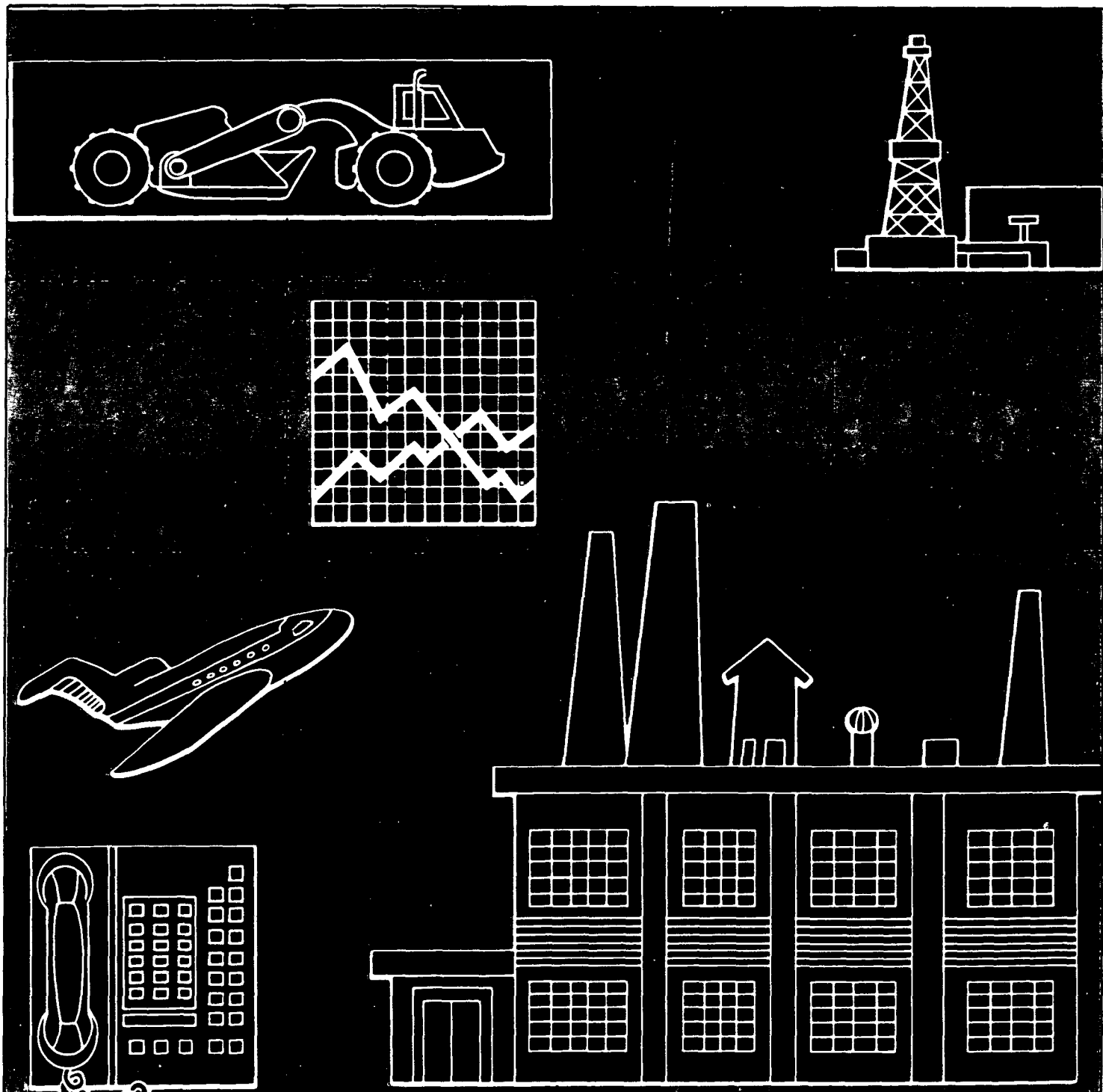


1978-1979

**Statistics
of Income**

Corporation Income Tax Returns



Statistics of Income

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SOI Bulletin, Summer 1982

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Archives and Records Service,
Washington, DC 20408

The 1979 Individual Tax Model
files and the 1977 Employee
Plans file are available on a
reimbursable basis from the
Statistics of Income Division,
Internal Revenue Service,
Washington, DC 20224.

1978-1979

**Statistics
of Income**

Corporation Income Tax Returns

Publication 16 (5-82)

Department of the Treasury
Internal Revenue Service

Roscoe L. Egger, Jr.
Commissioner

M. Eddie Helronimus
Assistant Commissioner
(Returns and Information Processing)

Fritz Scheuren
Director, Statistics of Income Division

Lillie B. Dorsey
Chief, Corporation Statistics Branch

This report contains data by industry on assets, liabilities, receipts, deductions, net income, income subject to tax, credits, distributions to stockholders and additional tax for tax preferences. Data are also classified by size of total assets and by size of business receipts. Other classifications include "returns with net income" and "Small Business Corporations taxed through stockholders."

More detailed statistics for the industries shown in tables 1.1 and 2.1 of this report are available in Publication 1053, *Source Book of Statistics of Income—1978, 1979*, respectively. A general description of the Source Book, including ordering information, is available from the Director, Statistics of Income Division D:R:S, Internal Revenue Service, Washington, DC 20224.

In addition, special Statistics of Income tabulations based on corporation income tax returns for 1978 or 1979 can be produced upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, at the address shown above.

Suggested Citation

Internal Revenue Service
Statistics of Income—1978-1979
Corporation Income Tax Returns
U. S. Government Printing Office,
Washington, DC 1982

Library of Congress Card
No. 61-37568

See the user survey form following page 256

COMMISSIONER OF INTERNAL REVENUE

Washington, DC 20224

May 3, 1982

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

Dear Mr. Secretary:

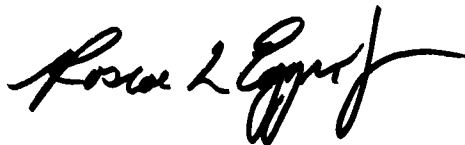
I am transmitting the complete report, Statistics of Income—1978-1979, Corporation Income Tax Returns. This report has been produced in accordance with the mandate of section 6108 of the Internal Revenue Code which requires the preparation and publication of statistics reasonably available with respect to the operation of the internal revenue laws.

The report presents information on receipts, deductions, net income, income tax liability, tax credits, and distributions to stockholders. Statistics are also provided on the corporate tax base and on the computation of income tax and additional tax for tax preferences ("minimum tax").

Classifications include industry, size of total assets, and size of receipts. Separate statistics are included for returns with net income, inventories, investment credit items, members of controlled groups, and Small Business Corporations electing to be taxed through their stockholders.

With kind regards,

Sincerely,

A handwritten signature in black ink, appearing to read "Roscoe L. Eggen", with a stylized flourish at the end.

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NOTE: Tables for 1978 are numbered beginning with a 1 (examples: 1.3 and 1.14); tables for 1979 are numbered beginning with a 2 (examples: 2.3 and 2.14).

This report presents statistical estimates derived from a stratified sample of approximately 99,000 corporation returns selected from the more than 2.3 million active corporate returns filed for the 1978 Income Year.* Also presented are statistical estimates derived from a stratified sample of approximately 80,000 corporation returns selected from the more than 2.5 million active corporate returns filed for the 1979 Income Year.

Organizationally, the report is divided into 6 sections. The first section provides statistics summarizing overall corporate activity for Income Years 1978 and 1979. Changes in law between this report and that for Income Year 1977 are discussed next. In section 3, there is a detailed description of the sample of income tax returns upon which the statistics were based, as well as a discussion of the method of estimation used, the sampling variability of the data, and other limitations.

Section 4, which is divided into two parts—the first for 1978 and the second for 1979—presents the basic tables that contain detailed statistics on income tax liability, tax credits, net income, and other income and financial data. Section 5 contains detailed explanations of the terms used in the report. In most instances, the explanations include definitions and limitations of terms used as well as adjustments made in preparing the statistics.

Section 6, which is divided into two parts—the first for 1978 and the second for 1979—includes facsimiles of Forms 1120, 1120-DISC, 1120F, 1120L, 1120M, 1120S, 3468 and 5884. The instructions used for completing most of these forms are also provided there.

OVERALL CORPORATE SUMMARY

Figure A presents statistics on the number of returns, total assets, total receipts, net income (less deficit) and total tax for Income Years 1977, 1978 and 1979. These data are classified by size of total assets.

This figure shows a 6 percent increase (about 135,000) in the total number of returns from 1977 to 1978. Total assets for 1978 increased by about 13 percent from 1977 to over \$6 trillion. This was the first time total assets surpassed the \$6 trillion mark. Total receipts for 1978 experienced a slightly larger increase—about 14 percent. The percentage increase in net income (less deficit) dropped from 18 percent between 1976 and 1977 to only 12.6 percent between 1977 and 1978.

For returns with total assets of \$250 million or more, the total income tax was about 10.4 percent higher for 1978 than for 1977. These large returns, which represent slightly over one percent of the total number of returns, accounted for approximately 65.8 percent of the total income tax on all corporate

returns. Total income tax for 1978 for these corporations represented only 3 percent of their total receipts. As a percent of net income (less deficit), total income tax for these returns was 45.3 percent, substantially the same as for 1977.

For 1979, there was a 7.6 percent increase in the number of returns over 1978. Total assets for 1979 rose to over \$6.8 trillion—an increase of about 13.6 percent. Total receipts for 1979 rose by 18.8 percent to approximately \$5.6 trillion. This was the first time total receipts surpassed the \$5 trillion mark. The percentage increase in net income (less deficit) reversed recent trends and rose by about 15.3 percent for 1979 over the data for 1978.

For the largest returns in 1979, the total income tax was about 17 percent higher than for the corresponding group for 1978. These large returns (which still represented only slightly over one percent of the total number of returns) accounted for an even higher percent of the total income tax on all corporate returns—69.2 percent for 1979 versus 65.8 percent for 1978. The total income tax for 1979 for these corporations, however, continued to be only about 3 percent of their total receipts. As a percent of net income (less deficit), total income tax for these returns was 43.2 percent, a decrease of 2.1 percentage points from 1978. As discussed later in the Changes in Law section, the corporate tax rate structure was changed for taxable years beginning after December 31, 1978. The maximum rate of taxation over \$100,000 of taxable income was reduced, in effect, by 2 percent.

ACTIVITIES COVERED

The estimates in this report encompass corporate business activities in the United States as reported on returns of "domestic" and foreign corporations, as well as certain foreign activities. The term "domestic" corporations refers to companies incorporated in the United States, but does not necessarily imply that all their activities are domestic. For instance, data for a U.S. corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries and, to a limited extent, undistributed earnings of those subsidiaries.

For foreign corporations (defined as those organized abroad) engaged in trade or business in the United States, only income that was considered "effectively connected" with the conduct of a trade or business in the United States is included in the statistics. Other foreign corporations, organized abroad and not engaged in trade or business in the United States, were liable for tax only on investment income from U.S. sources. Such income is excluded from the report.

The effect of foreign activity on the statistics varies by industry and assets size. Some industries may have higher incidences of foreign activity than

*This report was prepared in the Statistics of Income Division by Ray Samuelson (text) of the Corporation Special Projects Section (Linda B. Taylor, Acting Chief) and David E. Jordan (tables) of the Corporation Returns Analysis Section (James R. Hobbs and Karen L. Cys, Acting Chiefs).

