91,521	*4,965	*20,658	*712	*40	-5,294	*2,291	*91,227	*4,961	*19,355	*712	—	*6,841
Sewing, needlework, and piece goods stores	14,357	558,104	17,064	60,750	*11,649	53,994	-30,646	6,712	275,097	*3,341	*8,520	*6	*26,277	31,155
Mail order houses	34,793	929,365	15,912	7,187	6,435	46,440	49,859	15,462	791,873	10,066	*6,860	*3,295	45,190	87,409
Merchandising machine operators	25,203	797,457	73,478	10,426	*7,446	*62,295	-6,510	13,579	468,676	*34,222	*6,682	*5,773	*11,376	34,165
Direct selling organizations	648,876	9,183,032	220,060	116,911	89,728	219,780	1,059,835	392,633	7,320,466	111,240	95,233	45,031	155,818	1,418,081
Fuel and ice dealers, except fuel oil dealers and bottled gas dealers	*243	*1,555	*191	*46	*65	*48	*-100	†	†	†	†	†	†	†
Fuel oil dealers	*1,194	*545,448	*5,627	*683	*3,881	*931	*40,722	*1,108	*544,819	*5,598	*683	*3,877	*920	*40,743
Liquefied petroleum gas (bottled gas) dealers	†	†	†	†	†	†	†	†	†	†	†	†	†	†
Florists	51,836	3,052,920	76,027	140,946	42,443	463,804	90,256	26,952	2,244,762	49,077	93,042	22,409	320,693	191,763
Cigar stores and stands	*240	*12,752	*343	*1,341	*269	—	*-612	—	—	—	—	—	—	—
News dealers and newsstands	*7,765	*913,004	*35,005	*25,728	*14,480	*91,754	*116,943	*5,943	*911,435	*35,005	*25,728	*14,480	*91,754	*117,074
Other miscellaneous retail stores	112,873	6,601,851	171,025	239,126	118,282	458,811	194,747	65,829	5,135,569	101,417	143,366	71,382	329,259	481,452
Retail trade not allocable	30,331	1,380,576	28,894	61,454	23,200	60,431	54,452	16,278	858,908	5,281	*38,856	*7,014	*42,309	165,241
Wholesale and retail trade not allocable	56,410	3,609,089	66,352	36,197	20,887	456,931	371,587	34,744	2,880,051	50,212	28,309	13,941	112,129	446,439
Finance, insurance, and real estate	1,224,580	42,039,464	1,774,622	983,989	1,693,140	2,182,244	14,372,053	928,732	35,479,559	1,203,764	825,664	807,281	1,600,628	16,789,652
Finance	65,566	4,451,051	82,296	116,494	237,328	221,365	798,270	49,459	3,312,628	59,465	84,884	102,031	195,024	1,273,609
Banking and miscellaneous finance	5,102	168,315	*1,143	*17,588	*1,405	*22,533	65,976	4,854	160,652	*1,142	*16,541	*835	*22,533	75,011
Credit agencies other than banks	9,003	388,158	5,268	7,818	16,224	3,501	138,699	8,464	316,815	5,171	7,743	3,479	*1,893	143,568
Security and commodity brokers and services	51,461	3,894,578	76,516	91,087	219,699	195,332	593,595	36,141	2,835,161	53,152	60,599	97,717	170,598	1,055,029
Security brokers and dealers, except underwriting syndicates	15,654	1,511,473	19,618	8,040	72,663	39,516	166,746	12,881	1,085,250	12,797	5,089	22,258	33,934	323,007
Commodity contract brokers, exchanges, and services	35,807	2,383,105	56,898	83,047	147,036	155,816	426,849	23,260	1,749,911	40,355	55,510	75,458	136,664	732,022
Insurance agents, brokers, and service	317,721	11,437,720	489,010	356,822	219,230	1,011,825	4,684,774	249,167	10,334,217	356,418	327,959	175,318	874,609	5,043,714

Footnotes at end of table.

Table 1.—Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry—Continued

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

Industry	Businesses with and without net income—continued							Businesses with net income—continued						
	Number of returns	Business receipts	Depreciation deduction	Rent paid deduction	Total interest paid deduction	Payroll	Net income less deficit	Number of returns	Business receipts	Depreciation deduction	Rent paid deduction	Total interest paid deduction	Payroll	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Finance, insurance, and real estate—Continued														
Real estate	841,293	26,150,692	1,202,685	510,673	1,236,582	949,054	8,889,009	630,106	21,832,714	787,881	412,821	529,932	530,995	10,472,330
Operators and lessors of buildings	18,154	633,477	90,829	4,984	141,033	50,696	-21,625	8,257	414,467	37,817	775	61,693	12,834	115,849
Lessors, other than buildings	10,073	621,492	61,937	28,145	114,128	15,041	24,971	8,129	509,326	33,571	*23,962	76,260	10,313	59,163
Real estate agents, brokers, and managers	720,700	18,168,851	849,065	373,489	509,206	554,581	7,938,356	545,125	16,240,062	624,095	315,053	237,024	307,242	8,737,602
Title abstract companies	*5,552	*190,474	*5,821	*62	*3,720	*25,022	*58,301	*5,552	*190,474	*5,821	*62	*3,720	*25,022	*58,301
Subdividers and developers, except cemeteries	16,826	3,078,420	79,431	11,685	330,842	87,725	76,108	9,022	1,905,577	19,230	2,751	112,661	43,635	470,924
Cemetery subdividers and developers	*248	*5,957	*132	*34	*1,059	*87	*-359	*244	*3,485	*23	*17	*102	-	*2,305
Combined real estate, insurance, loans, and law offices	69,740	3,452,021	115,469	92,274	136,593	215,903	813,258	53,777	2,569,323	67,323	70,201	38,473	131,950	1,028,185
Services	5,977,347	183,497,832	9,933,303	7,490,322	3,940,333	21,579,178	55,965,425	4,721,605	164,246,726	6,983,492	6,248,880	2,527,969	18,275,503	62,297,334
Hotels and other lodging places	52,170	3,893,079	740,662	36,817	598,134	472,623	-308,335	27,391	2,268,819	325,792	17,305	223,148	193,455	269,598
Hotels	2,065	275,244	48,161	5,439	50,113	50,642	-55,920	*327	*83,484	*12,595	*696	*6,117	*14,556	*5,110
Motels, motor hotels, and tourist courts	25,082	2,770,907	513,699	27,184	431,076	382,679	-233,287	11,669	1,495,963	202,986	13,985	121,972	153,218	166,158
Rooming and boarding houses	11,685	567,454	95,752	*790	73,897	25,406	62,845	10,727	558,515	92,616	*538	*71,945	*24,221	70,848
Sporting and recreational camps	*1,847	*25,190	*17	*1,265	*34	*869	*960	*1,374	*23,318	-	*1,264	-	*869	*3,426
Trailer parks and camp sites for transients	9,584	238,925	81,664	*1,319	42,564	12,818	-77,470	*3,210	*103,508	*17,595	*4	*23,114	*592	*21,327
Organizational hotels and lodging houses on a membership basis	*1,907	*15,360	*1,369	*819	*449	*209	*-5,463	*84	*4,032	-	*819	-	-	*2,189
Personal services	1,230,352	20,046,836	958,528	1,518,574	453,456	2,603,593	5,498,453	1,012,610	17,345,901	649,964	1,164,356	319,777	2,013,245	6,127,673
Coin-operated laundries and dry cleaning	23,699	1,119,128	98,677	202,520	51,750	150,320	59,495	14,679	684,091	49,252	91,295	22,454	*84,238	117,231
Other laundry, cleaning, and garment services	46,762	2,812,160	119,635	257,144	38,395	548,923	539,030	44,566	2,717,991	107,589	254,929	31,579	522,214	559,515
Photographic portrait studios	49,415	870,128	72,705	21,802	18,389	70,401	141,723	30,453	792,555	58,727	14,624	14,930	68,728	176,212
Beauty shops	283,388	5,772,274	233,050	646,937	90,614	1,065,822	1,268,033	235,760	4,835,502	150,402	489,679	68,695	785,422	1,432,207
Barber shops	54,650	1,120,712	19,483	140,682	8,374	*153,005	488,893	51,935	1,108,950	19,426	140,094	*7,837	*153,005	494,970
Shoe repair and hat cleaning shops	*6,020	*208,944	*5,166	*23,615	*707	*14,778	*56,908	*4,197	*207,121	*5,166	*22,522	*707	*14,778	*58,312
Funeral service and crematories	9,017	943,894	*54,427	*11,990	*54,731	*114,985	124,160	8,079	844,829	*33,729	*11,709	*39,773	*107,467	141,064
Miscellaneous personal services	757,401	7,199,595	355,384	213,883	190,496	485,359	2,820,211	622,941	6,154,860	225,672	139,504	139,504	277,393	3,148,161
Business services	1,872,718	46,593,427	2,618,380	1,188,293	874,689	4,075,875	14,622,364	1,499,886	41,108,620	1,698,393	914,579	451,075	3,500,470	16,467,263
Advertising	71,301	2,443,038	116,557	65,410	40,413	141,900	579,367	53,979	2,121,153	72,616	58,584	7,679	112,458	663,197
Services to buildings	271,794	4,118,812	164,331	73,318	54,894	900,584	1,360,705	253,507	4,024,255	151,825	67,509	47,914	894,592	1,400,747
Computer and data processing services	113,583	1,693,788	213,568	26,579	58,896	68,260	688,040	75,449	1,483,777	89,367	24,773	15,413	43,414	855,587
Management and public relations	525,982	13,157,912	470,324	271,563	220,976	535,385	6,619,536	417,482	12,489,573	359,541	209,276	113,823	459,468	7,199,356
Equipment rental and leasing	27,959	1,805,426	547,621	35,675	163,063	80,098	183,779	17,823	1,397,839	315,022	27,113	83,319	33,400	370,840
Other business services	862,099	23,374,452	1,105,979	715,747	336,445	2,349,648	5,190,937	681,646	19,592,023	710,022	527,326	182,927	1,957,138	5,977,536
Automobile repair and services	344,933	19,589,527	1,033,927	806,743	383,870	2,886,631	1,910,868	259,415	16,976,556	737,565	634,851	300,759	2,376,474	2,347,233
Automotive rentals, without drivers	10,060	571,152	150,169	5,932	35,305	60,711	-10,826	2,678	275,835	65,169	*1,206	14,434	*4,095	33,294
Automobile parking	*1,853	*36,300	*5,744	*18,546	*3,300	*1,990	*-2,907	*26	*3,761	*65	*143	*148	*373	*2,494
Automobile top and body repair shops	35,104	2,298,958	96,154	97,451	33,423	427,689	253,022	25,099	2,232,648	83,737	95,713	31,662	427,689	271,784
General automotive repair shops	176,785	9,479,519	352,869	367,278	175,285	1,394,820	890,416	142,686	8,199,959	274,907	288,855	145,949	1,136,714	1,064,422
Other automobile repair shops	65,057	4,457,910	229,912	228,839	50,917	607,711	559,028	45,433	3,870,590	163,475	189,158	41,815	503,467	655,972
Automotive services, except repair	56,074	2,745,688	199,080	88,697	85,641	393,710	222,134	43,493	2,393,763	150,213	59,775	66,750	304,137	319,267
Miscellaneous repair services	259,512	6,620,474	381,741	172,101	132,115	696,749	1,285,974	198,565	6,062,330	315,566	138,004	102,651	544,256	1,495,957
Radio and TV repair shops	30,006	407,123	22,413	*24,753	*14,461	*21,359	64,847	18,205	346,733	*13,288	*10,042	*8,401	*15,389	93,256
Electrical repair shops, except radio and TV	50,845	2,058,665	114,673	35,911	15,841	244,690	375,113	41,900	1,921,305	93,539	*23,298	15,829	186,936	437,188
Reupholstery and furniture repair	43,191	790,962	27,325	*21,434	27,293	*126,174	150,643	36,373	601,906	22,823	*20,071	18,801	*48,037	195,456
Other miscellaneous repair shops	135,470	3,363,724	217,329	90,003	74,521	304,525	695,372	102,087	3,192,386	185,917	84,593	59,621	293,894	770,057
Motion pictures	35,675	1,162,247	123,009	29,833	28,700	107,499	119,709	22,030	861,253	73,294	17,726	26,051	96,303	244,202
Motion picture production, distribution, and services	35,345	1,110,860	120,369	28,978	27,079	102,022	113,253	21,944	811,727	70,654	17,542	24,430	90,989	236,997
Motion picture theaters	*330	*51,387	*2,640	*854	*1,621	*5,477	*6,456	*86	*49,526	*2,640	*185	*1,621	*5,315	*7,204
Amusement and recreation services, except motion pictures	436,483	7,429,681	766,129	288,722	194,957	592,273	854,927	258,684	5,959,150	353,093	215,573	59,215	469,471	2,056,583
Producers, orchestras, and entertainers	214,633	2,852,866	305,804	83,328	52,203	89,246	711,853	144,277	2,417,485	209,788	57,879	23,100	77,662	1,064,454
Billiard and pool establishments	*469	*24,136	*219	*10	-	*4,342	*4,393	*469	*24,136	*219	*10	-	*4,342	*4,393
Bowling units	*3,202	*202,485	*20,032	*423	*11,608	*24,818	*41,433	*1,376	*192,793	*19,055	-	*10,847	*24,046	*46,362
Professional sports clubs and promoters	6,636	90,752	984	*526	*214	*8,758	31,454	4,791	89,417	984	*526	*214	*8,758	32,759
Racing, including track operation	60,002	1,043,361	240,167	13,269	40,077	73,039	-309,970	15,872	724,739	40,008	*4,491	7,198	*48,790	226,866
Other amusement and recreation services	151,541	3,216,081	198,921	191,166	90,855	392,070	375,764	91,899	2,510,580	83,039	152,666	17,856	305,872	681,749

Footnotes at end of table.

Sole Proprietorship Returns/1987

Table 1.—Nonfarm Sole Proprietorships: Business Receipts, Selected Deductions, Payroll, and Net Income, by Industry—Continued

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

Industry	Businesses with and without net income—continued							Businesses with net income—continued						
	Number of returns	Business receipts	Depreciation deduction	Rent paid deduction	Total interest paid deduction	Payroll	Net income less deficit	Number of returns	Business receipts	Depreciation deduction	Rent paid deduction	Total interest paid deduction	Payroll	Net income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Services—Continued														
Medical and health services	625,726	45,132,260	1,863,303	2,031,014	767,842	6,286,705	18,699,937	550,679	43,193,102	1,680,106	1,915,696	656,913	5,737,689	19,154,130
Offices of physicians	187,340	20,037,187	686,011	824,936	221,957	2,049,084	10,648,140	169,475	19,702,054	667,357	804,677	216,524	2,001,681	10,764,005
Offices of dentists	96,110	11,613,067	579,363	562,659	291,775	2,186,706	3,796,493	88,639	11,232,820	511,547	535,880	240,432	2,125,146	3,871,506
Offices of osteopathic physicians	4,509	517,586	34,248	16,513	9,496	100,026	152,295	3,402	468,211	30,566	15,308	8,567	80,077	171,072
Offices of chiropractors	25,960	2,939,962	149,361	185,850	61,693	438,329	987,294	22,066	2,905,762	141,786	173,225	57,469	433,569	1,022,109
Offices of optometrists	16,746	1,679,915	86,220	80,099	27,093	241,854	314,629	12,445	1,471,158	73,605	64,230	22,547	203,905	358,025
Registered and practical nurses	75,909	727,102	11,859	9,596	3,117	*146	513,596	70,190	717,109	11,369	9,596	2,839	*146	515,472
Nursing and personal care facilities	37,269	2,443,787	124,290	54,953	86,904	798,982	165,333	27,202	1,782,849	89,548	54,475	59,350	495,680	226,714
Hospitals	*473	*45,153	*582	*450	*1,384	*18,852	*-4,510	*470	*21,930	*426	—	*801	*11,051	*1,281
Medical laboratories	*674	*23,653	*1,388	*936	*1,380	*1,838	*2,134	*669	*23,243	*1,350	*882	*176	*1,663	*3,547
Dental laboratories	16,655	621,599	29,140	*43,816	16,379	*96,665	170,981	13,928	602,802	25,904	*43,816	*7,678	*96,665	178,842
Other medical and health services	164,081	4,483,248	160,841	251,206	46,664	354,223	1,953,552	142,193	4,265,165	126,649	213,608	40,531	288,106	2,041,557
Legal services	226,959	15,958,721	520,766	785,291	223,767	1,694,672	7,144,999	193,708	14,780,560	427,035	691,460	176,115	1,547,914	7,378,678
Educational services	169,987	1,164,141	79,710	42,960	33,482	107,129	388,476	136,885	982,485	53,039	33,775	16,289	76,939	478,078
Engineering and architectural services	172,149	5,887,420	297,611	126,201	66,796	1,097,419	2,226,606	140,738	5,336,258	228,216	107,003	48,686	869,920	2,375,354
Accounting, auditing, and bookkeeping services	249,579	4,976,669	331,364	289,485	121,676	650,857	1,925,112	210,520	4,615,376	276,865	254,182	104,094	548,019	2,056,540
Certified public accountants	27,641	872,000	55,669	35,207	21,002	110,617	334,886	18,055	806,066	48,857	33,815	19,349	94,356	353,521
Other accounting, auditing, and bookkeeping services	221,938	4,104,669	275,695	254,278	100,674	540,240	1,590,226	192,465	3,809,309	228,007	220,367	84,746	453,664	1,703,019
Other services	301,104	5,043,349	218,177	174,289	60,848	307,155	1,596,337	210,494	4,756,317	164,565	144,368	43,195	301,347	1,846,586
Nature of business not allocable	357,475	9,939,218	373,360	231,066	148,696	749,362	1,857,115	270,854	8,091,476	207,173	198,898	98,516	557,241	2,182,536

* This estimate should be used with caution because of the small number of returns on which it was based.

† The estimate for this cell is not shown to avoid disclosure of information for specific taxpayers. However, the data are included in the appropriate totals.

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

Corporation Income Tax Returns, Income Year 1986

By Jonathan E. Shook*

Despite only modest economic growth, corporate pre-tax profits for Income Year 1986 increased \$29.4 billion to \$269.5 billion. Contributing to the growth in net income, net long-term capital gain (reduced by net short-term capital loss) jumped \$39.5 billion to \$93.2 billion. This 73.5 percent increase in long-term capital gain was likely prompted by the anticipated change in tax treatment of capital gains mandated by the Tax Reform Act of 1986 (TRA). Although corporate profits for 1986 increased sharply, total income tax (before credits) actually declined slightly to \$111.1 billion [1]. Income tax (after credits) increased \$10.5 billion to a record \$73.8 billion, reflecting the sharply lower amount of tax credits recorded for 1986.

NUMBER OF RETURNS

The estimated number of active corporation returns for Income Year 1986 increased 4.6 percent to 3,428,515. Returns with net income rose 4.8 percent to 1,907,738 (see Figure A). By return type, consolidated returns (filed by affiliated corporations) increased 3.0 percent to 81,956, reversing the downward movement of 1985; while S Corporation returns (filed by qualifying corporations that elect to be taxed through their shareholders) increased 14.0 percent to 826,214.

The number of returns rose in each industrial division, except mining, with the largest increases occurring in construction; services; and finance, insurance and real estate. The number of returns in the transportation and public utilities division rose negligibly for 1986, down sharply from the previous year's 7.9 percent increase (see Figure B).

Figure A.—Number and Growth Rate of Returns Filed, Income Years 1979–1986

Income year	Number of returns	Percentage increase	Number of returns with net income	Percentage increase
	(1)	(2)	(3)	(4)
1979.....	2,556,794	7.6%	1,586,485	4.0%
1980.....	2,710,538	6.0	1,596,632	0.6
1981.....	2,812,420	3.8	1,597,298	(¹)
1982.....	2,925,933	4.0	1,608,363	0.6
1983.....	2,999,071	2.5	1,676,288	4.2
1984.....	3,170,743	5.7	1,777,770	6.0
1985.....	3,277,219	3.4	1,820,120	2.4
1986.....	3,428,515	4.6	1,907,738	4.8

¹ Less than .05 percent.

Figure B.—Number of Returns by Industrial Division, Income Years 1985–1986

Industrial division	1985		1986	
	Number of returns	Percentage increase	Number of returns	Percentage increase
	(1)	(2)	(3)	(4)
All industries ¹	3,277,219	3.4%	3,428,515	4.6%
Agriculture, forestry and fishing.....	103,156	4.9	106,634	3.4
Mining.....	41,426	2.1	40,354	-2.6
Construction.....	318,276	3.7	341,816	7.4
Manufacturing.....	276,545	1.7	285,119	3.1
Transportation and public utilities.....	138,337	7.9	138,428	0.1
Wholesale and retail trade.....	917,301	2.3	939,159	2.4
Finance, insurance and real estate.....	518,432	4.2	537,384	3.7
Services.....	939,390	4.4	1,012,178	7.7

¹ Includes returns not allocable by industrial division.

INCOME STATEMENT

As the economic expansion continued through its fourth year, pre-tax profits reported on corporate income tax returns for Income Year 1986 increased 12.2 percent to nearly \$270.0 billion [2]. Nearly three-fourths of this total was attributable to the 4,471 returns with total assets of \$250 million or more.

The \$29.4 billion increase in net income (less deficit) for 1986, however, varied widely by industrial division (see Figure C). The finance, insurance and real estate division recorded a \$39.1 billion increase while manufacturing reported a decline of \$11.9 billion. Nearly \$19.0 billion of the finance, insurance and real estate division's increase was attributable to regulated investment companies and \$10.7 billion to insurance companies. Regulated investment companies, primarily investors (via mutual funds) in the securities of other companies, benefited from the rapid growth of mutual funds spurred by declining short-term interest rates and a strong stock market [3]. Low inflation and increases in disposable personal income contributed to the improved performance of the insurance industry [4].

Other major industry groups within finance, insurance, and real estate also reported increases in profits for 1986, further reflecting the economic consequences of low inflation and declining interest rates. In particular, banks and savings and loan associations reported notable increases. Declining interest rates probably contributed to these increases by allowing banks and savings institutions to pay less interest on customer deposits, effectively lowering their cost of funds. For 1986, the interest paid deduction reported by banking and savings institutions declined \$9.6 billion to \$285.5 billion.

*Corporation Returns Analysis Section. Prepared under the direction of Karen L. Cys, Chief.

Corporation Income Tax Returns, 1986

Figure C.—Net Income (less deficit) by Industrial Division, Income Years 1985–1986

[Money amounts are in thousands of dollars]

Industrial division	1985	1986	Percentage increase
	(1)	(2)		(3)
All industries ¹	\$240,119,020	\$269,530,240	12.2%
Agriculture, forestry and fishing.....	-74,270	1,148,686	1646.0
Mining.....	-2,543,487	-3,122,565	-22.8
Construction.....	4,370,924	5,781,722	33.3
Manufacturing.....	113,758,645	101,827,271	-10.5
Transportation and public utilities.....	25,087,629	21,803,663	-13.1
Wholesale and retail trade.....	33,126,702	34,919,948	5.4
Finance, insurance and real estate.....	60,670,526	99,808,908	64.5
Services.....	5,883,782	7,448,023	26.6

¹ Includes net income (less deficit) not allocable by industrial division.

Within manufacturing, profits for the petroleum and coal products group, adversely affected by the drop in world oil prices, dropped \$17.3 billion for 1986. The 1986 decline in profits for the manufacturing division continued the previous 2-year downward movement. Since 1984, net income (less deficit) for manufacturing declined by \$19.4 billion.

Figure D illustrates the trends in corporate profits from 1980 through 1986 for the finance, insurance and real estate and manufacturing divisions. For 1980 and as

recently as 1984, net income for finance, insurance and real estate was slightly more than 25 percent of that for manufacturing. After 1984, profits for finance, insurance and real estate rose dramatically, very nearly equalling the net income of the manufacturing division for 1986.

Corporate cash flow (generally defined as the sum of net income minus income tax, plus non-cash expenses) rose \$39.0 billion to \$509.8 billion for 1986 [5]. The 8.3 percent gain was less than the 10.5 percent increase for 1985 and

Figure D

Net Income (Less Deficit); Finance, Insurance, and Real Estate Compared to Manufacturing, Income Years 1980-1986

Billions of dollars

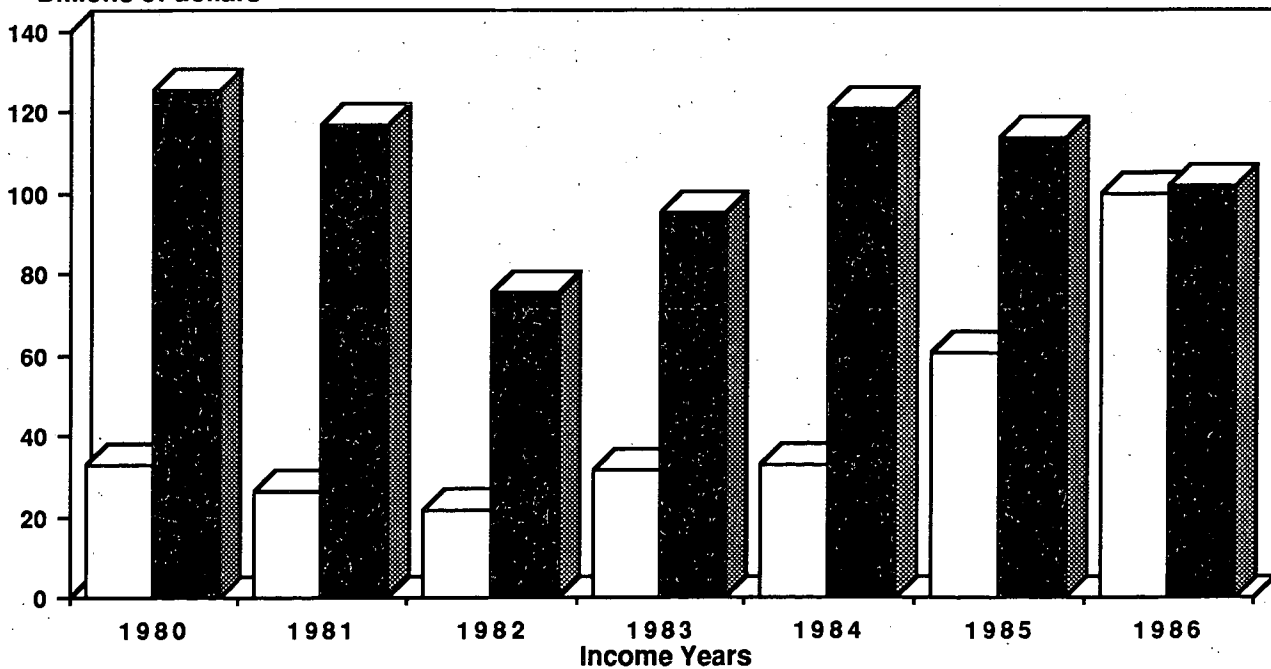
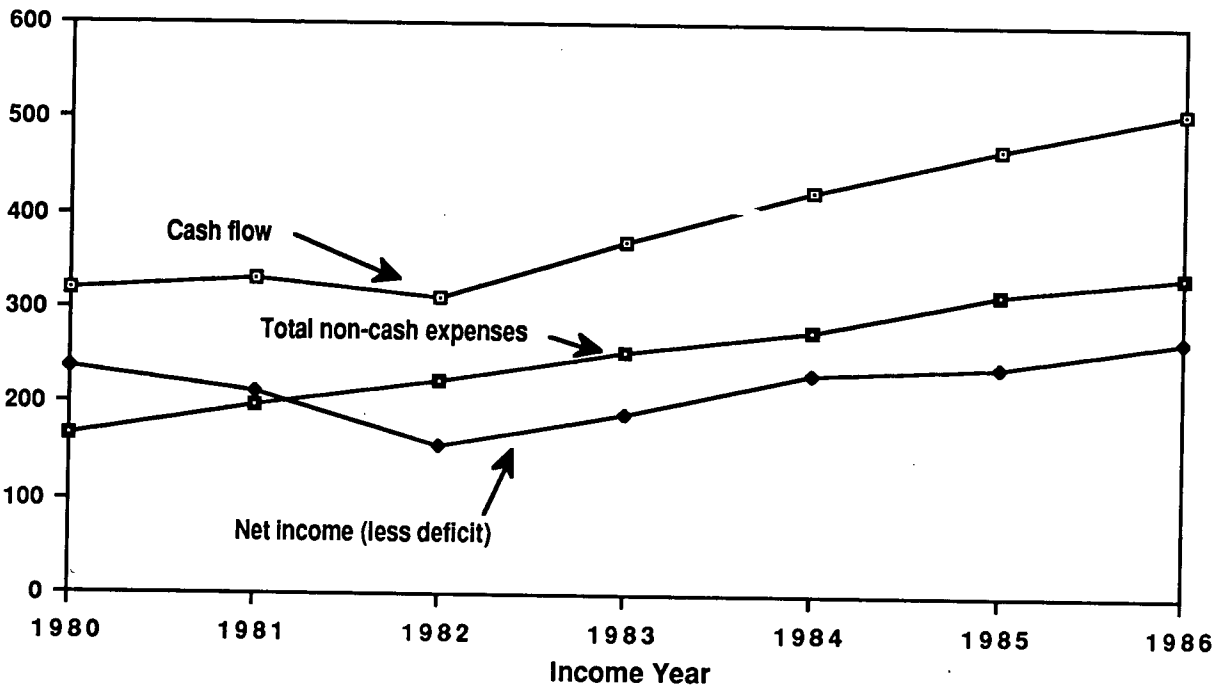


Figure E
Cash Flow, Net Income and Total Non-Cash Expenses,
Income Years 1980-1986

Billions of dollars



continued the previous 2-year pattern of increasing at a decreasing rate (see Figure E). Like net income, the largest increase in cash flow was in finance, insurance and real estate—\$37.7 billion. For manufacturing, cash flow declined only \$3.4 billion for 1986, as the increase in non-cash expenses helped offset the impact of declining profits.

Total receipts for 1986 rose \$271.1 billion to \$8.6 trillion. However, the 3.2 percent increase for 1986 was considerably less than the 6.8 percent increase for 1985. Business receipts (generally, the gross operating receipts of a corporation less the cost of returned goods and allowances) rose 2.3 percent to \$7.5 trillion.

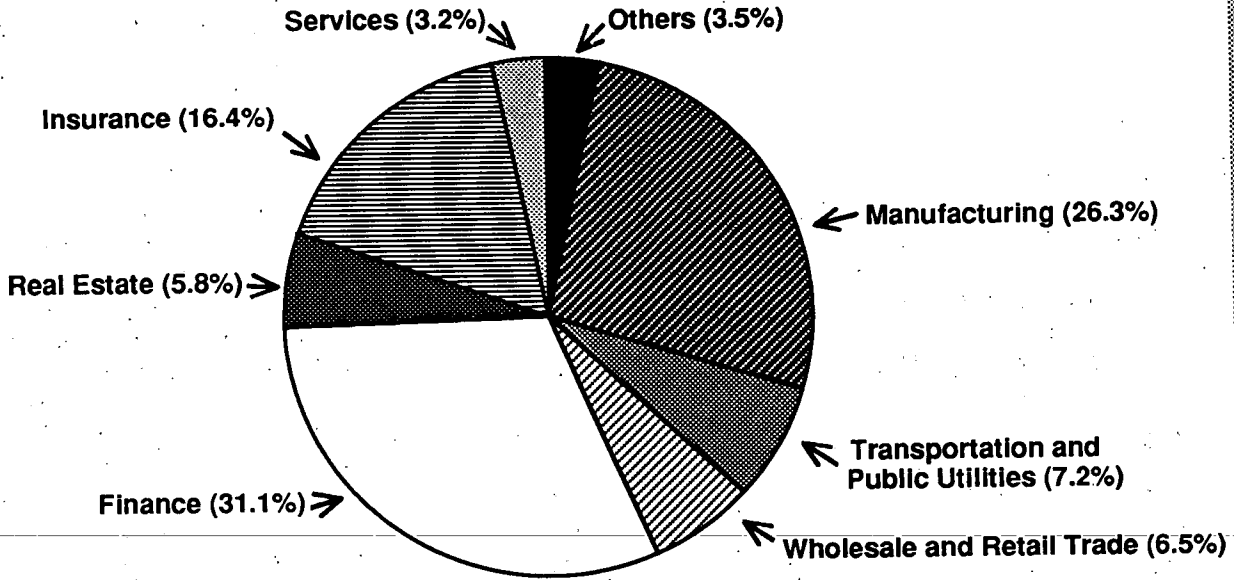
The largest percentage increases among receipts was for capital gains. Net long-term capital gain (reduced by net short-term capital loss) increased 73.5 percent to \$93.2 billion for 1986. Most of the increase in long-term capital gains occurred in finance, insurance and real estate and was largely attributable to life insurance and regulated investment companies (see Figure F). Many large companies accelerated capital gain realizations into 1986, likely prompted by the changed tax treatment of long-term capital

gains provided by the Tax Reform Act of 1986. The Act, signed into law October 22, 1986, repealed the preferential alternative tax rate on long-term capital gains for tax years beginning on or after July 1, 1987, effectively taxing corporate capital gains at regular corporate tax rates. For large corporations whose tax year began in 1986 and ended in 1987, a 28 percent rate applied to long-term capital gains realized before January 1, 1987, with the new maximum 34 percent rate applicable to gains realized on or after January 1, 1987 [6]. Net short-term capital gain (reduced by net long-term capital loss) also increased substantially for 1986, rising 67.8 percent. This increase was primarily attributable to regulated investment companies and appears consistent with the rapid growth of the mutual fund industry.

Among deductions, cost of sales and operations remained the largest, comprising 58.6 percent of total deductions. The most noteworthy changes occurred in non-cash expenses, particularly depreciation. For 1986, the depreciation deduction increased only 2.7 percent, down sharply from the 14.9 percent increase recorded for 1985 (see Figure G). All industrial divisions reported either outright

Figure F

**Net Long-Term Capital Gain (Reduced by Net Short-Term Capital Loss)
By Industry Grouping, Income Year 1986**



Net Long-Term and Short-Term Capital Gain, Income Years 1980-1986

Billions of dollars

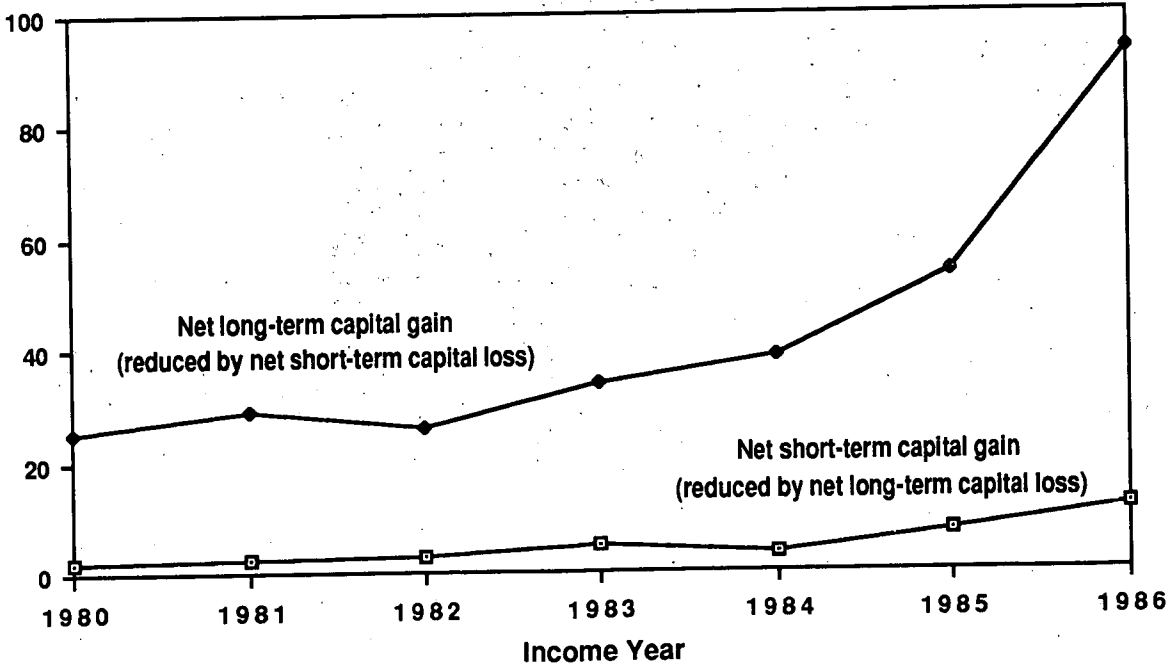


Figure G.—Depreciation Expense by Industrial Division, Income Years 1985–86

[Money amounts are in thousands of dollars]

Industrial division	1985		1986	
	Depreciation	Percentage increase	Depreciation	Percentage increase
	(1)	(2)	(3)	(4)
All industries ¹	\$304,380,703	14.9%	\$312,582,789	2.7%
Agriculture, forestry and fishing	3,639,336	4.8	3,537,822	-2.8
Mining.....	9,019,510	17.8	7,039,541	-22.0
Construction.....	7,818,360	9.8	7,516,637	-3.9
Manufacturing.....	122,957,247	12.5	124,986,991	1.7
Transportation and public utilities.....	70,304,523	17.9	73,840,838	5.0
Wholesale and retail trade.....	36,279,699	16.2	37,840,513	4.3
Finance, insurance and real estate.....	26,893,911	20.9	28,990,058	7.8
Services.....	27,354,083	13.8	28,721,936	5.0

¹ Includes returns not allocable by industrial division.

