

Statistics of Income

# SOI BULLETIN



Department of the Treasury  
Internal Revenue Service

Volume 3, Number 1

Summer 1983

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Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division, Internal Revenue Service, Washington, DC 20224.

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COMMISSIONER OF INTERNAL REVENUE

Washington, DC 20224

July 5, 1983

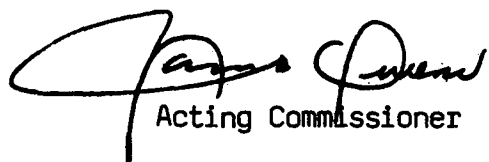
The Honorable Donald T. Regan  
Secretary of the Treasury  
Washington, DC 20220

Dear Mr. Secretary:

I am transmitting the Summer 1983 issue of the Statistics of Income Bulletin. This report has been produced in accordance with the mandate of section 6108 of the Internal Revenue Code which requires the preparation and publication of statistics reasonably available with respect to the operation of the internal revenue laws. Presented in this issue are recent financial and tax data obtained from tax returns and associated supporting schedules.

With kind regards,

Sincerely,

  
Acting Commissioner

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# Trends in Personal Wealth, 1976-1981

By Marvin Schwartz\*

Preliminary estimates of the personal wealth of individuals in 1981 show that there were approximately 4.5 million people with gross assets of \$300,000 or more. These "wealthy individuals", who comprised only 2.0 percent of the nation's population, had net worth (total assets less liabilities) of nearly \$2.4 trillion. In contrast, during 1976, fewer than 2 million people had a similar level of gross assets. The net worth of these 1976 top wealthholders was in excess of \$1.0 trillion, which was nearly 23 percent of the net worth of all individuals in the country [1].

Wealthholders with Gross Assets  
of \$300,000 or More

Year	Wealthholders (thousands)	Total Assets (billions)	Net Worth (billions)
1976	1,938	1,238	1,043
1981	4,522	2,804	2,389

The number of top wealthholders with net worth of \$1 million or more showed a substantial increase from 1976 to 1981, in contrast to the lack of growth in the number of millionaires between 1972 and 1976. While there were approximately 180,000 individuals with net worth of \$1,000,000 or more in both 1972 and 1976, estimates show between 350,000 and 500,000 individuals with this same level of net worth in 1981. The leveling off of the number of millionaires between 1972 and 1976 is likely a result of the decline in the value of corporate stock over that period [2]. As shown below, corporate stock declined both in value and as a relative share of the total assets of individuals with net worth \$1,000,000 or more between 1972 and 1976.

Corporate Stock Held by Top Wealthholders  
With Net Worth \$1,000,000 or More, 1972 and 1976

	Corporate Stock (billions)	Total Assets (billions)	Corporate Stock As Percentage of Total Assets
1972	215.1	448.9	47.9
1976	181.5	432.1	42.0

The sharp increase in the number of millionaires between 1976 and 1981 may in part be attributed to inflation. Using the Personal Consumption Expenditures Implicit Price Deflator [3], \$1,000,000 in 1981 had the equivalent value of \$677,121 in 1976. Additionally, the rapid increase in the value of real estate may also, in part, be responsible for the growth in the number of millionaires.

## ESTIMATING PERSONAL WEALTH FROM ESTATE TAX RETURNS

While there is great interest in measuring the personal wealth of individuals in the United States, the opportunities for such are limited since this

information is not required to be reported regularly on any tax return or other public document. Though the ideal alternative for measuring wealth would be a comprehensive survey of a representative sample of the population, the reluctance of individuals to willingly reveal personal financial information diminishes the reliability of the estimates that could be generated. The "estate multiplier technique" [4] (see "Data Sources and Limitations" for a discussion of this technique), however, enables one to utilize administrative records, e.g., estate tax returns, for the purpose of estimating the personal wealth of that segment of the population which holds a substantial portion of the total wealth of all individuals. The estimates of the wealth for 1976 and 1981 of these individuals are derived from the application of this estimating technique to data extracted from samples of Federal estate tax returns filed during 1977 and 1982, respectively. The estimates of wealth included herein, therefore, are limited to those living individuals for whom an estate tax return would have been required had they died during a one year period extending from early 1976 to early 1977 or from early 1981 to early 1982. These individuals are hereafter referred to as "top wealthholders".

As the level of gross estate or gross assets required for the filing of an estate tax return has increased, the concept of top wealthholders has likewise changed. The levels of wealth to which the estimates are limited have risen from the \$60,000 which defined top wealthholders in 1972, to \$120,000 for returns filed in 1977, and subsequently to the \$300,000 level for returns filed in 1982. Additionally, as a result of a change in the reporting requirements for estates of decedents who died in 1982, asset detail for 1981 is presented only for those individuals with gross assets in excess of \$500,000.

The wealth included on the returns selected during each of the sample years is centered around mid-year of 1976 and 1981 and therefore reflects the wealth of the living population at that point in time. (A further discussion of the estimating technique is included under "Data Sources and Limitations".)

The gross estate criterion is a Federal estate tax concept of wealth that does not conform to the usual definitions of wealth primarily because the face value of life insurance is included in the wealth of the decedent. Therefore, three measures of wealth have been used in this article: gross estate (or gross assets), total assets, and net worth.

Gross estate or gross assets reflects the gross value of all assets, including the full face value of life insurance reduced by policy loans, but before any reduction for indebtedness. This measure defines those included in the top wealthholder group. Total assets, a lower wealth value, is still essentially a

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

## Trends in Personal Wealth

gross measure. This is obtained by using the cash value of the life insurance asset; that is, the value the insurance had immediately prior to death. Net worth is the level of wealth after all debts have been removed and includes the cash value of life insurance.

### PERSONAL WEALTH IN 1976

If the typical top wealthholder was encountered in 1976, we would have found a married male under 50 years of age whose net worth was less than \$250,000. A significant share of his assets would have been in real estate, likely the family home. The typical female top wealthholder would also have been married, but would likely have been older and wealthier. Likewise, the primary asset in her portfolio, would have been real estate. However, it would not have constituted as significant a share of her assets as for her male counterpart.

Male wealthholders represented approximately 66.5 percent, or 5.8 million of the 8.7 million top wealthholders (defined as individuals with gross assets greater than \$120,000) in 1976. The average net worth of these men was \$192,000. Though far fewer in number, the 2.9 million female top wealthholders were generally wealthier with average net worth of \$261,000.

Over 83 percent of the male top wealthholders were married, while less than 5 percent were widowed. This compares with 47 percent of the females who were married and 33 percent who were widowed. These percentages are probably reflective of the age composition of the top wealthholders with nearly 33 percent of the female top wealthholders and only 17 percent of the male top wealthholders 65 years of age or older.

As shown in Figure A, real estate valued at \$771 billion was the largest single asset item held by the top wealthholders. However, corporate stock valued for all wealthholders at \$531 billion, still comprised the greatest share of the assets of those wealthholders with net worth of \$500,000 or more. These rankings reflect the relative importance of real property to that of stock in the asset portfolio of many individuals. In addition, they also reflect the effect of inflated housing values which were enough to cause many individuals to be classified as top wealthholders in 1976.

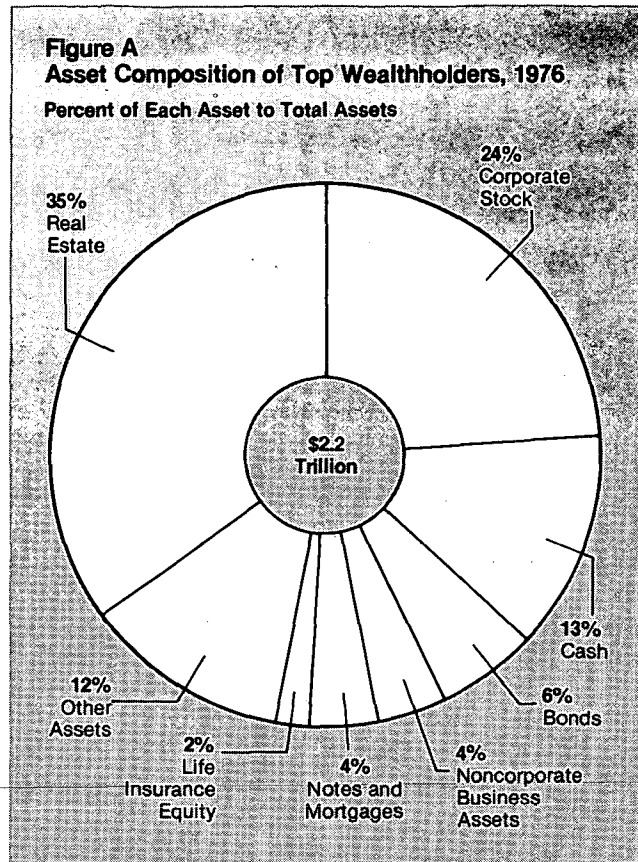
The concentration of wealth among the very top wealthholders was almost as skewed as that for the general population. As shown in Figure B, nearly 23 percent of the total assets of all top wealthholders was held by individuals with total assets of \$1 million or more. These 227,000 individuals represented less than 3 percent of the top wealthholders.

### Wealth and Asset Composition

As wealth increased (see Figure C), the relative importance of real estate for both male and female top wealthholders declined sharply. Conversely, corporate stock and certain types of bonds became increasingly significant as the amount of wealth increased. In light of the special tax treatment afforded the income from State and local bonds, these assets were especially attractive to those "well off" individuals seeking to lessen their income tax burden.

### Types of Wealth Held by Men and Women

The summary of the composition of wealth shown in Figure D indicates the differences between the holdings of men and women. Proportionally more men than women



owned real estate, noncorporate business assets, and life insurance; however, more women owned bonds and corporate stock. The overall differences in holdings were large for only a few items. In their traditional role as the head of the household, about 89 percent of the men had life insurance to protect their families, whereas only about 53 percent of the women held life insurance. Noncorporate business assets were held by 27 percent of the men, but only 14 percent of the women. This may be reflective of a female spouse's tendency to dispose of the family business upon the death of her husband, combined with the shorter life expectancy of males.

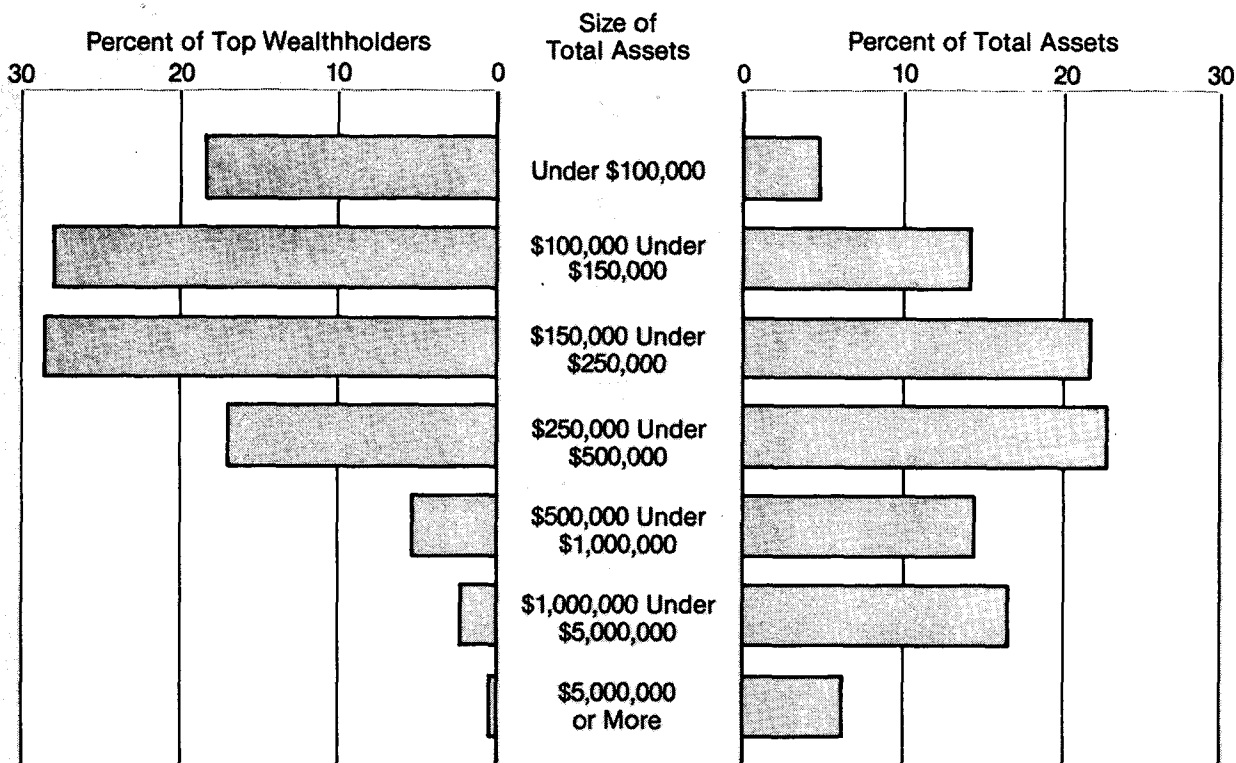
Men had a relatively heavier debt burden than women with 19 percent of their total assets owed as debts and mortgages compared with nearly 10 percent for women. The large difference in debts was related to the fact that proportionally more men owned assets which are typically mortgaged or debt-financed, such as real estate and business assets.

### Age and Wealth

The average net worth of male top wealthholders appeared to be closely correlated with age. As age increased (see Figure E), the average net worth increased from \$119,000 for men under 50 years of age to \$395,000 for men 85 years or older. On the other hand, women under age 50 were 43 percent wealthier in terms of total assets than their male counterparts, but showed a less rapid increase than males in their average net worth until their early 60's.

Nearly 48 percent of the male top wealthholders were under 50 years of age, while only 29 percent of the female top wealthholders were in that age group. This

**Figure B**  
**Percent of Top Wealthholders and Total Assets of Top Wealthholders,**  
**By Size of Total Assets, 1976**



relatively low proportion of female top wealthholders under 50 years of age is an indication of the fact that many wealthy women may acquire their wealth upon the death of their spouse.

Predictably, younger top wealthholders had a debt burden considerably heavier than that of their elders, declining as age increased. The amount of indebtedness of males under 50 years of age was equal to 33 percent of their total assets. However, for females in this same age group, the debt burden was only 21 percent. As with the younger individuals, the debts of females of each age group was significantly lower than that of males in the same age group. This may be a reflection of the insurance protection provided more often by males that is used to pay off debts.

#### PERSONAL WEALTH IN 1981

Of the 4.5 million top wealthholders in 1981, redefined to include only those individuals with gross assets of \$300,000 or more, 65 percent were men. However, as in 1976, the average net worth of female top wealthholders was considerably higher than that of their male counterparts, \$637,000 compared to \$471,000.

Figure F shows that, again, a relatively high portion of the female top wealthholders, 28 percent, were widowed. This compared to the mere 4 percent of the males who were widowers. Likewise, 83 percent of the men and 52 percent of the women were married. As in 1976, this probably mainly reflected the age composition of the male and female top wealthholders

and the difference in their life expectancies. In 1981, 48 percent of all male wealthholders were under 50 years of age as opposed to just 29 percent of female top wealthholders.

With the continued increase in its value, real estate, as shown in Figure G, valued at \$593 billion, was the largest single asset item held by top wealthholders in 1981 with gross assets in excess of \$500,000 [5]. Corporate stock valued at \$484 billion was the next most commonly held asset. Together these two asset items accounted for 55 percent of the total assets held by those top wealthholders.

#### DATA SOURCES AND LIMITATIONS

The estimates of personal wealth contained herein are based on information reported on Federal estate tax returns filed during 1977 and 1982. The sampled returns primarily reflect deaths that occurred during a one year period extending from early 1976 to early 1977 or from early 1981 to early 1982. However, because an extension of time for filing the estate tax return can be obtained, the estimates of personal wealth for 1976 and 1981 are also based on a limited number of returns for decedents who died before 1976 or before 1981, respectively.

As indicated previously, the wealth included on the sampled returns is centered around mid-year of 1976 and 1981 and represents the wealth of the living population at that time. While the Federal estate tax return is an exceptional source of economic infor-



Trends in Personal Wealth

**Figure C**  
**Asset Composition by**  
**Size of Net Worth, 1976**  
**Percent of Each Asset to**  
**Total Assets by Sex**

Size of Net Worth

- Under \$100,000
- \$100,000 under \$250,000
- \$250,000 under \$1,000,000
- \$1,000,000 or more
- \* Less than 0.05 percent

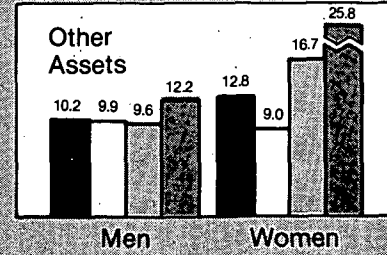
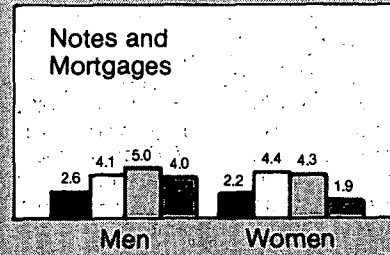
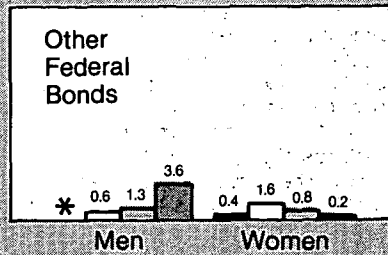
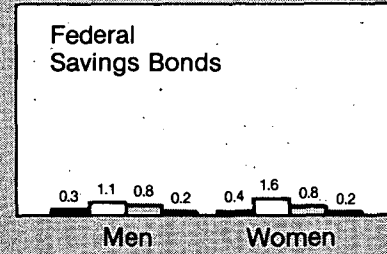
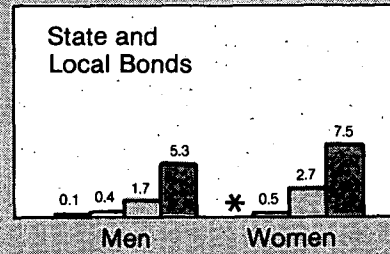
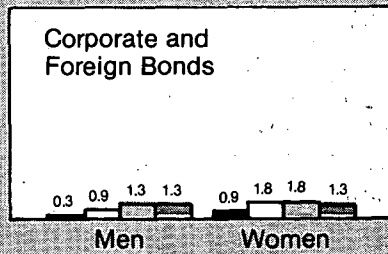
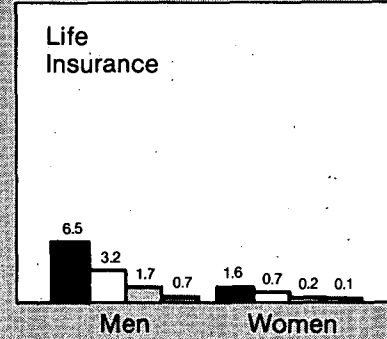
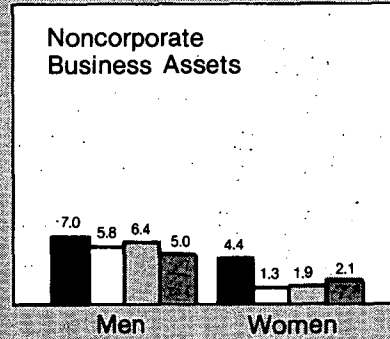
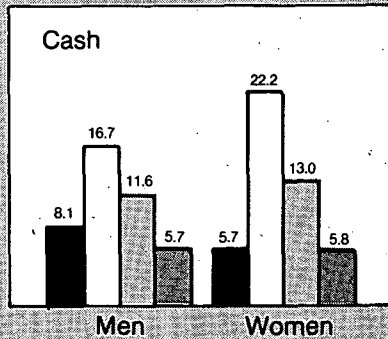
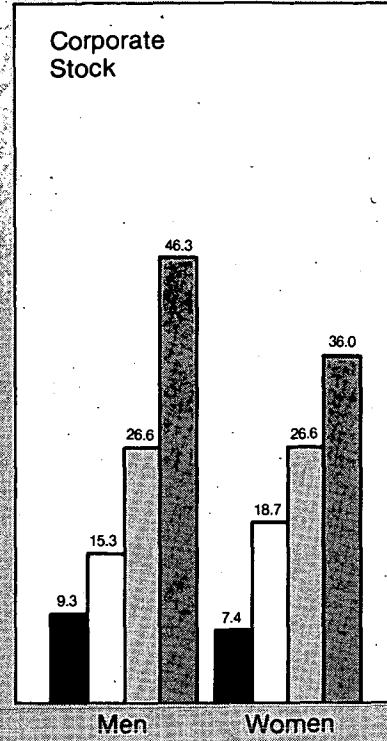
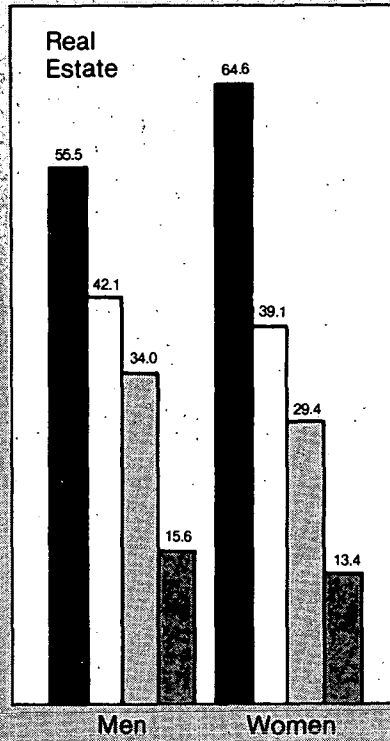


Figure D.--Composition of Wealth for Male and Female Top Wealthholders, 1976

[All figures are estimates based on estate tax return samples--numbers of top wealthholders are in thousands; all money amounts are in billions of dollars]

Item	Male top wealthholders				Female top wealthholders			
	Number	Percent of total males	Amount	Percent of total assets	Number	Percent of total females	Amount	Percent of total assets
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total assets.....	5,782	100.0	1,368	100.0	2,913	100.0	845	100.0
Debts.....	5,324	92.1	260	19.0	2,569	88.2	84	9.9
Net worth.....	5,782	100.0	1,108	81.0	2,913	100.0	761	90.1
Types of assets:								
Cash.....	5,537	95.8	159	11.6	2,746	94.3	122	14.4
Corporate stock.....	3,883	67.2	324	23.7	2,014	69.2	207	24.5
Bonds, total.....	2,012	34.8	64	4.7	1,314	45.1	66	7.8
Corporate and foreign.....	817	14.1	14	1.0	643	22.1	14	1.6
Federal savings.....	1,227	21.2	9	0.7	651	22.3	8	1.0
Other Federal.....	279	4.8	17	1.3	286	9.8	21	2.5
State and local.....	294	5.1	23	1.7	254	8.7	23	2.8
Life insurance equity.....	5,150	89.1	38	2.8	1,558	53.5	4	0.5
Notes and mortgages.....	1,511	26.1	56	4.1	894	30.7	31	3.7
Real estate.....	5,137	88.9	503	36.8	2,394	82.2	268	31.7
Noncorporate business.....	1,569	27.1	83	6.1	400	13.7	16	1.9
Other assets.....	5,539	95.8	141	10.3	2,676	91.9	131	15.5

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

mation, the accuracy of the estimates of personal wealth for a particular point in time is limited somewhat by the time span during which the sampled estates are valued. For assets such as corporate stock, the timing of the valuation can be quite significant. However, nearly 78 percent of the estate returns sampled during 1982 were for decedents who died in 1981 and 81 percent of the estate returns sampled during 1977 were for decedents who died during 1976.

The "estate multiplier technique," which has been used since the beginning of the twentieth century (financial records were used as early as 1864 to estimate total personal wealth by a related technique) [6,7,8] enables conclusions to be drawn about the wealth of the living population through the knowledge of the wealth of the deceased. The underlying assumption in making these estimates from estate tax returns is that death draws a random sample of the living population. However, in actuality, death is not a random event and therefore not necessarily representative of the living population under consideration.

The probability of "death's selection" of an individual depends on the particulars of one's life. Age and sex are usually taken as gross indicators of these conditions. By knowing the mortality rate and the number of deaths for each age and sex group, the population of wealthholders can be derived, by multiplying the inverse of the mortality rate by the number of deaths in each group.

However, vital to the estimates of personal wealth is the use of a mortality rate appropriate to the top wealthholder population. This is essential to the estimates in that there is much evidence that the mortality rate of the wealthy is more favorable than that of the population as a whole [9], that is, social class also is a determinant in the "selection of the sample". Therefore, an adjustment to the general mortality rate is necessary. The basic assumption made to prepare the estimates was that the probability

of death for those at or above the minimum level of gross assets or gross estate included in the estimates for 1976 and 1981 is approximately constant for each age and sex.

The mortality rates assumed to approximate that of the wealthy are generated utilizing data prepared by the Metropolitan Life Insurance Company [10]. Three sets of age-specific multipliers for male and female decedents for 1976 were produced utilizing the insurance experience between 1973 and 1976. The same multipliers were used to generate the estimates for 1981.

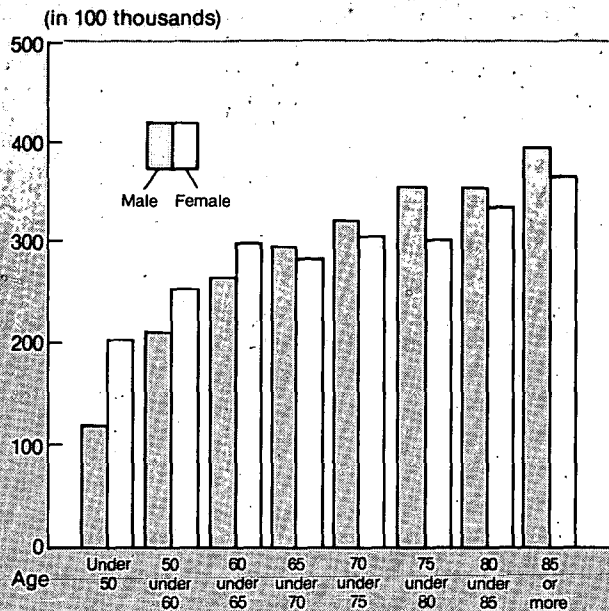
While the estimates of wealth for 1976 and 1981 are based on estate tax returns sampled during a specific filing year, the returns selected during 1982 were selected as the first part of a new sample design. Returns selected during 1977 primarily reflected deaths that occurred during 1976, but also deaths from 1977 and 1975 and several preceding years. Therefore, the estimates were arrived at utilizing values determined over an extended period of time. In order to more accurately reflect the wealth at a particular point in time, a "year of death" basis for the selection of the sample was utilized in 1982. Returns selected for the sample are based on decedents dying in 1982. These are augmented by a sample of all other returns, as well as the selection of all returns, regardless of the year of death of the decedent, for wealthy and young decedents. This sample will be selected for a three year period through December 1984 to estimate personal wealth in 1982. Since the estate tax return is not due until nine months after the death of the decedent, a limited number of returns for decedents dying in 1982 were filed. Therefore, the preliminary nature of the estimates which primarily reflect the wealth of decedents dying in 1981.

Because the data presented in this article are estimates based on a sample of Estate tax returns filed with the Internal Revenue Service, they are

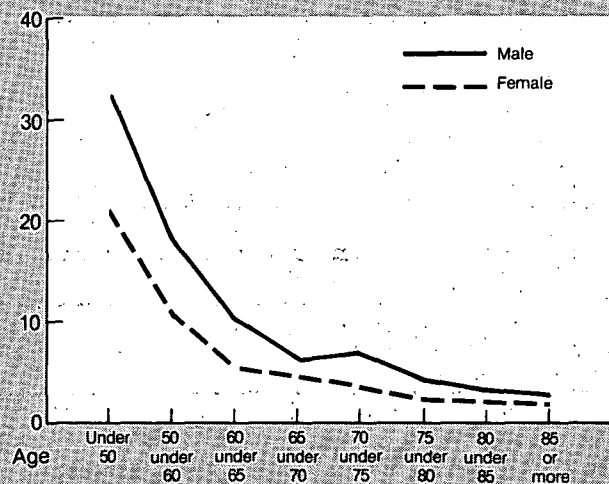
## Trends in Personal Wealth

**Figure E**  
**Average Net Worth and Debt Burden,**  
**By Age and Sex, 1976**

## Average Net Worth



## Debts as Percentage of Total Assets



subject to sampling, as well as nonsampling, error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known.

The table below presents rough preliminary estimates of the coefficients of variation (CV's) for frequency estimates. The approximate CV's shown here are intended only as a general indication of the reliability of the data. For a number other than those shown below, the corresponding CV's can be estimated by interpolation.

Number of Wealthholders	Approximated Coefficient of Variation	
	1976	1981
6,600,000	.01	N/A*
4,500,000	.012	.02
3,000,000	.015	.025
1,500,000	.02	.035
800,000	.03	.05
300,000	.05	.08
200,000	.06	.10
65,000	.10	.17
45,000	.12	.20
21,000	.18	.30
9,000	.27	.45

\*N/A = Not Applicable

The reliability of estimates based on samples, and the use of coefficients of variation for evaluating the precision of sample estimates, are discussed in the Appendix.

Nonsampling error of the estate tax return data was controlled during statistical processing by a variety of methods. Among them was a systematic verification at the field processing locations of the manual data editing. As a further check on the quality of the editing small subsamples selected after field verification were reprocessed in the National Office. Key entry of the data at the processing locations was also subjected to 100 percent verification.

Prior to tabulation, numerous computer tests were applied to each return record to check for inconsistencies. Lastly, prior to publication, all statistics and tables were reviewed for accuracy and reasonableness.

## NOTES AND REFERENCES

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- [2] Ibid., p. 53
- [3] Bureau of Economic Analysis, U.S. Department of Commerce, Survey of Current Business, July 1982, Vol. 62, No. 7. For discussions of the deflator, see the Survey of Current Business, March 1978, Vol. 57, No. 3, and March 1979, Vol. 58, No. 11.
- [4] For a detailed explanation of the Estate Multiplier Technique, see Internal Revenue Service, Statistics of Income--1972 Personal Wealth, Washington, DC 1976.
- [5] As previously stated, asset detail for 1981 is unavailable for those individuals with gross assets of \$500,000 or less because of a change in the reporting requirements for the estates of decedents who died in 1982.
- [6] Atkinson, A.B., "The Distribution of Wealth in Britain in the 1960's--the Estate Duty Method Reexamined," Studies in Income and Wealth, National Bureau of Economic Research, no. 39, 1975, pp. 277-319.
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## Trends in Personal Wealth

7

Figure F.--All Top Wealthholders With Gross Assets \$300,000 or More, by Marital Status, Age, and Sex, 1981

[All figures are estimates based on estate tax return samples--numbers of top wealthholders are in thousands; all money amounts are in millions of dollars]

Item	Number of top wealthholders	Total assets	Debts and mortgages		Net worth	Estate tax return statistics		
			Number	Amount		Number of returns	Gross estate	Net worth
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All top wealthholders, total.....	4,521.7	2,803,800	4,058.9	415,022	2,388,778	60,342	45,894	41,889
Married.....	3,278.7	1,955,121	2,961.5	324,695	1,630,426	35,623	27,349	24,183
Single.....	408.1	245,481	323.2	25,276	220,205	4,180	3,127	2,965
Widowed.....	555.4	384,909	498.8	24,623	360,286	18,897	13,892	13,410
Other.....	279.5	218,288	275.3	40,427	177,861	1,643	1,527	1,331
Under 50.....	1,869.7	953,053	1,740.8	281,030	672,023	3,163	2,059	1,169
50 under 65.....	1,608.9	1,065,351	1,453.9	102,300	963,051	11,830	8,647	7,128
65 and over.....	955.9	740,575	796.9	31,027	709,549	44,273	34,623	33,045
Male.....	2,950.5	1,707,993	2,709.7	319,310	1,388,683	39,105	30,623	27,175
Married.....	2,462.4	1,375,840	2,246.8	255,923	1,119,917	30,050	23,515	20,580
Single.....	190.4	115,239	182.7	19,762	95,477	2,564	2,072	1,945
Widowed.....	121.5	73,053	106.4	10,616	62,437	5,418	3,931	3,724
Other.....	176.3	143,862	173.9	33,010	110,851	1,074	1,106	925
Under 50.....	1,417.8	679,001	1,386.9	224,415	454,585	2,773	1,836	997
50 under 65.....	968.2	604,199	856.8	74,382	529,817	9,023	6,596	5,212
65 and over.....	517.2	403,644	437.3	20,233	383,410	26,733	21,924	20,713
Female.....	1,571.2	1,095,806	1,349.2	95,711	1,000,095	21,237	15,271	14,714
Married.....	816.3	579,281	714.7	68,772	510,509	5,573	3,834	3,603
Single.....	217.7	130,243	140.5	5,515	124,728	1,616	1,055	1,019
Widowed.....	433.9	311,856	392.5	14,007	297,849	13,479	9,961	9,686
Other.....	103.3	74,426	101.5	7,417	67,010	569	421	406
Under 50.....	451.9	274,053	353.9	56,614	217,438	390	223	172
50 under 65.....	640.7	461,153	597.1	27,917	433,236	2,807	2,051	1,917
65 and over.....	438.7	336,932	359.7	10,792	326,139	17,540	12,700	12,333

NOTE: Detail may not add to total because of rounding. Age unknown are not shown separately above. However, they are included in the appropriate total.

Figure G.--All Top Wealthholders With Gross Assets Greater Than \$500,000, Assets by Sex, 1981

[All figures are estimates based on estate tax return samples--numbers of top wealthholders are in thousands; all money amounts are in billions of dollars]

Item	Total		Men		Women	
	Number of top wealthholders	Amount	Number of top wealthholders	Amount	Number of top wealthholders	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total assets.....	1,838.6	1,954.5	1,237.7	1,216.9	600.9	737.6
Debts.....	1,770.2	293.9	1,211.6	235.2	558.7	58.7
Net worth.....	1,838.6	1,660.6	1,237.7	981.7	600.9	678.9
Types of assets:						
Cash.....	1,776.6	167.4	1,217.4	89.7	559.2	77.7
Corporate stock.....	1,477.2	483.7	1,022.0	309.4	455.2	174.3
Bonds, total.....	736.5	117.7	444.3	60.1	292.3	57.6
Corporate and foreign.....	294.3	9.0	180.6	4.6	113.7	4.5
Federal savings.....	218.7	2.2	136.0	1.6	82.6	0.6
Other Federal.....	278.0	33.6	183.6	22.6	94.4	11.0
State and local.....	461.6	72.9	244.8	31.3	216.7	41.6
Life insurance equity.....	1,412.6	23.4	1,131.5	21.6	281.1	1.8
Notes and mortgages.....	876.9	74.5	638.7	55.1	238.2	19.4
Real estate.....	1,643.1	592.7	1,166.6	397.4	476.5	195.3
Noncorporate business.....	827.6	122.1	611.4	85.6	216.2	36.5
Other assets.....	1,780.7	372.9	1,205.7	198.0	575.0	174.9

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

## Trends in Personal Wealth

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- [10] We are extremely grateful for the continued support we have received from the Metropolitan Life Insurance Company, beginning with the late Mortimer Spiegelman and continuing most recently with Mrs. Frances Baffa, who provided the mortality data used in the present computation of the estate multipliers.

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Trends in Personal Wealth

Table 1.— ALL TOP WEALTHHOLDERS, BY SIZE OF NET WORTH, 1976

[All figures are estimates based on estate tax return samples— numbers of top wealthholders are in thousands; all money amounts are in millions of dollars]

Size of net worth	Number of top wealthholders (1)	Total assets (2)	Debts and mortgages (3)		Net worth (5)	Types of assets (6)		
			Number (3)	Amount (4)		Number (6)	Amount (7)	
								Government
Corporate stock		Total		Corporate and foreign		Federal savings		
Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Total .....	8,665.0	2,212,731	7,893.4	343,798	1,868,933	8,283.3	280,784	
Negative net worth .....	118.8	22,415	118.8	31,085	-8,670	107.9	739	
\$0 under \$50,000 .....	1,051.5	87,057	1,032.5	55,520	31,537	898.8	4,740	
\$50,000 under \$100,000 .....	1,429.0	165,706	1,370.6	55,945	108,761	1,340.0	15,638	
\$100,000 under \$250,000 .....	2,237.8	321,822	1,931.1	41,759	280,063	2,115.6	61,436	
\$250,000 under \$500,000 .....	2,088.9	442,266	1,814.1	47,286	394,982	2,053.9	83,277	
\$500,000 under \$1,000,000 .....	1,205.2	453,712	1,084.9	47,657	406,054	1,170.7	61,689	
\$1,000,000 under \$5,000,000 .....	384.9	287,657	366.8	26,011	261,646	380.8	28,566	
\$5,000,000 or more .....	163.3	330,824	165.2	32,104	288,721	167.1	21,431	
	9.6	101,271	9.4	6,431	94,839	9.6	3,256	
Types of assets—Continued								
Size of net worth	Number	Amount	Bonds		Life insurance equity (21)	Notes and mortgages (23)		
			Number (10)	Amount (11)		Number (20)	Amount (22)	
								Government—Continued
Other Federal		State and local		Life insurance equity		Notes and mortgages		
Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Total .....	5,897.6	530,874	3,326.1	128,650	1,460.8	1,877.7	17,418	
Negative net worth .....	39.9	2,934	26.8	297	*1.1	*25.7	*33	
\$0 under \$50,000 .....	408.6	6,094	207.3	558	48.8	173.6	129	
\$50,000 under \$100,000 .....	877.7	15,549	843.9	1,541	110.3	275.1	731	
\$100,000 under \$150,000 .....	1,521.2	46,001	1,224.4	10,200	340.2	548.3	4,152	
\$150,000 under \$250,000 .....	1,560.8	81,584	1,084.9	17,796	435.1	482.9	5,625	
\$250,000 under \$500,000 .....	984.8	105,521	600.8	22,854	310.9	282.3	4,170	
\$500,000 under \$1,000,000 .....	345.4	91,788	239.8	23,171	137.7	76.4	1,617	
\$1,000,000 under \$5,000,000 .....	149.9	130,211	120.9	40,520	70.8	183.7	923	
\$5,000,000 or more .....	9.2	51,315	7.9	12,712	4.8	1.2	38	
Types of assets—Continued								
Size of net worth	Number	Amount	Bonds—Continued		Life insurance equity (21)	Notes and mortgages		
			Number (17)	Amount (18)		Number (20)	Amount (22)	
								Government—Continued
Other Federal		State and local		Life insurance equity		Notes and mortgages		
Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Total .....	564.7	38,315	547.7	46,293	6,708.2	42,827	87,727	
Negative net worth .....	**1.7	**25	**4.5	**87	1,172	689	1,182	
\$0 under \$50,000 .....	22.4	1.17	18.1	78	1,014.5	5,775	133.6	
\$50,000 under \$100,000 .....	62.8	1,684	62.4	1,002	1,945.2	8,605	301.0	
\$100,000 under \$150,000 .....	180.6	3,692	122.4	2,405	1,119.0	8,320	548.7	
\$150,000 under \$250,000 .....	191.6	7,032	142.4	5,405	1,751.3	8,021	645.9	
\$250,000 under \$500,000 .....	78.5	6,282	112.4	10,288	241.2	5,811	479.8	
\$500,000 under \$1,000,000 .....	52.2	14,737	82.7	26,622	100.4	1,870	183.7	
\$1,000,000 under \$5,000,000 .....	4.0	4,768	3.7	6,022	5.1	1,870	86.3	
\$5,000,000 or more .....						21.9	10,597	
Types of assets—Continued								
Size of net worth	Number	Amount	Real estate		Estate tax return statistics	Gross estate		
			Number (24)	Amount (25)		Number of returns (30)	Net worth (32)	
								Noncorporate business assets
Other assets		Other assets		Estate tax return statistics				
Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Total .....	7,531.0	770,787	1,969.3	98,728	8,214.8	271,782	40,997	
Negative net worth .....	103.5	10,265	69.9	4,673	115.9	1,362	37,104	
\$0 under \$50,000 .....	890.7	94,889	118.4	4,516	1,024.3	8,066	111	
\$50,000 under \$100,000 .....	1,311.6	82,012	341.3	8,170	1,389.6	6,289	508	
\$100,000 under \$150,000 .....	1,948.7	142,300	369.5	10,384	2,048.2	46,795	4,322	
\$150,000 under \$250,000 .....	1,774.1	169,710	306.9	18,084	1,949.1	24,705	7,765	
\$250,000 under \$500,000 .....	1,023.0	160,980	371.8	20,050	1,142.3	4,298	6,407	
\$500,000 under \$1,000,000 .....	323.6	77,591	127.0	14,035	375.1	35,356	6,824	
\$1,000,000 under \$5,000,000 .....	145.4	53,910	63.4	12,617	169.8	9,468	5,624	
\$5,000,000 or more .....	7.4	8,480	3.1	3,503	9.9	3,724	6,618	
							4,014	

\*Estimates should be used with caution because of the small number of sample estate tax returns on which it is based.  
 \*\*Data compiled to avoid disclosure of information for specific estate tax returns.  
 NOTE: Detail may not add to total because of rounding.

Trends in Personal Wealth

Table 2.— ALL MEN: TOP WEALTHHOLDERS, BY SIZE OF NET WORTH, 1976

[All figures are estimates based on estate tax return samples— numbers of top wealthholders are in thousands; all money amounts are in millions of dollars]

Size of net worth	Total assets		Debts and mortgages		Net worth		Types of assets	
	Number of wealth-holders (1)	Amount (2)	Number (3)	Amount (4)	Number (5)	Amount (6)	Cash	
							Number (7)	Amount (7)
Total	5,782.0	1,367,538	5,923.9	259,886	1,107,552	5,372.2	156,779	
Negative net worth	82.2	8,865	92.2	27,806	-7,741	81.2	482	
\$0 under \$50,000	885.3	78,892	922.2	46,946	28,137	881.6	4,528	
\$50,000 under \$100,000	1,972.3	139,500	1,979.9	40,075	66,425	1,116.6	13,215	
\$100,000 under \$150,000	1,274.2	187,320	1,113.7	28,732	136,568	1,234.3	31,584	
\$150,000 under \$250,000	1,212.2	264,726	1,083.8	33,632	229,097	1,194.1	43,560	
\$250,000 under \$500,000	72.9	275,168	105.1	33,741	241,455	71.0	34,965	
\$500,000 under \$1,000,000	218.9	146,892	210.5	19,176	147,706	216.7	16,287	
\$1,000,000 under \$5,000,000	85.3	192,209	94.8	24,872	167,338	94.5	12,325	
\$5,000,000 or more	5.1	58,755	5.8	5,186	53,569	5.7	1,872	

Size of net worth	Corporate stock			Bonds			Government			
	Number (8)	Amount (9)	Total (10)	Number (11)	Amount (12)	Total (13)	Corporate and foreign		Federal savings	
							Number (14)	Amount (15)		
Total	3,883.3	323,628	2,012.4	69,656	817.5	13,984	1,226.7	9,384		
Negative net worth	33.5	2,589	6.7	280	1.0	207	5.7	18		
\$0 under \$50,000	381.8	5,654	201.9	209	45.1	58	169.0	119		
\$50,000 under \$100,000	757.6	12,598	347.0	1,184	81.8	489	249.4	568		
\$100,000 under \$150,000	878.8	24,786	467.4	4,714	179.6	1,397	317.8	1,912		
\$150,000 under \$250,000	908.7	44,134	456.3	6,296	210.3	2,523	259.4	2,855		
\$250,000 under \$500,000	624.6	63,748	334.0	11,563	174.6	3,301	164.3	2,457		
\$500,000 under \$1,000,000	201.0	53,838	127.8	11,129	72.8	2,640	42.6	918		
\$1,000,000 under \$5,000,000	89.9	82,782	66.5	19,145	39.2	2,403	17.9	506		
\$5,000,000 or more	5.5	33,507	4.8	7,136	3.1	966	0.7	32		

Size of net worth	Bonds — Continued			Life insurance equity			Notes and mortgages			
	Number (16)	Amount (17)	Total (18)	Number (19)	Amount (20)	Total (21)	Government		Amount	
							Number (22)	Amount (23)		
Total	278.9	17,394	293.6	22,894	5,150.2	38,408	1,510.6	56,437		
Negative net worth	**1.5	**19	**3.8	**67	90.6	894	17.3	1,040		
\$0 under \$50,000	19.5	49	18.1	78	978.8	5,588	132.5	1,602		
\$50,000 under \$100,000	57.8	854	33.0	451	8,110	8,110	210.0	3,214		
\$100,000 under \$150,000	67.0	1,659	68.5	1,259	1,088.3	7,210	321.5	7,035		
\$150,000 under \$250,000	67.3	2,906	73.3	2,899	983.9	7,017	359.1	11,498		
\$250,000 under \$500,000	38.1	2,855	54.0	4,716	582.4	5,372	302.7	13,601		
\$500,000 under \$1,000,000	25.2	6,365	39.7	9,871	179.8	2,357	110.3	8,283		
\$1,000,000 under \$5,000,000	2.5	2,598	3.3	3,552	78.2	1,641	53.0	7,578		
\$5,000,000 or more					4.6	207	4.1	2,586		

Size of net worth	Real estate			Noncorporate business			Other assets			Estate tax return statistics			
	Number (24)	Amount (25)	Total (26)	Number (27)	Amount (28)	Total (29)	Number (30)	Amount (31)	Total (32)	Gross estate		Net worth	
										Number (33)	Amount (34)	Number (35)	Amount (36)
Total	5,137.5	503,189	1,569.0	82,922	140,511	5,539.1	76,953	27,014	23,702				
Negative net worth	78.9	9,363	49.8	4,177	89.3	1,040	236	106	110				
\$0 under \$50,000	833.5	46,811	75.5	3,500	862.4	8,178	1,980	366	64				
\$50,000 under \$100,000	1,083.6	66,334	309.5	8,077	1,141.1	13,765	5,713	938	451				
\$100,000 under \$150,000	1,138.6	84,066	293.2	9,284	1,183.2	18,616	20,748	3,141	2,663				
\$150,000 under \$250,000	1,070.2	105,247	405.7	17,021	1,152.3	25,954	25,028	5,283	4,770				
\$250,000 under \$500,000	650.7	102,225	283.3	17,303	688.6	26,417	15,472	5,730	5,255				
\$500,000 under \$1,000,000	184.7	48,072	94.0	10,989	212.7	15,966	5,224	3,827	3,539				
\$1,000,000 under \$5,000,000	84.9	34,420	44.6	10,244	93.9	24,093	2,368	4,544	4,188				
\$5,000,000 or more	4.4	4,550	3.5	2,316	5.7	6,482	173	3,080	2,881				

Estimates should be used with caution because of the small number of sample estate tax returns on which it is based. Data combined to avoid disclosure of information for specific estate tax returns. NOTE: Detail may not add to total because of rounding.