Figure A.--Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), and Total Income Tax, by Size of Total Assets, Income Years 1977, 1978, and 1979

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

Year and size of total assets	Number of returns	Total assets	Total receipts	Net income (less deficit)	Total income tax
	(1)	(2)	(3)	(4)	(5)
1977					
Total.....	2,241,887	5,326,389,281	4,128,304,478	219,243,043	96,340,453
Zero assets.....	57,304	-	32,722,983	1,092,395	556,591
\$1 under \$100,000.....	1,203,764	41,219,373	149,104,796	1,411,984	557,262
\$100,000 under \$250,000.....	424,648	68,123,746	157,060,205	4,221,501	1,059,658
\$250,000 under \$500,000.....	235,472	82,983,397	177,976,515	4,662,017	1,306,177
\$500,000 under \$1,000,000.....	144,421	101,024,944	221,090,085	5,959,221	2,022,315
\$1,000,000 under \$5,000,000.....	129,577	266,175,302	537,523,559	16,182,234	6,924,809
\$5,000,000 under \$10,000,000.....	18,026	126,144,710	181,890,359	6,905,042	3,164,891
\$10,000,000 under \$25,000,000.....	13,628	215,313,474	198,660,957	8,990,042	4,002,694
\$25,000,000 under \$50,000,000.....	6,524	228,377,700	149,633,255	7,575,954	3,352,767
\$50,000,000 under \$100,000,000.....	3,788	263,902,329	160,759,837	7,828,710	3,417,816
\$100,000,000 under \$250,000,000.....	2,530	389,510,842	235,561,727	12,995,905	5,648,277
\$250,000,000 or more.....	2,205	3,543,613,464	1,926,320,200	141,418,038	64,327,196
1978					
Total.....	2,376,779	6,014,452,008	4,714,602,615	246,867,473	107,888,445
Zero assets.....	70,894	-	34,332,392	369,113	505,166
\$1 under \$100,000.....	1,250,000	43,093,864	165,439,550	1,774,045	732,752
\$100,000 under \$250,000.....	449,001	72,734,426	178,805,127	5,266,846	1,230,091
\$250,000 under \$500,000.....	252,280	89,129,295	196,644,315	5,857,424	1,635,681
\$500,000 under \$1,000,000.....	160,886	112,631,613	253,247,876	7,262,748	2,412,223
\$1,000,000 under \$5,000,000.....	142,502	287,523,681	606,372,239	18,489,940	7,892,809
\$5,000,000 under \$10,000,000.....	19,792	137,970,335	225,413,335	8,232,763	3,770,267
\$10,000,000 under \$25,000,000.....	15,206	240,636,260	231,947,375	10,517,613	4,640,268
\$25,000,000 under \$50,000,000.....	6,868	240,995,596	165,525,686	8,652,405	3,718,131
\$50,000,000 under \$100,000,000.....	4,125	288,422,093	185,272,552	9,280,563	3,954,897
\$100,000,000 under \$250,000,000.....	2,750	423,440,563	262,043,915	14,512,537	6,380,708
\$250,000,000 or more.....	2,475	4,077,874,281	2,209,558,253	156,651,477	71,015,451
1979					
Total.....	2,556,794	6,835,056,963	5,598,689,129	284,615,731	120,047,034
Zero assets.....	70,249	-	45,952,258	52,642	705,719
\$1 under \$100,000.....	1,332,977	46,407,354	186,677,431	1,440,837	642,249
\$100,000 under \$250,000.....	484,444	78,146,722	199,241,753	4,793,669	1,117,301
\$250,000 under \$500,000.....	277,781	98,006,851	229,887,975	6,325,006	1,623,607
\$500,000 under \$1,000,000.....	178,100	124,432,798	281,975,657	6,706,156	2,269,393
\$1,000,000 under \$5,000,000.....	159,833	323,465,726	701,469,862	19,730,938	8,077,274
\$5,000,000 under \$10,000,000.....	20,686	144,147,198	244,933,865	8,140,972	3,643,590
\$10,000,000 under \$25,000,000.....	15,279	241,328,163	264,086,039	10,891,452	4,711,477
\$25,000,000 under \$50,000,000.....	7,323	258,255,679	191,026,457	8,694,163	3,793,656
\$50,000,000 under \$100,000,000.....	4,436	310,782,886	211,200,889	10,154,601	4,033,753
\$100,000,000 under \$250,000,000.....	3,006	462,157,605	299,038,115	15,294,011	6,343,707
\$250,000,000 or more.....	2,680	4,747,925,980	2,743,198,825	192,391,283	83,085,308

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

others and foreign income is reflected in their statistics to a greater extent. Also, foreign activity tends to increase with the asset size of the corporation.

Section 6012 of the Internal Revenue Code required that all corporations in existence at any time during the income year file returns, regardless of whether they had income or not. This applied to active and inactive domestic corporations unless they were expressly exempt from filing, as well as to active foreign corporations with insufficient taxes withheld at the source to satisfy their U. S. tax liability on income earned in the United States.

In addition to legally defined corporations, the Internal Revenue Code recognized many types of businesses as corporations, including joint stock companies; and unincorporated associations, such as business trusts, savings and loan associations, certain partnerships, mutual savings banks, and cooperative banks. Because these organizations possess characteristics typical of the corporate form, such as continuity of life, centralization of management apart from ownership, limited liability of owners, and transferability of shares of capital ownership, they were required to file corporation income tax returns.

The statistics show financial data estimated from the following estimated number of active corporation income tax returns:

	1978	1979
Form 1120 (U.S. Corporations).....	1,883,282	2,024,652
Form 1120S (U.S. Small Business Corporations).....	478,679	514,907
Form 1120L (U.S. Life Insurance Companies)...	1,798	1,787
Form 1120M (U.S. Mutual Insurance Companies).....	1,230	1,308
Form 1120F (U.S. Returns of Foreign Corporations).....	4,582	6,074
Form 1120-DISC (Domestic International Sales Corporations).....	7,208	8,066

No data were tabulated from the inactive corporation returns filed. Besides returns filed by inactive corporations, the statistics specifically exclude foreign corporations with no income "effectively connected" with a U.S. trade or business, returns of farmers' cooperatives exempt from income tax under Internal Revenue Code section 521, and nonprofit corporations (educational, charitable, and similar organizations) exempt from income tax under section 501. Also excluded from the statistics are returns of mutual insurance companies, (except life or marine and certain fire or flood insurance companies) with gross receipts that did not exceed \$150,000, which were exempt from income tax under Internal Revenue Code section 501. The Revenue Act of 1978 authorized

the various States to establish private corporations for the benefit of the residents of the State. The returns of these General Stock Ownership Corporations were excluded from the statistics.

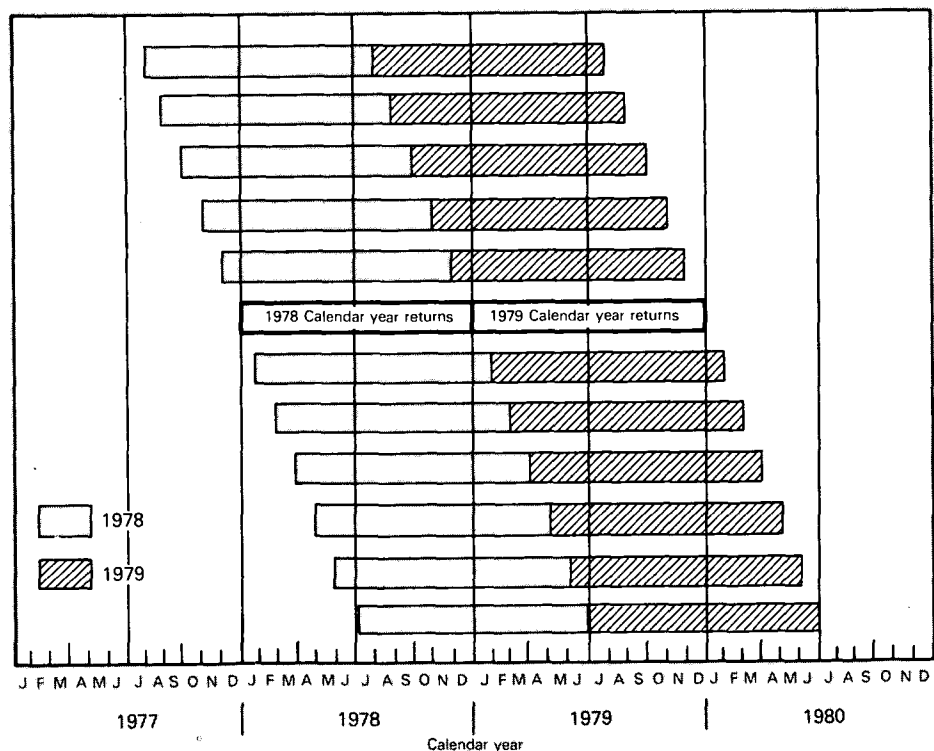
TIME PERIOD EMPLOYED

The estimates in this report are based on data from both returns with accounting periods that coincided with the calendar year and returns with accounting periods that were for noncalendar years ended during the span of months July 1978 through June 1979 for the 1978 Income Year and, for the Income Year 1979, during the span of months July 1979 through June 1980. At the center of the 12-month span was the calendar year, i.e., the year ended December 1978 and December 1979, respectively. This span, in effect, defines the income year in such a way that the noncalendar year accounting periods are centered at the calendar year ended December.

The 24 accounting periods (12 for each year) covered by the report are presented in figure B. Code section 441 specified that, in general, the accounting period close at the end of the month. Thus, figure B shows a span of 23 months between the first-included accounting period, which began on August 1 and closed on July 31, and the start of the last-included accounting period, which began on July 1 and closed on June 30. This report, therefore, shows income received or expenses incurred during any or all of the months in the 23-month span. For balance sheet items, such as total assets and inventories, the report shows a corporation's position only at a given point in time, namely, at the end of its accounting period. Corporations were required by section 441 to file returns for the accounting period customarily used in keeping their books.

Figure B

Accounting periods, income years 1978 and 1979¹



¹ Includes part-year returns.

Figure C

Number of returns and net income (less deficit), by accounting periods, income years 1978 and 1979^{1/}

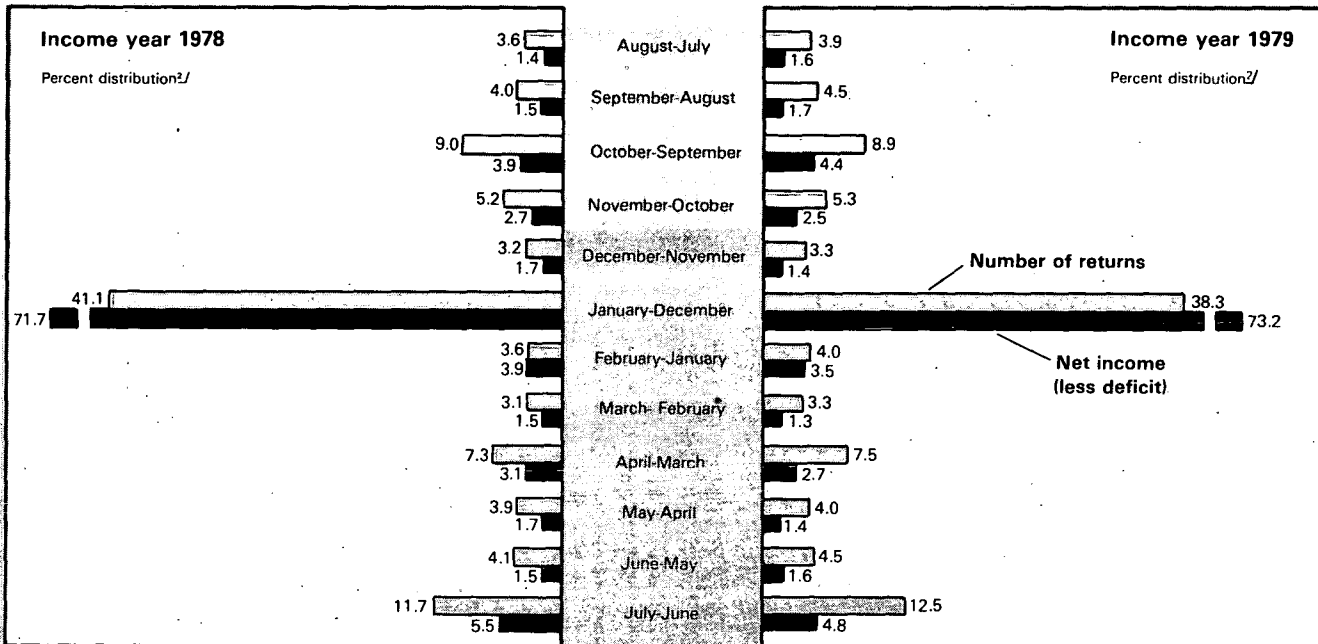
^{1/}Includes part-year returns.^{2/}Percentages may not equal 100% due to rounding.