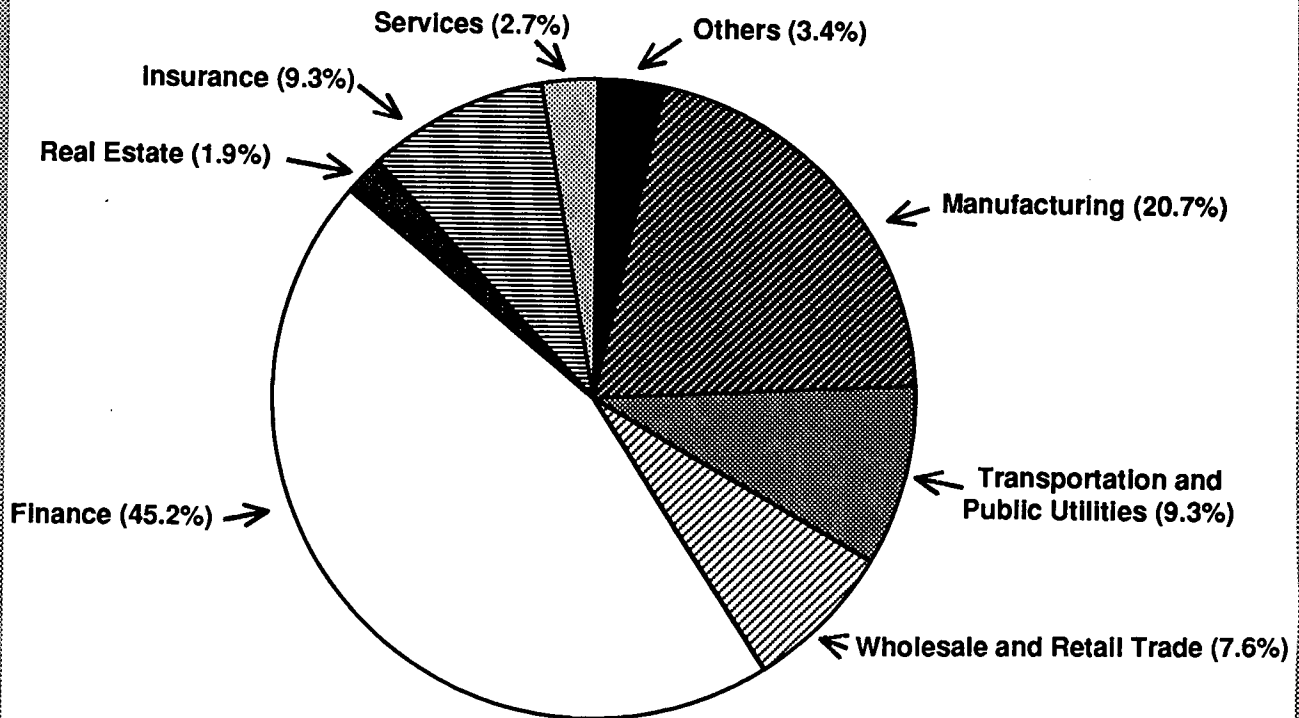
declines or substantially slower growth in depreciation deductions compared to 1985. This slower growth was consistent with the decline in non-residential fixed investment recorded for 1986. Business fixed investment spending was apparently affected by uncertainty over the final shape of tax reform, and the effect of lower oil prices on the domestic oil and gas industry [7].

BALANCE SHEET

Total corporate assets (book value) rose \$1.4 trillion

during 1986 to a new high of \$14.2 trillion (see Table 1). This increase, however, was somewhat less than the \$1.6 trillion increase reported for 1985. The Services division recorded the largest percentage gain, increasing 15.3 percent. However, the total assets of the services division accounted for only 2.7 percent of the total assets for all industrial divisions. In 1986, total assets for finance, insurance and real estate increased \$956.2 billion to \$7.9 trillion (see Table 2). This total represented 56.4 percent of the total for all corporate assets (see Figure H). The largest increases in total assets

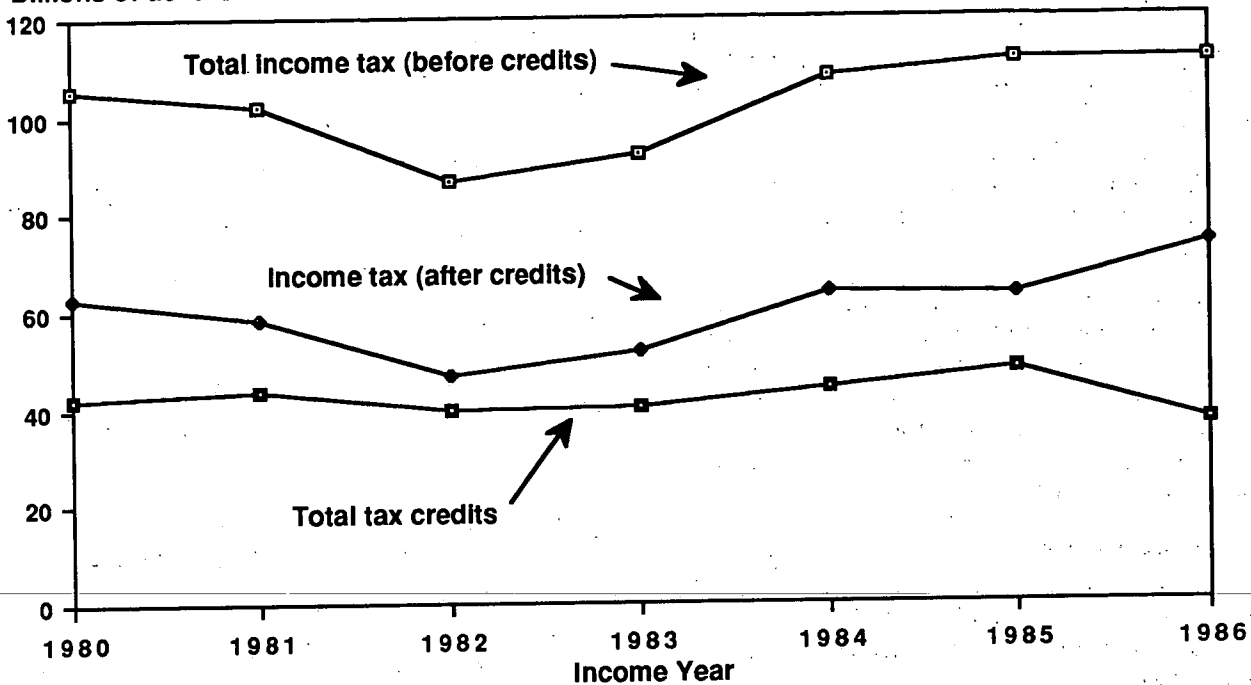
**Figure H
Total Assets By Industry Grouping, Income Year 1986**



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

Figure 1
Income Tax and Tax Credits, Income Years 1980-1986

Billions of dollars



SUMMARY

Corporate income tax return data for Income Year 1986 recorded sizable increases in corporate pre-tax profits and U.S. income tax liability. Finance, insurance and real estate reported the largest increase in profits for 1986 while profits for the manufacturing division declined.

Total income tax credits declined \$10.7 billion for 1986 contributing to the record \$73.8 billion corporate income tax (after credits). Although corporate net income increased sharply for 1986, income subject to tax increased only slightly while total income tax (before credits) actually declined. The large increase in the net operating loss deduction and the exclusion of regulated investment companies' net income from income subject to tax contributed to the slow growth of corporate income subject to tax. The decline of total income tax (before credits) reflected the composition of income subject to tax, as an increased proportion was taxed at the lower alternative capital gains rate and a decreased proportion at the regular corporate rates.

The Tax Reform Act of 1986 contributed to the increases in corporate profits (before taxes) and to the record level of

income tax (after credits). The debate and subsequent passage of the Act encouraged many large corporations to accelerate the realization of long-term capital gains into 1986, before the elimination of the preferential alternative tax rate on long-term capital gains became effective. Likewise, the repeal of the investment tax credit substantially reduced total tax credits, thereby increasing corporate U.S. income tax liability.

DATA SOURCES AND LIMITATIONS

The data for Income Year 1986 cited in this article are based on a sample of corporation income tax returns with accounting periods ending July 1986 through June 1987. The returns represented domestic corporations filing Form 1120 or Form 1120-A (short form); foreign corporations with U.S. operations filing Form 1120F; life insurance companies filing Form 1120L; mutual insurance companies filing Form 1120M; S Corporations filing Form 1120S; Interest-Charge Domestic International Sales Corporations filing Form 1120 IC-DISC; and Foreign Sales Corporations filing Form 1120-FSC.

The statistics were estimated based on a stratified probability sample of approximately 85,100 active corporation

within finance, insurance and real estate occurred in banking, insurance, and regulated investment companies.

Trade notes and accounts receivable, the largest asset account, rose \$275.9 billion in 1986 with more than half this increase attributable to the banking industry. Investments in Government obligations, which rose 26.3 percent in 1985, continued strong growth in 1986, increasing 15.5 percent. Since 1984, this asset account has risen from \$725.7 billion to over \$1.0 trillion. The finance, insurance and real estate division, in total, accounted for 92 percent of all corporate investments in Government obligations for 1986 with insurance companies and banking institutions reporting the largest increases.

In percentage terms, the largest increase among asset accounts was in intangible assets. In 1986, intangibles rose 46.1 percent to \$212.3 billion with increases reported in all industrial divisions. The 1986 increase exceeded the 23.7 and 33.7 percentage increases recorded for 1985 and 1984, respectively. Since 1983, intangible assets increased \$124.4 billion, or 141.6 percent. This dramatic rise in intangibles was consistent with the merger and acquisition activity during 1983–1986. During this period, the number of completed transactions involving U.S. firms rose 68.7 percent [8]. The acquisition cost of goodwill, trademarks, patents, copyrights, and like assets are properly accounted for in intangible assets.

On the liabilities side, the largest percentage increases occurred in the equity accounts. Both capital stock and paid-in or capital surplus recorded gains exceeding 20 percent. Cost of treasury stock, continuing the growth trend of the previous year, increased \$209.4 billion to \$612.5 billion for 1986. By industrial division, the largest percentage gain in the cost of treasury stock account was in finance, insurance and real estate (60.4 percent) and was primarily attributable to regulated investment companies. In total, the equity portion of liabilities for 1986 increased 11.9 percent over 1985.

The debt component of liabilities rose 10.5 percent for 1986 with mortgages, notes and bonds payable in 1 year or more, continuing strong growth. For 1986, mortgages, notes and bonds payable in 1 year or more increased 15.3 percent, exceeding the 13.7 and 12.9 percentage increases recorded for 1985 and 1984, respectively. However, as a percentage of total assets, mortgages, notes and bonds payable in 1 year or more increased only modestly, from 13.3 percent for 1985 to 13.8 percent for 1986.

INCOME TAX AND TAX CREDITS

Despite the nearly \$50.0 billion increase in net income (total) recorded by profit-reporting corporations for 1986, "income subject to tax," the base upon which income tax was computed, rose only \$10.1 billion to \$276.2 billion while total income tax (before credits) actually declined

slightly to \$111.1 billion (see Table 1).

Income subject to tax, for most corporations, consists of net income (total) less certain statutory special deductions. For 1986, the net operating loss deduction (the principal statutory special deduction, representing certain prior-year losses applied against current-year net income) increased \$14.3 billion to \$41.4 billion, restraining the growth of income subject to tax.

Furthermore, the tax treatment of regulated investment companies tended to increase the difference between net income (total) and income subject to tax. Regulated investment companies, by definition, must distribute at least 90 percent of net income to their shareholders annually [9]. Consequently, most of the tax liability on the \$19.0 billion increase in net income (total) reported by regulated investment companies was borne by shareholders. Thus, the net income distributed was not included in corporate income subject to tax.

Total income tax (regular and alternative tax before credits plus certain other taxes) declined slightly for 1986, largely reflecting the composition of the income subject to tax. The dramatic increase in long-term capital gains realized for 1986 resulted in a sizable increase in the amount of gain taxed at the lower alternative capital gains rate (see Table 1). For 1986, net long-term capital gain taxed at the lower alternative rate increased \$24.3 billion to \$50.2 billion and represented 18.2 percent of the total income subject to tax—nearly twice the percentage for 1985. Conversely, the amount of income subject to tax at the regular corporate tax rates (total income subject to tax minus net long-term capital gain taxed at the alternative rate) declined \$14.2 billion to \$226.0 billion for 1986. The increased amount of income subject to tax at the lower capital gains rate, combined with the decreased amount of income subject to tax at regular corporate tax rates tended to dampen the growth of total income tax for 1986.

Corporate income tax (after credits), the amount actually owed the U.S. Government, jumped \$7.5 billion to a record \$73.8 billion for 1986 (see Table 2). Though the total income tax (before credits) declined slightly, total tax credits dropped 22.4 percent for 1986, effectively increasing the corporate U.S. income tax liability (see Figure I). Much of the decline in total tax credits was attributable to the \$6.8 billion drop in the general business credit. The lower general business credit reflected the impact of changes instituted by the Tax Reform Act of 1986. Specifically, the Act repealed the investment tax credit, the principal component of the general business credit, effective January 1, 1986 (subject to certain transitional rules and exclusions). Further, the Act reduced the maximum amount of tax liability against which the general business credit could be applied [10]. Also contributing to the lower total tax credits, the foreign tax credit declined 11.5 percent for 1986, reflecting the lesser amount claimed by petroleum refining companies.

income tax returns selected after administrative processing and before examination. The returns were stratified on the basis of net income or deficit, total assets, and business receipts, at rates ranging from 0.3 to 100 percent.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficients of variation (CV's) should be taken into account (see Figure J). The CV's for frequency estimates are intended only as a general indication of the reliability of the data. For numbers of returns other than those shown below, the corresponding CV's can be estimated by interpolation.

Figure J.—Coefficients of Variation for Frequency Estimates, Income Year 1986.

Estimated number of returns	Approximate coefficient of variation
1,350,000 .....	.015
760,000 .....	.020
120,000 .....	.050
30,000 .....	.100
7,500 .....	.200
3,500 .....	.300
2,500 .....	.350
1,200 .....	.500

NOTES AND REFERENCES

- [1] Actually, total income tax as shown in the statistics includes the additional tax for tax preferences, tax from recomputing prior year investment credit and certain other taxes that are not based on income subject to tax and which are excluded from income tax before credits as it is commonly defined (see Table 1).
- [2] The statistics for 1986 are estimates based on corporation income tax returns with accounting periods ending from July 1986 through June 1987. This span,

in effect, defines the income year such that noncalendar year accounting periods are centered on the calendar year ended December.

- [3] McAdams, M. Bruce, "Mutual Fund Industry," 1987 *U.S. Industrial Outlook*, U.S. Department of Commerce, International Trade Commission, 1987.
- [4] Fenwick, R. Thomas, "Insurance," 1987 *U.S. Industrial Outlook*, op. cit.
- [5] More specifically, cash flow, for purposes of this article, is defined as net income (less deficit) minus total income tax after credits plus non-cash expenses for depreciation, depletion, and amortization. However, the foreign tax credit was added back as an estimate of the foreign taxes corporations paid on the net income from foreign sources included in cash flow. Total income tax after credits included Personal Holding Company tax, tax from recomputing prior-year investment credit, additional tax for tax preferences, and excessive net passive income tax reported by S Corporations.
- [6] U.S. Congress, Joint Committee on Taxation, *General Explanation of the Tax Reform Act of 1986*, May 4, 1987.
- [7] U.S. Office of Management and Budget, *Economic Report of the President*, January 1987.
- [8] Mergers & Acquisitions, 1987 *Almanac and Index*, May/June 1987, Volume 21, Number 6.
- [9] U.S. Congress, Joint Committee on Taxation, *General Explanation of the Tax Reform Act of 1986*, op. cit.
- [10] U.S. Department of the Treasury, Internal Revenue Service, 1986 Instructions for Forms 1120 and 1120-A.

Table 1—Selected Balance Sheet, Income Statement, and Tax Items by Asset Size
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Total	Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
Number of Returns	3,428,515	210,160	1,756,468	606,676	348,276	225,453	223,619	30,984	21,084	9,876	6,592	4,815	4,471
Total assets	14,163,209,894	172,977,765	57,950,188	97,775,083	123,669,775	158,061,127	458,545,021	214,879,685	328,002,609	349,687,629	464,711,768	769,965,239	11,139,834,581
Cash.....	162,946,878	121,451,895	12,953,684	17,049,855	18,539,961	19,633,376	44,286,948	17,610,307	25,335,759	24,479,473	30,865,502	44,082,570	508,129,032
Notes and accounts receivable.....	3,693,528,676	36,105,549	6,591,254	14,971,534	15,981,460	31,686,364	100,099,217	49,062,123	84,376,346	103,649,172	131,711,777	181,340,201	2,868,161,243
Less: Allowance for bad debts.....	74,229,426	253,582	179,017	199,281	334,893	567,915	2,184,952	1,293,397	2,148,818	2,790,507	3,381,364	4,286,703	55,961,580
Inventories.....	732,387,518	176,980	7,042,361	15,313,820	30,307,852	30,307,852	99,280,227	42,742,741	47,563,405	33,002,569	32,993,311	46,155,235	357,714,166
Investment in government obligations.....	1,058,718,859	3,126,119	95,063	150,591	520,141	666,558	3,022,041	4,139,591	19,336,872	37,503,019	56,035,620	76,550,252	860,699,111
Other current assets.....	739,043,506	3,887,057	2,643,179	4,294,641	6,122,813	6,122,813	26,352,570	13,119,288	20,051,245	17,109,846	24,185,515	34,185,515	594,204,954
Loans to stockholders.....	63,653,862	3,887,057	4,294,641	5,317,022	4,502,876	3,753,971	6,734,744	2,903,479	1,829,256	2,130,481	1,552,345	3,682,205	28,365,668
Mortgage and real estate loans.....	1,377,441,452	3,887,057	4,294,641	5,317,022	4,502,876	3,753,971	6,734,744	2,903,479	1,829,256	2,130,481	1,552,345	3,682,205	28,365,668
Other investments.....	2,847,727,452	3,887,057	4,294,641	5,317,022	4,502,876	3,753,971	6,734,744	2,903,479	1,829,256	2,130,481	1,552,345	3,682,205	28,365,668
Depreciable assets.....	3,392,556,559	331,657	50,202,837	60,469,044	72,644,240	84,889,304	283,335,864	16,738,106	90,955,736	88,834,033	91,692,176	152,396,985	2,367,190,883
Less: Accumulated depreciation.....	1,342,114,626	331,657	33,301,959	35,885,047	42,108,605	47,352,821	108,527,695	42,284,762	49,718,648	37,896,147	36,305,157	59,993,651	848,720,288
Depletable assets.....	116,010,459	273,452	452,736	482,736	482,736	482,736	1,254,943	605,655	2,549,443	2,807,655	3,176,140	5,845,207	95,298,763
Less: Accumulated depletion.....	44,083,149	121,140	121,140	158,139	202,390	262,569	1,216,910	581,873	2,823,547	2,807,655	3,176,140	5,845,207	95,298,763
Land.....	149,522,450	1,844,098	1,747,825	4,414,447	7,017,420	10,372,163	24,536,508	8,746,675	12,761,159	13,411,986	16,662,114	21,482,622	35,103,036
Intangible assets.....	212,265,625	106,609	6,781,206	2,236,525	2,159,318	2,366,901	6,132,332	3,316,428	4,879,897	5,409,690	7,364,012	9,375,388	57,956,252
Less: Accumulated amortization.....	46,696,689	322,289	763,217	968,784	877,471	877,471	1,233,627	1,286,130	1,286,130	1,151,868	1,539,732	2,422,108	162,386,574
Other assets.....	634,329,507	253,582	2,827,437	4,529,789	4,667,314	5,200,229	13,831,421	6,632,423	10,373,494	11,441,959	15,364,783	31,501,877	527,957,680
Total liabilities	14,163,209,894	172,977,765	57,950,188	97,775,083	123,669,775	158,061,127	458,545,021	214,879,685	328,002,609	349,687,629	464,711,768	769,965,239	11,139,834,581
Accounts payable.....	909,090,964	121,451,895	8,574,141	13,025,384	16,794,663	23,765,366	72,035,709	31,446,759	35,689,000	26,472,168	26,574,910	38,556,316	616,158,548
Mortgages, notes and bonds payable, less than one year.....	1,083,947,776	184,098	7,914,078	10,341,267	14,553,438	20,004,690	75,429,885	35,351,272	41,569,427	29,286,305	30,140,467	43,322,915	776,014,013
Other current liabilities.....	4,599,866,537	36,105,549	6,781,206	8,209,910	9,894,088	12,474,034	44,036,148	25,665,808	76,576,430	138,549,234	211,230,655	333,348,370	3,733,030,653
Loans from stockholders.....	165,034,570	176,980	18,467,166	14,191,852	13,299,380	11,574,550	22,066,174	5,471,413	5,758,305	3,935,173	3,868,472	7,802,015	78,570,069
Mortgages, notes and bonds payable in one year or more.....	1,958,477,161	1,844,098	14,004,088	19,841,226	25,735,436	32,386,509	90,799,036	43,254,662	59,123,981	51,010,179	59,562,625	97,339,418	1,465,421,003
Other liabilities.....	1,728,638,194	1,844,098	2,174,660	3,276,969	3,841,327	5,443,690	17,475,669	10,700,107	16,357,678	18,745,643	23,901,654	51,390,456	1,575,330,342
Capital stock.....	1,190,628,800	1,844,098	13,079,805	12,231,981	12,914,478	14,171,478	32,240,272	13,940,994	20,822,683	17,461,606	25,198,915	43,860,328	894,806,268
Paid-in or capital surplus.....	1,725,785,087	1,844,098	8,997,096	6,867,845	8,608,063	10,360,346	32,871,217	19,694,667	30,876,698	34,911,083	51,467,092	101,356,834	1,419,974,144
Retained earnings, appropriated.....	64,975,012	1,844,098	164,106	323,790	797,332	554,877	1,448,444	443,849	647,915	1,181,535	1,807,140	3,335,691	54,270,332
Retained earnings, unappropriated.....	1,313,686,600	1,844,098	-10,027,972	16,143,398	23,489,660	32,084,250	73,642,439	26,998,356	37,802,949	27,440,782	35,758,059	61,400,132	969,157,548
Other retained earnings (1120S).....	15,584,590	253,582	-9,550,737	-2,916,150	-2,508,034	264,153	7,856,738	6,161,020	7,474,105	3,670,271	2,770,243	1,628,361	532,619
Less: Cost of treasury stock.....	612,525,394	253,582	2,827,437	3,760,440	3,941,048	5,022,816	11,388,709	3,941,209	4,516,562	2,976,152	7,568,466	13,345,599	553,530,957
Total receipts	6,669,376,501	172,977,765	288,794,530	281,763,668	304,406,534	352,466,111	985,905,877	395,189,883	438,225,299	309,744,306	313,271,054	452,585,941	4,377,147,511
Business receipts.....	7,535,482,221	121,451,895	278,268,674	281,627,746	293,008,149	340,674,949	953,482,351	379,682,804	409,927,827	272,477,959	274,741,043	389,597,995	3,540,360,829
Interest.....	635,093,073	36,105,549	806,579	1,412,811	2,841,662	1,951,413	5,287,058	3,069,499	6,658,680	14,472,730	22,094,586	36,325,693	502,167,822
Nonqualifying interest and dividends forms 1120S.....	23,578,340	253,582	28,446	49,752	75,649	66,010	217,566	108,789	443,675	748,216	1,250,693	1,870,181	18,465,680
Rents.....	3,431,878	134,210	195,163	196,820	228,922	219,340	830,488	384,713	454,412	282,402	161,037	226,219	98,151
Royalties.....	93,972,214	1,844,098	1,359,605	1,697,061	2,237,082	2,331,129	6,301,436	2,750,583	3,047,267	2,553,486	2,646,923	4,379,188	62,222,348
Net short-term capital gain less net long-term capital loss.....	16,411,642	106,609	288,582	102,489	184,766	185,224	357,178	225,624	461,156	247,001	330,472	744,038	13,178,492
Net long-term capital gain less net short-term capital loss.....	11,797,841	176,980	77,536	28,534	46,341	54,967	230,641	112,673	175,870	207,876	338,690	709,159	9,638,575
Net gain, noncapital assets.....	93,297,600	3,126,119	531,469	671,073	653,113	936,157	2,899,589	1,567,213	2,421,539	2,142,227	2,884,067	5,410,503	69,954,532
Net gain, domestic corporations.....	44,149,359	3,887,057	807,572	618,694	904,241	1,325,846	2,925,705	1,322,442	1,861,631	1,117,966	1,529,080	2,243,992	25,605,173
Dividends, foreign corporations.....	15,156,098	322,289	68,296	62,185	189,536	169,536	509,576	237,018	406,358	437,386	465,451	848,047	11,481,699
Dividends, foreign corporations.....	22,747,046	331,657	-123	-5,891	614	10,939	62,369	54,743	99,832	119,281	209,946	614,389	21,237,259
Other receipts.....	174,261,151	5,237,740	4,382,484	5,270,601	4,097,737	4,640,600	12,701,911	5,494,764	7,666,982	5,937,776	6,497,067	9,616,538	102,736,952

Table 2—Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division and Asset Size

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

Item, industrial division	Total	Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
ALL INDUSTRIES													
Number of returns ¹	3,428,515	210,160	1,736,486	606,676	348,276	225,453	223,619	30,994	21,094	9,879	6,592	4,815	4,471
Total assets.....	4,163,209,894	—	57,950,198	97,775,053	123,669,775	158,061,127	458,542,021	214,879,695	328,002,609	349,687,829	464,711,768	769,995,239	11,139,934,581
Total receipts.....	8,669,378,501	172,977,785	286,794,530	291,763,668	304,406,534	352,466,111	985,805,877	395,189,883	436,225,299	300,744,306	313,271,054	452,585,941	4,377,147,511
Business receipts.....	7,535,482,221	121,451,895	278,268,674	281,627,746	293,008,149	340,674,949	953,482,351	379,862,804	409,927,827	274,741,043	274,741,043	389,597,995	3,540,360,829
Cost of sales and operations.....	4,922,763,967	81,571,172	120,581,609	151,209,804	176,339,675	222,979,052	692,650,132	284,330,469	300,991,183	193,331,253	194,892,606	269,480,955	2,234,406,058
Net income (less deficit).....	269,530,240	1,344,130	-211,922	2,574,407	3,298,835	3,983,044	13,461,925	5,797,751	8,957,186	7,114,002	9,192,843	16,519,207	197,498,831
Income tax, total.....	111,140,137	3,299,818	773,215	1,173,863	1,405,970	1,804,376	6,588,400	3,456,218	4,948,765	4,171,060	4,844,299	7,013,531	71,660,623
Income tax (after credits).....	73,876,300	2,775,612	669,452	1,033,114	1,228,978	1,592,147	5,963,489	3,159,020	4,323,991	3,583,150	3,964,356	5,754,023	39,828,969
Cash flow.....	509,797,308	2,546,334	6,178,645	9,179,905	10,406,660	11,446,643	28,802,524	11,856,875	16,036,029	12,592,465	14,926,641	26,140,042	359,684,543
AGRICULTURE, FORESTRY, AND FISHING													
Number of returns.....	106,634	5,733	39,977	20,403	18,046	13,063	8,565	517	203	67	39	16	6
Total assets.....	53,478,288	—	1,443,088	3,505,625	6,450,453	9,147,190	15,539,138	3,479,211	3,172,221	2,319,810	2,770,490	2,710,414	2,940,650
Total receipts.....	77,502,215	1,069,732	5,217,630	10,297,214	11,479,157	9,092,163	16,719,470	3,992,340	4,005,177	2,630,421	5,110,633	3,572,445	4,315,834
Business receipts.....	71,787,552	745,613	4,907,741	9,841,085	10,738,835	8,207,866	15,308,523	3,686,313	3,789,622	2,441,666	4,771,464	3,332,870	4,015,954
Cost of sales and operations.....	50,971,455	370,026	2,703,722	7,884,894	8,100,163	5,233,814	10,726,901	2,723,329	3,052,290	1,743,043	4,050,050	1,946,916	2,436,306
Net income (less deficit).....	1,148,686	49,994	-103,747	84,324	100,117	216,835	340,914	57,376	41,862	50,059	-26,735	76,722	260,966
Income tax, total.....	589,887	19,023	12,828	21,940	37,277	50,539	129,728	47,473	39,038	33,103	42,447	46,688	109,806
Income tax (after credits).....	475,606	17,282	11,070	16,387	27,801	36,904	102,487	42,574	36,070	27,157	35,451	35,838	86,586
Cash flow.....	4,490,405	117,021	148,910	443,039	647,428	771,367	1,121,433	190,009	173,284	128,430	280,534	181,829	287,123
MINING													
Number of returns.....	40,354	2,906	17,466	6,892	5,074	2,867	3,516	679	486	197	113	89	69
Total assets.....	206,122,125	—	584,227	1,104,069	1,833,805	2,072,045	7,355,742	4,545,279	7,378,513	6,871,492	7,936,113	23,108,007	143,332,833
Total receipts.....	98,577,216	1,314,148	1,762,672	2,011,017	2,596,261	2,945,136	7,413,602	3,476,106	5,230,170	4,829,657	4,223,182	12,743,545	50,031,721
Business receipts.....	86,873,761	920,378	1,552,350	1,881,381	2,338,286	2,701,760	6,635,389	3,010,013	4,594,082	4,161,081	3,731,022	11,625,845	43,722,174
Cost of sales and operations.....	58,115,191	467,367	916,956	767,693	763,375	1,293,573	4,027,474	1,872,346	3,177,612	2,707,412	2,443,504	7,970,985	31,706,893
Net income (less deficit).....	-3,122,565	-198,771	-31,169	-160,657	-79,406	-178,084	-236,026	-74,368	-265,540	-166,546	-284,902	-186,520	-1,260,577
Income tax, total.....	1,453,090	38,987	9,949	9,641	12,737	14,615	75,332	53,916	64,410	70,970	61,220	191,278	850,037
Income tax (after credits).....	694,690	37,377	6,290	6,961	8,797	13,984	64,407	46,535	49,484	66,142	51,800	130,849	212,066
Cash flow.....	4,739,906	-78,360	52,677	-15,228	138,753	8,661	317,721	251,724	264,047	314,755	169,072	682,058	2,634,024
CONSTRUCTION													
Number of returns.....	341,816	16,015	174,583	58,813	37,466	25,662	24,523	2,799	1,319	369	158	69	40
Total assets.....	218,880,512	—	5,763,920	9,429,776	13,313,425	17,977,179	49,153,260	19,236,246	19,509,155	12,567,225	10,975,614	11,674,229	49,280,482
Total receipts.....	412,477,214	4,978,122	38,751,146	32,819,455	36,899,988	45,192,566	106,525,445	34,292,591	29,156,613	19,617,801	13,049,122	16,368,418	34,825,946
Business receipts.....	399,436,063	4,630,323	38,513,332	32,354,385	36,147,269	44,382,702	104,078,638	33,220,181	28,161,583	18,925,676	12,415,146	15,785,210	30,821,618
Cost of sales and operations.....	314,065,258	3,656,222	25,148,197	22,433,044	26,070,162	33,430,173	84,239,368	28,394,853	24,015,466	16,415,976	10,705,446	14,256,644	25,299,706
Net income (less deficit).....	5,781,722	67,138	244,216	340,129	580,388	772,920	1,756,808	653,527	582,528	420,249	253,615	21,813	88,391
Income tax, total.....	2,525,994	46,178	73,621	111,122	185,297	270,947	678,643	288,454	278,794	171,635	107,848	85,816	227,639
Income tax (after credits).....	2,183,820	41,916	64,578	94,508	159,951	240,040	606,301	263,005	254,153	145,103	112,748	65,006	136,510
Cash flow.....	11,538,657	108,411	999,741	1,019,265	1,314,953	1,523,913	3,085,328	939,050	804,531	635,020	415,781	159,283	533,383
MANUFACTURING													
Number of returns.....	285,119	14,741	102,428	44,795	37,406	29,567	39,775	7,176	4,920	1,750	993	748	823
Total assets.....	2,931,610,462	—	3,699,325	7,429,036	13,489,251	21,262,570	85,664,704	50,327,503	76,016,382	60,724,469	71,168,221	126,261,472	2,415,567,528
Total receipts.....	2,810,713,781	42,973,055	15,581,629	20,876,148	34,286,681	49,644,236	183,737,922	93,860,780	130,592,001	94,537,554	97,901,081	156,913,665	1,889,809,030
Business receipts.....	2,614,526,752	40,112,264	15,216,228	20,563,554	33,772,036	48,692,832	180,741,658	91,993,695	127,744,992	91,777,163	94,378,590	150,620,512	1,718,913,227
Cost of sales and operations.....	1,746,954,429	28,262,663	8,486,306	12,017,971	20,780,894	32,420,779	126,134,124	65,222,147	91,224,547	65,166,749	64,884,456	101,416,555	1,130,937,238
Net income (less deficit).....	101,827,271	1,646,364	-422,687	12,374	298,140	259,501	3,435,157	2,138,756	3,952,544	3,298,057	4,549,833	6,330,570	76,328,664
Income tax, total.....	50,222,612	974,029	39,624	115,121	162,191	301,721	1,791,164	1,242,926	2,156,927	1,783,745	2,265,897	3,128,852	36,260,413
Income tax (after credits).....	25,761,951	752,624	33,565	99,510	125,731	257,644	1,581,331	1,121,985	1,759,516	1,417,728	1,636,931	2,486,220	14,489,165
Cash flow.....	194,222,817	2,132,753	-16,832	606,270	1,313,804	1,511,020	6,736,596	3,656,258	6,121,267	4,942,651	6,205,588	9,798,645	151,214,803

Table 2 (Continued)—Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division and Asset Size

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

Item, industrial division	Total	Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
TRANSPORTATION AND PUBLIC UTILITIES													
Number of returns	138,428	7,935	69,741	24,301	14,626	9,247	9,262	1,478	878	312	176	144	328
Total assets	1,310,227,440	—	2,287,939	3,923,035	5,313,184	6,506,605	19,138,050	10,271,904	13,692,314	11,244,849	12,378,072	22,485,259	1,202,986,230
Total receipts	762,231,202	7,982,357	10,337,738	12,872,037	14,806,113	16,299,773	34,740,808	13,838,665	18,185,688	11,182,034	11,775,789	17,065,505	593,144,696
Business receipts	717,929,024	6,851,633	10,010,988	12,530,885	14,397,639	15,744,036	33,610,996	13,165,307	16,221,188	10,450,331	11,140,868	15,830,889	557,974,264
Cost of sales and operations	338,754,789	3,134,613	4,627,262	7,196,471	7,030,823	7,565,856	16,972,971	7,126,382	8,527,267	5,292,126	5,076,680	8,068,195	258,136,142
Net income (less deficit)	21,803,663	-2,885,133	-191,647	9,031	147,462	78,408	422,727	170,764	370,653	372,184	153,069	460,410	22,695,735
Income tax, total	16,156,499	222,170	22,872	37,185	63,093	78,651	334,821	181,714	218,338	214,324	230,169	350,920	14,202,243
Income tax (after credits)	11,005,034	196,431	20,328	25,926	47,553	56,515	267,062	150,152	192,931	191,764	200,044	276,164	9,380,164
Cash flow	86,919,410	-2,582,307	302,761	560,916	870,188	919,041	2,139,660	953,620	1,246,747	1,017,832	927,661	1,634,936	78,928,353
WHOLESALE AND RETAIL TRADE													
Number of returns	939,159	48,151	401,486	200,303	117,166	78,479	77,310	9,198	4,538	1,257	607	368	295
Total assets	1,073,523,697	—	15,642,369	32,284,782	41,637,433	54,980,634	156,975,750	62,878,991	67,426,121	43,527,219	43,522,862	59,052,083	495,595,451
Total receipts	2,547,440,986	51,794,456	81,616,383	114,950,858	136,046,282	171,244,997	526,847,477	205,422,369	188,303,403	111,294,448	106,197,619	142,053,950	711,668,743
Business receipts	2,472,495,351	50,054,489	80,294,541	113,522,086	133,702,839	168,422,158	517,877,648	201,442,528	183,886,584	108,562,456	103,424,685	138,472,877	672,832,461
Cost of sales and operations	1,895,237,380	39,253,211	48,828,747	76,439,179	94,212,492	124,489,575	411,409,881	163,397,930	146,995,595	84,650,306	82,286,880	109,713,906	513,559,679
Net income (less deficit)	34,919,948	423,960	-824,214	220,948	981,636	1,620,226	5,679,954	2,445,512	2,600,837	1,882,330	1,702,173	2,250,346	15,936,438
Income tax, total	17,097,449	399,962	164,671	298,979	426,133	608,625	2,296,178	1,095,885	1,271,898	965,392	873,359	1,147,128	7,549,239
Income tax (after credits)	15,166,086	320,417	147,136	269,828	386,335	561,989	2,167,030	1,024,173	1,199,347	915,334	838,596	1,015,224	6,320,675
Cash flow	59,087,907	685,258	513,036	1,985,845	2,710,911	3,489,772	9,513,308	3,850,600	4,023,846	2,670,520	2,520,853	3,935,549	23,188,411
FINANCE, INSURANCE, AND REAL ESTATE													
Number of returns	537,384	52,522	237,760	87,743	55,664	37,109	37,322	6,525	7,211	5,370	4,187	3,185	2,784
Total assets	7,985,641,912	—	7,604,521	14,380,868	19,647,657	25,677,080	78,979,894	46,344,439	116,704,528	192,960,097	293,934,067	493,682,747	6,695,726,015
Total receipts	1,365,095,368	50,878,067	18,245,842	13,340,232	14,987,877	13,382,505	33,327,216	16,268,627	30,699,144	35,324,794	51,916,306	78,287,762	1,008,436,995
Business receipts	618,646,549	8,305,572	15,821,503	10,705,249	10,615,926	9,404,155	23,258,698	11,070,382	18,150,478	16,772,900	24,207,339	31,701,837	438,632,512
Cost of sales and operations	320,622,944	2,607,694	2,936,287	2,044,876	1,711,542	2,774,026	8,974,380	5,547,061	9,989,354	9,051,824	14,856,544	15,978,012	244,151,342
Net income (less deficit)	99,808,908	1,607,141	225,034	619,041	490,547	909,746	1,659,638	302,513	1,403,799	1,053,900	2,535,893	6,780,686	82,220,971
Income tax, total	18,091,479	1,271,153	95,375	160,573	183,084	242,339	722,351	325,388	573,804	596,626	851,573	1,415,757	11,653,457
Income tax (after credits)	14,665,774	1,121,110	87,457	152,244	174,675	232,969	699,077	318,714	550,450	572,440	825,626	1,340,166	8,590,846
Cash flow	114,879,334	1,338,567	660,684	1,020,782	948,562	1,364,501	2,558,972	711,684	1,812,488	1,620,092	2,998,584	7,395,082	92,449,336
SERVICES													
Number of returns	1,012,178	56,262	676,232	160,084	61,939	29,108	23,202	2,616	1,535	557	317	201	126
Total assets	381,609,099	—	20,648,602	25,202,756	21,665,842	20,206,849	45,357,725	17,764,263	23,992,522	19,472,666	21,771,453	31,021,028	134,505,393
Total receipts	591,849,715	11,688,357	114,293,559	83,470,104	53,049,927	44,581,108	75,790,539	24,023,809	30,045,569	21,327,596	23,083,951	25,580,651	84,914,545
Business receipts	550,590,929	9,633,594	110,995,328	79,154,704	51,063,461	43,048,619	71,307,937	22,274,385	27,377,711	19,386,687	20,671,930	22,227,955	73,448,618
Cost of sales and operations	196,127,453	3,686,044	26,340,109	21,863,003	17,575,523	15,750,722	29,655,223	10,046,421	14,009,052	8,303,818	10,589,046	10,129,742	28,178,752
Net income (less deficit)	7,448,023	599,804	969,965	1,483,780	788,740	316,455	399,945	103,351	271,443	203,768	297,348	785,181	1,228,243
Income tax, total	4,942,317	283,482	352,470	414,624	335,383	236,738	557,884	220,322	330,571	305,948	313,612	485,664	1,105,621
Income tax (after credits)	3,863,565	243,719	297,221	363,072	298,026	192,100	474,140	191,798	282,039	247,483	256,455	404,558	612,954
Cash flow	33,953,022	825,852	3,572,192	3,556,059	2,451,926	1,865,346	3,323,376	1,302,063	1,588,548	1,263,163	1,402,723	2,352,660	10,449,114

Corporation Income Tax Returns, 1986

¹ Includes "nature of business not allocable" which is not shown separately.