Trends in Personal Wealth

Table 3.— ALL WOMEN: TOP WEALTHHOLDERS, BY SIZE OF NET WORTH, 1976

[All figures are estimates based on estate tax return samples — numbers of top wealthholders are in thousands; all money amounts are in millions of dollars]

Size of net worth	Number of top wealthholders (1)	Total assets (2)	Debt and mortgages (3)			Net worth (5)	Types of assets	
			Number (3)	Amount (4)	Number (6)		Amount (7)	
								Cash
Corporate stock								
Number	Amount	Number	Amount	Number	Amount	Number	Government	
							Number	Amount
Types of assets — Continued								
Bonds								
Number	Amount	Number	Amount	Number	Amount	Number	Federal savings	
							Number	Amount
Types of assets — Continued								
Life insurance equity								
Number	Amount	Number	Amount	Number	Amount	Number	Notes and mortgages	
							Number	Amount
Types of assets — Continued								
Bonds — Continued								
Number	Amount	Number	Amount	Number	Amount	Number	Government	
							Number	Amount
Types of assets — Continued								
Other Federal								
Number	Amount	Number	Amount	Number	Amount	Number	Notes and mortgages	
							Number	Amount
Types of assets — Continued								
State and local								
Number	Amount	Number	Amount	Number	Amount	Number	Notes and mortgages	
							Number	Amount
Types of assets — Continued								
Fiscal estate								
Number	Amount	Number	Amount	Number	Amount	Number	Gross estate	
							Number	Amount
Types of assets — Continued								
Noncorporate business								
Number	Amount	Number	Amount	Number	Amount	Number	Net worth	
							Number	Amount
Types of assets — Continued								
Other assets								
Number	Amount	Number	Amount	Number	Amount	Number	Net worth	
							Number	Amount
Types of assets — Continued								
Estate tax return statistics								
Number	Amount	Number	Amount	Number	Amount	Number	Net worth	
							Number	Amount
<b>Total</b> .....								
Negative net worth	2,912.8	945,193	2,569.5	83,612	761,381	2,748.1	122,005	2,577
\$0 under \$50,000	*26.6	*2,550	*26.6	*3,479	—,929	*26.6	*257	—
\$50,000 under \$100,000	61.9	10,974	61.9	6,574	2,400	212	2,423	212
\$100,000 under \$150,000	256.8	37,209	252.9	15,669	21,336	221.4	2,423	2,423
\$150,000 under \$250,000	983.6	134,502	817.4	13,007	121,495	891.3	29,852	29,852
\$250,000 under \$500,000	876.7	179,540	752.2	165,685	165,685	856.8	39,717	39,717
\$500,000 under \$1,000,000	483.6	178,516	427.5	13,916	164,600	460.3	26,734	26,734
\$1,000,000 under \$5,000,000	186.0	120,775	156.2	6,835	113,940	184.1	12,319	12,319
\$5,000,000 or more	73.7	139,615	70.7	7,232	131,383	72.5	9,106	9,106
	3.9	42,515	3.9	1,245	41,270	3.9	1,364	1,364
<b>Corporate stock</b>								
<b>Total</b> .....								
Negative net worth	2,014.3	207,346	1,313.6	65,995	643.4	13,941	651.0	8,033
\$0 under \$50,000	8.4	*345	*95.5	*996	*4.7	*315	*50.3	*188
\$50,000 under \$100,000	*28.6	*440	*28.6	*357	18.5	126	230.4	2,240
\$100,000 under \$150,000	120.1	2,950	46.9	376.4	180.6	1,986	223.6	2,270
\$150,000 under \$250,000	641.4	21,205	376.4	5,486	8,590	3,552	88.0	1,713
\$250,000 under \$500,000	651.1	37,450	428.6	9,590	136.3	2,947	33.8	699
\$500,000 under \$1,000,000	390.3	41,772	266.8	11,292	65.0	2,343	33.8	699
\$1,000,000 under \$5,000,000	144.4	37,928	112.0	12,043	31.6	2,033	14.4	417
\$5,000,000 or more	60.0	47,449	54.4	21,975	1.7	340	0.5	5
	3.8	17,908	3.1	5,577	1.7	340	0.5	5
<b>Bonds — Continued</b>								
<b>Total</b> .....								
Negative net worth	285.8	20,922	254.1	23,399	1,558.1	3,879	893.8	31,290
\$0 under \$50,000	—	—	—	—	26.6	54	21.8	142
\$50,000 under \$100,000	—	—	—	—	39.9	177	1.1	146
\$100,000 under \$150,000	**38.0	**783	**30.0	**571	191.7	564	90.9	750
\$150,000 under \$250,000	83.6	2,032	53.9	1,146	612.0	1,110	207.2	5,021
\$250,000 under \$500,000	84.3	4,126	68.1	2,396	425.1	1,004	299.9	9,882
\$500,000 under \$1,000,000	41.4	3,427	33.1	5,573	178.9	262	17.1	5,075
\$1,000,000 under \$5,000,000	28.9	8,371	40.6	10,594	61.4	229	32.3	5,019
\$5,000,000 or more	1.3	2,162	2.4	3,049	22.2	12	2.3	351
<b>Life insurance equity</b>								
<b>Total</b> .....								
Negative net worth	2,393.5	267,598	4,007.4	15,806	2,675.7	131,271	42,214	13,993
\$0 under \$50,000	28.6	903	**63.0	**1,514	28.6	325	31	11
\$50,000 under \$100,000	228.0	8,178	31.8	683	61.9	425	95	28
\$100,000 under \$150,000	703.9	23,672	12.3	1,291	246.5	5,731	876	109
\$150,000 under \$250,000	811.2	59,232	72.3	12,305	855.0	13,305	11,982	1,557
\$250,000 under \$500,000	372.3	64,463	101.2	2,683	793.9	13,660	15,737	3,100
\$500,000 under \$1,000,000	130.9	58,355	78.6	2,757	453.7	28,282	3,242	3,145
\$1,000,000 under \$5,000,000	60.5	28,489	18.8	3,069	162.4	20,630	2,146	2,084
\$5,000,000 or more	3.0	19,490	1.6	2,632	69.7	35,319	1,374	2,351
	3.0	4,810	1.6	1,187	3.9	11,387	1,179	1,132

\*Estimates should be used with caution because of the small number of sample estate tax returns on which it is based.

\*\*Data combined to avoid disclosure of information for specific estate tax returns.

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





Trends in Personal Wealth  
Trends in Personal Wealth

Table 5. — MARRIED WOMEN: TOP WEALTHHOLDERS, BY SIZE OF NET WORTH, 1976  
[All figures are estimates based on estate tax return samples — numbers of top wealthholders are in thousands; all money amounts are in millions of dollars]

Size of net worth	Total assets				Debts and mortgages				Net worth				Types of assets					
	Number of top wealthholders		Amount		Number		Amount		Number		Amount		Number		Amount			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)		
Total	1,983.0	380,666	1,156.5	59,383	322,262	1,230.3	43,804											
Negative net worth	22.0	11,904	22.0	2,871	-877	240												
\$0 under \$50,000	78.3	10,656	60.7	8,292	2,366	55.9	188											
\$50,000 under \$100,000	165.9	26,178	182.1	12,537	13,639	130.6	1,029											
\$100,000 under \$150,000	469.0	66,991	396.6	8,045	58,946	396.8	12,425											
\$150,000 under \$250,000	372.1	78,559	302.1	8,368	70,191	361.9	14,169											
\$250,000 under \$500,000	171.5	68,103	149.2	10,046	58,057	163.0	7,506											
\$500,000 under \$1,000,000	68.1	50,940	61.8	4,075	46,865	66.9	3,484											
\$1,000,000 under \$5,000,000	32.4	59,887	30.7	3,696	56,171	31.9	4,127											
\$5,000,000 or more	1.3	17,377	1.3	452	16,925	1.3	452											
Types of assets — Continued																		
Size of net worth	Corporate stock				Total				Bonds				Government					
	Number		Amount		Number		Amount		Number		Amount		Number		Amount			
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)		
Total	919.4	95,539	542.9	25,472	241.3	5,257	2,179											
Negative net worth	28.0	551	25.4	366														
\$0 under \$50,000	78.3	2,322	32.6	160	16.8	414	37											
\$50,000 under \$100,000	308.8	9,045	162.9	2,106	812	112.3	732											
\$100,000 under \$150,000	280.4	14,430	182.0	3,296	1,255	74.6	436											
\$150,000 under \$250,000	135.1	17,095	89.3	3,126	66.1	717	249											
\$250,000 under \$500,000	62.1	16,155	49.0	2,481	680	10.6	170											
\$500,000 under \$1,000,000	25.3	22,761	26.6	10,526	15.4	1,114	178											
\$1,000,000 under \$5,000,000	1.3	10,389	1.2	1,768	0.8	265	4											
\$5,000,000 or more																		
Types of assets — Continued																		
Size of net worth	Bonds — Continued				Life insurance equity				Notes and mortgages									
	Government — Continued		State and local		Number		Amount		Number		Amount		Number		Amount			
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)		
Total	96.9	7,519	107.9	10,518	779.1	1,825	15,292											
Negative net worth					21.8	56	142											
\$0 under \$50,000					38.4	176	175											
\$50,000 under \$100,000					111.4	326	609											
\$100,000 under \$150,000					301.8	529	2,898											
\$150,000 under \$250,000					203.3	457	4,568											
\$250,000 under \$500,000					63.1	142	4,110											
\$500,000 under \$1,000,000					26.7	111	1,484											
\$1,000,000 under \$5,000,000					9.3	124	1,145											
\$5,000,000 or more					0.3	3	161											
Types of assets — Continued																		
Size of net worth	Real estate				Noncorporate business assets				Other assets				Estate tax return statistics					
	Number		Amount		Number		Amount		Number		Amount		Number of returns		Gross estate		Net worth	
	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	
Total	1,239.2	147,300	255.6	10,212	1,232.5	41,118	9,726	3,015	2,796									
Negative net worth	22.0	825	22.0	304	18	304	18	18	18									
\$0 under \$50,000	56.0	7,988	62.9	60.7	320	74	23	23	23									
\$50,000 under \$100,000	165.9	19,151	24.2	159.9	2,138	385	62	62	62									
\$100,000 under \$150,000	425.1	33,904	45.4	869	3,254	460	421	421	421									
\$150,000 under \$250,000	337.7	33,419	59.8	392.3	5,194	708	672	672	672									
\$250,000 under \$500,000	146.4	27,197	35.0	2,122	6,245	571	537	537	537									
\$500,000 under \$1,000,000	58.7	14,837	19.3	1,919	6,810	415	363	363	363									
\$1,000,000 under \$5,000,000	26.3	7,808	8.2	1,390	12,047	514	468	468	468									
\$5,000,000 or more	1.1	2,371	0.8	132	29.1	254	250	250	250									

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

\*\*Data combined to avoid disclosure of information for specific estate tax returns.

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

Trends in Personal Wealth

Table 6.—SINGLE MEN: TOP WEALTHHOLDERS, BY SIZE OF NET WORTH, 1976

[All figures are estimates based on estate tax return samples—numbers of top wealthholders are in thousands; all money amounts are in millions of dollars]

Size of net worth	Number of top wealthholders (1)	Total assets (2)	Deeds and mortgages (3)				Net worth (5)	Types of assets (8)			
			Number (3)	Amount (4)	Number (6)	Amount (7)		Cash (9)			
								Number (8)	Amount (9)		
Total .....	435.9	89,238	406.1	15,185	83,041	428.0	16,750				
Negative net worth .....	**95.4	**6,973	**82.9	**5,487	**1,476	**85.4	**390				
\$0 under \$50,000 .....	37.2	5,007	35.7	2,056	2,948	32.2	416				
\$50,000 under \$100,000 .....	100.3	13,992	82.5	1,274	12,628	89.6	5,669				
\$100,000 under \$150,000 .....	125.5	27,024	113.4	3,136	23,888	123.8	3,977				
\$150,000 under \$250,000 .....	66.1	23,516	61.3	2,021	21,485	65.6	3,977				
\$250,000 under \$500,000 .....	15.2	10,956	14.3	620	10,336	15.1	1,650				
\$500,000 under \$1,000,000 .....	5.9	9,080	5.9	434	8,627	5.9	1,726				
\$1,000,000 under \$5,000,000 .....	0.2	1,788	0.2	156	1,643	0.2	85				
Types of assets—Continued											
Size of net worth	Number	Amount	Corporate stock		Bonds		Government				
			Number (8)	Amount (9)	Number (10)	Amount (11)	Number (12)	Amount (13)	Number (14)	Amount (15)	
											Total
Types of assets—Continued											
Size of net worth	Number	Amount	Bonds—Continued		Life insurance equity		Notes and mortgages				
			Number (17)	Amount (18)	Number (19)	Amount (20)	Number (21)	Amount (22)	Number (23)	Amount (24)	
											Government—Continued
Types of assets—Continued											
Size of net worth	Number	Amount	Other Federal		Other insurance		Estate tax return statistics				
			Number (16)	Amount (17)	Number (25)	Amount (26)	Number of returns (30)	Gross estate (31)	Net worth (32)		
										Noncorporate business assets	
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (24)	Amount (25)	Number (28)	Amount (27)	Number (29)	Amount (30)	Number of returns (33)	Gross estate (34)	Net worth (35)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (36)	Amount (37)	Number (40)	Amount (39)	Number (43)	Amount (42)	Number of returns (44)	Gross estate (45)	Net worth (46)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (47)	Amount (48)	Number (51)	Amount (50)	Number (54)	Amount (53)	Number of returns (55)	Gross estate (56)	Net worth (57)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (58)	Amount (59)	Number (62)	Amount (61)	Number (65)	Amount (64)	Number of returns (66)	Gross estate (67)	Net worth (68)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (69)	Amount (70)	Number (73)	Amount (72)	Number (76)	Amount (75)	Number of returns (77)	Gross estate (78)	Net worth (79)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (80)	Amount (81)	Number (84)	Amount (83)	Number (87)	Amount (86)	Number of returns (88)	Gross estate (89)	Net worth (90)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (91)	Amount (92)	Number (95)	Amount (94)	Number (98)	Amount (97)	Number of returns (99)	Gross estate (100)	Net worth (101)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (102)	Amount (103)	Number (106)	Amount (105)	Number (109)	Amount (108)	Number of returns (110)	Gross estate (111)	Net worth (112)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (113)	Amount (114)	Number (117)	Amount (116)	Number (120)	Amount (119)	Number of returns (121)	Gross estate (122)	Net worth (123)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (124)	Amount (125)	Number (128)	Amount (127)	Number (131)	Amount (130)	Number of returns (132)	Gross estate (133)	Net worth (134)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (135)	Amount (136)	Number (140)	Amount (139)	Number (143)	Amount (142)	Number of returns (144)	Gross estate (145)	Net worth (146)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (147)	Amount (148)	Number (151)	Amount (150)	Number (154)	Amount (153)	Number of returns (155)	Gross estate (156)	Net worth (157)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (158)	Amount (159)	Number (162)	Amount (161)	Number (165)	Amount (164)	Number of returns (166)	Gross estate (167)	Net worth (168)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (169)	Amount (170)	Number (173)	Amount (172)	Number (176)	Amount (175)	Number of returns (177)	Gross estate (178)	Net worth (179)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (180)	Amount (181)	Number (184)	Amount (183)	Number (187)	Amount (186)	Number of returns (188)	Gross estate (189)	Net worth (190)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (191)	Amount (192)	Number (195)	Amount (194)	Number (198)	Amount (197)	Number of returns (199)	Gross estate (200)	Net worth (201)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (202)	Amount (203)	Number (206)	Amount (205)	Number (209)	Amount (208)	Number of returns (210)	Gross estate (211)	Net worth (212)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (213)	Amount (214)	Number (217)	Amount (216)	Number (220)	Amount (219)	Number of returns (221)	Gross estate (222)	Net worth (223)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (224)	Amount (225)	Number (228)	Amount (227)	Number (231)	Amount (230)	Number of returns (232)	Gross estate (233)	Net worth (234)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (235)	Amount (236)	Number (240)	Amount (239)	Number (243)	Amount (242)	Number of returns (244)	Gross estate (245)	Net worth (246)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (247)	Amount (248)	Number (251)	Amount (250)	Number (254)	Amount (253)	Number of returns (255)	Gross estate (256)	Net worth (257)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (258)	Amount (259)	Number (262)	Amount (261)	Number (265)	Amount (264)	Number of returns (266)	Gross estate (267)	Net worth (268)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (269)	Amount (270)	Number (273)	Amount (272)	Number (276)	Amount (275)	Number of returns (277)	Gross estate (278)	Net worth (279)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (280)	Amount (281)	Number (284)	Amount (283)	Number (287)	Amount (286)	Number of returns (288)	Gross estate (289)	Net worth (290)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (291)	Amount (292)	Number (295)	Amount (294)	Number (298)	Amount (297)	Number of returns (299)	Gross estate (300)	Net worth (301)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (302)	Amount (303)	Number (306)	Amount (305)	Number (309)	Amount (308)	Number of returns (310)	Gross estate (311)	Net worth (312)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (313)	Amount (314)	Number (317)	Amount (316)	Number (320)	Amount (319)	Number of returns (321)	Gross estate (322)	Net worth (323)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (324)	Amount (325)	Number (328)	Amount (327)	Number (331)	Amount (330)	Number of returns (332)	Gross estate (333)	Net worth (334)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (335)	Amount (336)	Number (340)	Amount (339)	Number (343)	Amount (342)	Number of returns (344)	Gross estate (345)	Net worth (346)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (347)	Amount (348)	Number (351)	Amount (350)	Number (354)	Amount (353)	Number of returns (355)	Gross estate (356)	Net worth (357)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (358)	Amount (359)	Number (362)	Amount (361)	Number (365)	Amount (364)	Number of returns (366)	Gross estate (367)	Net worth (368)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (369)	Amount (370)	Number (373)	Amount (372)	Number (376)	Amount (375)	Number of returns (377)	Gross estate (378)	Net worth (379)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (380)	Amount (381)	Number (384)	Amount (383)	Number (387)	Amount (386)	Number of returns (388)	Gross estate (389)	Net worth (390)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (391)	Amount (392)	Number (395)	Amount (394)	Number (398)	Amount (397)	Number of returns (399)	Gross estate (400)	Net worth (401)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (402)	Amount (403)	Number (406)	Amount (405)	Number (409)	Amount (408)	Number of returns (410)	Gross estate (411)	Net worth (412)
Estate tax return statistics											
Types of assets—Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets				
			Number (413)	Amount (414)	Number (417)	Amount (416)	Number (420)	Amount (419)	Number of returns (421)	Gross estate (422)	Net worth (423)
Estate tax return statistics</											





**Trends in Personal Wealth**  
**Table 9. — WIDOWS: TOP WEALTHHOLDERS, BY SIZE OF NET WORTH, 1976**

[All figures are estimates based on estate tax return samples — numbers of top wealthholders are in thousands; all money amounts are in millions of dollars.]

Size of net worth	Total assets		Debts and mortgages		Net worth	Types of assets	
	Number of top wealthholders	Amount	Number	Amount		Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total .....	950.1	312,755	856.6	13,279	289,476	933.6	56,600
Negative net worth .....	0.5	0.5	0.5	0.5	0.5	0.5	0.5
\$0 under \$50,000 .....	4.2	79	4.2	79	21	4.2	7
\$50,000 under \$100,000 .....	15.1	2,068	15.1	2,068	1,227	15.1	519
\$100,000 under \$150,000 .....	290.0	39,614	256.7	1,999	37,615	282.9	11,630
\$150,000 under \$250,000 .....	328.2	64,667	289.2	2,518	62,148	321.5	17,757
\$250,000 under \$500,000 .....	214.9	75,769	197.3	2,847	72,922	213.2	16,237
\$500,000 under \$1,000,000 .....	67.9	47,671	64.9	2,847	46,123	67.3	6,663
\$1,000,000 under \$5,000,000 .....	31.5	61,919	30.9	2,813	59,106	31.2	4,005
\$5,000,000 or more .....	2.0	20,969	1.9	855	20,314	2.0	582

Size of net worth	Corporate stock		Bonds		Net worth	Types of assets		
	Number	Amount	Number	Amount		Number	Amount	
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Total .....	688.2	70,796	509.7	30,880	248.1	6,263	253.0	4,085
Negative net worth .....	..	..	..	..	..	..	..	..
\$0 under \$50,000 .....	..	..	..	..	..	..	..	..
\$50,000 under \$100,000 .....	4.2	79	4.2	79	21	4.2	7	
\$100,000 under \$150,000 .....	15.1	2,068	15.1	2,068	1,227	15.1	519	
\$150,000 under \$250,000 .....	290.0	39,614	256.7	1,999	37,615	282.9	11,630	
\$250,000 under \$500,000 .....	328.2	64,667	289.2	2,518	62,148	321.5	17,757	
\$500,000 under \$1,000,000 .....	67.9	47,671	64.9	2,847	46,123	67.3	6,663	
\$1,000,000 under \$5,000,000 .....	31.5	61,919	30.9	2,813	59,106	31.2	4,005	
\$5,000,000 or more .....	2.0	20,969	1.9	855	20,314	2.0	582	

Size of net worth	Bonds — Continued		Life insurance equity		Net worth	Notes and mortgages		
	Number	Amount	Number	Amount		Number	Amount	
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
Total .....	132.0	10,632	100.5	9,900	436.7	1,080	309.9	12,823
Negative net worth .....	..	..	..	..	..	..	..	..
\$0 under \$50,000 .....	..	..	..	..	..	..	..	..
\$50,000 under \$100,000 .....	..	..	..	..	..	..	..	..
\$100,000 under \$150,000 .....	17.7	320	13.1	226	160.8	328	81.6	1,871
\$150,000 under \$250,000 .....	36.7	994	21.6	462	147.5	282	100.1	3,143
\$250,000 under \$500,000 .....	41.9	2,260	26.4	833	86.9	250	80.6	3,374
\$500,000 under \$1,000,000 .....	22.4	2,172	22.9	1,876	21.8	94	30.1	2,612
\$1,000,000 under \$5,000,000 .....	12.5	3,067	15.4	4,590	10.0	78	15.5	1,631
\$5,000,000 or more .....	0.8	1,819	1.1	1,714	0.1	6	1.2	169

Size of net worth	Real estate		Noncorporate business assets		Other assets		Estate tax return statistics		
	Number	Amount	Number	Amount	Number	Amount	Number of returns	Gross estate	Net worth
	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Total .....	747.4	78,263	83.1	4,027	883.1	58,284	26,273	9,022	6,738
Negative net worth .....	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
\$0 under \$50,000 .....	14.3	1,071	..	..	13.0	308	14	3	11
\$50,000 under \$100,000 .....	230.6	13,169	20.8	363	287.1	4,262	7,003	962	924
\$100,000 under \$150,000 .....	252.4	20,340	21.4	467	299.6	6,826	9,862	1,925	1,873
\$150,000 under \$250,000 .....	169.0	21,898	22.5	686	204.1	12,545	6,204	2,171	2,118
\$250,000 under \$500,000 .....	53.2	10,562	9.6	943	65.9	7,737	2,084	1,450	1,414
\$500,000 under \$1,000,000 .....	26.8	9,006	7.2	548	31.0	19,376	905	1,651	1,597
\$1,000,000 under \$5,000,000 .....	1.8	2,160	0.6	1,000	2.0	7,221	72	837	798

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

\*\*Data combined to avoid disclosure of information for specific estate tax returns.  
 NOTE: Detail may not add to total because of rounding.

Trends In Personal Wealth

Table 10.—TOP WEALTHHOLDERS UNDER 50 YEARS OF AGE, BY SIZE OF NET WORTH, 1976

[All figures are estimates based on estate tax return samples — numbers of top wealthholders are in thousands; all money amounts are in millions of dollars.]

Size of net worth	Number of top wealthholders	Total assets	Debts and mortgages				Net worth	Types of assets			
			Number	Amount	Number	Amount		Number	Amount	Cash	
										Number	Amount
Total	3,619.4	705,756	3,469.7	205,348	500,438	3,363.0	56,554				
Negative net worth	105.6	18,759	105.6	23,335	-6,538	95.0	508				
\$0 under \$50,000	993.2	74,757	950.4	23,335	-28,454	859.0	4,114				
\$50,000 under \$100,000	888.2	106,170	858.1	45,813	85,581	830.2	8,740				
\$100,000 under \$150,000	723.2	111,798	698.1	40,189	87,711	674.9	14,535				
\$150,000 under \$250,000	514.9	121,089	493.0	23,787	85,858	508.9	12,678				
\$250,000 under \$500,000	275.9	115,107	283.5	23,781	81,326	263.3	7,829				
\$500,000 under \$1,000,000	83.0	74,874	93.7	10,853	63,922	82.3	4,335				
\$1,000,000 under \$5,000,000	37.7	78,374	37.1	11,954	66,510	37.4	3,694				
\$5,000,000 or more	1.1	8,905	1.1	304	6,501	1.1	119				
Corporate stock											
Size of net worth	Number	Amount	Total		Corporate and foreign		Government		Federal savings		
			Number	Amount	Number	Amount	Number	Amount			
Total	2,180.2	144,695	831.1	22,204	345.8	4,418	609.5	1,355			
Negative net worth	33.6	2,469	25.7	242	**	**	**	**			
\$0 under \$50,000	371.0	5,354	195.7	513	**48.2	**563	**192.4	**148			
\$50,000 under \$100,000	529.5	10,699	208.2	604	60.7	311	198.1	217			
\$100,000 under \$150,000	497.8	16,991	190.9	886	77.2	283	133.4	297			
\$150,000 under \$250,000	392.8	25,590	134.7	1,473	72.7	504	79.9	310			
\$250,000 under \$500,000	219.6	26,186	85.6	2,219	43.3	441	45.0	331			
\$500,000 under \$1,000,000	85.0	25,083	55.0	4,674	28.4	1,073	13.1	28			
\$1,000,000 or more	29.7	28,591	24.3	8,976	**16.2	**1,265	7.8	25			
	1.1	3,771	1.1	1,618	**	**	**	**			
Bonds — Continued											
Size of net worth	Number	Amount	Government — Continued		Life insurance equity		Notes and mortgages				
			Number	Amount	Number	Amount	Number	Amount			
Total	86.7	7,796	110.5	8,664	3,114.8	13,724	822.8	22,663			
Negative net worth	—	—	**	**	105.9	760	34.9	772			
\$0 under \$50,000	—	—	**	**	940.5	4,712	116.2	1,506			
\$50,000 under \$100,000	**25.6	**283	**21.4	**185	846.4	3,437	218.4	2,477			
\$100,000 under \$150,000	**8.5	**120	26.7	575.0	575.0	1,559	151.3	3,784			
\$150,000 under \$250,000	27.4	94.7	17.0	539	378.5	1,489	107.6	4,056			
\$250,000 under \$500,000	14.4	570	26.2	3,003	183.2	1,031	107.6	4,446			
\$500,000 under \$1,000,000	**10.8	**5,848	18.5	3,943	62.2	389	45.4	3,473			
\$1,000,000 or more	**	**	0.7	515	**23.2	**246	18.9	2,159			
	**	**	1.1	828	**	**	0.7	11			
Types of assets — Continued											
Size of net worth	Number	Amount	Real estate		Noncorporate business assets		Other assets		Estate tax return statistics		
			Number	Amount	Number	Amount	Number	Amount	Number of returns	Gross estate	Net worth
Total	3,151.0	298,717	822.4	43,595	3,489.7	103,638	6,098	1,658	882		
Negative net worth	91.8	6,586	67.9	2,407	103.4	1,041	154	56	-13		
\$0 under \$50,000	820.9	47,165	102.6	3,464	946.2	7,545	1,418	252	43		
\$50,000 under \$100,000	813.5	60,382	242.3	6,738	891.2	13,682	1,821	283	118		
\$100,000 under \$150,000	642.6	57,742	124.0	4,840	657.6	11,081	1,252	245	152		
\$150,000 under \$250,000	446.5	52,918	210.6	8,305	488.0	13,568	941	285	174		
\$250,000 under \$500,000	226.2	44,350	124.1	8,751	265.6	20,304	487	237	161		
\$500,000 under \$1,000,000	75.4	18,157	34.5	4,893	91.3	13,892	158	139	106		
\$1,000,000 or more	**34.0	**9,396	15.3	2,358	35.4	22,451	63	135	107		
	**	**	1.1	828	1.1	63	4	38	33		

\*Estimate should be used with caution because of the small number of sample estate tax returns on which it is based.  
 \*\*Data compiled from the 1976 Survey of Consumer Finances or specific estate tax returns.  
 NOTE: Detail may not add to total because of rounding.

Table 11. — TOP WEALTHHOLDERS 50 TO 64 YEARS OF AGE, BY SIZE OF NET WORTH, 1976

[All figures are estimates based on estate tax return samples — numbers of top wealthholders are in thousands, all money amounts are in millions of dollars]

Size of net worth	Total assets		Debits and mortgages		Net worth		Types of assets	
	Number of top wealthholders (1)	Amount (2)	Number (3)	Amount (4)	Number (5)	Amount (6)	Cash	
							Number (7)	Amount (8)
Total .....	2,978.5	791,966	2,584.0	105,231	686,735	2,769.1	97,834	183
Negative net worth .....	11.8	5,035	11.8	6,901	-1,866	11.8	183	557
\$0 under \$50,000 .....	76.2	11,891	76.2	9,040	2,850	74.8	557	6,234
\$50,000 under \$100,000 .....	490.9	53,763	462.7	13,862	39,901	472.8	22,310	29,091
\$100,000 under \$150,000 .....	877.1	123,241	758.7	13,892	109,349	821.5	21,080	21,080
\$150,000 under \$250,000 .....	761.8	161,467	662.7	16,895	144,572	745.4	9,561	9,561
\$250,000 under \$500,000 .....	457.9	173,402	416.1	18,301	155,101	442.5	7,707	7,707
\$500,000 under \$1,000,000 .....	137.7	104,018	132.5	10,896	93,122	136.2	35,633	1,101
\$1,000,000 under \$5,000,000 .....	61.0	121,647	59.4	13,574	108,073	60.1	4.0	4.0
\$5,000,000 or more .....	4.0	37,503	4.0	1,870	35,633	4.0	4.0	4.0

Size of net worth	Corporate stock		Total		Corporate and foreign		Government	
	Number (9)	Amount (10)	Number (11)	Amount (12)	Number (13)	Amount (14)	Federal savings	
							Number (15)	Amount (16)
Total .....	2,116.4	189,389	1,224.3	40,038	521.1	679.7	5,426	**5
Negative net worth .....	5.6	376	10.6	*37	**9	**5.1	**5	**5
\$0 under \$50,000 .....	34.6	688	9.9	29	**3.6	**5.1	**5	**5
\$50,000 under \$100,000 .....	323.1	4,427	174.4	857	43.1	132.1	504	504
\$100,000 under \$150,000 .....	610.5	16,713	371.8	4,294	137.7	242.7	1,683	1,683
\$150,000 under \$250,000 .....	574.4	26,204	331.1	5,949	153.2	179.0	1,529	1,529
\$250,000 under \$500,000 .....	381.7	39,004	212.2	7,082	108.0	85.5	998	998
\$500,000 under \$1,000,000 .....	126.5	33,056	76.6	6,755	46.8	25.6	443	443
\$1,000,000 under \$5,000,000 .....	3.9	48,772	42.6	11,716	24.4	8.2	263	263
\$5,000,000 or more .....	3.9	18,148	3.0	3,318	2.2	0.5	1	1

Size of net worth	Bonds — Continued		Life insurance equity		Notes and mortgages	
	Government — Continued		State and local		Amount	
	Number (16)	Amount (17)	Number (18)	Amount (19)	Number (20)	Amount (21)
Total .....	186.6	9,824	205.3	14,412	2,325.8	18,780
Negative net worth .....	**	**	**	**	10.3	894.1
\$0 under \$50,000 .....	**	**	**	**	129	163
\$50,000 under \$100,000 .....	**8.7	**79	**5.9	**66	472.9	74.5
\$100,000 under \$150,000 .....	38.1	1,264	31.3	516	4,562	1,560
\$150,000 under \$250,000 .....	48.4	1,933	44.0	81	725.1	245
\$250,000 under \$500,000 .....	21.9	1,983	38.3	2,286	3,899	1,119
\$500,000 under \$1,000,000 .....	14.5	3,473	28.8	2,114	3,883	915
\$1,000,000 under \$5,000,000 .....	1.2	642	2.0	937	1,977	512
\$5,000,000 or more .....	1.2	642	2.0	1,860	1,977	418

Size of net worth	Real estate		Noncorporate business assets		Other assets		Estate tax return statistics		
	Number (24)	Amount (25)	Number (26)	Amount (27)	Number (28)	Amount (29)	Number of returns (30)	Net worth	
								Gross estate (31)	Net worth (32)
Total .....	2,595.8	281,636	717.8	40,558	2,744.3	89,221	22,779	6,612	5,271
Negative net worth .....	10.7	1,527	1.8	*2,235	11.7	161	71	40	-90
\$0 under \$50,000 .....	66.0	7,575	14.1	1,022	73.0	631	531	113	50
\$50,000 under \$100,000 .....	461.0	26,800	69.5	1,864	472.4	5,368	3,763	581	365
\$100,000 under \$150,000 .....	783.3	53,360	173.5	4,635	923.8	13,153	6,097	1,164	864
\$150,000 under \$250,000 .....	677.0	64,395	191.0	8,101	728.8	14,750	6,291	1,457	1,180
\$250,000 under \$500,000 .....	416.0	66,594	159.5	8,266	433.9	19,547	3,524	1,418	1,180
\$500,000 under \$1,000,000 .....	124.5	32,286	57.4	6,761	135.2	9,360	1,099	853	764
\$1,000,000 under \$5,000,000 .....	54.2	22,481	28.6	7,372	59.4	17,667	496	893	768
\$5,000,000 or more .....	3.1	4,509	2.2	302	4.0	6,364	31	303	283

\*Estimates should be used with caution because of the small number of sample estate tax returns on which it is based.

\*\*Data combined to avoid disclosure of information for specific estate tax returns.

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



Trends in Personal Wealth

Table 12. — TOP WEALTHHOLDERS 65 YEARS OF AGE OR OLDER, BY SIZE OF NET WORTH, 1976

[All figures are estimates based on estate tax return samples — numbers of top wealthholders are in thousands; all money amounts are in millions of dollars]

Size of net worth	Total assets			Debts and mortgages		Net worth		Types of assets				
	Number of top wealthholders (1)	(2)		(3)		(4)		(5)		(6)		
		Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Total	1,940.4	645,395	1,626.5	29,677	615,718	1,903.0	112,843					
Negative net worth	0.6	88	0.4	18	-268	1.1	37					
\$0 under \$50,000	1.3	31	0.4	12	1.1	1.1	35					
\$50,000 under \$100,000	15.0	290	7.7	70	69	1.5	380					
\$100,000 under \$150,000	368.5	11,279	253.5	4,677	2,046	21.9	350					
\$150,000 under \$250,000	547.7	27,238	376.8	9,447	72,747	542.4	21,377					
\$250,000 under \$500,000	343.7	36,618	264.7	12,404	138,461	715.1	29,516					
\$500,000 under \$1,000,000	122.7	31,063	97.4	10,809	136,481	414.0	29,101					
\$1,000,000 under \$5,000,000	58.0	46,569	49.0	17,207	95,527	139.3	13,335					
\$5,000,000 or more	4.1	27,524	3.7	7,496	51,217	63.4	9,167					
						4.4	1,886					

Size of net worth	Corporate stock			Bonds			Government		
	Number (8)	(9)		Total		Corporate and foreign		Federal savings	
		Amount	Number	Amount	Number	Amount	Number	Amount	Number
Total	1,455.7	180,721	1,053.6	544.8	11,937	520.8	9,571		
Negative net worth	0.6	88	0.4	18	**	**	**		
\$0 under \$50,000	1.3	31	0.4	12	**	**	**		
\$50,000 under \$100,000	15.0	290	7.7	70	**5.9	**2.9	**15		
\$100,000 under \$150,000	368.5	11,279	253.5	4,677	1,526	154.2	1,986		
\$150,000 under \$250,000	547.7	27,238	376.8	9,447	1,131	152.2	1,986		
\$250,000 under \$500,000	343.7	36,618	264.7	12,404	2,988	188.2	3,309		
\$500,000 under \$1,000,000	122.7	31,063	97.4	10,809	148.2	116.7	2,577		
\$1,000,000 under \$5,000,000	58.0	46,569	49.0	17,207	56.9	34.2	1,046		
\$5,000,000 or more	4.1	27,524	3.7	7,496	27.5	15.06	593		
					1.8	2.1	0.6		

Size of net worth	Government — Continued			Life insurance equity			Notes and mortgages		
	Other Federal (16)	State and local		Number (20)	Amount		Number (22)	Amount	
		Amount	Number		Amount	Number		Amount	Number
Total	264.4	18,997	217.9	21,635	1,125.3	8,961	624.0	28,171	
Negative net worth	**	**	**	**	1.0	18	0.4	85	
\$0 under \$50,000	**	**	**	**	1.4	14	0.3	18	
\$50,000 under \$100,000	**1.2	**29	**0.4	**7	18.6	303	6.5	123	
\$100,000 under \$150,000	36.8	753	23.8	402	351.3	1,938	144.4	3,538	
\$150,000 under \$250,000	81.0	2,084	50.9	1,067	415.6	2,509	215.9	6,790	
\$250,000 under \$500,000	77.7	3,764	61.1	2,430	228.1	2,059	161.2	7,107	
\$500,000 under \$1,000,000	36.8	3,413	45.7	4,326	73.5	61.7	4.433	3,873	
\$1,000,000 under \$5,000,000	24.7	5,833	33.0	9,275	33.8	862	30.8	3,873	
\$5,000,000 or more	2.0	3,122	2.9	4,128	2.2	144	2.7	2,203	

Size of net worth	Real estate			Noncorporate business			Estate tax return statistics			
	Number (24)	(25)		(26)		(27)		Number of returns (30)	Net worth	
		Amount	Number	Amount	Number	Amount	Number		Gross estate (31)	Net worth (32)
Total	1,569.4	167,228	280.5	13,116	1,773.4	72,213	87,130	31,628	30,135	
Negative net worth	0.9	140	0.2	31	0.9	163	42	20	-18	
\$0 under \$50,000	1.8	180	1.0	88	2.0	104	87	19	3	
\$50,000 under \$100,000	22.1	1,708	5.4	98	20.6	235	806	127	68	
\$100,000 under \$150,000	454.2	27,016	54.0	872	491.9	5,422	23,294	3,235	3,057	
\$150,000 under \$250,000	579.3	45,565	94.1	1,687	657.6	11,981	32,501	6,445	6,203	
\$250,000 under \$500,000	339.0	43,069	74.0	2,569	387.1	14,575	20,078	7,094	6,837	
\$500,000 under \$1,000,000	115.2	24,201	32.3	2,206	136.1	12,147	6,918	4,865	4,692	
\$1,000,000 under \$5,000,000	52.9	20,949	17.7	3,051	62.9	18,158	3,166	5,901	5,611	
\$5,000,000 or more	3.8	4,398	1.7	2,371	4.4	9,428	237	3,902	3,681	

\* Estimate should be used with caution because of the small number of sample estate tax returns on which it is based.  
 \*\* Data combined to avoid disclosure of information for specific estate tax returns.  
 NOTE: Detail may not add to total because of rounding.

Trends in Personal Wealth

Table 13. — ALL TOP WEALTHHOLDERS, BY SIZE OF TOTAL ASSETS, 1976

[All figures are estimates based on estate tax return samples — numbers of top wealthholders are in thousands; all money amounts are in millions of dollars.]

Size of total assets	Number of top wealthholders (1)	Total assets (2)	Debt and mortgages				Net worth (5)	Types of assets		
			Number (3)	Amount (4)	Number (6)	Amount (7)		Cash		
								Number (8)	Amount (9)	
Total .....	6,695.0	2,212,731	7,893.4	343,798	1,868,933	8,283.3	280,784	1,138	1,138	
\$0 under \$50,000 .....	318.8	10,802	300.6	4,348	5,854	2,94.6	1,138	10	10	
\$50,000 under \$100,000 .....	1,266.3	83,881	1,207.9	30,839	69,032	1,159.9	10,635	86,777	86,777	
\$100,000 under \$150,000 .....	2,437.8	310,635	2,131.1	44,706	265,928	2,324.1	88,258	85,821	85,821	
\$150,000 under \$250,000 .....	2,488.3	472,782	2,213.4	65,251	407,531	2,382.7	65,821	50,350	50,350	
\$250,000 under \$500,000 .....	1,488.0	489,441	1,397.8	69,803	428,538	1,433.7	30,350	23,210	23,210	
\$500,000 under \$1,000,000 .....	467.7	318,902	448.6	43,837	273,065	461.1	209.2	15.0	15.0	
\$1,000,000 under \$5,000,000 .....	212.1	369,085	208.1	51,763	317,302	209.2	15.0			
\$5,000,000 or more .....	15.0	135,194	14.7	30,531	104,663	14.7				

Size of total assets	Number (8)	Amount (9)	Types of assets — Continued					
			Corporate stock		Bonds		Government	
			Number (10)	Amount (11)	Number (12)	Amount (13)		Number (14)
Total .....	5,697.6	530,974	3,326.1	128,650	1,460.8	27,825	1,877.7	17,418
\$0 under \$50,000 .....	96.5	732	**	**	**	**	**	**
\$50,000 under \$100,000 .....	636.3	7,436	**436.9	**1,382	396.5	**57.6	**358.5	**70.1
\$100,000 under \$150,000 .....	1,808.8	41,928	879.3	8,821	338.6	3,213	587.1	4,107
\$150,000 under \$250,000 .....	1,762.7	80,280	936.1	17,761	448.5	6,308	513.7	5,573
\$250,000 under \$500,000 .....	1,193.1	110,680	667.7	22,657	345.6	6,198	287.0	4,336
\$500,000 under \$1,000,000 .....	407.8	41,490	253.2	22,808	143.1	5,055	82.3	1,707
\$1,000,000 under \$5,000,000 .....	198.3	135,250	142.0	40,561	81.2	4,473	37.4	865
\$5,000,000 or more .....	13.9	63,198	11.0	14,859	7.4	1,801	1.7	137

Size of total assets	Number (16)	Amount (17)	Types of assets — Continued					
			Bonds — Continued		Life insurance equity		Notes and mortgages	
			Government — Continued		State and local			Number (20)
Total .....	564.7	38,315	547.7	48,283	6,708.2	43,287	2,404.4	87,727
\$0 under \$50,000 .....	—	**22	**17.5	**92	1,266.3	5,552	145.6	1,088
\$50,000 under \$100,000 .....	13.1	1,389	57.2	911	1,266.3	6,552	145.6	1,088
\$100,000 under \$150,000 .....	79.1	1,389	57.2	911	1,266.3	6,552	145.6	1,088
\$150,000 under \$250,000 .....	158.4	3,977	122.0	2,203	1,762.3	9,241	539.4	9,983
\$250,000 under \$500,000 .....	167.8	6,722	140.6	4,401	1,762.3	7,169	559.3	22,338
\$500,000 under \$1,000,000 .....	83.0	6,408	114.2	9,841	308.9	3,168	254.6	12,990
\$1,000,000 under \$5,000,000 .....	36.4	14,155	88.4	21,077	131.3	2,308	112.2	4,884
\$5,000,000 or more .....	4.9	5,944	6.8	6,976	8.8	459	10.3	4,684

Size of total assets	Number (24)	Amount (25)	Types of assets — Continued						
			Real estate		Noncorporate business assets		Other assets		
			Number (26)	Amount (27)	Number (28)	Amount (29)	Number (30)	Amount (31)	Number (32)
Total .....	7,531.0	770,787	1,969.3	98,728	8,214.8	271,782	1,181,677	40,997	37,104
\$0 under \$50,000 .....	198.7	4,968	**201.9	**3,831	308.5	1,484	488	78	10
\$50,000 under \$100,000 .....	1,148.6	51,022	427.2	7,924	1,241.1	12,050	4,008	611	231
\$100,000 under \$150,000 .....	2,144.7	140,689	575.7	18,120	2,245.4	32,279	31,987	4,462	3,823
\$150,000 under \$250,000 .....	2,144.5	183,951	485.2	26,747	1,413.3	48,087	43,138	8,532	7,618
\$250,000 under \$500,000 .....	408.9	98,563	175.3	17,671	458.8	58,750	28,550	8,272	8,559
\$500,000 under \$1,000,000 .....	184.3	75,000	85.2	17,558	205.8	38,439	8,907	6,160	5,639
\$1,000,000 under \$5,000,000 .....	12.7	21,238	8.0	6,876	14.9	63,117	4,089	7,375	6,776
\$5,000,000 or more .....						19,622	313	4,508	4,132

Estimate should be used with caution because of the small number of sample estate tax returns on which it is based.  
 \*Data continued to avoid disclosure of information for specific estate tax returns.  
 NOTE: Detail may not add to total because of rounding.

Trends in Personal Wealth

Table 14. — TOP WEALTHHOLDERS, BY AGE AND MARITAL STATUS, 1976

[All figures are estimates based on estate tax return samples — numbers of top wealthholders are in thousands; all money amounts are in millions of dollars]

Age group and marital status	Number of top wealthholders (1)	Total assets (2)	Debts and mortgages (3)		Net worth (5)	Cash (7)		Corporate stock (8)		Types of assets			Bonds (12)		Corporate and foreign (13)		Federal savings (14)		Government (15)	
			Number	Amount		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number		Amount
<b>Total</b>	6,695.0	2,212,731	7,893.4	343,798	1,869,933	8,283.3	280,784	5,897.6	530,974	3,326.1	129,650	1,460.8	27,625	1,877.7	17,418					
Married	6,175.7	1,499,089	5,574.5	276,812	1,222,477	1,183.3	163,945	4,139.3	353,218	2,150.2	73,123	894.0	15,937	1,224.8	9,068					
Single	742.8	173,790	682.6	19,558	154,231	719.8	29,940	532.6	49,653	374.9	10,471	169.6	169.6	2,343	2,802					
Widowed	1,219.8	391,732	1,100.5	20,856	370,796	1,201.4	71,627	89,779	86,793	636.9	37,397	308.1	7,513	325.3	5,089					
Other	556.6	148,126	535.7	26,682	121,428	547.9	15,272	346.8	39,049	184.1	8,658	89.1	1,831	67.2	457					
Under 50 years, total	3,619.4	705,795	3,489.7	205,348	500,436	3,393.0	56,554	2,160.2	144,695	931.1	22,204	345.8	4,418	609.5	1,355					
Married	2,804.3	521,768	2,678.1	170,453	351,314	2,569.3	39,523	1,657.8	102,816	674.4	15,291	218.2	2,845	451.9	1,049					
Single	406.2	78,248	388.0	12,822	65,426	387.3	8,801	282.5	23,343	159.4	2,336	78.8	761	118.3	217					
Widowed	82.7	33,446	78.4	4,268	29,177	82.7	3,666	1,251	333	15.0	1,059	15.0	333	19.3	55					
Other	326.2	72,323	326.2	17,905	54,519	323.7	4,564	173.6	17,285	61.5	3,517	35.8	476	19.9	25					
50 under 60 years, total	2,059.2	543,403	1,861.2	83,596	459,808	1,860.4	63,892	1,498.8	171,945	835.9	24,471	340.8	6,176	457.2	3,094					
Married	1,629.6	422,756	1,467.8	69,307	353,451	1,557.5	43,985	1,164.2	96,690	603.8	15,522	232.0	3,717	332.2	1,800					
Single	115.8	31,724	104.2	4,711	27,013	115.6	5,777	89.2	7,539	73.9	2,280	32.6	691	45.3	583					
Widowed	195.0	56,079	176.0	5,159	50,920	182.2	9,700	151.0	9,347	106.0	4,550	48.1	1,084	53.2	593					
Other	118.8	32,841	111.2	4,418	28,424	115.2	4,421	94.4	8,368	52.2	2,119	28.1	686	26.6	125					
60 under 65 years, total	819.3	249,563	722.8	21,635	228,928	788.7	33,952	617.7	67,443	388.4	15,567	180.3	4,188	222.5	2,333					
Married	596.5	181,517	516.4	17,096	164,431	571.4	21,708	457.9	52,394	274.3	10,551	127.3	2,861	155.8	1,608					
Single	39.6	9,663	36.0	596	9,063	39.6	2,643	27.0	2,643	22.2	731	8.1	86	16.2	230					
Widowed	144.1	44,990	135.7	2,639	42,321	139.0	6,100	169.8	10,669	76.0	3,679	35.4	985	44.6	434					
Other	39.2	12,387	34.7	1,295	11,093	38.7	1,509	28.8	2,502	15.9	607	8.5	166	5.8	62					
65 under 70 years, total	690.5	212,828	575.4	12,262	200,546	676.5	36,310	524.0	53,618	354.6	16,918	182.2	3,890	176.2	2,341					
Married	441.8	136,134	390.4	8,625	129,509	431.9	20,893	335.9	35,308	219.6	10,118	115.4	2,252	103.5	1,219					
Single	55.8	14,762	49.3	483	14,278	53.8	3,327	3,878	3,878	38.8	1,125	15.0	206	26.4	463					
Widowed	169.8	50,253	151.2	2,563	47,690	164.6	10,180	126.6	11,533	85.1	4,959	45.1	1,288	40.5	543					
Other	26.1	9,678	24.4	610	9,068	26.1	1,811	17.8	2,898	13.0	715	6.6	145	5.8	117					
70 under 75 years, total	499.5	168,059	418.4	9,241	158,818	489.7	29,112	379.4	44,694	284.9	15,849	154.1	3,322	137.7	2,487					
Married	289.2	94,476	228.7	4,916	89,561	280.9	15,318	223.9	24,867	163.7	8,359	91.0	1,810	75.6	1,276					
Single	33.0	10,242	29.5	186	10,044	33.0	2,795	23.9	3,306	23.2	1,188	9.5	192	16.8	488					
Widowed	162.4	51,594	146.8	1,868	49,606	161.0	10,052	120.3	12,097	89.8	5,686	49.6	1,168	42.4	671					
Other	14.9	8,766	13.3	2,139	7,606	14.8	1,008	11.3	4,344	8.1	606	4.1	152	2.8	51					
75 under 80 years, total	346.0	117,118	289.4	3,951	113,167	341.1	22,042	260.1	34,803	193.4	12,893	100.5	2,314	97.8	2,214					
Married	161.8	59,622	126.3	2,411	57,211	159.0	9,571	122.6	16,708	90.9	6,487	49.8	1,149	43.6	862					
Single	28.6	8,791	25.6	195	8,596	29.2	2,325	21.5	2,415	20.6	943	9.9	136	13.0	360					
Widowed	146.4	45,625	130.0	1,188	44,427	144.5	9,581	109.5	12,730	78.0	5,164	39.2	941	39.4	902					
Other	8.3	3,060	7.6	147	2,833	8.3	595	6.4	948	3.9	289	2.5	66	1.7	20					
80 under 85 years, total	231.3	82,121	184.7	2,372	79,749	228.7	14,483	167.1	25,492	123.8	6,569	61.3	1,359	62.7	1,444					
Married	85.1	31,188	67.2	938	30,250	82.5	5,088	61.1	9,590	46.2	3,002	23.8	572	22.4	532					
Single	21.7	6,798	18.0	259	6,539	21.4	1,514	16.3	2,172	13.0	593	6.2	67	8.3	195					
Widowed	120.2	41,628	105.7	1,109	40,519	119.5	7,578	86.4	12,362	62.5	4,776	30.2	697	31.2	697					
Other	4.3	2,507	3.8	67	2,440	4.3	303	3.3	1,337	2.1	197	1.2	23	0.8	21					
85 years or more, total	173.1	67,269	148.6	1,830	65,439	169.1	10,895	125.1	22,174	97.1	7,922	48.7	1,052	48.4	1,085					
Married	38.8	15,465	31.1	430	15,036	37.8	2,300	28.1	4,568	21.4	1,660	11.5	279	9.8	221					
Single	18.1	6,760	15.5	189	6,581	17.6	1,324	14.2	2,411	12.4	795	6.3	135	7.0	177					
Widowed	112.7	43,558	98.7	1,154	42,404	110.2	6,955	80.6	14,639	61.5	5,317	28.1	627	28.7	668					
Other	3.5	1,465	3.2	47	1,439	3.5	255	2.2	508	1.8	150	0.8	15	0.8	19					
Age unknown, total	256.7	69,595	213.1	3,542	66,043	249.2	13,552	165.3	16,171	117.1	5,268	49.1	893	67.7	1,065					
Married	129.0	34,159	108.5	2,446	31,713	123.8	5,370	88.6	8,237	68.6	2,133	25.0	356	29.9	404					
Single	22.9	6,795	18.5	104	6,691	22.2	1,494	14.3	1,981	13.4	471	5.3	69	9.0	128					
Widowed	89.4	24,558	74.8	827	23,731	86.8	5,866	55.5	5,114	42.2	2,207	17.4	390	25.9	515					
Other	15.4	4,072	11.3	165	3,907	13.4	823	8.8	823	5.6	457	1.5	77	2.8	117					

Footnote at end of table.