Figure D shows the total assets, total receipts, net income (less deficit), and total income tax reported on returns for each of the 12 accounting periods for both years. Approximately 41.1 percent of the 1978 returns were filed for the calendar year, but these included returns of most of the larger corporations. Over 79.9 percent of total assets, 71.7 percent of net income (less deficit), and 60.0 percent of total receipts were reported on 1978 calendar year returns. Only 38.3 percent of the 1979 returns were filed for the calendar year. Over 79.5 percent of the total assets, 73.2 percent of net income (less deficit), and 59.6 percent of total receipts were reported on 1979 calendar year returns.

Basically, corporation returns were due to be filed within two-and-one-half months after the close of the corporate accounting period. However, in accordance with Code section 6018, most corporations could receive filing extensions for as long as 6 months.

The total number of active corporations included, in addition to returns with accounting periods that spanned 12 months, returns with accounting periods of shorter duration. Such returns are referred to as part-year returns and were filed, for the most part, by continuing corporations changing their accounting periods, new corporations in existence less than 12 months, merging corporations, and liquidating corporations.

Figure D.--Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), and Total Income Tax, by Accounting Periods for Income Years 1978 and 1979

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

Accounting period ended ¹	Number of returns	Total assets	Total receipts	Net income (less deficit)	Total income tax
	(1)	(2)	(3)	(4)	(5)
1978					
Total.....	2,376,779	6,014,452,008	4,714,602,615	246,867,473	107,888,445
December 1978.....	976,483	4,802,622,125	2,830,055,031	176,904,884	80,331,847
Noncalendar year, total.....	1,400,296	1,211,829,883	1,884,547,585	69,962,589	27,556,598
July 1978.....	86,236	61,442,146	107,526,561	3,487,575	1,517,972
August 1978.....	95,599	63,978,829	112,340,577	3,802,272	1,570,751
September 1978.....	214,068	232,504,115	264,474,337	9,516,414	4,182,757
October 1978.....	123,790	121,627,805	163,108,961	6,551,482	2,547,180
November 1978.....	75,882	75,707,646	82,612,347	4,174,399	1,668,247
January 1979.....	85,368	114,881,890	206,089,754	9,727,176	3,020,496
February 1979.....	74,495	51,897,877	100,307,694	3,608,655	1,371,537
March 1979.....	174,636	131,905,088	263,021,105	7,706,365	3,131,397
April 1979.....	93,775	60,059,327	106,500,668	4,089,102	1,578,081
May 1979.....	97,364	59,021,893	122,100,412	3,748,731	1,458,196
June 1979.....	279,083	238,803,268	356,465,169	13,550,418	5,509,982
1979					
Total.....	2,556,794	6,835,056,963	5,598,689,129	284,615,731	120,047,034
December 1979.....	978,264	5,431,355,699	3,334,180,351	208,268,866	90,813,935
Noncalendar year, total.....	1,578,530	1,403,701,263	2,264,508,778	76,346,866	29,233,099
July 1979.....	100,274	76,175,884	135,761,397	4,544,268	1,761,841
August 1979.....	115,091	79,659,925	138,318,204	4,857,701	1,880,149
September 1979.....	228,768	267,011,599	326,367,554	12,491,676	5,070,142
October 1979.....	134,669	136,959,786	185,070,893	6,997,027	2,611,178
November 1979.....	84,945	89,802,290	95,377,025	3,942,548	1,729,475
January 1980.....	101,103	127,478,872	243,785,596	10,016,106	2,741,377
February 1980.....	85,294	60,209,948	115,262,939	3,810,326	1,480,699
March 1980.....	192,259	156,331,498	307,400,995	7,562,676	3,090,429
April 1980.....	101,043	66,246,806	133,305,351	3,845,041	1,495,382
May 1980.....	115,452	69,878,535	160,552,936	4,668,189	1,677,438
June 1980.....	319,632	273,946,121	423,305,888	13,611,310	5,694,990

¹Includes part-year returns.

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

The statistics in this report reflect, to varying degrees, changes in law that became effective during the accounting periods covered. Depending on the accounting period used and the effective date of the change in law, the changes may have been fully applicable for some corporations, only partially applicable for others, and not applicable at all for still others.

The information that follows is a comprehensive description of the major law changes that became effective, for the first time, during the 1978 or 1979 Income Year. These law changes are those that affected substantially the comparability of the statistics in this report with those in 1977 and prior years. The changes resulted from the Revenue Act of 1978 and the Energy Tax Act of 1978. Where possible, the magnitude of the new provisions has been measured and discussed.

REVENUE ACT OF 1978

Tax Rate Reduction

Under prior law, corporate income was subject to a normal tax of 20 percent on the first \$25,000 of taxable income and 22 percent on taxable income in excess of \$25,000. In addition, a surtax of 26 percent was imposed on corporate taxable income in excess of \$50,000. This rate structure was enacted temporarily in the Tax Reduction Act of 1975 and was extended through 1978 by subsequent legislation. The Revenue Act of 1978 repealed the corporate normal tax and surtax and in their place imposed a five-step tax rate structure on corporate income. Effective for taxable years beginning after December 31, 1978, the corporate tax rates were:

Taxable income	Tax rate
Under \$25,000.....	17 percent
\$25,000 to \$50,000.....	20 percent
\$50,000 to \$75,000.....	30 percent
\$75,000 to \$100,000.....	40 percent
Over \$100,000.....	46 percent.

The 1978 Act continued the special rules for the tax treatment of mutual savings banks conducting a life insurance business, insurance companies, regulated investment companies and real estate investment trusts. Fiscal-year corporations were entitled to the benefit of the new rates for that part of a 1978-1979 fiscal year that fell in 1979, figured on a percentage (number of days in 1979 in relation to total number of days in fiscal year) of the taxable income for the entire taxable year.

Investment Tax Credit

Prior to the Tax Reduction Act of 1975, an investment credit of seven percent was available for qualified property (four percent for certain public utilities). The 1975 Act temporarily increased the rate of the investment credit to 10 percent of the qualified investment in all qualified property (including utility property). The Tax Reform Act of

1976 extended the temporary increase in the credit for four additional years through 1980. The Revenue Act of 1978 made the 10-percent credit permanent.

The 1975 Act temporarily increased the limitation on qualified investment in used property from \$50,000 to \$100,000 per taxable year until January 1, 1977. The 1976 Act extended the increase through 1980. Under the 1978 Act, the \$100,000 used property limitation was made permanent.

Prior to the 1978 Act, taxpayers generally used investment credits to apply against the first \$25,000 of tax liability, plus 50 percent of tax liability exceeding \$25,000. For taxable years ending after 1978, the 50-percent limitation was increased over a transitional period to 90 percent, phased in at 10 additional percentage points a year.

The 1978 Act extended the investment tax credit to rehabilitation expenditures for commercial buildings and certified historic structures. Qualified rehabilitation expenditures were costs that were required to be capitalized and that were incurred for property or additions or improvements to property with a useful life of at least five years. The expenditures must have been incurred after October 31, 1978, in connection with the rehabilitation of a qualified rehabilitated building. A qualified rehabilitated building was a building (and its structural components) that satisfied the following requirements: (1) had been rehabilitated; (2) was placed in service before the beginning of the rehabilitation; (3) retained in place at least 75 percent of the existing walls of the building as external walls in the rehabilitation process; and (4) a period of at least 20 years between the date of the physical work in the rehabilitation of the building began and the later of (a) the date the building was first placed in service or (b) the date the building was placed in service in connection with a prior rehabilitation for which an investment credit was allowed for rehabilitation expenditures.

Rehabilitation costs that qualified for the investment credit were treated as new Code section 38 property. Therefore, qualified expenditures were not subject to the \$100,000 used property limitation, except to the extent they were for property that otherwise qualified for the investment credit.

Costs of rehabilitating a certified historic structure (as defined in Code section 191(d)(1)) qualified for the investment credit only if the rehabilitation was certified by the Secretary of the Interior "as being consistent with the historic character of the property or the district in which the property is located." If the taxpayer elected the 60-month amortization for certified rehabilitation expenditures the expenditures were not eligible for the investment credit.

Prior to enactment of the 1978 Act, the investment credit was allowed only for half of a taxpayer's investment in a pollution control facility if the taxpayer had elected five-year amortization for the facility. The Revenue Act of 1978 increased the percentage allowable from 50 percent to 100 percent.

Employment-Related Tax Credits

In place of the general jobs tax credit, which expired at the end of 1978, the Revenue Act of 1978 increased the rate of the existing Work Incentive (WIN)-welfare recipient tax credit and provided a new targeted jobs credit to encourage the hiring of needy youths and others who often have difficulty finding jobs even when the economy is prosperous.

The new jobs credit, created by the Tax Reduction and Simplification Act of 1977, was allowed to an employer whose Federal Unemployment Tax Act (FUTA) wages increased by 102 percent over the previous year's wages. The credit was for 50 percent of this excess. The credit could not exceed: (1) 50 percent of the excess of the current year's total wages over 105 percent of the previous year's total wages, (2) 25 percent of the current year's FUTA wages, (3) \$100,000, or (4) the tax liability. The employer was required to reduce the wage deduction by the amount of the credit. Finally, the new jobs credit was applicable only to taxable years 1977 and 1978.

The Revenue Act of 1978 created the targeted jobs credit. It was allowed to taxpayers who hired individuals from any of the following targeted groups: (1) vocational rehabilitation referrals; (2) economically disadvantaged youth; (3) Vietnam veterans from an economically disadvantaged family; (4) Supplemental Security Income (SSI) benefit recipients; (5) general assistance recipients; (6) economically disadvantaged former felons; and (7) youths participating in a qualified cooperative education program.

The credit was limited to the sum of 50 percent of "qualified first-year wages" and 25 percent of "qualified second-year wages." The 1978 Act also limited the amount of qualified wages that could be taken into account in computing the targeted jobs credit. The limit was 30 percent of the total FUTA wages paid by the employer during the calendar year ending within the taxable year. The 30 percent limit applied only to qualified first-year wages. Qualified second-year wages were not subject to that limitation. The 1978 Act did not provide for any carryover of amounts in excess of that limitation. FUTA wages were defined as the first \$6,000 of wages per employee during the calendar year. The Revenue Act of 1978 further limited the credit to 90 percent of the employer's income tax liability. Furthermore, the credit was allowed only after all other nonrefundable credits were taken. If after applying all other nonrefundable credits, the remaining tax liability for the year was less than the targeted jobs credit, the excess could be carried back three years and carried forward seven years, beginning with the earliest year. For certain agricultural and railroad employees not covered by FUTA, the credit was computed using social security (FICA) or Railroad Unemployment Insurance Act (RUIA) records.

Excluded from the amount of qualified wages were on-the-job training payments; payments to individuals for whom a WIN credit was claimed; and wages paid or incurred after December 31, 1980. Additionally, more than 50 percent of the remuneration paid for qualified employees must have been paid for services in a trade or business of the employer. The 1978 Act made the targeted jobs credit elective for each taxable year beginning after December 31, 1978. In general, the effective dates for the credit were for amounts paid or incurred in taxable years ending after December 31, 1978. In addition, special transitional rules applied to fiscal year corporations that qualified for both the new jobs credit under prior law and the targeted jobs credit.