Private Foundation Returns, 1985

By Margaret Riley*

Over 31,000 private foundations reported \$16.4 billion in revenue for 1985, out of which they disbursed \$6.3 billion for charitable purposes. Approximately 85 percent of the charitable disbursements were in the form of grants to organizations engaged in charitable activities [1, 2]. After deducting \$7.2 billion in investment expenses, grant payments, and all charitable-purpose operating and administrative costs (all of which comprise "total expenses"), foundations recorded a growth in assets of \$9.2 billion for the year [3].

Nearly all foundation revenue for 1985 was attributable to contributions received, net gain from sales of assets (mostly stocks and bonds), and interest and dividend income. Much of the net gain was the result of a restructuring of investment portfolios which foundations were undergoing for 1985, and the income from these sales of assets generally was reinvested. Factors which encouraged the restructuring of portfolios are discussed below in the section, "Analysis of Change in Payout Requirement."

Less than 1 out of every 100 grantmaking foundations had total assets with a fair market value of \$50 million or more. However, these large foundations paid out nearly \$45 of every \$100 granted by foundations for 1985 [4]. In contrast, the smallest foundations (assets under \$1 million) paid out roughly \$15 of every \$100 of grants awarded, although they accounted for 8 out of 10 foundations making grants.

Foundation grants range over a broad spectrum, in terms of both dollar amount and the needs of the recipients. Grants awarded by private foundations also cover a wide variety of purposes and activities. For 1985, foundation grants supported activities ranging anywhere from the operation of an animal shelter to the training and education of the deaf to scientific research on ways to reduce the risk of nuclear war [5].

BACKGROUND

A private foundation is a nonprofit corporation, association, or trust with a narrow source of funds which supports, and sometimes operates, programs that are dedicated to improving the general welfare of society. The activities of a private foundation are exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Private

foundations differ from other section 501(c)(3) tax-exempt organizations because of their sources of funding. Foundations usually receive their funds from an individual, a family, or a corporation, and from earnings on investments, while other tax-exempt organizations' funds are derived mainly from a large number of sources within the general public [6].

Private "nonoperating" foundations, primarily through the making of grants, support other nonprofit organizations which carry on tax-exempt charitable activities [7]. Foundation grants, combined with direct disbursements to accomplish charitable purposes, amounts paid to acquire assets used directly to accomplish exempt functions, program-related investments, and amounts set aside for future charitable projects, form what is called a foundation's "qualifying distributions." Each year, nonoperating foundations are required to pay out in qualifying distributions, by the end of the following year, an amount equal to 5 percent of their "net investment assets" (a 12-month average of investment assets plus or minus certain allowed adjustments). This qualifying distributions rule commonly is referred to as the charitable-purpose "payout requirement."

Under the Tax Reform Act of 1969, nonoperating foundations for the first time were required to pay out an annual minimum amount for charitable purposes, so as to ensure that a reasonable amount would reach charitable beneficiaries and to provide safeguards against the accumulation of assets without a corresponding distribution for charitable purposes.

Private "operating" foundations actively operate tax-exempt programs and provide direct services as a means of carrying out their philanthropic mission. In addition to making direct charitable-program expenditures, some operating foundations also make grants to support other tax-exempt organizations. As a condition of "operating" status, these foundations are required to expend substantially all of their income for the active conduct of activities related to their exempt purposes. Operating foundations are not subject to the same payout requirement as nonoperating foundations because of their direct involvement in charitable programs. However, in order to retain operating foundation status, they must make qualifying distributions for the active conduct of exempt activities which amount to at least 85 percent of the lesser of their current income or 5 percent of their net investment assets. This requirement commonly is referred to as the "income test." They must also meet one of three additional tests based on assets, endowment, or sources of support, respectively.

*Foreign Special Projects Section. Prepared under the direction of Michael Alexander, Chief.

Private Foundation Returns, 1985

Because of the private nature of their sources of funding, private foundations are in a "less favored" tax category than other organizations which are tax exempt under Internal Revenue Code section 501(c)(3). Private foundations, both operating and nonoperating, are subject to an excise tax on their investment income (with the exception of a small number of operating foundations which can qualify for an exemption from the tax). Additional excise taxes are imposed on foundations engaging in activities which are prohibited under the Internal Revenue Code (activities deemed not to be in the best interest of the public). Also, the donors to a private nonoperating foundation have a generally lower limit of tax deductibility for their contributions than do the donors to an operating foundation or donors to other section 501(c)(3) tax-exempt organizations. (Cash contributions to a nonoperating foundation are deductible up to 30 percent of adjusted gross income while cash contributions to all other section 501(c)(3) organizations are deductible up to 50 percent.)

Of the 31,221 organizations filing private foundation information returns for 1985, roughly 90 percent were

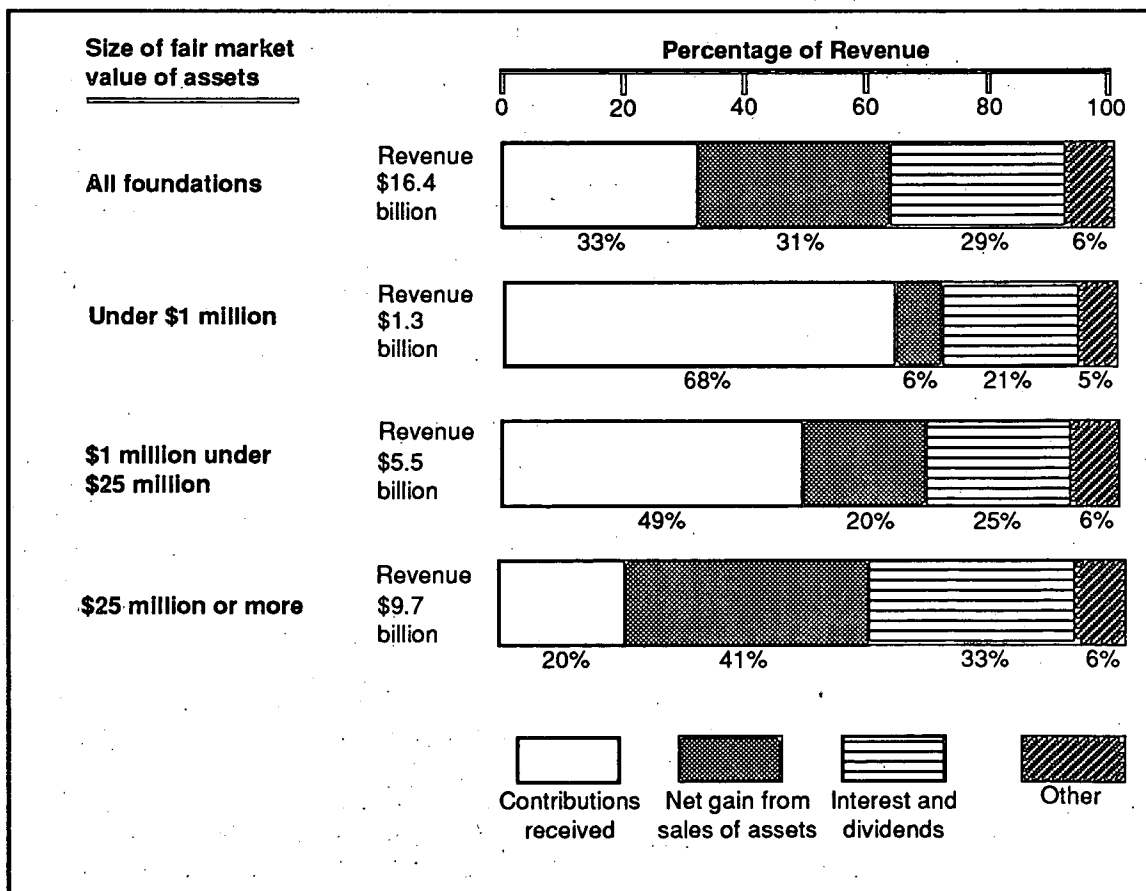
nonoperating foundations. Nine out of every 10 nonoperating foundations and 4 out of every 10 operating foundations made grants for 1985. Unlike the nonoperating foundations, operating foundations ordinarily fulfill their tax-exempt mission by supporting charitable causes through active involvement, rather than by making grants to other charitable organizations. Some nonoperating foundations were "failed public charities," organizations that were once public charities but could no longer qualify for that favored status because they failed to maintain the required minimum of support from public sources. Many reclassified nonoperating foundations which were formerly public charities continued to operate direct charitable programs but did not make any grants [8].

COMPOSITION OF REVENUE

Figure A shows the components of foundation revenue for 1985. For foundations taken collectively, contributions received comprised the largest share (33 percent) of receipts, followed closely by net gain from sales of assets (31 percent) and interest and dividend income (29 percent).

Figure A

Components of Private Foundation Revenue, Income Year 1985



Contributions accounted for the largest portion of the receipts of foundations with assets under \$25 million. For organizations with assets of \$25 million or more, sales of assets (most of which were investment assets, principally stocks and bonds) played a more important role in the composition of revenue, as did interest and dividend income. Organizations holding large amounts of assets rely more heavily on investments to generate income for their charitable programs and for building up their endowments than do smaller foundations. Foundations having assets below \$1 million often operate as "pass-through" organizations, holding contributions received in accounts for short periods of time before disbursing them as grants paid to other tax-exempt organizations. These small organizations act like a conduit for the funds they receive and do not rely on investment income to maintain an endowment base.

As was the case for 1983, foundations (particularly the larger ones) continued for 1985 to generate a larger share of revenue from sales of assets (principally stocks and bonds) than from interest and dividend income. For 1982, sales of assets accounted for less than one-fifth of all revenue. This proportion grew to approximately one-third for both 1983 and 1985. (Possible reasons for this growth are discussed in the section "Analysis of Change in Payout Requirement" presented below.)

FOUNDATION GRANTS, ASSETS, AND INVESTMENTS

A vast majority (96 percent) of private foundations for 1985 had assets under \$10 million; however, these smaller foundations accounted for only one-fifth of all foundation assets. Three percent of all foundations held assets of \$10 million to under \$50 million and accounted for another one-fifth of all assets. The largest foundations, which held assets of \$50 million or more, formed slightly less than 1 percent of the foundation population but held the remaining three-fifths of the total assets of all foundations. Only 127 foundations had assets of \$100 million or more for 1985, but they accounted for half of all foundation assets.

Top Foundations

Figure B lists the top ten foundations ranked both by size of assets and grants paid. The 10 largest asset-size foundations ranked by asset size held 19 percent of all foundation assets, while the top 10 grantmakers gave out approximately 14 percent of all grants made for 1985.

The top foundations ranked by size of assets for 1985 remained virtually the same as those which were ranked the highest for 1983, the most recent prior year for which similar information is available. However, the Hewlett Foundation, which was ranked number 10 by size of assets for 1983, dropped from the 1985 rankings and was replaced

Figure B.—Top Ten Domestic¹ Nonoperating Foundations Ranked by Fair Market Value (FMV) of Assets and Grants Paid, Income Year 1985

(Millions of Dollars)

Asset rankings				
	Name	FMV of assets	Book value of assets	Grants paid
1	Ford Foundation	\$4,758.9	\$4,758.9	\$168.3
2	W.K. Kellogg Foundation Trust.....	3,011.3	620.0	76.3
3	The MacArthur Foundation.....	2,296.4	2,164.8	54.0
4	Robert Wood Johnson Foundation....	1,544.8	710.0	18.1
5	Andrew W. Mellon Foundation	1,383.8	936.6	63.5
6	Rockefeller Foundation	1,345.6	1,145.3	36.8
7	Pew Memorial Trust	1,342.1	496.1	49.7
8	Lilly Endowment	1,329.6	181.2	27.1
9	Kresge Foundation	938.3	648.5	4.4
10	Carnegie Corporation of NY.....	715.3	600.5	26.5

Grant rankings				
	Name	Grants paid	FMV of assets	Book value of assets
1	Ford Foundation	\$168.3	\$4,758.9	\$4,758.9
2	Danforth Foundation.....	112.3	215.1	29.8
3	W.K. Kellogg Foundation Trust.....	76.3	3,011.3	620.0
4	W.K. Kellogg Foundation	72.7	97.0	65.4
5	Andrew W. Mellon Foundation	63.5	1,383.8	936.6
6	The MacArthur Foundation.....	54.0	2,296.4	2,164.8
7	Pew Memorial Trust	49.7	1,342.1	496.1
8	Duke Endowment	42.9	654.8	264.5
9	Rockefeller Foundation	36.8	1,345.6	1,145.3
10	W.M. Keck Foundation	32.0	547.1	547.1

¹ A foundation is considered "domestic" if it is organized in the United States; however, this does not necessarily imply that all of its activities or grant recipients are domestic.

by the Carnegie Corporation of New York. Hewlett reported a nearly 11 percent decrease in the value of its assets between 1983 and 1985. Assets of the W.K. Kellogg Foundation Trust increased by close to \$2 billion, a 173-percent increase over the 2-year period. The Kellogg Foundation Trust benefited from a rapid increase in the value of Kellogg Corporation stock, 35 percent of which was owned by the Trust. The increase in the Trust's total assets may have been even larger if the Internal Revenue Code had not required it to divest itself of "excess business holdings" by the end of its 1983 accounting period [9].

In addition to making grants of \$4.4 million, the Kresge Foundation earmarked for future charitable projects \$36.1 million which qualified as a "set-aside" distribution for its 1985 accounting period. The Danforth Foundation, ranked second in terms of grant-giving dollars, made the largest single grant for 1985, contributing \$100 million to the Washington University of St. Louis [10]. While the W.K. Kellogg Foundation Trust and the W.K. Kellogg Foundation appear as the third and fourth largest grantmakers, it should be noted that the Kellogg Trust's entire contribution of \$76.3 million was made to the Kellogg Foundation. The Foundation redistributed the Trust's contribution as part of its \$79.9 million of qualifying distributions made for 1985. In satisfying the requirements of a "pass-through" of this nature, the Kellogg Foundation deducted the redistributed \$76.3 million from its qualifying distributions and used only the balance toward meeting the annual minimum payout.

Analysis of Change in Payout Requirement

An analysis of the relationships between grants paid and the selected financial data items presented in Figure C, for the years for which statistics are available, suggests that a tax law revision enacted under the Economic Recovery Tax Act of 1981 had a significant effect on the investment behavior of private foundations [11]. The 1981 law changed the way a nonoperating foundation computed the annual minimum amount it was required to pay out for charitable purposes.

Prior to 1982, foundations generally had to pay out all of their current income for the year if it was greater than 5 percent of assets which were held for investment purposes (after certain allowed adjustments). During periods of high inflation, this had an eroding effect on foundation assets and seriously threatened the stability of a foundation's endowment base. If a foundation was required to pay out all of its current income and could not reinvest a portion of its earnings, the real value of the assets of the foundation would gradually decline in an inflationary environment. Because of this, foundations opted to include in their portfolios not only securities which offered high income yields, but also a large share of those which were expected to appreciate in value, even at the expense of receiving a lower short-run return on their investments.

Beginning with 1982, the minimum payout became a flat 5 percent of net investment assets (with certain allowed

Figure C.—Nonoperating Foundations: Investment Income, Investment Assets, and Qualifying Distributions, 1979–1985

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

Income year	Net investment income (NII)	Net investment assets (NIA)	Qualifying distributions	NII as percentage of NIA	Qualifying distributions as percentage of—	
					Net investment income	Net investment assets
	(1)	(2)	(3)	(4)	(5)	(6)
1979	\$3,027	\$36,527	\$3,233	8.3%	106.8%	8.9%
1982	5,077	49,072	4,554	10.3	89.7	9.3
1983	7,010	58,958	4,835	11.9	69.0	8.2
1985	9,179	75,355	5,734	12.2	62.5	7.6
Percentage increase, 1979 to 1985	203%	106%	77%	N/A	N/A	N/A
Inflation-adjusted increase, 1979 to 1985	114%	46%	25%	N/A	N/A	N/A

N/A—not applicable.

NOTES: "Qualifying distributions" (QD's) has been used in this table to calculate the payout rates shown in column 6. However, a foundation can apply excess distributions carried over from previous years to meet the required minimum payout of 5 percent of net investment assets. The excess distributions item was not available for all of the years covered by this table. Had excess distributions been used in the calculations for column 6, the resulting percentages would have been somewhat higher than those shown.

Form 990-PF 1985 return line item references and table column explanations:

(1) Part I, line 27b.

(2) Part IX, line 5.

(3) Part XIII, line 6.

(4) Table column (1) divided by table column (2).

(5) Table column (3) divided by table column (1).

(6) Table column (3) divided by table column (2).

SOURCE: Statistics for 1979, 1982 and 1983, respectively, are from U.S. Department of the Treasury, Internal Revenue Service, *Statistics of Income Bulletin*: Fall 1982, Volume 2, Number 2; Fall 1985, Volume 5, Number 2; and Winter 1986-87, Volume 6, Number 3.

adjustments), without regard to a foundation's income for the year. This change contributed, in part, to the large increase in revenue from sales of assets between 1982 and 1985. With the elimination of the requirement to pay out all of their investment income if it was higher than 5 percent of investment assets, foundations would have been encouraged to include in their portfolios more securities which produced higher income yields.

As a direct result of the 1981 payout requirement legislation, nonoperating foundations' qualifying distributions as a proportion of net investment income (column 5 of Figure C) had steadily declined since 1979. After 1981, current investment income was no longer considered as a factor in calculating the payout requirement. The payout rates shown in column 6 for the years 1982–1985 appear to be moving closer to the post-1981 required minimum payout of 5 percent of net investment assets. Even though the payout rates declined during the 1982–1985 period, they were consistently above the 5-percent minimum. Foundations may have been taking the opportunity provided under the 1981 law to reinvest at least part of their earnings to increase the value of their asset base.

In terms of inflation-adjusted dollars, the actual amount of qualifying distributions grew 25 percent between 1979 and 1985, while net investment income more than doubled [12]. The sizeable increase in investment income, compared to the more modest increases in net investment assets and qualifying distributions, can be attributed to three major factors which influenced foundation investment practices; namely, favorable market conditions, divestitures required by the excess business holdings provision (see footnote 7 for explanation), and the relaxed distribution rules, effective for accounting periods beginning after 1981.

A marked increase (138 percent) in net gain from sales of assets between 1982 and 1983 provides evidence of the portfolio restructuring which was a product of these three factors. The lowered payout requirement probably encouraged foundations that were heavily invested in appreciable stocks to include more high-yield securities in the mix of their assets. It also permitted foundations to retain more of their income for reinvestment. The compounding effect of the reinvested income may account for some of the substantial increase in net investment income between 1979 and 1985.

Foundation Investments

Foundation assets reached nearly \$100 billion in fair market value for 1985. Investments in securities accounted for over three-quarters of total assets. Cash, mostly in the form of savings, money market accounts, certificates of deposit, U.S. Treasury bills, and checking accounts, made up about one-tenth of all assets. Cash held by foundations

rose \$4.6 billion between 1982 and 1985, an 80-percent increase after adjustment for inflation. Considering the concurrent increase in foundations' net investment income and holdings of cash which occurred between 1982 and 1985, it appears that foundations chose to invest some of their earnings in short-term investments or other interest-bearing accounts, which together accounted for over 90 percent of the total cash reported by foundations for 1985.

Foundation investments viewed as a proportion of total assets ranged widely by size of foundation. Investments figured less prominently in the mix of the assets of small foundations and increased in importance as the asset size of an organization increased. As Figure D shows, the income yield on foundation investments declined as the foundation asset size increased. Figure D does not indicate, however, the "total return" (income yield plus unrealized appreciation value) of foundation investments, and a comprehensive assessment of foundation investment performance requires information not only on income yield but appreciation value of investments as well.

Not all of the information needed to determine the total rate of return on foundation investments was available from the Internal Revenue Service Form 990-PF returns which were used as the basis for this article. However, a recent study of foundation investment performance commissioned by the Council on Foundations concluded that about 46 percent of all foundations followed a total return philosophy as of 1984, the year for which a survey on this issue was conducted [13]. Over 80 percent of the large foundations (assets of \$50 million or more) surveyed pursued a total return objective compared to 45 percent of small foundations (assets under \$10 million). The Council's study further concluded that over the period 1979-1983, the median annual return rate decreased as asset size increased when

income yield alone was used as a measure, but that the rate of return increased as asset size increased when total return was the measure. These inverse results, obtained by using the two different approaches to measuring rate of return, correspond with the different investment philosophies and objectives of large and small foundations.

Investment expenses as a percentage of investments decreased as the size of the foundation increased. This suggests that larger foundations can more cost efficiently manage their portfolios than smaller foundations. A probable reason for this lies in the fact that the larger foundations held substantial dollar amounts of investments and could realize economies of scale that were not afforded to the smaller organizations that held less sizeable investments. Small organizations, most of which operate with volunteer staff, often need to pay fees to financial or legal professionals to manage their relatively small investments. Usually, an initial flat fee is charged for management services, regardless of an organization's asset size, and additional charges are then assessed based on a percentage of the value of the assets being managed. The fees paid by many small organizations, when compared to their total investments, were disproportionately higher than the fees or salaries paid by larger organizations, many of which have investments that are hundreds of times larger than those of the small organizations.

FOUNDATION DISBURSEMENTS AND GRANT ADMINISTRATIVE EXPENSES

Detailed information on private foundation grant administrative expenses (GAE) was first required to be reported by private foundations on the returns they filed with the Internal Revenue Service (IRS) for 1985. The requirement to report these expenses was the result of Congressional hearings reviewing the effect on private foundations of the Tax Reform Act of 1969, which included an emphasis on the portion of expenses which were related to grantmaking (such as those incurred in connection with responding to grant seekers, reviewing grant applications, and monitoring grants awarded). Members of the House Ways and Means Committee became concerned that some foundations might have been incurring excessive amounts of administrative expenses which were used to satisfy the annual charitable-purpose payout requirement. Upon seeking statistical information regarding private foundation administrative expenses, the Committee found that there were no reliable data available. Therefore, the Deficit Reduction Act of 1984 directed the Treasury Department to conduct a study of the administrative expenses of private foundations.

The 1984 Act also placed a temporary limitation (equal to 0.65 percent of net investment assets) on administrative expenses incurred for the purpose of making grants. Private foundations could apply these expenses, as "qual-

Figure D.—Selected Investment Items, by Size of Fair Market Value of Assets, 1985

[All figures are estimates based on a sample—money amounts are in millions of dollars]

Fair market value of assets	Total investments	Percentage of total assets	Net investment income		Investment expenses as a percentage of total investments
			Amount	As a percentage of total investments	
	(1)	(2)	(3)	(4)	(5)
Total.....	\$81,306	83.7%	\$10,043	12.4%	0.6%
Under \$100,000 ¹	212	43.7	58	27.2	2.2
\$100,000 under					
\$1,000,000.....	2,557	63.9	374	14.6	0.8
\$1,000,000 under					
\$10,000,000.....	11,652	75.6	1,619	13.9	0.9
\$10,000,000 under					
\$50,000,000.....	15,520	82.4	1,910	12.3	0.6
\$50,000,000 or more....	51,365	88.0	6,082	11.8	0.5

¹ Includes foundations with zero assets and unreported assets.
 NOTES: Detail may not add to total because of rounding.
 Form 990-PF 1985 return line item references and table column explanations:
 (1) Part II, sum of lines 10 through 13, column (c).
 (2) Table column (1) divided by Part II, line 16, column (c).
 (3) Part I, Line 27b.
 (4) Table column (3) divided by table column (1).
 (5) Part I, line 26, column (b) divided by table column (1)

Private Foundation Returns, 1985

ifying distributions," toward meeting either the charitable-purpose payout requirement (imposed on nonoperating foundations), or the income test (imposed on operating foundations). This temporary limitation on grant administrative expenses will expire on December 31, 1990 unless extended by Congress.

The Congressionally mandated study on the administrative expenses of foundations currently is being conducted jointly by IRS' Office of the Assistant Commissioner (Employee Plans and Exempt Organizations) and the Treasury Department's Office of Tax Policy. The statistics and conclusions resulting from this mandated study, scheduled for completion by January 1990, will be based on post-IRS audit information and will be much more detailed than the Statistics of Income (SOI) foundation expense data presented here. The SOI expense data are based on the tax returns as originally filed and do not reflect changes made at a later date, either by the organization or by IRS after examination. Nevertheless, they can be considered a preliminary indication of the effect of the new rules on foundation expenses and their relationship to the payout requirement. Since operating foundations were not subject to the payout requirement, they are excluded from much of the following discussion of foundation expenses as they relate to the requirement. Operating foundations, however, had to exclude from their qualifying distributions the portion of grant administrative expenses which exceeded the limitation amount. For purposes of meeting the income test (discussed earlier in the Background section), operating foundations could apply only those qualifying distributions which were made directly for the active conduct of the programs for which they were organized and operated. Grants made by operating foundations to other tax-exempt organizations were considered indirect expenditures and were not allowed as a qualifying distribution, but the administrative expenses associated with making the grants were considered a direct expenditure and were allowed.

Effective with Income Year 1985, only the portion of grantmaking administrative expenses which did not exceed 0.65 percent of net investment assets could be counted toward meeting the total 5 percent of net investment assets which nonoperating foundations were required to pay out annually for charitable purposes. The 0.65-percent limit was computed on the basis of a 3-year average (1983-1985 for 1985).

Private nonoperating foundation expenses for 1985 totaled \$6.4 billion, reducing gross revenue by 43 percent. About one-sixth of these expenditures was made up of operating and administrative expenses, while the remaining five-sixths consisted of grants paid out for charitable purposes.

The portions of total expenses reported by nonoperating foundations which were allocated as distributions for char-

itable purposes (i.e., grants paid, direct charitable activity operating expenses, and associated administrative expenses) and incurred as administrative expenses in order to carry on grantmaking programs are illustrated in Figure E. Ninety-eight percent of the 27,279 nonoperating foundations reporting total expenses also reported making disbursements for charitable purposes and slightly more than half reported grantmaking administrative expenses.

Nearly 90 percent of all nonoperating foundation expenses were incurred to support charitable or other tax-exempt activities (versus investment activities). Grants paid accounted for about nine-tenths of this charitable support. Operating and administrative costs made up the remaining one-tenth.

The cost of maintaining grantmaking programs was equal to about 6 percent of the total grants paid out by all nonoperating foundations. The smallest nonoperating foundations (assets under \$1 million) spent about 3 cents in administrative costs for every grant dollar contributed. These small organizations are more likely to have uncomplicated giving programs. Grantmaking administrative costs were highest for organizations with assets between \$25 million and \$50 million, which spent a little over 9 cents for each dollar paid out in grants. For the 25,219 nonoperating foundations which made grants, the proportion of organizations reporting administrative expenses related to grantmaking gradually rose as asset size increased, ranging from 6 out of every 10 organizations with assets under \$1 million to nearly all organizations with assets \$50 million and over.

Beginning with 1985 accounting periods, private foundation grant administrative expenses which exceeded 0.65 percent of their net investment assets (computed on a 3-year average) could not be applied toward meeting the required annual payout for charitable purposes (nonoperating foundations) or the income test (operating foundations). For 1985, 3,691 operating and nonoperating foundations reported \$91.6 million of "excess" (over the 0.65 percent limitation) grant administrative expenses. (Total grant administrative expenses of all foundations amounted to \$551.3 million, of which \$300.5 million was attributable to nonoperating foundations.)

The excess GAE which was reported by 3,402 nonoperating foundations amounted to \$59.8 million, or roughly one-fifth of all GAE reported by nonoperating foundations. Twelve percent of all nonoperating foundations reported GAE which exceeded the limitation amount. However, only 1 percent of all nonoperating foundations failed to meet the required annual charitable-purpose payout amount because of the limitation. However, these foundations have the 1-year grace period to distribute the required amount.

Roughly four out of every five organizations (including both operating and nonoperating) reporting GAE above the

Figure E.—Nonoperating Foundation Expense Items, 1985

[All figures are estimates based on a sample—money amounts are in millions of dollars]

Expense item	Total amount	Percentage of total amount disbursed for charitable purposes ¹	Percentage of total amount incurred to administer grantmaking programs	Percentage of disbursements for charitable purposes incurred to administer grantmaking programs
	(1)	(2)	(3)	(4)
Total expenses and disbursements	\$6,374	87.4%	4.7%	5.4%
Contributions, gifts, and grants paid	5,321	97.3 ²	N/A	N/A
Total operating or administrative expenses ³	1,053	37.2	28.5	76.7
Compensation of officers	127	59.0	53.1	90.1
Other salaries and wages	108	71.6	53.6	74.9
Pension plans and employee benefits	38	75.2	57.5	76.4
Legal fees	37	45.0	33.1	73.5
Accounting fees	24	42.7	35.0	82.1
Other professional fees	148	17.1	11.7	68.5
Interest	29	38.4	34.4	89.7
Taxes	220	2.9	2.2	76.6
Depreciation and depletion	60	N/A	N/A	N/A
Occupancy ⁴	35	80.3	75.9	94.5
Travel, conferences, and meetings	20	88.9	65.5	73.7
Printing and publications	10	82.5	59.8	72.4
Other expenses	196	44.5	28.0	62.8

¹ Foundations must report "disbursements for charitable purposes" using the cash method of accounting; however, they have the option to use either the cash or accrual method to report total expenses. If the accrual method was used, the "total amount" reported for an expense item may include amounts which were actually disbursed in a subsequent year or exclude amounts which were disbursed in the current year, but accrued in a prior year.

² Because of the accounting practices followed for reporting expenses, only the amount of contributions, gifts and grants which was actually paid (\$5,177 billion for 1985), versus accrued, was allowed to be reported as a disbursement for charitable purposes. For this reason, the percentage shown in column 2 for this item is less than 100. (Disbursements of contributions, gifts or grants are considered as made entirely for charitable purposes, while expenditures for any other item shown in Figure E can be allocated as made for either charitable or investment purposes.)

³ "Total operating or administrative expenses" are the total expenses of the foundation, exclusive of contributions, gifts and grants paid.

⁴ "Occupancy" included rents, mortgage interest, real estate taxes, utilities, trash removal, and any other service necessary for occupying office space or other facilities.

N/A—not applicable.

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

Form 990-PF 1985 return line item references and table column explanations:

(1) Part I, lines 13 through 26, column (a).

(2) Part I, lines 13 through 26, column (d) divided by corresponding items in table column (1).

(3) Part XII, lines 1 through 13 divided by corresponding items in table column (1).

(4) Part XII, lines 1 through 13 divided by corresponding items in Part I, lines 13 through 26, column (d).

statutory limit had assets under \$1 million. Many of the 2,779 small nonoperating foundations which reported an excess were not affected by the 0.65-percent limitation on GAE because they usually paid out, in qualifying distributions, nearly all of their current income, including investment earnings. These qualifying distributions most often well exceeded the required minimum distribution of 5 percent of investment assets, despite the limitation on grant administrative expenses. Less than one-half of 1 percent of organizations which reported excess GAE held assets of \$50 million or more. While less than one-fifth of the foundations reporting excess GAE had assets which ranged from \$1 million to under \$50 million, they accounted for well over four-fifths of the total dollar amount of the excess.

EXCISE TAX ON NET INVESTMENT INCOME

The excise tax on net investment income is a type of "audit" tax originally levied on private foundations under the Tax Reform Act of 1969 to provide funds for IRS oversight of foundation activities and the enforcement of laws governing their exempt status. Effective for tax years beginning in 1985, a provision of the Deficit Reduction Act of 1984 altered the excise tax payment requirements. Prior to the 1984 Act, domestic foundations generally paid a tax equal to 2 percent of their net investment income and foreign foundations paid a tax equal to 4 percent of their

gross investment income. Domestic organizations computed the excise tax based on investment income from all sources, while foreign organizations computed the tax based on investment income from U.S. sources only. For 1985, foreign foundations accounted for only 1 percent of the organizations reporting the tax and only 1 percent of the total amount of tax reported.

Under the new rules, the excise tax was waived for certain operating foundations which had been publicly supported for at least 10 years (or which were classified as operating foundations as of January 1, 1983); had a governing body broadly representative of the general public, as opposed to substantial contributors to the foundation or members of their family (called "disqualified persons"); and had no disqualified persons as officers of the foundation.

The 2-percent excise tax could be reduced to 1 percent for any domestic operating or nonoperating foundation that increased its qualifying distributions for charitable purposes by an amount equal to the 1 percent tax reduction (based on a 5-year average). The 4-percent excise tax levied on the gross investment income of foreign foundations remained unchanged.

Figure F presents excise tax information for 1982, 1983, and 1985, as reported by domestic private foundations.

Under the new excise tax provision, 283 operating foundations claimed an exemption from the tax for 1985. This meant that fifteen percent fewer operating foundations reported the tax than would have been required under the pre-1985 rules. Twenty-one percent of the domestic nonoperating foundations and 15 percent of the domestic operating foundations which were required to pay the excise tax qualified for the 1-percent reduction.

Foundations able to take advantage of the new 1985 excise tax rules reported \$32.2 million less in the excise tax on investment income, or 16 percent less than they would have under the old rules (assuming that the activities of private foundations did not change significantly as a result of the tax law revision). Close to 5,300 domestic foundations qualified for the 1-percent tax reduction, collectively reducing their tax by \$20.2 million and increasing their qualifying distributions for 1985 by at least that amount.

CHARITABLE DISTRIBUTIONS

For 1985, private foundations disbursed a total of \$6.3 billion in support of charitable activities. Operating foundations were responsible for 11 percent of the disbursements (about \$705 million), mainly for their own direct active involvement in tax-exempt activities. The remaining \$5.6 billion, disbursed by

Figure F.—Domestic Foundations Reporting Excise Tax on Net Investment Income, 1982, 1983 and 1985

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

Item	Income Year		
	1982	1983	1985
	(1)	(2)	(3)
All domestic foundations:			
Number of returns with excise tax.....	23,238	25,145	25,759
Total excise tax.....	\$110.4	\$166.0	\$167.6
Operating foundations:			
2-percent tax:			
Number of returns.....	1,945	1,973	1,406
Amount.....	\$9.3	\$26.3 ¹	\$4.0
1-percent tax:			
Number of returns.....	N/A	N/A	256
Amount.....	N/A	N/A	\$0.6
Number of returns claiming exemption from tax.....	N/A	N/A	283
Nonoperating foundations:			
2-percent tax:			
Number of returns.....	21,293	23,173	19,083
Amount.....	\$101.1	\$139.7	\$143.4
1-percent tax:			
Number of returns.....	N/A	N/A	5,014
Amount.....	N/A	N/A	\$19.6

¹ The substantial increase in excise taxes reported by operating foundations between 1982 and 1983 in large part can be attributed to the J. Paul Getty Trust, which for 1983 reported a 495-percent increase over 1982 in the amount of net investment income on which the tax is computed. (The increase largely was due to net gain from the sale of Getty oil stock.) For 1985, Getty qualified for the exemption from the tax. Excluding Getty from the table, the amounts shown for the 2-percent tax reported by operating foundations for the years 1982 and 1983 would be \$6.2 million and \$7.5 million, respectively. Had Getty not been exempt from paying the 2-percent tax for 1985, the amount shown for that year would be \$11.3 million.