Trends in Personal Wealth

Table 15. — ALL TOP WEALTHHOLDERS, BY STATE OF RESIDENCE, 1976

[All figures are estimates based on estate tax return samples — numbers of top wealthholders are in thousands; all money amounts are in millions of dollars]

State of residence	Number of top wealthholders (1)	Total assets (2)	Debts and mortgages		Net worth (5)	Men		Women		Types of assets	
			Number (3)	Amount (4)		Number (6)	Net worth (7)	Number (8)	Net worth (9)	Number (10)	Amount (11)
Total	8,695.0	2,212,730	7,893.4	343,801	1,988,931	5,782.0	1,107,553	2,912.8	761,383	8,283.3	280,785
Alabama	79.9	24,737	75.0	4,044	20,693	61.8	13,113	18.2	7,500	71.7	3,233
Alaska	17.6	5,731	16.8	1,168	4,563	13.7	3,005	3.9	1,556	17.6	655
Arizona	89.8	20,596	78.5	4,350	16,346	41.4	6,067	49.4	8,278	87.1	2,280
Arkansas	63.5	13,816	54.1	3,655	9,961	54.0	7,262	9.5	2,699	52.7	1,788
California	807.6	233,003	769.0	40,334	192,469	420.2	87,181	387.4	105,288	798.9	28,872
Colorado	128.6	28,728	119.7	5,763	22,967	98.2	16,212	30.3	6,755	126.2	3,183
Connecticut	176.5	53,745	172.1	5,092	48,653	113.6	28,956	62.8	16,697	167.3	5,503
Delaware	37.7	8,938	35.3	607	8,331	25.3	4,943	12.4	3,388	37.7	1,073
Florida	438.9	134,878	392.4	20,575	114,303	292.0	65,661	148.8	48,642	414.4	18,350
Georgia	159.8	41,110	156.1	12,817	28,292	122.0	18,678	37.8	9,613	152.0	5,925
Hawaii	7.436	7,436	33.7	1,546	5,890	32.0	4,286	7.1	1,603	38.2	488
Idaho	36.4	8,726	36.0	1,804	6,922	29.8	4,556	6.6	2,363	34.9	845
Illinois	564.4	142,284	501.6	16,184	126,110	369.7	77,495	194.7	48,615	545.6	18,574
Indiana	174.6	47,781	153.9	6,739	41,042	122.2	28,109	52.4	12,933	172.3	5,687
Iowa	212.8	52,339	187.9	7,027	45,312	132.7	29,454	80.1	15,858	197.7	5,303
Kansas	143.8	36,319	112.8	4,596	31,924	94.6	18,816	49.2	13,108	139.6	4,032
Kentucky	107.8	24,245	105.0	5,025	19,220	71.9	12,473	35.9	6,746	107.5	1,075
Louisiana	91.5	24,092	88.3	5,233	18,859	57.7	10,377	33.9	8,482	88.6	2,832
Maine	28.9	8,031	25.0	415	6,915	22.7	4,018	6.2	3,596	28.9	846
Maryland (includes D.C.)	221.2	49,163	193.8	5,365	43,598	144.2	23,741	77.0	18,857	190.7	6,482
Massachusetts	202.1	50,575	184.5	6,393	44,192	133.7	27,351	68.4	16,844	187.9	7,033
Michigan	301.9	74,868	254.3	10,097	64,771	235.2	47,337	66.7	17,494	287.7	8,228
Minnesota	175.4	40,310	158.1	5,124	35,186	131.8	24,612	43.5	10,574	173.6	4,738
Mississippi	73.1	19,711	70.0	3,626	16,083	52.7	10,006	20.5	6,078	70.4	2,311
Missouri	183.3	50,365	162.2	8,077	42,288	128.2	28,073	55.1	13,215	161.1	5,773
Montana	48.9	11,185	48.1	2,020	9,145	40.9	7,202	8.1	1,943	45.2	1,013
Nebraska	119.6	30,763	109.1	6,014	24,748	98.5	18,925	21.1	5,825	114.3	1,433
Nevada	27.3	12,951	25.7	3,896	9,115	8.4	5,639	17.9	3,476	28.7	660
New Hampshire	28.9	7,221	20.6	618	6,603	20.2	4,376	8.7	2,226	28.7	2,206
New Jersey	321.0	75,590	277.0	10,193	65,385	195.6	37,637	125.2	27,749	305.0	10,899
New Mexico	28.4	8,301	17.3	1,464	6,837	13.6	3,107	12.8	3,730	28.4	1,150
New York	899.5	226,509	804.1	30,690	195,819	603.9	108,507	296.6	86,312	891.6	32,754
North Carolina	176.7	45,204	145.4	7,385	37,816	121.7	23,798	54.9	14,018	154.0	5,017
North Dakota	46.5	10,347	40.6	1,894	8,463	38.9	6,736	9.8	1,726	42.1	1,183
Ohio	376.8	87,992	342.8	9,198	78,794	238.2	44,670	138.6	34,124	354.9	13,728
Oklahoma	137.7	40,781	125.0	11,173	28,608	77.5	16,336	60.2	13,251	125.3	4,685
Oregon	91.9	21,251	83.4	1,791	19,461	59.7	12,907	32.2	6,554	91.4	2,733
Pennsylvania	368.5	90,202	334.2	9,260	80,942	273.4	51,513	95.1	28,428	361.1	14,002
Rhode Island	32.2	6,534	28.7	913	4,621	24.6	2,108	7.7	2,513	23.3	756
South Carolina	87.8	19,090	84.5	3,712	15,348	72.7	10,946	15.0	4,402	84.8	1,188
South Dakota	51.7	12,242	44.9	1,417	10,825	24.0	5,594	27.7	5,231	48.1	1,130
Tennessee	135.2	31,372	132.7	6,190	25,182	104.1	17,381	31.1	7,800	132.4	3,642
Texas	409.7	113,724	390.1	23,210	90,515	219.0	38,358	190.8	52,156	398.9	16,165
Utah	36.6	7,164	34.4	608	6,555	10.6	2,635	25.9	3,920	35.6	1,163
Vermont	14.5	3,950	13.7	347	3,603	10.4	2,316	4.1	1,268	14.5	581
Virginia	43.277	12,242	44.9	1,417	10,825	24.0	5,594	27.7	5,231	48.1	1,130
Washington	123.5	29,092	119.1	4,934	24,156	82.4	11,606	33.6	12,552	123.2	3,697
West Virginia	39.8	8,498	36.5	1,357	7,141	32.0	5,150	7.8	1,992	39.8	1,199
Wisconsin	233.3	46,748	222.8	9,281	37,465	182.6	27,381	50.6	10,103	216.9	4,657
Wyoming	35.2	7,659	30.8	1,774	5,885	28.3	4,698	6.9	1,216	29.9	749
Other areas	57.4	14,407	52.0	1,298	13,108	41.8	6,338	15.6	6,770	52.8	1,534

Footnotes at end of table.

## Trends in Personal Wealth

Table 15.—ALL TOP WEALTHHOLDERS, BY STATE OF RESIDENCE, 1976—Continued  
[All figures are estimates based on estate tax return samples—numbers of top wealthholders are in thousands; all money amounts are in millions of dollars]

State of residence	Types of assets—Continued									
	Corporate stock		Bonds		Life insurance equity		Notes and mortgages		Real estate	
	Number (12)	Amount (13)	Number (14)	Amount (15)	Number (16)	Amount (17)	Number (18)	Amount (19)	Number (20)	Amount (21)
Total	5,897.6	530,975	3,326.1	129,648	6,708.2	42,285	2,404.4	87,724	7,531.0	770,758
Alabama	53.6	5,264	33.8	1,221	63.2	646	21.3	1,261	74.4	9,772
Alaska	13.1	1,563	4.1	390	13.3	80	6.0	131.4	17.6	2,202
Arizona	75.0	5,399	29.8	1,231	50.2	205	49.1	1,284	64.5	7,481
Arkansas	26.5	3,881	15.0	588	53.3	219	16.1	1,075	60.7	6,040
California	559.6	52,052	291.1	12,047	525.4	2,319	318.3	11,500	655.6	76,180
Colorado	77.1	5,966	50.1	1,102	98.3	632	98.5	985	112.5	11,114
Connecticut	143.4	17,952	91.0	3,521	133.4	1,093	58.0	1,444	147.2	15,837
Delaware	28.2	2,851	12.8	300	24.6	205	10.2	915	30.7	2,537
Florida	309.1	30,647	177.5	13,198	306.1	2,005	171.6	7,239	398.1	39,554
Georgia	93.9	8,798	47.6	1,894	136.9	1,233	99.0	1,948	136.7	17,287
Hawaii	24.7	834	14.4	92	36.1	208	3.1	186	37.7	4,191
Idaho	25.6	2,393	5.4	774	31.5	116	17.5	304	30.1	3,444
Illinois	371.6	27,731	212.5	7,821	448.1	2,709	110.5	3,901	500.4	57,787
Indiana	112.8	9,080	67.2	1,989	139.2	983	45.0	1,994	182.1	19,132
Iowa	124.9	4,518	87.0	1,690	157.6	715	65.6	2,316	200.9	29,544
Kansas	93.6	5,366	53.3	1,447	99.6	524	44.7	1,234	133.7	16,669
Kentucky	73.9	7,553	24.2	911	88.0	445	17.1	771	98.4	8,535
Louisiana	65.6	6,256	37.3	1,454	64.8	347	36.1	1,486	94.8	8,775
Maine	21.0	3,410	13.1	745	13.7	166	7.7	219	24.9	1,901
Maryland (includes D.C.)	149.4	9,891	111.0	3,333	176.4	1,176	42.9	1,989	183.2	16,994
Massachusetts	154.2	15,954	70.4	2,942	156.0	1,090	33.4	1,314	190.3	12,929
Michigan	200.7	16,099	95.7	4,556	233.2	1,712	91.7	3,072	292.4	22,578
Minnesota	120.4	6,423	78.2	1,552	120.8	783	47.6	1,284	154.9	16,772
Mississippi	48.4	2,579	11.0	423	64.5	178	16.6	523	55.1	6,774
Missouri	116.9	13,695	75.3	2,599	152.8	859	59.4	2,602	157.0	16,723
Montana	35.7	2,064	13.1	303	40.2	176	14.9	566	40.9	4,510
Nevada	75.4	4,634	45.0	1,319	97.2	526	32.8	1,565	102.7	13,901
Nevada	15.7	4,560	10.0	1,850	20.5	44	18.7	2,230	24.0	2,313
New Hampshire	24.2	1,993	8.2	303	21.5	147	7.4	192	22.3	1,639
New Jersey	230.9	21,434	178.6	6,056	274.1	2,006	74.6	2,997	276.1	25,917
New Mexico	15.9	1,707	10.2	443	15.6	71	11.1	334	23.1	2,409
New York	948.9	69,987	432.4	19,718	718.4	5,077	202.6	6,098	720.3	60,593
North Carolina	98.3	11,587	42.9	1,825	137.9	951	59.5	2,392	140.5	18,353
North Dakota	33.1	1,410	12.3	201	39.4	159	7.2	257	39.2	5,299
Ohio	294.9	24,482	151.4	4,029	297.9	1,994	74.6	1,810	316.2	26,972
Oklahoma	77.0	10,425	25.1	980	109.7	691	35.9	1,295	134.9	15,968
Oregon	61.4	4,559	29.9	1,188	90.9	347	43.3	1,875	81.5	7,593
Pennsylvania	274.0	27,376	199.0	7,099	390.7	2,473	55.7	1,823	317.3	25,553
Rhode Island	15.3	1,432	14.1	377	27.2	235	3.4	94	30.4	1,754
South Carolina	92.6	5,370	15.6	569	61.0	579	17.9	731	65.4	7,559
South Dakota	41.8	3,794	10.9	230	21.5	76	9.2	290	31.2	4,932
Tennessee	73.2	9,200	32.1	1,724	112.1	949	23.1	823	119.3	10,772
Texas	297.2	23,248	123.2	6,962	308.6	1,314	199.0	6,738	393.2	42,330
Utah	31.2	2,828	3.9	148	11.9	63	6.3	119	18.2	1,324
Vermont	12.8	870	6.4	205	10.2	94	4.5	137	19.6	1,469
Virginia	119.5	8,736	78.7	2,189	180.7	1,312	35.9	1,141	190.5	18,973
Washington	60.9	6,995	43.1	1,907	79.5	312	57.9	1,924	117.7	11,029
West Virginia	24.8	2,612	18.0	520	31.8	225	9.0	427	39.5	2,793
Wisconsin	162.4	11,993	94.9	2,048	210.1	1,102	69.1	1,497	238.5	19,524
Wyoming	28.0	1,993	4.7	100	32.5	122	3.8	234	28.7	3,574
Other areas	45.9	3,599	29.9	509	36.1	352	19.9	234	38.2	4,694

Footnotes at end of table.

Trends in Personal Wealth

Table 15. — ALL TOP WEALTHHOLDERS, BY STATE OF RESIDENCE, 1976 — Continued  
 [All figures are estimates based on estate tax return samples — numbers of top wealthholders are in thousands; all money amounts are in millions of dollars]

State of residence	Types of assets — Continued						Millionaires as defined by:						Estate tax return statistics			
	Noncorporate business assets		Other assets		Total assets		Net worth		Net worth		Number of returns	Gross estate	Net worth			
	Number (22)	Amount (23)	Number (24)	Amount (25)	Number (26)	Amount (27)	Number (28)	Amount (29)	Number (30)	(31)				(32)		
Total	1,989.3	98,725	8,214.8	871,779	227.1	504,277	178.9	393,561	119,184	40,997	37,106					
Alabama	21.0	1,203	76.2	2,137	2.7	8,066	2.2	6,448	1,134	386	346					
Alaska	3.4	184	16.7	394	*1.1	*2,075	*1.1	*1,628	155	41	35					
Arizona	17.7	215	87.9	2,551	1.6	2,940	1.5	2,510	1,058	336	310					
Arkansas	24.9	1,636	61.6	789	0.7	1,265	0.7	1,265	840	258	230					
California	206.4	10,596	773.4	39,437	25.2	61,905	20.2	50,098	11,544	4,834	4,412					
Colorado	32.5	1,480	127.1	4,287	2.3	4,373	1.5	3,296	1,313	421	366					
Connecticut	29.8	1,748	169.5	7,610	5.8	15,141	4.5	12,566	2,238	843	767					
Delaware	*1.0	*28	30.8	1,248	0.3	411	0.3	397	381	105	83					
Florida	75.2	6,283	412.3	19,674	18.2	38,660	18.9	31,898	7,816	2,744	2,506					
Georgia	30.9	1,493	154.8	2,591	4.3	10,934	2.4	5,400	1,848	646	544					
Hawaii	6.3	155	38.4	1,293	0.5	1,046	0.4	816	377	130	101					
Idaho	20.4	691	35.2	697	*0.9	*694	*0.5	*694	361	105	94					
Illinois	112.7	6,038	518.7	17,654	14.1	28,288	12.2	24,489	8,477	2,939	2,725					
Indiana	46.2	3,117	188.6	6,050	4.8	10,282	4.3	8,682	3,303	1,203	1,118					
Iowa	86.7	4,736	202.5	3,527	3.1	4,256	1.8	-2,672	3,655	993	920					
Kansas	48.3	2,956	132.3	4,270	2.6	4,445	2.2	3,730	2,456	742	688					
Kentucky	30.1	1,123	101.1	2,102	2.5	5,298	1.7	3,215	1,404	430	383					
Louisiana	17.1	907	91.1	1,984	3.2	6,285	2.7	4,506	1,086	396	327					
Maine	7.7	181	27.1	482	0.4	3,298	0.4	800	825	172	161					
Maryland (includes D.C.)	36.1	1,819	212.2	8,012	4.7	7,564	3.9	6,221	2,662	882	802					
Massachusetts	19.7	1,593	192.0	8,058	6.4	11,841	4.5	9,091	3,111	976	897					
Michigan	73.0	3,805	282.0	14,998	7.1	19,182	6.2	16,927	3,702	1,312	1,188					
Minnesota	65.8	1,668	166.6	5,298	3.5	9,456	2.7	4,171	2,515	686	608					
Missouri	23.5	2,209	72.8	4,202	2.0	2,912	0.7	1,411	750	292	198					
Missouri	50.0	1,927	166.2	6,216	7.3	14,522	4.9	9,658	2,723	950	878					
Montana	15.0	775	44.5	1,757	0.9	1,346	*0.2	*408	509	155	138					
Nebraska	59.4	3,725	112.8	2,975	2.8	5,302	1.6	3,650	1,896	596	513					
Nevada	4.8	58	26.9	587	0.8	6,926	0.6	3,916	285	285	180					
New Hampshire	30.7	1,485	297.2	5,196	8.1	14,896	6.4	11,228	4,410	1,390	1,239					
New Mexico	13.2	439	26.1	1,780	1.7	2,892	1.0	1,817	372	115	108					
New York	99.4	6,967	823.8	26,530	22.3	65,187	17.3	50,574	11,085	4,197	3,784					
North Carolina	63.7	1,897	130.8	3,119	2.9	8,198	2.9	7,553	2,119	897	812					
North Dakota	19.8	651	43.4	1,019	*0.7	*1,654	*0.2	*418	1,272	187	153					
Ohio	64.2	2,853	362.9	12,144	8.1	19,794	6.7	15,592	5,662	1,831	1,690					
Oklahoma	29.7	1,677	139.4	5,423	5.9	15,598	5.5	9,708	1,898	597	501					
Oregon	17.8	445	180.8	2,728	1.2	2,017	1.2	2,017	1,338	371	341					
Pennsylvania	170.8	2,641	350.0	8,058	8.9	21,731	8.4	18,075	5,755	1,922	1,752					
Rhode Island	0.8	30	67.9	668	0.9	1,489	0.8	1,372	179	102	78					
South Carolina	17.0	615	67.5	1,468	2.7	5,694	1.9	4,294	930	317	278					
South Dakota	19.8	1,186	28.5	794	**	**	**	**	663	194	151					
Tennessee	28.5	1,583	133.0	2,814	1.7	6,111	1.6	5,837	1,547	716	640					
Texas	178.6	6,652	432.1	10,432	13.2	27,090	10.8	21,438	4,656	1,791	1,595					
Utah	4.5	339	33.7	782	0.3	437	0.3	385	302	80	85					
Vermont	4.8	227	13.7	397	0.2	322	0.2	281	302	80	81					
Virginia	31.6	1,320	208.2	4,533	5.2	9,927	3.9	7,662	2,916	828	732					
Washington	86.6	1,180	123.1	2,831	3.0	5,328	2.4	4,410	1,486	485	445					
West Virginia	6.5	462	38.4	955	1.1	1,486	0.8	1,185	211	197	169					
Wisconsin	49.8	2,143	220.8	4,919	2.9	6,945	*0.3	5,318	2,727	78	69					
Wyoming	7.3	445	53.5	737	*0.3	674	*0.3	539	289	89	82					
Other areas	14.8	130	50.8	3,348	0.8	1,971	0.8	1,697	402	197	142					

\*Estimates should be used with caution because of the small number of sample estate tax returns on which it is based.  
 \*\*Data omitted to avoid disclosure of information for specific estate tax returns.  
 U.S. citizens domiciled abroad; Persons who acquired U.S. citizenship solely by virtue of being a citizen of Puerto Rico or the Virgin Islands are not included.  
 NOTE: Detail may not add to total because of rounding.

# Informal Suppliers in the Underground Economy

By Kevin F. McCrohan and James D. Smith\*

Over the last several years a few academic economists have hypothesized [1] and the press has publicized [2] the existence of a so-called subterranean or underground economy involving cases of moonlighting, gross receipts skimming, and generally working off the books to evade payment of tax. These claims have been supported with indirect circumstantial evidence, anecdotes and theoretical arguments. Direct empirical evidence to support the thesis of a thriving underground economy in the United States, however, has generally been inadequate.

In determining the overall magnitude of unreported income for this study, a major problem faced by IRS analysts was how to estimate taxable income flows to individuals engaged in activities involving cash-related informal arrangements. The technique adopted for an earlier IRS report which dealt in part with informal suppliers [3] was a consumer expenditure-based approach in which estimates of the proportions of major expenditure categories likely to have involved payments to informal suppliers were applied to levels of expenditure by category as measured for the Bureau of Labor Statistics (BLS) 1972-1973 Consumer Expenditure Survey. While this approach seemed reasonable, a major concern was the lack of a credible empirical basis for assumed proportions of total dollar expenditures by category flowing to the informal suppliers.

To obtain the necessary empirical basis for estimating the major consumer expenditures flowing to informal suppliers, a national consumer expenditure survey was conducted [4]. To assure respondent cooperation and confidentiality, the IRS entered into a contractual agreement with the Institute for Social Research of the Survey Research Center (SRC) at the University of Michigan to conduct the research. The SRC report, The Measurement of Selected Income Flows in Informal Markets [5], is the basis for this article.

In conducting the survey, both the IRS and the SRC were concerned about thoroughly protecting the confidentiality of the data to be collected. By contractual agreement, the IRS did not receive, nor did the SRC prepare, any data that allowed for the identification of individual respondents.

## CONCEPTUAL ISSUES

Although entrepreneurs operating in the informal economy are not likely to be as sensitive to a researcher's questions as those in the illegal

economy, it is nevertheless difficult, if not impossible, to prepare national measurements of informal economic activity by interviewing the vendors. Although the source of their income may be legitimate, they frequently operate at the margin of conformity with technical requirements for licensing, permit filing, and performance codes. Even if they did not owe taxes, some are in technical violation of filing requirements at State, local, and Federal levels. Hence they were cautious about discussing their entrepreneurial activities. Even if informal suppliers were willing to provide information to researchers, it would be extremely difficult to design a probability sample from which national estimates could be derived.

The earnings of informal suppliers include income from all types of informal economic activity, income which is conceptually included in the National Income and Product Accounts, but which may be understated due to the informal business styles of vendors. Put another way, these activities generate income which is within the definitional scope of the national accounts, but not always captured for lack of administrative records and survey data that adequately reflect informal activity. Some expenditures on what are here called informal suppliers may well be reflected in the Gross National Product (GNP). This can happen since consumption expenditures, which form part of GNP, are estimated by tracing the flow of commodities from manufacturers through wholesalers to consumers without distinguishing between informal and formal transactions. Additionally, not all informal supplier income is unreported income. For example, the income of teenage babysitters does not have to be reported for Federal tax purposes until the return filing requirements are met. Therefore, the aggregate amount of total informal transactions should not be equated with the total amount missed by the national accounts.

To estimate the unreported income of informal suppliers, the cost of goods sold and other business expenses must first be subtracted from their gross sales. The remaining net income of informal suppliers, however, is still too large a base from which to calculate tax loss. Some informal vendors file tax returns and pay all taxes due on their incomes. Others may file tax returns and perhaps underreport their incomes, but after exemptions, deductions, adjustments, and credits, they may still have no tax liability. Some may be nonfilers but owe no tax since excess withholding or payments of tax on formal income may offset their taxes due on unreported

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income from informal sources. Still others may not be required to file returns, having incomes that fall below the filing requirements. These different categories should be recognized in assessing the impact of informal transactions on tax reporting gaps. All the same, the starting point in estimating the tax gap associated with unreported informal supplier incomes begins with a determination of the size of the informal economy.

The approach taken in the IRS/SRC study was to measure the size of informal activities by measuring the expenditures of households in the informal economy. Although the original intent of the study had been to measure proportions of total expenditures that go to informal suppliers, it became apparent that respondents would have more difficulty reporting on proportions than on their actual expenditures. Consequently, it was decided to measure actual dollar expenditures on a selected list of goods and services. By definition, a dollar spent by one person is a dollar of gross income to another. An approach based on this theory has both advantages and disadvantages. The advantages are that purchasers are willing to talk about their transactions with informal suppliers and that it is relatively easy to design a national probability sample of households. The disadvantages are that purchasers are often hard-pressed to differentiate between informal vendors and other vendors, and frequently require additional questions to help isolate informal from formal expenditures. In addition, only purchases by households, as distinguished from those by businesses, can be identified through a consumer survey.

In this approach, it was thought consumers may have difficulty distinguishing an informal from a formal supplier. SRC focused group interviews showed, however, that people have a well-developed sense that there are vendors who work "off the books" or "on the side." Indeed, the latter terminology was found in both the focused discussion groups and in national pretests to be very much a part of the national vocabulary. It also became clear from the focused discussion groups that there is a general belief that "on the side" vendors are evading their tax obligations.

Research confined to individual consumption expenditures means that only one portion, albeit the major portion, of informal vendor activity would be captured. The extent to which informal vendors are used by businesses, rather than individuals, is not known. The decision to exclude business purchases from the study was based on two methodological concerns. Although it would be fairly simple to design a national probability sample of commercial establishments, there would be difficulties in selecting who within the firm should respond to the survey. Decisions to use off-the-books sources may be made by persons as different from each other as a vice-president of manufacturing, an office manager, or a night supervisor who may occasionally hire an informal cleaning service. Additionally, formal businesses were expected to be more hesitant than consumers in discussing somewhat questionable purchasing practices, particularly when such discussions have to borrow time from often crowded business schedules [6].

#### THE SIZE OF THE INFORMAL ECONOMY

The earnings of informal suppliers, as defined here, are estimated to have been about \$41.8 billion in 1981. This compares to a gross national product

of \$2,938 billion and personal consumption expenditures of \$1,843 billion during the same period. Based on an analysis of the IRS Taxpayer Compliance Measurement Program (TCMP) an estimated \$7.3 billion of this amount was reported on personal income tax returns. This \$41.8 billion was the gross value of sales and should not be construed as the taxable income of informal vendors. Some informal vendors who cut lawns or babysit are children with no taxable income. Also, whether a business operates in the formal, informal, or illegal economy, it faces operating expenses which reduce net income. Net profit i.e., income subject to tax, is but a fraction (sometimes a negative fraction) of gross receipts. IRS records indicated that individual income tax returns with Schedule C (business) income that appeared to come from informal sources (as defined in this study) reported, on the average, net profits which were 59% of gross receipts.

The range of goods and services sold in the informal economy is quite extensive. The table below shows the value of informal transactions in 15 broad classes of goods and services measured in this study.

Table 1  
Value of Purchases from Informal Vendors  
by Type of Goods and Services, 1981  
(In Millions of Dollars)

Goods and Services	Amount Purchased
Home repair and additions	12,245
Food	9,003
Child care	4,955
Domestic service	3,882
Auto repair	2,810
Sidewalk vendor goods	1,782
Flea market goods	1,698
Lawn maintenance	1,447
Lessons	933
Fuel	749
Appliance repair	744
Adult care	442
Cosmetic service	411
Sewing	392
Catering	300
Total	41,793

The two largest components of the informal economy are home repairs and food, which accounted for about \$12.2 billion and \$9.0 billion, respectively, in 1981. Food, which is sold in informal markets by producers, has a relatively capital-intensive production process. Home repairs, on the other hand, are labor-intensive. While they are quite different in their underlying production processes, these two areas do have in common with all informal market activities the fact that they can be carried on by a sole proprietor working alone or with the assistance of only one or two employees.

Also, approximately \$5.0 billion was spent for child care in unlicensed establishments and/or in the home of the family buying care. Where child care was provided in the purchaser's home, the vendor was most appropriately classified as an informal supplier. While some child care provided in the vendor's home may have been of the formal economy, it does not appear that a lot of such misclassification occurred. Domestic services were classified as formal or informal, respectively, depending on

whether the provider was employed through a cleaning service firm or directly engaged by the consumer. Very little of the former was found. It appears that \$3.9 billion was spent in this sector of the informal economy. The repair of automobiles accounted for another \$2.8 billion of expenditure in the informal economy. The classification of automobile repair services presented greater problems than did domestic service or child care, since in automobile repair the purchaser was not as likely to have a significant knowledge of the vendor's characteristics.

All purchases made at flea markets and from sidewalk vendors were classified as taking place in the informal economy. Flea markets are a more organized form of informal activity than is sidewalk vending, but the degree to which flea markets are organized varies a great deal. Depending upon the political jurisdiction, vendors in a flea market may be required to acquire permits or a license in addition to paying a booth fee, but otherwise the flea market vendor has the earmarks of an informal economy entrepreneur. In 1981, flea markets and sidewalk vendors accounted for \$1.7 and \$1.8 billion in purchases, respectively.

Respondents to the Survey of Consumer Attitudes (SCA) were also asked about the purchase of lawn and garden services. In spite of a growing lawn and garden care industry in the more affluent suburbs, these services are traditionally supplied by high school and college age youths. Respondents were queried about whether the service was provided by a firm providing lawn care services, or by a person operating more casually. Very little of the \$1.4 billion of reported transactions related to lawn maintenance seem to have been part of the formal economy. Lessons, ranging from academic tutoring to dancing, accounted for \$0.9 billion of informal supplier receipts, while appliance repair accounted for another \$0.7 billion.

Soaring fuel costs have renewed interest in coal and wood as a source of heat. State and Federal tax incentives to use wood as a fuel have further increased homeowners' demand for the fuel. Respondents were accordingly asked about their purchases of coal and wood from vendors operating on the side, as opposed to purchases from established businesses. For all practical purposes, no informal market was found in the case of coal, but a substantial informal firewood market of \$0.7 billion was uncovered by this study. Also, although the care of adults represented a much smaller part of the informal economy than child care, nearly \$0.4 billion was spent with unlicensed suppliers of such services. Finally, about the same amount was spent in the informal economy for cosmetic services, while smaller amounts, totaling \$0.7 billion, were spent for catering services and sewing.

Informal Supplier Income Reported on Federal Tax Records

As previously indicated, it is not possible for consumers to have certain knowledge of an informal supplier's taxpaying behavior. They may suspect that the individual who painted their hallway is not reporting the earnings, but any statement to that effect would be pure conjecture on their part. Additionally, some taxpayers providing services which a consumer would view as being informal could be expected to file returns and report that income and others, "moonlighters" for example, might simply report wages and have their informal income established on an audit of their tax return. For

this study two types of informal income were identified in the IRS Taxpayer Compliance Measurement Program (TCMP).

1. Misclassified informal income,
2. Properly classified informal incomes.

Within the TCMP file, an informal supplier was defined as a taxpayer who had income which appeared to be from an occupation which was covered by the informal supplier study and did not have any of the following business deductions: taxes, rent, insurance, legal and professional fees, pension and profit sharing plans, employee benefit plans or bad debts.

1. Misclassified Informal Income

The analysis of TCMP data for 1976 revealed small amounts of misclassified income (taxpayers reporting the proper amount of income, but on the wrong line of the return). Typically the taxpayer reported net self-employment income as wages. The TCMP examiner reclassified the income to Schedule C to properly reflect gross receipts. The occupation and industry codes on these taxpayers were of types commonly thought to be part of the informal sector. The kinds and amounts of expenses allowed suggest that the individuals operated in an informal manner. The total amount of gross receipts was projected forward from 1976 by using changes in nonfarm proprietor income as measured in the National Income and Product Accounts. This amount was equal to \$0.49 billion for 1981, as shown in Table 2.

Table 2.--Estimated Reported Gross Income and Net Profit of Informal Suppliers Who Filed Tax Returns, 1976 and 1981

[In millions of dollars]

Type of informal income reported on Schedule C	Gross receipts	Net profit
	(1)	(2)
<u>1976<sup>1</sup></u>		
Total.....	5,452.0	3,053.3
Reported correctly.....	5,089.2	2,722.2
Reported but misclassified.....	362.8	331.1
<u>1981<sup>2</sup></u>		
Total.....	7,316.6	4,097.5
Reported correctly.....	6,829.5	3,653.0
Reported but misclassified.....	487.1	444.5

<sup>1</sup>Based on 1976 TCMP results.

<sup>2</sup>Projected forward by changes in nonfarm proprietor income as measured in the national income accounts.

NOTE: The weighted average of the ratio between gross receipts and net profit is 59 percent.

2. Properly Classified Informal Income

The analysis of the 1976 TCMP file additionally revealed substantial amounts of correctly reported income that quite possibly would be perceived as informal income by respondents to the informal supplier income study. An estimate of \$6.83 billion of gross receipts were projected to have been correctly reported informal self-employment income for 1981. These results indicate that of the \$41.8 billion that consumers reported they purchased from informal suppliers approximately \$7.3 billion was reported to the IRS.

## Informal Suppliers in the Underground Economy

Table 3.--Comparison of Estimates From the Informal Supplier Study, the 1972 Consumer Expenditures Survey, and the National Income Accounts, as of 1981.

[In billions of dollars]

Expenditure category	Informal Supplier Study (ISS)		
	Informal suppliers	Formal suppliers	Total
Food.....	9.0	246.3	255.3
Housing.....	11.5	16.0	27.5
	Consumer Expenditure Survey (CES) (adjusted) <sup>1</sup>		
Food.....		240.3	
Housing.....		23.5	
	National Income Accounts (NIA)		
Food.....		270.7	
Housing.....		24.7	

<sup>1</sup>The original estimates from the CES were adjusted to 1981 by multiplying the original estimates by the ratio of 1981 personal consumption expenditures to personal consumption expenditures for 1972, as recorded in the National Accounts. Food and housing expenditures were compared because of their significance in the ISS (51 percent of gross receipts) and the existence of comparable data sets.

### COMPARISONS WITH OTHER DATA BASES

In order to validate their estimates of the gross receipts of informal suppliers, SRC compared the results of the informal supplier study with other data bases that, in principle, measured the total of both formal and informal transactions. There were no systematic measures of informal supplier receipts to which the estimates developed from the SRC survey could be directly compared. There are, however, survey data which measure total consumption of households, such as the Bureau of Labor Statistics' 1972 Consumer Expenditures Survey. There are also estimates of the total value of transactions for selected industries. These come from the Bureau of Economic Analysis and the Census Bureau in the Department of Commerce and from the Department of Agriculture. The informal supplier study was designed so that for nearly all measurements of expenditures with informal suppliers, a comparable measurement was simultaneously made for expenditures with formal suppliers. Therefore, it is possible to add the study estimates of informal supplier receipts to arrive at a total which, in principle, can be directly compared to estimates derived from studies which measure total consumption. Unfortunately, the results of any such comparison must be qualified because of a number of conditions which preclude direct alignment of the informal supplier study results with those of other studies. These have to do with the differing times at which the informal supplier study and other studies were done, the differing scope of transactions which were measured, differences in the populations surveyed, and other factors. Despite these difficulties, comparisons can be made for some areas of expenditures which shed light on the credibility of the informal supplier study estimates. Table 3 presents such comparisons for food and for housing-related expenditures.

#### Comparison of Food Transaction Expenditures

The approach used to measure food purchases from informal vendors was to ask respondents if they had purchased food classified in any one of five

categories: fruits and vegetables, dairy products, meats and fish, jams and cakes, and other food products. If they had, they were then asked questions about the nature of the establishment from which they had purchased it--whether directly from a farmer, or from a roadside stand, a farmer's market, an itinerant vendor with a truck, or some other source. Based upon the results of these questions, it was estimated that approximately \$9 billion was spent to purchase food from informal vendors. Respondents were also asked the amount they had spent in formal sources of food supply such as a grocery store. As may be seen in Table 3, this amounted to \$246.3 billion. Thus the informal supplier study estimated a total of \$255.3 billion of food expenditures for 1981. The 1972 Consumer Expenditures Survey (CES) asked a national sample the amount they spent for food to be consumed at home. "Food" was taken to mean food and nonalcoholic beverages purchased at specialty stores, regular grocery stores, bakeries, dairy stores, vegetable stands, farmer's markets and directly from farmers. The CES estimated that Americans spent \$93.1 billion for such food in 1972. When this figure is adjusted by multiplying it by the ratio of personal consumption expenditures in 1981 to personal consumption expenditures in 1972, as reported in the National Income and Product Accounts (NIPA), the estimate of 1981 food expenditures based on the CES comes to \$240.3 billion. Estimates of total food consumption are also available from the NIPA's. The amount reported for 1981 was \$270.7 billion.

Further evidence of the reliability of the informal supplier study estimates of food transactions is provided by a 1977 study [7] conducted by the Economic, Statistics, and Cooperative Service of the U.S. Department of Agriculture (USDA). Section 4 of the 1976 Direct Marketing Act required the USDA to conduct surveys to determine the extent of direct marketing of agricultural products in the United States. The USDA, using a national probability sample of shoppers in 1977, estimated that 60 percent of American households brought food from farmers, roadside stands, curbside vendors, pick-it-yourself farms and orchards, farmer's markets, and truck vendors selling door-to-door in neighborhoods. The corresponding estimate from the IRS/SRC informal supplier study was virtually identical, 61.8 percent.

#### Comparison of Housing-related Expenditures

By combining several categories of measurement in the informal supplier study--appliance repair, furniture repair and re-upholstering, child and adult care, domestic services, lawn and garden care and repair of lawn equipment--a housing expenses concept can be constructed which is roughly equivalent to both CES and NIPA concepts of housing expenses. As seen in Table 3, the total value of such housing expenses estimated for 1981 in the informal supplier study was \$27.5 billion. This compares favorably to the \$24.7 billion measured in the 1981 National Income and Product Accounts and to a 1972 CES-based extrapolation of \$23.5 billion for 1981.

#### RESEARCH METHODOLOGY

The results of the Survey Research Center (SRC) study are based on a national probability sample of approximately 2,100 households which were interviewed by phone. Questions about purchases in the informal economy were included within a set of questions broadly economic in nature which were asked in the monthly Surveys of Consumer Attitudes conducted by the SRC [8].

The questionnaire used for the informal economy study was developed after focused discussion group sessions with members of families who lived in both urban and suburban areas and whose incomes were representative of a cross-section of American households. The questionnaire proceeded through three pretests before a final instrument emerged.

Three waves of final interviews, each consisting of a sample of about 700 households, were conducted between September and November of 1981. Respondents were asked to report amounts spent on a variety of goods and services during the past 12 months. The three waves were pooled and treated as though they were a single interview taken at one point in time. The information collected represents the annual purchases of consumers during the period from November 1980 through October 1981.

The questions on informal transactions were asked in the context of many questions about related economic activities. The focused discussion groups and the pretests had indicated that the term "on the side" was a well-established part of the national vocabulary. Therefore, the interviewer, before asking respondents the questions related to the informal economy, stated the following in a straight-forward manner:

We would like to ask you some questions about the opportunities people have to buy goods and services from persons who sell them on the side.

For each of the areas of consumption, the focus on the term "on the side" was reinforced by examples, or by restating the request for information about purchases made from vendors doing business on the side. A number of items of information about the vendor's occupation, the place where services were done or goods sold, how respondents learned about the vendor, and whether payment was requested in cash were solicited to help filter out the estimates of any formal economy activities that might have crept into respondent's answers.

CONCLUSION

This study estimated the amount of informal supplier receipts by measuring the value of household purchases from informal suppliers. Based on a national probability sample of approximately 2,100 households the upper limit of informal supplier receipts, as defined here, is estimated to be about \$42 billion in 1981.

Since this was the first systematic survey measure of informal supplier receipts, there are no other survey data to which the estimates from this study can be directly compared. However, a comparison to existing data on food transaction expenditures and housing-related expenditures indicates that respondents were fairly accurate in reporting their purchases from informal suppliers.

While the receipts of informal suppliers are significant, they do not appear to be as large as those implied in discussions which refer to an "underground economy." Furthermore, taxable receipts would be only a portion of the amounts reported by suppliers. It is estimated that more than \$7 billion of the \$42 billion informal supplier receipts were reported by them as gross receipts on their Federal income tax returns for 1981. In addition, some was earned by those without a tax return filing requirement and much of the remaining balance, if reported, would be reduced by allowable expenses and deductions.

Although the comparison between \$1,843 billion in personal consumption expenditures and \$42 billion total received by informal suppliers does not indicate large amounts of income "on the side", the perception of large amounts of such income may be due, in part, to its pervasiveness in small amounts throughout the economy. Over 80 percent of those questioned in the survey indicated at least a small purchase from informal suppliers. Thus, anecdotal evidence abounds throughout the population even though total amounts are not large relative to purchases in the formal economy.

NOTES AND REFERENCES

[1] For example see:

Feige, Edgar L. "A New Perspective on the Macroeconomic Phenomena: The Theory and Measurement of the Unobserved Sector of the United States Economy: Causes and Consequences and Implications." Paper presented at the September 1980 Meeting of the American Economic Association, Denver, Colorado.

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Gutmann, Peter. "Latest Notes from the Subterranean Economy," Business and Society Review, Summer 1980, pp. 15--30.

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Simon, Carl P. and Ann D. Witte. Beating the System: The Underground Economy. Boston, MA: Auburn House Publishing Company, 1982.

[2] For example see:

Bleiberg, Robert. Surfacing the Scratch, Tax Cut Might Raise Billions from the Underground Economy. Barrons, 1981.

Business Week. "Answers That Unveil the Underground Economy." October 11, 1982, p.14.

Detroit Free Press. "Underground Economy Zips Along on Hot Cash," January 1, 1978, D-1.

The Economist. "An Not so Clair de la Lune." May 5, 1979, Volume 272, 9:95.

Malabre, Alfred L. "The Underground Economy Grows and Grows," The Wall Street Journal, October 20, 1980.

Ross, Irwin. "Why the Underground Economy is Booming," Fortune, October 9, 1978, pp. 92-98.

## Informal Suppliers in the Underground Economy

[3] U. S. Department of the Treasury, Internal Revenue Service, Estimates of Income Unreported on Individual Income Tax Returns, U.S. Government Printing Office, 1979.

[4] In this survey, informal suppliers were identified as follows:

1. Any supplier of the following goods and services who was thought by the respondent to be working "on the side" was conditionally considered an informal supplier. The focused group interviews and pretests conducted as part of this study had indicated that respondents had a good understanding of what is meant by working "on the side."

- a) Home repair and additions
- b) Food purchases from roadside stands
- c) Child care
- d) Domestic service
- e) Auto repair
- f) Sidewalk vendors
- g) Flea market vendors
- h) Lawn maintenance
- i) Lessons
- j) Fuel
- k) Appliance repair
- l) Audit Care
- m) Cosmetic service
- n) Sewing
- o) Catering

2. To reduce the chance that the respondent was confusing a formal supplier with an informal supplier, additional screening questions were asked concerning the vendor's occupation:

- a) Regular job
- b) Unemployed or laid off
- c) On strike
- d) Retired
- e) Informal establishment or vendor
- f) Housewife
- g) Student
- h) On the side operator
- i) Part-time worker
- j) Student with regular job
- k) Friend or relative
- l) Nurse
- m) Babysitter
- n) Day care center
- o) Nursing home
- p) Friend or relative and day care operator
- q) Other
- r) Don't know
- s) Undetermined
- t) Does not apply

The place where the transactions occurred:

- a) Roadside stand
- b) Farm market
- c) Farmer
- d) Roadside stand and farmer market
- e) Farmers market and farmer
- f) Roadside stand and farmer
- g) Roadside stand and farm and farmers market
- h) Own home
- i) Vendor's home
- j) Commercial market
- k) Garage/studio/shop

- l) Own home and vendor's home
- m) Vendor's home and garage/studio/shop
- n) Own home and garage/studio/shop
- o) In home
- p) Outside home
- q) Back of truck
- r) Self provide
- s) Delivered
- t) Back of truck and self provide
- u) Self provide and delivered
- v) Back of truck and delivered
- w) Other
- x) Don't know

How the respondent found out about the vendor of the good or service:

- a) Word of mouth, from a friend, neighbor, relative, or co-worker
- b) Knew the vendor personally
- c) General knowledge of familiarity; "just knew where to go," "there's a lot in this area," "been there for years"
- d) Noticed in transit; walked/drove past it, "saw it from the bus"
- e) Roadside sign; sign on the vendor's building, home, stand, etc.
- f) Vendor came to respondent, i.e., solicited door to door
- g) Card, notice left at respondent's home; notice on bulletin board
- h) Newspaper ad
- i) Radio or TV ad
- j) Billboard or yellow pages ad
- k) Other published material, booklet, pamphlet, or brochure
- l) "Saw an ad" somewhere; ad or brochure received in the mail and whether payment in cash had been requested.

3. In general, if the respondents noted that they found out about the vendor by newspaper, radio, TV, billboard, or yellow pages ad, the transaction was classified as a formal transaction.

4. On the basis of these criteria, the research team at SRC classified the transaction as:

- a) Definitely or probably informal, or
- b) Definitely or probably formal.

[5] James D. Smith, Terry Moyer, and Eileen Irzcinski, "The Measurement of Selected Income Flows in Informal Markets;" Appendix A: Questionnaire; Appendix B: Codebook; Appendix C: Univariate Tables, Part I and II; Appendix D: Total Income Flows in Informal Markets; Appendix E: Transcripts of Focused Discussion Groups: Port Huron, Detroit, Casa Grande; Report Prepared for Internal Revenue Service Contract No. IIR-81-28, Survey Research Center, Institute for Social Research, The University of Michigan, Ann Arbor, MI, December 1982. Copies of this report or of the individual appendices can be obtained for a nominal cost from the Survey Research Center.