As previously stated, the Revenue Act of 1978 modified the WIN-welfare recipient credit to make it compatible with the targeted jobs credit. Under the 1978 Act, the WIN-welfare recipient credit was allowed

only to taxpayers who paid or incurred "work incentive program expenses" during the taxable year. Work incentive program expenses were the amount of wages paid or incurred by the taxpayer for services rendered by an eligible employee.

An eligible employee must have been either a member of an Aid to Families with Dependent Children (AFDC) family that had been receiving financial assistance for at least 90 continuous days immediately preceding the hiring date, or a WIN registrant. In addition, the employee must have been employed by the taxpayer for more than 30 consecutive days on a substantially full-time basis. Any individual who had displaced another from the taxpayer's employment, or who was a migrant worker, did not qualify as an eligible employee. An individual who performed services for a taxpayer could qualify as an eligible employee even though the services were not performed in the taxpayer's trade or business.

The credit was equal to 50 percent of qualified first-year wages plus 25 percent of qualified second-year wages limited to the taxpayer's actual tax liability. Qualified first-year wages consisted of wages attributable to services rendered by an eligible employee during the one-year period beginning with the day the individual first begins work for employer. Qualified second-year wages consisted of wages attributable to services rendered during the one-year period beginning at the close of the first-year period. The amount of eligible wages that were taken into account in computing the WIN credit were limited to \$6,000 per employee. This limit applied to both the first and second year of employment.

The Act provided that the ordinary deduction for wages must be reduced by the amount of the WIN credit. This rule was designed to prevent the combination of the credit and the ordinary wage deduction from producing a tax reduction greater than the amount of eligible wages, and to make the percentage reduction in labor costs equal for all trade or business employers, regardless of their tax bracket. This rule applied even though the credit may exceed the tax liability for the year. Any excess WIN credits were subject to carryback and carryover rules.

The Act repealed the rules relating to recapture of the WIN credit for early termination of employment or failure to pay comparable wages.

The Act provided that the controlled group rules of the targeted jobs credit also apply to the WIN credit.

The changes to the WIN credit applied to work incentive program expenses paid or incurred after December 31, 1978, in taxable years ending after that date. The WIN credit was not allowed for qualified second-year wages for eligible employees hired before September 27, 1978. However, a special transitional rule applied to eligible employees hired on or after September 27, 1978. These employees were treated for purposes of the amendments to the WIN credit as having first begun work for the taxpayer no earlier than January 1, 1979.

Capital Gains Tax Rate Reduction

Under prior law, an alternative tax of 30 percent applied to corporate net capital gains (the excess of net long-term capital gain over net short-term capital loss) if that rate was less than the corporation's regular tax rate. The maximum regular corporate tax rate was 48 percent.

The Congress believed that a reduction in the corporate alternative tax rate was appropriate to provide corporate capital gains with the same tax differential in effect with respect to the maximum corporate regular income tax rate, which the Revenue Act of 1978 reduced from 48 percent to 46 percent. The 1978 Act

reduced the corporate alternative tax rate from 30 to 28 percent. This reduction generally applied to taxable years ending after December 31, 1978. A transitional rule was provided for fiscal year taxpayers with respect to sales or exchanges occurring after December 31, 1978, in the fiscal year ending in 1979. Under this rule the corporate alternative tax was the sum of: (1) 28 percent of the lesser of the net capital gain for the year, or the net capital gain from post-December 31, 1978, sales and exchanges, and (2) 30 percent of the excess of the net capital gain for the year over the amount of gain taken into account under (1).

ENERGY TAX ACT OF 1978

Business Energy Investment Credit

The Energy Tax Act of 1978 revised the amount of the investment tax credit (see above) to equal the sum of the following percentages of the qualified investment: (1) the regular percentage; (2) for energy property, the energy percentage; and (3) the "employee stock ownership plan" (ESOP) percentage.

The "regular percentage" was 10 percent beginning on January 21, 1975. The "energy percentage" was 10 percent for the period beginning on October 1, 1978, and ending on December 31, 1982, and zero for all other periods. (The energy percentage was five percent instead of 10 percent for property which was financed in whole or in part by the proceeds of an industrial development bond, the interest on which was exempt from tax under Code section 103.) The "ESOP" percentage was one percent for the period beginning on January 21, 1975, and ending on December 31, 1983, and an additional percentage (not in excess of $\frac{1}{2}$ of 1 percent) for the period beginning on January 1, 1977, and ending on December 31, 1983.

In view of the vulnerability of the economy to possible disruptions in the supply of natural gas and oil, and in view of potential savings of oil and gas through more prudent use, the House Ways and Means Committee believed (House Report 95-496, Part III, page 117) it was essential to encourage industry to conserve oil and natural gas and to convert, when economically and technically feasible, to sources of energy other than oil and natural gas. To encourage greater use of energy sources other than natural gas and to increase energy conservation by business, the special investment credit for energy property was provided for a limited time and was in addition to the regular investment tax credit.

Eligibility for the energy investment credit did not affect the eligibility of the property for the regular investment credit. The rules for applying the regular investment credit also generally applied to the energy investment credit. Therefore, the energy credit applied was absorbed using the first in-first out rules and the credit was permitted to be carried back for three years and carried forward for seven years as with the regular investment credit.

For the period beginning on October 1, 1978, and ending on December 31, 1982, energy property was treated as qualifying as section 38 property and the lodging limitation of section 48(a)(3) did not apply to energy property. Thus, the energy investment credit was available both for energy property installed in connection with a lodging facility that provided accommodations to transients, for which the regular investment credit may be claimed for qualifying property, and for energy property installed in connection with facilities (such as apartment houses) that provided predominantly long-term accommodations for which the regular investment credit was generally not available.

To qualify as energy property eligible for the energy investment credit, the property must have fallen within one of six categories: (1) alternative energy property; (2) solar or wind energy property; (3) specially defined energy property; (4) recycling equipment; (5) shale oil equipment; or (6) equipment for producing natural gas from geopressured brine. Any of the above property qualified if either the construction, reconstruction, or erection of the property was completed by the taxpayer after September 30, 1978, or the property was acquired new by the taxpayer after September 30, 1978, and its use by the taxpayer commenced after that date. In addition, the property must have been depreciable or amortizable and have a useful life of three years or more. The useful life was determined as of the time the property was placed in service.

Alternative energy property was:

(1) a boiler the primary fuel (i.e., more than 50 percent) for which was an alternative substance (Equipment used to modify an existing boiler so that the primary fuel would be an alternate substance also qualified as alternative energy property.);

(2) a burner (including necessary on-site equipment to bring the alternate substance to the burner) for a combustor other than a boiler if the primary fuel for the burner was an alternate substance;

(3) equipment designed to modify existing equipment that used natural gas or oil as a fuel or a feedstock so that the equipment used either a substance other than oil and natural gas, or oil mixed with a substance other than oil and natural gas (where the other substance provided not less than 25 percent of the fuel or feedback);

(4) equipment for converting an alternative substance into a synthetic liquid, gaseous, or solid fuel (other than coke or coke gas);

(5) equipment that used coal (including lignite) as a feedstock for the manufacture of chemicals or other products (other than coke or coke gas);

(6) pollution control equipment required by Federal, State, or local regulations to be installed on or in connection with equipment described in the above five categories;

(7) equipment used for the unloading, transfer, storage, reclaiming from storage, and preparation (including but not limited to washing, crushing, drying, and weighing) at the point of use of an alternate substance for use in equipment described in the above six categories; and

(8) equipment used to produce, distribute, or use energy derived from a geothermal deposit (within the meaning of section 613(e)(3)), but only for electricity generated by geothermal power, up to but not including the electrical transmission stage.

The term "alternate substance" was any substance other than oil and gas and any product of oil and natural gas. The term "pollution control equipment" did not include any equipment that was installed on or in connection with property that, as of October 1, 1978, was using coal (including lignite), and that was required to be installed by Federal, State, or local regulations in effect on October 1, 1978.

The next category of energy property was solar or wind energy property, which was any equipment that used solar or wind energy to generate electricity or to heat, cool, or provide hot water for use in a structure. Generally, a solar energy equipment system involved the transformation of sunlight into heat or electricity through the use of such devices as solar cells or other collectors, storage systems for electricity and for hot air or hot water (including rock beds), heat exchangers to utilize captured and stored energy, and related equipment similarly applied to the windmill or other devices to harness outdoor moving air to provide electricity and other forms of energy and included storage and transfer systems to distribute this energy.

Another category of energy property was recycling equipment. Recycling equipment was any equipment which was used exclusively to sort and prepare solid waste for recycling or in the recycling of solid waste. It included any equipment used in the conversion of solid waste into a fuel or into useful energy such as steam, electricity, or hot water. It did not include any equipment used in a process after the first marketable product was produced, or in the case of recycling iron or steel, any equipment used to reduce the waste to a molten state and in any process thereafter. Any equipment used in the recycling of material that included some virgin material was treated as used exclusively for recycling if the amount of virgin materials was 10 percent or less.

The House Ways and Means Committee intended (House Report 95-496, Part III, page 185) that eligible recycling property include equipment to recycle post-consumer waste materials and industrial fabricating waste material such as trimmings from a metal stamping process. An example of post-consumer waste materials was cans and bottles that had been used by the consumer and recovered. On-site loading and transportation equipment that was integrally related to the sorting, preparation and recycling equipment was also intended to be eligible for the credit. This included, for example, equipment to load solid waste into a sorting or preparation machine and also a conveyor belt system that transports the solid waste materials from separation equipment to another machine in the recycling process. Transportation equipment, such as trucks, which transferred solid wastes between geographically separated sites, such as between collection points and recycling plants, was not recycling equipment.

The terms "alternative energy property," "solar or wind energy property," and "recycling equipment" did not include property that was public utility property.

The term "specially defined energy property" meant: (1) a recuperator; (2) a heat wheel; (3) a regenerator; (4) a heat exchanger; (5) a waste heat boiler; (6) a heat pipe; (7) an automatic energy control system; (8) a turbulator; (9) a preheater; (10) a combustible gas recovery system; (11) an economizer; or (12) any other similar property of a kind specified in Internal Revenue Service regulations, the principal purpose of which was reducing the amount of energy consumed in any existing industrial or commercial process and that was installed in connection with an existing industrial or commercial facility.

When used in connection with a facility, the term "existing" meant that 50 percent or more of the basis of the facility was attributable to construction, reconstruction, or erection before October 1, 1978. When used in connection with an industrial or commercial process, the term "existing" meant that the process was carried on in the facility as of October 1, 1978. The term "industrial" included agricultural.

Shale oil equipment was equipment for producing or extracting oil from oil-bearing shale rock but was not equipment for hydrogenation, refining, or other processes subsequent to retorting.

The last category of energy property was equipment for producing natural gas from geopressured brine, which was equipment used exclusively to extract natural gas.

The limitation on the amount of the allowable investment credit and the carryover and carryback provisions were applied first to the investment credit that was not attributable to the energy percentage; next, to the credit attributable to the application of the energy percentage to energy property which was not solar or wind energy property; and, finally, to the credit attributable to the application of the energy percentage to solar or wind energy property.

The investment credit for energy property for taxable years ending after September 30, 1978, was limited to 100 percent of tax liability reduced by the credit allowed that was not attributable to the energy percentage. The credit for energy property other than solar and wind energy property was nonrefundable, but it was subject to carryback and carryover. The credit for investment in solar and wind energy property acquired or constructed after September 30, 1978, was refundable; therefore, the credit could exceed the taxpayer's tax liability.

Cooperative organizations could claim the energy credits to the same extent they were available to taxpayers in general. If the cooperative could not use any nonrefundable energy credit because of the tax liability limitation that applied to the credit, any excess or unused credits were allocated to the patrons of the cooperative. These amounts are shown as patron's nonrefundable business energy investment credit in table 2.14.

Tables 1.18 and 2.14 provide data on the business energy investment credit for 1978 and 1979, respectively.

Section 3

Description of the Sample and Limitations of the Data

This section describes the sample criteria and selection of returns, the method of estimation and sampling variability of the estimates contained in this report.* It also describes the methodology needed to compute confidence interval estimates as well as some of the limitations of the data.