N/A—not applicable.

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

Excise tax shown for 1985 is from Form 990-PF, Part VI, line 5.

SOURCE: Data for 1982 and 1983 respectively were from issues of the *Statistics of Income Bulletin* for Fall 1985, Volume 5, Number 2 and Winter 1986-87, Volume 6, Number 3.

nonoperating foundations, was principally given out as grants to other organizations that were directly engaged in charitable activities. A small portion (7 percent) of the disbursements of these nonoperating foundations was attributable to operating and administrative expenses applicable to the organizations' exempt purposes.

Charitable program-related investments, amounts reserved for future charitable projects, and amounts spent to acquire assets used for charitable purposes added to the \$5.6 billion of disbursements made by nonoperating foundations resulted in total qualifying distributions for 1985 of \$5.7 billion. (Qualifying distributions were those distributions which counted toward meeting a foundation's required annual payout for charitable purposes.) Nonoperating foundation qualifying distributions, taken collectively, exceeded the amount required to be given out for 1985 by \$2.1 billion, or more than half the required amount. In spite of this substantial excess of qualifying distributions over required payouts, nonoperating foundation assets for 1985 reached \$86.5 billion, an all-time high.

There were 21,852 nonoperating foundations with excess distributions to carry over to 1986. These represent 76.3 percent of the 28,649 nonoperating foundations. Twelve percent of the foundations that had a payout requirement for 1985 used at least some of their unapplied qualifying distributions carried over from the 5 previous years to meet the 1985 payout.

SUMMARY

For 1985, private foundations disbursed \$6.3 billion for charitable purposes, including \$5.2 billion in grants to organizations carrying on tax-exempt activities. These grant payments amounted to 32 percent of total foundation revenue reported for the year. Contributions received by foundations collectively made up the largest portion (33 percent) of their \$16.4 billion of total revenue. Net gain from sales of assets (primarily investment assets) was a close second as a major component of revenue, only 2 percentage points behind contributions received.

A look at the composition of revenue when foundations are classified by size of assets reveals a very different picture from that revealed when all foundations are considered. Sales of assets were responsible for a very small portion of the revenue of foundations which had assets under \$1 million, while contributions received accounted for over two-thirds of these organizations' revenue for 1985. Foundations with assets of at least \$1 million but less than \$25 million received nearly half of their revenue from contributions, one-fourth from interest and dividends, and one-fifth from sales of assets. The largest source of revenue for organizations with assets of \$25 million or more was income realized from sales of assets, which accounted for a

little over two-fifths of total revenue. The second largest source, interest and dividends, accounted for one-third of their total revenue. Contributions received, a less significant source of revenue for these largest foundations, accounted for only one-fifth of total revenue.

Foundation assets reached nearly \$100 billion for 1985, a 35-percent increase since 1983, the most recent prior year for which similar data are available. A 1981 tax law change and favorable market conditions between 1982 and 1985 had a positive effect on private foundation earnings. Under the 1981 law, nonoperating foundations no longer were required to pay out all of their current investment income if it exceeded 5 percent of their investment assets. After adjustment for inflation, income earned from their investments (mostly interest and dividend income and realized capital gains) more than doubled between 1979 and 1985, and net investment assets increased 46 percent during the same period. Based on a foundation payout model constructed by the Council on Foundations, the period 1984 to 1985 showed the highest level of percentage increase in investment returns since the 1953 to 1954 period.

As a result of a 1984 tax law revision, the excise tax on net investment income reported by private foundations was \$32.2 million less than it otherwise would have been (assuming that the activities of private foundations did not change significantly as a result of the tax law revision). Twenty percent of all foundations that were liable for the tax qualified for a 1-percent tax reduction because they increased their qualifying distributions by at least the same amount. The 1-percent tax reduction was claimed by 256 operating foundations and 5,014 nonoperating foundations. Fifteen percent of all operating foundations reporting net income from investments claimed an exemption from paying any excise tax under the new law.

DATA SOURCES AND LIMITATIONS

The statistics in this article are based on a sample of Income Year 1985 private foundation returns, Forms 990-PF, filed with the Internal Revenue Service. The 1985 Form 990-PF was required to be filed by organizations which had accounting periods beginning in that year (accounting periods ending December 1985 through November 1986). Forms 990-PF filed by nonexempt charitable trusts and certain taxable foundations were excluded from the study. The sample was stratified based on size of book value of total assets and selected at rates that ranged from 0.7 percent to 100 percent. The 1,905 returns in the sample were drawn from an estimated population of 31,221.

The 1985 sample was designed to provide the most reliable estimates of total assets and total revenue based on a small number of returns. The methodology employed was to include in the sample all returns with assets (book value)

of \$10 million or more, since these were the returns that dollar-wise accounted for most foundation activity. The 930 returns in this group accounted for approximately 49 percent of all the returns in the sample and 77 percent of the book value of the total assets of all foundations. The remaining 975 returns in the sample were randomly selected at various rates, depending on the asset size and date selected.

The population from which the sample was drawn consisted of private foundation records posted to the IRS Business Master File between 1986 and 1988. Some of the records designated were for organizations that were deemed inactive or terminated. Inactive and terminated private foundations are not reflected in the estimates. Prior-year returns were substituted for the small number of large private foundations for which a 1985 return had not yet been filed or was otherwise unobtainable for inclusion in the study. Sample weights applied to small organizations were revised upward to compensate for missing returns in that category.

The data presented were collected from returns as originally filed. In most cases, changes made to the original return as a result of an IRS examination or a taxpayer amendment were not incorporated into the data base.

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

Figure G presents approximate coefficients of variation for frequency estimates of private foundation returns with less than \$10 million in assets. Returns with assets of \$10 million or more were selected at a prescribed rate of 100 percent; therefore, this category is not subject to sampling error. The approximate CV's shown here are intended only as a general indication of the reliability of the data. For a number other than those shown below, the corresponding CV's can be estimated by interpolation.

Figure G.—Coefficient of Variation Table, 1985

Estimated number of returns by size of book value of total assets			Approximated coefficient of variation
Under \$100,000 or not reported	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	
(1)	(2)	(3)	(4)
12,600	8,600	3,100	.025
10,800	6,100	1,900	.050
8,800	4,100	1,200	.075
6,900	2,800	700	.100
4,300	1,500	400	.150
2,000	600	100	.250

A discussion of the reliability of estimates based on samples and the use of coefficients of variation for evaluating the precision of sample estimates can be found in the general Appendix to this publication.

EXPLANATION OF SELECTED TERMS

The following explanations describe terms as they applied to private foundations for 1985.

Assets Zero or Not Reported.—Included in this asset size category were: (1) final returns of liquidating or dissolving foundations which had disposed of all assets, and (2) returns of foundations not reporting end-of-year assets that apparently distributed all assets and income received during the year.

Disbursements for Charitable Purposes.—These deductions represented grants paid and other expenditures for activities that were directly related to the tax-exempt purposes of the foundation. Included were necessary and reasonable administrative expenses paid for charitable, scientific, educational, or other similar purposes. These amounts were determined solely on the cash receipts and disbursements method of accounting, as required by law or regulations.

Distributable Amount.—The distributable amount represented the minimum payout which was required to be distributed by the end of the year following the year for which the return was filed in order to avoid being subject to an excise tax for failure to distribute income currently. This amount was computed as 5 percent of net investment assets, called the "minimum investment return," minus taxes on net investment income and "unrelated business income," plus or minus allowed or required adjustments. (See "Net Adjustments to Distributable Amount" for a definition of allowed adjustments.)

Minimum Investment Return.—This was the aggregate fair market value of assets not used for charitable purposes, less the sum of indebtedness incurred to acquire those assets and cash held for charitable activities, multiplied by 5 percent. The minimum investment return was used as the base for calculating the "distributable amount."

Net Adjustments to Distributable Amount.—Adjustments that increased the "distributable amount" consisted of increases attributable to the income portion (as distinct from the principal portion) of distributions from split-interest trusts on amounts placed in trust after May 26, 1969. A split-interest trust was a trust which was not exempt from tax; not all of whose interests were devoted to charitable, religious, educational, and like purposes; but which had amounts in trust for which a charitable contribution deduc-

tion was allowed. Recoveries of amounts previously treated as qualifying distributions also had to be added back to the distributable amount.

Adjustments that decreased the distributable amount were the result of income required to be accumulated as part of an organization's governing instrument. These adjustments were allowed only to foundations organized before May 27, 1969, whose governing instrument continued to require the accumulation because State Courts would not allow the organization to change its governing instrument.

Nonoperating Foundations.—Nonoperating foundations were organizations that carried on their charitable activities in an indirect manner by making grants, in general, to other organizations that were directly engaged in charitable activities, rather than engaging in charitable activities themselves. However, some nonoperating foundations were actively involved in charitable programs, in addition to making grants. Nonoperating foundations were subject to an excise tax (and possible additional penalties) for failure to distribute an annual minimum amount for charitable purposes within a required time period.

Operating Foundations.—Operating foundations generally expended their income for direct, active involvement in a tax-exempt activity, such as operating a library or museum, or conducting scientific research. To qualify as an operating foundation for a particular taxable year, a private foundation had to spend at least 85 percent of the lesser of its adjusted net income or minimum investment return on the direct, active conduct of exempt-purpose activities (the "income test") and satisfy one of three other tests termed the "assets test," the "endowment test," and the "support test." Operating foundations were excepted from the income distribution requirements and related excise taxes applicable to nonoperating foundations. Distributions made by a private nonoperating foundation to an operating foundation qualified toward meeting the distributable amount. (Distributions made by one nonoperating foundation to another were subject to a number of strict conditions and restrictions requiring a "pass-through" of the distribution whereby the donor foundation received credit for a qualifying distribution but the donee foundation did not.) Additionally, contributions to operating foundations were deductible on the tax returns of the donors up to 50-percent of their adjusted gross income (reduced to 30 percent for contributions to nonoperating foundations) provided under the Internal Revenue Code.

Private Foundations.—Private foundations were non-profit corporations, associations, or trusts with a narrow source of funds which operated or supported social, educational, scientific, charitable, religious, and other programs dedicated to improving the general welfare of soci-

ety. By law, a private foundation was an organization which qualified for tax-exempt status under Internal Revenue Code section 501(c)(3) and was not a church; school; hospital; medical research organization; an organization with broad public support, in the form of contributions or income from tax-exempt activities; an organization which was operated by, or in connection with, any of the above described organizations; or an organization which tested for public safety. The primary difference between foundations and public charities lay in the sources of their funding. Foundations usually received their funds from an individual, a family, or a corporation, while, as their name implies, public charities' funds were derived mainly from a large number of sources within the general public.

Sales of Assets.—This item represented the net gain or loss from the sale of foundation assets, exclusive of gross profit or loss from sales of inventory (items a foundation makes to sell to others or buys for resale). Included was profit or loss from sale of items of an investment nature such as securities, land, buildings, or equipment. Gain or loss reflected the amount shown on the books of the foundation and included any amount from the sale of property used for tax-exempt purposes. Most of the amount reported by foundations as "net gain or loss from sale of assets" on their Forms 990-PF was from sales of stocks and bonds. Profit or loss from the sale of inventory items was included in gross profit (loss) from business activities.

Value of Noncharitable Assets (Investment Assets).—For purposes of calculating "minimum investment return," only the assets that were not used or held for tax-exempt purposes entered into the computation. An asset was not used directly in carrying out the foundation's exempt purpose if the asset was not used in the carrying on of a charitable, educational, or other similar function which gave rise to the exempt status of the foundation.

NOTES AND REFERENCES

- [1] Throughout this article, contributions, gifts, and grants are referred to collectively as "grants."
- [2] Foundation disbursements for charitable purposes could include amounts paid out in grants, direct expenditures to operate a charitable program or activity, and all necessary and reasonable administrative expenses which were incurred in implementing the foundation's charitable purposes.
- [3] In addition to adding the \$9.2 billion of excess revenue over expenses to their asset base, foundations also reported other adjustments (mostly due to unrealized appreciation or depreciation) to the value of their assets at the end of their 1985 accounting periods.
- [4] All references to assets are stated at their fair market value unless otherwise indicated.
- [5] The Foundation Center, *National Data Book*, 11th Edition, New York, 1987.
- [6] For an in-depth discussion of Internal Revenue Code section 501(c)(3) organizations other than private foundations, see Hilgert, Cecelia, "Nonprofit Charitable Organizations, 1983," *Statistics of Income Bulletin*, Spring 1987, Volume 6, Number 4.
- [7] Activities termed "charitable" refer to any tax-exempt activities which are educational, social, scientific, charitable, or religious in nature.
- [8] If an organization failed to meet the Internal Revenue Service's requirements for retaining its more favored tax status of "public charity," it was reclassified as a private nonoperating foundation. Most often, these reclassified organizations continued to operate like public charities, operating programs or providing direct services, as opposed to making grants to accomplish a charitable purpose. Perhaps many of these organizations could have qualified as operating foundations, but had not requested such status from the Internal Revenue Service.
- [9] Information on the W.K. Kellogg Foundation Trust's holdings of Kellogg Corporation stock was obtained from the Council on Foundations, Washington, DC. Under the "excess business holdings" provision of the Internal Revenue Code, foundations which on May 26, 1969, held more than a 75-percent interest either in the voting stock or in the value of all classes of stock in a business enterprise generally were required to dispose of a certain amount of that interest to reach a permissible level of holdings within the 15-year period ending on May 26, 1984.
- [10] *USA TODAY*, "How Foundations Spend Their Money," December 15, 1987.
- [11] Comparative statistics are being used for the years 1974, 1979, 1982 and 1983 because they are the years in which Statistics of Income (SOI) data are available. SOI studies of private foundations were not conducted for any omitted intervening years between 1974 and 1985. Certain data published for 1982 have been revised and the revised data have been used in the comparisons contained in this article. Updated 1982 data are available upon request from the Director, Statistics of Income Division R:S, Internal Revenue Service, Washington, DC 20224.

[12] All inflation-adjusted figures cited in this article were derived using the Implicit Price Deflators for Gross National Product contained in Council of Economic Advisors, *Economic Report of the President*, February 1988, Table B-3.

[13] See Salamon, Lester M. and Voytek, Kenneth P., *Managing Foundation Assets: An Analysis of Foundation Investment and Payout Procedures and Performance*, A Report to the Council on Foundations, The Foundation Center, 1989.

Table 1.—Number of Private Foundations and Selected Financial Data, by Type of Foundation¹ and Size of Fair Market Value of Assets

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

Size of fair market value of assets	Number of returns	Total revenue		Total expenses		Excess of revenue over expenses (net)		Excess of revenue over expenses		Disbursements for exempt purposes		Contributions, gifts and grants paid		Grant administrative expenses	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
All foundations, total.....	31,221	30,397	16,412,533	29,691	7,240,579	30,217	9,171,952	20,826	9,863,306	28,966	6,273,522	26,288	5,244,114	16,591	551,262
Zero or unreported.....	*409	*391	*30,815	*409	*119,119	*266	*-88,305	*35	*55	*374	*115,893	*356	*115,887	*18	*1
\$1 under \$100,000.....	13,222	12,509	249,043	12,010	188,339	12,527	60,703	7,530	92,246	11,835	178,121	10,196	156,628	5,944	11,214
\$100,000 under \$1,000,000.....	11,511	11,433	991,222	11,230	731,997	11,371	259,224	8,158	465,936	10,815	677,894	10,216	539,597	6,166	105,808
\$1,000,000 under \$10,000,000.....	4,871	4,861	3,087,775	4,841	1,541,960	4,851	1,545,814	4,020	1,743,096	4,746	1,355,035	4,418	1,057,797	3,406	118,688
\$10,000,000 under \$25,000,000.....	694	690	2,373,352	689	850,351	690	1,523,001	624	1,565,535	666	761,165	627	636,475	612	77,373
\$25,000,000 under \$50,000,000.....	238	237	1,369,113	237	609,038	237	760,075	213	810,877	236	540,673	218	446,501	198	63,164
\$50,000,000 under \$100,000,000.....	148	148	1,765,574	148	776,487	148	989,087	132	1,024,338	147	659,359	134	540,299	129	54,818
\$100,000,000 or more.....	127	127	6,545,639	127	2,423,287	127	4,122,353	114	4,161,223	127	1,985,383	122	1,750,930	119	120,198
Nonoperating foundations, total.....	28,649	27,987	14,760,155	27,279	6,373,876	27,788	8,386,277	19,541	9,056,134	26,735	5,568,438	25,219	5,176,563	15,326	300,497
Zero or unreported.....	*391	*374	*30,622	*391	*118,971	*248	*-88,349	*18	*12	*356	*115,745	*339	*115,739	—	—
\$1 under \$100,000.....	11,852	11,283	221,772	10,801	162,618	11,300	59,153	6,998	89,400	10,678	157,747	9,717	151,321	5,374	5,376
\$100,000 under \$1,000,000.....	10,814	10,754	834,770	10,532	599,083	10,673	235,686	7,820	436,756	10,214	554,694	9,812	530,233	5,764	16,132
\$1,000,000 under \$10,000,000.....	4,520	4,510	2,687,818	4,490	1,248,574	4,500	1,439,244	3,749	1,627,945	4,425	1,111,817	4,301	1,045,318	3,225	57,410
\$10,000,000 under \$25,000,000.....	610	606	2,187,562	605	747,974	606	1,439,588	546	1,480,337	604	678,357	596	630,284	543	39,962
\$25,000,000 under \$50,000,000.....	213	212	1,256,519	212	538,499	212	718,020	191	765,533	211	490,700	209	444,332	185	38,588
\$50,000,000 under \$100,000,000.....	130	130	1,544,454	130	671,140	130	873,314	114	908,565	129	581,134	128	536,745	120	28,720
\$100,000,000 or more.....	118	118	5,996,639	118	2,287,017	118	3,709,622	106	3,747,945	118	1,878,245	117	1,722,592	114	114,310
Operating foundations, total.....	2,572	2,410	1,652,378	2,412	866,702	2,429	785,675	1,285	807,172	2,231	705,084	1,069	67,551	1,265	250,765
Zero or unreported.....	*18	*18	*193	*18	*149	*18	*44	*18	*44	*18	*149	*18	*148	*18	*1
\$1 under \$100,000.....	1,370	1,227	27,271	1,209	25,722	1,227	1,549	532	3,205	1,157	20,374	479	5,308	570	5,839
\$100,000 under \$1,000,000.....	698	679	156,452	698	132,913	698	23,539	339	29,180	602	123,200	404	9,364	402	89,675
\$1,000,000 under \$10,000,000.....	352	352	399,957	352	293,386	352	106,571	271	115,151	321	243,218	117	12,479	117	61,278
\$10,000,000 under \$25,000,000.....	83	83	185,970	83	102,377	83	83,413	78	85,198	81	82,808	31	6,191	68	37,410
\$25,000,000 under \$50,000,000.....	25	25	112,594	25	70,538	25	42,056	22	45,344	25	49,973	9	2,169	13	24,576
\$50,000,000 under \$100,000,000.....	18	18	221,120	18	105,347	18	115,773	18	115,773	18	78,225	6	3,554	9	26,098
\$100,000,000 or more.....	9	9	549,001	9	136,270	9	412,731	8	413,278	9	107,137	5	28,338	5	5,888
Grantmaking foundations, total.....	26,252	26,252	15,228,333	26,270	6,674,835	25,875	8,553,496	17,710	9,220,924	26,288	5,852,602	26,288	5,244,114	14,923	319,374
Zero or unreported.....	*356	*339	*30,653	*356	*116,563	*213	*-85,909	*18	*44	*356	*115,889	*356	*115,887	*18	*1
\$1 under \$100,000.....	10,196	10,178	206,845	10,178	165,453	10,018	41,391	5,803	71,049	10,196	161,783	10,196	156,628	5,018	4,250
\$100,000 under \$1,000,000.....	10,216	10,216	816,545	10,216	601,851	10,135	214,693	7,239	413,869	10,216	566,156	10,216	539,597	5,745	24,246
\$1,000,000 under \$10,000,000.....	4,418	4,418	2,789,279	4,418	1,394,891	4,408	1,394,387	3,658	1,588,086	4,418	1,250,500	4,418	1,057,797	3,151	62,415
\$10,000,000 under \$25,000,000.....	627	627	2,204,377	627	761,849	627	1,442,528	627	1,627,945	627	636,475	627	636,475	564	43,743
\$25,000,000 under \$50,000,000.....	218	218	1,287,570	218	552,960	218	734,610	197	780,423	218	500,639	218	446,501	188	35,489
\$50,000,000 under \$100,000,000.....	134	134	1,559,175	134	703,218	134	855,957	118	891,208	134	605,301	134	540,299	122	32,560
\$100,000,000 or more.....	122	122	6,333,889	122	2,378,049	122	3,955,840	110	3,994,163	122	1,956,712	122	1,750,930	117	116,670
Grantmaking-nonoperating foundations, total.....	25,219	25,184	14,306,847	25,201	6,292,795	24,806	8,014,049	17,115	8,672,456	25,219	5,531,093	25,219	5,176,563	14,288	274,939
Zero or unreported.....	*339	*321	*30,461	*339	*116,414	*196	*-85,953	—	—	*339	*115,740	*339	*115,739	—	—
\$1 under \$100,000.....	9,717	9,699	198,867	9,699	158,604	9,539	40,262	5,573	69,766	9,717	155,268	9,717	151,321	4,769	3,596
\$100,000 under \$1,000,000.....	9,812	9,812	759,327	9,812	570,075	9,731	189,252	7,037	385,883	9,812	542,005	9,812	530,233	5,462	11,391
\$1,000,000 under \$10,000,000.....	4,301	4,301	2,570,142	4,301	1,227,471	4,291	1,342,670	3,561	1,531,015	4,301	1,102,234	4,301	1,045,318	3,101	48,449
\$10,000,000 under \$25,000,000.....	596	596	2,149,244	596	738,897	596	1,410,347	538	1,449,285	596	675,234	596	630,284	540	39,353
\$25,000,000 under \$50,000,000.....	209	209	1,246,200	209	526,916	209	719,284	189	764,747	209	482,444	209	444,332	183	30,332
\$50,000,000 under \$100,000,000.....	128	128	1,481,748	128	667,725	128	814,023	112	849,274	128	579,992	128	536,745	119	27,577
\$100,000,000 or more.....	117	117	5,870,856	117	2,286,693	117	3,584,163	105	3,622,487	117	1,878,176	117	1,722,592	113	114,241
Grantmaking-operating foundations, total.....	1,069	1,069	921,486	1,069	382,039	1,069	539,447	595	548,469	1,069	321,509	1,069	67,551	635	44,435
Zero or unreported.....	*18	*18	*193	*18	*149	*18	*44	*18	*44	*18	*149	*18	*148	*18	*1
\$1 under \$100,000.....	479	479	6,849	479	6,849	479	1,129	*231	*1,284	479	6,515	479	5,308	*248	*653
\$100,000 under \$1,000,000.....	404	404	57,217	404	31,776	404	25,441	*202	*27,986	404	24,152	404	9,364	*283	*12,855
\$1,000,000 under \$10,000,000.....	117	117	219,137	117	167,420	117	51,717	*97	*57,071	117	148,266	117	148,266	*51	*13,967
\$10,000,000 under \$25,000,000.....	31	31	55,132	31	22,952	31	32,180	29	32,797	31	20,387	31	6,191	24	4,390
\$25,000,000 under \$50,000,000.....	9	9	41,370	9	26,044	9	15,325	9	15,677	9	18,196	9	2,169	5	5,157
\$50,000,000 under \$100,000,000.....	6	6	77,427	6	35,493	6	41,934	6	41,934	6	25,309	6	3,554	3	4,983
\$100,000,000 or more.....	5	5	463,032	5	91,356	5	371,676	5	371,676	5	78,536	5	28,338	4	2,430
Nongrantmaking-nonoperating foundations, total.....	3,430	2,803	453,309	2,078	81,081	2,981	372,228	2,427	383,678	1,517	37,345	—	—	1,038	25,558
Zero or unreported.....	*53	*53	*161	*53	*2,557	*53	*-2,396	*18	*12	*18	*4	—	—	—	—
\$1 under \$100,000.....	2,135	1,583	22,904	1,101	4,013	1,761	18,891	1,425	19,275	961	2,478	—	—	605	1,779
\$100,000 under \$1,000,000.....	1,002	942	75,443	721	29,009	942	46,434	783	50,874	402	12,689	—	—	*302	*4,741
\$1,000,000 under \$10,000,000.....	219	209	117,676	189	21,103	209	96,573								

Table 1.—Number of Private Foundations and Selected Financial Data, by Type of Foundation¹ and Size of Fair Market Value of Assets—Continued

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

Size of fair market value of assets	Net investment income		Net gain or loss from sale of assets		Excise tax on net investment income				Total assets (book value)		Investments in securities (book value)		Total assets (fair market value)		
	Number of returns	Amount	Number of returns	Amount	Total	Domestic organizations		Foreign organizations		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
						Number of returns	Amount	Number of returns	Amount						
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
All foundations, total	26,675	10,042,766	10,189	5,128,130	169,529	25,759	167,606	46	1,922	30,847	73,225,342	18,718	53,980,591	30,812	97,089,200
Zero or unreported.....	*161	*28,563	*18	*3	*571	*161	*571	—	—	*35	*85	—	—	—	—
\$1 under \$100,000.....	9,588	28,955	984	2,743	516	9,036	516	—	—	13,222	406,582	5,651	158,735	13,222	443,352
\$100,000 under \$1,000,000.....	10,995	373,938	4,726	69,566	6,542	10,876	6,542	—	—	11,511	3,442,972	7,827	1,664,003	11,511	4,003,165
\$1,000,000 under \$10,000,000.....	4,745	1,619,209	3,419	577,845	28,183	4,573	28,164	*19	*19	4,871	12,651,620	4,094	7,981,319	4,871	15,410,722
\$10,000,000 under \$25,000,000.....	682	1,043,987	576	506,853	18,318	644	17,981	16	337	694	7,727,924	657	5,528,039	694	10,692,655
\$25,000,000 under \$50,000,000.....	231	866,270	210	464,959	14,381	213	14,147	6	234	238	6,335,925	221	4,647,642	238	8,150,638
\$50,000,000 under \$100,000,000.....	147	1,165,826	139	593,964	19,397	136	18,832	3	566	148	7,929,076	142	6,015,035	148	10,265,729
\$100,000,000 or more.....	126	4,916,019	117	2,912,197	81,619	120	80,852	2	767	127	34,731,159	125	27,985,817	127	48,122,888
Nonoperating foundations, total	24,720	9,178,989	9,676	4,691,058	164,930	24,098	163,008	46	1,922	28,275	64,377,227	17,492	48,852,295	28,257	86,505,757
Zero or unreported.....	*161	*28,563	*18	*3	*571	*161	*571	—	—	*18	*12	—	—	—	—
\$1 under \$100,000.....	8,680	26,137	984	2,743	461	8,128	461	—	—	11,852	365,816	5,151	139,857	11,852	398,487
\$100,000 under \$1,000,000.....	10,397	362,057	4,546	67,426	6,377	10,397	6,377	—	—	10,814	3,204,647	7,468	1,593,207	10,814	3,743,882
\$1,000,000 under \$10,000,000.....	4,424	1,534,132	3,205	540,287	27,301	4,382	27,282	*19	*19	4,520	11,318,750	3,847	7,387,145	4,520	13,777,097
\$10,000,000 under \$25,000,000.....	601	968,540	502	463,368	17,309	585	16,972	16	337	610	6,808,504	581	5,104,422	610	9,526,285
\$25,000,000 under \$50,000,000.....	210	812,150	192	441,164	13,996	203	13,762	6	234	213	5,641,376	202	4,298,976	213	7,303,334
\$50,000,000 under \$100,000,000.....	130	1,015,317	121	535,010	18,064	127	17,498	3	566	130	6,908,699	125	5,345,707	130	8,936,092
\$100,000,000 or more.....	117	4,432,093	109	2,641,056	80,851	115	80,084	2	767	118	30,129,423	117	24,982,981	118	42,820,579
Operating foundations, total	1,955	863,777	513	437,073	4,599	1,662	4,599	—	—	2,572	8,848,115	1,226	5,128,296	2,555	10,583,443
Zero or unreported.....	—	—	—	—	—	—	—	—	—	*18	*73	—	—	—	—
\$1 under \$100,000.....	908	2,818	—	—	56	908	56	—	—	1,370	40,766	*499	*18,878	1,370	44,865
\$100,000 under \$1,000,000.....	598	11,881	*181	*2,140	165	479	165	—	—	698	238,324	359	70,796	698	259,283
\$1,000,000 under \$10,000,000.....	321	85,077	214	37,558	882	191	882	—	—	352	1,332,870	248	594,174	352	1,633,625
\$10,000,000 under \$25,000,000.....	80	75,447	74	43,485	1,009	59	1,009	—	—	83	919,419	75	423,618	83	1,166,370
\$25,000,000 under \$50,000,000.....	21	54,120	18	23,795	385	10	385	—	—	25	694,549	19	348,666	25	847,353
\$50,000,000 under \$100,000,000.....	17	150,509	18	58,954	1,333	9	1,333	—	—	18	1,020,377	17	669,328	18	1,329,637
\$100,000,000 or more.....	9	483,926	8	271,140	768	5	768	—	—	9	4,601,736	8	3,002,836	9	5,302,309
Grantmaking foundations, total	24,206	9,652,785	9,566	4,978,661	164,665	23,570	162,798	44	1,867	25,949	68,592,008	17,259	51,739,802	25,931	91,435,231
Zero or unreported.....	*143	*28,483	—	—	*570	*143	*570	—	—	*18	*73	—	—	—	—
\$1 under \$100,000.....	8,575	26,849	984	2,743	477	8,093	477	—	—	10,196	356,787	5,277	149,323	10,196	393,068
\$100,000 under \$1,000,000.....	10,016	349,177	4,446	66,669	6,089	9,976	6,089	—	—	10,216	3,055,948	7,106	1,511,488	10,216	3,573,926
\$1,000,000 under \$10,000,000.....	4,376	1,512,989	3,177	548,700	26,835	4,304	26,817	*19	*19	4,418	11,196,140	3,823	7,324,277	4,418	13,699,788
\$10,000,000 under \$25,000,000.....	625	996,371	522	487,444	17,218	604	17,345	16	337	627	6,944,641	597	5,138,103	627	9,787,327
\$25,000,000 under \$50,000,000.....	215	835,689	198	450,527	14,078	206	13,899	4	179	218	5,813,820	206	4,416,002	218	7,496,529
\$50,000,000 under \$100,000,000.....	134	1,049,853	126	534,196	17,863	128	17,297	3	566	134	7,210,316	130	5,632,119	134	9,285,819
\$100,000,000 or more.....	121	4,853,373	113	2,888,382	81,072	116	80,305	2	767	122	34,014,282	120	27,568,491	122	47,198,775
Grantmaking-nonoperating foundations, total	23,285	9,076,665	9,297	4,651,255	162,952	22,747	161,085	44	1,867	24,680	63,064,203	16,528	48,314,135	24,880	85,026,609
Zero or unreported.....	*143	*28,483	—	—	*570	*143	*570	—	—	—	—	—	—	—	—
\$1 under \$100,000.....	8,183	25,231	984	2,743	445	7,701	445	—	—	9,717	335,839	4,938	133,196	9,717	368,321
\$100,000 under \$1,000,000.....	9,652	338,908	4,284	64,490	5,937	9,652	5,937	—	—	9,812	2,903,707	6,823	1,443,775	9,812	3,404,274
\$1,000,000 under \$10,000,000.....	4,259	1,495,428	3,114	538,196	26,586	4,230	26,567	*19	*19	4,301	10,869,028	3,756	7,259,199	4,301	13,298,922
\$10,000,000 under \$25,000,000.....	595	963,355	496	462,714	17,218	579	16,881	*16	*337	596	6,606,229	571	5,011,759	596	9,307,415
\$25,000,000 under \$50,000,000.....	207	809,212	191	441,005	13,910	202	13,731	*4	*179	209	5,530,468	199	4,243,084	209	7,154,750
\$50,000,000 under \$100,000,000.....	128	985,561	120	501,163	17,469	125	16,903	*3	*566	128	6,822,384	124	5,335,024	128	8,805,223
\$100,000,000 or more.....	116	4,430,487	108	2,640,943	80,819	114	80,052	*2	*767	117	29,996,549	116	24,888,098	117	42,687,705
Grantmaking-operating foundations, total	921	576,120	269	327,406	1,714	823	1,714	—	—	1,069	5,527,804	731	3,425,667	1,051	6,408,622
Zero or unreported.....	—	—	—	—	—	—	—	—	—	*18	*73	—	—	—	—
\$1 under \$100,000.....	*391	*1,619	—	—	*32	*391	*32	—	—	479	20,948	*339	*16,127	479	24,747
\$100,000 under \$1,000,000.....	*364	*10,269	*162	*2,179	*153	*323	*153	—	—	404	152,241	*283	*67,713	404	169,652
\$1,000,000 under \$10,000,000.....	117	17,561	*64	*10,504	*249	*74	*249	—	—	117	327,113	*67	*65,077	117	400,866
\$10,000,000 under \$25,000,000.....	30	33,017	26	24,730	464	25	464	—	—	31	338,413	26	126,344	31	479,912
\$25,000,000 under \$50,000,000.....	8	26,477	7	9,522	168	4	168	—	—	9	283,351	7	172,919	9	341,779
\$50,000,000 under \$100,000,000.....	6	64,292	6	33,033	394	3	394	—	—	6	387,932	6	297,095	6	480,596
\$100,000,000 or more.....	5	422,886	5	247,439	253	2	253	—	—	5	4,017,734	4	2,680,393	5	4,511,070
Nongrantmaking-nonoperating foundations, total	1,436	102,324	379	39,803	1,978	1,350	1,923	*2	*55	3,395	1,313,024	964	538,160	3,377	1,479,148
Zero or unreported.....	*18	*80	*18	*3	*2	*18	*2	—	—	*18	*12	—	—	—	—
\$1 under \$100,000.....	497	907	—	—	16	426	16	—	—	2,135	29,977	*213	*6,661	2,135	30,165
\$100,000 under \$1,000,000.....	745	23,148	*262	*2,935	441	745	441	—	—	1,002	300,940	645	149,432	1,002	339,609
\$1,000,000 under \$10,000,000.....	165	38,704	*91	*2,091	715	152	715	—	—	219	449,722	*91	*127,945	219	478,175
\$10,000,000 under \$25,000,000.....	6	5,185	6	654	91	6	91	—	—	14	202,276	10	92,663	14	218,870
\$25,000,000 under \$50,000,000.....	3	2,938	1	158	86	1	86	—	—	4	110,907</				

Table 1.—Number of Private Foundations and Selected Financial Data, by Type of Foundation¹ and Size of Fair Market Value of Assets—Continued