[6] Interviewing representative of business establishments would also call for much better trained interviewers, who would be expected by the respondents to be familiar with technical business and accounting concepts.

[7] See H.S. Linstrom and Jon Weimer, "USDA Research on Farmer-to-Consumer Direct Marketing," Proceedings for a Tennessee Valley Authority

Sponsored meeting on Marketing Alternatives for Small Farmers, Atlanta, Georgia, February 12-21, 1979.

[8] The study of the informal economy was a supplement to the SRC's existing Surveys of Consumer Attitudes. SCA's use telephone interviews conducted with adult men and women living in randomly-selected households in the conterminous United States (48 states and the District of Columbia). Telephone surveys differ from most personal interview surveys in that the telephone medium is used both to identify sample households and to interview them. National

telephone surveys use ten-digit telephone numbers as elements for selecting a sample. The Surveys of Consumer Attitudes employ a technique, Random Digit Dialing (RDD), which makes random selections based upon the last four digits of a telephone number after stratification by geography and size of exchange has been accomplished using the area code and central office code digits of the number. Stratification by area and central office codes assures sample representation of different regions, states, and metropolitan size categories, giving every number in the conterminous United States an equal chance of being selected.

# Nonresident Alien Income and Tax Withheld, 1981

By Chris R. Carson\*

During 1981 more than \$9.5 billion of income was paid from U.S. sources to nonresident aliens, i.e., foreign individuals, corporations and other organizations. This was an increase of almost \$3 billion, or 45 percent over 1980. Payments to recipients in the Netherlands Antilles were responsible for 26 percent of the total increase as income paid to the Antilles rose from \$632 million to \$1.4 billion, or 121 percent in this period. Recipients in the Netherlands Antilles, a tax haven, received more U.S. source income than those in any other foreign country in 1981, surpassing Switzerland, the United Kingdom, Canada, and the Netherlands, all of which received more income than the Antilles in 1980.

A U.S. individual or organization that pays income to a nonresident alien reports this income and the U.S. tax withheld on the Form 1042S. While the basic tax rate is 30 percent, certain types of income are taxed at different rates. Income paid to countries that have entered into tax treaty agreements with the United States is usually taxed at lower rates. The tax withheld represents final payment of the actual tax liability in almost all instances. Income that is connected with the recipient's U.S. trade or business is exempt from withholding. This income is taxed separately by the U.S. as though it were received by a U.S. citizen or corporation.

Foreign corporations received more nonresident alien income (73 percent) than all other types of recipients. However, most payments went to individuals (74 percent), although these payments tended to be much smaller than those made to corporations. Dividends and interest, totalling \$7.6 billion, represented about 80 percent of the income paid. As was stated earlier, the Netherlands Antilles received the most income, \$1.4 billion, followed by the United Kingdom, the Netherlands, Canada, and Switzerland. The \$6.5 billion received by these five countries nearly equals the \$6.6 billion received by all countries in 1980 and represents 68 percent of all income paid during 1981.

## DATA ANALYSIS AND TRENDS

Income paid rose faster (45 percent) than tax withheld (18 percent) between 1980 and 1981. This gap (27 percentage points) has widened since 1980 when income rose by 31 percent and tax increased by 11 percent from 1979 figures, a disparity of 20 percentage points. Income exempt from withholding rose by 69 percent from 1980 while income subject to withholding rose by 34 percent. This helps explain why income rose faster than tax withheld. Another factor was that treaty country income, which is generally taxed at low rates, rose faster than nontreaty country income.

The average income paid per form rose 54 percent from 1980, to \$16,623, up from \$10,803. Part of this increase may be due to inflation, however, the major factor was that large interest payments were made by U.S. corporations to their foreign subsidiaries to repay loans made through these subsidiaries. The average income paid to corporate recipients almost doubled to \$92,285 in 1981 compared to about \$50,000 in 1980. The corresponding figure for individuals was up only 8 percent, from \$1,600 in 1980 up to \$1,721 in 1981. The large increase in average income per Form 1042S was due to an increase in overall income paid in combination with a 5.5 percent drop in the number of Forms 1042S filed. The average amount of tax withheld per payment was \$1,264, up 25 percent from 1980.

## Country of Recipient

Recipients in five countries, the Netherlands Antilles, the United Kingdom, the Netherlands, Canada and Switzerland had Form 1042S income of over \$1 billion each in 1981. These countries accounted for 83 percent of the total income increase of almost \$3 billion since 1980.

Country	Gross Income Paid (thousands)		
	1980	1981	Increase
Netherlands Antilles	\$ 632,163	\$1,399,528	121%
Netherlands	699,980	1,339,633	91
United Kingdom	904,316	1,357,044	50
Canada	838,907	1,238,255	48
Switzerland	998,478	1,203,878	21
Other Countries	2,502,531	3,023,151	21

As is shown in Figure A below, these countries received about 68 percent of all income paid. However, these five countries were responsible for only 63 percent of the tax withheld by domestic withholding agents. Adding France, West Germany, and Japan to this list brings the income total to 88 percent and the tax withheld total to 79 percent. Tax remitted by foreign governments and withholding agents is not included as this tax was withheld from income paid in previous years.

## Tax Treaty Countries

All eight of the countries shown in Figure A are tax treaty countries. Most income paid to recipients in tax treaty countries is taxed at a lower rate than income paid to nontreaty countries. This explains

Nonresident Alien Income and Tax, 1981

why these countries received 88 percent of all income, but were responsible for only 79 percent of all tax withheld.

Income paid to recipients in tax treaty countries during 1981 rose by 48 percent while income paid to those in nontreaty countries rose by just 24 percent. This contrasted with a 39 percent increase in treaty country income and an 11 percent decline in nontreaty country income from 1979 to 1980. These increases were directly attributable to increased income in existing treaty countries, as no new tax treaties dealing with Form 1042S withholding became effective during 1981.

Tax withheld on treaty country income rose by 22 percent as tax withheld on nontreaty income increased by 12 percent. Although income and taxes rose more in treaty countries than in nontreaty countries, it is interesting to note that the ratio of increase is almost exactly the same, i.e., income rose twice as fast in treaty countries (48 percent) as in nontreaty countries (24 percent) while tax withheld in treaty countries also rose about twice as fast (22 percent) as in nontreaty countries (12 percent).

Income Paid and Tax Withheld  
(thousands)

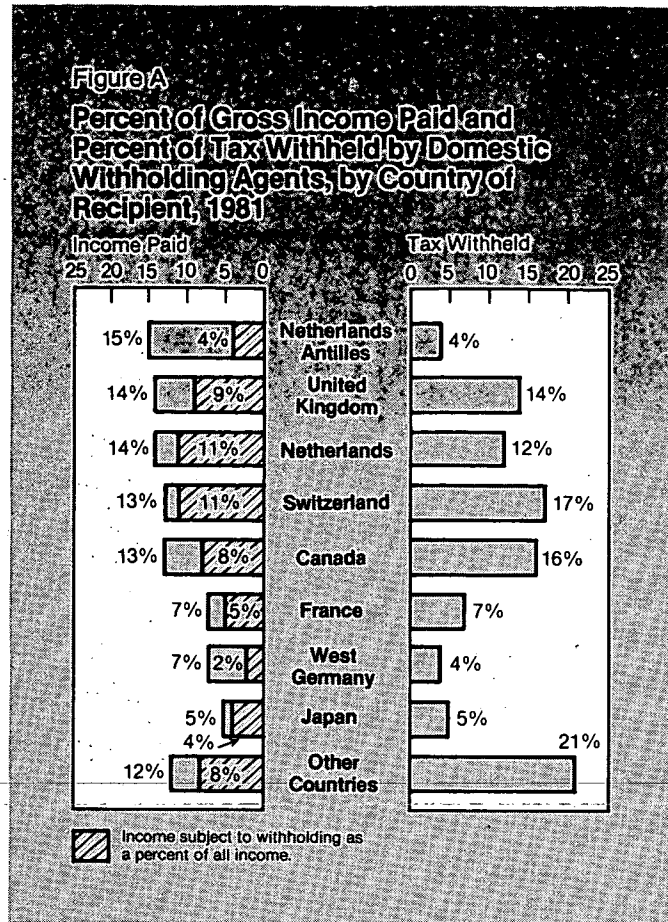
Country Status	1980	1981	Increase
<b>Income</b>			
Treaty	\$5,909,728	\$8,735,873	48%
Nontreaty	666,647	825,617	24
Total	6,576,375	9,561,489	45
<b>Tax Withheld</b>			
Treaty	589,422	720,392	22
Nontreaty	96,786	108,171	12
Total	686,208	828,563	21

NOTE: More detailed information by country and treaty status is shown in Table 1.

Recipients in tax treaty countries typically enjoy lower U.S. tax rates. However, if the income is paid to a foreign nominee or fiduciary, additional withholding is often required and is collected by the government in the country of the nominee or fiduciary. The purpose of this additional withholding is to prevent citizens of nontreaty countries from taking advantage of the lower tax rates of treaty countries. The foreign government or withholding agent holds this additional tax until the ultimate recipient proves residency in that country. If residency is not proven within a certain period of time, the tax is remitted to the United States (see Table 1, Column 7). In the case of Canada, nominees and fiduciaries act as withholding agents and remit this additional tax directly to the Internal Revenue Service (IRS).

"Tax Haven" Countries

A tax haven is generally considered to be a country having tax laws that are favorable to foreign individuals and organizations in an attempt to attract these investors. The tax haven country typically benefits by collecting certain fees or taxes (at a low tax rate). These foreign individuals and organizations would usually not invest in or through the tax haven if higher taxes were imposed. The most successful tax haven countries tend to have some or all of the following characteristics: 1) Tax treaties with low or zero withholding tax rates for most income payments received from foreign countries,



2) Low or zero tax rates for individuals and organizations within the tax haven country, 3) Secrecy laws to prevent foreign governments from obtaining financial information about their own citizens and organizations, thus protecting the investors, and 4) No withholding tax on payments to nonresident aliens.

The amount of income paid to recipients of certain "tax haven" countries seems to be excessive when compared to the general level of economic activity of those countries, as measured by their Gross National Product (GNP) [1]. The most extreme example of this was the Netherlands Antilles, where U.S. source income for 1981 (\$1.4 billion) was greater than the Antilles' GNP (\$1.2 billion). This ratio of U.S. source income to GNP tends to be higher for tax haven countries than for other countries. Figure B shows this ratio for certain countries, all of which probably qualify as tax havens to varying degrees. The worldwide ratio of U.S. source income to worldwide GNP (excluding U.S. GNP) is not available for 1981. However, this figure was less than 0.1 percent for 1980.

Although Form 1042S income is not directly used in calculating the GNP of these foreign countries, if it is spent on goods made or services performed in that country it will enter the GNP figure indirectly. A substantial amount of U.S. source income paid to recipients of the Netherlands Antilles clearly is not spent on goods manufactured or services performed there.

The countries in Figure B all have ratios of U.S. source income to GNP of at least 10 times the worldwide ratio for 1980. The Netherlands Antilles



Figure B.--Gross National Product (GNP), Gross Income, Gross Income as a Percent of GNP, Size of Average Payment, and Percent of Payments to Corporations, by Selected Country of Recipient, 1981

[Money amounts in thousands of dollars]

Country or Geographic area	Income to GNP ratio				Size of payments		Percent of payments to corporations	
	Rank	Income as a percent of GNP	Gross income	GNP <sup>1</sup>	Rank	Average	Rank	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Netherlands Antilles.....	1	117.6	1,399,528	1,190,000	1	754	4	63
Bermuda.....	2	6.5	51,728	790,000	9	34	12	30
Bahamas.....	3	5.1	39,482	780,000	12	21	7	37
Antigua.....	4	3.8	4,509	120,000	14	20	2	73
Panama.....	5	1.3	45,966	3,580,000	15	18	8	34
Switzerland.....	6	1.1	1,203,878	112,850,000	6	61	15	22
Luxembourg.....	7	1.0	57,609	5,790,000	11	22	6	39
Netherlands.....	8	0.8	1,339,633	167,980,000	2	138	17	21
British Virgin Islands.....	( <sup>2</sup> )	( <sup>2</sup> )	24,354	( <sup>2</sup> )	7	56	5	44
Cayman Islands.....	( <sup>2</sup> )	( <sup>2</sup> )	24,391	( <sup>2</sup> )	10	34	3	65

<sup>1</sup> World Bank, 1982 World Bank Atlas.

<sup>2</sup> GNP data were not available for these countries.

ratio for 1981 (117.6 percent) was 1470 times greater than the worldwide ratio for 1980 (0.08 percent). This ratio could not be computed for some tax haven countries, including the British Virgin Islands and the Cayman Islands, as their GNP information was not available for 1981.

Recipients in tax haven countries also tend to receive larger income payments per Form 1042S than other countries. Table 2 shows the countries with the greatest average income per form (with a minimum of 100 forms filed). Of the 15 countries shown, at least nine qualify as tax havens. The Netherlands Antilles headed this list with average income per form of about \$754,000, or 45 times the average for all countries (almost \$17,000). The other countries in this table tend to be industrialized or oil producing countries.

Most tax haven countries have a disproportionate percentage of their income payments received by corporations. About 63 percent of the total number of payments to the Netherlands Antilles went to corporations. This figure was even higher for Antigua (73 percent) and the Cayman Islands (65 percent). Other tax havens, including the British Virgin Islands, the Bahamas, Panama, Bermuda and Switzerland exceeded the 13 percent average for all countries for the number of payments to corporations.

The Netherlands Antilles ranked high in these three "tax haven" parameters (income-to-GNP ratio, income per Form 1042S, and percent of payments to corporations), being first in two categories and fourth in the other. As there was no withholding tax on most interest payments to the Netherlands Antilles, U.S. corporations often borrow money from foreign markets through subsidiaries in the Antilles. The Antilles subsidiary sells bonds (typically Eurobonds), then lends the proceeds to the U.S. parent corporation. The U.S. corporation makes payments to the subsidiary, deducting the interest on its U.S. tax return. Generally, no withholding tax is collected and the foreign corporation is taxed in the Antilles at a low rate on the net interest income, deducting the interest paid to the Eurobond holder. The United States is currently renegotiating its tax treaty with the Netherlands Antilles.

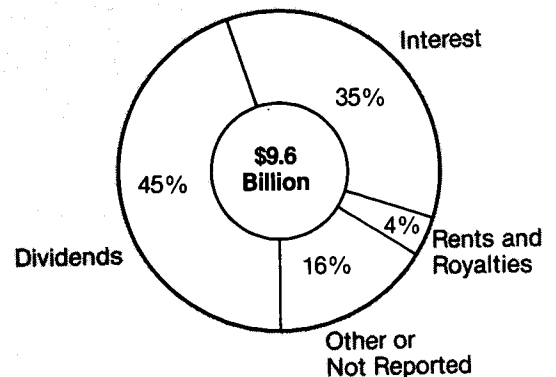
Income Type

Investment income, especially interest and dividends, made up the overwhelming majority of all income paid to nonresident aliens in 1981. As is shown in Figure C, dividend income totaled \$4.3 billion or 45 percent of all income. Interest income made up 35 percent of all income, followed by rent and royalty income which comprised 4 percent. Dividend income rose faster (36 percent) than interest income (29 percent) from 1980 to 1981 reversing the trend set in 1979 and continued in 1980.

Tax withheld on dividend income totaled \$496 million, or 68 percent of all tax. Generally, dividends are taxed at higher rates than interest income in tax treaty countries. This explains why dividends represented 45 percent of all income, but tax withheld on dividend income represented 68

Figure C

Percent of Total Income Paid By Income Type, 1981



percent of the total tax withheld. Consequently, only \$95 million of tax was withheld from interest income (13 percent of all tax) although interest payments of \$3.3 billion represented 35 percent of all income.

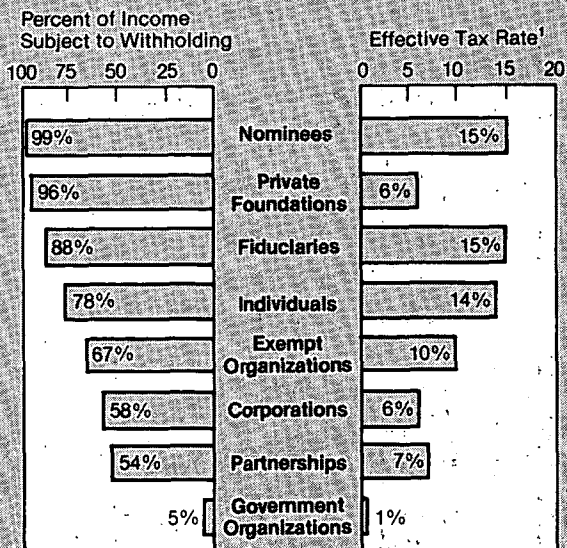
#### Type of Recipient

As in 1980, foreign corporations received the majority of nonresident alien income paid (73 percent) in 1981. Although individuals received the most payments (74 percent), these payments were much smaller (\$1,721) than the average payment to a corporation (\$92,285). Individuals received 8 percent of all income, but had 15 percent of the total tax withheld from their income. Corporations received 73 percent of all income but were responsible for only 61 percent of the total tax. This disparity existed because 42 percent of corporate income was exempt from withholding while only 22 percent of income paid to foreign individuals was exempt. Also, some tax treaties provide that dividend payments made to a foreign parent corporation are subject to a lower U.S. tax rate than dividends paid to other shareholders. Each of the other types of recipients received less than 5 percent of all income.

Figure D shows the percent of income subject to withholding and the effective tax rate (tax withheld divided by gross income) for eight different recipient types. As would be expected, the recipient types that had the highest percentage of their income subject to withholding also tended to have the highest effective tax rate, except for private foundations. This is because interest, dividend, rent, and royalty income paid to private foundations was taxed at 4 percent. These four income categories comprised 86 percent of all income paid to private foundations.

Figure D

#### Percent of Income Subject to Domestic Withholding and Effective Tax Rate, By Type of Recipient, 1981



<sup>1</sup>Using tax withheld by domestic withholding agents.

#### SUMMARY

Dividends and interest were the most common types of U.S. income paid to nonresident aliens. Tax withheld on dividend income greatly exceeded the tax withheld on interest income, however, as dividends tended to be taxed at higher rates in certain major tax treaty countries.

Although most payments went to individuals, the majority of the total income was paid to corporations. Other recipient types such as partnerships, fiduciaries, nominees, government organizations, exempt organizations, and private foundations received both a small percentage of all payments and a small percentage of the total income.

Recipients in the major Western industrial countries generally received most of all income paid; although, recipients in the Netherlands Antilles received more income than any other country. The Antilles, a tax haven country, received more U.S. source income than it produced in goods and services (represented by GNP). The vast majority of all income was, however, paid to countries that are not tax havens.

#### DATA SOURCES AND LIMITATIONS

Payers of income to nonresident aliens must withhold tax in accordance with Chapter 3 of the Internal Revenue Code. The Form 1042S is filed to report this income and the U.S. tax withheld. Often the payor has a financial institution act as withholding agent.

The present statistics are tabulated by calendar year, based on all Forms 1042S filed for Tax Year 1981. The years indicated in the tables represent the year in which the income was paid and the U.S. tax withheld, except for the tax from foreign governments and withholding agents. These amounts are shown by the year the tax was remitted to the United States under treaty agreements. Tax withheld amounts and percentages shown in Tables 2 and 3 and Figures A and D do not include tax withheld by foreign governments and withholding agents (except Canada). This additional withholding cannot be properly attributed to specific recipient and income types. Definitions and other information are available in IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations [2].

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

#### EXPLANATION OF TERMS

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

**Income Effectively Connected With A Trade or Business.**--Income that is effectively connected with the conduct of a trade or business in the United

States is exempt from withholding. This income is subject to the same tax rates that apply to U.S. citizens, residents, and corporations. For example, if a foreign corporation has operations in the U.S., a Form 1120F must be filed and appropriate taxes paid for the income of this operation. When income is then paid to the foreign owner it is considered connected with a trade or business and not retaxed.

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

**Nonresident Alien.**--For purposes of this article, a nonresident alien is defined as an individual whose residence is not within the United States and who is not a U.S. citizen. Also, corporations and other organizations created or organized outside the United States are considered nonresident aliens.

REFERENCES

- [1] World Bank, 1982 World Bank Atlas.
- [2] Department of the Treasury, Internal Revenue Service, Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations (Revised November 1981).

Table 1.--Number of Forms 1042S Filed, Gross Income Paid, Tax Withheld, and Other Items, by Selected Treaty and Nontreaty Countries, 1981

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	Domestic withholding agents	Foreign Governments and withholding agents
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total.....</b>	575,207	9,561,489	3,673,287	5,888,203	828,563	727,308	101,255
<b>Treaty country, total.....</b>	479,415	8,735,873	3,309,648	5,426,225	720,392	619,137	101,255
Australia.....	8,494	25,350	5,979	19,371	4,021	4,021	-
Austria.....	3,008	11,259	4,596	6,663	1,095	1,046	49
Belgium.....	11,870	117,749	14,036	103,712	16,301	15,206	1,095
Canada.....	258,241	1,238,255	449,317	788,939	115,368	115,367	1
Denmark.....	1,767	10,342	2,380	7,962	1,235	1,224	11
France.....	13,091	650,496	169,799	480,697	51,798	51,380	418
Germany, Federal Republic....	47,355	621,556	407,308	214,248	26,035	26,035	-
Greece.....	3,818	15,343	2,999	12,344	3,514	3,514	-
Ireland.....	3,694	14,231	8,386	5,845	919	826	93
Italy.....	6,936	47,948	17,778	30,170	6,853	6,853	-
Japan.....	5,630	519,568	139,756	379,812	38,687	38,687	-
Luxembourg.....	2,588	57,609	27,301	30,309	7,294	5,066	2,228
Netherlands.....	9,706	1,339,633	291,713	1,047,920	88,319	87,663	656
Netherlands Antilles.....	1,857	1,399,528	1,052,306	347,222	26,621	26,621	-
Norway.....	3,197	7,789	2,577	5,213	853	853	-
South Africa.....	2,029	4,300	544	3,755	1,089	1,089	-
Sweden.....	4,867	45,541	11,998	33,543	3,434	3,434	-
Switzerland.....	19,845	1,203,878	182,365	1,021,513	221,172	126,046	95,126
United Kingdom.....	65,524	1,357,044	503,748	853,296	100,260	98,682	1,578
Other treaty countries.....	5,898	48,454	14,762	33,691	5,524	5,524	-
<b>Nontreaty country, total.....</b>	95,792	825,617	363,639	461,978	108,172	108,172	-
Argentina.....	4,266	7,338	2,574	4,764	1,365	1,365	-
Bahamas.....	1,886	39,482	1,344	38,138	6,941	6,941	-
Bermuda.....	1,522	51,728	9,214	42,514	12,624	12,624	-
Brazil.....	1,935	7,014	1,489	5,524	1,556	1,556	-
Cayman Islands.....	718	24,391	17,402	6,989	2,003	2,003	-
Hong Kong.....	9,609	34,354	3,257	31,097	8,901	8,901	-
Israel.....	2,855	10,161	1,553	8,607	2,202	2,202	-
Kuwait.....	3,818	4,747	56	4,692	1,302	1,302	-
Liechtenstein.....	842	14,805	753	14,052	4,100	4,100	-
Mexico.....	8,576	30,666	4,843	25,823	7,558	7,558	-
Panama.....	2,531	45,966	8,260	37,707	10,905	10,905	-
Portugal.....	993	12,174	151	12,023	715	715	-
Puerto Rico.....	2,792	4,835	3,611	1,224	335	335	-
Saudi Arabia.....	1,593	211,322	207,600	3,722	1,078	1,078	-
Spain.....	3,777	17,123	5,895	11,228	3,073	3,073	-
United Arab Emirates.....	530	48,135	46,487	1,647	164	164	-
Venezuela.....	4,495	13,144	6,806	6,338	1,863	1,863	-
Other nontreaty countries....	43,054	248,232	42,344	205,889	41,487	41,487	-

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

## Nonresident Alien Income and Tax, 1981

Table 2.--Number of Forms 1042S Filed, Gross Income Paid, Tax Withheld, Average Gross Income Paid and Average Tax Withheld, by Selected Country of Recipient, 1981

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Gross income			Tax withheld		
		Total	Average per Form 1042S	Average as a percent of all country average	Total	Average per Form 1042S	Average as a percent of all country average
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All countries.....	575,207	9,561,489	17	100.0	727,308	1	100.0
Netherlands Antilles.....	1,857	1,399,528	754	4,533.8	26,621	14	1,134.1
Netherlands.....	9,706	1,339,633	138	830.3	87,663	9	714.5
Saudi Arabia.....	1,593	211,322	133	798.0	1,078	1	53.5
Japan.....	5,630	519,568	92	555.2	38,687	7	543.6
United Arab Emirates.....	530	48,135	91	546.4	164	( <sup>1</sup> )	24.4
Switzerland.....	19,845	1,203,878	61	364.9	126,046	6	502.5
British Virgin Islands.....	433	24,354	56	338.4	3,014	7	550.8
France.....	13,091	650,496	50	298.9	51,380	4	310.5
Bermuda.....	1,522	51,728	34	204.5	12,624	8	656.2
Cayman Islands.....	718	24,391	34	204.4	2,003	3	220.7
Luxembourg.....	2,588	57,609	22	133.9	5,066	2	154.9
Bahamas.....	1,886	39,482	21	125.9	6,941	4	291.2
United Kingdom.....	65,524	1,357,044	21	124.6	98,682	2	119.1
Antigua.....	226	4,509	20	120.0	2	( <sup>1</sup> )	0.8
Panama.....	2,531	45,966	18	109.3	10,905	4	340.9
Other countries.....	447,527	2,583,846	6	34.7	256,432	1	45.3

<sup>1</sup>Less than \$500.

Nonresident Alien Income and Tax, 1981

Table 3.--Number of Forms 1042S Filed, Gross Income Paid, and Tax Withheld by Selected Income Type, by Selected Recipient Type and Selected Country of Recipient, 1981

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Gross income paid	Tax withheld				
			Total	Interest	Dividend	Rent and royalty	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>ALL RECIPIENTS</b>							
Total.....	575,207	9,561,489	727,308	95,336	495,936	25,151	12,109
Bahamas.....	1,886	39,482	6,941	939	4,954	131	25
Belgium.....	11,870	117,749	15,206	3,319	8,758	10	49
Bermuda.....	1,522	51,728	12,624	4,953	5,594	1,495	123
Canada.....	258,241	1,238,255	115,367	34,570	49,040	5,624	1,552
France.....	13,091	650,496	51,380	8,683	34,982	1,758	516
Germany, Federal Republic.....	47,355	621,556	26,035	426	12,544	231	880
Hong Kong.....	9,609	34,354	8,901	836	7,713	38	19
Italy.....	6,936	47,948	6,853	907	1,949	2,632	556
Japan.....	5,630	519,568	38,687	7,310	11,131	7,029	735
Luxembourg.....	2,588	57,609	5,066	540	4,020	5	6
Mexico.....	8,576	30,666	7,558	1,104	3,511	1,437	186
Netherlands.....	9,706	1,339,633	87,663	511	78,984	10	373
Netherlands Antilles.....	1,857	1,399,528	26,621	1,410	24,995	46	20
Panama.....	2,531	45,966	10,905	1,252	7,926	74	59
Saudi Arabia.....	1,593	211,322	1,078	76	843	2	-
Sweden.....	4,867	45,541	3,434	143	1,250	13	858
Switzerland.....	19,845	1,203,878	126,046	15,903	99,926	347	532
United Arab Emirates.....	530	48,135	164	1	155	-	1
United Kingdom.....	65,524	1,357,044	98,682	1,700	85,206	750	2,525
Other countries.....	101,450	501,031	78,097	10,753	52,455	3,519	3,094
<b>INDIVIDUALS</b>							
Total.....	426,142	733,383	106,191	12,102	63,597	7,611	10,694
Bahamas.....	862	3,267	813	74	621	89	25
Belgium.....	7,450	8,999	1,132	134	869	3	49
Bermuda.....	682	1,968	518	47	309	27	121
Canada.....	196,383	162,676	18,010	2,809	9,556	1,431	1,229
France.....	10,608	45,394	4,569	667	2,582	571	504
Germany, Federal Republic.....	39,598	57,317	5,478	311	3,549	224	880
Hong Kong.....	7,658	16,470	4,589	173	4,340	27	16
Italy.....	5,833	24,659	5,198	436	779	2,631	556
Japan.....	3,896	16,861	1,514	183	417	116	337
Luxembourg.....	935	2,241	415	6	402	-	1
Mexico.....	7,624	20,176	5,096	541	2,671	1,006	186
Netherlands.....	5,527	26,533	2,887	26	2,402	4	367
Netherlands Antilles.....	481	8,625	697	14	601	28	14
Panama.....	1,372	10,954	2,948	306	2,366	2	50
Saudi Arabia.....	1,398	3,068	698	32	507	2	-
Sweden.....	4,321	8,767	1,569	106	298	13	857
Switzerland.....	9,809	75,095	10,666	791	8,739	286	382
United Arab Emirates.....	438	270	72	1	63	-	1
United Kingdom.....	37,803	86,851	9,965	496	5,621	246	2,234
Other countries.....	83,464	153,192	29,357	4,949	16,905	905	2,885
<b>CORPORATIONS</b>							
Total.....	76,036	7,017,018	447,207	67,970	286,802	16,748	1,260
Bahamas.....	689	16,057	4,577	794	3,462	42	-
Belgium.....	3,703	89,769	11,218	2,810	5,798	7	-
Bermuda.....	455	42,493	10,028	4,737	3,867	1,387	2
Canada.....	33,148	883,777	73,499	28,927	20,887	3,987	250
France.....	1,155	465,644	28,362	3,283	19,745	1,109	11
Germany, Federal Republic.....	2,119	289,204	14,676	86	5,470	6	-
Hong Kong.....	628	10,976	2,550	593	1,691	11	3
Italy.....	430	19,567	1,157	442	715	-	-
Japan.....	1,403	478,570	35,154	6,638	10,420	6,745	390
Luxembourg.....	997	41,791	3,178	421	2,351	5	5
Mexico.....	370	7,262	1,945	498	458	426	-
Netherlands.....	2,041	1,165,835	63,890	448	56,433	2	1
Netherlands Antilles.....	1,163	1,329,669	19,020	1,363	17,623	12	7
Panama.....	849	29,257	6,777	846	4,485	71	10
Saudi Arabia.....	32	615	180	26	154	-	-
Sweden.....	153	30,360	1,352	31	620	-	1
Switzerland.....	4,414	885,624	85,427	11,071	66,219	55	120
United Arab Emirates.....	16	347	52	-	52	-	-
United Kingdom.....	14,178	967,978	47,240	738	40,634	425	288
Other countries.....	8,093	262,223	36,925	4,218	25,718	2,458	172

# Individual Income Tax Returns: Selected Characteristics From the 1982 Taxpayer Usage Study

By Dorothea Riley\*

The number of individual income tax returns filed through April of this year was 90.0 million, down by about 0.7 million from the comparable period last year. This decline was influenced by many factors; the most important of these may have been the passage of the Economic Recovery Tax Act of 1981, as explained below, and the decrease in average employment of about 850,000 in Tax Year 1982 [1]. Also contributing to the decline may have been the impact of the automatic four-month extension of time to file this year, compared to the automatic two-month extension last year.

The overall decline in total returns filed was in the number of short forms filed--when Forms 1040A and the new, simpler, Forms 1040EZ were combined, the total volume was down by 1.8 million or 5.0 percent from the comparable period last year. The switch from the short to the long form reflects patterns observed in prior years when new tax laws were implemented making one tax form more desirable than the other [2].

This year, a new form, the Form 1040EZ, was provided for use by certain single taxpayers [3]. Use of this Form 1040EZ was encouraged because it provided significant simplification for eligible filers. Through April, nearly 15 million taxpayers had filed their individual income tax returns on the new Form 1040EZ (see Table 1).

Two new lines were added to the Form 1040A, one for the deduction for married couples when both worked and the other for a limited charitable contributions deduction for non-itemizers. Still, the proportion of Forms 1040 filed continued to increase (see below).

Number of Forms 1040, 1040A, and 1040EZ Filed  
Through April  
(Thousands of returns)

Form Type	1980	1981	1982
Total...	89,154	90,670	89,964
Long form (1040)...	52,840	53,544	54,687
Short forms, total	36,314	37,126	35,277
1040A.....	36,314	37,126	20,492
1040EZ.....	-	-	14,785

## FILING IMPACT OF ECONOMIC RECOVERY TAX ACT

The Economic Recovery Tax Act of 1981 included a number of provisions that took effect on January 1, 1982 that would cause taxpayers who had previously filed their tax returns on a Form 1040A to file their 1982 tax returns on a Form 1040. Two major changes which might have produced this shift are the Individual Retirement Accounts and the two-earner marital deductions. These two factors, either directly or indirectly could account for much of the increase in the number of Forms 1040 filed. For

example, the more liberalized laws on the eligibility requirement for Individual Retirement Accounts (IRAs) made it possible for more people to be eligible to purchase IRAs, and as a result caused a substantial increase in the number of 1040 returns filed reporting payments to an IRA, over the comparable period last year. Taxpayers who previously filed on a Form 1040A because they had no adjustments to income, but this year purchased an IRA, were now required to file a Form 1040.

## Payments to an Individual Retirement Account (IRA)

An estimated 11.4 million taxpayers (Table 2.1) claimed IRA deductions on their 1982 Forms 1040--more than 3 1/2 times last year's figure when only 3.2 million taxpayers reported payments to an IRA. Beginning in 1982, taxpayers could purchase IRA accounts even if they were covered by their employer's pension plan. The limitation on the IRA deduction was \$2,000 per individual (or that individual's earned income, whichever was less). For 1981 and earlier years, the limitation was \$1,500 (or 15 percent of the individual's earned income, whichever was less). Married individuals, when both were employed, were limited to a combined \$4,000 for their separate IRAs. Married couples with only one wage earner could claim a total of \$2,250. However no more than \$2,000 could be contributed to either spouse's IRA. The amounts paid into the IRA accounts could be claimed as adjustments to income and deducted in arriving at adjusted gross income (AGI).

Table 2.2 shows the number of taxpayers claiming IRA deductions and the maximum amount allowed for their filing status. Of the 11.4 million taxpayers reporting payments to an IRA, almost 4 million of them reported payments of \$2,000 exactly and 3.1 million reported payments of \$2,251 to \$4,000. As expected, the higher the income, the more likely the taxpayer would be to purchase an IRA. For taxpayers with AGIs over \$30,000, the percentage claiming an IRA deduction was 58.4. By contrast, taxpayers with AGIs under \$20,000 reported IRA deductions on only 18.4 percent of the returns. IRA deductions were most often reported on returns filed by married taxpayers filing joint returns and least often reported by married taxpayers filing separate returns.

## Two-Earner Marital Deduction

The new deduction for two-earner married couples, which was intended to eliminate the so-called marriage penalty [4], was claimed on 45.0 percent of all the joint returns filed through April. This deduction could be claimed whether or not the taxpayers itemized their other deductions. Table 3 shows that 20.3 million taxpayers claimed the marital deduction on their joint returns.

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## Individual Income Tax Returns, 1982 Taxpayer Usage Study

Taxpayers who filed on Form 1040 and claimed the two-earner marital deduction were required to attach a Schedule W (Deduction for a Married Couple When Both Work). Almost 17 million Form 1040 filers attached Schedules W to their 1040.

### Charitable Contributions for Non-Itemizers

A new limited deduction for charitable contributions was allowed for Tax Year 1982 for taxpayers who did not itemize their deductions. The deduction was for 50 percent of charitable contributions, but the maximum amount of this limited deduction was \$25 (\$12.50 for married taxpayers filing separate returns). This deduction could be claimed on any of the three forms. An estimated 20.8 million taxpayers claimed the limited deduction for charitable contributions. It was claimed on 51.8 percent of the Forms 1040 without itemized deductions, 26.9 percent of the Forms 1040A and 22.6 percent of the Forms 1040EZ.

Charitable Contributions	Non-itemized returns--Forms (returns in thousands)			
	Total	1040	1040A	1040EZ
Entry, total.....	20,809	12,054	5,412	3,342
\$1 under \$25.....	4,257	1,688	1,285	1,284
\$25.....	15,454	9,579	3,828	2,047
More than \$25.....	1,099	788	298	*13

As can be seen above about three fourths or 15.5 million of the returns claiming the limited charitable contribution took the maximum \$25. An estimated 1.1 million taxpayers erroneously claimed in excess of the \$25 maximum (most of these were merely entries placed on the wrong line).

### All-Savers Certificate Interest

Exclusion of interest received on the All-Savers Certificate (ASC) was reported on 4.6 million of the returns filed through April of this year. Last year there were only 1.2 million such returns filed for the comparable period. The maximum exclusion was \$2,000 for joint returns, \$1,000 for all others. For Tax Year 1982, the amounts of ASC exclusion had to be reduced by any ASC interest excluded for Tax Year 1981.

The 4.6 million ASC returns for Tax Year 1982 represents a full year's worth of activity whereas last year the 1.2 million represented only the first three months of ASC activity. (The certificates were not available until October 1, 1981, and many financial institutions had reported that they would pay interest on ASC's only at the end of their one-year term) [5]. Of the 4.6 million taxpayers reporting All Savers Certificate Interest exclusion, 4.3 million of them filed a Form 1040, as might be expected, since such taxpayers tend to have higher incomes than short form filers (see Table 4).

### Public Utility Dividend Exclusion

For Tax Year 1982, a new exclusion of certain reinvested dividends from public utility companies was allowed. Up to \$750 a year (\$1,500 on a joint return) of dividends from utility companies could be excluded from taxable income if the dividend proceeds were reinvested in additional shares under a qualifying company reinvestment plan. An estimated 872 thousand taxpayers had an entry for Exclusion of Qualified Dividend Reinvestment in Stock from Public Utilities; 309 thousand of these also reported All Savers Certificate Interest exclusions.

Form 1040 Returns with Exclusion for Reinvested Public Utility Dividends: Size of Exclusion by Presence or Absence of All-Savers Certificate Interest Exclusion  
(Number of Returns in Thousands)

Amount of Reinvested Dividend	All-Savers Certificate Interest Exclusion		
	Total	Entry	No Entry
Total.....	872	309	563
Under \$750.....	647	211	436
\$750.....	*28	*14	*14
\$751 under \$1,500...	*56	*14	*42
\$1,500.....	141	*70	*70

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

### SHIFTS IN FILING STATUS

Figure A shows the distribution of returns by filing status for the past two years. The decline between tax years 1981 and 1982 in taxpayers filing single returns and the increase in jointly filed returns are quite apparent.

Filing Status	Number of Returns		Percent Change
	1981	1982	
Total.....	90,670	89,964	- 0.8
Joint Returns.....	42,330	44,977	6.3
Nonjoint Returns.....	48,340	44,987	- 7.5
Long Forms.....	53,544	54,687	2.1
Joint Returns.....	34,019	36,205	6.4
Nonjoint Returns.....	19,525	18,482	- 5.6
Short Forms.....	37,126	35,277	- 5.0
Joint Returns.....	8,310	8,773	5.6
Nonjoint Returns.....	28,816	26,504	- 8.7

Married taxpayers who may have previously filed single returns or separate returns on Form 1040A may have preferred to file a joint return for Tax Year 1982 in order to claim the two-earner marital deduction. When their incomes were combined, the taxable amount may have exceeded the \$50,000 limit for the Form 1040A, and, thus, they were required to file on the Form 1040. This year, the number of married couples filing jointly on the long Form 1040 increased by 2.2 million, while there was a corresponding decline of 2.5 million of single filers on the short forms.

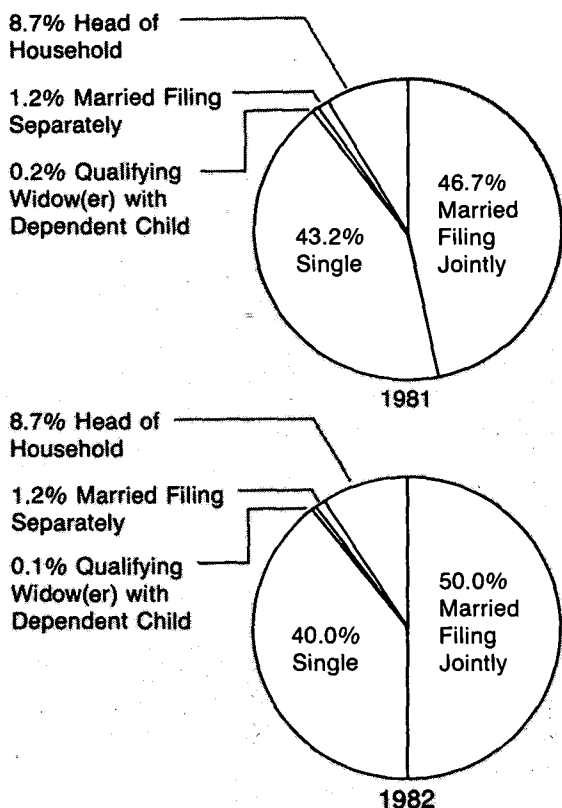
### INCOME DISTRIBUTION AND NONTAXABLE STATUS

The percentage of returns with AGI's of \$15,000 or more increased from 44.8 percent for 1980 to 48.6 percent for 1982. During the same period, returns with AGI's under \$15,000 decreased from 55.1 percent to about 51.4 percent.

Tax Year	Adjusted Gross Income (Percent of Total)	
	Under \$15,000	\$15,000 or more
1980.....	55.1	44.8
1981.....	54.0	45.9
1982.....	51.4	48.6

The number of returns with AGI's of \$50,000 or more increased from 2.5 million for 1980 to about 3.0 million for 1981, and 3.7 million for 1982. Inflation, as well as higher real incomes, contributed to the increase. Since IRA contributions and the two-earner marital deduction are adjustments to income which are

Figure A  
Distribution of Tax Returns by Filing Status Tax Years 1981 and 1982



deducted in calculating AGI, they affected AGI reported on a return, and, thus, may have slowed the rate of increase of returns moving into higher AGI classes. Still, the movement into higher AGI classes is evident as can be seen for the three years in Figure B. The greatest movement was in the AGI class \$30,000 under \$50,000.

Nontaxable Returns

Of the 90 million returns filed through April of this year, 17.1 percent showed no entry for income tax (income tax before credits), compared to 19.7 percent with no entry for income tax for 1981. This decline for Tax Year 1982 is directly related to the sharp decline in the number of returns filed with incomes under \$5,000 from (19 million for 1981 to less than 15 million for 1982). The extent to which taxpayers who were in this income bracket experienced increases in income, thereby becoming taxable, or decreases in income, thereby falling below the filing requirement level and dropping out of the tax system, has not been determined. Table 5 shows the total number of returns filed, with and without an entry for income tax, for Tax Years 1980, 1981, and 1982, by size of adjusted gross income.

PAID PREPARER SIGNATURES

The proportion of returns with a paid preparer signature was 40.1 percent for Tax Year 1982 compared to 37.3 percent for Tax Year 1981. The proportion of

returns with a paid preparer signature had been on a decline for a number of years [6]. The increase for 1982 was concentrated in the Forms 1040 where 56.8 percent had a paid preparer signature (See Table 6).

As expected, when the ratio of Forms 1040 to Forms 1040A/1040EZ is on the rise, the percent of returns with paid preparer signature also rises because taxpayers using the Forms 1040 are concentrated in the higher AGI classes and tend to have more complex tax returns. Although the new Form 1040EZ contained only 11 lines, with instructions for each line on the reverse of the form, 3.3 percent of these returns had a paid preparer signature. Figure C illustrates the degree to which use of paid preparers increases as AGI increases.

ATTACHED FORMS AND SCHEDULES

The Form W-2 (Wage and Earning Statement) continues to be the most prevalent attachment to the tax returns, followed by the Schedule A (Itemized Deductions) and the Schedule B (Interest and Dividend Income). Table 7 shows that the W-2 Statement was attached to 85.5 percent of all the returns filed--on almost 96 percent of the Forms 1040A and on 98 percent of the Forms 1040EZ, compared to 78.2 percent for Forms 1040.

The percentage of Forms 1040 with Schedules A attached has steadily increased, from 46.7 percent in 1978 to 57.4 percent in 1982 (see below). These estimates represent an increase of almost 11 percentage points for the five-year period and an increase of 4.7 percentage points from 1981 to 1982. The increase from 1981 to 1982 is probably due to increases in average incomes and expenditures without a corresponding increase in the allowable standard deduction. It is reasonable to assume that as inflation rises, expenditures for deductible items, such as deductions for real estate taxes, interest on

Tax Year	Percent with Itemized Deductions	
	Form 1040	All Returns
1978.....	46.7	27.6
1979.....	49.6	28.9
1980.....	51.7	30.6
1981.....	52.7	31.1
1982.....	57.4	34.9

Figure B  
Percent of Returns by Adjusted Gross Income Class  
Tax Years 1980, 1981, 1982

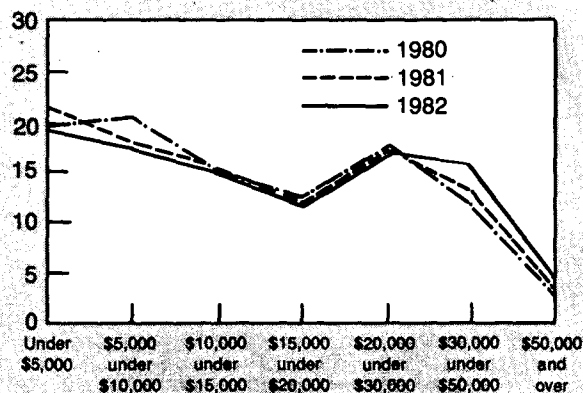
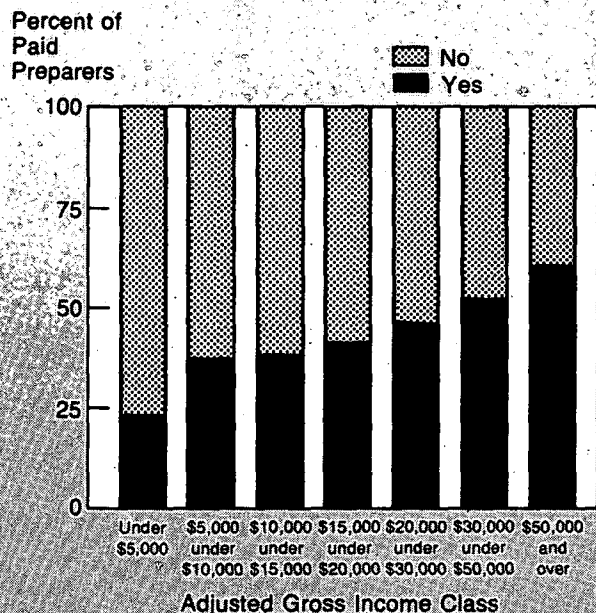




Figure C  
Use of Paid Preparers by Adjusted Gross  
Income Class



home mortgages, and interest paid on consumer installment credit also rise. Purchasing of residential real estate was on the rise in 1982. According to statistics published by the Federal Reserve System, the level of new home construction and home mortgage loans were nearly 50 percent above the cyclical low reached a year earlier. As mortgage rates began to decline during 1982, the demand for new houses escalated [7].

The percentage of Forms 1040 with a Schedule B attached was virtually unchanged--47.0 percent for 1981 and 46.6 percent for 1982 (see Table 9).

The percentage of Form 1040 returns with the Form 4562 (Depreciation) attached was 14.2 for 1982, compared to 7.7 percent for 1981. This increase was caused by a provision of the Economic Recovery Tax Act of 1981 which revoked the old depreciation system based on the "useful life" of property, and replaced it with the Accelerated Cost Recovery System (ACRS) for business property placed in service after December 31, 1980. The ACRS provides for a faster write-off of business assets. It may have encouraged self-employed persons to replace older equipment earlier.

#### UNEMPLOYMENT COMPENSATION

An estimated 10.4 million of the taxpayers who filed through April reported unemployment compensation as income for Tax Year 1982. About 7 million of these taxpayers were married filing a joint return. About 5.3 million taxpayers reported both taxable and nontaxable unemployment compensation, while almost 4.9 million reported no taxable unemployment compensation. The amounts above which unemployment compensation became taxable were lowered from Tax Year 1981 to Tax Year 1982, from \$25,000 to \$18,000 for married taxpayers filing jointly, and from \$20,000 to \$12,000 for other taxpayers (see Table 8).