SAMPLE SELECTION

The statistics in this report were estimated from a stratified probability sample of corporation income tax returns selected after revenue processing, but before audit (see figures E-1 and E-2). The corporation population from which the sample was drawn contained the following types of returns: Form 1120--U.S. Corporation Income Tax Return; Form 1120L--U.S. Life Insurance Company Income Tax Return; Form 1120M--U.S. Mutual Insurance Company Income Tax Return; Form 1120S--U.S. Small Business Corporation Income Tax Return; Form 1120F--U.S. Income Tax Return of a Foreign Corporation; and Form 1120-DISC--Domestic International Sales Corporation Return. For Income Year 1978, the total sample of 98,582 returns was selected from a population of 2,472,701 returns. For Income Year 1979, the total sample of 80,068 returns was selected from a population of 2,649,146 returns.

All sample returns, except Forms 1120-DISC, were computer-selected at random from the Internal Revenue Service Business Master File system. The ending digits of the Employer Identification Number (EIN) were the basis of this computer selection. During the early part of the sampling period a systematic design was used which directly employed randomly designated ending digits of the EIN; later in the period the EIN's were transformed into pseudo-random numbers before selection. Although Form 1120-DISC returns were not included on the Master File, they were manually designated and selected using a simplified selection procedure based on a systematic design of randomly-designated ending digits of the EIN.

For 1978, the sample rates for return Forms 1120 and 1120S ranged from 0.6 percent to 100 percent, depending upon the year in which sampled, and were based on size of total assets and net income (or deficit). Return Forms 1120L, 1120M, and 1120F were sampled at the 100 percent rate. For return Form 1120-DISC, sample rates were dependent upon the size of total assets of the majority corporate stockholder, and the size of net income (or deficit) of the DISC. The sample rates ranged from 10 percent to 100 percent.

For 1979, the sample rates for Forms 1120 and 1120S ranged initially from 0.6 percent to 100 percent and finally from 0.3 percent to 100 percent, and were based on size of total assets and net income (or deficit) and the presence or absence of selected "financial" principal business activity (PBA) codes. The sampling rates of small and medium size Form 1120

and 1120S returns were reduced by approximately 50 percent during 1980 processing year in order to reduce the cost of processing the sample. Return Form 1120F was initially sampled at the 100 percent rate and finally from a rate of 25 percent to 100 percent. The sampling rate of small and medium size Form 1120F returns was reduced by approximately 75 percent during Processing Year 1980; again, in order to reduce the cost of processing the sample. Return Forms 1120L and 1120M were sampled throughout at the 100 percent rate. Sampling rates for return Form 1120-DISC ranged from 10 percent to 100 percent initially and from 20 percent to 100 percent finally, and were based on the size of total assets of the majority corporate stockholder, and the net income (or deficit) of the Form 1120-DISC. The sampling rate was increased in the small Form 1120-DISC stratum in order to improve the reliability of the published data.

Figures F-1 and F-2 contain the number of returns in the population and sample, by sample class and sampling rates (both prescribed and achieved). A comparison of the total 1978 population (2,472,701) in figure F-1 with the total estimated number of returns (2,376,779) shown in table 1.1 (column 1) will show a difference of 95,922. This difference resulted from returns being excluded because they were: (1) inactive corporation returns that had neither income nor deductions; (2) amended returns not associated with the original returns (the original returns were subject to sampling); (3) tentative returns not associated with the revised returns (the revised returns were subject to sampling); or (4) certain delinquent returns of large corporations for prior years (delinquent returns of small corporations were included). A comparison of the total 1979 population (2,649,146) in figure F-2 with the total estimated number of returns (2,556,794) shown in table 2.1 (column 1) will show a difference of 92,352. This difference was due to the reasons cited above.

METHOD OF ESTIMATION

The sample returns were weighted to represent the business activities of the total number of corporations engaged in business in the United States and its possessions and filing returns with accounting periods ended as explained earlier. Nearly all of the sampled returns for 1978 were revenue processed during 1978, 1979 or 1980. Nearly all of the sampled returns for 1979 were revenue processed during 1979, 1980 or 1981.

Sampling weights were obtained by dividing the number of returns filed per sample class by the number of achieved sample returns for the same sample class or stratum. Where the sample class was subdivided into two separate sample classes due to the change in theoretical sampling rates, additional weights were computed for both the new and the old sample

*Homer Jones designed the sample and monitored and coordinated its implementation. He is a member of the Corporation Operations Section (Joel R. Stubbs, Chief).

Figure E-1--Corporation Returns Sample Selection Classes, Income Year 1978

Sample class number, by type of return and by year sampled			Sample selection criteria ¹	
Before 1979	During 1979	After 1979	Size of total assets	Size of net income or deficit
(1)	(2)	(3)	(4)	(5)
Forms 1120 and 1120S				
	1a.....	1a ²	Under \$50,000,000.....	Any amount.
	1b.....	1b ²	\$50,000,000 or more.....	Any amount.
2a.....	2a.....	2b.....	Under \$50,000.....	Under \$25,000.
3a.....	3a.....	3b.....	\$50,000 under \$100,000.....	\$25,000 under \$50,000.
4a.....	4a.....	4b.....	\$100,000 under \$250,000.....	\$50,000 under \$100,000.
5a.....	5a.....	5b.....	\$250,000 under \$500,000.....	\$100,000 under \$250,000.
6a.....	6a.....	6b.....	\$500,000 under \$1,000,000.....	\$250,000 under \$500,000.
7a.....	7a.....	7b.....	\$1,000,000 under \$2,500,000.....	\$500,000 under \$1,000,000.
8a.....	8b.....	8b.....	\$2,500,000 under \$5,000,000.....	\$1,000,000 under \$1,500,000.
9.....	9.....	9.....	\$5,000,000 under \$10,000,000.....	\$1,500,000 under \$2,500,000.
10.....			\$10,000,000 or more <i>and not</i> controlled by name..	\$2,500,000 or more.
	11 ³	11 ³	\$10,000,000 under \$25,000,000.....	\$2,500,000 under \$5,000,000.
	12a ⁴ ...	12a ⁴ ...	\$10,000,000 or more <i>and not</i> controlled by name..	\$2,500,000 or more.
	12a ³ ...	12a ³ ...	\$25,000,000 or more <i>and not</i> controlled by name..	\$5,000,000 or more.
12b.....	12b ⁴ ...	12b ⁴ ...	\$10,000,000 or more <i>and</i> controlled by name.....	\$2,500,000 or more.
	12b ³ ...	12b ³ ...	\$25,000,000 or more <i>and</i> controlled by name.....	\$5,000,000 or more.
Forms 1120L and 1120M				
13a.....	13a.....	13a.....	Any amount <i>and not</i> controlled by name.....	Any amount.
13b.....	13b.....	13b.....	Any amount <i>and</i> controlled by name.....	Any amount.
Form 1120F				
14a ⁵ ...	14a.....	14a.....	Any amount.....	Any amount <i>and not</i> controlled by name.
14b ⁵ ...	14b.....	14b.....	Any amount.....	Any amount <i>and</i> controlled by name.
Form 1120-DISC				
15a.....	15a.....	15b.....	Under \$50,000,000 ⁶	Under \$200,000.
16.....	16.....	16.....	\$50,000,000 under \$250,000,000 ⁶	\$200,000 under \$1,000,000.
17.....	17.....	17.....	\$250,000,000 or more ⁶	\$1,000,000 or more.

¹Returns were classified according to either size of total assets, or size of net income or deficit, whichever made the sample class number higher. EXAMPLE: A Form 1120 return with total assets of \$750,000 and having net income of \$75,000 would be in sample class 6a or 6b rather than sample class 4a or 4b.

²Returns with Form 5735, "Computation of Possessions Corporation Tax Credit Allowed Under Section 936," attached.

³Returns classified in the following financial industries: banks including mutual savings banks and bank holding companies, personal and business credit institutions, other insurance companies, and regulated investment companies.

⁴Returns classified in nonfinancial industries.

⁵Certain returns with income not effectively connected with a U.S. business were included in the sample to facilitate Form 1120F selection, although not processed for the sample.

⁶Size of total assets of majority corporate stockholders.

Figure E-2--Corporation Returns Sample Selection Classes, Income Year 1979

Sample class number, by type of return and by year sampled			Sample selection criteria ¹	
Before 1980	During 1980	After 1980	Size of total assets	Size of net income or deficit
(1)	(2)	(3)	(4)	(5)
Forms 1120 and 1120S				
1a ² 4..	1a ² 4..	1a ² 4..	Under \$50,000,000.....	Any amount.
1a ² 3..	1a ² 3..	1a ² 3..	Under \$100,000,000.....	Any amount.
1b ² 4..	1b ² 4..	1b ² 4..	\$50,000,000 or more.....	Any amount.
1b ² 3..	1b ² 3..	1b ² 3..	\$100,000,000 or more.....	Any amount.
2a.....	2a 2b..	2b.....	Under \$50,000.....	Under \$25,000.
3a.....	3a 3b..	3b.....	\$50,000 under \$100,000.....	\$25,000 under \$50,000.
4a.....	4a 4b..	4b.....	\$100,000 under \$250,000.....	\$50,000 under \$100,000.
5a.....	5a 5b..	5b.....	\$250,000 under \$500,000.....	\$100,000 under \$250,000.
6a.....	6a 6b..	6b.....	\$500,000 under \$1,000,000.....	\$250,000 under \$500,000.
7a.....	7a 7b..	7b.....	\$1,000,000 under \$2,500,000.....	\$500,000 under \$1,000,000.
8a.....	8a 8b..	8b.....	\$2,500,000 under \$5,000,000.....	\$1,000,000 under \$1,500,000.
9a.....	9a 9b..	9b.....	\$5,000,000 under \$10,000,000.....	\$1,500,000 under \$2,500,000.
10 ³	10 ³	10 ³	\$10,000,000 under \$25,000,000.....	\$2,500,000 under \$5,000,000.
11a ⁴	11a ⁴	11a ⁴	\$10,000,000 or more <i>and not</i> controlled by name..	\$2,500,000 or more.
11a ³	11a ³	11a ³	\$25,000,000 or more <i>and not</i> controlled by name..	\$5,000,000 or more.
11b ⁴	11b ⁴	11b ⁴	\$10,000,000 or more <i>and</i> controlled by name.....	\$2,500,000 or more.
11b ³	11b ³	11b ³	\$25,000,000 or more <i>and</i> controlled by name.....	\$5,000,000 or more.
Forms 1120L and 1120M				
12a....	12a....	12a....	Any amount <i>and not</i> controlled by name.....	Any amount.
12b....	12b....	12b....	Any amount <i>and</i> controlled by name.....	Any amount.
Form 1120F				
13a....	13a....	.....	Any amount.....	Under \$2,500,000.
		13b ⁴	Under \$10,000,000.....	Any amount.
		13b ³	Under \$25,000,000.....	Any amount.
		13c ⁴	\$10,000,000 under \$50,000,000.....	Any amount.
		13c ³	\$25,000,000 under \$100,000,000.....	Any amount.
13b....	13b....	.....	Any amount.....	\$2,500,000 or more.
		13d ⁴	\$50,000,000 or more.....	Any amount.
		13d ³	\$100,000,000 or more.....	Any amount.
Form 1120-DISC				
14a....	14b....	14b....	Under \$50,000,000 ⁵	Under \$200,000.
15....	15....	15....	\$50,000,000 under \$250,000,000 ⁵	\$200,000 under \$1,000,000.
16....	16....	16....	\$250,000,000 or more ⁵	\$1,000,000 or more.

¹Returns were classified according to either size of total assets, or size of net income or deficit, whichever made the sample class number higher. **EXAMPLE:** A Form 1120 return with total assets of \$750,000 and having net income of \$75,000 would be in sample class 6a or 6b rather than sample class 4a or 4b.