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

Size of fair market value of assets	Investments in securities (fair market value)		Net worth		Minimum investment return		Distributable amount		Qualifying distributions		Excess grant administrative expenses		Undistributed income for 1985		Excess distributions carryover to 1986	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)
All foundations, total	18,544	75,030,077	30,853	70,046,573	28,370	4,097,359	26,024	3,672,648	29,189	6,636,222	3,691	91,568	5,947	907,733	21,852	7,261,095
Zero or unreported.....	—	—	*53	*-72	*178	*1,309	*161	*738	*391	*116,008	—	—	—	—	*356	*392,534
\$1 under \$100,000.....	5,508	193,934	13,222	397,074	11,087	19,027	9,983	17,875	11,709	176,766	2,051	2,341	2,033	2,545	9,144	529,469
\$100,000 under \$1,000,000.....	7,827	2,135,984	11,511	3,257,323	11,154	171,476	10,394	158,813	11,118	699,089	961	6,126	2,140	25,302	8,573	1,137,528
\$1,000,000 under \$10,000,000.....	4,064	10,177,827	4,861	12,191,442	4,763	648,421	4,432	598,256	4,776	1,384,114	504	29,757	1,351	130,708	3,134	2,108,204
\$10,000,000 under \$25,000,000.....	656	8,181,934	694	7,427,588	685	424,130	601	384,101	686	783,200	120	25,614	240	88,279	368	1,047,874
\$25,000,000 under \$50,000,000.....	221	6,194,103	237	5,962,698	230	330,216	207	295,283	234	559,262	38	24,325	78	81,100	133	619,024
\$50,000,000 under \$100,000,000.....	143	8,059,873	148	7,494,323	146	425,822	128	366,469	147	698,852	10	1,446	45	89,615	84	630,648
\$100,000,000 or more.....	125	40,086,422	127	33,316,198	127	2,076,956	118	1,851,113	127	2,218,931	7	1,960	59	490,184	59	795,815
Nonoperating foundations, total ...	17,318	89,123,461	28,281	51,940,359	26,295	3,764,356	26,024	3,672,648	26,883	5,733,895	3,402	59,811	5,947	907,733	21,852	7,261,095
Zero or unreported.....	—	—	*35	*-92	*178	*1,309	161	738	374	115,806	—	—	—	—	*356	*392,534
\$1 under \$100,000.....	5,008	170,757	11,852	357,589	10,143	17,162	9,983	17,875	10,535	156,537	1,980	1,933	2,033	2,545	9,144	529,469
\$100,000 under \$1,000,000.....	7,468	2,047,574	10,814	3,030,330	10,475	161,806	10,394	158,813	10,478	563,174	799	5,260	2,140	25,302	8,573	1,137,528
\$1,000,000 under \$10,000,000.....	3,816	9,427,956	4,510	11,046,646	4,442	599,378	4,432	598,256	4,435	1,128,665	471	20,683	1,351	130,708	3,134	2,108,204
\$10,000,000 under \$25,000,000.....	580	7,647,312	610	6,594,885	602	395,921	601	384,101	604	674,245	103	19,162	240	88,279	368	1,047,874
\$25,000,000 under \$50,000,000.....	202	5,777,297	212	5,400,935	208	304,121	207	295,283	210	510,233	32	9,368	78	81,100	133	619,024
\$50,000,000 under \$100,000,000.....	126	7,171,712	130	6,569,504	128	382,188	128	366,469	129	603,095	10	1,446	45	89,615	84	630,648
\$100,000,000 or more.....	117	36,880,853	118	28,940,563	118	1,902,470	118	1,851,113	118	1,982,141	7	1,960	59	490,184	59	795,815
Operating foundations, total	1,226	5,906,616	2,572	8,106,214	2,075	333,003	N/A	N/A	2,305	902,327	288	31,757	N/A	N/A	N/A	N/A
Zero or unreported.....	—	—	*18	*20	—	—	N/A	N/A	*18	*201	—	—	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*499	*23,178	1,370	39,485	943	1,867	N/A	N/A	1,174	20,229	*70	*408	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	359	88,410	698	226,993	679	9,670	N/A	N/A	640	135,915	*162	*866	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	248	749,870	352	1,144,796	321	49,043	N/A	N/A	341	255,450	*33	*9,074	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	75	534,623	83	832,703	82	26,209	N/A	N/A	81	108,956	17	6,452	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	19	416,806	25	561,763	22	26,095	N/A	N/A	24	49,029	6	14,956	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	17	888,161	18	924,819	18	43,634	N/A	N/A	18	95,758	—	—	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	8	3,205,569	9	4,375,635	9	174,486	N/A	N/A	9	236,790	—	—	N/A	N/A	N/A	N/A
Grantmaking foundations, total	17,085	72,215,145	25,965	86,046,994	25,041	3,949,244	23,794	3,642,848	26,287	6,157,073	3,375	63,261	4,528	886,570	20,527	7,149,430
Zero or unreported.....	—	—	*35	*-84	*161	*1,307	*161	*738	*356	*115,942	—	—	—	—	*339	*392,472
\$1 under \$100,000.....	5,134	183,961	10,196	351,299	9,232	17,422	8,627	17,053	10,196	160,189	1,855	2,318	1,052	2,087	8,505	528,512
\$100,000 under \$1,000,000.....	7,106	1,968,751	10,216	2,916,821	10,178	160,462	9,693	149,823	10,216	574,590	880	5,973	1,843	21,761	7,969	1,080,928
\$1,000,000 under \$10,000,000.....	3,792	9,384,903	4,418	10,943,046	4,377	599,558	4,270	586,685	4,418	1,269,142	481	22,252	1,220	124,447	3,081	2,093,517
\$10,000,000 under \$25,000,000.....	596	7,688,679	627	6,766,473	625	401,369	593	380,245	627	695,294	108	19,880	235	86,627	360	1,014,026
\$25,000,000 under \$50,000,000.....	206	5,919,919	217	5,583,214	214	315,327	206	294,142	217	527,069	34	9,433	77	74,484	131	613,512
\$50,000,000 under \$100,000,000.....	130	7,471,552	134	6,859,835	132	398,345	126	364,249	134	637,501	10	1,446	43	88,110	84	630,648
\$100,000,000 or more.....	120	39,597,380	122	32,626,390	122	2,055,453	117	1,849,914	122	2,177,347	7	1,960	58	489,054	59	795,815
Grantmaking-nonoperating foundations, total	16,353	88,462,386	24,896	80,876,673	24,036	3,732,696	23,794	3,642,848	25,218	5,690,186	3,156	59,652	4,528	886,570	20,527	7,149,430
Zero or unreported.....	—	—	*18	*-104	*161	*1,307	*161	*738	*339	*115,740	—	—	—	—	*339	*392,472
\$1 under \$100,000.....	4,795	163,844	9,717	330,567	8,788	16,325	8,627	17,053	9,717	154,082	1,785	1,910	1,052	2,087	8,505	528,512
\$100,000 under \$1,000,000.....	6,823	1,883,575	9,812	2,766,551	9,774	152,446	9,693	149,823	9,812	545,340	759	5,224	1,843	21,761	7,969	1,080,928
\$1,000,000 under \$10,000,000.....	3,726	9,290,459	4,301	10,699,508	4,270	587,091	4,270	586,685	4,301	1,118,395	461	20,584	1,220	124,447	3,081	2,093,517
\$10,000,000 under \$25,000,000.....	570	7,539,923	596	6,450,966	594	391,974	593	380,245	596	671,061	103	19,162	235	86,627	360	1,014,026
\$25,000,000 under \$50,000,000.....	199	5,706,240	206	5,335,047	206	302,940	206	294,142	208	501,976	32	9,368	77	74,484	131	613,512
\$50,000,000 under \$100,000,000.....	124	7,092,377	128	6,484,197	126	379,374	126	364,249	128	601,519	10	1,446	43	88,110	84	630,648
\$100,000,000 or more.....	116	36,785,969	117	28,809,941	117	1,901,239	117	1,849,914	117	1,982,071	7	1,960	58	489,054	59	795,815
Grantmaking-operating foundations, total	731	3,752,758	1,069	5,170,322	1,005	216,549	N/A	N/A	1,069	466,888	219	3,609	N/A	N/A	N/A	N/A
Zero or unreported.....	—	—	*18	*20	—	—	N/A	N/A	*18	*201	—	—	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*339	*20,117	479	20,732	444	1,098	N/A	N/A	479	6,107	*70	*408	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	*283	*85,176	404	150,270	404	8,016	N/A	N/A	404	29,250	*121	*749	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	*67	*94,444	117	243,538	107	12,467	N/A	N/A	117	150,748	*20	*1,668	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	26	148,756	31	143,919	31	9,396	N/A	N/A	31	24,233	5	719	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	7	213,679	9	248,168	8	12,387	N/A	N/A	9	25,082	2	64	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	6	379,175	6	375,639	6	18,971	N/A	N/A	6	35,982	—	—	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	4	2,811,411	5	3,816,449	5	154,214	N/A	N/A	5	195,275	—	—	N/A	N/A	N/A	N/A
Nongrantmaking-nonoperating foundations, total	965	661,075	3,385	1,063,687	2,259	31,661	2,231	29,800	1,666	43,710	*246	*159	1,419	21,163	1,325	111,665
Zero or unreported.....	—	—	*18	*12	*18	*2	—	—	*35	*66	—	—	—	—	*18	*62
\$1 under \$100,000.....	*213	*6,913	2,135	27,021	1,355	838	1,355	822	818	2,455	*196	*23	981	458	640	957
\$100,000 under \$1,000,000.....	645	164,000	1,002	263,779	702	9,36										

Table 2.—All Private Foundations: Balance Sheets and Income Statements, by Size of Book Value of Assets

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

Item	Total	Size of book value of assets (end of year)							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of returns.....	31,221	*374	13,980	11,469	4,468	538	192	111	89
Total assets (book value).....	73,225,342	—	463,134	3,911,852	13,852,548	8,305,557	6,630,454	7,709,428	32,352,370
Cash, total.....	9,193,373	—	209,459	1,093,432	2,466,355	1,065,036	862,128	647,471	2,849,492
Non-interest bearing accounts.....	831,079	—	77,089	156,929	256,948	82,075	91,705	64,293	102,040
Savings and temporary cash investments.....	8,362,294	—	132,370	936,503	2,209,406	982,961	770,423	583,179	2,747,452
Accounts receivable, net.....	326,524	—	3,221	11,948	57,637	23,531	32,926	29,550	167,511
Pledges receivable, net.....	97,339	—	*263	*11,949	*37,187	14,046	33,895	—	—
Grants receivable.....	68,106	—	*491	*16,106	*29,916	15,054	1,455	—	5,084
Receivables due from disqualified persons.....	19,755	—	—	*6,514	*2,752	9,896	58	32	504
Other notes and loans receivable.....	823,171	—	*1,730	85,968	213,280	117,603	55,825	189,279	159,485
Inventories.....	28,173	—	*81	*1,527	3,574	16,908	2,795	1,215	2,073
Prepaid expenses and deferred charges.....	60,781	—	*785	*6,340	4,283	12,686	22,801	7,111	6,775
Investments, total.....	58,711,090	—	227,377	2,403,416	10,087,033	6,498,739	5,358,021	6,394,278	27,742,225
Securities.....	53,980,591	—	196,746	1,991,574	9,037,746	5,911,513	4,842,388	5,837,285	26,163,339
Land, buildings, and equipment (less accumulated depreciation).....	1,567,982	—	*405	39,039	217,745	154,727	177,513	143,546	835,007
Mortgage loans.....	494,481	—	*2,161	*31,626	184,356	54,333	54,406	21,326	146,274
Other investments.....	2,668,035	—	28,065	341,178	647,186	378,165	283,715	392,120	597,606
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	2,068,318	—	4,031	197,184	516,406	288,740	140,426	258,497	663,035
Other assets.....	1,828,709	—	15,695	77,468	433,924	243,317	120,123	181,995	756,186
Total liabilities.....	3,178,769	*104	9,573	186,031	502,184	323,600	399,444	412,629	1,345,204
Net worth.....	70,046,573	*-104	453,561	3,725,820	13,350,364	7,981,957	6,231,009	7,296,799	31,007,166
Total revenue.....	16,412,533	*30,549	258,962	1,564,933	3,326,653	2,041,359	1,537,742	1,735,604	5,916,731
Contributions, gifts, and grants received.....	5,461,570	*580	213,036	1,175,967	1,430,282	789,731	456,259	555,743	839,971
Interest on savings and temporary cash investments.....	927,305	*3,416	13,744	93,368	242,221	140,014	102,567	86,569	245,406
Dividends and interest from securities.....	3,902,791	—	19,810	177,012	713,464	451,159	361,441	398,782	1,781,123
Gross rents.....	269,827	*27,108	*963	12,153	56,728	33,075	20,818	31,978	87,005
Net gain or loss from sale of assets.....	5,128,130	*3	4,991	85,036	665,478	563,800	540,418	558,686	2,709,719
Gross profit or loss from business activities.....	172,280	—	4,729	*-629	114,031	10,567	3,512	15,931	24,138
Other income.....	550,625	*-559	1,688	22,024	104,447	53,013	52,728	87,914	229,368
Total expenses.....	7,240,579	*118,909	197,893	800,386	1,673,988	922,335	748,810	747,791	2,030,466
Contributions, gifts, and grants paid.....	5,397,439	*117,496	165,186	593,467	1,167,370	714,201	588,885	509,723	1,541,111
Compensation of officers.....	158,002	—	1,593	22,123	46,655	21,067	14,818	14,777	36,971
Other salaries and wages.....	354,756	—	*5,245	53,735	104,701	37,006	27,694	39,753	86,622
Pension plans and employee benefits.....	79,059	—	*526	*6,677	18,756	6,632	6,731	9,658	30,079
Legal fees.....	44,403	*143	2,621	5,286	11,640	4,993	2,723	7,363	9,634
Accounting fees.....	29,531	*179	1,360	6,142	9,374	4,294	2,415	2,579	3,187
Other professional fees.....	173,307	—	1,439	6,796	34,165	19,581	15,104	21,868	74,355
Interest.....	58,231	*35	198	3,144	12,751	8,754	12,730	14,495	6,123
Taxes.....	242,479	*1,054	1,756	12,268	51,661	23,803	21,201	31,402	99,333
Depreciation and depletion.....	97,755	—	*912	6,537	22,332	14,682	11,954	19,099	22,238
Occupancy.....	76,790	—	1,123	12,909	14,601	9,248	5,395	7,030	26,485
Travel, conferences, and meetings.....	41,079	—	3,706	5,975	11,281	2,359	2,237	3,713	11,808
Printing and publications.....	19,777	—	1,959	4,267	2,547	1,615	2,436	1,633	5,321
Other expenses.....	467,966	*3	10,267	61,057	166,153	54,098	34,487	64,699	77,202
Excess of revenue over expenses (net).....	9,171,952	*-89,360	61,068	764,546	1,652,665	1,119,024	788,932	987,813	3,886,265
Excess of revenue over expenses.....	9,863,306	—	94,197	977,392	1,846,623	1,187,414	843,416	1,022,500	3,891,764
Deficit.....	691,354	*88,360	33,129	212,846	193,958	68,390	54,484	34,687	5,499
Total assets (fair market value).....	97,089,200	—	569,093	5,085,616	18,124,663	12,094,586	8,905,091	10,104,499	42,205,651
Cash, total.....	9,197,013	—	209,434	1,092,819	2,455,219	1,068,613	862,630	653,177	2,855,121
Non-interest bearing accounts.....	827,974	—	76,742	156,753	252,640	82,772	92,734	64,293	102,040
Savings and temporary cash investments.....	8,369,039	—	132,692	936,066	2,202,579	985,841	769,896	588,884	2,753,081
Accounts receivable, net.....	313,132	—	3,232	12,815	57,754	20,838	21,431	29,550	167,511
Pledges receivable, net.....	96,141	—	*263	*10,796	*37,187	14,006	33,889	—	—
Grants receivable.....	69,025	—	*491	*17,025	*29,916	15,054	1,455	—	5,084
Receivables due from disqualified persons.....	22,194	—	—	*6,514	*2,752	12,334	58	33	504
Other notes and loans receivable.....	915,627	—	*1,730	88,886	211,874	116,822	52,151	189,534	254,630
Inventories.....	26,715	—	*80	*904	3,574	15,166	2,914	1,215	2,862
Prepaid expenses and deferred charges.....	63,421	—	*822	*538	4,283	12,651	30,828	7,111	7,188
Investments, total.....	81,305,993	—	333,042	3,540,441	13,972,578	10,112,125	7,597,921	8,542,939	37,206,947
Securities.....	75,030,077	—	284,138	3,060,194	12,565,800	7,659,337	6,992,337	7,659,573	35,225,817
Land, buildings, and equipment (less accumulated depreciation).....	2,273,030	—	*405	63,003	424,393	305,993	215,938	285,800	977,498
Mortgage loans.....	512,670	—	*2,161	*32,487	198,874	57,074	54,404	20,917	146,752
Other investments.....	3,490,215	—	46,338	384,757	783,510	506,839	335,243	576,649	856,880
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	2,523,098	—	4,259	223,257	643,390	335,987	163,169	301,413	851,623
Other assets.....	2,556,867	—	15,767	91,620	706,136	370,990	138,644	379,528	854,181
Total assets, beginning of year (book value).....	62,644,429	*102,722	412,008	3,488,120	12,050,856	6,905,487	5,803,522	6,607,956	27,473,779
Investments in securities, beginning of year (book value).....	45,743,253	*27	202,973	1,807,827	7,867,985	4,881,381	4,155,320	4,900,413	21,927,326

* Estimate should be used with caution because of the small number of returns on which it is based.
NOTE: Detail may not add to total due to rounding.

Private Foundation Returns, 1985

Table 3.—All Private Foundations: Balance Sheets and Income Statements, by Size of Fair Market Value of Assets

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

Item	Total	Assets zero or unreported	Size of fair market value of assets (end of year)						(\$100,000,000 or more)
			(\$1 under \$100,000)	(\$100,000 to \$1,000,000)	(\$1,000,000 to \$10,000,000)	(\$10,000,000 to \$25,000,000)	(\$25,000,000 to \$50,000,000)	(\$50,000,000 to \$100,000,000)	
Number of returns	31,221	*409	11,511	4,871	694	238	148	127	
Total assets (book value)	73,225,342	406,582	3,442,872	12,651,620	7,727,924	6,335,925	7,929,078	34,731,159	
Cash, total.....	9,193,373	204,541	1,014,881	2,429,027	931,600	827,536	763,731	3,021,971	
Non-interest bearing accounts.....	831,079	76,490	148,812	237,636	89,058	100,603	69,215	109,179	
Savings and temporary cash investments.....	8,362,294	128,052	866,069	2,191,391	842,541	726,933	694,516	2,912,792	
Accounts receivable, net.....	326,524	3,135	9,154	31,318	29,524	34,627	24,004	174,762	
Pledges receivable, net.....	97,339	*263	*11,949	*37,187	4,046	43,895	—	—	
Grants receivable.....	68,106	*491	*16,106	*29,916	15,054	1,455	—	5,084	
Receivables due from disqualified persons.....	19,755	—	*6,514	*2,752	9,896	58	32	504	
Other notes and loans receivable.....	823,171	—	84,784	212,718	118,512	50,508	143,816	211,103	
Prepaid expenses and deferred charges.....	28,173	—	*379	3,310	17,112	1,867	2,028	2,247	
Investments, total.....	60,781	*785	*6,315	3,762	12,888	23,019	7,038	6,974	
Securities.....	58,711,090	—	2,028,712	9,082,923	5,990,733	5,060,847	6,591,710	29,781,482	
Land, buildings, and equipment (less accumulated depreciation).....	53,990,591	—	1,664,003	7,981,319	5,528,039	4,647,642	6,015,035	27,985,817	
Mortgage loans.....	1,567,982	—	39,033	214,634	123,048	128,524	163,974	898,365	
Other investments.....	494,481	—	*2,506	186,992	45,813	55,348	154,233	154,233	
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	2,668,035	—	*13,380	699,978	293,833	229,333	389,273	743,067	
Other assets.....	2,068,318	—	4,031	426,272	304,274	188,278	249,182	701,601	
Total liabilities	1,828,709	—	69,496	372,435	294,283	103,635	147,534	825,432	
Net worth	3,176,789	*156	185,649	460,178	300,336	373,227	434,753	1,414,961	
Total revenue	70,040,573	*-72	3,257,323	12,191,442	7,427,588	5,962,698	7,494,323	33,316,188	
Contributions, gifts, and grants received.....	16,412,533	*30,815	249,043	3,087,775	2,373,352	1,989,113	1,765,974	6,545,639	
Interest on savings and temporary cash investments.....	5,461,570	*846	655,365	1,407,957	1,239,097	418,715	556,645	971,214	
Dividends and interest from securities.....	927,305	*3,416	89,454	227,628	127,234	94,049	96,373	275,783	
Gross rents.....	3,902,791	—	13,777	147,230	610,067	408,330	426,818	1,969,666	
Net gain or loss from sale of assets.....	269,827	*27,108	9,724	57,858	21,107	20,011	27,907	105,149	
Gross profit or loss from business activities.....	5,128,130	*3	2,743	69,566	577,845	464,959	593,964	2,912,197	
Other income.....	1,726,280	*-559	4,771	113,519	8,558	4,098	17,356	24,138	
Total expenses	550,625	—	20,041	92,900	62,173	40,379	46,510	287,493	
Contributions, gifts, and grants paid.....	7,240,579	*119,119	731,997	1,541,960	650,351	609,038	776,487	2,423,287	
Compensation of officers.....	5,397,439	*117,705	542,480	1,079,846	640,928	443,944	544,886	1,870,948	
Other salaries and wages.....	158,002	—	17,598	46,256	18,262	15,346	16,256	42,740	
Pension plans and employee benefits.....	354,756	—	53,030	90,358	41,505	32,125	36,331	96,144	
Legal fees.....	79,059	*143	*520	1,728	6,202	6,486	7,607	32,634	
Accounting fees.....	44,403	*179	4,349	10,712	4,978	3,465	10,639	10,639	
Other professional fees.....	29,531	—	5,776	8,843	4,389	2,405	2,712	4,033	
Taxes.....	173,307	*35	5,733	31,854	17,025	15,751	22,390	79,329	
Interest.....	59,231	*1,054	3,199	12,751	8,091	11,474	15,857	6,680	
Depreciation and depletion.....	242,479	—	144	11,837	45,802	16,435	29,003	113,942	
Occupancy.....	97,755	—	5,561	21,582	14,583	11,213	16,394	27,509	
Travel, conferences, and meetings.....	76,790	—	11,441	13,421	7,370	8,108	7,272	27,876	
Printing and publications.....	41,079	—	5,537	10,352	2,968	1,919	3,961	12,637	
Other expenses.....	19,777	—	1,401	2,313	2,968	1,139	3,102	5,710	
Excess of revenue over expenses (net)	467,966	*4	57,852	150,674	56,099	39,027	61,534	92,464	
Excess of revenue over expenses.....	9,171,952	*-88,305	289,224	1,545,814	1,823,001	760,075	989,087	4,122,353	
Deficit.....	9,863,306	*88,360	465,936	1,743,096	1,565,535	810,877	1,024,338	4,161,223	
Total assets (fair market value)	691,354	—	206,711	1,872,811	42,534	50,802	38,871	38,871	
Cash, total.....	97,089,200	—	4,003,165	15,410,722	10,692,655	8,150,668	10,265,729	48,122,888	
Non-interest bearing accounts.....	204,601	—	1,014,273	2,438,666	914,398	828,404	769,038	3,027,634	
Savings and temporary cash investments.....	827,974	—	148,641	233,324	89,756	102,421	68,425	109,179	
Accounts receivable, net.....	3,369,039	—	865,632	2,205,342	824,642	723,983	700,613	2,918,454	
Pledges receivable, net.....	313,132	—	10,091	*31,295	26,631	23,141	23,995	174,762	
Grants receivable.....	96,141	—	*10,756	*37,167	4,006	43,889	—	—	
Receivables due from disqualified persons.....	69,025	—	*17,025	*29,916	15,054	1,455	—	5,084	
Other notes and loans receivable.....	22,194	—	*6,514	2,752	12,334	58	33	504	
Prepaid expenses and deferred charges.....	915,627	—	87,702	211,312	114,079	50,508	144,050	306,248	
Investments, total.....	26,715	—	*379	3,310	15,370	1,867	2,147	6,036	
Securities.....	63,421	—	*514	3,762	12,888	31,016	7,033	7,387	
Investments in securities, total.....	81,305,993	—	2,556,939	11,652,009	8,732,558	6,787,731	8,825,853	42,539,209	
Land, buildings, and equipment (less accumulated depreciation).....	75,030,077	—	2,135,984	10,177,827	8,181,934	6,194,103	8,059,873	40,086,422	
Mortgage loans.....	2,273,030	—	57,080	413,668	176,764	253,582	236,143	1,135,386	
Other investments.....	512,670	—	*27,367	201,510	48,571	55,377	22,972	154,712	
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	3,490,215	—	336,508	859,004	325,289	284,668	506,864	1,162,689	
Other assets.....	2,523,098	—	220,754	534,120	336,977	239,330	262,884	924,773	
Total assets, beginning of year (book value)	2,556,867	—	78,248	446,453	508,159	143,291	230,697	1,194,252	
Investments in securities, beginning of year (book value)	62,644,429	*102,750	3,062,175	10,959,938	6,421,784	5,323,556	6,816,094	29,601,411	
Total assets, end of year (book value)	45,743,253	*27	1,511,972	6,902,477	4,603,865	3,943,095	5,130,390	23,488,080	

* Estimate should be used with caution because of the small number of returns on which it is based. NOTE: Detail may not add to total due to rounding.

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NOTICE

The data on the following pages are the latest and most accurate available at time of publication. However, they are subject to continuous revision as more information becomes available. Data labeled as preliminary should be used with caution.

Selected Historical Data

Table 1.—Individual Income Tax Returns: Selected Income and Tax Items for Selected Tax Years, 1970–1987

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

Item	1970	1975	1980	1985	1986	1987
	(1)	(2)	(3)	(4)	(5)	(6)
All returns	74,279,831	82,229,332	93,902,469	101,660,287	103,045,170	106,996,270
Form 1040 returns.....	74,279,831	54,527,726	57,122,592	67,006,425	68,909,828	71,032,103
Form 1040A returns.....	N/A	27,701,606	36,779,877	18,124,702	17,584,689	17,446,685
Form 1040EZ returns.....	N/A	N/A	N/A	16,529,160	16,550,653	18,517,482
Adjusted gross income (AGI)	631,692,540	947,784,873	1,613,731,497	2,305,951,483	2,481,681,046	2,773,824,198
Salaries and wages:						
Number of returns.....	66,965,659	73,520,046	83,802,109	87,198,001	88,217,638	90,984,304
Amount.....	531,883,892	795,399,462	1,349,842,802	1,928,200,978	2,031,025,984	2,163,905,509
Taxable interest received:						
Number of returns.....	32,630,355	40,378,240	49,019,575	64,526,434	65,236,518	67,933,810
Amount.....	22,021,267	43,433,554	102,009,444	182,109,194	167,640,438	168,966,067
Dividends in AGI: ¹						
Number of returns.....	7,729,939	8,853,491	10,738,982	15,527,579	16,753,537	22,324,321
Amount.....	15,806,924	21,892,126	38,761,253	55,046,351	61,623,348	66,791,158
Business or profession net income less loss:						
Number of returns.....	6,159,985	7,242,542	8,881,119	11,900,341	12,360,345	13,002,055
Amount.....	30,554,201	39,421,478	55,129,154	78,772,577	90,423,763	105,460,627
Net capital gain less loss in AGI: ²						
Number of returns.....	7,962,663	7,574,823	9,970,921	11,125,595	15,560,453	15,450,141
Amount.....	9,006,683	14,071,893	30,029,074	67,694,001	132,841,678	137,398,726
Pensions and annuities in AGI:						
Number of returns.....	3,249,558	5,088,937	7,373,704	13,133,295	14,771,235	16,497,586
Amount.....	7,878,808	20,886,871	43,339,736	95,096,003	107,696,794	124,754,833
Unemployment compensation in AGI:						
Number of returns.....	N/A	N/A	1,798,210	4,771,546	5,106,015	7,370,742
Amount.....	N/A	N/A	2,028,456	6,355,539	6,975,196	12,286,674
Social security benefits in AGI:						
Number of returns.....	N/A	N/A	N/A	2,956,073	3,174,904	3,637,211
Amount.....	N/A	N/A	N/A	9,594,182	10,648,112	12,524,112
Rents and royalties net income less loss:						
Number of returns.....	6,557,498	7,143,812	8,208,132	9,970,604	9,394,506	9,492,112
Amount.....	3,232,817	5,202,078	4,105,381	-12,963,727	-15,292,084	-9,254,758
Partnership and S Corporation net income less loss:						
Number of returns.....	n.a.	n.a.	n.a.	5,487,671	5,817,455	5,574,532
Amount.....	12,637,912	12,811,091	10,099,346	-2,526,591	-5,859,500	-24,314,070
Farm net income less loss:						
Number of returns.....	3,026,530	2,755,041	2,608,430	2,620,861	2,524,331	2,420,186
Amount.....	2,788,713	3,563,325	-1,792,466	-12,005,483	-7,284,231	-1,232,464
Total statutory adjustments:						
Number of returns.....	6,370,552	9,024,255	13,148,919	37,763,418	38,034,061	11,620,127
Amount.....	7,665,251	15,101,999	28,614,061	95,082,299	99,008,229	30,116,329
Individual Retirement Arrangements:						
Number of returns.....	N/A	1,211,794	2,564,421	16,205,846	15,535,531	7,318,727
Amount.....	N/A	1,436,443	3,430,894	38,211,574	37,758,393	14,065,722
Self-employed retirement plans:						
Number of returns.....	591,655	595,892	568,936	675,822	773,296	759,083
Amount.....	847,692	1,603,788	2,007,666	5,181,993	6,194,617	6,183,441
Married couples who both work:						
Number of returns.....	N/A	N/A	N/A	24,835,278	25,647,221	N/A
Amount.....	N/A	N/A	N/A	24,614,983	26,672,241	N/A
Exemptions:						
Number of exemptions.....	204,126,402	212,202,596	227,925,098	244,180,202	245,752,978	217,495,163
Number, age 65 or over.....	8,904,331	9,937,208	11,847,168	16,748,810	17,395,776	N/A
Total deductions:						
Number of returns.....	73,862,448	81,585,541	88,491,251	96,848,626	98,180,981	106,005,861
Amount.....	120,549,755	233,181,778	346,000,155	554,733,523 ³	611,293,162 ³	607,223,513 ⁴
Itemized deductions:						
Number of returns.....	35,430,047	26,074,061	28,950,282	39,848,184	40,667,008	35,627,790
Total amount ⁵	88,178,487	122,260,601	218,028,139	405,023,525	447,057,972	392,020,128
Medical and dental expense.....	10,585,749	11,422,312	14,972,082	22,926,214	25,112,007	17,151,819
Taxes paid.....	32,014,673	44,141,289	69,404,275	128,084,618	143,446,005	119,388,068
Interest paid.....	23,929,477	38,885,282	91,187,006	180,094,578	196,566,331	179,942,422
Contributions.....	12,892,732	15,393,331	25,809,608	47,962,848	53,815,979	49,623,907
Taxable income:						
Number of returns.....	59,593,598	65,852,602	88,104,696	96,124,046	97,358,296	90,079,102
Amount.....	401,154,285	595,492,866	1,279,985,360	1,820,740,833	1,947,024,584	1,850,597,119
Income tax before credits:						
Number of returns.....	59,596,755	65,854,734	76,135,819	85,994,216	86,600,724	89,717,924
Amount.....	84,156,695 ⁶	132,452,044	256,294,315	332,165,333	367,591,995	373,857,125
Total tax credits⁷:	369,610	8,069,846	7,215,839	10,248,044	7,020,731	6,329,438
Child care credit.....	N/A	N/A	956,439	3,127,702	3,397,090	3,438,314
Credit for the elderly and disabled.....	167,656	128,968	134,993	108,642	85,764	66,633
Residential energy credit.....	N/A	N/A	562,141	811,675	N/A	N/A
Foreign tax credit.....	169,623	381,985	1,341,675	782,561	773,939	1,099,484
Investment credit.....	30,554	1,593,150	3,288,415	(⁸)	(⁸)	(⁸)
General business credit.....	N/A	N/A	N/A	4,791,132 ⁸	1,115,836 ⁸	1,018,624 ⁸
Income tax after credits.....	83,787,323	124,382,197	249,078,475	321,917,289	360,571,264	367,527,687
Total income tax:⁹						
Number of returns.....	59,317,371	61,490,737	73,906,244	82,846,420	83,967,413	86,723,796
Amount.....	83,909,311	124,526,297	250,341,440	325,710,254	367,287,213	369,202,757

See notes following Table 20.

Selected Historical Data

Table 2.—Individual Income and Tax by State, 1987

[Money amounts are in thousands of dollars, except where indicated]

State	Number of returns	Number of exemptions	Adjusted gross income (AGI)	Salaries and wages		Dividends	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total ¹	107,402,061	244,662,456	2,772,619,841	90,613,164	2,154,846,456	22,404,700	66,545,417
Alabama.....	1,583,884	3,809,129	35,491,432	1,381,989	28,700,539	230,948	568,006
Alaska.....	333,527	625,967	6,926,876	203,509	5,646,138	71,241	99,730
Arizona.....	1,465,753	3,477,019	36,151,357	1,215,946	27,500,754	307,138	1,003,815
Arkansas.....	908,300	2,224,952	18,302,823	755,593	14,154,175	128,597	309,201
California.....	12,448,529	28,696,978	355,446,757	10,508,253	273,920,966	2,410,045	8,059,556
Colorado.....	1,465,631	3,285,151	36,992,444	1,240,434	29,460,262	337,847	830,943
Connecticut.....	1,651,493	3,468,627	55,089,657	1,407,345	42,352,557	467,325	1,610,669
Delaware.....	305,617	671,265	8,240,864	263,011	6,429,741	83,059	287,514
District of Columbia.....	324,812	610,266	9,058,484	278,420	6,581,380	55,318	306,110
Florida.....	5,532,536	12,473,327	140,278,994	4,395,426	95,059,647	1,264,074	6,221,502
Georgia.....	2,661,216	6,035,071	66,241,101	2,371,142	54,591,414	423,527	1,092,511
Hawaii.....	506,302	1,112,189	12,670,065	432,930	9,624,144	107,219	264,787
Idaho.....	377,978	983,951	7,810,313	310,455	6,069,106	70,436	167,665
Illinois.....	5,078,296	11,594,154	139,481,851	4,274,352	107,447,312	1,204,258	3,508,406
Indiana.....	2,385,246	5,588,247	56,972,232	2,023,506	45,628,262	456,287	999,917
Iowa.....	1,199,831	2,878,951	26,435,242	945,566	19,277,649	271,531	558,577
Kansas.....	1,063,352	2,538,297	25,880,407	871,206	19,642,150	229,084	572,140
Kentucky.....	1,428,007	3,385,845	31,244,592	1,203,300	24,538,533	220,801	614,778
Louisiana.....	1,605,420	3,977,748	34,439,198	1,365,046	27,587,511	240,875	608,327
Maine.....	541,373	1,213,480	12,362,604	463,288	9,210,493	102,952	320,698
Maryland.....	2,220,814	4,774,347	65,237,577	1,932,042	51,686,586	477,146	1,352,497
Massachusetts.....	2,902,142	6,010,353	85,613,540	2,493,297	65,796,268	679,766	2,069,571
Michigan.....	3,992,334	9,016,565	106,118,816	3,391,165	85,594,999	1,025,989	2,293,474
Minnesota.....	1,949,801	4,376,218	49,166,071	1,642,838	38,605,042	461,010	1,050,299
Mississippi.....	942,307	2,350,924	18,120,118	824,969	14,642,955	114,649	253,739
Missouri.....	2,189,414	5,067,042	52,928,425	1,829,329	41,018,915	470,820	1,344,274
Montana.....	336,096	809,849	6,429,208	262,001	4,737,860	76,900	177,849
Nebraska.....	694,262	1,654,206	15,195,086	560,856	11,297,103	146,452	330,479
Nevada.....	502,353	1,084,532	13,020,220	434,267	9,857,596	82,329	286,051
New Hampshire.....	533,686	1,158,128	15,125,319	465,315	11,658,649	118,378	362,681
New Jersey.....	3,948,154	8,604,042	122,658,740	3,388,003	96,123,831	1,035,878	3,043,029
New Mexico.....	607,396	1,481,292	12,699,844	513,555	10,015,718	105,497	275,611
New York.....	7,914,981	17,240,878	235,394,545	6,668,788	177,302,435	1,903,963	6,790,516
North Carolina.....	2,839,506	6,328,165	65,454,953	2,512,895	51,983,669	489,499	1,311,756
North Dakota.....	260,232	680,640	5,613,528	217,680	4,024,805	51,507	90,179
Ohio.....	4,786,125	10,764,877	117,266,957	4,054,886	92,750,076	1,085,955	2,718,397
Oklahoma.....	1,242,275	3,025,197	27,519,432	1,015,542	21,483,432	202,260	492,474
Oregon.....	1,198,779	2,779,160	27,523,256	979,412	20,680,114	243,293	635,062
Pennsylvania.....	5,310,917	11,855,065	131,421,755	4,393,649	100,661,126	1,242,683	3,678,379
Rhode Island.....	462,777	981,068	11,856,788	399,017	9,011,614	103,010	280,375
South Carolina.....	1,411,244	3,234,999	31,120,046	1,259,930	25,097,342	212,231	555,829
South Dakota.....	294,131	717,164	5,536,434	229,583	3,925,121	56,115	117,689
Tennessee.....	2,046,978	4,691,470	46,293,009	1,782,235	37,522,294	295,970	733,276
Texas.....	6,772,813	16,412,759	164,815,221	5,797,575	132,952,793	1,088,303	3,044,004
Utah.....	619,398	1,691,626	14,379,025	530,532	11,636,368	106,730	257,056
Vermont.....	252,758	557,691	5,916,723	214,986	4,438,563	58,829	198,936
Virginia.....	2,709,670	5,949,939	74,654,147	2,374,318	59,309,635	585,172	1,550,076
Washington.....	2,051,168	4,662,277	52,165,381	1,712,267	40,240,262	434,758	1,162,212
West Virginia.....	671,358	1,627,616	14,483,000	557,248	11,352,901	119,406	289,495
Wisconsin.....	2,120,739	4,852,496	50,642,199	1,794,701	39,935,631	487,345	1,184,392
Wyoming.....	196,475	482,709	4,509,276	164,899	3,550,563	40,675	120,877
Other areas ²	533,875	1,088,548	8,223,909	304,667	12,529,458	119,620	490,029

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax by State, 1987

[Money amounts are in thousands of dollars, except where indicated]