#### OFFICIAL PREAMDRESSED LABEL AND ENVELOPE USAGE

Use of the official IRS mailing labels increased by 2.0 percentage points over the comparable period last year. Returns without paid preparer signatures were more likely to have the label than were those with a paid preparer signature--34.9 million without a paid preparer signature and 20.8 million with a paid preparer signature used the label. However, in spite of the fact that a smaller proportion of 1040A's than of 1040's had paid preparer signatures, label usage was lower on these forms than on the 1040 (see Table 10).

Use of official IRS coded envelopes also increased for Tax Year 1982--from 75.7 percent in 1981 to 77.2 percent for Tax Year 1982. Use of the envelope was greatest with the new Form 1040EZ and least for the Form 1040, possibly reflecting practices of paid preparers to mail several tax returns they prepared in one envelope.

A new return envelope with a refund check box was placed in the 1982 Individual Income Tax Packages. Taxpayers were encouraged to use the return envelope and to indicate (by placing an X in the check box) if the return enclosed was a "refund" return. The objective was to allow the Internal Revenue Service to presort mail into refund and non-refund items so that the non-refund items, which had the highest probability of having a remittance enclosed, could be opened first. This procedure was intended to increase the government's cash flow and thereby produce a savings in interest costs to the government. It is estimated that 55.7 percent of all the returns were "refund" returns, 53.0 percent of them had an X in the check box on the envelope (see Table 11).

#### DATA SOURCES AND LIMITATIONS

Data for the Taxpayer Usage Studies (TPUS) were derived from a continuous daily sampling of returns at the time of their receipt at the Internal Revenue Service Centers. Sampling was conducted at a designated 1 in 13,000 rate for Tax Years 1979 and 1980--and 1 in 15,000 for Tax Years 1981 and 1982. Estimates from the annual Taxpayer Usage Studies apply exclusively to the Forms 1040, 1040A, and 1040EZ Individual Income Tax Returns filed on current year tax forms, and cover about 94 percent of the total individual returns expected to be filed for the year. The designed sampling rate was set at 1 in 15,000 in order to yield a sample of about 6,500 Forms 1040, 1040A, and 1040EZ from the Tax Year 1982 filing population, projected to be about 95.5 million individual income tax returns. However, in recent years, the average effective sampling rate has exceeded the designated rate; in addition, the effective rate for 1040A's has exceeded that for 1040's. The effective rate for the 1040EZ's exceeded that for the 1040A's and the 1040's for Tax Year 1982. Because of the differences between designed and effective sampling rates, the estimation procedure is based on using the inverse of the effective sampling rates (for Forms 1040, 1040A, and 1040EZ separately) as the weighting factors for the returns in the sample. For example for Tax Year 1982, the official IRS Service Center count of Forms 1040 received by April 29, 1983 was 54,687,000, while the number of 1040's in the sample was 3,888. Thus the effective weight for Forms 1040 was 14,066 (54,687,000 divided by 3,888). For Forms 1040A the official IRS count received by April 29 was 20,492,000, and the number of sample 1040A's was 1,579. The weight assigned was 12,978. For Forms 1040EZ the official IRS count received by April 29 was 14,785,000 while the number

of sample 1040EZ's was 1,163. Thus, the weight assigned was 12,713. Because the TPUS samples are not stratified by income size and the sampling rates are low, only frequency estimates are available.

As the data presented in this article are estimates based on sample of documents filed with the Internal Revenue Service, they are subject to sampling, as well as nonsampling, errors. To properly use the statistical data provided, the magnitude of the sampling errors must be known. Coefficients of Variation (CV's), computed from the sample, are used to measure the magnitude of the sampling errors.

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

Estimated Number of Returns	Approximated Coefficient of Variation
89,964,000	.01
35,163,000	.02
15,628,000	.03
8,791,000	.04
5,626,000	.05
1,407,000	.10
625,000	.15
352,000	.20
156,000	.30
115,000	.35
56,000	.50

## NOTES AND REFERENCES

The statistics in this article are based in all cases and for all years on filings through the end of April. Data from the entire year's filings for 1982 will appear separately in a subsequent issue of the Bulletin using the larger Statistics of Income sample now being processed.

- [1] Table A1, Employment and Earnings, Bureau of Labor Statistics, U.S. Department of Labor, February, 1983.
- [2] Riley, Dorothea, "Individual Income Tax Returns: Selected Characteristics from the 1981 Taxpayer Usage Study," SOI Bulletin, Vol. 2, No. 1, page 21.
- [3] Form 1040EZ could be used by certain single taxpayers with income from wages, salaries and tips, with \$400 or less of interest income, no dependents, and having less than \$50,000 in taxable income. Taxpayers who could be claimed as dependents by their parents could not use Form 1040EZ.
- [4] Sailer, Peter J. "Using Tax Returns to Study Wage and Taxpaying Patterns by Sex, 1969 and 1974," 1976 American Statistical Association Proceedings, Social Statistics Section, pp. 734-740.
- [5] For Tax Year 1981, 105,000 taxpayers--74,000 Married filing joint taxpayers and 31,000 Single taxpayers--reported the maximum amount of ASC interest exclusion for their filing status.
- [6] Riley, Dorothea, op. cit., page 23.
- [7] Federal Reserve Bulletin, February 1983, pages A16 and A42.

## Individual Income Tax Returns, 1982 Taxpayer Usage Study

Table 1.--All Returns: Entry for Filing Status, Classified by Adjusted Gross Income and by Type of Return, Tax Year 1982

[All figures are estimates based on samples--numbers of returns are in thousands]

Filing status	Total	Negative AGI	No entry on line AGI	Size of adjusted gross income						
				\$1 under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns filed.....	89,964	*14	2,362	14,753	15,650	13,472	10,571	15,343	14,100	3,699
Single.....	35,998	-	1,149	11,052	8,546	6,472	4,030	3,238	1,328	183
Married filing joint return....	44,977	*14	861	2,209	4,495	5,084	5,415	11,048	12,406	3,446
Married filing separate return.	1,047	-	*78	198	385	109	136	*70	*56	*14
Unmarried, head of household...	7,842	-	274	1,281	2,196	1,806	990	958	281	*56
Qualifying widow(er) with dependent child.....	*98	-	-	*14	*28	-	-	*28	*28	-
All Form 1040 returns filed.....	54,687	*14	436	3,995	6,836	6,794	6,850	12,561	13,503	3,699
Single.....	14,361	-	197	2,279	3,249	2,532	2,152	2,532	1,238	183
Married filing joint return....	36,205	*14	225	1,378	2,743	3,319	3,896	9,283	11,899	3,446
Married filing separate return.	450	-	-	*42	113	*70	*84	*70	*56	*14
Unmarried, head of household...	3,573	-	*14	281	703	872	717	647	281	*56
Qualifying widow(er) with dependent child.....	*98	-	-	*14	*28	-	-	*28	*28	-
All Form 1040A returns filed.....	20,492	-	1,544	4,529	5,178	3,932	2,297	2,427	584	N.A.
Single (one exemption claimed).	6,126	-	519	2,401	1,479	1,025	376	260	*65	-
Single (multiple exemptions claimed).....	727	-	*52	143	182	169	*78	*91	*13	-
Married filing joint return....	8,773	-	636	831	1,752	1,765	1,518	1,765	506	-
Married filing separate return.	597	-	*78	156	273	*39	*52	-	-	-
Unmarried, head of household...	4,270	-	260	999	1,492	934	273	311	-	-
All Form 1040EZ returns filed....	14,785	-	381	6,229	3,636	2,746	1,424	356	*13	N.A.
Not modified.....	14,785	-	381	6,229	3,636	2,746	1,424	356	*13	-

N.A. - Not applicable

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

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

Individual Income Tax Returns, 1982 Taxpayer Usage Study

Table 2.1--Form 1040 Returns: Entry for Payments to an IRA, Classified by Size of Adjusted Gross Income, Tax Year 1982

[All figures are estimates based on samples--numbers of returns are in thousands]

Payments to an IRA (Line 25)	Total	Size of adjusted gross income						
		Under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All 1040 returns filed.....	54,687	4,445	6,836	6,794	6,850	12,561	13,503	3,699
Returns with payments to an IRA, total.....	11,351	*84	309	633	1,069	2,630	4,501	2,124
\$1 under \$2,000.....	2,124	*70	141	239	352	591	717	*14
\$2,000.....	3,981	-	127	324	549	1,027	1,336	619
\$2,001 under \$2,250.....	*84	-	-	-	*14	*28	*28	*14
\$2,250.....	2,025	-	*28	*56	*28	478	816	619
\$2,251 to \$4,000.....	3,094	-	*14	*14	127	506	1,589	844
More than \$4,000.....	*42	*14	-	-	-	-	*14	*14
Returns without payments to an IRA.....	43,336	4,360	6,526	6,161	5,781	9,930	9,002	1,575
		Percentage of returns						
All 1040 returns filed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Returns with payments to an IRA, total.....	20.8	1.9	4.5	9.3	15.6	20.9	33.3	57.4
\$1 under \$2,000.....	3.9	1.6	2.1	3.5	5.1	4.7	5.3	0.4
\$2,000.....	7.3	-	1.9	4.8	8.0	8.2	9.9	16.7
\$2,001 under \$2,250.....	0.2	-	-	-	0.2	0.2	0.2	0.4
\$2,250.....	3.7	-	0.4	0.8	0.4	3.8	6.0	16.7
\$2,251 to \$4,000.....	5.7	-	0.2	0.2	1.8	4.0	11.8	22.8
More than \$4,000.....	0.1	0.3	-	-	-	-	0.1	0.4
Returns without payments to an IRA.....	79.2	98.1	95.5	90.7	84.4	79.1	66.7	42.6

Table 2.2--Form 1040 Returns: Entry for Payments to an IRA, Classified by Filing Status, Tax Year 1982

[All figures are estimates based on samples--numbers of returns are in thousands]

Payments to an IRA (Line 25)	Total	Filing status				
		Single	Married filing joint return	Married filing separate return	Unmarried head of household	Qualifying widow(er)
	(1)	(2)	(3)	(4)	(5)	(6)
All 1040 returns filed.....	54,687	14,361	36,205	450	3,573	*98
Returns with payments to an IRA, total.....	11,351	1,913	8,946	*14	450	*28
\$1 under \$2,000.....	2,124	549	1,477	-	*98	-
\$2,000.....	3,981	1,364	2,222	*14	352	*28
\$2,001 under \$2,250.....	*84	-	*84	-	-	-
\$2,250.....	2,025	-	2,025	-	-	-
\$2,251 to \$4,000.....	3,094	-	3,094	-	-	-
More than \$4,000.....	*42	-	*42	-	-	-
Returns without payments to an IRA.....	43,336	12,448	27,259	436	3,123	*70
		Percentage of returns				
All 1040 returns filed.....	100.0	100.0	100.0	100.0	100.0	100.0
Returns with payments to an IRA, total.....	20.8	13.3	24.7	3.1	12.6	28.6
\$1 under \$2,000.....	3.9	3.8	4.1	-	2.8	-
\$2,000.....	7.3	9.5	6.1	3.1	9.8	28.6
\$2,001 under \$2,250.....	0.2	-	0.2	-	-	-
\$2,250.....	3.7	-	5.6	-	-	-
\$2,251 to \$4,000.....	5.7	-	8.5	-	-	-
More than \$4,000.....	0.1	-	0.1	-	-	-
Returns without payments to an IRA.....	79.2	86.7	75.3	96.9	87.4	71.4

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

## Individual Income Tax Returns, 1982 Taxpayer Usage Study

Table 3.--Form 1040 and Form 1040A Joint Returns: Entry for Deduction for Married Couples, Classified by Size of Adjusted Gross Income, Tax Year 1982

[All figures are estimates based on samples--numbers of returns are in thousands]

Size of Deduction for Married Couple	Total	Size of adjusted gross income						
		\$1 under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All joint 1040 and 1040A returns filed <sup>1</sup> .....	45,073	3,084	4,535	5,097	5,443	11,062	12,406	3,446
Returns with entry for deduction for married couple, total.....	20,296	161	860	1,617	2,312	5,668	8,117	1,561
\$1 under \$1,250.....	19,975	161	847	1,604	2,312	5,612	8,103	1,336
\$1,250 under \$1,499.....	127	-	-	-	-	*28	*14	*84
\$1,500.....	169	-	-	-	-	*28	-	141
More than \$1,500.....	*26	-	*13	*13	-	-	-	-
Returns without entry for deduction for married couple.....	24,777	2,923	3,675	3,480	3,131	5,394	4,289	1,885
All joint 1040 returns filed.....	36,261	1,617	2,757	3,319	3,924	9,298	11,899	3,446
Returns with entry for deduction for married couple, total.....	17,104	*70	549	942	1,533	4,656	7,792	1,561
\$1 under \$1,250.....	16,808	*70	549	942	1,533	4,599	7,778	1,336
\$1,250 under \$1,499.....	127	-	-	-	-	*28	*14	*84
\$1,500.....	169	-	-	-	-	*28	-	141
More than \$1,500.....	-	-	-	-	-	-	-	-
Returns without entry for deduction for married couple.....	19,157	1,547	2,208	2,377	2,391	4,642	4,107	1,885
All joint 1040A returns filed <sup>1</sup> .....	8,812	1,467	1,777	1,778	1,519	1,765	506	N.A.
Returns with entry for deduction for married couple, total.....	3,193	*91	311	675	779	1,012	324	-
\$1 under \$1,250.....	3,167	*91	298	662	779	1,012	324	-
\$1,250 under \$1,499.....	-	-	-	-	-	-	-	-
\$1,500.....	-	-	-	-	-	-	-	-
More than \$1,500.....	*26	-	*13	*13	-	-	-	-
Returns without entry for deduction for married couple.....	5,619	1,376	1,466	1,103	740	753	182	-

N.A. - Not applicable.

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

<sup>1</sup>This number exceeds the total joint Forms 1040 and 1040A shown in Table 1 because of erroneous entries for the marital deduction on nonjoint returns, which would later be disallowed by the IRS.

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

Individual Income Tax Returns, 1982 Taxpayer Usage Study

Table 4.--All Form 1040 and Form 1040A Returns: Entry for All Savers Certificate Interest Exclusion, Classified by Filing Status, Tax Year 1982

[All figures are estimates based on samples--numbers of returns are in thousands]

Amount of All Savers Certificate Interest Exclusion (Schedule B, Line 6, Form 1040; Page 2, Line 5, Form 1040A)	Total	Filing status					
		Single	Married filing joint return	Married filing separate return	Unmarried head of household	Qualifying widow(er)	
	(1)	(2)	(3)	(4)	(5)	(6)	
All Form 1040 and 1040A returns filed.....	75,179	21,213	44,977	1,047	7,842	*98	
Returns with ASC exclusions, total.....	4,565	1,027	3,398	*55	*84	-	
Under \$1,000.....	1,848	682	1,082	*14	*70	-	
\$1,000.....	401	318	*28	*41	*14	-	
\$1,001 under \$2,000.....	1,206	*27	1,179	-	-	-	
\$2,000.....	1,109	-	1,109	-	-	-	
Returns without ASC exclusions.....	70,614	20,186	41,579	992	7,758	*98	
All Form 1040 returns filed.....	54,687	14,361	36,205	450	3,573	*98	
Returns with ASC exclusions, total.....	4,318	858	3,334	*42	*84	-	
Under \$1,000.....	1,744	591	1,069	*14	*70	-	
\$1,000.....	324	253	*28	*28	*14	-	
\$1,001 under \$2,000.....	1,167	*14	1,153	-	-	-	
\$2,000.....	1,083	-	1,083	-	-	-	
Returns without ASC exclusions.....	50,368	13,503	32,871	408	3,488	*98	
All Form 1040A returns filed.....	20,492	6,852	8,773	597	4,270	N.A.	
Returns with ASC exclusions, total.....	247	169	*65	*13	-	-	
Under \$1,000.....	104	*91	*13	-	-	-	
\$1,000.....	*78	*65	-	13	-	-	
\$1,001 under \$2,000.....	*39	*13	*26	-	-	-	
\$2,000.....	*26	-	*26	-	-	-	
Returns without ASC exclusions.....	20,245	6,686	8,708	584	4,270	-	
		Percentage of returns					
All Form 1040 and 1040A returns filed.....	100.0	100.0	100.0	100.0	100.0	100.0	
Returns with ASC exclusions, total.....	6.1	4.8	7.6	5.3	1.1	-	
Under \$1,000.....	2.5	3.2	2.4	1.3	0.9	-	
\$1,000.....	0.5	1.5	0.1	3.9	0.2	-	
\$1,001 under \$2,000.....	1.6	0.1	2.6	-	-	-	
\$2,000.....	1.5	-	2.5	-	-	-	
Returns without ASC exclusions.....	93.9	95.2	92.4	94.7	98.9	100.0	
All Form 1040 returns filed.....	100.0	100.0	100.0	100.0	100.0	100.0	
Returns with ASC exclusions, total.....	7.9	6.0	9.2	9.4	2.4	-	
Under \$1,000.....	3.2	4.1	3.0	3.1	2.0	-	
\$1,000.....	0.6	1.8	0.1	6.3	0.4	-	
\$1,001 under \$2,000.....	2.1	0.1	3.2	-	-	-	
\$2,000.....	2.0	-	3.0	-	-	-	
Returns without ASC exclusions.....	92.1	94.0	90.8	90.6	97.6	100.0	
All Form 1040A returns filed.....	100.0	100.0	100.0	100.0	100.0	N.A.	
Returns with ASC exclusions, total.....	1.2	2.5	0.7	2.2	-	-	
Under \$1,000.....	0.5	1.3	0.1	-	-	-	
\$1,000.....	0.4	0.9	-	2.2	-	-	
\$1,001 under \$2,000.....	0.2	0.2	0.3	-	-	-	
\$2,000.....	0.1	-	0.3	-	-	-	
Returns without ASC exclusions.....	98.8	97.5	99.3	97.8	100.0	-	

N.A. - Not applicable.

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

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

## Individual Income Tax Returns, 1982 Taxpayer Usage Study

Table 5.--All Returns: Entry for Tax (Line 38, Form 1040, Line 20, Form 1040A, Line 9, Form 1040EZ), Classified by Size of Adjusted Gross Income and by Type of Return, Tax Years 1980, 1981, and 1982

[All figures are estimates based on samples--numbers of returns are in thousands]

Entry for tax and type of return	Total	Size of adjusted gross income						
		Under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All tax year 1982 returns filed.....	89,964	17,129	15,650	13,472	10,571	15,343	14,100	3,699
Entry.....	74,546	5,256	13,296	12,968	10,283	15,098	13,988	3,657
No entry (including 0, "none", "-", etc.).....	15,418	11,873	2,354	504	288	246	111	*42
Percent with no entry.....	17.1	69.3	15.0	3.7	2.7	1.6	0.8	1.1
All 1040 returns filed.....	54,687	4,445	6,836	6,794	6,850	12,561	13,503	3,699
Entry.....	49,623	1,589	5,429	6,484	6,653	12,406	13,404	3,657
No entry (including 0, "none", "-", etc.).....	5,064	2,855	1,407	309	197	155	*98	*42
Percent with no entry.....	9.3	64.2	20.6	4.6	2.9	1.2	0.7	1.1
All 1040A returns filed....	20,492	6,074	5,178	3,932	2,297	2,427	584	-
Entry.....	14,600	1,492	4,244	3,751	2,206	2,336	571	-
No entry (including 0, "none", "-", etc.).....	5,892	4,581	934	182	*91	*91	*13	-
Percent with no entry.....	28.8	75.4	18.0	4.6	4.0	3.7	2.2	-
All 1040EZ returns filed...	14,785	6,611	3,636	2,746	1,424	356	*13	-
Entry.....	10,323	2,174	3,623	2,733	1,424	356	*13	-
No entry (include 0, "none", "-", etc.).....	4,462	4,437	*13	*13	-	-	-	-
Percent with no entry.....	30.2	67.1	0.3	0.5	-	-	-	-
All tax year 1981 returns filed.....	90,670	19,166	16,138	13,733	10,815	15,817	12,005	2,995
Entry.....	72,799	5,530	13,703	13,031	10,419	15,332	11,789	2,995
No entry (including 0, "none", "-", etc.).....	17,870	13,636	2,435	702	395	485	217	-
Percent with no entry.....	19.7	71.1	15.1	5.1	3.7	3.1	1.8	-
All tax year 1980 returns filed.....	89,154	17,646	18,137	13,406	11,160	15,706	10,581	2,517
Entry.....	70,899	4,485	15,062	12,640	10,543	15,248	10,427	2,493
No entry (including 0, "none", "-", etc.).....	18,255	13,161	3,075	766	617	458	154	*24
Percent with no entry.....	20.5	74.6	17.0	5.7	5.5	2.9	1.5	1.0

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

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

Table 6.--All Returns: Paid Preparer Signature and Form Type, Classified by Size of Adjusted Gross Income, Tax Year 1982

[All figures are estimates based on samples--numbers of returns are in thousands]

Paid preparer signature	Total	Size of adjusted gross income						
		Under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns filed.....	89,964	17,129	15,650	13,472	10,571	15,343	14,100	3,699
Entry.....	36,069	4,131	5,780	5,129	4,333	7,123	7,322	2,250
Percent with entry.....	40.1	24.1	36.9	38.0	41.0	46.4	51.9	60.8
No entry.....	53,895	12,998	9,870	8,343	6,238	8,220	6,778	1,449
All 1040 returns filed.....	54,687	4,445	6,836	6,794	6,850	12,561	13,503	3,699
Entry.....	31,043	2,616	4,304	4,079	3,854	6,695	7,244	2,250
Percent with entry.....	56.8	58.9	63.0	60.0	56.3	53.3	53.6	60.8
No entry.....	23,644	1,829	2,532	2,715	2,996	5,865	6,259	1,449
All 1040A returns filed....	20,492	6,074	5,178	3,932	2,297	2,427	584	N.A.
Entry.....	4,529	1,337	1,311	960	428	415	*78	-
Percent with entry.....	22.1	22.0	25.3	24.4	18.6	17.1	13.3	-
No entry.....	15,963	4,737	3,867	2,972	1,869	2,012	506	-
All 1040EZ returns filed....	14,785	6,611	3,636	2,746	1,424	356	*13	N.A.
Entry.....	483	178	165	*76	*51	*13	-	-
Percent with entry.....	3.3	2.7	4.5	2.8	3.6	3.6	-	-
No entry.....	14,302	6,433	3,471	2,670	1,373	343	*13	-

N.A. - Not applicable.

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

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

Table 7.--All Returns: Percentage of Returns With Presence of W-2 Statement(s), Classified by Size of Adjusted Gross Income Class and by Type of Return, Tax Year 1982

Attachment of Form W-2 type of return	Total	Percentage of returns by size of adjusted gross income						
		Under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns filed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Attached, total.....	85.5	82.8	78.3	83.6	88.0	90.3	91.4	84.8
One.....	45.8	50.7	47.2	55.9	52.3	42.4	30.7	33.8
Two or more (separate earners)..	22.1	1.6	5.5	11.0	20.5	35.9	56.9	42.6
Two or more (same earners).....	17.6	30.5	25.7	16.8	15.2	12.0	3.9	8.4
Not attached.....	14.5	17.2	21.7	16.4	12.0	9.7	8.6	15.2
All Form 1040 returns filed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Attached, total.....	78.2	50.6	55.1	68.3	81.7	88.2	91.1	84.8
One.....	36.3	32.3	28.4	41.6	46.6	40.2	30.6	33.8
Two or more (separate earners)..	30.1	1.6	7.4	11.8	20.1	35.5	56.9	42.6
Two or more (same earners).....	11.9	16.8	19.3	14.9	15.0	12.5	3.6	8.4
Not attached.....	21.8	49.4	44.9	31.7	18.3	11.8	8.9	15.2
All Form 1040A returns filed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	N.A.
Attached, total.....	95.8	91.2	95.0	99.0	99.4	99.5	97.8	-
One.....	57.7	59.2	60.2	66.0	51.4	47.6	31.1	-
Two or more (separate earners)..	16.7	3.4	6.8	17.2	34.5	43.3	57.8	-
Two or more (same earners).....	21.4	28.6	28.1	15.8	13.6	8.6	8.9	-
Not attached.....	4.2	8.8	5.0	1.0	0.6	0.5	2.2	-
All Form 1040EZ returns filed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	N.A.
Attached, total.....	98.0	96.7	98.3	99.5	100.0	100.0	100.0	-
One.....	64.7	55.4	64.0	76.8	81.3	85.7	100.0	-
Two or more (separate earners)..	-	-	-	-	-	-	-	-
Two or more (same earners).....	33.3	41.3	34.3	22.7	18.8	14.3	-	-
Not attached.....	2.0	3.3	1.7	0.5	-	-	-	-

N.A. - Not applicable.

Table 8.--Form 1040 and Form 1040A Returns: Entry for Unemployment Compensation, Classified by Filing Status, Tax Year 1982

[All figures are estimates based on samples--numbers of returns are in thousands]

Unemployment compensation (Line 20a and 20b, Form 1040, Line 9a and 9b, Form 1040A)	Total	Filing status				Qualifying widow(er)
		Single	Married filing joint return	Married filing separate return	Unmarried head of household	
	(1)	(2)	(3)	(4)	(5)	(6)
All Form 1040 and 1040A returns filed.....	75,179	21,213	44,977	1,047	7,842	*98
Entry for unemployment compensation, total.....	10,411	2,421	7,016	118	857	-
Entry for both taxable and nontaxable amount.....	5,315	743	4,178	*79	315	-
Entry for "Total Received" only.....	4,885	1,639	2,691	*39	516	-
Entry for "Taxable Amount" only.....	211	*39	146	-	*26	-
No entry for unemployment compensation.....	64,767	18,792	37,962	929	6,986	*98
All Form 1040 returns filed.....	54,687	14,361	36,205	450	3,573	*98
Entry for unemployment compensation, total.....	6,583	1,097	5,134	*14	338	-
Entry for both taxable and nontaxable amount.....	4,459	549	3,685	*14	211	-
Entry for "Total Received" only.....	2,082	549	1,407	-	127	-
Entry for "Taxable Amount" only.....	*42	-	*42	-	-	-
No entry for unemployment compensation.....	48,104	13,264	31,071	436	3,235	*98
All Form 1040A returns filed.....	20,492	6,852	8,773	597	4,270	-
Entry for unemployment compensation, total.....	3,828	1,324	1,882	104	519	-
Entry for both taxable and nontaxable amount.....	857	195	493	*65	104	-
Entry for "Total Received" only.....	2,803	1,090	1,285	*39	389	-
Entry for "Taxable Amount" only.....	169	*39	104	-	*26	-
No entry for unemployment compensation.....	16,663	5,529	6,891	493	3,751	-

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



## Individual Income Tax Returns, 1982 Taxpayer Usage Study

Table 9.--All Returns: Percentage Distribution of Selected Forms and Schedules, Classified by Size of Adjusted Gross Income, Tax Year 1982

Schedule or Form	Type of attachment	Total	Percentage of returns by size of adjusted gross income						
			Under \$5,000	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 and over
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All Form 1040 returns filed.....	54,687	4,445	6,836	6,794	6,850	12,561	13,503	3,699
	Percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A	Itemized Deductions.....	57.4	13.6	23.4	37.3	47.0	66.1	86.0	95.4
B	Interest and Dividend Income..	46.6	43.7	47.5	45.7	40.7	39.4	49.0	77.2
C	Profit or (Loss) From Business or Profession.....	16.4	25.3	20.8	15.1	13.8	14.9	13.8	19.8
D	Capital Gains and Losses.....	12.9	9.8	8.2	9.1	9.4	11.2	15.0	36.1
E	Supplemental Income Schedule..	18.1	17.4	16.5	13.0	14.6	16.4	19.0	40.3
F	Farm Income and Expenses.....	4.3	9.2	3.9	3.7	5.5	3.2	3.4	4.9
G	Income Averaging.....	9.2	0.6	0.6	3.5	5.1	9.4	15.5	29.7
R RP SE	Credit for the Elderly.....	1.1	-	2.7	1.4	1.0	0.6	0.9	1.1
	Computation of Social Security Self-Employment Tax.....	15.4	26.3	19.7	14.3	15.0	12.7	12.2	18.6
W	Deduction for a Married Couple When Both Work.....	30.8	1.6	8.0	13.0	22.2	36.3	57.1	41.8
1116	Computation of Foreign Tax Credit.....	0.4	-	0.2	-	0.2	0.4	0.6	1.9
2106	Employee Business Expenses....	10.2	1.9	4.5	8.5	9.9	12.5	12.9	16.0
2119	Sale or Exchange of Principal Residence.....	1.3	0.6	1.0	1.0	1.4	1.3	1.3	3.1
2210/ 2210F	Underpayment of Estimated Income Tax.....	6.2	4.1	7.8	8.5	5.8	4.0	4.7	14.8
2440	Disability Income Exclusion...	0.5	1.9	1.0	0.4	0.6	0.1	-	0.4
2441	Credit for Child and Dependent Care Expenses.....	8.5	1.3	4.9	8.7	9.6	10.5	10.9	4.9
3468	Computation of Investment Credit.....	6.4	5.4	4.5	6.0	7.2	4.4	6.1	17.9
3903	Moving Expense Adjustment.....	2.1	0.9	2.1	3.3	2.7	2.0	1.7	1.5
4136	Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil.....	1.3	3.2	1.2	1.7	1.4	0.8	0.9	1.1
4255	Recapture of Investment Credit	0.8	0.6	0.2	1.0	1.0	0.7	0.6	1.9
4562	Depreciation.....	14.2	18.7	13.6	11.4	15.0	12.8	13.1	23.2
4684	Casualties and Thefts.....	2.5	0.6	0.8	0.4	1.9	2.2	4.5	6.8
4797	Supplemental Schedule of Gains and Losses.....	2.2	4.4	1.0	1.0	3.5	1.7	2.1	3.1
4868	Application for Automatic Extension of Time to File....	0.3	0.3	-	0.2	-	0.3	0.3	1.5
5329	Return for Individual Retirement Arrangement Taxes.....	0.2	-	0.2	-	0.2	-	0.3	0.4
5695	Residential Energy Credit.....	5.2	0.6	2.6	3.9	3.7	6.4	7.6	7.2
5884	Jobs Credit.....	0.1	0.6	-	0.2	0.2	-	-	0.4
6249/ 6249A	Computation of Overpaid Windfall Profit Tax.....	0.3	-	0.2	0.2	0.4	0.3	0.1	1.1
6251	Alternative Minimum Tax Computation.....	0.6	-	-	0.2	0.2	0.1	1.1	4.2
6252	Computation of Installment Sale Income.....	1.3	-	0.8	0.6	0.8	1.0	2.1	3.4

**Individual Income Tax Returns, 1982 Taxpayer Usage Study**

Table 10.--All Returns: Use of Official IRS Preaddressed Label, by Type of Returns and by Preparer Status, Tax Year 1982

[All figures are estimates based on samples--numbers of returns are in thousands]

	Paid preparer signature							
	Total		Form 1040		Form 1040A		Form 1040EZ	
	Entry	No entry	Entry	No entry	Entry	No entry	Entry	No entry
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns filed.....	36,069	53,895	31,043	23,644	4,542	15,950	483	14,302
Official IRS preaddressed label:								
Used, total.....	20,830	34,904	18,229	16,935	2,258	9,020	343	8,950
Label unchanged.....	19,715	32,823	17,399	16,204	1,986	8,306	331	8,314
Change include addition/ deletion of a name.....	140	*81	127	*42	*13	*13	-	*25
Change include street address only.....	452	818	309	225	143	402	-	191
Change include city address...	-	*14	-	*14	-	-	-	-
Change include state address..	*14	*14	*14	*14	-	-	-	-
Other, or combination of changes.....	509	1,154	380	436	117	298	*13	420
Not used.....	15,238	18,991	12,814	6,709	2,284	6,930	140	5,352
	Percentage of returns							
All returns filed.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Official IRS preaddressed label:								
Used, total.....	57.8	64.8	58.7	71.6	49.7	56.6	71.1	62.6
Label unchanged.....	54.7	60.9	56.0	68.5	43.7	52.1	68.4	58.1
Change include addition/ deletion of a name.....	0.4	0.1	0.4	0.2	0.3	0.1	-	0.2
Change include street address only.....	1.3	1.5	1.0	1.0	3.1	2.5	-	1.3
Change include city address...	-	**	-	0.1	-	-	-	-
Change include state address...	**	**	**	0.1	-	-	-	-
Other, or combination of changes.....	1.4	2.1	1.2	1.8	2.6	1.9	2.6	2.9
Not used.....	42.3	35.2	41.3	28.4	50.3	43.4	28.9	37.4

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

\*\*Less than 0.1 percent.

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

## Individual Income Tax Returns, 1982 Taxpayer Usage Study

Table 11.--All Returns: Use of Official Envelope, Classified by Type of Return, Tax Year 1982.

[All figures are estimates based on samples--numbers of returns are in thousands]

Characteristics of Envelope Usage	Total	Type of return		
		Form 1040	Form 1040A	Form 1040EZ
	(1)	(2)	(3)	(4)
All returns filed.....	89,964	54,687	20,492	14,785
Official IRS Coded Envelope:				
Used, total.....	69,439	40,087	16,754	12,598
Refund box not checked for refund return.....	2,437	1,097	857	483
Refund box checked for refund return.....	47,642	24,108	12,588	10,946
Refund box checked for remittance return.....	151	113	*13	*25
Zero balance return or IRS compute.....	5,097	3,432	1,233	432
Remittance return without refund box checked....	14,112	11,337	2,063	712
Not used, total.....	20,524	14,600	3,738	2,187
Other envelope:				
Refund not indicated.....	13,547	9,114	2,894	1,538
Refund indicated.....	2,625	1,519	597	509
No envelope (includes "Flat" or "Lead Seal")....	4,353	3,966	247	140
		Percentage of returns		
All returns filed.....	100.0	100.0	100.0	100.0
Official IRS Coded Envelope:				
Used, total.....	77.2	73.3	81.8	85.2
Refund box not checked for refund return.....	2.7	2.0	4.2	3.3
Refund box checked for refund return.....	53.0	44.1	61.4	74.0
Refund box checked for remittance return.....	0.2	0.2	0.1	0.2
Zero balance return or IRS compute.....	5.7	6.3	6.0	2.9
Remittance return without refund box checked....	15.7	20.7	10.1	4.8
Not used, total.....	22.8	26.7	18.2	14.8
Other envelope:				
Refund not indicated.....	15.1	16.7	14.1	10.4
Refund indicated.....	2.9	2.8	2.9	3.4
No envelope (includes "Flat" or "Lead Seal")....	4.8	7.3	1.2	0.9

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

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

# 1982 Crude Oil Windfall Profit Tax, Third Quarter

By Michael Alexander\*

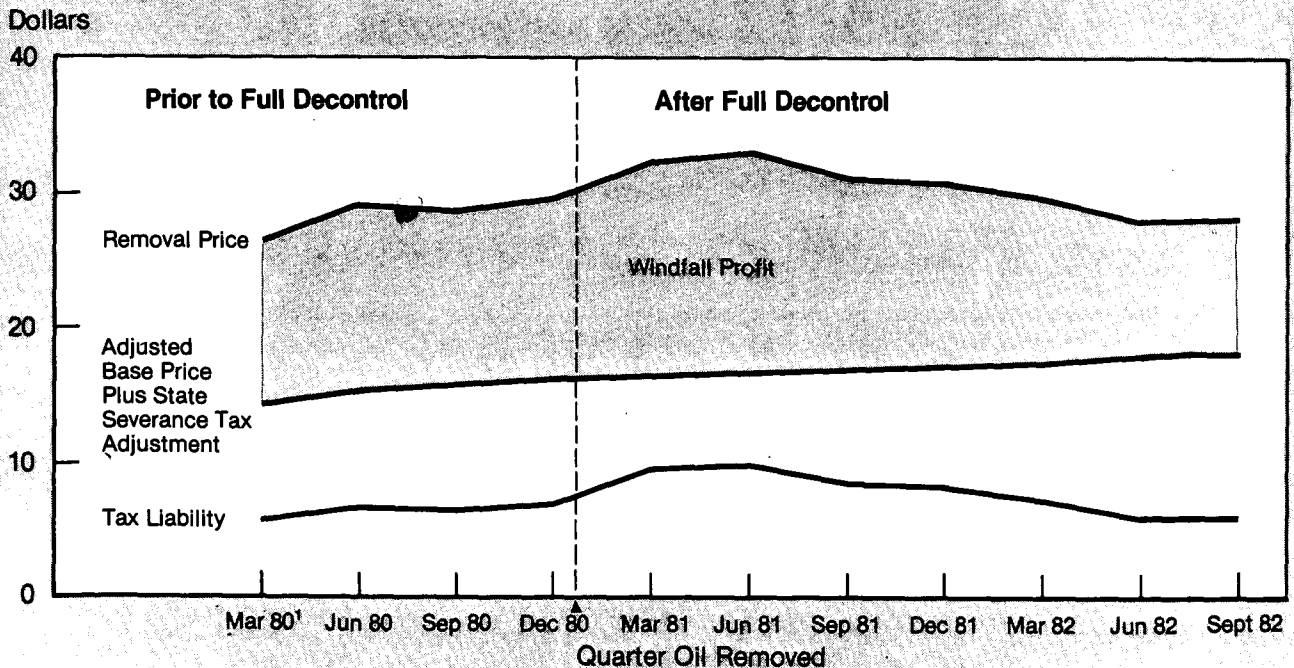
The third quarter of 1982 marked the first time in over a year that windfall profit tax liability (before adjustments) increased from the previous quarter. The increase, although slight, was the result of an increase of almost 2 percent for the average removal price per barrel of domestic crude oil and an increase in the volume of oil removed. To a great extent, the price of domestic crude oil can be tied to the price of foreign crude oil, which increased by more than 2 percent for the same period [1].

Windfall profit, defined as the removal value less the sum of the adjusted base value and State severance tax adjustment, increased by \$200 million from the second quarter to the third quarter of 1982. The increased profit, a result of a rise in the removal price of oil (generally the price for which the oil is sold) and an increase of 20 million barrels of oil removed, caused the windfall profit tax liability before adjustments to rise from the second quarter of 1982 by \$121 million or almost 3 percent. The average windfall profit tax per barrel increased from \$6.01 to \$6.03, which was still significantly lower than the high of \$9.94 reached in the second quarter of 1981.

This increase was a result of the reversal in the declining trend of the average removal price. The average removal price for the third quarter of 1982 increased by \$.46 to \$28.47 per barrel. The average price for foreign crude oil increased from \$30.53 for the second quarter of 1982 to \$31.22 for the third quarter [1].

Shown in the table below is windfall profit tax liability before and after adjustments. Because of a large (\$445 million) negative adjustment, the windfall profit tax liability after adjustments showed a decrease of \$29 million or less than a 1 percent change from the previous quarter. The trend of declining windfall profit tax liability has existed since the second quarter of 1981. These adjustments were necessary as a result of errors in withholding during previous quarters or from the net income limitation. The net income limitation accounted for almost 97 percent of the adjustments for the third quarter of 1982. (The net income limitation provision limits the windfall profit to 90 percent of the net income per barrel of oil and can be estimated by certain taxpayers

**Components of Windfall Profit Tax Liability: Averages per Barrel by Quarter Oil Removed**



NOTE: Because of price controls during 1980, there were cases where the removal price was less than the adjusted base price and no Form 6047 was filed. The data in the figure are based on information reported.

<sup>1</sup>One month only.

**Crude Oil Windfall Profit Tax**

for the current quarter.) Should under- or over-withholding occur, the depositing or withholding agent (usually the first purchaser) is responsible for correcting that error to the extent possible by adjusting the amounts withheld in succeeding quarters. These adjustments are also reflected in the table below. Additional over-withholding of windfall profit tax due to error or the net income limitation which has not been corrected by the withholding agent can be claimed as a refund or credit by producers on their income tax returns.

Based on returns of taxpayers who provided complete detail on how the windfall profit tax is computed [2], tier one oil has always dominated production. For the quarter ended September 1982, tier one oil (which consists of all domestically produced crude oil other than oil specifically classified as tier two or tier three, or explicitly exempted from the tax) represented 65 percent of the total production. Tier two oil, consisting of oil produced from stripper well property and oil from economic interests in a Naval Petroleum Reserve held by the United States, represented 13 percent of the total production. Tier three oil, which consists of heavy oil, incremental tertiary oil and newly discovered oil (70 percent of tier three) accounted for 22 percent of total production as shown below. Newly discovered oil, which has an annual declining tax rate beginning in 1982 and ending in 1986, has had the largest consistent growth in barrels of oil removed since June 1981. The increase for the current quarter for newly discovered oil was 10.8 million barrels or 53 percent of the total increase for all tiers of oil.

Windfall Profit Tax Before and After Adjustments  
(Millions)

Quarter Ending	Tax Before Adjustments	Adjustments	Tax After Adjustments
Total	\$51,427	-\$2,610	\$48,817
Mar. 1980 <sup>1/</sup> ....	788	---	788
June 1980 .....	2,842	-21	2,821
Sept. 1980 .....	3,413	-88	3,325
Dec. 1980 .....	3,918	-927	2,991
Mar. 1981 .....	6,953	+242	7,195
June 1981 .....	7,253	-107	7,146
Sept. 1981 .....	6,344	-251	6,093
Dec. 1981 .....	6,007	-497	5,510
Mar. 1982 .....	5,222	-221	5,001
June 1982 .....	4,283	-295	3,988
Sept. 1982 .....	4,404	-445	3,959

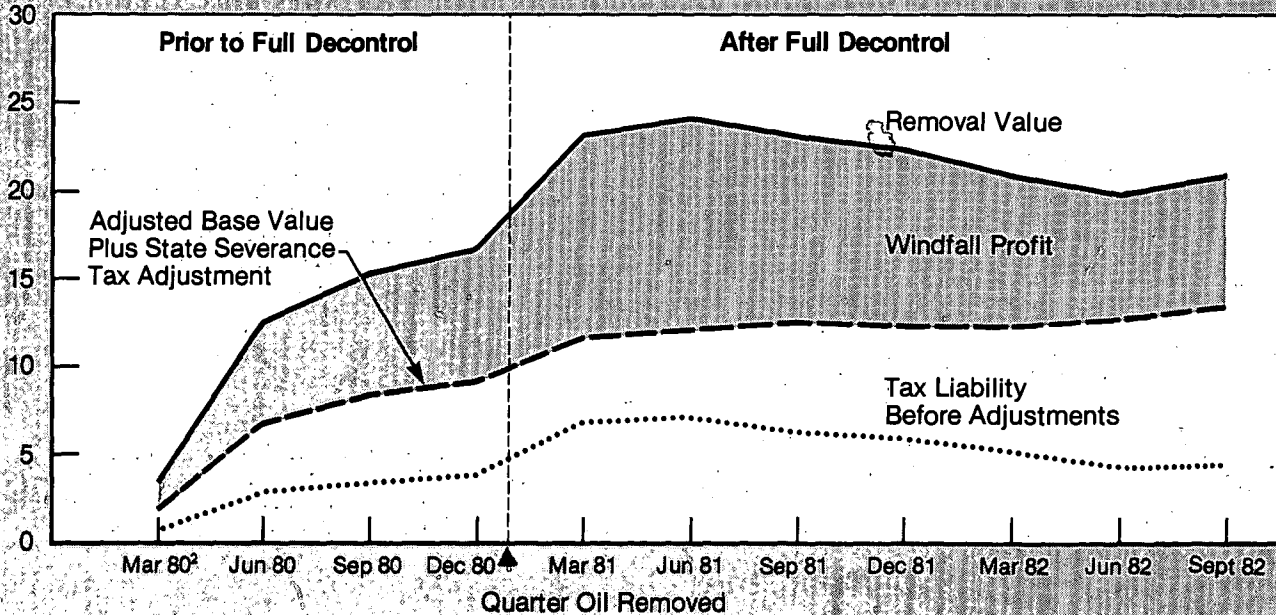
Percentage of Oil Production by Tier of Oil

Quarter Ending	Tier One	Tier Two	Tier Three
June 1981	70	14	16
Sept. 1981	69	14	17
Dec. 1981	69	13	18
Mar. 1982	68	13	19
June 1982	67	13	20
Sept. 1982	65	13	22

<sup>1/</sup> One month only.

**Components<sup>1</sup> of Windfall Profit Tax Liability Before Adjustments: Aggregate Values By Quarter Oil Removed**

Billions of Dollars



<sup>1</sup>Some returns report windfall profit tax liability only; therefore, data for removal value, adjusted base value and state severance tax adjustment have been adjusted to reflect totals as if all returns reported this detail.

<sup>2</sup>One month only.

## DATA SOURCES AND LIMITATIONS

The Quarterly Federal Excise Tax Return, Form 720, is the form on which the windfall profit tax is reported. Form 6047, Windfall Profit Tax, shows how the tax is computed and is filed as an attachment to Form 720. Tabulations in this article are based on the Form 6047. Returns are due two months after the end of the quarter in which the oil is removed. Data are based on all returns with a tax liability of \$1 million or more before adjustments and a 10 percent sample of all other returns.

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

The SOI Bulletin also includes data on excise tax collections. The excise tax collection figures show the liability after adjustments, as reported on Form 720, from returns entered into the IRS' computerized Business Master File (BMF) each quarter. A number of considerations affect comparisons of data from these two sources. As mentioned above, returns are not due until two months after the close of the taxable quarter; however, the interval between the close of the taxable period and the final recording of the return often varies, so that the quarterly BMF totals usually represent several taxable periods. On the other hand, the data presented here have been tabulated for specific taxable periods. As a result, the two sets of statistics are not directly comparable.

## DEFINITIONS

Brief definitions of the terms used in the tables are given below.

Adjusted Base Price.--The base price multiplied by the inflation adjustment, which is derived from the Gross National Product (GNP) "implicit price deflator."

Adjustments to Liability.--Corrections applied to the current quarter's liability in order to correct for the net income limitation and over- and under-withholding in previous quarters.

Base Price.--For tier one oil, the upper tier ceiling price, as defined by Department of Energy price control regulations, which would have applied to the oil had it been produced and sold in May 1979, reduced by 21 cents. For tiers two and three oil, the base prices were \$15.20 and \$16.55, respectively, adjusted for grade and quality.

Crude Oil.--The term applies only to natural crude petroleum and does not include synthetic petroleum, such as oil from shale or tar sands. It does, however, include natural gas liquids treated as crude oil under the June 1979 energy pricing regulations issued by the Department of Energy.

Exempt Alaskan Oil.--Oil from a reservoir other than the Sadlerochit reservoir that has been commercially exploited by any well north of the Arctic Circle; and oil produced north of the divides of the Alaska and Aleutian Ranges, and at least 75 miles from the nearest point of the Trans-Alaskan Pipeline System.

Exempt Charitable Oil.--Oil produced from economic interests held by qualified charitable medical facilities, educational institutions, and child care organizations (as defined in Internal Revenue Code section 170), if such interest was held on January 21, 1980, and at all times thereafter; and oil produced from interests held by a church on January 21, 1980, if, prior to January 22, 1980, the net proceeds of such oil were dedicated to the support of a medical facility, educational institution, or child care facility.

Exempt Governmental Oil.--Oil produced from an economic interest held by a state or political subdivision (including agencies and instrumentalities), the net income from which is used for public purposes.

Exempt Indian Oil.--Oil produced from mineral interests held by or on behalf of Indian tribes or individuals on January 21, 1980, which is one of the following: (a) production received by Indian tribes and individuals from Tribal Trust Lands (the title to such land is held by the United States in trust for the tribes), (b) production from land or mineral interests held by an Indian tribe eligible for services provided to Indians by the Secretary of the Interior, or (c) oil the proceeds from which are paid into the U.S. Treasury to the credit of tribal or native trust funds pursuant to law. This exemption also applies to production of any Alaskan Native Corporation prior to 1991, including wholly-owned subsidiaries of the native Indian corporation as clarified by IRS on September 3, 1983.

Exempt Royalty Oil.--Qualified royalty owners are exempt from the windfall profit tax on two barrels of oil per day for each day of the calendar quarter for oil removed after December 31, 1981. For 1985 and thereafter, three barrels per day will be exempt.

Net Income Limitation.--The windfall profit on a barrel of oil may not exceed 90 percent of the net income attributable to the barrel.

Removal Price.--Generally, the price for which a barrel of oil is sold. In some instances, a constructive sale price is used.