²Returns with Form 5735, "Computation of Possessions Corporation Tax Credit Allowed Under Section 936," attached.

³Returns classified in the following financial industries: banks including mutual savings banks and bank holding companies, personal and business credit institutions, other insurance companies, and regulated investment companies.

⁴Returns classified in nonfinancial industries.

⁵Size of total assets of majority corporate stockholders.

Figure F-1--Corporation Returns: Number Filed, Number in Sample, Prescribed and Achieved Sampling Rates, by Sample Class Number, Income Year 1978

Sample class number	Number of returns		Sampling rates (Percent)	
	Estimated population	Sample size	Prescribed	Achieved
	(1)	(2)	(3)	(4)
Total...	2,472,701	98,582	-	-
1a.....	588	588	100.00	100.00
1b.....	58	58	100.00	100.00
2a.....	941,950	5,502	0.60	0.58
2b.....	68,652	401	0.60	0.58
3a.....	355,096	2,805	0.80	0.79
3b.....	21,267	168	0.80	0.79
4a.....	432,252	5,567	1.30	1.29
4b.....	23,838	307	1.30	1.29
5a.....	246,530	7,331	3.00	2.97
5b.....	14,225	423	3.00	2.97
6a.....	152,653	8,210	5.40	5.38
6b.....	8,943	481	5.40	5.38
7a.....	98,582	13,535	14.00	13.73
7b.....	6,723	923	14.00	13.73
8a.....	31,949	5,719	18.00	17.90
8b.....	2,961	530	18.00	17.90
9.....	19,022	6,699	36.00	35.22
10.....	343	343	100.00	100.00
11.....	4,490	1,993	50.00	44.39
12a.....	19,834	19,834	100.00	100.00
12b.....	7,243	7,243	100.00	100.00
13a.....	2,592	2,592	100.00	100.00
13b.....	450	450	100.00	100.00
14a.....	4,672	4,672	100.00	100.00
14b.....	92	92	100.00	100.00
15a.....	4,082	420	10.00	10.29
15b.....	1,200	184	20.00	15.33
16.....	1,464	562	40.00	38.39
17.....	950	950	100.00	100.00

classes. During the transition from one sampling rate to another efforts were made to prevent returns sampled at the older rate from being weighted at all if they were designated for random removal. An exception was made for several thousand returns which had already been completely edited and which were converted to a weight of 1.00 through artificially recoding their sample class number to that of the 100 percent sampling rate classes. In effect, these returns were allowed to represent only themselves rather than being dropped from the sample.

Sampling weights were converted to "integer weighting factors" and were applied to each sample return. For example, if a factor of 12.85 was computed for a stratum, 85 percent of the returns in the stratum were systematically given a weighting factor of 13 and 15 percent a weighting factor of 12.

Whenever a weighted frequency is less than 3, the estimate is combined or deleted in order to avoid disclosure of information about specific corporations. These combinations or deletions are indicated by a double asterisk (**). In all other cases, when an estimate is based on fewer than 10 returns, not all of them selected at the 100 percent rate, the estimate is considered statistically unreliable and is indicated

Figure F-2--Corporation Returns: Number Filed, Number in Sample, Prescribed and Achieved Sampling Rates, by Sample Class Number, Income Year 1979

Sample class number	Number of returns		Sampling rates (Percent)	
	Estimated population	Sample size	Prescribed	Achieved
	(1)	(2)	(3)	(4)
Total...	2,649,146	80,068	-	-
1a.....	642	642	100.00	100.00
1b.....	54	54	100.00	100.00
2a.....	171,003	934	0.60	0.55
2b.....	893,370	2,649	0.30	0.30
3a.....	67,582	505	0.80	0.75
3b.....	334,532	1,328	0.40	0.40
4a.....	82,058	958	1.30	1.17
4b.....	407,821	2,679	0.65	0.66
5a.....	45,804	1,262	3.00	2.76
5b.....	237,866	3,472	1.50	1.46
6a.....	271,084	1,373	5.40	5.07
6b.....	150,737	4,123	2.70	2.74
7a.....	15,332	1,956	14.00	12.76
7b.....	102,647	7,101	7.00	6.92
8a.....	4,029	675	18.00	16.75
8b.....	35,442	3,162	9.00	8.92
9a.....	1,548	537	36.00	34.69
9b.....	18,105	3,439	18.00	18.99
10.....	4,347	2,207	50.00	50.77
11a.....	25,845	25,845	100.00	100.00
11b.....	5,110	5,110	100.00	100.00
12a.....	1,511	1,511	100.00	100.00
12b.....	1,691	1,691	100.00	100.00
13a.....	3,184	3,184	100.00	100.00
13b.....	3,040	752	25.00	24.74
13c.....	6	6	100.00	100.00
13d.....	112	112	100.00	100.00
14a.....	103	12	10.00	11.65
14b.....	5,594	987	20.00	17.64
15.....	1,815	670	40.00	36.91
16.....	1,132	1,132	100.00	100.00

by a single asterisk (*) to the left of the data items. (Asterisked estimates should normally be used only in combination with other tabulated values.)

The statistical reliability of each cell in the tables was determined independently from other cells. Accordingly, it is possible to see a total figure with an asterisk (*) indicating statistical unreliability and yet a subset of that total not so identified. For example, an industrial division figure could be based on 7 returns, of which 3 were not sampled at the 100 percent rate (and thus receive an asterisk), and a major group in this division could have 4 returns all sampled at the 100 percent rate and thus not receive an asterisk.

In the tables, a dash in place of a frequency or an amount indicates that: (1) if returns were sampled at a rate of 100 percent, no returns had the particular characteristic; or (2) if returns were sampled at a rate less than 100 percent, either no returns in the population had the characteristic or the characteristic was so rare that it did not appear on any sample returns.

1979 WEIGHTING ADJUSTMENT

The Tax Year 1979 sample as originally planned did anticipate any subsampling operations to alter the sample size; however, due to budget constraints a 50 percent subsample was overlaid on the unprocessed portion of the original sample so that fewer returns would be processed. During the transition period for this subsample, it was decided that all returns processed after a given cycle (week) would be removed from the sample and discarded, even though fully edited. However, it was finally decided to keep any such edit sheets for these returns that had been already prepared after the stated cycle, but to transfer them from the strata in which they had been sampled to the strata containing the 100 percent sampled returns, the strata which contained the very large returns. As a result of this transfer of sample codes, these returns were therefore allowed to represent only themselves, rather than tens or hundreds of nonsampled returns in their original sample codes.

The sampling ratios (or weights) for the original sample codes should be different depending on whether the prematurely edited returns designated for removal from the subsample were eliminated from the sample altogether or were merely transferred to the 100 percent sampling rate sample code.

The present report correctly made the adjustment to compensate for the shortage of very large returns, but did not adequately make the adjustment for the overage of small returns in the very large return sample strata, although it followed the "specified-in-advance" procedure of absorbing all changes in the very large return strata in the next to large size strata (basically returns with assets of \$5 million under \$10 million). The present report therefore should be corrected to some extent, but the amount is not considered to be excessive.

Shown below are comparisons of selected estimates shown in this report and those developed later using an alternate method. The figures are for all returns of active corporations for 1979.

1979 Active Returns	OVERALL ESTIMATES	
	Present Report	Alternate Method
	(\$ in Billions)	
Total Number of Returns....	2,556,794	2,557,891
Total Assets.....	6,835.1	6,842.9
Total Receipts.....	5,598.7	5,609.6
Business Receipts.....	5,136.1	5,146.8
Total Deductions.....	5,315.7	5,326.1
Cost of Sales and Operations	3,709.7	3,718.0
Total Receipts Less Total Deductions.....	283.0	283.5
Net Income Less Deficit....	284.6	285.2
Income Subject to Tax.....	279.4	280.0
Income Tax, Total.....	120.0	120.3

The estimates in the sample class with returns with total assets of \$5 million under \$10 million were the most changed and are shown below.

ASSETS \$5 MILLION UNDER \$10 MILLION

1979 Active Returns	Present Report	Alternate Method
	(\$ in Billions)	
Total Number of Returns.....	20,686	21,783
Total Assets.....	144.1	151.9
Total Receipts.....	244.9	255.7
Business Receipts.....	236.1	246.4
Total Deductions.....	236.7	247.1
Cost of Sales and Operations	183.1	191.1
Total Receipts Less Total Deductions.....	8.2	8.6
Net Income Less Deficit.....	8.1	8.5
Income Subject to Tax.....	8.5	8.9
Income Tax, Total.....	3.6	3.8

For more information see the forthcoming paper by Homer W. Jones, Jr. and H. Lock Oh, "Post-Stratification: A Full Scale Study on the 1979 IRS Corporation Statistics of Income Program," to be presented at the annual meetings of the American Statistical Association to be held August 1982.

SAMPLING VARIABILITY

The particular sample used in this study is one of a large number of possible samples that could have been selected using the same sample design. Estimates derived from the different samples would differ from each other. The deviation of a sample estimate from the average of all possible samples is called the standard error. The sampling variability of an estimate is a measure of the variation among the estimates from the possible samples and thus is a measure of the precision with which an estimate from a particular sample approximates the average result of all possible samples.

The coefficient of variation is the standard error of the estimate expressed as a percent of the estimate. The standard error, when added to and subtracted from the value of the estimate, provides upper and lower limits within which approximately two out of three estimates derived from similarly selected samples would be expected to fall.

The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that the interval includes the average result of all possible different samples. For example, in table 1.2, column 64, the number of returns for business services is shown as 138,903. A coefficient of variation of 3.5 percent for this frequency is obtained by using column 7 of figure G-1 and interpolating as indicated in the footnote in figure G-1.

Figure G-1--Coefficient of Variation of Estimated Number of Returns, Income Year 1978

Estimated number of returns	Tables showing the classification by size of total assets						Tables not showing classification by size of total assets	Form 1120-DISC table
	Under \$100,000 ¹	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000 ²		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	(Percent) ³							
200.....	92.25	61.91	40.39	29.66	17.72	9.59	92.25	20.88
300.....	75.32	50.55	32.98	24.21	14.47	7.83	75.32	17.05
400.....	65.23	43.77	28.56	20.97	12.53	6.78	65.23	14.76
500.....	58.34	39.15	25.55	18.76	11.21	6.07	58.34	13.21
600.....	53.26	35.74	23.32	17.12	10.23	5.54	53.26	12.06
700.....	49.31	33.09	21.59	15.85	9.47	5.13	49.31	11.16
800.....	46.12	30.95	20.20	14.83	8.86	4.80	46.12	10.44
900.....	43.49	29.18	19.04	13.98	8.35	4.52	43.49	9.84
1,000.....	41.26	27.69	18.06	13.26	7.92	4.29	41.26	9.34
1,200.....	37.66	25.27	16.49	12.11	7.23	3.92	37.66	8.52
1,400.....	34.87	23.40	15.27	11.21	6.70	3.63	34.87	7.89
1,600.....	32.62	21.89	14.28	10.49	6.26	3.39	32.62	7.38
1,800.....	30.75	20.64	13.46	9.89	5.91	3.20	30.75	6.96
2,000.....	29.17	19.58	12.77	9.38	5.60	3.03	29.17	6.60
2,500.....	26.09	17.51	11.42	8.39	5.01	2.71	26.09	5.91
3,000.....	23.82	15.98	10.43	7.66	4.58	2.48	23.82	5.39
4,000.....	20.63	13.84	9.03	6.63	3.96	2.14	20.63	4.67
5,000.....	18.45	12.38	8.08	5.93	3.54	1.92	18.45	4.18
7,000.....	15.59	10.46	6.83	5.01	3.00	1.62	15.59	3.53
10,000.....	13.05	8.75	5.71	4.19	2.51	1.36	13.05	2.95
15,000.....	10.65	7.15	4.66	3.42	2.05	1.11	10.65	(⁴)
25,000.....	8.25	5.54	3.61	2.65	1.58	0.86	8.25	(⁴)
35,000.....	6.97	4.68	3.05	2.24	1.34	(⁴)	6.97	(⁴)
50,000.....	5.83	3.92	2.55	1.88	1.12	(⁴)	5.83	(⁴)
75,000.....	4.76	3.20	2.09	1.53	0.92	(⁴)	4.76	(⁴)
100,000.....	4.13	2.77	1.81	1.33	0.79	(⁴)	4.13	(⁴)
150,000.....	3.37	2.26	1.47	1.08	0.65	(⁴)	3.37	(⁴)
250,000.....	2.61	1.75	1.14	(⁴)	(⁴)	(⁴)	2.61	(⁴)
500,000.....	1.84	1.24	0.81	(⁴)	(⁴)	(⁴)	1.84	(⁴)
700,000.....	1.56	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	1.56	(⁴)
1,000,000.....	1.30	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	1.30	(⁴)
1,500,000.....	1.07	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	1.07	(⁴)
2,000,000.....	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	0.92	(⁴)

¹Includes zero assets and assets not reported.