State	Interest		Unemployment compensation in AGI		Itemized deductions		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Total Deductions	Average amount (whole dollars)
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
United States, total ¹	67,754,641	167,478,801	7,308,358	12,228,525	36,976,374	404,019,811	10,926
Alabama.....	806,370	1,642,035	146,995	153,609	496,152	4,292,455	8,651
Alaska.....	169,934	252,110	35,457	82,760	84,496	978,652	11,582
Arizona.....	889,331	2,765,677	77,828	113,465	578,764	6,535,021	11,291
Arkansas.....	472,910	1,211,094	81,828	117,495	239,674	2,129,279	8,884
California.....	7,710,496	22,253,436	905,713	1,485,930	4,852,036	69,267,097	14,276
Colorado.....	981,431	2,234,855	93,045	176,172	612,745	6,861,712	11,198
Connecticut.....	1,237,452	3,002,819	85,948	128,887	573,075	7,292,581	12,725
Delaware.....	192,153	388,530	14,817	20,734	113,660	1,157,724	10,186
District of Columbia.....	165,675	461,445	11,346	26,001	113,979	1,511,949	13,265
Florida.....	3,294,153	12,629,542	166,473	267,112	1,661,888	17,860,274	10,747
Georgia.....	1,343,427	2,948,729	164,416	185,370	908,481	9,826,566	10,816
Hawaii.....	373,796	695,344	23,826	39,199	175,582	2,049,374	11,672
Idaho.....	235,355	559,997	43,864	71,068	135,496	1,325,508	9,783
Illinois.....	3,440,865	8,690,849	316,642	663,578	1,660,057	16,893,990	10,177
Indiana.....	1,500,612	3,127,463	151,529	174,891	720,103	6,094,294	8,463
Iowa.....	879,867	2,224,754	74,349	119,958	401,407	3,360,352	8,371
Kansas.....	710,828	1,890,283	68,624	123,009	381,216	3,505,374	9,195
Kentucky.....	781,799	1,737,236	124,612	151,260	441,403	3,749,994	8,496
Louisiana.....	849,949	2,039,543	171,979	332,397	429,722	4,066,856	9,464
Maine.....	358,126	680,117	38,548	50,440	158,350	1,515,092	9,568
Maryland.....	1,460,139	3,096,303	96,529	165,492	951,693	11,415,475	11,995
Massachusetts.....	2,163,886	4,703,360	165,495	333,391	1,043,160	12,126,648	11,625
Michigan.....	2,689,336	5,286,316	422,401	810,038	1,584,777	14,650,529	9,245
Minnesota.....	1,410,664	3,001,305	130,848	276,858	842,942	8,582,372	10,181
Mississippi.....	411,221	942,453	82,902	98,741	234,823	2,079,166	8,854
Missouri.....	1,380,530	3,504,831	166,845	223,979	677,851	6,011,633	8,869
Montana.....	229,260	580,664	28,635	44,811	116,991	946,284	8,089
Nebraska.....	484,498	1,183,118	36,947	45,366	208,368	1,911,001	9,171
Nevada.....	271,265	852,972	36,204	57,942	160,612	1,756,325	10,935
New Hampshire.....	383,894	790,316	19,828	23,726	177,605	1,936,713	10,905
New Jersey.....	2,745,125	6,469,449	220,925	444,334	1,440,551	17,653,364	12,255
New Mexico.....	334,405	802,968	40,304	67,634	179,114	1,674,406	9,348
New York.....	5,539,864	15,009,241	469,310	861,980	3,223,852	41,574,221	12,896
North Carolina.....	1,528,355	2,910,733	180,273	177,228	960,791	9,110,282	9,482
North Dakota.....	200,054	485,589	20,206	36,660	72,577	624,403	8,603
Ohio.....	3,095,393	6,239,989	333,314	597,153	1,557,372	14,237,232	9,142
Oklahoma.....	708,777	1,899,639	80,664	131,486	424,385	3,999,248	9,424
Oregon.....	782,619	1,873,079	114,301	194,203	476,404	4,821,905	10,121
Pennsylvania.....	3,670,097	7,474,324	466,444	868,234	1,626,298	14,898,308	9,161
Rhode Island.....	315,388	674,992	40,311	60,637	148,185	1,524,278	10,286
South Carolina.....	704,868	1,335,360	80,088	80,681	477,540	4,411,663	9,238
South Dakota.....	196,993	495,243	1,233	14,752	63,175	489,933	7,755
Tennessee.....	1,069,121	2,334,225	157,775	168,281	496,836	4,468,912	8,995
Texas.....	3,619,964	11,205,228	441,467	888,968	1,901,260	20,877,852	10,981
Utah.....	403,894	703,711	43,223	82,248	276,441	2,842,650	10,283
Vermont.....	172,426	335,283	15,841	21,563	79,914	750,091	9,386
Virginia.....	1,639,056	3,510,911	123,708	130,806	1,018,812	11,560,064	11,347
Washington.....	1,371,010	3,322,650	180,279	332,075	684,997	6,652,293	9,711
West Virginia.....	403,921	788,994	70,171	132,858	149,330	1,244,340	8,333
Wisconsin.....	1,578,185	3,004,061	206,973	318,547	784,824	7,165,344	9,130
Wyoming.....	130,058	310,437	19,130	38,746	61,055	511,104	8,371
Other areas ²	265,846	915,199	6,945	15,970	135,553	1,237,629	9,130

Selected Historical Data

Table 2. (Continued)—Individual Income and Tax by State, 1987

[Money amounts are in thousands of dollars, except where indicated]

State	Tax liability			Earned income credit	
	Total tax		Average tax (whole dollars)	Number of returns	Amount
	Number of returns	Amount			
	(15)	(16)	(17)	(18)	(19)
United States, total ¹	91,119,609	386,357,209	4,240	8,789,469	3,932,549
Alabama	1,281,165	4,426,484	3,455	229,278	109,238
Alaska	305,104	1,043,533	3,420	12,355	4,675
Arizona	1,222,666	4,615,277	3,775	134,021	59,376
Arkansas	726,249	2,185,528	3,009	129,919	59,953
California	10,512,603	50,216,312	4,777	1,047,495	477,197
Colorado	1,259,984	4,885,027	3,877	102,664	44,657
Connecticut	1,495,588	9,183,726	6,141	54,082	22,231
Delaware	266,355	1,124,878	4,223	21,798	9,683
District of Columbia	276,709	1,381,825	4,994	32,180	14,057
Florida	4,633,080	20,736,508	4,476	495,345	227,071
Georgia	2,229,724	8,759,810	3,929	306,941	141,351
Hawaii	439,394	1,640,755	3,734	29,665	11,876
Idaho	313,332	904,315	2,886	39,054	16,939
Illinois	4,355,429	20,912,962	4,802	349,982	153,256
Indiana	2,004,654	7,532,781	3,758	182,086	80,745
Iowa	1,021,053	3,359,015	3,290	74,834	31,756
Kansas	908,592	3,535,965	3,892	72,647	30,934
Kentucky	1,168,913	3,924,439	3,357	162,902	74,566
Louisiana	1,259,820	4,456,136	3,537	259,750	122,072
Maine	466,153	1,555,973	3,338	39,682	16,876
Maryland	1,960,048	9,070,694	4,628	137,383	59,534
Massachusetts	2,617,242	12,911,003	4,933	107,189	44,639
Michigan	3,421,729	14,632,718	4,276	222,843	95,840
Minnesota	1,718,690	6,368,518	3,705	95,772	40,024
Mississippi	712,645	2,094,264	2,939	197,072	96,353
Missouri	1,856,091	7,217,637	3,889	184,733	81,845
Montana	270,459	778,279	2,878	33,061	14,495
Nebraska	591,741	1,955,460	3,305	49,590	21,263
Nevada	430,511	1,908,668	4,433	36,578	15,606
New Hampshire	478,414	2,211,103	4,622	22,463	9,344
New Jersey	3,528,569	18,919,420	5,362	212,216	89,144
New Mexico	477,467	1,523,963	3,192	84,795	37,922
New York	6,908,152	34,943,260	5,058	556,373	246,399
North Carolina	2,374,741	8,182,060	3,445	307,190	139,237
North Dakota	237,805	706,667	2,972	22,087	9,242
Ohio	4,091,529	15,568,112	3,805	311,329	135,671
Oklahoma	1,016,186	3,515,864	3,460	138,088	62,755
Oregon	1,002,296	3,369,459	3,362	91,307	40,015
Pennsylvania	4,547,167	18,199,689	4,002	330,058	142,489
Rhode Island	407,961	1,624,975	3,983	24,436	10,451
South Carolina	1,157,729	3,677,911	3,177	176,074	81,784
South Dakota	242,398	709,049	2,925	27,469	11,771
Tennessee	1,684,986	6,202,822	3,681	242,203	111,225
Texas	5,516,129	23,936,483	4,339	818,317	373,886
Utah	517,880	1,583,725	3,058	48,707	20,753
Vermont	220,774	762,160	3,452	15,925	6,637
Virginia	2,363,623	10,170,891	4,303	188,517	83,382
Washington	1,765,588	7,214,494	4,086	126,579	54,063
West Virginia	549,736	1,746,777	3,177	72,723	32,137
Wisconsin	1,829,563	6,362,271	3,477	114,195	48,549
Wyoming	164,777	605,029	3,672	15,897	6,894
Other areas ²	310,416	1,302,535	4,196	1,620	694

See notes following Tables 20.

Selected Historical Data

Table 3.—Number of Individual Returns, Income, Tax, and Average Tax, By Size of Income, Tax Years 1984–1987

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

Size of adjusted gross income	Number of returns for—		Adjusted gross income (AGI) ¹		Taxable income	
	1984	1985	1984	1985	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
Total	99,438,708	101,660,287	2,139,904,356	2,305,951,483	1,701,365,731	1,820,740,833
Less than \$1,000 ^{1,2}	3,329,148	3,292,007	-31,984,443	-36,740,956	63,799	6,856
\$1,000 under \$3,000.....	6,883,760	6,771,487	13,732,880	13,581,245	6,504,129	5,947,953
\$3,000 under \$5,000.....	7,030,537	6,685,481	28,151,199	26,769,868	17,251,761	16,049,013
\$5,000 under \$7,000.....	6,584,434	6,570,968	39,617,706	39,356,896	26,095,663	25,680,025
\$7,000 under \$9,000.....	6,792,931	6,664,279	54,388,545	53,477,888	38,888,493	37,544,431
\$9,000 under \$11,000.....	6,051,873	6,235,044	60,390,249	62,125,340	45,303,739	46,036,142
\$11,000 under \$13,000.....	5,877,979	5,582,921	70,439,379	66,863,381	54,708,664	51,016,092
\$13,000 under \$15,000.....	5,202,547	5,386,772	72,660,372	75,352,290	57,397,788	58,884,575
\$15,000 under \$17,000.....	4,893,833	4,895,393	78,195,614	78,225,269	62,489,602	61,708,177
\$17,000 under \$19,000.....	4,561,541	4,542,598	82,012,673	81,675,266	66,307,248	65,462,334
\$19,000 under \$22,000.....	5,645,759	6,089,064	115,466,828	124,506,145	93,889,175	100,462,536
\$22,000 under \$25,000.....	5,198,716	5,051,210	122,123,861	118,539,622	99,375,158	95,256,056
\$25,000 under \$30,000.....	7,635,404	7,457,947	209,274,643	204,399,150	168,006,165	164,077,078
\$30,000 under \$35,000.....	6,020,636	6,451,040	195,263,778	209,135,063	155,819,230	152,091,716
\$35,000 under \$40,000.....	5,054,470	5,184,620	188,944,011	193,807,899	149,423,027	146,097,716
\$40,000 under \$50,000.....	5,963,041	6,701,544	264,922,227	297,914,321	210,324,094	233,646,097
\$50,000 under \$75,000.....	4,657,702	5,628,639	375,046,849	333,710,362	214,921,141	259,467,072
\$75,000 under \$100,000.....	1,049,444	1,263,409	89,289,787	107,424,625	69,194,901	82,293,087
\$100,000 under \$150,000.....	581,498	706,248	69,273,546	84,315,947	53,604,014	60,834,865
\$150,000 under \$200,000.....	179,695	203,109	30,767,972	34,884,492	23,865,523	23,865,523
\$200,000 under \$300,000.....	132,306	152,523	31,729,787	36,457,244	24,405,339	24,405,339
\$300,000 under \$500,000.....	67,405	85,565	25,780,158	32,529,032	19,789,383	19,789,383
\$500,000 under \$1,000,000.....	29,215	41,107	19,729,296	27,541,427	15,798,723	15,798,723
\$1,000,000 or more.....	14,834	17,312	34,687,437	40,099,667	27,938,970	32,087,247

Size of adjusted gross income	Total income tax ³		Percentage of returns showing no total income tax		Returns showing total income tax			
	1984	1985	1984	1985	Average tax (whole dollars)		Tax as percentage of AGI	
	1984	1985	1984	1985	1984	1985	1984	1985
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total	301,923,057	325,710,254	17.9	18.5	3,698	3,931	14.4	14.4
Less than \$1,000 ^{1,2}	419,790	185,922	99.2	99.7	16,783 ³	16,964 ³	—	—
\$1,000 under \$3,000.....	44,652	41,698	93.8	94.4	104	111	5.4	5.4
\$3,000 under \$5,000.....	430,167	347,878	40.8	48.2	103	100	2.5	2.4
\$5,000 under \$7,000.....	1,233,034	1,193,043	33.7	33.9	282	275	4.7	4.6
\$7,000 under \$9,000.....	2,483,282	2,259,763	21.3	26.3	465	460	5.8	5.7
\$9,000 under \$11,000.....	3,617,920	3,480,779	8.2	11.8	651	633	6.5	6.3
\$11,000 under \$13,000.....	5,013,506	4,548,843	5.2	5.9	899	865	7.5	7.2
\$13,000 under \$15,000.....	5,831,903	5,789,495	3.6	3.9	1,163	1,119	8.3	8.0
\$15,000 under \$17,000.....	6,785,324	6,534,361	2.0	2.9	1,415	1,375	8.9	8.6
\$17,000 under \$19,000.....	7,775,189	7,482,062	1.8	2.3	1,736	1,686	9.7	9.4
\$19,000 under \$22,000.....	11,677,768	12,203,165	1.5	2.0	2,100	2,044	10.3	10.0
\$22,000 under \$25,000.....	13,237,769	12,275,305	1.0	1.6	2,573	2,469	11.0	10.5
\$25,000 under \$30,000.....	23,793,004	22,916,849	1.2	1.0	3,152	3,103	11.5	11.3
\$30,000 under \$35,000.....	23,926,881	25,080,332	.7	.8	4,004	3,919	12.3	12.1
\$35,000 under \$40,000.....	24,678,348	24,713,424	.5	.8	4,907	4,803	13.1	12.8
\$40,000 under \$50,000.....	38,675,241	41,501,665	.3	.4	6,504	6,215	14.6	14.0
\$50,000 under \$75,000.....	47,355,174	56,064,781	.4	.2	10,211	9,984	17.3	16.8
\$75,000 under \$100,000.....	18,759,377	21,794,656	.4	.3	17,944	17,297	21.1	20.3
\$100,000 under \$150,000.....	17,117,874	19,895,978	.2	.4	29,502	28,296	24.8	23.7
\$150,000 under \$200,000.....	8,644,645	9,760,959	.2	.1	48,205	48,128	28.2	28.0
\$200,000 under \$300,000.....	10,013,524	11,362,146	.2	.2	75,844	74,658	31.6	31.2
\$300,000 under \$500,000.....	8,761,557	10,670,832	.2	.2	130,272	124,947	34.1	32.2
\$500,000 under \$1,000,000.....	7,526,585	9,878,188	.2	.2	258,255	240,714	38.2	35.9
\$1,000,000 or more.....	14,120,545	15,728,128	.2	.3	954,091	910,931	40.8	39.3

See notes following Table 20.

Selected Historical Data

Table 3. (Continued)—Number of Individual Returns, Income, Tax, and Average Tax, By Size of Income, Tax Years 1984–1987

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

Size of adjusted gross income	Number of returns for—		Adjusted gross income (AGI) ¹		Taxable income	
	1986	1987 ⁴	1986	1987 ⁴	1986	1987 ⁴
	(1)	(2)	(3)	(4)	(5)	(6)
Total	103,045,170	106,996,270	2,481,681,046	2,773,824,198	1,947,024,584	1,850,597,119
Less than \$1,000 ^{1,2}	3,082,866	3,691,379	-41,192,239	-38,160,729	2,988	155,369
\$1,000 under \$3,000	6,943,446	7,433,802	14,071,650	14,894,572	6,091,094	1,360,813
\$3,000 under \$5,000	6,918,848	6,691,090	27,868,449	26,725,935	16,360,716	3,759,804
\$5,000 under \$7,000	6,476,499	6,422,132	38,957,006	38,413,878	24,601,096	8,264,832
\$7,000 under \$9,000	6,193,124	6,300,234	49,544,545	50,368,689	33,689,430	15,178,900
\$9,000 under \$11,000	6,143,571	5,928,842	61,191,194	59,187,847	43,902,314	21,801,837
\$11,000 under \$13,000	5,555,106	5,580,094	66,594,415	66,951,853	49,577,787	29,932,090
\$13,000 under \$15,000	5,248,065	5,292,576	73,308,776	73,989,299	56,529,121	36,864,357
\$15,000 under \$17,000	4,744,416	4,800,582	75,841,890	76,680,566	59,389,086	41,945,445
\$17,000 under \$19,000	4,478,236	4,487,621	80,591,475	80,697,963	64,065,790	46,210,802
\$19,000 under \$22,000	6,070,710	5,879,795	124,453,078	120,205,955	98,830,208	72,352,317
\$22,000 under \$25,000	5,218,320	5,297,494	122,393,950	124,251,696	98,488,143	78,121,158
\$25,000 under \$30,000	7,559,001	7,494,827	207,876,371	205,551,504	165,356,830	133,895,752
\$30,000 under \$35,000						
\$35,000 under \$40,000	11,489,629	11,604,644	398,161,168	402,500,618	313,916,975	270,913,902
\$40,000 under \$50,000	7,458,776	7,862,901	332,210,863	350,409,748	259,365,436	242,712,736
\$50,000 under \$75,000	6,427,825	8,110,447	381,831,768	484,023,071	295,296,881	347,978,968
\$75,000 under \$100,000	1,546,776	2,064,189	131,926,730	175,453,698	100,211,601	129,661,327
\$100,000 under \$150,000						
\$150,000 under \$200,000	1,115,593	1,513,654	146,973,805	200,973,127	112,757,958	153,927,488
\$200,000 under \$300,000						
\$300,000 under \$500,000	290,946	429,671	82,840,607	124,073,791	64,277,685	100,643,815
\$500,000 under \$1,000,000	51,558	75,352	33,670,463	50,898,244	27,327,574	42,794,638
\$1,000,000 or more	31,859	34,944	72,565,082	85,732,872	56,985,871	72,120,769

Size of adjusted gross income	Total income tax ³		Percentage of returns showing no total income tax		Returns showing total income tax			
					Average tax (whole dollars)		Tax as percentage of AGI	
	1986	1987 ⁴	1986	1987 ⁴	1986	1987	1986	1987 ⁴
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total	367,287,213	369,202,757	18.5	18.9	4,374	4,257	15.1	13.7
Less than \$1,000 ^{1,2}	315,949	180,244	99.5	79.6	19,520	240	—	—
\$1,000 under \$3,000	58,848	183,643	94.1	70.0	143	82	7.1	4.0
\$3,000 under \$5,000	331,163	435,734	51.8	55.4	99	146	2.3	3.6
\$5,000 under \$7,000	1,047,045	998,787	35.1	36.4	249	244	4.1	4.1
\$7,000 under \$9,000	1,953,699	1,790,904	29.1	34.3	445	433	5.5	5.4
\$9,000 under \$11,000	3,203,202	2,581,645	13.3	29.2	601	615	6.0	6.1
\$11,000 under \$13,000	4,326,834	3,649,095	6.2	18.8	831	806	6.9	6.7
\$13,000 under \$15,000	5,409,582	4,701,766	3.9	9.0	1,073	976	7.7	7.0
\$15,000 under \$17,000	6,304,604	5,671,873	2.4	3.5	1,361	1,225	8.5	7.7
\$17,000 under \$19,000	7,243,966	6,288,383	1.6	2.9	1,644	1,444	9.1	8.0
\$19,000 under \$22,000	11,947,487	10,034,366	1.3	2.0	1,995	1,742	9.7	8.5
\$22,000 under \$25,000	12,727,389	11,357,271	0.8	1.7	2,459	2,181	10.5	9.3
\$25,000 under \$30,000	22,850,961	20,395,355	0.8	0.7	3,047	2,714	11.1	10.0
\$30,000 under \$35,000								
\$35,000 under \$40,000	48,628,502	42,809,754	0.5	0.5	4,253	3,708	12.3	10.7
\$40,000 under \$50,000	45,744,224	41,345,872	0.2	0.3	6,143	5,274	13.8	11.8
\$50,000 under \$75,000	62,459,834	69,872,423	0.2	0.2	9,737	8,630	16.4	14.5
\$75,000 under \$100,000	26,280,965	31,277,163	0.2	0.1	17,027	15,171	20.0	17.8
\$100,000 under \$150,000								
\$150,000 under \$200,000	37,289,197	43,415,426	0.2	0.2	33,498	28,754	25.4	21.7
\$200,000 under \$300,000								
\$300,000 under \$500,000	27,066,736	32,978,242	0.2	0.1	93,196	76,866	32.7	26.6
\$500,000 under \$1,000,000	12,928,118	14,745,147	0.2	0.2	251,192	196,006	38.5	29.0
\$1,000,000 or more	29,168,908	24,489,662	0.2	0.3	917,031	702,777	40.3	28.7

See notes following Table 20.

Selected Historical Data

Table 4.—Reconciliation of Adjusted Gross Income (AGI) and Personal Income Used in the National Income and Product Accounts (NIPA), Selected Years, 1970–1986

[All figures are estimates—money amounts are in billions of dollars]

Income and adjustment items	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
1. Personal income (per NIPA)	831.8	1,313.4	2,258.5	3,108.7	3,325.3	3,531.1
2. Portion of personal income not included in AGI	181.2	350.5	608.5	954.1	1,021.4	r1,098.5
Transfer payments (except taxable military pay and taxable Government pensions).....	79.3	176.9	290.3	391.8	416.6	437.6
Other labor income (except fees).....	31.9	65.0	136.5	180.0	183.3	192.5
Imputed income.....	25.5	33.4	45.1	49.4	55.3	70.0
Investment income received by nonprofit institutions or retained by fiduciaries.....	7.7	11.2	21.7	31.6	34.8	33.1
Investment income retained by life insurance carriers and noninsured pension funds ¹	12.5	23.5	59.9	98.4	112.8	121.3
Differences in accounting treatment (NIPA vs. IRS).....	8.5	16.0	14.1	79.8	87.3	r104.0
Other excluded or tax exempt income.....	15.8	24.4	41.0	123.0	130.2	r140.1
3. Portion of AGI not included in personal income	47.7	85.1	157.8	252.7	299.4	r390.7
Personal contributions for social insurance.....	27.9	50.4	88.6	132.7	149.3	161.1
Net capital gain from sales of property.....	8.9	14.2	29.7	56.2	69.8	r133.6
Taxable private pensions.....	6.3	13.1	28.3	58.4	72.9	87.8
S Corporation income (taxed through shareholders).....	1.7	2.1	.7	6.2	6.2	r7.5
Other taxable income.....	2.9	5.4	10.5	-8	1.2	r6
4. Total net adjustment for conceptual differences (line 2 minus line 3)	133.5	265.4	450.7	701.4	722.0	r707.8
5. Estimated total AGI (per NIPA) (line 1 minus line 4)	698.3	1,048.0	1,807.9	2,407.3	2,603.4	r2,823.3
6. Adjusted gross income (AGI) (SOI)	631.7	947.8	1,613.7	2,139.9	2,306.0	r2,481.7
7. Estimated difference in AGI (NIPA vs. SOI) (line 5 minus line 6)²	66.6	100.2	194.1	267.4	297.4	r341.6

See notes following Table 20.

Table 5.—Personal Income and Total Adjusted Gross Income Based on Individual Income Tax Returns per National Income and Product Accounts (NIPA), Tax Years 1947–1987

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) ¹	Total adjusted gross income (AGI) (per NIPA)	Difference	
			Amount	Percentage of personal income
	(1)	(2)	(3)	(4)
1947.....	190.2	170.6	19.6	10.3
1948.....	209.2	184.6	24.6	11.8
1949.....	206.4	181.7	24.7	12.0
1950.....	228.1	201.4	26.7	11.7
1951.....	256.5	228.8	27.7	10.8
1952.....	273.8	241.8	32.0	11.7
1953.....	290.5	257.1	33.4	11.5
1954.....	293.0	256.4	36.6	12.5
1955.....	314.2	277.1	37.1	11.8
1956.....	337.2	297.9	39.3	11.7
1957.....	356.3	310.7	45.6	12.8
1958.....	367.1	316.0	51.1	13.9
1959.....	390.7	338.7	52.0	13.3
1960.....	409.4	352.5	56.9	13.9
1961.....	426.0	365.8	60.2	14.1
1962.....	453.2	387.8	65.4	14.4
1963.....	476.3	408.7	67.6	14.2
1964.....	510.2	442.0	68.2	13.4
1965.....	552.0	479.4	72.6	13.2
1966.....	600.8	520.0	80.8	13.4
1967.....	644.5	555.4	89.1	13.8
1968.....	707.2	610.0	97.2	13.7
1969.....	772.9	663.4	109.5	14.2
1970.....	831.8	698.3	133.5	16.0
1971.....	894.0	745.6	148.4	16.6
1972.....	981.6	824.7	156.9	16.0
1973.....	1,101.7	926.0	175.7	15.9
1974.....	1,210.1	1,004.0	206.1	17.0
1975.....	1,313.4	1,048.0	265.4	20.2
1976.....	1,451.4	1,166.7	284.7	19.6
1977.....	1,607.5	1,297.0	310.5	19.3
1978.....	1,812.4	1,466.9	345.5	19.1
1979.....	2,034.0	1,647.3	386.7	19.0
1980.....	2,258.5	1,807.9	450.6	20.0
1981.....	2,520.9	1,990.0	530.9	21.1
1982.....	2,670.8	2,059.4	611.4	22.9
1983.....	2,838.6	2,176.3	662.3	23.3
1984.....	3,108.7	2,407.3	701.4	22.6
1985.....	3,325.3	2,603.4	713.7	21.5
1986.....	3,531.1	2,830.8	700.3	19.8
p1987.....	3,780.0	n.a.	n.a.	n.a.

See notes following Table 20.

Table 6.—Total Adjusted Gross Income Estimated from National Income and Product Accounts (NIPA) and Adjusted Gross Income Reported on Individual Income Tax Returns per SOI, Tax Years 1947–1987

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Adjusted gross income (AGI)		Difference	
	Total (per NIPA) ¹	Reported on tax returns (per SOI)	Amount	Percentage of total
	(1)	(2)	(3)	(4)
1947.....	170.6	149.7	20.9	12.3
1948.....	184.6	163.6	21.0	11.4
1949.....	181.7	160.6	21.1	11.6
1950.....	201.4	179.1	22.3	11.1
1951.....	228.8	202.4	26.4	11.5
1952.....	241.8	215.3	26.5	11.0
1953.....	257.1	228.7	28.4	11.0
1954.....	256.4	229.2	27.2	10.6
1955.....	277.1	248.5	28.6	10.3
1956.....	279.9	267.8	30.1	10.1
1957.....	310.7	280.4	30.3	9.8
1958.....	316.0	281.2	34.8	11.0
1959.....	338.7	305.1	33.6	9.9
1960.....	352.5	315.5	37.0	10.5
1961.....	365.8	329.9	35.9	9.8
1962.....	387.8	348.7	39.1	10.1
1963.....	408.7	368.8	39.9	9.8
1964.....	442.0	396.7	45.3	10.2
1965.....	479.4	429.2	50.2	10.5
1966.....	520.0	468.5	51.5	9.9
1967.....	555.4	504.8	50.6	9.1
1968.....	610.0	554.4	55.6	9.1
1969.....	663.4	603.5	59.9	9.0
1970.....	698.3	631.7	66.6	9.5
1971.....	745.6	673.6	72.0	9.7
1972.....	824.7	746.0	78.7	9.5
1973.....	926.0	827.1	98.9	10.7
1974.....	1,004.0	905.5	98.5	9.8
1975.....	1,048.0	947.8	100.2	9.6
1976.....	1,166.7	1,053.9	112.8	9.7
1977.....	1,297.0	1,158.5	138.5	10.7
1978.....	1,466.9	1,302.4	164.5	11.2
1979.....	1,647.3	1,465.4	181.9	11.0
1980.....	1,807.9	1,613.7	194.2	10.7
1981.....	1,990.0	1,772.6	217.4	10.9
1982.....	2,059.4	1,852.1	207.3	10.1
1983.....	2,176.3	1,942.6	233.7	10.7
1984.....	2,407.3	2,139.9	267.4	11.1
1985.....	2,609.9	2,306.0	303.9	11.6
1986.....	2,803.9	2,481.7	349.2	12.3
1987.....	n.a.	2,773.8 ²	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 7.—Standard, Itemized, and Total Deductions Reported on Individual Income Tax Returns, Tax Years 1944–1987

[All figures are estimates based on samples—number of returns are in millions; money amounts are in billions of dollars]

Tax year	Total number of returns	Standard deduction ¹		Itemized deductions		Total deductions	
		Number of returns ²	Amount	Number of returns ²	Amount ³	Amount ⁴	Percentage of adjusted gross income (AGI)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1944.....	47.1	38.7	8.0	8.4	4.8	12.8	11.0
1945.....	49.9	41.5	8.1	8.5	5.5	13.6	11.3
1946.....	52.8	44.1	8.9	8.8	6.3	15.2	11.3
1947.....	55.1	44.7	9.8	10.4	7.8	17.6	11.8
1948.....	52.1	43.2	11.5	8.8	7.9	19.4	11.9
1949.....	51.8	42.1	11.1	9.7	8.8	19.9	12.4
1950.....	53.1	42.7	12.0	10.3	9.9	21.9	12.2
1951.....	55.4	43.9	13.3	11.6	11.9	25.2	12.5
1952.....	56.5	43.7	13.7	12.8	13.6	27.3	12.7
1953.....	57.8	43.4	14.2	14.4	15.6	29.8	13.0
1954.....	56.7	41.0	13.3	15.7	17.4	30.7	13.4
1955.....	58.3	41.4	13.6	16.9	20.0	33.6	13.5
1956.....	59.2	40.7	13.8	18.5	22.6	36.4	13.6
1957.....	59.8	39.7	13.8	20.2	25.7	39.5	14.1
1958.....	59.1	38.3	13.2	20.8	27.5	40.7	14.5
1959.....	60.3	37.8	13.4	22.5	32.0	45.4	14.9
1960.....	61.0	36.9	13.1	24.1	35.3	48.4	15.3
1961.....	61.5	36.2	12.9	25.3	38.4	51.3	15.6
1962.....	62.7	36.3	13.1	26.5	41.7	54.8	15.7
1963.....	63.9	35.8	13.1	28.2	46.1	59.2	16.1
1964.....	65.4	38.5	20.2	26.9	46.8	67.0	16.9
1965.....	67.6	39.7	20.6	27.9	50.7	71.4	16.6
1966.....	70.2	41.6	21.8	28.6	54.6	76.4	16.3
1967.....	71.7	41.9	22.1	29.8	59.6	81.7	16.2
1968.....	73.7	41.7	22.1	32.0	69.2	91.3	16.4
1969.....	75.8	40.9	21.6	34.9	80.2	101.8	16.8
1970.....	74.3	38.8	32.4	35.4	88.2	120.5	19.0
1971.....	74.6	43.9	48.1	30.7	91.9	139.9	20.7
1972.....	77.6	50.6	69.8	27.0	96.7	166.4	22.2
1973.....	80.7	52.6	73.6	28.0	107.0	180.6	21.8
1974.....	83.3	53.8	76.1	29.6	119.4	195.5	21.6
1975.....	82.2	56.1	100.9	26.1	122.3	233.2	23.5
1976.....	84.7	58.7	113.8	26.0	133.9	247.6	23.5
1977.....	86.6	63.7	137.7	22.9	138.5	276.2	23.8
1978.....	89.8	64.0	139.8	25.8	164.4	304.3	23.4
1979.....	92.7	66.2	148.8	26.5	184.2	333.0	22.7
1980.....	93.9	65.0	146.0	29.0	218.0	346.0	22.6
1981.....	95.4	63.8	144.7	31.6	256.4	401.2	22.6
1982.....	95.3	61.9	140.2	33.4	284.5	425.2	22.9
1983.....	96.3	61.1	138.5	35.2	309.6	448.7	23.1
1984.....	99.4	61.2	139.5	38.2	358.9	499.6	23.3
1985.....	101.7	61.8	145.0	39.8	405.0	554.7	23.9
1986.....	103.0	62.4	151.0	40.7	447.1	611.3	24.6
1987.....	107.0	71.4	215.2	35.6	392.0	607.2	21.9

See notes following Table 20.

Table 8.—Personal Income Per National Income and Product Accounts (NIPA) and Taxable Income, and Individual Income Tax Per SOI, Tax Years 1947–1987

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Personal income (per NIPA) ¹	Taxable income (per SOI) ²		Total income tax (per SOI) ³		
		Amount	As a percentage of personal income	Total	As a percentage of—	
					Personal income	Taxable income ²
	(1)	(2)	(3)	(4)	(5)	(6)
1947.....	190.2	75.4	39.6	18.1	9.5	24.0
1948.....	209.2	74.8	35.8	15.4	7.4	20.6
1949.....	206.4	71.7	34.7	14.5	7.0	20.2
1950.....	228.1	84.3	37.0	18.4	8.1	21.8
1951.....	256.5	99.2	38.7	24.2	9.4	25.9
1952.....	273.8	107.2	39.2	27.8	10.2	25.9
1953.....	290.5	114.3	39.3	29.4	10.1	25.7
1954.....	293.0	115.3	39.4	26.7	9.1	23.2
1955.....	314.2	128.0	40.7	29.6	9.4	23.1
1956.....	337.2	141.5	42.0	32.7	9.7	23.1
1957.....	356.3	149.4	41.9	34.4	9.7	23.0
1958.....	367.1	149.3	40.7	34.3	9.3	23.0
1959.....	390.7	166.5	42.6	38.6	9.9	23.2
1960.....	409.4	171.6	41.9	39.5	9.6	23.0
1961.....	426.0	181.8	42.7	42.2	9.9	23.2
1962.....	453.2	195.3	43.1	44.9	9.9	23.0
1963.....	476.3	209.1	43.9	48.2	10.1	23.1
1964.....	510.2	229.9	45.1	47.2	9.3	20.5
1965.....	552.0	255.1	46.2	49.6	9.0	19.4
1966.....	600.8	286.3	47.7	56.1	9.3	19.6
1967.....	644.5	315.1	48.9	63.0	9.8	20.0
1968.....	707.2	352.8	49.9	76.7	10.8	21.7
1969.....	772.9	388.8	50.3	86.6	11.2	22.3
1970.....	831.8	401.2	48.2	83.9	10.1	20.9
1971.....	894.0	414.0	46.3	85.4	9.6	20.6
1972.....	981.6	447.6	45.6	93.6	9.5	20.9
1973.....	1,101.7	511.9	46.5	108.1	9.8	21.1
1974.....	1,210.1	573.6	47.4	123.6	10.2	21.5
1975.....	1,313.4	595.5	45.3	124.5	9.5	20.9
1976.....	1,451.4	674.9	46.5	141.8	9.8	21.0
1977.....	1,607.5	733.8	45.6	159.8	9.9	21.8
1978.....	1,812.4	846.4	46.7	188.2	10.4	22.2
1979.....	2,034.0	926.6	45.6	214.5	10.5	23.2
1980.....	2,258.5	1,045.2	46.3	250.3	11.1	24.0
1981.....	2,520.9	1,170.1	46.4	284.1	11.3	24.3
1982.....	2,670.8	1,231.9	46.1	277.6	10.4	22.6
1983.....	2,838.6	1,300.2	45.8	274.2	9.7	21.1
1984.....	3,108.7	1,447.0	46.5	301.9	9.7	20.9
1985.....	3,325.3	1,550.5	46.6	325.7	9.8	21.0
1986.....	3,531.1	1,665.6	47.2	367.3	10.4	22.1
1987.....	3,780.0	1,850.6	49.0	369.2	9.8	20.0

See notes following Table 20.

Selected Historical Data

Table 9.—Number of Individual Income Tax Returns, by Type of Tax Settlement, Tax Years 1944–1987

[All figures are estimates based on samples—number of returns are in millions]

Tax year	Total number of returns	Returns with—		
		Tax due at time of filing	Overpayments ¹	No overpayments or tax due at time of filing ¹
	(1)	(2)	(3)	(4)
1944.....	47.1	22.6	22.9	1.6
1945.....	49.9	14.5	33.5	1.9
1946.....	52.8	13.6	34.4	4.8
1947.....	55.1	15.3	33.0	6.7
1948.....	52.1	8.1	38.4	5.6
1949.....	51.8	13.8	30.2	7.9
1950.....	53.1	14.3	32.0	6.8
1951.....	55.4	18.6	31.0	5.8
1952.....	56.5	19.3	32.1	5.1
1953.....	57.8	19.0	32.7	6.2
1954.....	56.7	16.6	35.2	5.0
1955.....	58.3	18.7	35.4	4.2
1956.....	59.2	19.4	36.1	3.7
1957.....	59.8	18.6	37.6	3.6
1958.....	59.1	18.1	37.4	3.6
1959.....	60.3	19.1	38.4	2.8
1960.....	61.0	18.1	39.4	3.5
1961.....	61.5	18.6	40.0	2.9
1962.....	62.7	18.7	40.9	3.1
1963.....	63.9	19.3	41.4	3.3
1964.....	65.4	22.5	39.3	3.5
1965.....	67.6	20.0	44.3	3.2
1966.....	70.2	17.8	49.4	3.0
1967.....	71.7	17.5	51.2	3.0
1968.....	73.7	20.3	50.6	2.8
1969.....	75.8	17.9	54.9	3.0
1970.....	74.3	16.5	55.3	2.5
1971.....	74.6	17.0	55.3	2.4
1972.....	77.6	11.9	63.3	2.3
1973.....	80.7	14.2	64.2	2.2
1974.....	83.3	15.4	65.8	2.1
1975.....	82.2	15.8	63.8	2.6
1976.....	84.7	16.9	65.0	2.8
1977.....	86.6	17.8	66.0	2.8
1978.....	89.8	21.6	65.5	2.7
1979.....	92.7	18.8	71.4	2.4
1980.....	93.9	21.8	69.9	2.3
1981.....	95.4	23.0	70.0	2.4
1982.....	95.3	20.3	72.4	2.6
1983.....	96.3	18.5	75.0	2.9
1984.....	99.4	21.2	75.6	2.7
1985.....	101.7	21.2	77.4	3.0
1986.....	103.0	21.5	78.1	3.5
1987.....	107.0	23.8	79.8	3.4

See notes following Table 20.