Sadlerochit Oil.--Crude oil production from the Sadlerochit reservoir in the Prudhoe Bay oil field in Alaska.

State Severance Tax Adjustment.--A state severance tax is a tax imposed by a state with respect to the extraction of oil. The windfall profit is reduced by the amount by which the severance tax exceeds that which would have been imposed had the oil been valued at its adjusted base price.

Stripper Oil.--In general, oil from a property for which the average daily production per well has been 10 barrels or less for any consecutive 12-month period after 1972.

Tier One Oil.--All domestically-produced crude oil other than any oil classified in tier two or three, or explicitly exempted by law from the tax. This includes the bulk of domestic oil from reservoirs proven to be productive before 1979.

Tier Two Oil.--Any oil which is from a stripper well property within the meaning of the June 1979 Department of Energy pricing regulations and oil from a U.S. economic interest in a Naval Petroleum Reserve. Note that the Crude Oil Windfall Profit Tax Act of 1980 defined Tier Two Oil as from a "National" Petroleum Reserve. This was amended to read "Naval" Petroleum Reserve by the Technical Corrections Act of 1982.

## Crude Oil Windfall Profit Tax

**Tier Three Oil, Heavy Oil.**--All crude oil which is (1) produced from property which had a weighted average gravity of 16.0 degrees or less on the American Petroleum Institute (API) scale, corrected to 60 degrees Fahrenheit, for the last month of production prior to July 1979, or (2) oil from a property with a weighted average gravity of 16.0 degrees API or less, corrected to 60 degrees Fahrenheit, for the taxable period.

**Tier Three Oil, Incremental Tertiary Oil.**--Production in excess of a base level on a property on which a qualified tertiary recovery project (one which utilizes one of several specific chemical, fluid or gaseous recovery methods to extract oil not recoverable using standard techniques) has been undertaken. The non-incremental oil (i.e., the amount of production up to the base level) remains in the otherwise applicable tier.

**Tier Three Oil, Newly Discovered Oil.**--Crude oil that is sold after May 31, 1979, and that is produced from (1) an outer continental shelf area for which the lease was entered into on or after January 1, 1979, and from which there was no production in Calendar Year 1978 or (2) an on-shore property developed after Calendar Year 1978.

**Windfall Profit.**--The excess of the removal price of the barrel of oil over the sum of the adjusted base price and the State severance tax adjustment.

## NOTES AND REFERENCES

- [1] U.S. Department of Commerce, Bureau of Economic Analysis, "Commerce News," November 4, 1982.
- [2] At the inception of the windfall profit tax, taxpayers were not required to complete the detail of the Form 6047, which shows how the tax is computed. However, taxpayers were required to provide full information as of January 1981.
- [3] U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business.
- [4] Belal, Carol and Clark, Phil, "Windfall Profit Tax Liability for 1980," SOI Bulletin, Volume 1, No. 2, pages 50-54.
- [5] Joint Committee on Taxation (Staff), "General Explanation of the Crude Oil Windfall Profit Tax Act of 1980", U.S. Government Printing Office, 1981.

Table 1.--Windfall Profit Tax Liability by Oil Tier and Tax Rate For Quarter Ending September 1982 Aggregate Components of Windfall Profit

[Money amounts are in millions of dollars]

Oil tier and tax rate	Number of barrels of oil (000's)	Removal value	Adjusted base value	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with tax liability shown by oil tier and tax rate, total.....	692,075	19,709	12,282	384	7,043	4,174
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent.....	304,351	9,133	4,770	178	4,185	2,929
Taxed at 50 percent.....	30,150	940	488	27	425	213
Tier one, Sadlerochit oil:						
Taxed at 70 percent.....	115,001	2,416	1,950	75	391	274
Taxed at 50 percent.....	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent.....	53,173	1,595	1,013	26	556	334
Taxed at 30 percent.....	39,002	1,199	768	18	413	124
Tier three oil (taxed at 30 percent):						
Newly discovered oil <sup>1</sup> .....	104,883	3,297	2,400	54	843	232
Incremental tertiary oil.....	12,342	380	273	5	102	30
Heavy oil.....	33,174	750	621	1	128	39
Returns with total tax liability only.....	-	-	-	-	-	231 <sup>2</sup>

<sup>1</sup>Newly discovered oil is taxed at 27.5 percent beginning in 1982.

<sup>2</sup>Also includes \$23 million for returns that reported by tier and type, but did not report data for columns 1-5.

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

## Crude Oil Windfall Profit Tax

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Table 2.--Windfall Profit Tax Liability For Returns Reporting Components of Windfall Profit by Oil Tier and Tax Rate For the Quarter Ending September 1982 Average Daily Production and Average Dollars per Barrel

Oil tier and tax rate	Daily production (000's) (barrels)	Removal price	Adjusted base price	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
All returns, total.....	7,523	28.47	17.74	.55	10.18	6.03
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent.....	3,308	30.00	15.67	.58	13.75	9.62
Taxed at 50 percent.....	328	31.17	16.17	.89	14.11	7.04
Tier one, Sadlerochit oil:						
Taxed at 70 percent.....	1,250	21.01	16.95	.65	3.41	2.37
Taxed at 50 percent.....	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent.....	578	29.98	19.05	.48	10.45	6.27
Taxed at 30 percent.....	424	30.73	19.68	.46	10.59	3.17
Tier three oil (taxed at 30 percent):						
Newly discovered oil <sup>1</sup> .....	1,140	31.43	22.88	.51	8.04	2.21
Incremental tertiary oil.....	134	30.77	22.11	.43	8.23	2.46
Heavy oil.....	361	22.60	18.70	.01	3.89	1.16

<sup>1</sup>Newly discovered oil is taxed at 27.5 percent beginning in 1982.

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

Table 3.--Windfall Profit Tax Liability by Oil Tier and Tax Rate For January - September 1982 Aggregate Components of Windfall Profit

[Money amounts are in millions of dollars]

Oil tier and tax rate	Number of barrels of oil (000's)	Removal value	Adjusted base value	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with tax liability shown by oil tier and tax rate, total.....	2,032,440	58,537	35,185	1,196	22,156	13,184
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent.....	915,534	28,165	14,221	585	13,359	9,351
Taxed at 50 percent.....	88,593	2,822	1,415	84	1,323	662
Tier one, Sadlerochit oil:						
Taxed at 70 percent.....	351,029	7,016	5,653	209	1,154	808
Taxed at 50 percent.....	27	1	-	-	1	-
Tier two oil:						
Taxed at 60 percent.....	157,181	4,830	2,972	82	1,776	1,066
Taxed at 30 percent.....	105,170	3,323	2,052	54	1,217	361
Tier three oil (taxed at 30 percent):						
Newly discovered oil <sup>1</sup> .....	287,540	9,183	6,448	162	2,573	711
Incremental tertiary oil.....	31,306	997	678	16	303	90
Heavy oil.....	96,060	2,202	1,746	3	453	137
Returns with total tax liability only.....	-	-	-	-	-	727 <sup>2</sup>

<sup>1</sup>Newly discovered oil is taxed at 27.5 percent beginning in 1982.

<sup>2</sup>Also includes \$70 million for returns that reported by tier and type, but did not report data for columns 1-5.

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



## Crude Oil Windfall Profit Tax

Table 4.--Windfall Profit Tax Liability For Returns Reporting Components of Windfall Profit by Oil Tier and Tax Rate For January - September 1982 Average Daily Production and Average Dollars per Barrel

Oil tier and tax rate	Daily production (000's) (barrels)	Removal price	Adjusted base price	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
All returns, total.....	7,444	28.80	17.31	.58	10.91	6.49
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent.....	3,354	30.75	15.53	.63	14.59	10.21
Taxed at 50 percent.....	325	31.85	15.96	.94	14.94	7.46
Tier one, Sadlerochit oil:						
Taxed at 70 percent.....	1,286	20.00	16.11	.59	3.30	2.30
Taxed at 50 percent.....	( <sup>1</sup> )	28.66	15.26	.63	12.77	6.39
Tier two oil:						
Taxed at 60 percent.....	576	30.73	18.90	.52	11.30	6.78
Taxed at 30 percent.....	385	31.64	19.50	.52	11.62	3.44
Tier three oil (taxed at 30 percent):						
Newly discovered oil <sup>2</sup> .....	1,053	31.98	22.39	.56	9.02	2.49
Incremental tertiary oil.....	115	31.94	21.62	.53	9.78	2.93
Heavy oil.....	352	22.94	18.15	.03	4.76	1.43

<sup>1</sup>Less than 500 barrels.<sup>2</sup>Newly discovered oil is taxed at 27.5 percent beginning in 1982.

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

Table 5.--Exempt Oil Volume by Tier and Category, Quarter Ending September 1982 (Thousands of barrels)

	Total	Tier one	Tier two	Tier three		
				Newly discovered oil	Incremental tertiary oil	Heavy oil
	(1)	(2)	(3)	(4)	(5)	(6)
Total.....	36,575	19,599	5,073	11,190	332	382
Exempt governmental interest.....	18,187	14,877	796	2,168	160	186
Exempt charitable interest.....	1,051	606	277	110	42	16
Exempt Indian oil.....	1,643	569	482	580	3	10
Exempt Alaskan oil.....	6,166	109	-	6,056	-	-
Exempt Royalty oil.....	9,528	3,438	3,517	2,275	127	171

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

Table 6.--Exempt Oil Volume by Tier and Category, January - September 1982 (Thousands of barrels)

	Total	Tier one	Tier two	Tier three		
				Newly discovered oil	Incremental tertiary oil	Heavy oil
	(1)	(2)	(3)	(4)	(5)	(6)
Total.....	106,474	59,471	13,652	31,510	863	979
Exempt governmental interest.....	54,902	45,148	2,501	6,365	408	481
Exempt charitable interest.....	3,355	1,837	852	452	170	44
Exempt Indian oil.....	4,445	1,695	1,398	1,317	8	28
Exempt Alaskan oil.....	19,021	632	245	18,141	1	1
Exempt Royalty oil.....	24,751	10,159	8,655	5,235	275	426

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

# Unincorporated Business Activity for 1981

By Robert A. Wilson\*

The recession and high interest rates of 1980 continued to be important factors for 1981, resulting in a further decline in unincorporated business profits. In the case of partnerships the decline was aggravated by "tax losses" resulting from growing "tax shelter" activities. These activities, typically involving real estate and oil and gas ventures, are such that they often produce losses during the first few years of an operation.

As evidenced by the table below, the drop in profits of sole proprietorships was not nearly as dramatic as that of partnerships, where for the first time ever there was an overall deficit for a year [1].

Income Year	Net income (less deficit)	
	Sole Proprietorships	Partnerships
	(billions)	
1977 .....	\$51.4	\$13.3
1978 .....	59.0	14.4
1979 .....	60.8	15.2
1980 .....	55.4	8.2
1981 .....	48.9	-2.7
Year-to-year change:		
1977-78 .....	+\$7.6	+\$1.2
1978-79 .....	+1.7	+0.8
1979-80 .....	-5.3	-7.0
1980-81 .....	-6.6	-11.0

In comparing the profit data as reported to the Internal Revenue Service (IRS), the fact that net income is defined differently for these two legal forms of business should be kept in mind [2].

The detailed analyses that follow are mainly concerned with sole proprietorship activity. However, except for Figure A, the agriculture division is not covered [3]. Statistics on nonfarm proprietorships are presented in detail in Table 1; selected agricultural industry data for other than farming are included in this table. All of the data presented in this article are in current dollars and so have not been adjusted to reflect the changing effects of inflation.

## SUMMARY

Although business receipts for sole proprietorships continued to rise over previous years, costs increased at an even more rapid pace leading to a decline in profits for 1981. The tables below help to show how the various industry groupings fared during the first two years (1980 and 1981) of the recent recession.

Figure A - Sole Proprietorship Receipts and Net Income by Industry

	Business Receipts		
	(billions)		
	1979	1980	1981
Total .....	\$487.8	\$505.9	n.a.
Agriculture, forestry and fishing .....	98.6	101.1	n.a.
Total, nonagricultural industries .....	389.2	404.8	420.1
Mining .....	6.1	8.6	10.4
Construction .....	50.9	47.8	47.7
Manufacturing .....	12.9	14.8	13.6
Transportation and utilities .....	18.1	20.0	21.9
Trade .....	195.7	202.3	198.3
Finance, insurance and real estate .....	21.2	21.5	22.2
Services .....	83.3	88.0	103.0
	Net income (less deficit)		
	(billions)		
Total .....	60.8	55.4	48.9
Agriculture, forestry and fishing .....	5.1	1.3	-3.4
Total, nonagricultural industries .....	55.5	54.2	52.3
Mining .....	0.1	0.3	-0.2
Construction .....	7.9	7.5	6.8
Manufacturing .....	1.5	1.7	1.4
Transportation and utilities .....	2.0	2.0	2.1
Trade .....	11.2	9.4	8.4
Finance, insurance and real estate .....	7.1	6.6	6.0
Services .....	25.5	26.4	27.5

n.a. - not available.

Over the years 1977-81, the business deductions of nonagricultural proprietorships as a percent of business receipts gradually rose:

1977 .....	84.8%
1978 .....	85.2
1979 .....	85.7
1980 .....	86.6
1981 .....	87.6

For each year, about three-fifths of total deductions represented the cost of sales and operations. Other major deductions, though of far less magnitude, were for depreciation, rent, insurance, repairs, taxes and interest. Figure B shows the long-range trend in

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regard to the latter two deductions in comparison to net income. For 1981, the deduction for taxes paid decreased for the first time, possibly the effect of declining profits on state and local income taxes. The growth in the deduction for interest paid is not surprising in light of the rise in interest rates.

#### Wholesale and Retail Trade

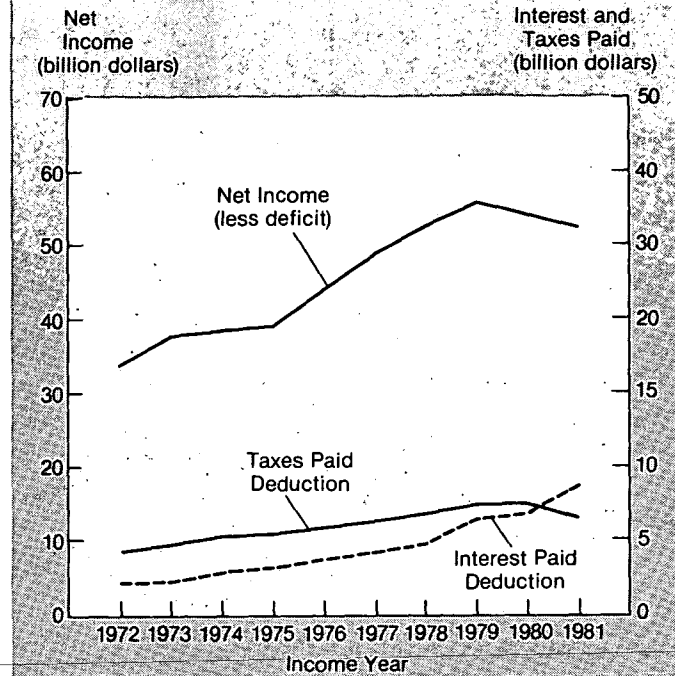
Wholesale and retail trade and the service industries are normally associated with the sole proprietorship form of organization and 1981 was no exception. The way wholesale and trade businesses weathered the recession differed markedly, however. As the table below shows, receipts of wholesalers were down sharply after 1979. Retail sales, on the other hand, continued to increase, with 1981 the highest ever. Retail profits, on the other hand, continued their gradual decline, perhaps related to the high interest rates retailers had to deal with when they needed short-term credit. (Retailers accounted for about four-fifths of the interest deductions for the trade division). The interest income from retail installment sales, which would be expected to increase, was reported directly on the tax returns of the owners and was not considered to be sole proprietorship income.

	Business receipts (billions)	Net income less deficit (billions)
Wholesale trade:		
1977	\$33.5	\$2.5
1978	39.1	3.2
1979	43.8	3.2
1980	42.7	3.1
1981	29.2	1.9
Retail trade:		
1977	\$123.6	\$6.9
1978	135.8	7.1
1979	146.1	7.3
1980	153.8	5.7
1981	157.8	5.6
Wholesale and retail trade not allocable:		
1977	\$ 3.4	\$0.3
1978	4.2	0.5
1979	5.7	0.6
1980	5.8	0.6
1981	11.3	0.9

As would be expected, trends within the trade division varied greatly, with those businesses that were distributors of staples such as food much better off during the 1980-81 period than distributors of items whose purchase could be postponed or dispensed with. Industries such as general merchandise which includes small department or specialty stores; eating and drinking establishments; furniture stores; and even apparel stores, all suffered as a result.

A possible statistical limitation in evaluating the data for the trade division is the sharp increase in the category "wholesale and retail trade not allocable" from 1980 to 1981. This group represents businesses whose distribution activities could not be identified for the statistics. For 1981, the number of such businesses had nearly doubled over the year before. Additional information on the "not allocable" statistics is presented in the data limitations section at the end of this article.

**Figure B**  
Nonagricultural Sole Proprietorships: Net Income and Deductions for Interest and Taxes Paid, 1972-81



Among the retail trade industries, the automotive group deserves special mention since it includes over half of the Nations' total of new and used car and truck dealerships (albeit the smaller ones in terms of total sales volume) and nearly half of the gasoline service stations (excluding those operated directly by oil companies). Over the years, it has been the service stations that have dominated the automotive group for sole proprietorships. While the number of stations that were sole proprietorships have declined [4], e.g., for 1972, there were nearly 200,000, for 1981, the total number was less than 100,000. Dollar-wise, gasoline sales reached an all-time high for 1980 (\$40.2 billion), dropping only slightly (to \$39.2 billion) for 1981. Even so, profits were down by 25 percent for 1981. An increase in interest deductions was a contributing factor.

#### Services

The service industries appeared to have been little affected by the recession, with the number of firms and the amounts for receipts and profits all on the increase over the five-year period, 1977-1981.

At the beginning of this period, there were 3.3 million such businesses. By the end of 1981, there were approximately 4 million. Over the period service businesses accounted for around 40 percent of all nonagricultural proprietorships. Moreover, they accounted for about 20-25 percent of total nonagricultural proprietorship receipts and a growing percent of the profits; for 1981, service industry profits accounted for more than 50 percent for the first time. In part, this may be an indication of the long-range transition of the national economy to one that is service-oriented. In part also, it reflects the public's perception of necessities in contrast to luxuries during a time of austerity:

automobiles must be repaired if they are not to be replaced; medical services that are required must be obtainable; and, in regard to personal services, those that are always in demand must always be available, recession or not. This includes dry cleaners, laundries, barber and beauty shops, funeral homes, and various types of repair services besides automobile.

Medical and legal services, together, have comprised the largest category within the services division for some years now. Medical and health services alone account for 25-30 percent of the receipts and around 40 percent of service industry profits (although only about 10 percent of the number of businesses). It is interesting to note that from 1977 to 1981, the profits of the medical group gradually declined relative to total services, from 43 to 38 percent.

Physicians and dentists account for most of the activity in the medical and health services group. The fact that their number seem to have remained relatively constant in recent years (around 150,000 physicians and 85,000 dentists) may well be because more of them have adopted the corporate form of business organization for their practice than to any lack of growth in their total number.

Receipts and profits for recent years are shown below for sole proprietorship physicians and dentists:

	<u>Business receipts</u> <u>(billions)</u>	<u>Net income</u> <u>(less deficit)</u> <u>(billions)</u>
Offices of physicians:		
1977 .....	\$9.3	\$5.3
1978 .....	9.1	5.1
1979 .....	10.1	5.6
1980 .....	9.9	5.3
1981 .....	10.0	5.2
Offices of dentists:		
1977 .....	\$6.1	\$2.8
1978 .....	6.9	2.9
1979 .....	6.8	2.8
1980 .....	7.1	2.9
1981 .....	7.7	3.0

The data tend to confirm that the recession had little effect on the professional income of these individuals. The data also show that physicians and dentists, in common with other self-employed professional people, had rates of return (net income on business receipts) that were among the highest in the sole proprietorship sector, although there were some indications of a slight decline over the five-year period as shown above.

Aside from medical and health services, legal services (mainly lawyers in private practice) was a large and growing activity. These firms increased in number from 163,000 in 1977 (and 135,000 in 1972), to nearly 200,000 in 1981. Other trend data for the legal services group are shown below:

	<u>Business receipts</u> <u>(billions)</u>	<u>Net income</u> <u>(less deficit)</u> <u>(billions)</u>
Legal services:		
1977 .....	\$5.6	\$2.8
1978 .....	5.8	2.8
1979 .....	6.3	2.9
1980 .....	6.6	3.2
1981 .....	7.8	3.3

Still other major growth areas in the services division were so-called business services, especially for management and public relations; personal services, in particular barber and beauty shops; amusement and recreation services, notably for the group entitled producers, orchestras and entertainers; and automotive repair and services, mainly those engaged in general automotive repairs.

Construction

For the third straight year, construction receipts and profits declined. These declines followed the general decline in new housing starts and were particularly evident in the case of general building contractors (and operative builders). The receipts for these contractors were at an all-time high in 1978 and declined thereafter. However, profits for them did not peak until a year later before dropping off.

Special trade contractors tend to play a dominant role in the construction industry statistics. These contractors, whether small businesses or self-employed individuals, are engaged in activities such as carpentering, flooring, painting, masonry and the like. This group fared somewhat better than general building contractors, perhaps because their businesses were not necessarily tied to new housing, but included work done on older structures as well. As a result, their receipts were at the highest in 1981, though their profits for that year were off sharply. This was especially so for those involved in masonry, plastering (and related activities), and carpentering.

Receipts and profits for general trade contractors and operative builders and for special trade contractors are summarized below:

	<u>Business receipts</u> <u>(billions)</u>	<u>Net income</u> <u>(less deficit)</u> <u>(billions)</u>
General trade contractors and operative builders:		
1977 .....	\$16.1	\$1.5
1978 .....	20.3	1.9
1979 .....	19.4	2.0
1980 .....	16.9	1.7
1981 .....	16.4	1.5

Special trade contractors:

1977 .....	\$22.9	\$4.5
1978 .....	27.1	5.6
1979 .....	28.2	5.5
1980 .....	27.3	5.3
1981 .....	28.6	4.9

## Unincorporated Business Activity

### Finance, insurance and real estate

Just two industries in finance, insurance, and real estate accounted for the major role played by this industrial division in the statistics for sole proprietorships. They were insurance agents, brokers and service and real estate agents, brokers and managers. While sales and profits of the former continued to rise in 1980 and 1981, profits for the latter took a drop, although the sales to which they were related seemed to have stabilized somewhat. Here, again, this was only for the sole proprietorship part of the industry; the finance, insurance and real estate division is dominated by corporations with a major role played by partnerships in regard to real estate.

Receipts and profits for the two major sole proprietorship industries are summarized below:

	<u>Business receipts</u> (billions)	<u>Net income</u> (less deficit) (billions)
Insurance agents, brokers and service:		
1977 .....	\$5.4	\$2.5
1978 .....	5.5	2.4
1979 .....	5.8	2.4
1980 .....	6.5	2.7
1981 .....	7.2	2.8

Real estate agents, brokers and managers:

1977 .....	\$8.5	\$3.4
1978 .....	9.7	3.9
1979 .....	10.8	4.2
1980 .....	9.8	3.4
1981 .....	10.3	2.7

The real estate group also was noted for its tax shelter activities, although most of these undertakings were joint ventures, organized as partnerships. As in the case of partnerships, the owner-investor had to be willing to sustain short-term losses in exchange for potentially high rates of return later on in terms of profits, capital gains and various income tax deductions, such as for depreciation. Concentrated in such real estate industries as operators and lessors of buildings or as subdividers and developers, these operations for proprietorships appeared in the main to be small scale, judging by the statistics. An overall deficit of \$50 million was reported for the two industries combined for 1981, compared to an overall profit of less than \$1 million for 1980. In contrast, partnership profits for these two industries for 1981 were a negative \$7.6 billion and for 1980 a negative \$3.6 billion.

### All other industries

Of far less significance to sole proprietorships are mining; manufacturing; and transportation, communication, electric, gas and sanitary services. Mining was almost entirely oil extraction and many of the operations were undoubtedly tax shelters that required risk-taking, but that also offered benefits to the owner-investor similar to those mentioned for the real estate industries (except that deductible losses were limited). The widely fluctuating profits from year to year may be indicative of the speculative nature of these ventures, while the increasing receipts, especially in 1981, may reflect

some of the initial results of domestic oil price decontrol which preceded the gradual decline in oil prices that followed.

The dominant activity in the transportation and public utility division insofar as sole proprietorships are concerned is trucking, which represents about three-fourths of the receipts and profits for the division. The recession did not appear to have had a noticeable effect on trucking as the industry as a whole continued to hold its own over the railroads in the transport of freight. Even so, data for recent years show a slight decline in profitability for this proprietorship industry.

Three industries account for most of the proprietorship activity in manufacturing: lumber and wood products, publishing and printing, and machinery (other than electrical). Lumber and wood reached a recent high in sales and profits for 1980, which then decreased in 1981, in response to the decline in the construction industry which began the year before [5].

Publishing and printing profits stayed about the same for 1979-1981, although the corresponding sales continued to climb throughout this period. Nonelectrical machinery followed about the same path as the lumber industry, with the effects of the recession first noticeable in the 1981 statistics following what appears to have been a banner year in 1980 (at least for those that were proprietorships).

### 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 report. Specific information applicable to 1981 sole proprietorship data is presented below.

#### Sample Selection

The 1981 sole proprietorship statistics are based on a sample of individual income tax returns, Forms 1040, processed by the IRS during 1982. The sample was stratified based on presence or absence of Schedule C, Profit (or loss) from Business or Profession; State in which filed; adjusted gross income or deficit or largest selected source of income or loss; and size of business plus farm receipts. The returns were selected at rates that ranged from 0.05 percent to 100 percent. There were 55,649 returns in the sample drawn from a population of 9,949,028.

#### Limitations

Because the data presented in this article are estimates based on a sample of documents filed with the IRS, they are subject to sampling, as well as nonsampling, error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known.

For the sole proprietorship data, the table below presents approximated coefficients of variation (CV's) for frequency estimates. The approximate CV's shown here are intended only as a general indication of the reliability of the data. For a number other than those shown below, the corresponding CV's can be estimated by interpolation. The reliability of estimates based on samples and the use of coefficients of variation for evaluating the precision of sample estimates are discussed in the Appendix.

<u>Number of Returns</u>	<u>Approximated Coefficient of Variation</u>
1,242,100	.02
198,700	.05
49,700	.10
12,400	.20
5,500	.30
2,000	.50

The 1981 data are not altogether comparable with prior years. For this year, when there was more than one business schedule associated with a return, data from them were combined in order to simplify statistical processing. Because of this processing change, the frequencies in table 1 are described as representing the "number of returns", whereas for previous years they were described as representing the "number of businesses". As a corollary to the change in processing, industry statistics for 1981 were affected to the extent that "multiple businesses" associated with a given return may have reflected different business activities so that for 1980, for example, each business was independently represented in the industry statistics. For 1981, the multiple businesses reported on a return were all classified into the one industrial activity that predominated.

Another notable change in the 1981 statistics compared to 1980 results from the increases in the industry statistics for the various "nature of business not allocable" categories. This is attributable to the increased use for statistical purposes of the industry codes assigned to the return for IRS revenue processing purposes. Previously, each such code (which was based on the taxpayer's narrative description of the business activity that accounted for the largest percentage of gross receipts) was verified during the statistical processing of returns included in the SOI sample using, for example, reference books and information found elsewhere in the return. This verification could not be made during IRS mainline processing because the sample returns were not designated until afterwards. In the course of mainline processing, if the business activity could not be readily ascertained, it was coded in one of the "not allocable" groups. A further examination of sampled returns used for the statistics for "wholesale and retail trade not allocable" is underway to see if it is possible to code such returns more precisely in the future, while continuing to utilize other industry codes assigned during revenue processing.

Finally, for 1981, data from Schedule F, Farm Income and Expenses, and from Form 4835, Farm Rental Income and Expenses and Summary of Gross Income from Farming or Fishing, were not obtained as part of the SOI sample used for the sole proprietorship statistics. Because of the resulting absence of data on farming, the agriculture division has been omitted from most of the analyses. However, in Table 1, data (from Schedules C only) are included in the selected agricultural industry statistics presented for agricultural services; forestry; and fishing, hunting and trapping.

Nevertheless, for purposes of this article, farm net income has been projected to facilitate comparisons with 1980. The 1981 estimate was based on the average relationship between SOI farm income

statistics for 1976-80 reported as a source of income by the taxpayer in computing income tax on Form 1040 and the farm income data from supporting Schedule F [6]. For several reasons, data from the two sources are not the same. Farm net income statistics from Schedule F were generally about 20 percent higher than the corresponding amounts based on the Form 1040 itself, although farm deficit statistics from the two sources were generally within 2 percent of one another. Data for farm landlords were based on the 1976-80 relationships between the farm rental net income statistics from Form 4835 and rental income from all sources from Schedule E, Supplemental Income Schedule [7]. Farm rental net income statistics averaged 18 percent of the statistics for total rental net income, while statistics for farm rental net losses averaged 2 percent of the total for rental net losses.

#### NOTES AND REFERENCES

- [1] The 1981 totals for sole proprietorship net income are projections from 1980 because data on farming were not tabulated. Net income shown below for total agriculture, forestry and fishing was also projected. For the methodology used, see "Data Sources and Limitations" at the end of this article.
- [2] Unlike partnerships, sole proprietorship net income excludes income from investments. Also, business deductions for salaries paid to owners and for charitable contributions are not allowed. (Investment income and salaries of the owner are reported as his or her personal income and charitable contributions are considered to be a personal deduction). In addition, sole proprietorships, unlike partnerships, are allowed to deduct, as business expenses, "additional first-year depreciation", depletion on oil and gas wells and foreign taxes paid (unless the owner elects to claim these taxes as a credit against income tax). For additional information, see Wilson, Robert A., "Unincorporated Business Activity for 1979", SOI Bulletin, Vol. 1, No. 3, page 41.
- [3] See 2, above.
- [4] For a description of the comparability of frequency estimates for sole proprietorships for 1981 with prior years, see "Data Sources and Limitations" at the end of this article.
- [5] For information about corporations in the lumber industry, see Shaifer, Nathan F. and Myles, George A., "Financial Characteristics of the Lumber and Paper Industries for 1980" in this issue.
- [6] See U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income -- Individual Income Tax Returns for 1976-80; Statistics of Income -- Sole Proprietorship Returns for 1977-80; and Statistics of Income -- Business Income Tax Returns for 1976.
- [7] Ibid.

Table 1.— Sole Proprietorship Businesses: Business Receipts, Selected Deductions, 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							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Number of returns	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income less deficit	Number of returns	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income
<b>All nonfarm industries.....</b>	<b>9,584,790</b>	<b>427,063,055</b>	<b>15,854,513</b>	<b>6,661,054</b>	<b>9,052,338</b>	<b>39,672,457</b>	<b>53,071,828</b>	<b>6,534,688</b>	<b>352,669,563</b>	<b>10,156,886</b>	<b>5,066,553</b>	<b>4,983,452</b>	<b>31,944,887</b>	<b>68,545,506</b>
Agricultural services, forestry, and fishing.....	256,496	9,983,081	594,867	100,860	235,489	877,697	787,900	155,693	5,661,921	323,712	83,299	124,958	757,642	1,319,038
Agricultural services.....	182,858	5,045,429	355,038	63,632	137,738	688,671	608,946	113,440	4,265,793	216,308	74,289	94,331	637,173	941,538
Veterinary services.....	13,278	1,084,543	20,758	196,665	29,777	166,665	308,384	12,410	1,046,753	45,968	21,410	29,304	156,092	315,286
Livestock breeding.....	13,071	201,092	20,657	1,377	5,069	7,010	33,759	1,724	153,623	1,819	379	124	4,890	33,507
Animal services, except livestock breeding and veterinary.....	43,824	783,925	78,482	8,905	26,244	54,554	-104,022	17,172	173,623	24,562	7,787	28,198	46,294	56,986
Landscape and horticultural services.....	91,265	1,969,434	151,343	35,830	48,191	280,890	361,227	66,308	1,790,490	103,894	32,228	28,918	259,716	425,336
Other agricultural services.....	21,419	1,068,434	55,618	15,528	38,957	179,512	76,236	15,711	789,688	40,195	13,985	28,918	170,182	110,434
Forestry.....	18,729	786,409	71,712	10,535	23,773	121,582	70,037	13,573	621,359	52,647	5,314	13,971	63,705	112,984
Fishing, hunting, and trapping.....	54,906	1,132,243	168,117	6,682	73,978	67,464	108,818	28,678	774,774	94,757	3,695	16,656	56,764	264,505
Mining.....	123,786	10,444,566	676,950	362,696	553,745	357,151	-178,099	56,587	7,190,056	340,072	235,007	148,333	218,527	1,587,475
Metal mining.....	5,058	20,047	6,588	136	1,565	2,333	-102,211	439	18,399	1,177	*13	*258	*28	5,694
Coal mining.....	2,998	340,785	30,368	10,412	12,578	23,754	6,791	1,453	282,451	22,775	5,557	5,778	17,398	21,667
Oil and gas extraction.....	107,777	9,797,811	596,310	345,825	515,674	288,824	-49,602	51,876	6,674,780	284,083	225,161	133,027	176,920	1,524,669
Nonmetallic minerals, except fuels.....	7,952	285,912	43,697	6,323	23,827	32,240	-33,078	2,818	214,426	22,096	4,276	9,267	24,181	34,945
<b>Construction.....</b>	<b>1,097,904</b>	<b>47,707,740</b>	<b>1,898,503</b>	<b>698,571</b>	<b>937,422</b>	<b>7,754,004</b>	<b>6,765,263</b>	<b>887,408</b>	<b>40,809,310</b>	<b>1,387,638</b>	<b>585,661</b>	<b>601,701</b>	<b>6,386,698</b>	<b>7,796,645</b>
General building contractors and operative builders.....	229,341	16,391,694	473,262	221,056	400,802	2,410,466	1,485,179	176,840	13,719,333	337,993	181,640	244,801	2,044,247	1,879,201
General building contractors.....	227,050	16,226,863	471,790	219,530	396,746	2,408,264	1,487,450	177,848	13,687,278	337,366	181,421	243,791	2,042,573	1,874,043
Operative builders.....	2,291	165,021	1,472	1,526	*4,156	*2,202	-2,272	*991	*32,054	*607	*219	*1,010	*1,674	*5,158
Heavy construction contractors.....	36,135	2,318,956	235,295	47,087	96,654	351,051	230,741	24,416	1,922,024	179,516	37,339	64,220	295,147	317,667
Highway and street construction.....	4,148	329,825	21,484	5,386	14,678	54,386	14,678	2,203	225,708	12,252	2,823	4,579	39,902	25,630
Heavy construction, except highway.....	31,986	1,990,131	213,801	41,310	85,620	296,665	216,064	22,213	1,696,316	167,264	34,516	59,641	255,245	291,938
Special trade contractors.....	815,306	28,622,346	1,167,922	430,215	436,634	4,943,843	4,293,215	669,677	24,804,557	859,717	385,554	289,778	3,988,959	5,475,417
Plumbing, heating, and air conditioning.....	83,418	4,687,319	139,163	91,445	48,375	70,756	89,014	62,971	4,001,663	110,190	74,092	32,253	599,214	686,015
Painting, paper hanging, and decorating.....	138,830	3,288,647	91,791	50,118	30,421	54,745	847,408	121,712	3,041,191	74,485	47,425	24,589	487,038	681,368
Electrical work.....	63,606	2,441,095	69,646	41,390	31,925	391,950	419,323	47,052	2,126,686	76,727	33,172	20,739	305,963	459,565
Masonry, stonework, tile setting, and plastering.....	83,441	2,946,597	85,590	42,192	36,874	847,378	483,704	53,487	2,538,864	61,935	35,472	14,950	560,955	539,188
Carpentering and flooring.....	212,635	4,509,993	128,506	40,695	55,365	690,816	1,102,684	189,284	4,035,110	101,814	36,838	43,347	596,342	1,170,052
Roofing and sheet metal work.....	32,280	1,431,593	52,261	19,747	14,678	292,040	186,095	25,453	1,230,314	32,120	15,477	7,637	252,172	207,910
Concrete work.....	16,676	1,125,699	45,624	21,696	19,380	236,010	115,577	13,820	929,698	30,068	17,849	10,822	175,490	151,306
Water well drilling.....	5,205	285,548	20,712	3,507	*7,937	32,725	43,525	4,488	268,140	19,154	3,363	*7,608	*32,141	47,260
Miscellaneous special trade contractors.....	197,215	7,895,878	504,448	118,418	182,775	1,203,812	1,130,902	149,600	6,632,792	353,285	101,765	127,834	895,643	1,333,753
Contractors not allocable.....	17,023	373,553	23,024	1,216	*3,233	*48,645	120,128	14,478	363,397	20,412	1,128	*2,902	*48,245	124,460

Footnotes at end of table.

Sole Proprietorship Returns/1981

Table 1.—Sole Proprietorship Businesses: Business Receipts, Selected Deductions, 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							Businesses with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Number of returns	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income less deficit	Number of returns	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income
<b>Manufacturing</b> .....	257,490	13,647,822	691,630	239,132	261,842	2,157,473	1,356,424	159,625	11,598,027	470,245	178,160	166,796	1,722,925	1,608,163
Food and kindred products.....	5,524	1,129,165	39,273	14,518	24,893	102,255	48,796	3,813	1,030,255	33,045	17,043	16,796	91,202	60,461
Textile mill products.....	3,275	123,715	2,524	860	1,664	102,255	48,796	2,519	121,508	1,184	735	563	14,117	12,210
Apparel and other textile products.....	10,731	963,669	16,225	18,997	7,974	149,145	41,039	6,357	377,048	12,133	11,060	3,196	83,351	67,014
Lumber and wood products, except furniture.....	57,623	3,702,975	285,909	60,147	86,949	612,697	227,397	38,773	2,942,132	162,022	42,124	53,443	430,267	319,185
Furniture and fixtures.....	10,222	446,002	13,422	3,969	2,667	71,228	16,739	5,483	395,865	6,339	2,937	2,442	56,329	48,777
Printing, publishing, and allied industries.....	53,111	2,941,967	127,355	57,694	41,451	551,154	374,994	35,755	2,768,902	103,291	52,246	32,169	519,966	454,148
Chemicals and allied industries.....	919	29,052	1,192	414	779	17,228	7,228	741	27,811	1,105	715	273	411	8,015
Leather and leather products.....	1,134	37,194	627	602	348	8,558	3,985	595	36,985	798	601	798	9,545	8,277
Stone, clay, and glass products.....	21,769	458,224	31,144	12,407	9,448	65,536	1,064	7,312	185,415	6,310	3,776	3,850	23,093	42,658
Primary metal industries.....	1,406	118,479	2,666	2,117	10,831	10,466	430	661	26,931	1,008	307	( )	2,481	6,784
Fabricated metal products.....	8,394	216,313	15,300	4,947	3,112	32,435	28,008	4,926	134,775	7,061	3,077	443	21,166	46,670
Machinery, except electrical.....	16,275	638,136	57,396	14,960	18,995	177,136	11,088	11,088	867,514	48,055	13,687	13,687	168,965	238,174
Electrical and electronic equipment.....	3,984	187,022	5,041	1,080	2,695	25,965	218,237	2,268	178,664	2,522	951	2,472	24,750	23,889
Transportation equipment.....	2,868	258,436	5,438	6,551	1,220	40,649	18,030	2,740	233,675	4,786	*4,183	*1,210	*40,639	20,026
Other manufacturing industries.....	57,114	2,439,277	89,712	36,988	48,183	285,318	348,854	35,337	2,208,781	74,109	27,607	30,396	232,953	448,452
Manufacturing not allocable.....	3,141	58,173	6,104	*1,180	*2,123	*9,531	-3,301	*2,157	*42,995	*4,479	*890	*1,223	*4,660	*7,622
<b>Transportation, communication, electric, gas, and sanitary services</b> .....	433,979	21,668,362	1,955,989	323,143	757,929	1,784,727	2,063,514	299,330	17,191,095	1,261,349	232,975	437,948	1,346,433	2,905,258
Local and interurban passenger transit.....	24,298	693,329	47,538	6,839	21,632	45,612	110,537	24,768	560,806	31,841	6,357	15,378	40,360	150,393
Taxis.....	24,595	984,678	20,533	3,288	11,033	*17,403	40,683	17,004	270,554	9,062	2,622	2,622	*12,171	77,580
Other passenger transportation.....	9,653	298,850	27,004	3,551	10,599	26,209	69,854	7,764	290,252	22,679	3,535	9,355	28,209	72,813
Trucking, local and long distance.....	311,389	16,708,519	1,604,519	257,424	599,256	1,310,471	1,662,049	221,869	12,898,962	1,039,022	182,067	346,237	936,834	2,240,470
Trucking, local and long distance.....	308,343	16,498,537	1,593,729	254,195	591,763	1,295,668	1,670,198	220,382	12,750,178	1,035,946	181,285	346,604	930,108	2,227,864
Public warehousing and trucking terminals.....	3,056	206,864	10,791	3,223	7,492	14,803	-8,150	1,507	148,784	3,076	782	1,633	6,726	12,607
Water transportation.....	9,774	229,037	45,414	6,076	30,684	16,707	-30,823	3,696	145,953	15,594	2,137	9,894	*12,813	24,200
Air transportation.....	6,075	293,423	47,093	7,985	21,176	22,130	-44,165	3,421	208,569	14,590	5,394	*4,800	*13,575	21,488
Transportation services.....	37,214	2,331,523	76,874	20,079	40,858	167,279	122,163	25,108	1,920,147	51,658	15,793	26,202	141,501	190,033
Passenger transportation arrangement.....	17,869	1,358,932	17,191	9,375	11,438	82,591	73,104	10,253	1,065,020	10,077	3,972	3,972	63,445	102,267
Freight transportation arrangement.....	2,556	278,774	6,015	6,561	64,083	7,376	1,763	1,763	218,373	2,276	3,149	*3,782	*61,093	17,683
Other transportation services.....	16,789	692,817	53,668	7,123	22,658	20,695	41,703	13,112	616,753	39,305	6,472	12,84	16,963	70,143
Communication.....	4,465	293,007	18,000	3,336	6,426	19,470	42,157	3,343	273,963	14,221	2,652	3,255	16,081	50,685
Electric, gas, and water services.....	2,159	328,226	7,819	*5,444	*9,337	*32,462	8,990	1,570	316,428	5,228	5,439	*6,784	*32,408	12,450
Sanitary services.....	26,665	991,315	108,832	15,960	28,551	170,596	182,607	15,595	894,246	89,094	12,857	23,389	152,863	215,489
<b>Wholesale and retail trade</b> .....	2,453,695	188,280,696	3,479,216	2,857,752	2,387,260	12,966,674	8,393,233	1,357,026	157,899,671	2,233,313	213,951	1,350,732	9,755,856	12,912,792
Wholesale trade.....	200,062	28,155,324	409,408	227,765	306,334	1,266,105	1,659,632	147,671	24,515,088	310,071	192,365	200,134	1,019,409	2,239,373
Motor vehicles and automotive equipment.....	7,297	1,459,849	15,619	9,741	20,367	86,340	79,307	4,105	1,249,240	13,445	17,572	17,464	71,484	98,860
Lumber and construction materials.....	4,893	331,336	16,438	2,999	3,690	30,050	71,850	3,609	785,538	14,277	2,353	2,384	26,333	76,351
Electrical goods.....	5,914	325,935	4,948	2,774	3,119	22,171	42,712	4,655	309,901	3,138	2,407	2,489	19,719	50,780
Hardware, plumbing, and heating equipment.....	6,897	810,546	13,741	11,059	10,338	56,415	86,767	5,915	799,255	13,739	11,059	10,338	56,415	87,702
Farm machinery and equipment.....	6,584	1,618,195	33,395	13,720	43,359	83,756	32,766	4,635	1,284,337	27,287	10,985	33,476	66,343	57,620
Other machinery, equipment, and supplies.....	13,506	1,876,095	39,726	22,670	18,881	109,222	184,466	10,106	1,628,671	33,203	18,278	13,924	92,528	211,699
Other durable goods.....	32,528	2,595,503	46,848	16,385	35,775	128,284	238,094	23,063	2,272,362	34,572	24,435	24,435	84,801	291,977
Apparel, piece goods, and notions.....	8,210	702,824	9,251	6,926	6,517	30,463	62,514	4,953	690,678	7,835	6,315	6,378	29,408	67,940
Drugs, chemicals, and allied products.....	8,497	808,924	9,155	3,370	3,370	11,094	64,315	5,291	756,027	6,949	2,401	1,695	11,094	96,705
Groceries and related products.....	19,857	3,902,599	52,729	20,036	38,039	138,618	188,025	15,435	3,291,581	36,117	13,839	16,253	106,506	247,524
Farm-products raw materials.....	8,593	4,629,805	27,537	9,274	32,644	69,271	40,174	5,763	3,443,336	16,879	7,774	15,253	55,184	83,228
Alcoholic beverages.....	875	117,255	6,094	2,392	5,592	11,725	8,052	864	419,430	6,065	4,194	5,589	11,255	9,373
Other nondurable goods.....	66,330	8,415,764	125,029	103,773	82,140	463,264	698,159	50,469	8,922,528	87,880	91,357	46,847	375,170	708,814
Wholesalers not allocable.....	10,081	718,370	8,915	3,980	3,212	13,200	148,419	8,788	641,268	6,687	3,347	3,118	12,182	150,790

Footnote at end of table.