²Coefficient of variation is zero for returns with total assets of \$10,000,000 or more.

³This figure should normally not be used for estimates designated by a single asterisk (*) because the sample is too small to yield reliable confidence interval estimates.

⁴Not applicable because the estimated number of returns was greater than the population estimates.

NOTE: Method of interpolation: Divide the estimate by 100, determine the coefficient of variation in the proper column, and then divide the result by 10. EXAMPLE: To find the coefficient of variation for an estimate of 60,000 returns having total assets of \$250,000 under \$500,000, divide by 10 the coefficient of variation of 23.32 percent shown for 600 returns (60,000 divided by 100) to obtain 2.33 percent.

The standard error of the estimate SE(X) is needed to construct the interval estimate; it is the product of the estimate, X, and its coefficient of variation, CV(X):

$$\begin{aligned} SE(X) &= X \cdot CV(X) \\ &= 138,903 \cdot (0.035) \\ &= 4,862 \text{ returns.} \end{aligned}$$

The SE(X) value is then subtracted from and added to the estimate X to construct a 68 percent confidence interval estimate. The interval is computed using this formula:

$$(X - SE(X)) \leq Y \leq (X + SE(X))$$

with 68 percent confidence, where Y is the population

value estimated by X. Based on the data for this example, the interval estimate is from (138,903 - 4,862) = 134,041 returns to (138,903 + 4,862) = 143,765 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 (68 percent) of all possible similarly selected different samples. To obtain this interval estimate with 95 percent confidence limits, multiply the SE(X) value by two. (For this data, the resulting interval would be from 129,179 returns to 148,627 returns).

The coefficients of variation by industrial classification are shown in tables 1.1 and 2.1 for 1978 and 1979, respectively. Coefficients of variation for estimates in tables classified by size of total assets are shown in figures G-1 and G-2 for 1978 and 1979, respectively.

Figure G-2--Coefficient of Variation of Estimated Number of Returns, Income Year 1979

Estimated number of returns	Tables showing the classification by size of total assets						Tables not showing classification by size of total assets	Form 1120-DISC table
	Under \$100,000 ¹	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000 ²		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	(Percent) ³							
200.....	99.99	65.06	42.01	30.60	18.49	14.59	99.99	19.47
300.....	99.99	53.12	34.30	24.99	15.10	11.92	99.99	15.90
400.....	91.69	46.01	29.70	21.64	13.08	10.32	91.69	13.77
500.....	82.01	41.15	26.57	19.35	11.70	9.23	82.01	12.31
600.....	74.86	37.56	24.25	17.67	10.68	8.43	74.86	11.24
700.....	69.31	34.78	22.45	16.36	9.89	7.80	69.31	10.41
800.....	64.83	32.53	21.00	15.30	9.25	7.30	64.83	9.73
900.....	61.12	30.67	19.80	14.43	8.72	6.88	61.12	9.18
1,000.....	57.99	29.10	18.79	13.69	8.27	6.53	57.99	8.71
1,200.....	52.93	26.56	17.15	12.49	7.55	5.96	52.93	7.95
1,400.....	49.01	24.59	15.88	11.57	6.99	5.52	49.01	7.36
1,600.....	45.84	23.00	14.85	10.82	6.54	5.16	45.84	6.88
1,800.....	43.22	21.69	14.00	10.20	6.16	4.86	43.22	6.49
2,000.....	41.00	20.57	13.28	9.68	5.85	4.62	41.00	6.16
2,500.....	36.67	18.40	11.88	8.66	5.23	4.13	36.67	5.51
3,000.....	33.48	16.80	10.85	7.90	4.77	3.77	33.48	5.03
4,000.....	28.99	14.55	9.39	6.84	4.14	3.26	28.99	4.35
5,000.....	25.93	13.01	8.40	6.12	3.70	2.92	25.93	3.89
7,000.....	21.92	11.00	7.10	5.17	3.13	2.47	21.92	3.29
10,000.....	18.34	9.20	5.94	4.33	2.62	2.06	18.34	2.75
15,000.....	14.97	7.51	4.85	3.53	2.14	1.69	14.97	(4)
25,000.....	11.60	5.82	3.76	2.74	1.65	1.31	11.60	(4)
35,000.....	9.80	4.92	3.18	2.31	1.40	(4)	9.80	(4)
50,000.....	8.20	4.11	2.66	1.94	1.17	(4)	8.20	(4)
75,000.....	6.70	3.36	2.17	1.58	0.95	(4)	6.70	(4)
100,000.....	5.80	2.91	1.88	1.37	0.83	(4)	5.80	(4)
150,000.....	4.73	2.38	1.53	1.12	0.68	(4)	4.73	(4)
250,000.....	3.67	1.84	1.19	0.87	(4)	(4)	3.67	(4)
500,000.....	2.59	1.30	0.84	(4)	(4)	(4)	2.59	(4)
700,000.....	2.19	(4)	(4)	(4)	(4)	(4)	2.19	(4)
1,000,000.....	1.83	(4)	(4)	(4)	(4)	(4)	1.83	(4)
1,500,000.....	1.50	(4)	(4)	(4)	(4)	(4)	1.50	(4)
2,000,000.....	(4)	(4)	(4)	(4)	(4)	(4)	1.30	(4)

¹Includes zero assets and assets not reported.²Coefficient of variation is zero for returns classified in nonfinancial industries with total assets of \$10,000,000 or more. Coefficient of variation is zero for returns classified in financial industries with total assets of \$25,000,000 or more. Financial industries were: banks including mutual savings banks and bank holding companies, personal and business credit institutions, other insurance companies, and regulated investment companies. Financial returns with total assets of \$10,000,000 under \$25,000,000 are not shown due to limited usefulness.³This figure should normally not be used for estimates designated by a single asterisk (*) because the sample is too small to yield reliable confidence interval estimates.⁴Not applicable because the estimated number of returns was greater than the population estimates.

NOTE: Method of interpolation: Divide the estimate by 100, determine the coefficient of variation in the proper column, and then divide the result by 10. EXAMPLE: To find the coefficient of variation for an estimate of 60,000 returns having total assets of \$250,000 under \$500,000, divide by 10 the coefficient of variation of 24.25 percent shown for 600 returns (60,000 divided by 100) to obtain 2.43 percent.

SAMPLE MANAGEMENT

The total (i.e., sample and population counts) for the number of returns filed were derived from computer counts of corporation returns (other than Form 1120-DISC) produced at the eleven Internal Revenue Service processing centers. These counts were verified during statistical processing to minimize the loss of data. Because of their significant impact on the statistics, the returns of the largest corporations were controlled on a name basis to assure their inclusion.

ROUNDING AND MONEY AMOUNTS

To improve the accuracy over previous years, data were abstracted in whole dollars for all types of returns. Amounts of \$500 or more were rounded to the next thousand at the table level instead of at the record level, e.g., \$500 was entered as \$1,000 if the weighted values of all records in the cell gave a total of \$500. Amounts under \$500 were entered into the unweighted records, but if their weighted total was under \$500, an indicator was entered instead to account for the presence of an amount greater than zero, but under \$500.

INDUSTRIAL CLASSIFICATION

Among the several classifications used in this report, tax return data are classified according to the principal business activity of the corporation. A return was classified in the "minor" industry which accounted for the largest portion of its total receipts, even though the return may have been for a company engaged in many business activities or may have been a consolidated return filed for the members of an affiliated group of corporations. Minor industries were aggregated into major industries, which in turn were aggregated into industrial divisions.

Returns in the statistical sample were examined during statistical processing, and each was assigned a code classifying it by industry. In determining the code, the description of the business activity given by the taxpayer; the taxpayer-assigned code; the sources of the taxpayer's income; the nature of the expenses; and where necessary, information from various reference books, were considered. Year-to-year changes in the classification of specific corporations could have resulted from mergers and other changes in organization or from the filing of consolidated returns, as well as from changes in the principal source of total receipts.

The industries used in this report generally conform with the Enterprise Standard Industrial Classification (ESIC) authorized by the Office of Information and Regulatory Affairs in the Office of Management and Budget. This classification, which was designed to classify companies (which are often engaged in more than one industrial activity), follows closely along the line of the more detailed Standard Industrial Classification Manual (SIC), which was designed to classify separate "establishments" rather than the companies of which establishments were parts. Some departures from the ESIC system were made for Statistics of Income (SOI) for the finance industries in order to reflect particular provisions of the Internal Revenue Code. For a comparison of the ESIC and SIC industries with the SOI industries used in this report see the complete report, Statistics of Income—1977, Corporation Income Tax Returns.

More detailed statistics are available in Publication 1053, Source Book of Statistics of Income for the industries shown in tables 1.1 and 2.1 of this report. A general description of the Source Book, including ordering information, is available from the

Director, Statistics of Income Division, Internal Revenue Service, Washington, DC 20224. Information concerning a magnetic-tape version of the Source Book is also contained in this general description.

CONSOLIDATED RETURNS

The number of returns in the population differs from the total number of profit-oriented corporations in existence chiefly because the Internal Revenue Code permitted single returns presenting the combined financial data of an entire "affiliated group" to be filed by parent corporations. For 1978 there were 48,954 consolidated corporation returns accounting for \$3.9 trillion of the \$6.0 trillion (or about 65 percent) of 1978 total assets for all corporations (see table 1.11). For 1979 there were 53,197 consolidated corporation returns accounting for \$4.5 trillion of the \$6.8 trillion (or about 66 percent) of the 1979 total assets for all corporations (see table 2.11).

Although consolidated returns usually reported more than one kind of industrial activity, each return was assigned a single industry classification based on the corporations' principal business activity. Basically, a return was classified into the Statistics of Income (SOI) industry which accounted for the largest portion of its total receipts.

The fact that a consolidated corporation return was assigned a single SOI industry code constitutes a limitation of the data. Some consolidated (and nonconsolidated) corporations were engaged in many types of business activities, so some of the data in this report are not really related to the industrial activity under which they are shown.

OTHER DATA LIMITATIONS

Various techniques were used to control and improve the quality of the data during the processing stages. During sampling, in order to make sure that the sample was being selected according to the sample design, a comparison was made between the expected and realized number of sample returns in each of the service centers. Any differences were reconciled by follow-up. During statistical editing, editors were instructed to correct tax return errors wherever possible through reference to other entries on the return or accompanying schedules and to adjust data to achieve consistency in statistical definitions.

The quality of the editing was controlled by means of a continuous subsampling verification system at each processing center which resulted in 46 percent of the documents for 1978 and 41 percent of the documents for 1979 being reviewed. (All errors found in the review were corrected.) The review ranged from all of the very large and complex returns to nearly one-third of the small and relatively simple returns. In addition, the Statistics of Income Division in the National Office independently reprocessed about 2 percent of the returns for 1978 and 1 percent of the returns for 1979 to evaluate the quality of the editing after verification and to determine adherence to processing instructions. Greater emphasis was placed on the largest and most complex returns. Results showed that, overall, 99.9 percent of the statistical codes and 99.7 percent of the money amounts were entered correctly. No discernible pattern was found in the errors uncovered. (However, see the error discussed under "Business Receipts.") Transcription of the data was subjected to 100 percent verification.