Selected Historical Data

Table 10.—Nonfarm Sole Proprietorship Returns: Selected Income and Deduction Items for Selected Income Years, 1970–1987

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

Item	1970	1975	1980	1985	1986	1987
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	5,769,741	7,221,346	8,931,712	11,928,573	12,393,700	13,091,132
Number with net income.....	n.a.	n.a.	n.a.	8,640,701	9,247,806	9,884,338
Inventory, end of year	11,060,775	15,578,040	21,996,236	24,969,895	24,476,892	26,332,702
Business receipts, total	198,582,172	273,954,741	411,205,713	540,045,430	559,384,259	610,822,732
Income from sales and operations.....	n.a.	272,342,560	407,169,299	528,675,271	r548,273,173	598,315,189
Total deductions	168,044,746	234,318,288	356,258,495	461,272,852	468,960,496	505,362,105
Cost of sales and operations.....	109,148,811	146,261,435	209,889,809	232,294,132	232,134,760	255,045,271
Purchases.....	88,585,913	117,722,352	168,301,517	n.a.	n.a.	173,399,840
Cost of labor.....	7,704,285	8,791,083	10,922,221	14,504,201	17,317,871	19,631,015
Materials and supplies.....	6,216,057	9,090,638	12,909,222	n.a.	n.a.	23,841,762
Commissions.....	1,274,016	2,225,830	3,333,345	n.a.	5,461,118	6,261,859
Net salaries and wages.....	15,107,047	20,227,859	26,560,821	38,265,691	38,691,599	42,329,477
Car and truck expenses.....	n.a.	n.a.	13,378,289	17,044,421	16,380,826	17,469,744
Rent paid.....	4,636,528	6,676,314	9,636,290	15,258,690	15,653,599	16,358,248
Repairs.....	2,444,607	3,044,175	5,031,573	n.a.	n.a.	7,437,987
Taxes paid.....	3,775,502	5,423,961	7,672,459	n.a.	n.a.	8,449,142
Utilities.....	n.a.	n.a.	4,790,337	n.a.	12,644,624	13,361,789
Insurance.....	2,309,608	3,503,812	6,003,126	n.a.	10,783,481	11,718,559
Interest paid.....	1,784,276	3,390,845	7,190,257	11,913,982	11,504,437	11,615,902
Depreciation.....	5,451,525	7,958,143	13,952,703	26,291,389	26,418,043	25,557,350
Pension and profit sharing plans.....	72,741	125,296	141,463	311,323	638,262	547,886
Net income (less deficit)	30,537,426	39,636,453r	54,947,219	78,772,578	90,423,763	105,460,627
Net income.....	33,735,732	45,624,890	68,010,051	98,775,563	110,496,952	123,782,540
Deficit.....	3,198,306	5,988,437	13,062,832	20,002,986	20,073,189	18,321,913

See notes following Table 20.

Table 11.—Partnership Returns: Balance Sheet Items and Selected Income Statement for Selected Income Years, 1970–1986

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

Item	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of active partnerships	936,133	1,073,094	1,379,654	1,643,581	1,713,603	1,702,952
Number with net income.....	639,795	661,134	774,173	844,738	875,846	850,884
Number with balance sheets.....	555,741	783,271	1,194,236	1,201,320	1,227,498	1,202,737
Number of partners	3,697,818	4,950,634	8,419,899	12,426,721	13,244,824	15,301,345
Total assets ¹	116,752,751	235,468,301	597,503,923	1,030,848,519	1,269,434,302	1,403,750,213
Depreciable assets (net).....	n.a.	113,124,969	239,139,823	581,643,219	695,878,822	779,936,070
Inventories, end of year.....	n.a.	11,985,431	33,218,272	39,446,014	27,279,234	27,463,816
Land.....	n.a.	36,731,958	70,241,248	122,036,819	152,179,314	179,141,689
Total liabilities ¹	n.a.	193,875,629	488,734,023	1,030,848,464	1,269,434,367	1,403,750,220
Accounts payable.....	n.a.	12,302,055	33,899,048	32,780,197	146,871,755	43,621,862
Short-term debt ²	n.a.	22,709,476	48,001,839	68,625,844	102,760,363	92,456,724
Long-term debt ³	n.a.	136,296,764	178,044,406	322,327,016	93,319,855	429,195,599
Nonrecourse loans.....	n.a.	n.a.	118,910,380	260,167,109	327,558,208	365,044,180
Partners' capital accounts	n.a.	41,592,672	108,769,900	175,4754,922	200,212,653	228,022,656
Total receipts ⁴	93,348,080	148,417,529	291,998,115	375,192,511	367,117,316	397,302,544
Business receipts.....	90,208,834	142,505,781	271,108,832	318,342,380	302,733,374	327,428,647
Interest received.....	942,304	2,477,173	10,869,323	16,651,205	20,558,966	21,715,994
Total deductions ⁴	83,557,684	140,679,959	283,749,460	378,692,535	376,000,991	414,673,405
Cost of sales and operations.....	46,040,874	64,672,843	113,885,668	180,857,822	146,315,315	164,167,707
Purchases.....	31,820,581	42,608,734	70,439,607	100,358,781	91,925,923	100,010,383
Cost of labor.....	4,146,927	4,585,836	7,015,547	7,826,231	8,845,106	9,789,253
Salaries and wages.....	8,129,233	12,489,039	22,336,337	28,522,626	33,884,204	36,304,654
Taxes paid.....	3,159,258	5,770,918	9,553,145	6,673,186	7,745,756	7,866,233
Interest paid.....	4,470,206	12,097,100	28,362,385	25,437,588	28,674,933	29,452,297
Depreciation ⁵	4,578,820	10,108,834	21,576,189	46,939,395	53,650,790	59,847,381
Net income (less deficit)	9,790,396	7,737,570	8,248,655	- 3,500,024	- 8,883,674	- 17,370,860
Net income.....	14,419,124	22,431,931	45,061,756	69,696,922	77,044,693	80,214,873
Deficit.....	4,628,728	14,694,361	36,813,100	73,196,946	85,928,367	97,585,733

See notes following Table 20.

Selected Historical Data

Table 12.—Number of Business Income Tax Returns, by Size of Business, for Selected Years 1970-1986

[All figures are estimates based on samples—number of businesses are in thousands]

Size of business	Number of businesses for—					
	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
CORPORATIONS						
Receipt size ¹						
Under \$25,000 ²	451.9	468.9	557.0	686.1	710.8	765.3
\$25,000 under \$50,000.....	170.7	186.4	207.7	212.5	236.6	244.2
\$50,000 under \$100,000.....	219.8	260.7	322.7	338.7	330.2	345.4
\$100,000 under \$250,000.....	516.9	673.9	558.4	615.2	620.5	630.6
\$250,000 under \$500,000.....						
\$500,000 under \$1,000,000.....						
\$1,000,000 or more.....	141.1	184.2	279.8	344.8	352.4	370.4
	165.0	249.5	417.7	505.0	537.6	562.2
Asset size						
Under \$100,000 ³	961.0	1,177.7	1,514.6	1,773.7	1,833.5	1,946.6
\$100,000 under \$1 million.....	599.1	704.6	968.9	1,119.8	1,152.5	1,180.4
\$1 million under \$10 million.....	87.0	116.4	191.8	232.9	245.4	254.6
\$10 million under \$25 million.....	9.8	12.2	16.6	20.8	20.9	21.1
\$25 million under \$50 million.....	3.9	5.6	7.8	10.1	10.4	9.9
\$50 million under \$100 million.....	2.1	3.1	4.8	6.0	6.2	6.6
\$100 million under \$250 million.....	1.4	2.1	3.2	3.8	4.4	4.8
\$250 million and over.....	1.2	1.9	2.9	3.7	4.1	4.5
PARTNERSHIPS						
Receipt size ¹						
Under \$25,000 ²	501.7	549.7	638.0	820.4 ⁴	840.1 ⁴	836.6 ⁴
\$25,000 under \$50,000.....	125.2	141.0	181.8	197.3	195.5	182.9
\$50,000 under \$100,000.....	119.6	133.7	183.6	200.5	199.5	204.5
\$100,000 under \$200,000.....	97.2	114.0	155.2	162.8	190.1	184.0
\$200,000 under \$500,000.....	65.2	90.6	135.6	149.9	165.5	165.1
\$500,000 under \$1,000,000.....	17.0	25.5	48.1	60.6	66.9	69.1
\$1,000,000 or more.....	10.3	18.6	37.4	52.1	56.0	60.7
Asset size ⁵						
Under \$25,000 ³	635.7	611.0	541.9	773.8	794.1	774.9
\$25,000 under \$50,000.....	80.8	105.9	156.3	118.6	132.7	142.4
\$50,000 under \$100,000.....	73.5	106.8	180.2	170.5	165.8	140.4
\$100,000 under \$200,000.....	74.7	116.0	219.1	208.5	210.9	214.4
\$200,000-\$500,000.....	33.8	56.9	117.9	129.0	142.8	147.4
\$500,000-\$1,000,000.....	19.3	35.3	72.1	93.8	100.0	99.8
\$1,000,000 or more.....	18.3	41.2	92.2	149.4	167.2	183.3
NONFARM SOLE PROPRIETORSHIPS						
Receipt size						
Under \$2,500 ²	1,894.3	2,299.9	2,783.1	2,988.9	3,067.5	3,178.4
\$2,500 under \$5,000.....	815.1	959.4	1,158.6	1,324.4	1,444.6	1,495.1
\$5,000 under \$10,000.....	891.5	1,041.7	1,262.9	1,482.4	1,633.6	1,666.0
\$10,000 under \$25,000.....	1,137.4	1,325.7	1,711.8	2,036.4	2,104.6	2,175.3
\$25,000 under \$50,000.....	746.4	849.5	1,079.1	1,261.3	1,393.9	1,466.6
\$50,000 under \$100,000.....	562.0	644.5	835.6	1,061.3	1,094.1	1,138.3
\$100,000 under \$200,000.....	297.4	380.9	795.8	984.4	1,060.2	1,140.9
\$200,000 under \$500,000.....	122.3	209.2				
\$500,000 under \$1,000,000.....	20.8	35.3	73.9	86.4	89.3	95.4
\$1,000,000 or more.....	6.6	13.5	29.2	36.8	40.7	37.7

See notes following Table 20.

Selected Historical Data

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Table 13.—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970–1986

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

Items	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total.....	1,665,477	2,023,647	2,710,538	3,170,743	3,277,219	3,428,515
Number with net income.....	1,008,337	1,226,208	1,596,632	1,777,770	1,820,120	1,907,738
Consolidated returns ^{1,2}	19,871	38,307	57,890	80,256	79,598	81,956
S Corporation returns ^{2,3}	257,475	358,413	545,389	701,339	724,749	826,214
DISC returns ^{2,4}	N/A	6,431	8,665	12,480	1,383	1,443
FSC returns ^{2,5}	N/A	N/A	N/A	N/A	2,341	2,900
Total assets.....	2,634,706,564	4,286,556,273	7,617,238,403	11,106,701,948	12,773,093,888	14,163,209,894
Cash.....	176,924,573	290,426,439	528,914,747	595,773,262	683,204,264	762,946,878
Notes and accounts receivable.....	614,667,367	1,051,542,806	1,984,601,790	2,896,980,896	3,317,635,191	3,593,528,670
Less: Allowance for bad debts.....	20,030,327	31,032,998	50,057,307	54,341,671	61,580,335	74,228,426
Inventories.....	190,401,642	317,718,545	534,806,547	664,243,060	714,722,928	732,587,518
Investments in Government obligations.....	196,625,390	316,131,699	472,059,737	725,695,801	916,550,098	1,058,718,859
Other current assets.....	73,058,482	145,101,716	310,177,180	513,743,712	629,136,396	739,043,506
Loans to stockholders.....	4,774,082	9,355,636	29,873,250	58,430,009	56,761,232	63,653,862
Mortgage and real estate loans.....	327,593,354	548,054,483	894,323,489	1,126,962,114	1,258,672,577	1,377,441,452
Other investments.....	401,389,022	626,266,074	1,213,986,210	1,972,830,815	2,413,551,474	2,847,727,452
Depreciable assets.....	868,908,018	1,276,564,500	2,107,027,914	2,913,301,626	3,174,193,649	3,382,556,559
Less: Accumulated depreciation.....	334,646,086	483,798,526	767,841,763	1,116,171,771	1,232,072,530	1,342,114,626
Depletable assets.....	18,517,264	38,511,396	71,901,490	114,808,431	112,339,389	116,010,459
Less: Accumulated depletion.....	6,774,796	14,501,561	19,569,556	36,340,299	37,203,920	44,083,149
Land.....	46,626,157	66,819,206	92,931,935	128,269,064	141,448,357	149,522,450
Intangible assets (amortizable).....	12,818,168	12,823,183	45,480,694	117,467,829	145,290,625	212,265,625
Less: Accumulated amortization.....	5,984,184	4,491,990	18,393,037	36,190,604	42,505,240	46,696,699
Other assets.....	69,838,438	121,065,665	187,015,106	521,126,077	582,949,738	634,329,507
Total liabilities.....	2,634,706,564	4,286,556,273	7,617,238,403	11,106,701,948	12,773,093,888	14,163,209,894
Accounts payable.....	148,812,597	263,417,584	542,172,368	741,372,874	891,571,443	909,090,964
Mortgages, notes, and bonds payable in less than 1 year.....	170,884,261	272,123,551	504,802,288	866,546,604	1,001,337,795	1,083,947,776
Other current liabilities.....	892,218,397	1,577,425,991	2,706,796,369	3,760,174,725	4,234,983,432	4,599,886,537
Loans from stockholders.....	24,573,814	38,143,936	85,718,510	145,250,514	174,317,253	185,034,570
Mortgages, notes, and bonds payable in 1 year or more.....	362,700,303	586,703,526	986,663,932	1,494,350,573	1,699,272,481	1,958,477,161
Other liabilities.....	283,106,029	451,676,880	846,696,691	1,214,879,371	1,467,912,913	1,728,638,194
Capital stock.....	201,213,719	251,715,862	417,153,783	839,344,197	920,182,882	1,190,628,800
Paid-in or capital surplus.....	196,642,421	298,534,854	532,039,407	1,066,288,359	1,420,996,805	1,725,785,087
Retained earnings, appropriated.....	16,657,051	29,955,676	41,461,644	51,100,507	54,074,364	64,975,012
Retained earnings, unappropriated.....	349,225,750	537,631,026	1,027,902,049	1,256,771,201	1,311,512,589	1,313,686,600
Less: Cost of treasury stock.....	11,327,778	20,772,613	74,168,627	329,376,924	403,068,064	612,525,394
Total receipts.....	1,750,776,503	3,198,627,860	6,361,284,012	7,860,711,226⁶	8,398,278,426	8,669,378,501
Business receipts.....	1,620,886,576	2,961,729,640	5,731,616,337	6,948,481,893	7,369,538,953	7,535,482,221
Interest on State and local Government obligations.....	3,775,917	6,711,606	12,620,876	16,613,501	20,164,514	23,578,340
Other interest.....	67,794,508	136,587,304	354,243,674	566,537,974 ⁷	617,622,425 ⁷	638,524,951 ⁷
Dividends received from domestic corporations.....	5,238,421	8,818,282	18,654,800	21,185,391	16,967,379	15,156,098
Dividends received from foreign corporations.....	3,466,515	5,467,726	14,563,353	15,373,474	20,770,361	22,747,046
Rents.....	13,938,502	21,765,130	41,371,141	75,834,113	89,700,937	93,972,214
Royalties.....	2,586,387	5,167,141	12,450,250	14,535,929	15,237,421	16,411,642
Net short-term capital gain reduced by net long-term capital loss.....	190,439	301,601	2,013,510	3,233,999 ⁸	7,032,062	11,797,841
Net long-term capital gain reduced by net short-term capital loss.....	5,481,580	8,364,523	24,910,957	38,518,792	53,771,685	93,297,600
Net gain, noncapital assets.....	5,315,562	7,757,287	20,117,615	26,506,096	33,537,842	44,149,339
Other receipts.....	22,102,096	35,957,620	128,721,498	133,948,728	153,934,848	174,261,151

Selected Historical Data

Table 13. (Continued)—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970–1986

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

Items	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
Total deductions	1,682,778,847	3,052,674,597	6,125,365,155	7,628,772,066	8,158,144,126	8,394,932,819
Cost of sales and operations.....	1,146,263,273	2,129,928,467	4,204,905,905	4,692,505,746	4,894,254,081	4,922,763,967
Compensation of officers.....	32,846,381	57,832,552	108,973,751	157,028,565	170,737,540	185,395,342
Repairs.....	13,986,819	23,422,171	42,407,967	76,367,591	81,495,784	83,848,507
Bad debts.....	6,479,814	13,781,147	18,769,771	33,803,267	43,333,588	53,419,371
Rent paid on business property.....	23,842,355	40,769,829	71,990,832	119,476,469	134,661,335	145,188,558
Taxes paid.....	49,523,243	81,530,302	163,003,622	191,748,629	200,977,161	203,491,687
Interest paid.....	62,055,010	129,307,921	344,612,542	535,814,101	568,645,475	572,973,834
Contributions or gifts.....	797,029	1,202,130	2,358,554	4,057,112	4,471,736	5,178,918
Amortization.....	745,005	717,398	1,374,658	5,170,089	6,133,737	14,005,202
Depreciation.....	52,941,266	86,295,664	157,345,828	264,882,261	304,380,703	312,582,789
Depletion.....	5,623,339	5,341,489	8,871,993	8,351,260	7,779,731	9,035,885
Advertising.....	18,089,097	26,605,786	52,266,004	82,023,440	91,922,667	98,959,857
Pension, profit-sharing, stock bonus, and annuity plans.....	12,225,912	26,526,129	51,529,310	52,555,188	49,588,712	48,242,217
Employee benefit programs.....	7,398,283	15,690,563	40,179,104	64,547,638	71,601,577	73,633,515
Net loss, noncapital assets.....	1,289,305	1,804,079	5,903,104	9,647,008	7,893,175	12,859,566
Other deductions.....	248,672,716	411,918,970	850,872,216	1,331,088,812	1,520,267,133	1,653,353,611
Total receipts less total deductions	67,997,656	145,953,263	235,918,858	231,939,061	240,134,300	274,445,682
Constructive taxable income from related foreign corporations.....	1,679,875	3,395,169	15,708,560	17,575,037	20,299,335	19,038,861
Net income (less deficit)	65,901,614	142,636,826	239,006,542	232,900,596⁶	240,119,020	269,530,240
Net income.....	83,710,924	169,483,336	296,787,201	349,179,415 ⁶	363,867,384	408,860,760
Deficit.....	17,809,310	26,846,510	57,780,659	116,278,819 ⁶	123,748,365	139,330,520
Income subject to tax ⁸	72,374,437	146,589,287	246,598,486	257,054,060	266,060,609	276,172,502
Income tax, total	33,293,018⁹	66,144,308	105,142,436	107,968,407	111,340,839	111,140,137
Regular and alternative tax.....	32,949,937	65,769,822	103,831,172	106,013,217	109,106,358	108,773,260
Tax from recomputing prior- year investment credit.....	77,832	217,138	867,571	1,328,945	1,497,597	1,319,525
Tax from recomputing prior- year work incentive (WIN) credit.....	N/A	608	4,873	N/A	N/A	N/A
Additional tax for tax preferences.....	265,249	156,740	438,820	544,863	725,878	1,026,194
Foreign tax credit.....	4,548,986	19,987,724	24,879,737	21,075,296	24,263,487	21,480,508
U.S. possessions tax credit.....	N/A	N/A	1,572,734	1,978,578	2,450,583	2,907,256
Investment credit.....	865,954	6,459,746	15,102,812	(¹⁰)	(¹⁰)	(¹⁰)
Work incentive (WIN) credit.....	N/A	5,321	36,483	N/A	N/A	N/A
Jobs credit.....	N/A	N/A	601,444	(¹⁰)	(¹⁰)	(¹⁰)
Nonconventional source fuel credit.....	N/A	N/A	2	69,695	43,267	63,544
Alcohol fuel credit.....	N/A	N/A	4	(¹⁰)	(¹⁰)	(¹⁰)
Research activities credit.....	N/A	N/A	N/A	1,589,048	1,627,997	(¹⁰)
Employees stock ownership credit.....	N/A	N/A	N/A	(¹⁰)	(¹⁰)	(¹⁰)
Orphan drug credit.....	N/A	N/A	N/A	*105	*204	6,530
General business credit.....	N/A	N/A	N/A	19,265,475	19,607,097	12,805,999
Distributions to stockholders:						
Cash and property except in own stock.....	32,012,677	45,224,392	97,378,617	144,871,643	n.a.	n.a.
Corporation's own stock.....	1,922,810	2,066,559	3,525,549	5,889,191	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 14.—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division, for Selected Income Years, 1970–1986

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

Industrial division and items	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
AGRICULTURE, FORESTRY AND FISHING						
Number of returns, total.....	37,283	56,280	80,883	98,361	103,156	106,634
Number with net income.....	19,843	33,328	43,827	r50,037	52,776	57,810
Total assets.....	11,909,403	21,177,941	40,738,977	50,699,926	52,651,197	53,478,288
Net worth.....	4,012,068	6,844,949	11,460,935	14,310,555	15,406,221	17,062,622
Total receipts.....	14,277,707	28,118,514	52,089,915	66,645,119	70,491,486	77,502,215
Business receipts.....	13,591,763	26,624,149	48,850,056	62,093,338	65,419,402	71,787,552
Interest received.....	69,742	171,732	476,654	723,118 ¹	775,383 ¹	720,405 ¹
Total deductions.....	14,209,713	27,369,286	51,418,280	66,436,289	70,559,478	76,330,943
Cost of sales and operations.....	10,555,539	19,738,447	35,798,332	42,991,472	45,085,526	50,971,455
Interest paid.....	356,225	797,420	2,184,441	2,952,198	2,758,952	2,570,846
Net income (less deficit).....	65,295	746,908	673,158	202,522	-74,270	1,148,686
Net income.....	493,400	1,493,168	2,464,381	2,874,899	2,930,905	3,676,645
Deficit.....	428,105	746,260	1,791,222	2,672,377	3,005,175	2,527,960
Income tax before credits.....	113,115 ²	351,059	533,768	509,081	540,171	589,887
Total income tax after credits ³	107,023 ²	294,584	422,356	373,115	344,626	475,606
Distributions to stockholders except in own stock.....	65,824	244,524	304,733	417,177	n.a.	n.a.
MINING						
Number of returns, total.....	14,465	14,242	25,576	40,564	41,426	40,354
Number with net income.....	7,303	8,297	12,698	18,177	18,031	18,150
Total assets.....	23,972,812	64,505,341	126,947,880	209,036,474	240,815,996	206,122,125
Net worth.....	13,381,821	32,765,690	54,068,148	94,335,000	104,772,797	98,604,268
Total receipts.....	17,747,750	65,909,994	176,672,390	123,496,633	142,038,595	98,577,216
Business receipts.....	16,699,586	63,670,496	167,397,918	111,030,063	126,710,610	86,873,761
Interest received.....	176,728	522,757	1,301,266	3,089,562 ¹	3,584,890 ¹	3,154,332 ¹
Total deductions.....	15,927,348	42,348,765	169,051,624	124,627,966	145,389,514	102,093,971
Cost of sales and operations.....	9,955,600	30,171,612	116,989,880	74,213,000	87,972,035	58,115,191
Interest paid.....	388,032	1,166,182	3,440,080	7,077,300	7,789,995	6,395,032
Net income (less deficit).....	1,834,315	23,574,833	7,750,561	-353,185	-2,543,487	-3,122,565
Net income.....	2,399,507	24,347,893	10,133,685	6,991,815	6,166,623	5,352,717
Deficit.....	565,192	773,060	2,383,124	7,344,999	8,710,110	8,475,282
Income tax before credits.....	1,031,550 ²	11,361,037	3,947,569	2,381,154	1,810,559	1,453,090
Total income tax after credits ³	342,928 ²	1,051,138	1,674,566	1,014,361	557,519	694,690
Distributions to stockholders except in own stock.....	1,177,550	1,015,895	4,757,780	3,057,411	n.a.	n.a.
CONSTRUCTION						
Number of returns, total.....	138,905	191,219	272,432	306,906	318,276	341,816
Number with net income.....	82,078	108,852	150,368	173,351	185,613	194,446
Total assets.....	42,719,792	76,691,947	132,939,026	195,272,738	215,297,771	218,880,512
Net worth.....	11,819,604	19,029,077	32,826,174	50,338,974	54,687,270	52,781,280
Total receipts.....	90,610,644	146,955,117	267,205,356	338,575,635	387,232,953	412,477,214
Business receipts.....	88,945,385	143,412,715	260,387,692	326,752,784	374,590,273	399,436,063
Interest received.....	219,698	614,583	2,073,650	3,540,430 ¹	3,851,628 ¹	3,981,459 ¹
Total deductions.....	89,070,022	144,717,309	262,116,275	335,696,154	382,823,113	406,663,574
Cost of sales and operations.....	73,434,969	116,845,554	208,064,925	257,057,538	295,803,244	314,065,258
Interest paid.....	711,496	1,973,244	4,278,502	5,990,178	6,407,652	6,869,790
Net income (less deficit).....	1,538,418	2,236,262	5,271,209	2,906,704	4,370,924	5,781,722
Net income.....	2,548,013	4,514,864	8,911,143	9,147,150	11,053,145	12,443,085
Deficit.....	1,009,595	2,278,602	3,639,934	6,240,445	6,682,220	6,661,363
Income tax before credits.....	776,979 ²	1,320,196	2,521,507	1,767,756	2,312,846	2,525,994
Total income tax after credits ³	756,637 ²	1,131,960	1,973,659	1,296,301	1,662,563	2,183,820
Distributions to stockholders except in own stock.....	299,204	464,553	793,764	738,873	n.a.	n.a.
MANUFACTURING						
Number of returns, total.....	197,807	217,354	242,550	272,050	276,545	285,119
Number with net income.....	120,814	136,839	153,640	162,584	159,778	163,161
Total assets.....	612,912,516	944,581,970	1,709,471,700	2,417,631,605	2,644,393,424	2,931,610,462
Net worth.....	308,923,293	442,587,674	749,186,774	1,025,028,491	1,099,645,876	1,124,399,497
Total receipts.....	722,952,890	1,296,359,650	2,404,323,844	2,768,247,655	2,831,062,496	2,810,713,781
Business receipts.....	700,090,661	1,258,338,650	2,301,056,550	2,608,971,901	2,656,345,750	2,614,526,752
Interest received.....	4,748,499	8,691,092	28,315,784	42,749,996 ¹	47,753,626 ¹	50,749,530 ¹
Total deductions.....	692,455,462	1,230,689,496	2,290,593,808	2,661,153,853	2,733,105,346	2,723,698,904
Cost of sales and operations.....	495,879,549	925,111,030	1,707,143,900	1,796,313,155	1,797,852,805	1,746,954,429
Interest paid.....	12,570,242	22,055,903	54,177,356	85,039,616	90,452,072	102,372,701
Net income (less deficit).....	31,846,078	68,406,627	125,667,815	121,215,254	113,758,645	101,827,271
Net income.....	37,925,489	74,466,554	141,547,510	147,852,003	142,541,119	136,081,206
Deficit.....	6,079,411	6,059,927	15,879,695	26,636,749	28,782,474	34,253,935
Income tax before credits.....	16,744,905 ²	32,306,739	59,577,413	58,542,710	56,687,476	50,222,612
Total income tax after credits ³	13,242,226 ²	21,024,964	32,726,986	30,429,379	25,382,459	25,761,951
Distributions to stockholders except in own stock.....	14,616,282	19,973,061	37,306,509	45,630,537	n.a.	n.a.

Selected Historical Data

Table 14. (Continued)—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division, for Selected Income Years, 1970-1986

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

Industrial division and items	1970	1975	1980	1984	1985	1986
	(1)	(2)	(3)	(4)	(5)	(6)
TRANSPORTATION AND PUBLIC UTILITIES						
Number of returns, total.....	67,398	80,701	111,324	128,184	138,337	138,428
Number with net income.....	38,204	45,360	62,232	65,405	69,938	68,517
Total assets.....	287,740,207	443,236,797	758,364,400	1,084,873,718	1,246,426,899	1,310,227,440
Net worth.....	121,205,022	176,444,407	290,655,693	423,937,357	490,481,127	502,486,821
Total receipts.....	135,495,271	243,480,637	523,807,396	725,631,232	772,358,188	762,231,202
Business receipts.....	131,463,171	234,689,427	507,372,820	693,105,168	733,943,970	717,929,024
Interest received.....	930,266	1,520,913	5,760,072	11,250,353 ¹	12,310,594 ¹	12,050,844 ¹
Total deductions.....	127,931,131	233,409,166	503,954,285	697,240,089	747,836,158	740,781,131
Cost of sales and operations.....	77,743,359	143,932,463	336,868,172	373,236,459	381,028,354	338,754,789
Interest paid.....	7,364,200	13,761,062	27,638,591	40,178,514	44,880,858	47,070,426
Net income (less deficit).....	7,543,718	10,099,571	20,046,155	28,851,644	25,087,629	21,803,663
Net income.....	9,471,595	12,088,189	24,917,293	37,897,899	37,880,144	41,098,014
Deficit.....	1,927,877	1,988,618	4,871,138	9,041,255	12,792,516	19,294,351
Income tax before credits.....	4,342,334 ²	5,107,158	10,532,722	15,579,597	15,214,129	16,156,499
Total income tax after credits ³	4,036,650 ²	2,836,470	5,322,655	8,532,848	8,432,924	71,005,034
Distributions to stockholders except in own stock.....	5,837,565	8,900,353	17,329,807	27,505,378	n.a.	n.a.
WHOLESALE AND RETAIL TRADE						
Number of returns, total.....	518,062	614,632	799,628	896,524	917,301	939,159
Number with net income.....	339,987	399,668	487,300	516,750	510,825	527,779
Total assets.....	192,181,800	323,496,726	646,901,005	899,032,645	1,009,965,739	1,073,523,697
Net worth.....	77,002,132	122,649,734	222,289,687	289,338,722	286,260,274	300,103,440
Total receipts.....	522,547,923	969,938,872	1,955,523,778	2,307,612,139	2,473,865,453	2,547,440,986
Business receipts.....	511,316,883	951,463,550	1,919,347,689	2,250,774,641	2,408,174,933	2,472,495,351
Interest received.....	1,291,906	3,857,318	10,503,989	18,406,334	21,633,480 ¹	23,264,441 ¹
Total deductions.....	512,910,193	947,511,780	1,919,454,218	2,265,843,128	2,440,403,373	2,512,081,940
Cost of sales and operations.....	392,391,856	745,299,204	1,538,128,634	1,759,718,001	1,869,766,621	1,895,237,380
Interest paid.....	4,309,663	8,587,173	25,645,855	33,204,502	38,217,998	39,961,980
Net income (less deficit).....	9,671,044	22,489,430	38,309,671	42,010,706	33,126,702	34,919,948
Net income.....	12,395,411	27,681,721	49,428,500	58,584,558	51,434,500	55,246,479
Deficit.....	2,724,367	5,192,291	11,116,829	16,573,852	18,307,798	20,326,531
Income tax before credits.....	4,476,047 ²	8,103,316	13,515,653	15,082,817	16,392,896	17,097,449
Total income tax after credits ³	4,237,181 ²	7,348,619	10,564,358	12,414,978	13,396,555	15,166,086
Distributions to stockholders except in own stock.....	2,068,501	5,029,897	10,343,087	13,057,047	n.a.	n.a.
FINANCE, INSURANCE, AND REAL ESTATE						
Number of returns, total.....	406,235	411,846	493,426	497,366	518,432	537,384
Number with net income.....	248,586	243,409	273,853	274,171	285,273	296,921
Total assets.....	1,401,153,520	2,321,965,956	4,022,206,073	5,938,984,929	7,029,452,681	7,985,641,912
Net worth.....	196,480,448	269,770,527	530,541,317	901,658,317	1,161,968,009	1,502,198,831
Total receipts.....	177,321,173	315,795,981	697,460,846	1,033,146,416	1,182,034,309	1,365,095,368
Business receipts.....	92,091,887	157,126,715	256,892,475	431,157,290	501,993,840	618,646,549
Interest received.....	63,694,046	127,040,303	315,146,115	497,044,327 ¹	541,268,193 ¹	75,727,059 ¹
Total deductions.....	161,630,060	297,963,817	652,637,787	985,687,308	1,104,572,202	1,245,473,109
Cost of sales and operations.....	48,434,362	84,614,209	129,644,330	213,655,427	237,577,803	320,622,944
Interest paid.....	34,548,509	77,677,659	219,167,684	347,164,947	363,009,417	35,193,465
Net income (less deficit).....	12,214,079	11,663,330	33,122,792	32,677,046	60,670,526	99,808,908
Net income.....	15,081,939	18,825,003	46,040,390	66,225,666	90,546,934	131,284,234
Deficit.....	2,867,860	7,161,673	12,917,599	33,548,620	29,876,408	31,475,326
Income tax before credits.....	4,404,449 ²	5,558,647	9,680,755	9,619,055	13,598,201	18,091,479
Total income tax after credits ³	4,150,009 ²	4,673,705	7,699,628	6,730,460	10,193,877	14,665,774
Distributions to stockholders except in own stock.....	7,387,211	8,729,977	24,692,146	51,315,346	n.a.	n.a.
SERVICES						
Number of returns, total.....	281,218	435,672	671,338	899,370	939,390	1,012,178
Number with net income.....	150,525	249,641	408,716	508,336	529,337	575,016
Total assets.....	61,875,140	90,534,067	178,163,737	307,895,160	330,982,941	381,609,099
Net worth.....	19,529,062	26,855,374	52,865,513	84,773,772	89,852,365	100,190,054
Total receipts.....	69,572,626	131,377,364	279,883,187	490,332,811	534,587,609	591,849,715
Business receipts.....	66,459,515	125,747,462	266,088,619	458,038,533	497,980,990	550,590,929
Interest received.....	435,070	875,506	3,269,412	6,277,591 ¹	6,561,301 ¹	6,871,344 ¹
Total deductions.....	68,384,452	127,996,443	271,792,974	484,990,160	528,685,613	584,295,930
Cost of sales and operations.....	37,733,747	63,724,869	129,352,692	170,889,613	176,070,808	196,127,453
Interest paid.....	1,802,802	3,279,438	8,033,612	14,068,343	15,027,259	15,718,343
Net income (less deficit).....	1,198,703	3,396,744	8,193,903	5,464,130	5,883,782	7,448,023
Net income.....	3,384,869	6,025,592	13,246,601	19,373,912	21,124,460	8,116,081
Deficit.....	2,186,166	2,628,848	5,052,698	13,909,782	15,240,678	4,651,324
Income tax before credits.....	1,058,264 ²	1,625,093	3,497,265	4,458,267	4,742,347	4,942,317
Total income tax after credits ³	1,003,130 ²	1,323,637	2,603,370	3,175,178	3,343,830	3,863,565
Distributions to stockholders except in own stock.....	558,452	855,402	1,841,945	3,126,700	n.a.	n.a.

See notes following Table 20.

Table 15.—Corporation Profits Before Taxes Per National Income and Product Accounts (NIPA) and Per SOI, and Income Subject to Tax per SOI, Income Years, 1960–1987

[All figures are estimates—money amounts are in billion of dollars]

Income Year	Profits before taxes (per NIPA) ¹	Net income (less deficit) (per SOI)	Income subject to tax (per SOI)
	(1)	(2)	(3)
1960.....	49.9	43.5	47.2
1961.....	49.8	45.9	47.9
1962.....	55.1	49.6	51.7
1963.....	59.8	54.3	54.3
1964.....	66.7	61.6	60.4
1965.....	77.4	73.9	70.8
1966.....	83.3	80.5	77.1
1967.....	80.1	78.2	74.8
1968.....	89.1	86.0	81.4
1969.....	87.2	80.2	81.2
1970.....	76.0	65.9	72.4
1971.....	87.3	79.7	83.2
1972.....	101.5	96.8	95.1
1973.....	122.2	120.4	115.5
1974.....	138.9	148.2	144.0
1975.....	134.8	142.6	146.6
1976.....	170.3	185.4	183.5
1977.....	200.4	219.2	212.5
1978.....	233.5	246.9	239.6
1979.....	257.2	284.6	279.4
1980.....	237.1	239.0	246.6
1981.....	226.5	213.6	241.5
1982.....	169.6	154.3	205.2
1983.....	207.6	188.3	218.7
1984.....	240.0	232.9	257.1
1985.....	224.3	240.1	266.1
p1986.....	236.4	n.a.	n.a.
p1987.....	276.7	n.a.	n.a.

See notes following Table 20.