Sole Proprietorship Returns/1981

Table 1.— Sole Proprietorship Businesses: Business Receipts, Selected Deductions, 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					Businesses with net income					Net income			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)	(12)	(13)
	Number of returns	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income less deficit	Number of returns	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income
<b>Wholesale and retail trade — Continued</b>														
Retail trade.....	2,009,380	157,798,109	2,804,121	2,468,281	1,895,319	11,093,827	5,626,132	1,070,667	124,344,482	1,769,334	1,848,468	1,056,175	8,259,374	9,335,141
Building materials, paint, hardware, garden supply, and mobile home dealers.....	61,441	5,991,466	159,282	109,713	137,392	586,291	352,239	40,207	4,848,689	103,356	76,688	83,500	434,270	494,539
Lumber and other building materials dealers.....	10,101	1,501,587	30,519	29,563	31,056	151,732	78,275	7,411	1,249,023	24,819	25,306	22,831	122,899	106,734
Paint, glass, and wallpaper stores.....	8,444	604,169	15,863	12,705	9,077	167,805	31,531	6,105	417,069	9,623	4,938	*2,566	57,025	54,648
Hardware stores.....	15,978	1,981,689	36,288	34,783	40,142	107,833	147,833	12,603	1,686,273	26,265	27,346	24,565	136,372	181,591
Retail nurseries and garden supply stores.....	21,346	1,253,971	46,248	19,650	20,023	126,894	64,031	10,116	1,040,407	17,165	15,594	6,395	95,238	109,558
Mobile home dealers.....	5,572	650,090	23,444	12,072	37,094	36,340	30,011	3,972	455,917	13,662	5,502	25,022	22,735	42,009
General merchandise stores.....	21,385	3,629,315	39,953	38,456	31,911	189,838	69,481	14,149	1,984,275	26,977	30,890	24,469	133,651	116,874
Variety stores.....	6,591	711,959	13,343	13,157	10,205	56,205	31,115	5,294	589,405	9,005	12,446	4,194	*34,905	46,247
Other general merchandise stores.....	14,794	1,917,356	26,609	26,299	24,153	113,734	38,366	8,855	1,404,870	17,972	18,444	20,275	98,747	70,526
Food stores.....	173,989	30,003,842	441,949	351,943	299,699	1,649,097	819,197	113,692	23,662,065	292,719	298,248	181,864	1,244,955	1,145,561
Grocery stores.....	107,349	23,290,398	293,928	279,872	223,215	1,169,664	595,576	72,431	18,513,900	204,592	210,163	125,363	910,751	747,112
Meat and fish markets, including freezer provisions	12,769	1,993,713	30,405	12,398	11,944	78,560	40,076	6,146	1,561,402	16,911	11,171	7,380	67,765	101,840
Fruit stores and vegetable markets.....	6,469	625,111	9,760	3,246	3,295	33,538	40,669	5,119	506,303	6,384	2,376	1,971	25,727	46,000
Candy, nut, and confectionery stores.....	7,815	655,776	27,349	8,729	7,748	40,450	9,007	4,289	349,185	7,748	3,697	*2,870	*20,868	39,578
Dairy products stores.....	7,253	653,024	33,953	12,053	16,085	40,270	24,016	3,077	590,486	18,580	6,354	*8,515	51,841	37,531
Retail bakeries.....	16,634	1,071,353	33,650	21,895	25,369	159,611	40,882	12,002	833,385	20,394	13,663	7,796	103,622	86,317
Miscellaneous food stores.....	13,598	1,516,285	13,428	13,428	11,925	75,805	67,608	8,018	1,327,503	18,110	10,834	6,169	64,281	87,085
Automotive dealers and service stations.....	181,273	51,804,981	443,795	534,595	368,455	2,316,642	1,181,265	122,873	42,524,898	310,328	439,435	225,152	1,848,250	1,612,145
Motor vehicle dealers — new car dealers (franchised)	12,017	2,100,421	25,288	13,676	40,194	78,508	29,490	7,031	1,882,092	14,004	9,048	17,747	51,980	66,473
Motor vehicle dealers — used cars only.....	32,802	5,591,925	53,339	31,969	78,256	206,488	114,202	20,273	4,256,718	28,113	22,867	39,366	157,885	203,537
Auto and home supply stores.....	30,829	3,327,889	64,287	61,222	46,870	308,883	186,917	18,171	2,780,503	42,189	52,074	29,837	248,838	250,602
Gasoline service stations.....	83,398	39,143,511	259,661	400,644	154,261	1,606,770	831,148	70,901	32,885,240	203,391	339,901	106,578	1,319,393	1,012,616
Boat dealers.....	3,279	348,713	15,878	6,673	12,292	39,451	-5,270	1,149	184,666	*5,018	*2,940	*2,177	*23,189	24,562
Recreational vehicles.....	2,086	498,788	9,459	7,042	13,684	20,444	15,222	1,655	433,392	9,135	4,337	9,508	15,388	22,478
Miscellaneous dealers.....	1,390	265,293	2,444	5,204	7,354	16,678	1,127	3,312	185,281	1,965	2,576	8,834	8,102	6,382
Miscellaneous aircraft and automotive dealers.....	5,482	527,141	13,378	8,135	15,544	39,411	8,429	3,381	395,006	5,433	5,691	13,003	22,514	25,495
Apparel and accessory stores.....	69,101	4,813,187	94,415	96,054	80,247	367,778	215,901	37,022	3,665,183	60,873	68,165	38,630	242,824	415,411
Men's and boys' clothing and furnishings stores.....	2,649	269,574	8,361	3,415	*3,823	23,216	18,759	1,536	257,563	5,242	3,228	2,285	22,399	30,566
Women's ready-to-wear stores.....	11,291	1,025,861	14,277	20,291	12,029	85,689	44,916	6,293	769,158	19,179	15,903	7,393	60,421	74,462
Women's accessory and specialty stores.....	8,156	255,279	4,556	2,147	*752	*3,294	18,216	4,296	229,006	*1,742	1,546	653	2,308	37,191
Children's and infants' wear stores.....	2,821	258,347	7,204	10,794	5,004	*17,208	11,648	*4,754	*227,244	5,845	10,061	4,135	*16,060	*17,287
Family clothing stores.....	18,184	1,129,848	29,195	21,351	26,252	97,618	19,471	9,289	799,911	16,884	12,894	13,317	50,816	82,855
Shoe stores.....	10,213	916,000	12,419	22,194	16,552	93,770	57,591	6,377	651,161	5,881	14,004	5,906	57,068	86,188
Furriers and fur shops.....	2,467	287,485	*1,510	*332	*2,159	*2,699	23,794	*1,958	*272,349	*682	*325	*50	*2,151	*26,539
Apparel and accessory stores, not elsewhere classified.....	13,290	673,793	16,893	15,528	13,675	44,102	23,392	5,321	460,814	5,917	10,212	4,860	31,801	58,334
Furniture and home furnishings stores.....	98,025	7,214,299	176,594	120,339	123,459	637,395	404,842	61,890	5,630,633	119,137	82,423	81,325	473,697	632,745
Furniture stores.....	16,457	1,905,679	34,836	18,018	30,627	94,985	89,196	10,097	1,105,470	22,753	12,443	21,182	63,372	163,021
Floor covering stores.....	13,070	950,714	21,993	8,977	8,766	92,910	81,891	10,151	786,023	16,444	7,514	7,058	69,833	98,031
Drapery, curtain and upholstery stores.....	18,051	595,963	17,965	12,063	12,425	101,481	74,458	12,491	556,853	14,124	11,261	10,768	98,146	81,242
Home furnishings and equipment stores, except appliances.....	12,914	530,922	19,389	10,844	14,454	28,451	28,873	6,759	401,461	9,483	7,879	*10,144	22,197	58,446
Household appliance stores.....	11,455	1,466,394	19,243	30,045	20,000	159,908	36,075	8,711	1,104,691	12,413	18,037	14,244	97,953	68,376
Radio and television stores.....	13,723	1,028,399	31,857	22,142	18,036	92,634	57,468	7,482	693,941	19,745	14,034	7,841	62,111	81,007
Music stores.....	12,955	1,114,227	16,150	16,150	19,151	69,025	36,981	6,199	982,183	22,174	11,455	10,278	60,086	82,822
Eating and drinking places.....	227,515	20,063,701	688,865	672,938	425,841	3,237,165	694,639	136,592	14,172,823	398,655	457,107	188,374	2,109,555	1,459,979
Eating places.....	186,127	15,224,258	530,592	472,117	316,751	2,632,062	484,275	103,375	10,699,460	300,660	323,491	141,648	1,716,752	1,111,901
Drinking places.....	61,388	4,839,443	156,273	200,821	109,090	605,103	210,563	35,211	3,273,163	85,965	133,616	46,726	392,803	346,376

Footnotes at end of table.

Table 1. — Sole Proprietorship Businesses: Business Receipts, Selected Deductions, 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						Businesses with net income							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Number of returns	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income less deficit	Number of returns	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income
<b>Wholesale and retail trade — Continued</b>														
Retail trade														
Miscellaneous retail stores	1,154,953	34,465,936	748,507	567,004	418,904	2,076,891	1,792,153	527,816	27,108,826	464,608	428,306	246,752	1,723,027	3,337,916
Drug stores and proprietary stores	17,260	3,033,936	39,264	43,004	29,377	272,134	272,461	13,089	2,775,051	35,461	38,048	27,050	242,843	281,110
Liquor stores	19,610	4,162,228	49,570	87,324	43,331	217,350	155,353	13,089	3,544,781	62,102	62,102	33,850	174,860	190,954
Used merchandise stores	80,214	2,861,175	71,623	32,682	26,252	162,064	113,203	36,406	1,910,682	33,105	33,105	17,578	104,307	200,187
Sporting goods and bicycle shops	37,394	2,866,092	48,728	49,892	26,252	162,064	113,203	18,820	1,910,682	36,542	40,942	19,442	142,813	189,147
Book stores	17,978	1,220,978	18,207	27,781	6,216	109,547	102,127	11,053	1,043,948	13,968	22,042	7,591	90,303	115,597
Stationery stores	6,679	264,910	6,949	5,732	4,969	21,701	17,477	2,735	186,485	3,031	3,319	1,085	15,345	38,467
Jewelry stores	30,507	1,327,323	35,968	28,976	10,146	98,322	200,296	10,045	1,161,574	15,898	6,537	6,537	91,474	254,167
Hobby, toy, and game shops	23,376	680,065	12,165	6,764	7,765	31,621	25,863	10,821	553,047	8,840	5,250	6,769	20,981	50,140
Camera and photographic supply stores	2,378	267,063	5,833	6,968	1,088	28,648	13,134	1,594	264,318	4,675	8,977	1,080	28,648	15,101
Gift, novelty, and souvenir shops	35,317	1,164,942	34,366	27,323	15,264	74,930	724	15,792	793,398	16,732	13,848	10,501	58,453	84,669
Luggage and leather goods shops	1,890	46,301	1,214	689	—	2,876	5,268	1,336	43,633	1,214	689	—	2,876	7,450
Sewing, needlework, and piece goods stores	21,368	604,566	12,413	12,527	5,164	56,597	36,112	15,378	454,715	1,486	8,450	5,164	50,125	77,422
Mail order houses	13,844	292,702	6,284	4,209	3,868	24,490	36,911	7,956	277,660	1,967	4,027	3,400	21,863	52,389
Merchandising machine operators	19,075	1,159,550	71,194	22,878	13,862	52,478	84,925	11,177	821,612	14,370	48,840	7,700	36,213	110,890
Direct selling organizations	728,184	7,502,214	202,260	70,957	99,300	270,920	237,718	280,348	5,427,413	108,256	50,211	55,933	294,697	1,042,495
Fuel and ice dealers, except fuel oil dealers and bottled gas dealers	3,238	673,024	15,036	4,148	6,498	17,731	29,608	2,139	544,453	10,586	3,741	4,027	16,787	43,250
Liquid petroleum gas (bottled gas) dealers	6,573	13,876	18,734	1,326	8,810	21,290	46,818	1,290	1,270,445	16,155	9,246	7,108	16,557	50,693
Florists	1,617	226,598	4,755	1,945	885	15,178	14,374	1,239	143,374	1,674	1,874	826	14,784	8,109
Cigar stores and stands	30,387	2,173,350	49,119	71,567	28,197	321,882	144,883	20,431	1,673,400	30,024	53,248	11,957	242,787	195,243
News dealers and newsstands	3,497	327,939	2,138	12,202	7,507	9,764	35,317	2,507	285,713	1,643	11,578	9,778	9,628	38,488
Other miscellaneous retail stores	16,218	673,947	11,526	27,249	55,344	44,766	52,116	22,634	468,138	8,598	4,455	5,824	35,394	60,294
Retail trade not allocable	21,718	791,982	21,842	13,705	9,411	52,346	90,870	14,226	717,179	16,897	14,678	6,110	48,145	119,672
Wholesale and retail trade not allocable	244,453	11,327,282	265,687	316,570	165,600	606,742	908,470	138,698	9,040,102	153,908	99,698	94,423	478,073	1,338,277
Finance, insurance, and real estate	907,485	22,154,345	1,101,436	1,014,398	1,861,192	1,166,698	5,970,700	615,660	18,872,885	642,578	199,220	559,330	933,107	7,699,115
Finance	40,651	3,138,094	67,985	8,767	182,123	68,268	467,118	26,890	2,519,124	20,694	5,120	5,853	43,885	71,132
Banking and miscellaneous finance	6,665	292,348	10,516	2,776	6,010	7,129	12,608	3,162	212,162	5,863	690	11,580	2,292	78,748
Credit agencies other than banks	2,440	98,218	2,657	974	6,848	7,129	12,608	3,162	90,136	1,430	698	2,862	6,202	21,098
Security and commodity brokers and services	31,546	2,747,528	54,812	6,016	114,369	43,397	422,202	22,598	2,216,924	22,411	3,533	38,888	35,491	611,301
Insurance agents, brokers, and service	16,355	1,495,452	30,936	2,605	52,468	17,256	237,681	11,728	1,246,778	12,397	1,352	17,134	15,217	328,821
Real estate agents, brokers, and managers	15,191	1,252,076	23,876	3,412	61,903	26,131	184,521	10,668	670,046	10,014	2,181	12,755	20,274	282,480
Operators and lessors of buildings	241,697	7,151,841	233,122	64,390	160,454	651,425	2,914,461	188,751	6,813,324	180,172	55,642	123,502	592,023	3,051,504
Lessors other than buildings	16,532	781,696	800,326	242,424	1,037,613	447,905	2,756,108	401,949	9,540,237	422,712	198,463	382,376	297,100	3,896,478
Real estate agents, brokers, and managers	4,331	136,216	1,834	60,049	217,228	52,152	12,413	8,828	576,575	73,195	43,870	4,748	36,894	89,713
The abstract companies	588,240	10,315,248	621,142	169,692	705,866	352,095	2,680,462	378,030	8,342,129	330,544	87,235	240,456	223,359	3,645,363
Subtract companies	3,918	73,639	3,155	999	1,318	4,018	34,829	2,554	72,540	2,946	953	1,264	3,755	35,239
Cemetery subsidiaries and developers	852	287,089	13,363	7,018	82,377	10,255	37,128	2,456	195,111	4,521	2,844	17,907	4,458	37,536
Continued real estate, insurance, loans, law offices	8,056	242,269	10,441	2,833	16,987	17,139	74,747	6,595	230,184	2,554	—	—	—	4,558
Services	3,952,801	102,963,808	5,333,826	1,725,121	2,508,344	12,392,463	27,463,790	2,931,588	91,101,876	3,413,233	1,391,528	1,582,863	10,670,112	31,905,338
Hotels and other lodging places	52,719	3,178,062	430,001	139,322	384,713	366,248	52,422	26,074	1,965,044	189,890	76,274	145,222	223,141	251,535
Motels, motor hotels, and tourist courts	3,755	50,940	50,940	45,663	45,663	84,908	-7,866	2,384	332,828	29,662	6,373	24,034	58,850	21,911
Rooming and boarding houses	24,632	1,698,262	252,818	96,398	225,537	267,948	-17,672	11,159	1,090,751	104,062	54,334	86,405	148,761	149,008
Sporting and recreational camps	6,666	208,912	25,685	6,301	15,854	16,489	6,764	3,715	153,780	19,191	4,001	9,456	7,304	23,859
Trailering parts and campsites	4,773	201,169	24,942	6,740	26,203	7,514	17,790	2,441	157,722	7,615	2,858	7,012	2,508	13,044
Organizational hotels and lodging houses, on a membership basis	11,790	492,069	72,762	17,984	50,841	18,026	-17,290	5,901	218,872	26,562	8,635	17,967	5,967	40,817
	*708	*29,307	*2,854	*255	*614	*363	*1,451	*474	*10,984	*789	*73	*347	*123	*2,897

Footnotes at end of table.

Sole Proprietorship Returns/1981

Table 1.—Sole Proprietorship Businesses: Business Receipts, Selected Deductions, 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						Businesses with net income							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Number of returns	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income less deficit	Number of returns	Business receipts	Depreciation	Taxes paid deduction	Interest	Payroll	Net income
<b>Services — Continued</b>														
Personal services	702,887	11,229,830	584,259	243,665	245,748	1,882,838	2,401,657	560,088	9,686,758	389,565	195,735	168,149	1,543,398	2,814,141
Coin-operated laundries and dry cleaning	17,662	538,574	65,827	10,772	10,772	63,302	17,131	357,511	3,780	7,782	7,782	33,965	41,924	68,788
Other laundry, cleaning, and garment services	45,220	1,240,368	120,902	47,263	46,456	383,022	38,685	1,522,838	88,525	34,344	30,838	33,965	240,984	366,234
Photographic studios, portrait	217,326	1,955,970	91,108	25,288	41,165	1,463,640	88,026	34,318	1,044,330	53,058	34,653	34,653	1,261,004	2,111,004
Beauty shops	71,980	3,988,773	130,630	97,707	47,118	2,015,988	323,871	68,844	3,220,122	100,853	79,210	34,653	688,178	688,178
Barber shops	12,857	1,218,098	27,551	17,313	6,660	201,588	523,871	182,161	1,192,161	25,410	6,237	4,916	200,333	531,960
Shoe repair and hat cleaning shops	8,286	320,663	11,211	5,989	4,880	63,626	68,495	304,908	8,506	5,074	4,916	17,643	61,948	73,060
Funeral service and crematories	251,302	723,733	28,665	14,534	18,939	74,002	151,646	7,513	706,774	26,524	1,873	17,842	73,510	155,981
Miscellaneous personal services	898,318	1,642,452	108,366	24,789	53,343	1,463,211	415,327	208,753	1,338,012	55,734	18,812	26,442	100,333	540,842
Business services	19,062,017	1,220,087	227,883	512,520	512,520	1,628,122	4,854,531	6,926,749	16,581,163	666,026	163,540	260,756	1,313,165	6,005,231
Advertising	1,845	31,968	30,734	9,357	6,634	25,760	317,097	30,947	1,275,787	22,833	6,648	5,980	19,935	346,982
Services to buildings	138,259	1,748,648	81,476	22,827	36,294	569,589	114,554	1,579,292	58,995	19,961	33,343	23,721	237,721	602,638
Computer and data processing services	31,973	627,761	57,526	7,262	19,008	25,703	167,068	20,769	478,944	21,553	1,974	6,952	6,952	13,512
Management and public relations	327,188	5,722,295	264,295	48,623	150,380	2,781,615	2,328,647	240,688	5,058,962	159,833	32,866	74,571	180,344	2,756,401
Equipment rental and leasing	39,868	1,471,539	34,134	174,858	179,619	116,233	1,284,443	14,730	989,731	134,219	15,618	54,374	60,823	162,973
Other business services	321,152	8,011,074	372,756	106,476	123,378	897,243	1,599,417	226,268	7,188,888	289,774	86,172	85,346	800,832	1,912,831
Automobile repair and services	212,374	10,774,592	437,303	217,240	196,911	1,422,571	1,175,518	153,984	9,252,937	295,945	178,580	132,708	1,226,420	2,413,863
Automobile rentals, without drivers	6,840	213,856	4,745	26,406	8,163	14,888	5,760	6,145	138,770	33,218	3,641	14,600	1,226,420	1,413,863
Automobile top and body repair shops	1,845	73,443	6,277	2,088	2,236	31,163	11,784	1,364	138,770	33,218	3,641	14,600	1,226,420	1,413,863
General automotive repair shops	36,363	1,951,525	52,661	42,083	27,418	331,275	225,962	90,629	1,819,299	148,126	40,232	21,826	312,965	244,065
Other automotive repair shops	121,355	6,333,098	120,218	84,540	832,862	714,627	618,627	30,628	5,545,162	148,126	102,378	69,278	732,434	630,069
Automotive services, except repair	32,278	1,595,958	96,240	24,243	19,454	85,858	111,227	10,377	463,160	19,462	10,377	6,745	62,738	123,128
Miscellaneous repair services	212,317	4,610,707	209,720	84,012	89,358	459,122	87,756	3,987,052	134,476	87,100	69,450	39,450	359,539	1,000,778
Radio and TV repair shops	30,634	611,266	22,805	14,876	10,912	23,831	131,861	23,719	553,141	16,503	7,830	7,830	22,380	142,539
Electrical repair shops, except radio and TV	23,894	585,565	19,712	6,256	6,618	64,527	108,853	17,636	530,244	14,789	5,734	6,456	60,559	119,428
Refrigeratory and furniture repair	29,895	594,671	23,617	9,775	15,675	63,735	102,784	20,510	529,452	15,116	7,388	10,338	56,337	128,613
Other miscellaneous repair shops	127,784	2,819,205	143,585	53,104	56,152	307,028	532,257	85,685	2,390,215	88,068	40,389	36,826	220,253	639,188
Motion pictures	12,883	264,968	29,649	6,669	7,656	14,888	5,760	6,145	207,634	11,324	5,335	6,063	12,682	55,570
Motion picture production, distribution, and services	11,719	188,704	26,008	1,710	3,250	5,236	3,163	5,965	149,887	8,139	1,257	2,089	3,623	50,484
Motion picture theaters	1,164	76,264	3,642	1,959	4,406	9,652	2,578	580	57,947	3,185	4,078	3,974	9,058	5,088
Amusement and recreation services, except motion pictures	281,678	4,510,046	476,333	69,102	122,134	2,259,028	175,097	144,435	3,398,318	181,954	47,951	47,620	272,397	1,010,583
Billiard and pool establishments	43,183	1,851,327	118,398	7,514	20,259	92,340	419,889	92,426	1,541,375	73,417	5,892	11,808	72,613	161,748
Producers, orchestras, and entertainers	1,282	42,202	1,558	1,228	551	5,570	3,547	369	23,728	529	448	398	4,308	4,308
Bowling units	2,394	202,335	14,706	11,974	10,837	34,940	10,702	1,469	167,320	14,674	11,447	6,798	34,940	14,498
Professional sports clubs and promoters	48,173	781,901	5,976	4,711	2,520	27,276	15,618	2,974	162,702	22,921	3,201	2,472	51,751	65,280
Racing, including track operation	81,486	1,439,850	208,409	7,057	25,301	74,780	409,834	36,950	1,106,973	67,244	23,438	25,627	87,398	281,526
Other amusement and recreation services	426,557	24,274,667	884,316	378,191	470,046	3,421,967	10,326,083	370,566	23,486,190	792,831	354,229	415,621	3,226,038	10,545,064
Medical and health services	150,669	10,021,819	352,314	134,687	143,809	1,088,832	5,153,399	131,195	9,834,382	316,355	129,659	126,071	1,062,262	5,253,250
Offices of physicians	85,517	7,677,729	291,837	130,728	162,406	1,273,914	3,032,144	79,524	7,568,025	267,021	127,948	143,683	1,250,194	3,063,129
Offices of osteopathic physicians	13,580	836,695	49,956	20,711	1,601	17,475	77,647	2,187	153,904	3,163	2,071	1,601	11,601	77,847
Offices of chiropractors	13,580	836,695	49,956	20,711	1,601	17,475	77,647	2,187	153,904	3,163	2,071	1,601	11,601	77,847
Offices of optometrists	15,713	3,306,530	44,116	10,732	53,728	92,344	277,310	12,919	906,108	10,659	10,659	51,141	82,150	286,201
Registered and practical nurses	47,354	397,653	11,078	18,257	20,628	137,645	368,744	13,431	1,241,016	37,524	17,817	18,397	136,187	397,030
Nursing and personal care facilities	21,594	1,164,787	44,128	11,123	2,160	2,428	269,045	45,217	398,657	9,747	1,116	1,890	2,369	274,728
Hospitals	1,482	238,965	12,928	7,482	7,523	39,391	138,383	15,817	908,102	35,212	32,371	43,508	285,078	155,545
Medical laboratories	6,772	285,308	6,328	5,468	7,523	39,391	138,383	15,817	908,102	35,212	32,371	43,508	285,078	155,545
Dental laboratories	81,689	2,091,976	66,465	22,868	24,715	283,988	837,988	62,123	1,975,976	54,241	20,294	22,094	272,765	884,488
Other medical and health services	198,967	7,839,050	270,721	114,667	141,239	899,724	3,347,601	165,868	7,519,715	239,117	107,807	94,737	898,730	3,530,617
Education services	160,756	1,340,928	85,258	26,633	31,177	186,703	267,924	110,492	1,128,295	44,269	19,138	15,118	134,756	378,963
Engineering and architectural services	214,668	3,804,046	172,866	58,202	89,921	600,155	916,300	67,972	2,526,362	83,188	30,918	23,152	423,060	1,015,878
Accounting, auditing, and bookkeeping services	33,694	1,011,101	52,337	24,110	29,264	236,649	559,878	28,459	1,348,440	50,898	24,265	27,878	571,812	1,519,842
Certified public accountants	180,974	2,424,945	120,550	34,092	60,657	363,501	854,769	152,974	2,260,063	84,185	31,877	46,613	234,307	571,812
Other accounting, auditing, and bookkeeping services	151,153	9,349,526	424,557	123,070	196,157	648,339	1,756,302	338,618	7,742,466	249,575	89,358	117,409	525,263	942,688
Nature of business not allocable	101,076	3,032,635	121,298	36,210	52,115	213,638	449,895	72,868	7,742,466	76,746	22,226	30,768	153,687	611,683

\*This estimate should be used with caution because of the small number of sample returns on which it was based.  
 (1) Less than \$500.  
 NOTE: Detail may not add to total because of rounding.

# Financial Characteristics of the Lumber and Paper Industries, 1980

By Nathan F. Shaifer and George A. Myles\*

The beginning of the 1980's saw a dramatic plunge in corporate profits for the Lumber and Wood Products industry, from \$3.3 billion in 1979 to \$1 billion for 1980 (Figure A) [1]. The momentum of a contracting economy carried industry sales (business receipts) downward from an all-time high of \$52.2 billion in 1979 to \$50.6 billion for 1980, while the continued inflation contributed to the growth of expenses (total deductions) from \$52.7 billion to \$53.3 billion.

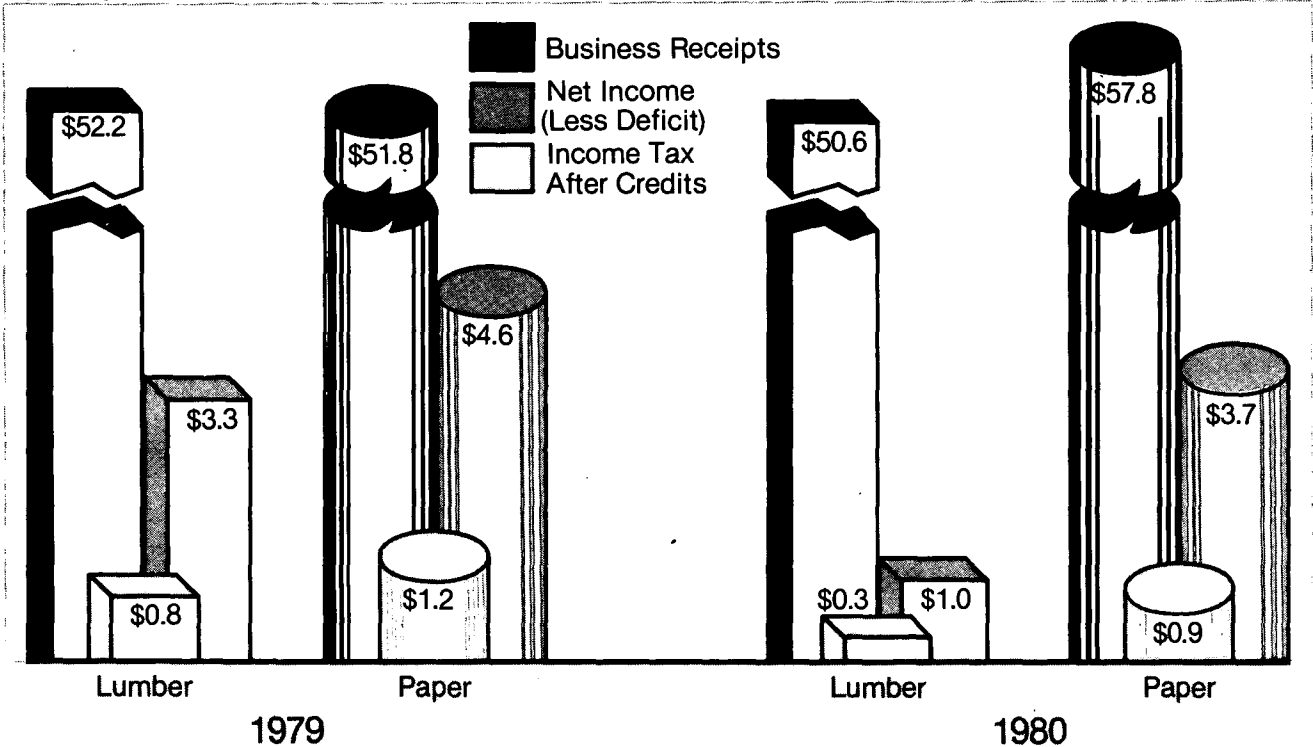
As a consequence of the drop in profits for the Lumber industry, tax liability before credits declined 53 percent from \$1.2 billion for 1979 to just under \$543 million for 1980. (In this article,

discussion of tax liability is before credits. Figure A, however, depicts income tax liability after credits.) This decline was much more severe than for other industries where the overall tax liability before credits dropped only 12.6 percent for 1980.

While the health of the Lumber industry was on a pronounced downswing at the beginning of the 1980's, the picture for the Paper industry was not as bleak. The slide which occurred in the Lumber industry because of the slump in housing did not occur to the same extent due to the relative stability enjoyed by the Paper industry. The market for paper and paper products is more diverse and apparently somewhat more stable than is the overall market for lumber. The

**Figure A — Business Receipts, Net Income and Income Tax After Credits, Lumber and Wood Products, Paper and Allied Products, 1979 and 1980**

(Money amounts are in Billions of dollars)



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## Lumber and Paper Industries, 1980

profit rate as indicated by the ratio of net income (less deficit) to sales for the paper industry remained fairly high at 6 percent, down from 9 percent for 1979. While expenses increased 13.6 percent for the paper industry from 50.7 billion to 57.6 billion, sales rose only 12 percent from \$51.8 billion to \$57.8 billion. This resulted in a decrease of 21 percent in profits before tax.

As Figure B shows, the Lumber industry group (Lumber and wood products) includes data for the individual industries:

- (1) Logging, sawmills, and planing mills;
- (2) Millwork, plywood and related products; and,
- (3) Other wood products including wood buildings and mobile homes.

The Paper industry (Paper and allied products) includes:

- (1) Pulp, paper, and board mills, and
- (2) Other paper products.

Due to diversification of activities among corporations and the filing of consolidated returns for affiliated groups of corporations, the Lumber and

Paper industries data are not "pure" and may reflect non-Lumber and non-Paper industry activities [2]. For the same reason, data for many Lumber and Paper corporations will be reflected in other industry classifications because of their inclusion in consolidated returns which are classified in non-Lumber and non-Paper industries. Also certain types of Lumber and Paper activities are not included in the Lumber or Paper categories but are classified in more specific categories such as Furniture and fixtures, Musical instruments, and Photographic equipment and supplies [3].

The rapid deterioration in the profit picture of the Lumber industry reflected the double-barreled effect of high interest rates and inflation. While inflation continued to contribute to increased expenses, sales (business receipts in the statistics) decreased, at least partly, as a result of the effect of high interest rates on construction activity, which traditionally accounts for a large proportion of the consumption of lumber.

The profit rate of the Lumber corporations for 1980, as indicated by the ratio of net income (less deficit) to sales, was 2 percent. This was substantially below the 4 percent for all corporations and the 5 percent

## RETURNS OF ACTIVE CORPORATIONS

Figure B.--The Lumber and Paper Industries: Selected Balance Sheet and Income Statement Data, 1980

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

Industry	Number of returns	Assets			
		Total	Depreciable assets (less accumulated depreciation)	Depletable assets (less accumulated depletion)	Land
	(1)	(2)	(3)	(4)	(5)
All corporations, total.....	2,710,538	7,617,238	1,339,186	52,332	92,932
Lumber and paper industries, total.....	16,558	88,939	34,884	5,556	2,078
Lumber and wood products, total.....	13,567	43,232	15,903	3,678	703
Logging, sawmills, and planing mills....	5,692	19,985	7,555	1,885	386
Millwork, plywood and related products..	4,126	15,363	6,195	1,719	186
Other wood products, including wood buildings and mobile homes.....	3,750	7,885	2,153	73	131
Paper and allied products, total.....	2,991	45,707	18,981	1,878	1,375
Pulp, paper, and board mills.....	246	31,974	13,928	1,809	1,192
Other paper products.....	2,746	13,733	5,052	*70	184

Industry	Total receipts	Total deductions	Net income (less deficit)	Income tax after credits
	(6)	(7)	(8)	(9)
All corporations, total.....	6,361,284	6,125,365	239,007	62,975
Lumber and paper industries, total.....	115,243	110,951	4,677	1,242
Lumber and wood products, total.....	54,263	53,336	986	338
Logging, sawmills, and planing mills.....	22,033	21,687	384	114
Millwork, plywood and related products.....	19,850	19,591	270	108
Other wood products, including wood buildings and mobile homes.....	12,381	12,058	332	115
Paper and allied products, total.....	60,980	57,615	3,691	904
Pulp, paper, and board mills.....	37,927	36,231	1,852	347
Other paper products.....	23,054	21,384	1,839	558

\*This estimate should be used with caution because of the small number of sample returns on which it was based.  
NOTE: Detail may not add to total due to rounding.

for the Manufacturing corporations. (Of the 58 major industry categories used in Statistics of Income, the Lumber industry was fiftieth in profit rate.)

Other statistics [4], not included in this presentation, show that although the beginning of the recession hit proprietorships in the Lumber industry almost as hard (there was a 36 percent increase in deficits from \$84 million for 1979 to \$114 million for 1980), there was an overall increase of 2.9 percent in profits (net income less deficit). This increase reflected a growth in sales of 17.5 percent from \$3.6 billion to \$4.2 billion. Expenses rose 19 percent from \$3.2 billion to nearly \$3.9 billion for 1980. The profit rate for proprietorships in Lumber, while higher than for the Lumber corporations at 9 percent, was low in comparison with proprietorships in other industries. The average for all proprietorships was 11.0 percent and for Manufacturing proprietorships, 11.3 percent.

#### Historical Perspective 1970-1980

Between 1970 and 1980 the total number of corporate income tax returns filed rose every year, from 1,665,477 for 1970 to 2,710,538 in 1980, an increase of 63 percent. The increase for the Lumber and Paper industries did not match the growth of the general corporate population. The data in Tables 1 and 2 show that the number of corporate returns for the Lumber industry increased by nearly 34 percent from 10,145 to 13,567, while the number of returns in the Paper industry actually decreased by 16 percent from 3,565 for 1970 to 2,991 for 1980 [5][6].

The number of proprietorship businesses in the Lumber industry increased during the decade of the 1970's by 37 percent from 48,597 for 1970 to 66,559 for 1979. In addition, there was an 11 percent increase to 73,976 businesses for 1980 [4][7].

Total assets for corporations in the Lumber and Paper industries increased by about 170 percent from \$32.9 billion for 1970 to \$88.9 billion for 1980. The greatest increase in assets in both rate and dollar amount occurred in the Lumber industry. For 1970, Lumber industry assets were \$11.7 billion and for 1980, \$43.2 billion, an increase of 269 percent. In contrast, assets for the Paper industry increased 116 percent from \$21.2 billion to \$45.7 billion. These trends compare with the 192 percent growth in assets for all corporations from \$2.6 trillion for 1970 to \$7.6 trillion for 1980. Much of this increase was a reflection of a rate of inflation of around 165 percent on new purchases of depreciable assets (or plant and equipment) over the period [8].

The largest single component of assets for the Lumber and Paper industries was plant and equipment (less accumulated depreciation) at 39 percent of the total. This was more than twice the ratio for all corporations at 18 percent. This component increased 161 percent over the period from \$13.4 billion for 1970 to \$34.9 billion for 1980.

Depending on the industry, timber may be valued separately from land and, if so, would be includable as depletable assets. For forest-based industries, depletable assets (less accumulated depletion) can therefore be assumed to consist largely of timber. The proportion of depletable assets to total assets for the Lumber and Paper industries is significant and may reflect a strong desire on the part of large corporations to be relatively self-sufficient in

these assets [9]. For 1980, depletable assets accounted for over 6 percent of all assets compared to less than 1 percent for all industries.

The Lumber industry owned more timber, or, which is more likely because of the quality of the wood required, more valuable timber at \$3.7 billion than did the Paper industry at \$1.9 billion. It also reported a larger proportion of its assets in depletable assets at 8.9 percent than did the Paper industry at 4.8 percent. For the Lumber and Paper industries combined, timber increased nearly 182 percent from nearly \$2 billion for 1970 to 5.6 billion for 1980. The greatest increase occurred among the Lumber corporations at 196 percent while the increase in depletable assets for the Paper companies was only 157 percent.

Because of the investment in timber, land would be expected to be a significant portion of the assets of Lumber and Paper companies. Land, however, totaled only 1.6 percent of the assets of the Lumber industry and 3 percent of the assets of the Paper industry indicating the significance of timber leasing. (A recent survey [10] shows that most of the timber land in the United States is not in the hands of the industry, but is owned by either the U.S. government at 20.6 percent of the U.S. total or by farmers and other private sources with 57.6 percent of the U.S. total. The "Timber" industry as defined by the survey possessed only 14.2 percent of the U.S. total.) As shown in Tables 1 and 2, there was a gradual increase in the value of land reported by the Lumber and Paper industries. Land holdings increased from \$675 million in 1970 to over \$2 billion for 1980, an increase of nearly 208 percent. Virtually all of the increase occurred in the Paper industry where the land held rose in value from \$406 million to \$1.4 billion, a change of over 238 percent. Part of these increases may reflect additional purchases of land in satisfaction of the desire of the Lumber and Paper corporations for insurance against material shortages and short-term price fluctuations [11] [12].

The pattern of land and timber ownership is dramatically different between the Lumber and Paper industries. One percent of the Paper industry corporations (the 30 largest corporations) owned 82.4 percent of the land and 92.4 percent of the timber. In that industry, the giant corporations clearly dominate both land and timber ownership. On the other hand, it is interesting to note that while 0.6 percent of the Lumber corporations (the 21 largest) owned nearly 64.8 percent of the timber, they held only 19.3 percent of the total land value of the industry.

During the period 1970 to 1980, sales for the Lumber and Paper industries rose from \$34.7 billion to \$108.4 billion. During this same period profits jumped from \$1.4 billion to nearly \$4.7 billion. The two recessions, one in 1975 and the other in 1980, disrupted this growth trend in different ways. Receipts dropped between 1974 and 1975, from \$63.4 billion to \$61.4 billion, a result of decreases in both industries. For 1980 however, receipts actually increased from \$104 for 1979 billion to \$108.4 billion for the combined industries due to a substantial increase of \$6.1 billion in the Paper industry, despite the 3.2 percent decline in sales for the Lumber industry. Clearly the Lumber industry is the more volatile of the two.

#### SUMMARY

Strong dependence on a single basic market, housing, and a high reliance on outside financing have spelled

hard times for the Lumber industry during past recessions and, especially so, during the recession which began in 1980, with its combination of inflation and high interest rates. In strong contrast, although sharing many things in common with the Lumber industry, the Paper industry weathered the first year of the 1980 recession with greater stamina due, in large measure, to a diverse and relatively inelastic market which consumes vast amounts of paper in good times or bad.

The 53 percent decrease in tax liability (before credits) from 1979 highlights the fragility of the Lumber industry during periods of stress [13]. The number of profit making corporations declined by 25.7 percent, and the number of corporations with deficits increased by 69.6 percent.

Tax liabilities (before credits) for the Paper industry also declined, but by 15 percent. In sharp contrast, however, the number of corporations with profits actually rose by 8.1 percent, while the number of corporations reporting deficits decreased by a substantial 56 percent. It is not clear why Paper corporations as a group have such a mixed picture. One possible factor to consider is that the statistics show a 7 percent decrease in the total number of returns. This could imply an accelerated rate of consolidation or merger for 1980 over 1979. Also, some firms, especially those that were in a deficit condition in 1979, may have ceased operations prior to the 1980 Tax Year.

#### DATA SOURCES AND LIMITATIONS

##### Sample Selection

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

A description of the sample selection procedures for corporate returns is presented in the complete report, Statistics of Income--1980, Corporation Income Tax Returns, beginning on page 9.

The sample rates for returns in the Lumber and Wood Products industry ranged from 0.25 percent to 100 percent. Selection probabilities were based primarily on size of total assets and net income (or deficit). Returns of the largest corporations are generally in the sample from year to year.

##### Limitations

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

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

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

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

Some caution is required in the comparison of tax and other financial data for the Lumber and Paper industries with similar data for other industries. Tax law requires special treatment for timber sales which comprise a small portion of the receipts for this industry. Receipts from the sale of timber, which are accorded capital gains treatment, are required to be reported when the timber is cut rather than when the money is actually received. The effect of this requirement may result in a slight overstatement or understatement of the actual receipts for any particular year.

##### Time Period Covered

The 1980 estimates are based on data from returns with accounting periods that coincided with Calendar Year 1980 (these returns accounted for the bulk of the financial data) as well as returns with accounting periods that were for fiscal years ending any time from July 1980 through June 1981. In addition to returns filed for 12-month accounting periods, the statistics also include data from so-called part-year returns. These returns, which were filed for less than a 12-month period; were for corporations that changed accounting periods, and for new, merging, and liquidating corporations.

##### Definitions and Changes in Law

Definitions of terms, changes in law, a comprehensive description of data limitations, and additional detailed statistics are available in the following publications:

- (1) Statistics of Income--1970, Corporation Income Tax Returns
- (2) Statistics of Income--1980, Corporation Income Tax Returns
- (3) Corporation Source Book of Statistics of Income--1980.

#### NOTES AND REFERENCES

- [1] Profit as used in this article is the amount computed under the Internal Revenue Code and is not necessarily the same as the profits that corporations report on their books of account. Book profit, which is not discussed in this article, may be a more accurate estimate of economic health. Data for prior years show that book profits are generally higher than the profits computed for tax purposes. Another indicator of economic health could be cash distributions made by corporations, which, for

the Lumber industry, increased from \$612 million in 1979 to \$718 million in 1980 and are more closely related to book profits.

- [2] Internal Revenue Service, Statistics of Income--1978-1979, Corporation Income Tax Returns, U.S. Government Printing Office, 1982, p. 18.
- [3] Internal Revenue Service, Corporation Source Book of Statistics of Income--1980, Statistics of Income Division.
- [4] Internal Revenue Service, Statistics of Income, 1979-1980, Sole Proprietorship Returns, U.S. Government Printing Office.
- [5] Internal Revenue Service, Statistics of Income--1970, Corporation Income Tax Returns, U.S. Government Printing Office.
- [6] Internal Revenue Service, Statistics of Income--1980, Corporation Income Tax Returns, U.S. Government Printing Office.
- [7] Internal Revenue Service, Statistics of Income--1970, Business Income Tax Returns, U.S. Government Printing Office.
- [8] Economic Report of the President, U.S. Government Printing Office, 1983, P. 163.
- [9] Thomas P. Clephane, "Timberland Investment Increasing as a Means of Improving Profitability," Pulp and Paper, November 1980.
- [10] USDA Forest Service, "An Analysis of the Timber Situation in the United States, 1952-2030," Forest Resource Report No. 23, P. 121.
- [11] Jay O. Laughlin and Paul V. Ellefson, "Strategies for Corporate Timberland Ownership and Management," Journal of Forestry, December 1982, Vol. 80, No. 12.
- [12] Thomas P. Clephane, "Timber Ownership, Valuation and Consumption Analysis for 87 Forest Products, Paper, and Diversified Companies," a Morgan Stanley Investment Research Paper.
- [13] Although the number of corporations increased from 1979, the number of corporations reporting a tax liability actually decreased. The increase was due, in part, to the number of corporations which elected to be taxed at the stockholder level rather than at the corporate level and which filed on Form 1120-S.



## Lumber and Paper Industries, 1980

## RETURNS OF ACTIVE CORPORATIONS

Table 1.—Lumber and Wood Products: Selected Balance Sheet, Income Statement, and Tax Items, 1970-1980

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

Item	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns.....	10,145	10,660	10,942	11,191	13,508	13,051	13,154	13,923	12,823	13,475	13,567
With net income.....	5,410	6,797	7,240	8,409	8,087	7,904	9,180	9,763	10,549	9,739	7,232
With deficit.....	4,735	3,863	3,702	2,782	5,421	5,147	3,974	4,160	2,274	3,736	6,335
Total assets.....	11,714	12,938	14,503	18,243	24,550	24,558	26,750	29,862	33,684	39,483	43,232
Inventories.....	1,995	2,136	2,368	3,125	4,154	3,943	4,543	4,987	5,495	6,252	6,319
Depreciable assets.....	7,573	8,153	8,635	10,381	13,898	15,087	16,129	18,419	20,391	24,445	27,445
Less: Accumulated depreciation.....	3,432	3,707	3,804	4,503	5,615	6,415	6,907	7,864	8,521	10,243	11,542
Depletable assets.....	1,302	1,319	1,176	1,660	2,036	2,075	2,220	2,209	2,537	3,302	3,850
Less: Accumulated depletion.....	59	54	65	60	69	73	90	74	126	142	173
Land.....	269	299	334	388	541	564	419	512	507	547	703
Total liabilities.....	5,963	6,653	7,829	9,818	14,107	13,589	14,464	15,905	17,702	20,538	23,215
Short-term debt <sup>1</sup> .....	1,103	1,057	1,234	1,594	2,297	2,484	2,341	2,408	2,604	3,313	3,593
Long-term debt <sup>1</sup> .....	2,653	2,973	3,595	4,096	5,515	5,983	6,105	6,585	6,491	8,636	10,087
Net worth.....	5,751	6,285	6,674	8,425	10,443	10,969	12,286	13,957	15,982	18,945	20,017
Total receipts.....	13,936	16,170	19,790	27,443	31,409	29,568	36,730	43,738	49,680	55,839	54,263
Business receipts.....	13,270	15,458	18,917	25,734	28,989	27,754	34,739	41,492	47,028	52,249	50,568
Net long-term capital gain reduced by net short-term capital loss.....	402	376	539	1,195	1,459	1,133	1,151	1,326	1,724	2,329	2,106
Total deductions.....	13,607	15,448	18,581	25,238	30,110	28,853	34,881	41,204	46,381	52,658	53,336
Cost of sales and operations.....	10,057	11,517	14,020	18,936	22,033	21,033	25,994	31,106	35,208	39,526	39,234
Depletion.....	451	470	610	1,076	1,376	1,109	1,264	1,351	1,673	1,969	2,051
Net income (less deficit).....	331	731	1,209	2,211	1,325	720	1,899	2,575	3,338	3,295	986
Income subject to tax.....	499	758	1,212	2,185	1,784	980	1,916	2,650	3,178	3,409	1,527
Income tax before credits.....	180	291	476	827	625	367	707	1,009	1,192	1,159	543
Tax credits, total.....	13	49	52	74	110	89	172	241	283	403	206
Investment credits.....	8	33	45	63	72	79	134	182	212	278	128
Income tax after credits.....	167	242	424	753	515	278	535	768	909	770	338
Distributions to stockholders, except in own stock.....	194	194	238	292	357	346	446	498	593	615	718

<sup>1</sup>Short-term debt is the abbreviated title given to mortgages, notes and bonds payable in less than 1 year. Long-term debt is the abbreviated title given to mortgages, notes and bonds payable in 1 year or more.

NOTE: Detail may not add to total because of rounding. Tax Law changes have affected the comparability of the data. See the appropriate *Statistics of Income* reports for a description of those changes.

## RETURNS OF ACTIVE CORPORATIONS

Table 2.—Paper and Allied Products: Selected Balance Sheet, Income Statement, and Tax Items, 1970-1980

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

Item	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns.....	3,565	3,473	3,437	3,532	3,765	3,565	3,409	3,496	3,318	3,209	2,991
With net income.....	2,615	2,330	2,602	2,829	2,887	2,665	2,820	2,811	2,630	2,467	2,667
With deficit.....	950	1,143	835	703	878	900	589	685	688	742	324
Total assets.....	21,151	21,959	23,710	25,930	25,333	27,908	31,205	34,307	38,723	40,208	45,707
Inventories.....	2,995	2,985	3,143	3,627	4,240	4,105	4,612	5,182	5,943	5,502	6,077
Depreciable assets.....	16,703	17,266	18,234	19,769	20,172	20,984	23,981	26,052	28,536	29,046	33,733
Less: Accumulated depreciation.....	7,454	7,914	8,529	9,352	9,606	9,342	11,110	12,046	13,106	13,321	14,753
Depletable assets.....	897	876	872	1,019	1,264	1,879	2,054	2,386	2,580	1,945	2,187
Less: Accumulated depletion.....	167	178	188	217	269	346	407	453	539	297	309
Land.....	406	398	426	497	729	865	917	918	961	1,340	1,375
Total liabilities.....	10,091	10,810	11,586	12,678	12,087	13,232	14,473	16,429	19,405	18,614	21,792
Short-term debt <sup>1</sup> .....	1,117	1,047	882	1,057	984	1,059	1,038	1,440	1,370	1,576	2,187
Long-term debt <sup>1</sup> .....	4,659	4,866	5,199	5,447	5,277	6,539	6,920	7,737	8,886	8,148	9,678
Net worth.....	11,060	11,148	12,124	13,252	13,246	14,676	16,732	17,878	19,318	21,594	23,915
Total receipts.....	22,133	23,094	27,327	32,200	35,684	34,857	41,741	45,279	51,168	55,135	60,980
Business receipts.....	21,388	22,305	26,437	30,800	34,413	33,653	40,334	43,596	49,190	51,761	57,816
Long-term capital gain reduced by net short-term capital loss.....	287	275	361	696	577	466	540	669	789	1,775	1,152
Total deductions.....	21,082	22,110	25,910	29,821	32,591	32,641	38,933	42,600	47,999	50,709	57,615
Cost of sales and operations.....	14,887	15,735	18,435	21,310	23,636	23,101	27,938	30,635	34,526	36,247	41,429
Depletion.....	128	129	172	275	224	201	258	380	374	504	471
Net income (less deficit).....	1,080	1,037	1,454	2,450	3,176	2,293	2,924	2,780	3,321	4,647	3,691
Income subject to tax.....	1,144	1,090	1,492	2,381	3,146	2,333	2,951	2,885	3,447	4,671	3,733
Income tax before credits.....	503	475	653	1,014	1,398	1,024	1,313	1,262	1,505	1,851	1,573
Tax credits, total.....	87	102	138	181	241	270	342	344	452	617	669
Investment credits.....	32	27	66	86	103	159	187	195	231	321	290
Income tax after credits.....	415	373	515	833	1,157	754	971	918	1,053	1,234	904
Distributions to stockholders, except in own stock.....	495	482	511	598	644	709	880	860	929	1,112	1,328

<sup>1</sup>Short-term debt is the abbreviated title given to mortgages, notes and bonds payable in less than 1 year. Long-term debt is the abbreviated title given to mortgages, notes and bonds payable in 1 year or more.