Selected Historical Data

Table 16.—Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1985–1989

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return					
	Total	Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1985, TOTAL	742,871	396,659	77,413	37,005	225,214	6,580
October 1984–December 1984	155,919	79,775	17,546	9,732	47,286	1,580
January 1985–March 1985	176,324	89,325	17,350	8,650	59,352	1,647
April 1985–June 1985	233,946	136,141	24,843	9,013	62,313	1,636
July 1985–September 1985	176,682	91,418	17,674	9,610	56,263	1,717
FISCAL YEAR 1986, TOTAL	782,252	416,965	80,442	33,672	243,978	7,195
October 1985–December 1985	167,836	86,608	18,854	9,321	51,354	1,699
January 1986–March 1986	186,178	97,804	16,243	8,175	62,309	1,647
April 1986–June 1986	240,680	134,129	25,703	8,191	70,687	1,970
July 1986–September 1986	187,558	98,424	19,642	7,985	59,628	1,879
FISCAL YEAR 1987, TOTAL	886,290	465,452	102,859	33,311	277,000	7,668
October 1986–December 1986	180,580	92,346	22,466	8,281	55,615	1,872
January 1987–March 1987	209,032	105,483	22,649	7,925	71,156	1,819
April 1987–June 1987	285,477	164,008	29,748	8,493	81,139	2,089
July 1987–September 1987	211,201	103,615	27,996	8,612	69,090	1,888
FISCAL YEAR 1988, TOTAL	935,107	473,667	109,683	25,934	318,039	7,784
October 1987–December 1987	197,095	97,479	24,828	6,475	66,500	1,813
January 1988–March 1988	220,447	111,215	22,006	5,304	80,161	1,761
April 1988–June 1988	296,175	160,018	35,991	6,550	91,426	2,190
July 1988–September 1988	221,390	104,955	26,858	7,605	79,952	2,020
FISCAL YEAR 1989						
October 1988–December 1988	213,518	104,522	29,551	6,657	70,632	2,156

See notes following Table 20.

Table 17.—Internal Revenue Refunds: Amount Refunded By Quarter and Fiscal Year, 1985–1989

[Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total	Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1985, TOTAL	86,322	66,908	16,725	892	1,606	191
October 1984–December 1984	6,729	2,246	4,177	122	138	46
January 1985–March 1985	17,664	12,808	4,286	91	439	40
April 1985–June 1985	52,376	46,370	4,701	556	702	47
July 1985–September 1985	9,551	5,484	3,561	123	326	57
FISCAL YEAR 1986, TOTAL	94,424	73,078	18,297	962	1,800	287
October 1985–December 1985	7,948	3,003	4,268	128	488	61
January 1986–March 1986	25,895	19,950	4,997	320	577	51
April 1986–June 1986	50,200	44,375	5,058	232	435	100
July 1986–September 1986	10,381	5,750	3,974	282	300	75
FISCAL YEAR 1987, TOTAL	96,969	73,583	19,891	1,381	1,900	214
October 1986–December 1986	8,668	3,406	4,789	111	312	50
January 1987–March 1987	28,422	22,198	5,296	479	1,393	56
April 1987–June 1987	50,063	42,858	5,948	332	1,869	57
July 1987–September 1987	9,816	5,121	3,858	459	326	52
FISCAL YEAR 1988, TOTAL	94,480	74,399	16,477	1,114	2,263	227
October 1987–December 1987	7,701	3,437	3,727	207	275	55
January 1988–March 1988	27,798	21,744	5,248	198	553	55
April 1988–June 1988	49,202	43,769	3,848	421	1,114	50
July 1988–September 1988	9,776	5,449	3,654	288	321	67
FISCAL YEAR 1989						
October 1988–December 1988	8,380	3,362	4,461	118	359	80

See notes following Table 20.

Table 18.—Classes of Excise Taxes by Selected Fiscal Years, 1970–1988

[Money amounts are in thousands of dollars]

Selected class of tax	Taxes collected by fiscal year					
	1970	1975	1980	1985	1987	1988
	(1)	(2)	(3)	(4)	(5)	(6)
ALCOHOL AND TOBACCO TAXES, TOTAL	6,840,594	7,665,948	8,151,184	9,881,293	10,364,367	10,352,709
Distilled spirits.....	3,501,538	3,865,162	3,945,377	3,520,697	3,799,226	3,813,516
Wine.....	163,337	177,113	211,538	305,966	316,457	322,613
Beer.....	1,081,507	1,308,583	1,547,853	1,571,436	1,675,669	1,693,747
Cigarettes.....	2,036,101	2,261,116	2,402,857	4,448,916	4,573,015	4,522,833
Cigars.....	56,834	51,226	39,500	24,294		
MANUFACTURERS EXCISE TAXES, TOTAL	6,683,061	5,516,611	6,487,421	10,020,574	10,221,574	10,643,379
Gasoline and gasohol.....	3,517,586 ¹	4,071,465 ¹	4,326,549 ¹	9,062,630	9,163,790	9,453,441
Tires, tubes and tread rubber.....	614,795	697,660	682,624	242,923 ²	296,408 ²	319,141 ²
Motor vehicles, bodies, parts ³	1,753,327	662,556	1,088,696	N/A	N/A	N/A
Recreational products.....	53,427	84,946	136,521	166,666	186,608	169,663
Black Lung taxes.....	N/A	N/A	251,288	548,356	574,769	601,279
SPECIAL FUELS, AND RETAILERS TAXES, TOTAL⁴	257,820	404,187	560,144	3,802,608	3,762,284	4,528,300
Diesel and special motor fuels.....	257,712	370,489	512,718	2,430,165	2,659,404	3,119,934
Trucks and buses.....	N/A	N/A	N/A	1,289,750	1,020,553	1,155,808
MISCELLANEOUS EXCISE TAXES, TOTAL	2,084,730	3,306,077	6,359,198	11,044,833	7,255,284	8,717,082
Telephone and teletype.....	1,469,562	2,023,744	1,117,834	2,307,607 ⁵	2,522,062 ⁵	2,555,082 ⁵
Air transportation.....	250,802	850,567	1,748,837	2,589,818	2,913,249	3,145,422
Highway use tax.....	135,086	207,663	263,272	456,143	556,006	570,053
Foreign insurance.....	8,614	19,458	74,630	73,494	115,133	97,270
Exempt organization net investment income.....	N/A	63,828	65,280	136,153	218,102	229,379
Crude oil windfall profit.....	N/A	N/A	3,051,719	5,073,159	14,910	372,847
Environmental taxes ⁶	N/A	N/A	N/A	272,957	407,167	924,951

Selected class of tax	Fiscal year quarter ending					
	Sept. 1987	Dec. 1987	March 1988	June 1988	Sept. 1988	Dec. 1988
	(7)	(8)	(9)	(10)	(11)	(12)
ALCOHOL AND TOBACCO TAXES, TOTAL	3,191,354	2,937,754	2,274,408	2,690,321	2,450,226	2,929,353
Distilled spirits.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Wine.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Beer.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cigarettes.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cigars.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MANUFACTURERS EXCISE TAXES, TOTAL	2,602,589	2,695,686	2,602,434	2,635,847	2,709,412	3,030,722
Gasoline and gasohol.....	2,329,196	2,415,076	2,317,004	2,322,096	2,402,290	2,719,151
Tires, tubes and tread rubber ²	75,723	80,819	83,000	76,461	78,861	86,524
Recreational products.....	49,992	47,944	45,957	50,634	45,474	53,131
Black Lung taxes.....	147,679	151,849	156,473	146,735	146,222	148,700
SPECIAL FUELS AND RETAILERS TAXES, TOTAL⁴	1,026,600	981,117	1,021,290	963,679	1,562,215	1,698,279
Diesel and special motor fuels.....	703,399	682,194	703,431	661,684	1,101,412	1,228,702
Trucks and buses, chassis, bodies, etc.....	302,148	277,933	297,710	281,747	298,417	307,675
MISCELLANEOUS EXCISE TAXES, TOTAL	1,971,226	1,789,207	2,094,963	2,051,243	2,781,670	1,977,738
Telephone and teletype ⁵	579,782	741,777	379,100	740,637	693,568	603,896
Air transportation.....	757,560	783,855	719,181	830,224	812,162	865,813
Highway use tax.....	278,159	47,251	126,368	96,212	300,221	48,462
Foreign insurance.....	23,968	25,233	26,802	23,383	21,853	17,758
Exempt organization net investment income.....	30,567	19,385	32,558	19,011	158,425	26,584
Crude oil windfall profit.....	-228,840	-122,710	501,123	17,108	22,674	-25,526
Environmental taxes ⁶	204,157	224,517	224,758	228,248	247,428	254,760

See notes following Table 20.

Selected Historical Data

Table 19.—Selected Returns and Forms Filed or to be Filed During Selected Calendar Years, 1970–1989

Type of return or form	Number Filed in Calendar Year —						
	1970	1975	1980	1985	1987	1988	1989 (Projected)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Individual Income	77,281,384	84,026,785	93,196,076	99,704,246	103,462,011	107,258,962	110,224,300
Form 1040	77,143,251	61,450,279	55,360,030	64,010,068	68,545,023	71,055,220	71,486,700
Nonbusiness	68,129,351	51,377,153	43,957,141	49,873,300	53,736,837	55,817,370	p55,489,200
Business	9,013,900	10,073,126	11,402,889	14,136,768	14,808,186	15,237,850	p15,997,500
Schedule C	6,351,304	7,438,968	8,944,298	11,767,348	12,633,261	13,125,507	p13,917,800
Schedule F	2,662,596	2,634,158	2,458,591	2,369,420	2,174,925	2,112,343	p2,079,700
Form 1040A	N/A	22,462,776	37,692,282	18,779,084	17,870,312	17,645,149	18,916,400
Form 1040EZ	N/A	N/A	N/A	16,739,767	16,835,390	18,328,572	19,580,700
Other ¹	138,133	113,730	143,764	175,327	211,286	230,021	240,500
Corporation Income	1,758,600	2,132,758	2,675,704	3,437,249	3,828,613	4,027,428	4,249,400
Forms 1120, L, and M	1,487,244	1,762,920	2,115,542	2,432,265	2,550,692	2,472,376	2,600,400
Form 1120A	N/A	N/A	N/A	199,665	300,760	285,777	300,600
Form 1120S	248,936	367,219	528,070	736,945	892,376	1,169,736	1,260,200
Other ²	1,414	2,619	32,092	68,374	84,785	99,539	88,300
Partnership, Form 1065	991,904	1,132,839	1,401,567	1,755,339	1,824,166	1,825,865	1,890,500
Fiduciary, Forms 1041 and 1041S	1,149,445³	1,558,570	1,876,392	2,124,969	2,335,805	2,669,014	2,480,400
Estate Tax, Forms 706 and 706NA	141,156	225,827	147,303	80,768	57,165	52,449	56,100
Gift Tax, Form 709	146,338	273,184	214,789	97,720	104,095	104,105	105,700
Exempt Organization	387,469	403,809	442,607	454,097	514,947	482,305	507,900
Form 990	377,030 ⁴	346,627	362,632	365,506	400,332	361,184	385,000
Form 990-PF	N/A	29,637	33,137	32,005	42,227	42,690	42,700
Form 990-T	5,046	19,683	23,455	26,181	33,156	35,635	37,200
Forms 990C, 4720, and 5227	5,393	7,862	23,383	30,405	39,232	42,796	42,900

See notes on following Table 20.

Table 20.—Taxpayers Receiving Assistance, Paid and Unpaid, by Tax Year of Return, 1984–1987

(Some estimates based on samples—all amounts are in thousands)

Type of assistance	Tax Year			
	1984	1985	1986	1987
	(1)	(2)	(3)	(4)
Returns with paid preparer signature: ¹				
All returns	45,220	46,685	48,049	50,695
1040EZ	728	740	655	842
1040A	4,470	4,389	4,135	3,947
1040, total	40,022	41,556	43,259	45,906
1040 Business, total	10,081	10,658	11,087	11,321
Nonfarm	8,288	8,924	9,385	9,747
Farm	1,793	1,734	1,702	1,574
1040 Nonbusiness, total	29,941	30,898	32,172	34,585
With itemized deductions	17,866	18,996	18,732	16,842
Without itemized deductions	12,075	11,902	12,627	17,743
Assistance provided by IRS: ²				
Telephone inquiries	41,904	37,863	34,655	38,526
Recorded telephone information	8,307	7,850	10,892	13,405
Office walk-ins, information	8,144	8,114	7,090	7,408
Written inquiries	160	241	169	166
Special programs:				
Community classes and seminars (taxpayers assisted)	400	374	903	1,103
Volunteer Income Tax Assistance (VITA) (returns prepared)	295	302	337	385
Tax Counseling for the Elderly (returns prepared)	199	333	331	375

See notes on following page.

General notations

N/A - Not applicable

n.a. - Not available

p - Preliminary

r - Revised

* - See Appendix, General Description of Statistics of Income Sample Procedures and Data Limitations.

Table 1

- [1] Starting with 1987, represents total dividends; previously it represented total dividends after statutory exclusion.
- [2] Excludes certain capital gain distributions from investment companies. Starting with 1987, represents total capital gains; previously it represented total capital gains after statutory exclusion.
- [3] Includes total itemized deductions before subtraction of zero bracket amount, and charitable contributions and zero bracket amount on non-itemized deduction returns.
- [4] Includes itemized deductions, "basic" standard deduction and "additional" standard deduction (for age 65 and over and for blindness). Also includes "zero bracket amount" reported on the small number of prior-year returns filed in 1988 that were included in the 1987 statistics.
- [5] Includes deductions not shown separately below.
- [6] Includes surcharge of \$2,018,078,000.
- [7] Includes credits not shown separately below.
- [8] Investment credit was included in the more-inclusive general business tax credit beginning with 1984. With exceptions, investment credit was repealed effective with 1986.
- [9] Includes income tax after credits and the additional tax for tax preferences, i.e., "minimum tax" (applicable for 1970-1982) and "alternative minimum tax" (applicable after 1979).

SOURCE: *Statistics of Income—Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 2

[1] Totals in Table 2 do not agree with Tables 1 and 3 because they were obtained from a different source. For purposes of Table 2:

- a. Number of returns by State include, in addition to Forms 1040, 1040A and 1040EZ filed by U.S. citizens and residents, Forms 1040NR filed by nonresident aliens, as well as self-employment tax returns used in Puerto Rico and certain U.S. territories and possessions.
- b. "Total tax" liability includes total income tax plus tax from recomputing prior-year investment credit, tax applicable to Individual Retirement Arrangements (IRA's), self-employment tax, social security tax on tip income, and certain other income-related taxes. Total tax is before reduction by earned income credit (see also footnote 2(c), below).
- c. Earned income credit, available to certain low-income workers, could result in a refund (1) if there was no "total tax" (as defined in footnote 2(b), above), in which case the full amount was refundable, or (2) if the credit exceeded "total tax," in which case the excess was refundable. The difference between columns 19 and 21 is the refundable portion.

Total tax (column 16) minus earned income credit (column 19) is the amount most comparable to total tax in Tables 1 and 3. The total tax which results from this subtraction differs from Tables 1 and 3 because it includes additional taxes (see footnote 2(b), above) and because earned income credit used to offset tax also includes both the refundable portion (see footnote 2(c)), as well as amounts offset against these additional taxes.

[2] Includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by service men and women stationed overseas; returns filed by other U.S. citizens abroad; and returns filed by residents of Puerto Rico with income from sources outside Puerto Rico or with income earned as U.S. Government employees.

NOTE: This table presents aggregates of all returns filed and processed through the Individual Master File (IMF) system during Calendar Year 1988. Data have not been edited for Statistics of Income purposes.

SOURCE: Internal Revenue Service, Tax Processing Systems Division, IMF Returns Systems Branch.

Table 3

[1] Includes returns with adjusted gross deficit.

[2] In addition to low income taxpayers, this size class (and others) includes taxpayers with "tax preferences," not reflected in adjusted gross income or taxable income, which are subject to the "alternative minimum tax" (included in "total income tax").

[3] Includes income tax after credits and the additional tax for tax preferences, i.e., the "alternative minimum tax" (see footnote 2).

[4] There were major conceptual changes in filing requirements and in the definitions of adjusted gross income (AGI) and taxable income starting with 1987. Percentages based on AGI for 1987 are therefore not comparable with 1986 and earlier years. See "Individual Income Tax Returns, Preliminary 1987," *Statistics of Income Bulletin*, Spring 1989, Volume 8, Number 4.

SOURCE: *Statistics of Income—Individual Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 4

[1] Imputed interest received by persons from life insurance carriers and private non-insured pension plans.

[2] Represents income of low-income individuals not required to file individual income tax returns, unreported income, and statistical errors or omissions.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929–82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues. For the revised 1986 data in Table 4, see Park, Thae S. and Reeb, Jane S., "Personal Income and Adjusted Gross Income 1984–1986," *Statistics of Income Bulletin*, Winter 1988–1989, Volume 8, Number 3. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Tables 5 and 6

[1] See Table 4 for the differences between personal income and adjusted gross income.

[2] Because of major changes in the definition of AGI, data for 1987 are not comparable with earlier years.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929–82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues. For the revised 1986 data in Table 4, see Park, Thae S. and Reeb, Jane S., "Personal Income and Adjusted Gross Income 1984–1986," *Statistics of Income Bulletin*, Winter 1988–1989, Volume 8, Number 3. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 7

[1] Amount of standard deduction for 1944–1957 estimated by Joseph A. Pechman, The Brookings Institution, on the basis of the distribution of the number of tax returns by income classes and marital status in *Statistics of Income—Individual Income Tax Returns*, and for 1958–1987 obtained directly from *Statistics of Income* tabulations for these years. Represents "zero bracket amount" for 1977–1986. For 1987, represents the sum of "basic" and "additional" (for age 65 and over and blindness) standard deductions; also includes zero bracket amount reported on the small number of prior-year returns filed in 1988 that were included in the 1987 statistics.

[2] Returns with standard deduction, 1955–1987, includes a small number with no adjusted gross income and no deductions. (For 1977–1986, standard deduction is the "zero bracket amount," which was also reported on a small number of returns included in the 1987 statistics; see footnote 1.) For 1944–1954, includes a small number with no adjusted gross income and no deductions. For 1944–1954, returns with no adjusted gross income are included in the number of returns with itemized deductions.

[3] For 1977–1986, itemized deductions are before subtraction of "zero bracket amount."

[4] Sum of standard and itemized deductions, plus charitable deduction reported on standard deduction returns for Tax Years 1982–1986. For 1987, total deductions includes "zero bracket amount" reported on a small number of returns (see footnote 1).

SOURCE: Except as indicated in footnote 1, *Statistics of Income—Individual Income Tax Returns*, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of changes mentioned above.

Table 8

- [1] See Table 4 for the differences between personal income and adjusted gross income.
- [2] Taxable income excludes "zero bracket amount" for 1977–1986. Because of major changes in law, taxable income for 1987 is not comparable with earlier years.
- [3] For the definition of total income tax, see footnote 6, Table 1.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929–82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income—Individual Income Tax Returns*, appropriate years. Statistics of Income data are subject to sampling errors; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 9

- [1] Excludes returns with refundable earned income credit only, starting with 1975; and returns with refundable crude oil windfall profit tax overpayment only, starting with 1980.

SOURCE: *Statistics of Income—Individual Income Tax Returns*, and unpublished tables, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 10

SOURCE: *Statistics of Income—Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most years). Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 11

- [1] Total assets, total liabilities, and partners' capital account are somewhat understated because not all partnership returns included a complete balance sheet.
- [2] Short-term debt is the abbreviated title given to mortgages, notes, and bonds payable in less than 1 year.

- [3] Long-term debt is the abbreviated title given to mortgages, notes, and bonds payable in 1 year or more. In addition, for Tax Year 1975, long-term debt included nonrecourse loans.
- [4] See footnote 4, Table 12, for changes in the comparability of the statistics for receipts and deductions after 1980. Also, statistics for interest received are combined with dividends beginning with 1982.
- [5] After 1980, represents the more all-inclusive amounts reported in depreciation computation schedules rather than the amounts reported as the depreciation deduction (augmented by depreciation identified in cost of sales and operations schedules).

SOURCE: *Statistics of Income—Partnership Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most years). Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 12

- [1] Size classes are based on business receipts, i.e., gross amounts from sales and operations, for industries except those in finance, insurance and real estate. For the latter industries, total receipts, which is the sum of business receipts and investment income, was used. For partnerships, see also footnote 4, below.
- [2] Includes returns with no receipts as defined in footnote 1.
- [3] Includes corporations with zero assets and liabilities. In addition, for partnerships, includes partnerships without balance sheet information (see also footnote 5, below).
- [4] After 1980, "total receipts" in Table 11 includes, in part, only the net income or loss from farming and rentals. Previously, "total receipts" included the gross receipts from farming and rentals and, if rental receipts were the principal source of total receipts, they were treated as "business receipts" for the statistics. To help minimize the break in comparability caused by this change in statistical treatment of farm and rental income, an effort was made starting with 1981 to include rental (though not farm) gross receipts in the receipts used for the size distribution in Table 12. In Table 11, since only the net income or loss from farming and rentals was included starting with 1981, the deductions reported in computing these net incomes are excluded from the deduction statistics. For previous years, these deductions are reflected in the deduction statistics.

Notes to Selected Historical Data Tables

[5] Prior to 1979, partnerships that had liquidated were assumed to have zero assets and liabilities, even if their balance sheets showed otherwise, and were included in the "under \$25,000" asset size class. Beginning with 1980, balance sheet data reported for liquidated partnerships were tabulated as reported and were included in the appropriate asset size classes.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years, *Statistics of Income—Partnership Returns*, appropriate years, *Statistics of Income—Sole Proprietorship Returns*, appropriate years, and *SOI Bulletin*, Summer issues (for most years). Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate *Statistics of Income* reports for a description of sampling error and of the changes mentioned above.

Table 13

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

[1] Consolidated returns were filed on an elective basis for affiliated groups of corporations (with exceptions), in general, if 80 percent or more of the stock of the affiliates was owned within the group and a common parent corporation owned at least 80 percent of the stock of at least one of the affiliates.

[2] Included in "Number of returns, total" and "Number with net income."

[3] Generally, small corporations with no more than 35 shareholders (10 prior to 1983), most of them individuals, electing to be taxed at the shareholder level.

[4] Domestic International Sales Corporations (DISC's) were designed to promote U.S. exports. They were taxed through parent corporations, but only when profits were distributed or deemed distributed to them. This system of tax deferral was generally replaced after 1984 with a new system of Foreign Sales Corporations (FSC's); see footnote 5. Tax benefits of DISC's remaining after 1984 were limited and an interest charge for tax deferred amounts was imposed on the parent corporations.

[5] Foreign Sales Corporations (FSC's) generally replaced DISC's as a means of promoting U.S. exports (see footnote 4). Under the FSC provisions, a portion of these subsidiaries' "foreign trade income" was exempt from U.S. income tax.

[6] For 1984, net long-term for capital gain reduced by net short-term capital loss from Forms 1120S, are not included in computed total receipts nor in net income.

Therefore, the components of total receipts do not equal the computed total receipts for that year.

[7] Includes dividends reported in combination with interest on Form 1120-S by S Corporations, i.e., certain corporations that elect to be taxed through shareholders (see footnote 3). Based on prior years, when Form 1120-S required each to be reported separately, nearly all of the combined amount represents interest.

[8] For most years, "income subject to tax" (the corporate tax base) exceeds "net income less deficit" chiefly because of the deficits reported on returns without net income. Moreover, it is the sum of the several tax bases applicable over time to different classes of corporations, not all of which were directly related to net income. Income subject to tax thus includes the "taxable income" base used by most companies (and defined as net income minus certain statutory special deductions); a variation of this base in combination with net long-term capital gains in certain situations when the lower capital gains tax applied; the special tax bases applicable to S Corporations and insurance businesses; and the amounts taxable to certain investment companies. Profits of Domestic International Sales Corporations were tax-deferred; most of those of qualifying Foreign Sales Corporations were tax-exempt and those of S Corporations were taxed (with few exceptions) through their individual shareholders, so that the net income of these corporations is excluded from income subject to tax.

[9] Includes surcharge of \$784,437,000.

[10] General business credit includes alcohol fuel, investment, jobs, and employee stock ownership plan (ESOP) credits which were reported separately for previous years. With exceptions, investment credit was repealed effective 1986. For 1986, research credit was also included in general business credit.

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

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate *Statistics of Income* reports for a description of sampling error and of the changes mentioned above.

Table 14

[1] See footnote 7, Table 13.

[2] See footnote 9, Table 13.

[3] Also includes additional tax for tax preferences ("minimum tax"), tax from recomputing prior-year investment credit, and Personal Holding Company tax.

SOURCE: *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Data are subject to sampling error. Tax law and tax form changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Table 15

[1] Profits shown are without inventory valuation and capital-consumption adjustment.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, *The National Income and Product Accounts of the United States, 1929-82: Statistical Tables, 1986*; for years after 1982, *Survey of Current Business*, various issues; and *Statistics of Income—Corporation Income Tax Returns*, appropriate years. Statistics of Income data are subject to sampling error; tax law and tax form changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of the changes mentioned above.

Tables 16 and 17

[1] Individual income tax collected includes that portion which was designated for the presidential election campaign fund by taxpayers on their returns. Also included is the fiduciary income tax collected (from estates and trusts). Fiduciary income tax collected was \$6.5 billion in 1988, \$8.4 billion in 1987, \$4.5 billion in 1986, and \$4.1 billion in 1985. Presidential election campaign designations amounted to \$34.4 million in 1988, \$33.2 million in 1987, \$35.9 million in 1986, and \$34.8 million in 1985.

[2] Corporation income tax collected includes various taxes applicable to tax-exempt organizations, including the tax on "unrelated business income." Total taxes collected from tax-exempt organizations were \$137.5 million (1988), \$119.9 billion (1987), \$30.2 million (1986), and \$54.9 million (1985).

[3] Excise taxes are imposed on selected products, services, and activities, such as on sales of alcohol and tobacco products and on the manufacture of gasoline.

[4] Employment taxes include payroll taxes levied on salaries and wages, such as social security, railroad retire-

ment, and unemployment taxes; plus the self-employment tax imposed on "self-employment income."

NOTES: Collections (or refunds) are those made during the time periods indicated, regardless of the year or other period during which the tax liability was incurred (or to which the refund applied).

Collections represent the gross amounts before refunds and include amounts paid with the return; prior to filing the return (as applicable, income tax withheld by employers and estimated tax payments); and subsequent to filing the return (chiefly the result of initial return processing or of examination and enforcement activities). Collections also include interest and penalties.

Refunds result chiefly from tax overpayments determined at time of filing a return. Also included are amounts subsequently determined as due the taxpayer as a result of an amended return or a claim for refund (including those produced by "net operating loss" and other carryback adjustments from future taxable years); or as a result of initial return processing or of examination and other activities. Individual income tax refunds are net of offsets under laws which require IRS to act as collection agent for delinquent payments owed various U.S. agencies under specific programs. All refund data include interest paid by IRS.

Detail may not add to totals because of rounding.

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Accounting Branch.

Table 18

[1] Also includes lubricating oil taxes. Effective January 7, 1983, taxes on lubricating oil were repealed.

[2] Effective January 1, 1984, taxes on tubes and tread rubber were repealed, and dealers holding taxable tires were assessed a one-time floor stock tax.

[3] Effective January 7, 1983, the excise taxes on parts and accessories for trucks and buses, which are included in this classification, were repealed. Beginning with the quarter ending December 1983, motor vehicles are excluded.

[4] Special fuels, total, includes diesel and special motor fuels which were classified as miscellaneous excise taxes in 1970. Beginning with the quarter ending December 1983, motor vehicles are included.

Notes to Selected Historical Data Tables

[5] Effective January 1, 1983, the excise tax increased from 1 percent to 3 percent.

[6] Expired September 30, 1985; reimposed in January 1987.

NOTES: For 1970 and 1975, the fiscal year was defined as July of the previous calendar year through June of the year noted. For 1980-1986, the fiscal year was defined as October of the previous calendar year through September of the year noted.

Except for alcohol and tobacco taxes, additional detail is published in the *Annual Report of the Commissioner and Chief Counsel, Internal Revenue Service*. For additional detail for alcohol and tobacco taxes, see the Statistical Release, "Alcohol and Tobacco Tax Collections," Bureau of Alcohol, Tobacco and Firearms, U.S. Department of the Treasury, 1989.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch; and Financial Management Service.

Table 19

[1] Includes Forms 1040C, 1040NR, 1040PR, and 1040SS; excludes amended returns (Form 1040X).

[2] Includes Forms 1120F, 1120 POL, and 1120H; excludes Forms 1120-DISC/FSC and amended returns (Form 1120X).

[3] Includes Form 1041A.

[4] Includes Form 990A.

SOURCE: Internal Revenue Service, Research Division, Projections and Forecasting Group.

Table 20

[1] Estimates of returns with paid preparer assistance for 1985 and earlier years are based on the full-year sample of returns used for *Statistics of Income—Individual Income Tax Returns*. Data for 1987 are based on the sample used to produce preliminary Statistics of Income (SOI) data and are therefore subject to revision. Since data on paid preparers are not available from the 1986 SOI file, estimates were obtained by converting the 1986 Taxpayer Usage Study (TPUS) sample to the equivalent of the SOI sample. This was done because the TPUS sample represents returns filed through April, while the SOI sample represents all individual income tax returns filed in a calendar year. For additional information about the TPUS sample, see "Taxpayer Usage of Forms 1040, 1040A, and 1040EZ," *Statistics of Income Bulletin*, Summer 1989, Volume 9, Number 1.

[2] Data on IRS Taxpayer Service Programs are collected on a fiscal-year basis. In general, assistance rendered in a given fiscal year may be related to returns due on April 15th during that fiscal year and are for the tax year ending with the previous December. Therefore, data in Table 20, which are presented on a tax year basis, are actually for a fiscal year, so that data shown as for Tax Year 1987, for example, are actually for Fiscal Year 1988. However, data shown as for Tax Year 1986 in previous issues of the *SOI Bulletin* were actually for the first 7 months of Fiscal Year 1987; the revised data represent the entire Fiscal Year 1987.

NOTE: Data on IRS assistance represent taxpayer contacts. Some taxpayers make more than one contact. The number of taxpayers assisted (in contrast to the number of contacts made) is not known.

SOURCE: Data on paid preparers were obtained from Statistics of Income and Taxpayer Usage Study samples. Data on IRS assistance were compiled by the Taxpayer Service Division.

Appendix*

General Description of Statistics of Income Sample Procedures and Data Limitations

This appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see the References at the end of this Appendix). More technical information is available, upon request, by writing to the Director, Statistics of Income Division, Internal Revenue Service, Washington, DC 20224.

SAMPLE CRITERIA AND SELECTION OF RETURNS

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on criteria such as: industry, presence or absence of a tax form or schedule, accounting period, State from which filed, and various income factors or other measures of economic size (total assets, for example, is used for the corporation and partnership statistics). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years, 3 for corporations because of the prevalence of fiscal (non-calendar) year reporting. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means in practice, that both the population and the sample size can differ from that planned. However, these factors do not compromise the validity of the estimates.

The probability of a return being designated depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All

this is subject to constraints based on the estimated cost or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master File based on the taxpayer identification number (TIN) which is either the social security number (SSN) or the employer identification number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise it is counted (for estimation purposes) but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TIN's designed from one year's sample are for the most part selected for the next year's, so that a very high proportion of the returns selected in the current sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from 1 year to the next.

METHOD OF ESTIMATION

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. Weights are, in general, computed by dividing the count of returns filed for a given stratum by the count of sample returns for that same stratum. "Weights" are used to adjust for the various sampling rates used—the lower the rate, the larger the weight. For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "post-strata," based on additional criteria or refinements of those used in the original stratification. Weights were then computed for these post-strata using additional population counts. The data on each return in a stratum are multiplied by that weight. To produce the tabulated estimates, these weighted data are summed to produce the published statistical totals.

SAMPLING VARIABILITY

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the variation

*Compiled by Bettye Jamerson, Coordination and Publications Staff, under the direction of Robert Wilson, Chief, Publications Team. Major contributions were made by Paul McMahon, Mathematical Statistical Team.

among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in decimal form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 0.02, then the following arithmetic procedure would be followed to construct a 68 percent confidence interval estimate:

150,000	(sample estimate)
× 0.02	(coefficient of variation)
= 3,000	(standard error of estimate)

150,000	(sample estimate)
+ or - 3,000	(standard error)
= 147,000-153,000	(68 percent confidence interval)

Based on these data, the interval estimate is from 147 to 153 thousand returns. A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds of all possible similarly selected samples. To obtain this interval estimate with 95 percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Generally in the *SOI Bulletin* only conservative upper limit CV's are provided for frequency estimates. These do, however, provide a rough guide to the order of magnitude of the sampling error.

Further details concerning confidence intervals, including the approximation of CV's for combined sample estimates, may be obtained on request by writing the Director, Statistics of Income Division.

NONSAMPLING ERROR CONTROLS AND LIMITATIONS

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant

in evaluating the usefulness of SOI data. These include taxpayer reporting errors, processing errors, and effects of an early cut-off of sampling. More extensive information on nonsampling error is presented in SOI reports, when appropriate.

In transcribing and tabulating the information from the returns or forms selected for the sample, checks are imposed to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during statistical "editing" in order both to improve data consistency from return to return and to achieve definitions of the data items that are more in keeping with the needs of major users. In some cases not all of the data are available from the tax return as originally filed. Sometimes the missing data can be obtained through field followup. More often though, they are obtained through imputation methods. As examples, other information in the return or in accompanying schedules may be sufficient to enable an estimate to be made; prior-year data for the same taxpayer may be used for the same purpose; or data from another return for the same year that has similar characteristics may be substituted. Research to improve methods of imputing data that are missing from returns continues to be an ongoing process [1].

Quality of the basic data abstracted from the returns is subjected to a number of quality control steps including 100-percent key verification. The data are then subjected to many tests based on the structure of the tax law and the improbability of various data combinations. Records failing these tests are then subjected to further review and any necessary corrections are made. In addition, the Statistics of Income Division in the National Office conducts an independent reprocessing of a small subsample of statistically-processed returns as a further check [2].

Finally, before publication, all statistics are reviewed for accuracy and reasonableness in light of provisions of the tax laws, taxpayer reporting variations and limitations, economic conditions, comparability with other statistical series, and statistical techniques used in data processing and estimating.

TABULAR CONVENTIONS

Estimates of frequencies and money amounts that are considered unreliable due to the small sample size on which they are based are noted in SOI tables by an asterisk (*) to the left of the data item(s). The presence of an asterisk indicates that the sample rate is less than 100 percent of the population and that there are fewer than 10 sample observations available for estimation purposes.

A dash in place of a frequency or amount indicates that no sample return had that characteristic. In addition, a dash

in place of a coefficient of variation for which there is an estimate indicates that all returns contributing to the estimate were selected at the 100-percent rate.

Whenever a weighted frequency in a data cell is less than 3, the estimate is either combined with other cells or deleted in order to avoid disclosure of information about individual taxpayers or businesses [3]. These combinations and deletions are indicated by a double asterisk (**).

NOTES

[1] See, for example, Hinkins, Susan M., "Matrix Sampling and the Effects of Using Hot Deck Imputation," in *1984 Proceedings: American Statistical Association, Section on Survey Research Methods*. Other research efforts are included in *Statistical Uses of Administrative Records: Recent Research and Present Prospects*, Volume 1, Internal Revenue Service, March 1984.

[2] Quality control activities for all SOI studies will be published in a series of forthcoming reports. These reports will provide detailed information relating to quality in all phases of SOI processing.

[3] For geographic statistics, these same steps are taken when a weighted frequency is less than 10.

REFERENCES

For information about the samples used for specific SOI programs see:

Statistics of Income—1985, Individual Income Tax Returns, 1984, (see especially pages 4-7).

Statistics of Income—1985, Corporation Income Tax Returns (see especially pages 9-15).

Statistics of Income—1978-82, Partnership Returns (see especially pages 237-244).

Statistics of Income—1979-83, Compendium of Studies of International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns (see information about the samples used at the end of each chapter).

SOI Bulletin (see each issue).

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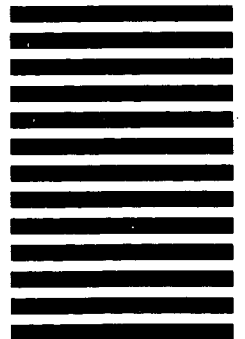
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Statistics of Income and Related Administrative Record Research.—Selected papers given at the 1981 Annual Meeting of the American Statistical Association in Detroit. Papers focus on applications and methodologies with an emphasis on IRS' Statistics of Income Program, and Small Business Data Base, nonprofit and pension data, and on Canada's Generalized Iterative Record Linkage System.

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1985, *Summer 1987* (7-1)
1986, *Summer 1988* (8-1)
- Personal wealth:**
1982 revised, *Spring 1988* (7-4)
Realized income and personal wealth:
Spring 1983 (2-4)
Trends, 1976-1981:
Summer 1983 (3-1)
- Private activity tax-exempt bonds:**
1984, *Winter 1985-86* (5-3)
1985, *Spring 1987* (6-4)
1986, *Summer 1988* (8-1)
- Projections of returns to be filed:**
1988-1995, *Fall 1987* (7-2)
1989-1996, *Winter 1988-89* (8-3)
- Safe Harbor Leasing:**
1981-1982, *Fall 1983* (3-2)
- Sales of capital assets:**
(See individual income tax returns)
- SOI Statistical Services:**
1985-86, *Spring 1986* (5-4)
Studies of international income and taxes:
Fall 1986 (6-2)
- Domestic special studies:
Fall 1987 (7-2)
- SOI: 75 years of service:
Winter 1987-88 (7-3)
- 75th Anniversary:
1913-1988, *Fall 1988* (8-2)
- Studies of individual income tax returns:
Winter 1987-88 (7-3)
- Studies of business income tax returns:
1985, *Spring 1988* (7-4)
- Sole proprietorship returns:**
Income statements by industry:
1985, *Summer 1987* (7-1)
1986, *Summer 1988* (8-1)
Nonfarm proprietorships and sex of owner:
1980, *Spring 1983* (2-4)
- Tax gap:**
1973-1992, *Summer 1988* (8-1)
- Tax incentives for saving:**
Spring, 1984 (3-4)
- Underground economy (see also, Tax gap):**
Informal suppliers:
Summer 1983 (3-1)
Tip income in eating places:
1982, *Winter 1983-84* (3-3)