NOTE: Detail may not add to total because of rounding. Tax Law changes have affected the comparability of the data. See the appropriate *Statistics of Income* reports for a description of those changes.

## **Selected Statistical Series, 1970-1983**

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The Government are very keen on amassing statistics. They collect them, add them, raise them to the  $n$ th power, take the cube root and prepare wonderful diagrams. But, you must never forget that every one of these figures comes in the first instance from the Village Watchman, who just puts down what he damn pleases.

Sir Josiah Stamp  
Inland Revenue Department  
England 1896-1919

## Selected Statistical Series, 1970-1983

Table 1.—Individual Income Tax Returns: Selected Income and Tax Items for Selected Years, 1970-1981  
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1978	1979	1980	1981
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
All returns.....	74,279,831	82,229,332	89,771,551	92,694,302	93,902,469	95,396,123
Joint returns.....	42,376,365	44,140,085	44,483,348	44,855,141	45,243,211	45,697,648
Sources of income:						
Salaries and wages:						
Number of returns.....	66,965,659	73,520,046	80,278,349	83,200,646	83,802,109	84,208,807
Amount.....	531,883,892	795,399,462	1,090,291,855	1,229,251,389	1,349,842,802	1,486,100,497
Interest received:						
Number of returns.....	32,630,355	40,378,240	46,107,411	47,885,069	49,019,575	49,656,550 <sup>1</sup>
Amount.....	22,021,267	43,433,554	61,222,522	73,875,462	102,009,444	140,559,366 <sup>1</sup>
Taxable pensions and annuities:						
Number of returns.....	3,249,558	5,088,937	6,373,564	6,866,851	7,373,704	8,157,475
Amount.....	7,878,808	20,886,871	32,743,819	37,346,510	43,339,736	51,886,406
Dividends:						
No. of returns before exclusion..	12,452,227	13,370,427	13,587,058	13,969,453	14,640,139	16,482,018 <sup>1</sup>
Amount.....	17,018,148	23,270,182	31,671,858	37,479,767	43,567,241	48,161,460 <sup>1</sup>
No. of returns after exclusion..	7,729,939	8,853,491	9,425,819	9,881,105	10,738,982	n.a.
Amount.....	15,806,924	21,892,126	30,206,475	33,482,508	36,761,253	n.a.
Net capital gain less loss:						
Number of returns.....	7,962,663	7,574,823	8,711,086	8,641,573	8,929,474	9,484,987
Amount.....	9,006,683	14,071,893	23,231,376	28,448,300	29,659,600	30,818,535
Business net income less loss:						
Number of returns.....	6,159,985	7,242,542	8,194,375	8,562,834	8,881,119	9,571,409
Amount.....	30,554,201	39,421,478	53,546,508	56,564,467	55,129,154	53,071,628
Total adjustments:						
Number of returns.....	6,370,552	9,024,255	10,576,655	11,543,369	13,148,919	14,078,211
Amount.....	7,665,251	15,101,999	22,364,088	24,778,484	28,614,061	31,442,288
Individual Retirement Arrangement:						
Number of returns.....	N/A	1,211,794	2,382,741	2,451,955	2,564,421	3,415,053
Amount.....	N/A	1,436,443	2,970,121	3,198,788	3,430,894	4,750,190
Self-Employed Retirement (Keogh):						
Number of returns.....	591,655	595,892	627,367	590,189	568,936	557,038
Amount.....	847,692	1,603,788	1,994,029	2,029,300	2,007,666	2,011,947
Adjusted gross income.....	631,692,540	947,784,873	1,302,447,386	1,465,394,530	1,613,731,497	1,772,604,303
Exemptions:						
Total number.....	204,126,402	212,202,596	219,867,696	224,691,732	227,925,098	231,222,374
Number, age 65 or over.....	8,904,331	9,937,208	10,996,804	11,322,713	11,847,168	13,118,926
Total amount.....	127,531,204	159,140,845	164,900,772	223,891,529	227,569,280	231,119,115
Total deductions:						
Number of returns.....	73,862,448	81,585,541	85,473,429	87,202,857	88,491,251	90,319,941
Amount.....	120,549,755	233,181,778	304,282,120	332,957,555	346,000,155	401,168,213
Total itemized deductions:						
Number of returns.....	35,430,047	26,074,061	25,756,298	26,483,877	28,950,282	31,571,246
Amount.....	88,178,487	122,260,601	164,432,406	184,168,669	218,028,139	256,448,021
Medical and dental expense....	10,585,749	11,422,312	12,203,983	12,915,626	14,972,082	17,878,680
Taxes paid.....	32,014,673	44,141,289	59,506,835	60,674,905	69,404,275	79,698,519
Interest paid.....	23,929,477	38,885,282	60,681,144	74,427,045	91,187,006	108,718,281
Contributions.....	12,892,732	15,393,331	19,691,249	22,210,838	25,809,608	30,800,722
Taxable income:						
Number of returns.....	59,593,598	65,852,602	85,280,660	86,932,978	88,104,696	89,851,304
Amount.....	401,154,285	595,492,866	1,062,190,322	1,157,247,646	1,279,985,360	1,410,880,665
Income tax before credits:						
Number of returns.....	59,596,755	65,854,734	73,087,283	74,243,824	76,135,819	79,011,548
Amount.....	84,156,695 <sup>2</sup>	132,452,044	203,803,653	220,099,516	256,294,315	293,590,035
Total tax credits.....	369,610	8,069,846	17,085,591	6,780,186	7,215,839	11,288,005
General tax credit.....	N/A	5,020,477	10,248,475	N/A	N/A	3,382,711 <sup>3</sup>
Investment credit.....	30,554	1,593,150	2,926,988	3,313,836	3,288,415	3,971,199
Foreign tax credit.....	169,623	381,985	901,030	850,212	1,341,645	1,233,564
Child care credit.....	N/A	N/A	654,304	793,143	956,439	1,147,907
Credit for the elderly.....	167,656	128,968	145,255	131,734	134,993	124,011
Residential energy credit.....	N/A	N/A	576,545	473,603	562,141	600,831
Earned income credit.....	N/A	252,141	152,934	495,500	451,366	452,482
Income tax after credits.....	83,787,323	124,382,197	186,718,062	213,319,330	249,078,475	282,302,029
Additional tax for tax preferences..	121,988	144,100	1,514,475	1,175,188	1,262,964	1,826,960
Total income tax:						
Number of returns.....	59,317,371	61,490,737	68,688,305	71,694,983	73,906,244	76,724,724
Amount.....	83,909,311	124,526,297	188,232,537	214,494,519	250,341,440	284,128,989

See notes following Table 8.

**Table 2.—Number of Individual Returns, Income, Tax and Average Tax by Size of Adjusted Gross Income, Tax Years 1980 and 1981**

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

Size of adjusted gross income	Number of returns filed		Total adjusted gross income		Taxable income	
	1980	1981	1980	1981	1980	1981
	(1)	(2)	(3)	(4)	(5)	(6)
Total.....	93,902,469	95,396,123	1,613,731,497	1,772,604,303	1,279,985,360	1,410,880,665
Less than \$1000.....	3,687,997	3,484,734	-11,063,711	-16,952,842	11,799	7,084
\$1,000 under \$3,000.....	8,673,301	7,855,771	17,314,975	15,691,845	7,569,858	7,064,102
\$3,000 under \$5,000.....	7,694,231	7,405,871	30,654,346	29,580,649	18,534,160	17,994,684
\$5,000 under \$7,000.....	7,633,889	7,251,941	45,738,822	43,446,800	30,497,371	29,153,117
\$7,000 under \$9,000.....	7,336,650	7,066,520	58,608,700	56,341,030	42,267,675	40,597,471
\$9,000 under \$11,000.....	6,605,618	6,514,144	65,907,303	65,051,373	49,980,765	49,147,621
\$11,000 under \$13,000.....	5,830,212	5,821,233	69,911,911	69,702,815	54,591,487	54,207,411
\$13,000 under \$15,000.....	5,267,669	5,190,200	73,590,238	72,548,282	58,114,413	57,705,230
\$15,000 under \$17,000.....	4,654,783	4,648,986	74,387,702	74,256,678	59,701,351	59,486,499
\$17,000 under \$19,000.....	4,350,522	4,291,557	78,267,330	77,161,287	63,009,244	62,056,343
\$19,000 under \$22,000.....	5,925,162	5,967,094	121,233,104	122,157,450	97,261,921	98,703,455
\$22,000 under \$25,000.....	5,325,787	5,207,693	125,021,261	122,181,884	100,538,990	98,956,187
\$25,000 under \$30,000.....	6,783,466	7,205,282	185,760,754	197,424,953	150,218,626	159,682,521
\$30,000 under \$35,000.....	4,729,899	5,294,687	152,927,369	171,601,299	124,032,123	138,893,019
\$35,000 under \$40,000.....	3,221,053	3,910,649	120,167,693	145,814,841	97,276,738	118,288,891
\$40,000 under \$50,000.....	3,053,039	4,182,389	134,907,796	185,322,655	109,091,818	149,273,745
\$50,000 under \$75,000.....	2,033,079	2,796,836	120,009,700	164,256,670	96,834,054	131,174,316
\$75,000 under \$100,000.....	535,348	645,884	45,918,079	55,099,048	36,849,386	43,524,621
\$100,000 under \$150,000.....	336,269	398,479	40,213,979	47,552,689	32,528,035	37,510,693
\$150,000 under \$200,000.....	107,245	118,037	18,377,241	20,164,437	14,823,138	15,842,213
\$200,000 under \$300,000.....	68,422	80,945	16,387,236	19,350,168	13,211,348	15,230,276
\$300,000 under \$500,000.....	31,947	37,147	11,956,450	13,906,555	9,505,239	10,788,043
\$500,000 under \$1,000,000.....	12,467	14,758	8,323,125	9,815,188	6,516,941	7,416,993
\$1,000,000 or more.....	4,414	5,286	9,210,095	11,128,551	7,018,879	8,168,130

Size of adjusted gross income	Total income tax		Percent of filers with no income tax liability		Filers with income tax liability			
	1980	1981	1980	1981	Average tax (whole dollars)		Tax as percent of adj. gross inc.	
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total.....	250,341,440	284,128,989	21.3	19.6	3,387	3,703	16.1	16.5
Less than \$1,000.....	103,645	137,840	99.7	99.5	10,091	8,626	--	--
\$1,000 under \$3,000.....	32,471	43,465	96.9	95.5	122	123	6.1	6.0
\$3,000 under \$5,000.....	530,988	516,050	42.5	41.7	120	120	2.9	2.9
\$5,000 under \$7,000.....	1,864,897	1,761,464	32.1	32.0	360	357	6.0	5.9
\$7,000 under \$9,000.....	3,494,441	3,306,387	17.8	18.1	579	571	7.2	7.1
\$9,000 under \$11,000.....	5,296,395	5,150,823	5.0	5.2	844	834	8.5	8.3
\$11,000 under \$13,000.....	6,586,710	6,531,708	2.5	3.2	1,159	1,160	9.7	9.7
\$13,000 under \$15,000.....	7,633,561	7,601,053	2.1	2.2	1,480	1,498	10.6	10.7
\$15,000 under \$17,000 M.....	8,417,235	8,355,068	1.5	1.8	1,835	1,830	11.5	11.5
\$17,000 under \$19,000.....	9,351,972	9,226,778	1.1	1.3	2,173	2,179	12.1	12.1
\$19,000 under \$22,000.....	15,189,223	15,609,261	1.0	1.1	2,589	2,645	12.7	12.9
\$22,000 under \$25,000.....	16,620,372	16,563,264	.6	.9	3,138	3,209	13.4	13.7
\$25,000 under \$30,000.....	26,635,973	28,474,945	.4	.6	3,941	3,976	14.4	14.5
\$30,000 under \$35,000.....	23,969,187	26,910,961	.5	.4	5,091	5,103	15.7	15.7
\$35,000 under \$40,000.....	20,419,148	24,834,220	.5	.3	6,373	6,370	17.1	17.1
\$40,000 under \$50,000.....	25,565,426	34,847,163	.4	.6	8,404	8,379	19.0	18.9
\$50,000 under \$75,000.....	27,208,647	36,299,454	.6	.5	13,463	13,050	22.8	22.2
\$75,000 under \$100,000.....	12,549,071	14,715,265	.4	.4	23,531	22,867	27.4	26.8
\$100,000 under \$150,000.....	12,868,433	14,619,378	.3	.4	38,368	36,828	32.1	30.9
\$150,000 under \$200,000.....	6,537,749	6,886,418	.3	.2	61,169	58,439	35.7	34.2
\$200,000 under \$300,000.....	6,370,648	7,183,611	.1	.2	93,234	88,930	38.9	37.2
\$300,000 under \$500,000.....	4,971,806	5,566,282	.1	.1	155,797	149,990	41.6	40.1
\$500,000 under \$1,000,000.....	3,713,691	4,100,676	.1	.1	298,169	278,182	44.7	41.8
\$1,000,000 or more.....	4,409,751	4,887,456	.1	.1	999,944	925,655	47.9	44.0

M - The median taxpayer is at this level.

## Selected Statistical Series, 1970-1983

Table 3.—Nonfarm Sole Proprietorship Returns: Selected Income and Deduction Items for Selected Years, 1970-1981

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

Items	1970	1975	1978	1979	1980	1981
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total.....	5,769,741	7,221,346	8,229,952	8,595,736	8,931,712	9,584,790
No. with net business income.....	n.a.	n.a.	n.a.	n.a.	n.a.	6,534,688
Inventory, end of year.....	11,060,775	15,578,040	19,602,909	21,925,135	21,996,236	22,921,503
Business receipts, total.....	198,582,172	273,954,741	361,630,253	395,669,594	411,205,713	427,063,055
Income from sales and operations..	n.a.	272,342,560	358,922,485	392,497,616	407,169,299	421,700,025
Total deductions.....	168,044,746	234,318,288	308,148,911	339,141,191	356,258,495	373,991,426
Cost of goods sold/operations.....	109,148,811	146,261,435	187,635,841	202,498,637	209,889,809	209,723,950
Purchases.....	88,585,913	117,722,352	146,141,140	161,798,251	168,301,517	167,751,431
Cost of labor.....	7,704,285	8,791,083	10,971,193	10,943,072	10,922,221	10,923,120
Materials and supplies.....	6,216,057	9,090,638	13,044,634	13,230,280	12,909,222	12,081,423
Commissions.....	1,274,016	2,225,830	3,680,402	3,744,999	3,333,345	3,539,844
Salaries and wages.....	15,107,047	20,227,859	25,634,002	27,338,570	26,560,821	28,749,357
Car and truck expenses.....	n.a.	n.a.	n.a.	11,442,680	13,378,289	12,358,478
Rent paid.....	4,636,528	6,676,314	8,008,711	8,885,890	9,636,290	10,715,102
Repairs.....	2,444,607	3,044,175	4,150,126	4,769,757	5,031,573	5,414,156
Taxes paid.....	3,775,502	5,423,961	6,969,754	7,484,662	7,672,459	6,661,054
Utilities.....	n.a.	n.a.	n.a.	4,502,560	4,790,337	8,275,517
Insurance.....	2,309,608	3,503,812	5,308,705	5,861,950	6,003,126	6,238,704
Interest paid.....	1,784,276	3,390,845	4,997,828	6,386,472	7,190,257	9,052,338
Depreciation.....	5,451,525	7,958,143	10,998,979	12,929,133	13,952,703	15,854,513
Pension and profit sharing plans..	72,741	125,296	125,421	135,952	141,463	152,588
Net income less deficit.....	30,537,426	36,636,453	53,481,341	56,528,403	54,947,219	53,071,628
Net income.....	33,735,732	45,624,890	62,271,438	67,078,638	68,010,051	68,552,791
Deficit.....	3,198,306	5,988,437	8,790,096	10,550,235	13,062,832	15,481,162

See notes following Table 8.

Table 4.—Partnership Returns: Selected Income Statement and Balance Sheet Items for Selected Years, 1970-1980

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

Item	1970	1975	1977	1978	1979	1980
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of active partnerships.	936,133	1,073,094	1,153,398	1,234,157	1,299,593	1,379,654
Number with net income.....	639,795	661,134	710,256	761,753	765,575	774,173
Number with balance sheets <sup>1</sup> .....	555,741	783,271	905,744	1,023,542	n.a.	1,194,236
Number of partners.....	3,697,818	4,950,634	6,079,860	6,121,455	6,954,767	8,419,899
Total assets <sup>1</sup> .....	116,752,751	235,468,301	296,098,262	353,696,180	447,130,068	597,503,923
Buildings/depreciable assets (net)	n.a.	113,124,969	n.a.	158,727,737	n.a.	239,139,823
Inventories, end of year.....	n.a.	11,985,431	n.a.	17,202,990	n.a.	33,218,272
Land.....	n.a.	36,731,958	n.a.	46,442,485	n.a.	70,241,248
Total liabilities.....	n.a.	193,875,629	n.a.	293,050,496	n.a.	488,734,023
Accounts payable.....	n.a.	12,302,055	n.a.	20,943,025	n.a.	33,899,048
Short-term debt <sup>2</sup> .....	n.a.	22,709,476	n.a.	27,810,649	n.a.	48,001,839
Long-term debt <sup>3</sup> .....	n.a.	136,296,764	n.a.	114,942,633	n.a.	178,044,406
Nonrecourse loans.....	n.a.	n.a.	n.a.	83,746,916	n.a.	118,910,380
Partners' capital accounts.....	n.a.	41,592,672	n.a.	60,645,684	n.a.	108,769,900
Total receipts.....	93,348,080	148,417,529	180,848,961	219,192,109	258,197,936	291,998,115
Business receipts.....	90,208,834	142,505,781	171,424,236	207,731,266	242,653,710	271,108,832
Interest received.....	942,304	2,477,173	3,102,538	4,346,928	7,246,203	10,869,323
Total deductions.....	83,557,684	140,679,959	167,584,793	204,745,300	242,992,028	283,749,460
Cost of goods sold/operations.....	46,040,874	64,672,843	75,853,364	87,217,203	102,096,671	113,885,668
Cost of labor.....	4,146,927	4,585,836	5,219,444	5,667,139	6,737,888	7,015,547
Purchases.....	31,820,581	42,608,734	48,210,198	55,983,188	64,201,085	70,439,607
Salaries and wages.....	8,129,233	12,489,039	14,745,011	16,585,456	19,392,819	22,336,337
Taxes paid.....	3,159,258	5,770,918	6,914,357	7,364,870	8,328,583	9,553,145
Interest paid.....	4,470,206	12,097,100	13,455,385	16,022,804	21,275,551	28,362,385
Depreciation.....	4,578,820	10,108,834	12,334,740	14,519,760	17,662,667	21,576,189
Net income less deficit.....	9,790,396	7,737,570	13,264,168	14,446,809	15,205,908	8,248,655
Net income.....	14,419,124	22,431,931	28,929,500	33,689,343	40,000,896	45,061,756
Deficit.....	4,628,728	14,694,361	15,665,332	19,242,534	24,794,987	36,813,100

See notes following Table 8.

**Table 5.—Corporation Income Tax Returns: Selected Balance Sheet, Income Statement and Tax Items for Selected Years, 1970-1980**

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

Item	1970	1975	1977	1978	1979	1980
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total .....	1,665,477	2,023,647	2,241,887	2,376,779	2,577,801	2,710,538
Number with net income.....	1,008,337	1,226,208	1,424,528	1,523,648	1,599,322	1,596,632
Small Business Corp. returns.....	257,475	358,413	428,204	478,679	518,550	545,389
Domestic International Sales Corporation returns.....	N/A	6,431	6,665	7,208	8,066	8,665
Total assets.....	2,634,706,564	4,286,556,273	5,326,389,281	6,014,452,008	6,844,891,231	7,617,238,403
Notes and acc'ts receivable.....	614,667,376	1,051,542,806	1,337,902,515	1,589,330,717	1,817,469,863	1,984,601,790
Inventories.....	190,401,642	317,718,545	396,032,639	442,652,820	504,315,590	534,806,547
Investments in Gov't obligations...	196,625,390	316,131,699	380,540,830	403,628,383	421,441,738	472,059,737
Net capital assets, except land <sup>1</sup> ...	552,838,384	825,107,002	1,001,921,728	1,115,564,447	1,264,872,322	1,418,605,742
Total liabilities.....	1,882,295,401	3,189,491,468	3,975,418,416	4,519,695,153	5,125,337,041	5,672,850,147
Accounts payable.....	148,812,597	263,417,584	346,521,170	403,553,630	482,558,295	542,172,368
Short-term debt <sup>2</sup> .....	170,884,261	272,123,551	319,805,729	380,851,818	452,958,194	504,802,288
Long-term debt <sup>2</sup> .....	362,700,303	586,703,526	694,119,251	780,536,053	885,515,693	986,663,932
Net worth.....	752,411,163	1,097,064,806	1,350,970,865	1,494,756,856	1,719,554,190	1,944,388,256
Total receipts.....	1,750,776,503	3,198,627,860	4,128,304,478	4,714,602,615	5,615,625,519	6,361,284,012
Business receipts.....	1,620,885,576	2,961,729,640	3,813,925,121	4,353,704,519	5,152,613,019	5,731,616,337
Interest on Gov't obligations.....	9,687,116	17,264,405	22,177,902	25,381,712	30,420,365	38,061,592
United States.....	5,911,199	10,552,799	14,356,996	16,241,045	19,541,449	25,440,716
State and Local.....	3,775,917	6,711,606	7,820,906	9,140,667	10,878,916	12,620,876
Other interest.....	61,883,309	126,034,505	154,491,738	195,479,301	259,146,298	328,802,958
Rents and royalties.....	16,524,889	26,932,271	38,773,512	38,164,761	40,303,671	53,821,391
Net short-term capital gain less net long-term capital loss.....	190,439	301,601	521,410	884,646	1,209,842	2,013,510
Net long-term capital gain less net short-term capital loss.....	5,481,580	8,364,523	11,916,138	14,679,876	20,005,538	24,910,957
Net gain, noncapital assets.....	5,315,562	7,757,287	11,169,250	12,137,078	15,397,176	20,117,615
Dividends received from domestic corporations.....	5,238,421	8,818,282	13,932,345	13,321,287	16,863,766	18,654,800
Dividends received from foreign corporations.....	3,466,515	5,467,726	8,275,849	9,277,932	12,715,084	14,563,353
Total deductions.....	1,682,778,847	3,052,674,597	3,908,781,721	4,467,196,877	5,331,970,825	6,125,365,155
Cost of sales and operations.....	1,146,263,273	2,129,928,467	2,725,009,554	3,113,421,507	3,721,782,971	4,204,905,905
Bad debts.....	6,479,814	13,781,147	14,249,343	15,660,693	17,486,107	18,769,771
Taxes paid.....	49,523,243	81,530,302	104,282,166	116,155,070	128,172,063	163,003,622
Interest paid.....	62,055,010	129,307,921	152,865,323	192,403,316	261,530,850	344,612,542
Contributions or gifts.....	797,029	1,202,130	1,789,747	2,084,022	2,294,755	2,358,554
Depreciation.....	52,941,266	86,295,664	106,972,692	121,299,900	138,490,396	157,345,828
Depletion.....	5,623,339	5,341,489	5,658,877	6,402,020	7,828,973	8,871,993
Pension, profit-sharing, stock bonus, and annuity plans.....	12,225,912	26,526,129	36,463,699	41,825,415	46,583,431	51,529,310
Net loss, noncapital assets.....	1,289,305	1,804,079	1,618,022	2,155,305	4,074,858	5,903,104
Net income (less deficit).....	65,901,614	142,636,826	219,243,043	246,867,473	285,300,630	239,006,542
Net income.....	83,710,924	169,483,336	245,274,490	274,519,721	322,517,550	296,787,201
Deficit.....	17,809,310	26,846,510	26,031,447	27,652,248	37,216,920	57,780,659
Income subject to tax.....	72,374,437	146,589,287	212,501,782	239,631,773	280,155,155	246,598,486
Income tax before credits <sup>3</sup> .....	32,910,634	65,769,822	95,627,563	106,976,893	119,157,964	103,831,172
Tax credits, total.....	5,414,940	26,452,791	39,605,284	43,501,607	54,229,274	42,167,741
Foreign tax credit.....	4,548,986	19,987,724	26,006,028	26,357,629	36,828,057	24,861,315
Possessions tax credit.....	N/A	N/A	837,687	1,134,422	1,376,124	1,565,681
Investment credit.....	865,954	6,459,746	11,038,404	12,897,172	14,678,306	15,102,812
Jobs credit.....	N/A	N/A	1,703,838	3,093,915	1,318,837	601,444
Income tax after credits <sup>3</sup> .....	27,495,694	39,317,031	56,022,279	63,475,286	64,928,690	61,663,431
Additional tax for tax preferences...	265,249	156,740	263,316	340,519	433,649	438,820
Total income tax after credits.....	27,838,775	39,691,517	56,735,169	64,386,838	66,120,672	62,974,695
Distributions to stockholders, except in own stock.....	32,012,677	45,224,392	61,536,761	70,294,349	86,833,911	97,378,617

See notes following Table 8.

## Selected Statistical Series, 1970-1983

**Table 6.—Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1979-1983**  
 (Money amounts are in millions of dollars)

Quarter and fiscal year	Total	Source of revenue				
		Individual income taxes <sup>1</sup>	Corporation income taxes	Excise taxes <sup>2</sup>	Employment taxes <sup>3</sup>	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
<b>1979</b>						
Total.....	460,412	251,546	71,448	19,050	112,850	5,519
October 1978 to December 1978.....	91,796	49,563	14,745	4,983	21,154	1,351
January 1979 to March 1979.....	108,284	60,070	14,124	4,468	28,237	1,385
April 1979 to June 1979.....	149,817	82,684	28,304	4,731	32,775	1,323
July 1979 to September 1979.....	110,515	59,228	14,275	4,868	30,684	1,460
<b>1980</b>						
Total.....	519,375	287,548	72,380	24,619	128,330	6,498
October 1979 to December 1979.....	105,947	58,899	14,894	4,902	25,755	1,497
January 1980 to March 1980.....	122,422	68,723	15,074	4,250	32,850	1,524
April 1980 to June 1980.....	166,827	91,480	28,360	7,335	38,036	1,617
July 1980 to September 1980.....	124,179	68,447	14,051	8,132	31,689	1,861
<b>1981</b>						
Total.....	606,799	332,850	73,733	40,420	152,886	6,910
October 1980 to December 1980.....	118,804	67,081	14,527	7,305	28,193	1,698
January 1981 to March 1981.....	143,899	77,467	14,844	10,082	39,878	1,628
April 1981 to June 1981.....	196,970	108,600	29,204	11,963	45,510	1,692
July 1981 to September 1981.....	147,126	79,702	15,158	11,069	39,304	1,893
<b>1982</b>						
Total.....	632,241	352,609	65,991	36,779	168,718	8,143
October 1981 to December 1981.....	137,570	71,526	15,898	10,577	37,654	1,915
January 1982 to March 1982.....	154,128	85,930	14,722	9,426	41,751	2,299
April 1982 to June 1982.....	196,506	113,852	23,115	8,389	49,165	1,986
July 1982 to September 1982.....	144,036	81,301	12,256	8,387	40,148	1,943
<b>1983</b>						
October 1982 to December 1982.....	132,205	70,312	13,404	8,498	38,404	1,588
January 1983 to March 1983.....	150,019	86,853	11,494	8,222	41,930	1,519

See notes following Table 8.

**Table 7.—Selected Returns and Forms Filed During Selected Calendar Years, 1970-1984**

Type of return or form	Filing year					Projected	
	1970	1975	1980	1981	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Individual income <sup>1</sup> .....	77,281,384	84,026,785	93,194,916	94,156,710	95,574,230	95,617,000	r96,700,000
Form 1040.....	77,143,251	61,450,279	55,360,030	57,088,682	57,800,627	57,710,000 <sup>2</sup>	59,151,000
Nonbusiness.....	68,129,351	51,377,153	43,957,141	45,288,528	45,480,555	45,248,000	46,217,000
Business.....	9,013,900	10,073,126	11,402,889	11,800,154	13,320,072	12,462,000	12,935,000
Schedule C.....	6,351,304	7,438,968	8,944,298	9,345,121	9,877,372	10,070,000	10,593,000
Schedule F.....	2,662,596	2,634,158	2,458,591	2,455,033	2,442,700	2,392,000	2,342,000
Form 1040A.....	N/A	22,462,776	37,692,282	36,924,610	37,618,855	r22,364,000 <sup>3</sup>	r21,804,000
Form 1040EZ.....	N/A	N/A	N/A	N/A	N/A	r15,400,000 <sup>4</sup>	r15,600,000
Corporation income:							
Form 1120.....	1,487,244	1,705,789	2,030,092	2,265,811	2,346,203	2,234,000	2,280,000
Form 1120S.....	248,936	367,219	528,070	547,176	566,787	638,000	679,000
Partnership, Form 1065.....	991,904	1,132,839	1,401,567	1,457,974	1,552,735	1,534,000	1,576,000
Fiduciary, Form 1041 <sup>5</sup> .....	1,149,445	1,558,570	1,876,392	1,944,494	1,962,485	2,112,000	2,200,000
Estate Tax, Forms 706 and 706NA...	141,156	225,827	147,303	146,496	127,051	109,000	89,000
Gift Tax, Form 709.....	146,338	273,184	214,389	190,106	84,364	89,000	99,000
Exempt Organization:							
Form 990 <sup>6</sup> .....	377,030	346,627	362,632	322,572	368,278	270,000	276,000
Form 990-PF.....	N/A	29,637	33,137	31,688	31,831	32,000	32,000
Form 990-T.....	5,041	19,683	23,455	24,562	23,720	25,000	26,000

See notes following Table 8.

**Table 8.—Classes of Excise Taxes by Selected Fiscal Year, 1970-1983**  
 [Money amounts are in thousands of dollars]

Selected class of tax	1970	1975	1979	1980	1981	1982
	(1)	(2)	(3)	(4)	(5)	(6)
Alcohol taxes, total.....	4,746,382	5,350,858	5,647,924	5,704,768	5,688,413	5,459,810
Distilled spirits.....	3,501,538	3,865,162	3,945,034	3,945,377	3,837,640	3,634,519
Wine.....	163,337	177,113	198,289	211,538	244,445	218,987
Beer.....	1,081,507	1,308,583	1,504,601	1,547,853	1,606,328	1,606,303
Tobacco taxes, total.....	2,094,212	2,315,090	2,495,517	2,446,416	2,583,857	2,539,495
Cigarettes.....	2,036,101	2,261,116	2,454,829	2,402,857	2,538,674	2,499,046
Cigars.....	56,834	51,226	36,225	39,500	40,742	35,666
Manufacturers excise taxes, total....	6,683,061	5,516,611	7,057,612	6,487,421	6,088,156	6,382,900
Gasoline and lubricating oil.....	3,517,586	4,071,465	4,633,712	4,326,549	4,108,716	4,320,856
Tires, tubes and tread rubber.....	614,795	697,660	878,283	682,624	668,902	616,785
Motor vehicles, bodies, parts....	1,753,327	662,556	1,189,169	1,088,696	914,524	884,845
Recreational products.....	53,427	84,946	124,392	136,521	158,054	131,288
Black Lung taxes.....	N/A	N/A	232,056	251,288	237,097	426,620
Special fuels, total <sup>1</sup> .....	257,820	404,187	553,291	560,144	587,486	628,625
Diesel and special motor fuels....	257,712	370,489	506,651	512,718	553,107	598,840
Miscellaneous excise taxes, total <sup>1</sup> ..	2,084,730	3,306,077	3,223,033	6,359,198	19,773,803	24,813,053
Telephone and teletype.....	1,469,562	2,023,744	1,362,193	1,117,834	998,503	919,749
Air transportation.....	250,802	850,567	1,425,656	1,748,837	1,326,829	1,154,818
Highway use tax.....	135,086	207,663	251,793	263,272	266,225	257,329
Foreign insurance.....	8,614	19,458	69,261	74,630	74,882	68,276
Exempt organizations net investment income.....	N/A	63,828	65,217	65,280	84,045	93,188
Crude oil windfall profit.....	N/A	N/A	N/A	3,051,719	16,930,548	22,035,927
Environmental taxes (superfund)...	N/A	N/A	N/A	N/A	61,264	252,903
	Fiscal year quarter ending					
Selected class of tax	Dec. 1981	Mar. 1982	June 1982	Sept. 1982	Dec. 1982	Mar. 1983
	(7)	(8)	(9)	(10)	(11)	(12)
Alcohol taxes, total.....	1,369,147	1,227,818	1,360,635	1,502,209	1,362,584	1,331,830
Distilled spirits.....	994,190	822,081	875,938	942,311	991,691	906,974
Wine.....	60,216	57,022	77,417	24,332	67,672	63,829
Beer.....	314,741	348,715	407,281	535,566	303,221	361,027
Tobacco taxes, total.....	653,343	588,809	611,915	685,428	638,860	1,002,323
Cigarettes.....	643,537	579,657	602,470	673,383	629,867	993,909
Cigars.....	8,687	7,959	8,383	10,636	7,798	6,791
Manufacturers excise taxes, total....	1,571,307	1,576,431	1,610,776	1,624,385	1,463,058	1,480,465
Gasoline and lubricating oil.....	1,066,785	1,070,549	1,084,495	1,099,027	992,928	979,122
Tires, tubes and tread rubber.....	186,144	142,504	148,941	139,197	166,892	168,796
Motor vehicles, bodies, parts....	222,728	260,029	197,766	204,322	144,263	179,889
Recreational products.....	23,924	22,451	48,635	36,278	35,354	27,043
Black Lung taxes.....	71,730	80,394	130,979	143,517	123,114	125,176
Special fuels, total.....	154,587	154,556	152,806	166,676	151,540	182,275
Diesel and special motor fuels....	149,461	146,588	144,370	158,421	140,554	155,646
Miscellaneous excise taxes, total....	5,568,507	4,256,630	5,974,399	9,013,517	4,998,036	6,370,018
Telephone and teletype.....	265,170	294,784	185,752	174,043	140,756	211,881
Air transportation.....	283,763	280,722	285,463	304,870	343,762	503,498
Highway use tax.....	23,484	46,635	35,344	151,866	17,789	54,784
Foreign insurance.....	16,072	15,974	16,310	19,921	-14,801 <sup>2</sup>	-9,640 <sup>2</sup>
Exempt organizations net investment income.....	9,649	11,013	36,893	35,632	7,654	23,600
Crude oil windfall profit.....	4,897,236	3,535,776	5,346,061	8,256,853	4,440,146	5,518,749
Environmental taxes (superfund)...	67,357	64,061	62,012	59,473	56,330	59,247

See notes on following page.



## Notes to Selected Statistical Series Tables

### General notations

N/A - Not applicable

n.a. - Not available

r - Revised

### Table 1

[1] The 1981 data for interest and dividends are before exclusion. The combined amount of interest and dividends in adjusted gross income (after the exclusion) was \$178,097,705,000, reported on 34,144,410 returns. For 1980, there was no exclusion applicable to interest income.

[2] Includes surcharge of \$2,018,078,000.

[3] For 1981 only, this was the 1.25 percent rate reduction credit applicable to all returns with income tax before credits, as provided by the Economic Recovery Tax Act of 1981.

SOURCE: Statistics of Income, Individual Income Tax Returns, appropriate years. Tax law changes have affected the comparability of the data. See the specific Statistics of Income reports for a description of those law changes.

### Table 2

SOURCE: Statistics of Income, Individual Income Tax Returns, appropriate years. Tax law changes have affected the comparability of the data. See the specific Statistics of Income reports for a description of those law changes.

### Table 3

SOURCE: Statistics of Income, Sole Proprietorship Returns, appropriate years. Tax law changes have affected the comparability of the data. See the specific Statistics of Income reports for a description of those law changes.

### Table 4

[1] Total Assets, total liabilities and partners capital accounts are somewhat understated because not all partnership returns filed contained a completed 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.

SOURCE: Statistics of Income, Partnership Returns, for appropriate years. Tax law changes have affected the comparability of the data. See the specific Statistics of Income reports for a description of those law changes.

### Table 5

[1] Net capital assets, except land, consisted of depreciable, depletable, and intangible assets less accumulated depreciation, depletion and amortization.

[2] Short-term debt is the abbreviated title given to mortgages, notes and bonds payable in less than 1 year. Long-term debt is the abbreviated title given to mortgages, notes and bonds payable in 1 year or more.

[3] Consists of normal tax, surtax, and alternative tax for Tax Years 1970 through 1978, and regular tax and alternative tax for Tax Years 1979 and 1980.

SOURCE: Statistics of Income, Corporation Income Tax Returns, appropriate years. Tax law changes have affected the comparability of the data. See the appropriate Statistics of Income reports for a description of those law changes.

### Table 6

[1] Consists of amounts paid by individuals or corporations as estimated tax payments or amounts withheld by employers prior to return filing, payments made with the return, and any subsequent payments.

[2] Consists of taxes imposed on selected products, services, and activities, such as those on alcohol and tobacco products and the windfall profit tax on domestically produced crude oil.

[3] Composed largely of payroll taxes levied on salaries and wages, such as social security, railroad retirement, and unemployment taxes.

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

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

## Notes to Selected Statistical Series Tables

Table 7

- [1] Includes Forms 1040NR, PR and SS.
- [2] Actual filings of Form 1040 through June 30, 1983 were 57,044,000.
- [3] Actual filings of Form 1040A through June 30, 1983 were 21,009,000.
- [4] Actual filings of Form 1040EZ through June 30, 1983 were 15,076,000.
- [5] Includes Form 1041A in 1970 and 1975.
- [6] Includes Form 990A in 1970.

SOURCE: Internal Revenue Service, Research Division.

Table 8

- [1] Special fuels, total includes diesel and special motor fuels which were classified as miscellaneous excise taxes in 1970.
- [2] The negative amounts are due to refunds of this tax under the United States - United Kingdom Income Tax Treaty, which provides for an exemption from the tax retroactive to January 1, 1975. Also, a similar United States - France treaty provides for an exemption retroactive to January 1, 1979.

NOTES: For 1970 and 1975, fiscal year was defined as July of the previous year through June of the year noted. For 1979, 1980, 1981, and 1982, fiscal year was defined as October of the previous year through September of the year noted.

# 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 publications (see References). More technical information is available, upon request, from the Statistics of Income Division.

### 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 audit. The samples are based on such criteria as: principal business activity; presence or absence of a schedule; State from which filed; size of adjusted gross income (or deficit) or largest of specific income (or loss) items; total assets or size of business and farm receipts.

The probability of a return being designated depends on its sample class or stratum and may range from a fraction of one percent to one hundred 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 on the allowable total cost or total sample size for the program.

For most SOI studies, returns are computer designated based on the Taxpayer Identification Number (TIN) which is either the Social Security Number (SSN) or Employer Identification Number (EIN). In some cases, the ending digits of each TIN are compared to a set of numbers randomly selected for each sample class. If the TIN ending digits are in the set, then the return is designated for the sample. Otherwise, it is not designated.

Alternatively, a fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for the return's sample stratum, then it is designated. Otherwise, it is not.

Under either method of selection, the TIN's designated from one year's study are for the most part selected for the next study, so that a large proportion of the new sample are repeaters. This longitudinal character of the sample design improves the estimates of change from one study to the next.

### METHOD OF ESTIMATION

In general, weighting factors are obtained by dividing the computer count of returns filed for a sample stratum by the actual number of returns secured for the sample. These weighting factors are then used to inflate the sample results to total population levels. During sampling, lists of the returns designated are checked against the returns secured for the sample to insure that the sample designated is the same as the sample selected. Special searches are made for returns not initially secured so that any bias from nonresponse is minimal.

For the individual income tax returns sample, weighting factors are computed for each sample class within each Internal Revenue district, even though the district is not used to designate the sample. This is an example of post-stratified estimation and is used to improve the estimates for the States. Usage of post-stratified estimation is being studied for other SOI studies.

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

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented and expressed as a percentage. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to re-create 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% confidence interval estimate:

$$\begin{array}{r} 150,000 \quad (\text{sample estimate}) \\ \times 0.02 \quad (\text{coefficient of variation}) \\ \hline = 3,000 \quad (\text{standard error of estimate}) \end{array}$$
  
$$\begin{array}{r} 150,000 \quad (\text{sample estimate}) \\ \pm 3,000 \quad (\text{standard error}) \\ \hline = 147,000 - 153,000 \quad (68\% \text{ confidence interval}) \end{array}$$

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, multiply the standard error by two before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Further details concerning confidence intervals, including the approximation of CV's for combined sample estimates, may be obtained on request by writing to the Statistics of Income Division, D:R:S, Internal Revenue Service, Washington, D.C. 20224

#### NONSAMPLING ERROR CONTROLS AND LIMITATIONS

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling errors, there are other sources of errors which may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors, processing errors, early cut-off of sampling, etc. More extensive information on nonsampling errors 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. Missing entries are imputed during statistical processing by utilizing other information on the return and accompanying schedules. Data may be disaggregated and recombined during editing to achieve consistent statistical definitions. In the future, SOI studies will make use of earlier returns of the same taxpayer to check current data, for instance the industry code. Also, research on better methods of imputing missing data is being conducted.

Quality of the basic data abstracted at the processing centers is controlled by a continuous sampling verification system. 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. Prior to tabulation, numerous computer tests are applied to each return record to check for inconsistencies.

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 by an asterisk (\*) to the left of the data item(s) in the tabulations. The presence of an asterisk indicates that the sample rate is less than 100 percent of the population and 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. These combinations and deletions are indicated by a double asterisk (\*\*).

#### REFERENCES

- [1] Statistics of Income--1980, Individual Income Tax Returns (see especially pages 11-14).
- [2] Statistics of Income--1980, Corporation Income Tax Returns (see especially pages 9 to 14).
- [3] Statistics of Income--1980, Partnership Returns (see especially pages 5-7).
- [4] Statistics of Income--1979-80, Sole Proprietorship Returns (see especially pages 5 to 8).
- [5] Statistics of Income--1976-1979, International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns (see especially pages 13-15 and 85-87).
- [6] Statistics of Income--1973, Sales of Capital Assets Reported on Individual Income Tax Returns (see especially pages 17 to 20).
- [7] Statistics of Income--1976, Estate Tax Returns (see especially pages 11 to 12).
- [8] Statistics of Income--1974-1978, Private Foundations (see especially pages 9 to 16).

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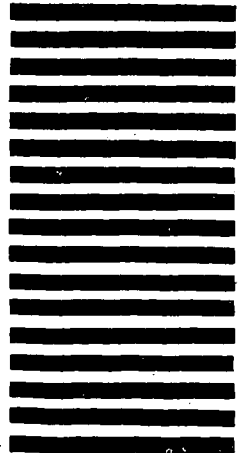


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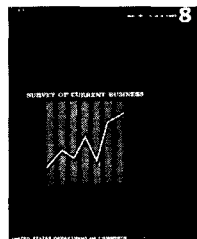
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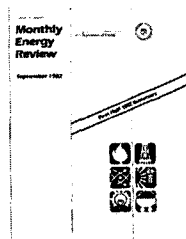
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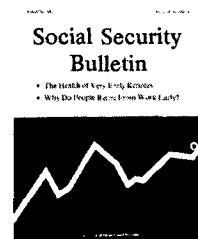
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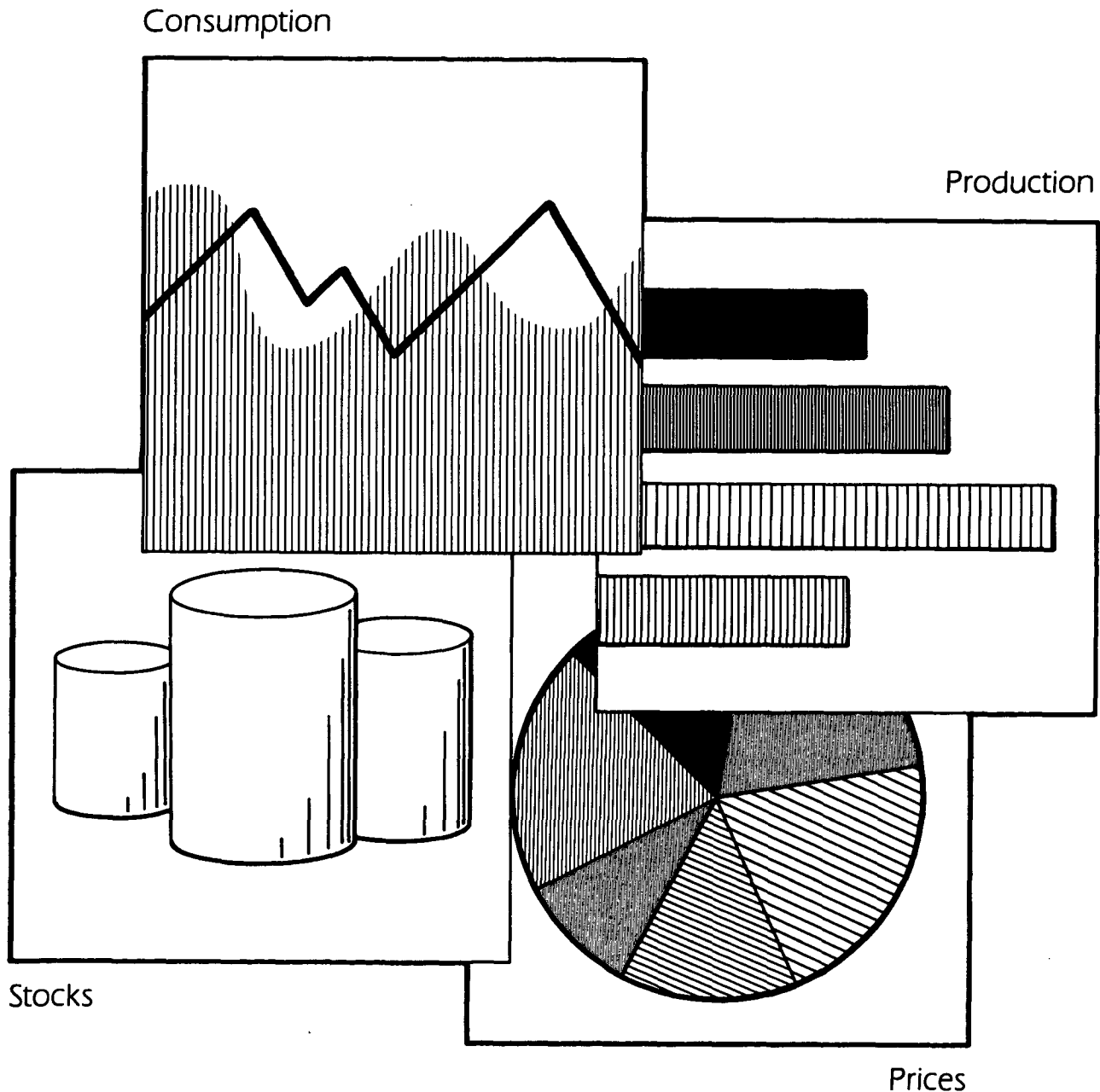
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# Other Publications And Related Information

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## Computer Files Available

Individual Tax Model File,  
1966-1980 (Includes State Tax  
Model File, 1979-1980)

State Tax Model File, 1977-1980

Corporation Source Book,  
1965-1976, 1979

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