Prior to tabulation numerous computer tests were applied to each return record to check for inconsistencies. Prior to publication, all statistics

and tables were reviewed for accuracy and reasonableness, in light of the provisions of tax laws, taxpayer reporting variations and limitations, economic conditions, and comparability with other statistical series.

Part of the review process involved extensive comparison of the current year data with that of the prior year. On occasion, this review reveals discrepancies or irregularities in previously published data. When adjustments or additional limitations of published data are deemed appropriate, the Statistics of Income Division will provide data users with additional information to place published data in proper perspective. Future editions of Statistics of Income publications will be used to disseminate such information.

Part 1

Tables for 1978

INCOME AND FINANCIAL DATA BY INDUSTRY OR SIZE

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RETURNS OF ACTIVE CORPORATIONS

Table 1.1—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income (less deficit)	Net income	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total returns of active corporations	2,376,779	1,523,648	4,714,602,615	4,204,361,186	4,353,704,519	3,113,421,507	248,867,473	274,519,721	239,631,773	107,888,445
Agriculture, forestry, and fishing	69,971	44,807	41,417,558	32,817,972	39,222,456	29,140,482	1,296,962	2,202,179	1,388,949	485,580
Agricultural production	50,242	32,072	32,838,950	25,570,579	30,807,475	23,177,852	1,043,847	1,823,989	1,114,539	392,504
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	19,729	12,735	8,578,608	7,247,393	8,314,981	5,962,630	253,115	378,190	272,410	83,076
Mining	19,124	11,148	94,706,082	81,987,756	90,538,979	44,583,576	27,709,582	29,582,865	29,041,850	13,837,808
Metal mining	1,059	128	5,539,186	4,045,938	4,883,839	3,530,165	305,206	482,207	420,317	172,480
Iron ores	13	7	1,557,195	1,013,317	1,466,034	1,137,390	9,911	64,294	47,744	23,783
Copper, lead and zinc, gold and silver ores	515	*21	3,323,156	*2,467,205	2,817,832	2,044,295	313,037	*371,035	*367,438	145,086
Other metal mining	531	100	658,836	565,416	599,874	348,480	-17,742	46,878	*5,135	*3,601
Coal mining	3,268	1,369	12,063,687	6,061,823	11,549,253	8,200,747	-299,415	421,073	340,596	173,055
Oil and gas extraction	11,701	7,617	69,944,041	66,220,194	67,230,058	28,565,083	27,324,462	28,205,862	27,872,942	13,298,693
Crude petroleum, natural gas, and natural gas liquids	5,162	3,119	57,864,924	56,470,729	56,093,039	22,068,320	26,017,684	26,675,663	26,530,281	12,692,364
Oil and gas field services	6,539	4,498	12,079,117	10,749,465	11,137,017	6,496,764	1,306,778	1,530,199	1,342,661	607,330
Nonmetallic minerals, except fuels	3,096	2,034	7,159,148	5,659,801	6,875,828	4,287,581	379,327	473,723	407,995	192,580
Dimension, crushed, and broken stone; sand and gravel	2,500	1,724	4,971,489	4,588,511	4,763,656	3,055,677	341,788	393,702	337,198	152,554
Other nonmetallic minerals, except fuels	596	310	2,187,679	1,071,289	2,112,173	1,231,904	37,539	80,021	70,797	40,026
Construction	228,657	148,712	216,710,160	176,400,090	211,618,796	171,491,603	5,876,327	6,056,979	6,420,188	2,427,708
General building contractors and operative builders	94,082	57,911	94,926,931	75,548,328	92,368,848	79,640,805	2,042,327	3,066,684	2,373,978	893,266
General building contractors	89,901	55,538	88,427,606	70,024,779	86,197,194	74,598,392	1,840,086	2,778,728	2,147,494	798,539
Operative builders	4,181	2,373	6,499,325	5,523,549	6,171,655	5,042,413	202,241	287,956	226,484	94,727
Heavy construction contractors	16,093	11,250	48,037,880	38,875,836	44,407,794	35,735,346	1,628,550	1,932,615	1,717,257	745,928
Special trade contractors	119,482	79,551	75,745,349	61,975,924	74,842,154	56,115,452	2,205,451	2,997,680	2,328,952	788,514
Plumbing, heating, and air conditioning	27,206	18,676	19,890,230	16,102,405	19,670,417	15,155,253	442,025	627,196	493,096	156,336
Electrical work	16,611	13,545	13,002,016	10,691,948	12,822,128	9,882,403	361,724	500,999	384,669	127,074
Other special trade contractors and contractors not allocable	72,665	47,130	42,853,103	35,181,571	42,349,609	31,077,796	1,401,701	1,869,485	1,451,187	505,104
Manufacturing	223,471	159,631	1,836,552,260	1,684,943,154	1,773,467,830	1,290,204,263	113,518,786	120,144,888	114,374,088	53,092,051
Food and kindred products	15,488	9,549	221,635,015	198,873,604	217,499,486	167,151,940	8,333,218	8,872,167	8,501,559	3,985,819
Meat products	2,895	1,756	53,331,401	45,820,022	52,713,067	46,498,503	671,856	784,462	694,865	322,811
Dairy products	1,411	1,105	30,659,785	28,566,619	30,218,039	24,302,021	1,107,582	1,144,562	1,123,645	529,658
Preserved fruits and vegetables	791	399	22,423,205	21,736,827	21,836,227	15,919,979	1,028,771	1,049,150	1,023,378	480,428
Grain mill products	1,276	814	27,352,240	26,386,812	26,637,807	20,248,996	1,367,806	1,400,077	1,377,423	648,935
Bakery products	2,935	1,246	10,124,127	9,282,646	10,007,147	6,025,515	421,513	454,430	422,607	194,807
Sugar and confectionery products	803	757	10,655,336	6,747,126	10,353,134	7,444,682	343,150	446,826	426,895	197,516
Malt liquors and malt	44	16	8,444,935	6,500,047	8,356,863	5,351,825	245,680	298,094	229,379	101,494
Alcoholic beverages, except malt liquors and malt	473	216	12,242,991	11,832,143	11,963,990	8,218,334	536,401	559,150	536,351	254,610
Bottled soft drinks, and flavorings	1,673	1,324	17,088,176	16,172,416	16,557,068	10,891,193	1,531,892	1,558,588	1,476,639	698,853
Other food and kindred products	3,187	1,916	29,312,820	25,728,945	28,856,145	22,250,894	1,078,577	1,176,829	1,127,376	517,406
Tobacco manufactures	83	**	19,774,207	**	19,019,345	10,838,159	1,981,745	**	1,884,545	895,575
Textile mill products	5,593	3,833	38,476,314	34,937,595	37,893,396	29,446,482	1,752,470	1,967,621	1,815,030	842,830
Weaving mills and textile finishing	1,003	642	13,517,248	12,710,929	13,314,852	10,436,114	596,580	642,713	609,461	286,887
Knitting mills	1,908	1,153	6,222,931	5,472,095	6,145,409	4,617,944	325,178	388,163	331,669	151,868
Other textile mill products	2,681	2,038	18,736,135	16,754,571	18,433,125	14,392,403	830,711	938,745	879,899	404,075
Apparel and other textile products	16,043	11,532	39,718,483	35,292,625	39,108,713	28,986,297	1,693,392	2,002,697	1,761,768	779,380
Men's and boys' clothing	1,762	1,299	13,256,102	12,075,904	12,941,720	9,431,401	753,690	829,161	744,973	347,759
Women's and children's clothing	8,269	6,128	18,649,303	16,250,429	18,445,686	13,762,281	643,743	791,307	667,140	285,858
Other apparel and accessories	1,631	1,389	2,610,627	2,362,030	2,589,895	1,914,563	113,300	123,114	114,075	45,821
Miscellaneous fabricated textile products; textile products, not elsewhere classified	4,381	2,716	5,202,451	4,604,262	5,131,411	3,878,052	182,659	259,116	235,580	99,943
Lumber and wood products	12,823	10,549	49,680,047	47,698,705	47,027,684	35,208,007	3,338,492	3,504,366	3,177,996	1,191,815
Logging, sawmills, and planing mills	4,830	3,886	19,703,529	18,944,010	18,051,003	13,392,703	1,603,076	1,677,205	1,502,793	510,542
Millwork, plywood, and related products	4,039	3,444	19,074,287	18,609,086	18,394,334	13,711,139	1,220,217	1,246,327	1,182,866	473,502
Other wood products, including wood buildings and mobile homes	3,954	3,219	10,902,231	10,145,608	10,582,348	8,104,165	515,199	580,835	492,337	207,771
Furniture and fixtures	6,369	4,911	17,646,733	15,142,829	17,344,273	12,453,678	799,631	983,629	909,670	407,849
Paper and allied products	3,318	2,630	51,168,081	48,284,816	49,189,888	34,526,365	3,321,012	3,486,295	3,446,518	1,504,632
Pulp, paper, and board mills	303	166	30,852,824	29,720,544	29,472,369	21,068,322	1,679,404	1,749,825	1,765,224	723,878
Other paper products	3,015	2,464	20,315,256	18,574,271	19,717,519	13,458,043	1,841,608	1,736,470	1,681,294	780,754
Printing and publishing	34,373	23,876	57,068,172	52,328,000	55,234,270	33,942,125	4,922,705	5,234,502	4,920,253	2,228,733
Newspapers	4,861	3,888	18,502,781	17,688,533	17,807,182	10,857,911	2,322,680	2,373,831	2,274,432	1,059,121
Periodicals	4,101	2,269	7,588,604	6,533,651	7,329,399	4,424,070	416,145	508,340	465,930	207,677
Books, greeting cards, and miscellaneous publishing	4,465	2,387	9,818,295	9,088,884	9,268,312	4,896,310	974,194	1,045,609	979,107	459,197
Commercial and other printing and printing trade services	20,946	15,332	21,158,493	19,006,932	20,829,397	13,663,833	1,209,707	1,306,722	1,200,784	502,738
Chemicals and allied products	9,495	6,225	138,103,009	125,792,267	132,744,153	84,814,192	11,822,769	12,371,659	12,147,580	5,743,073
Industrial chemicals, plastics materials and synthetics	3,486	2,494	63,671,361	59,342,328	61,416,900	40,064,408	4,626,013	4,840,694	4,744,805	2,238,542
Drugs	1,086	620	29,856,073	28,160,430	28,318,782	15,854,838	4,038,490	4,139,840	4,095,510	1,946,197
Soap, cleaners, and toilet goods	1,400	908	19,971,854	19,597,546	19,254,174	12,347,992	2,131,642	2,168,796	2,132,224	1,005,317
Paints and allied products	1,350	1,109	6,224,084	4,813,759	6,163,586	4,293,284	281,382	305,181	293,118	132,171
Agricultural and other chemical products	2,173	1,094	16,279,637	13,878,203	17,590,712	12,253,670	745,241	917,148	881,923	420,846
Petroleum (including integrated) and coal products	1,171	832	357,358,403	346,193,899	346,075,188	281,208,264	19,402,503	19,504,189	18,063,127	8,532,305
Petroleum refining (including integrated)	276	238	353,955,601	342,984,958	342,719,270	278,678,656	19,228,066	19,318,056	17,895,789	8,455,850
Petroleum and coal products, not elsewhere classified	895	694	3,400,802	3,208,941	3,355,918	2,529,609	174,438	186,133	167,338	76,455
Rubber and miscellaneous plastics products	10,021	7,417	38,971,858	34,640,933	35,983,185	25,180,704	1,730,883	1,895,214	1,796,891	807,764
Rubber products; plastics footwear, hose and belting	1,587	1,251	23,550,458	23,147,375	22,852,124	16,116,046	886,721	943,202	919,322	428,071
Miscellaneous plastics products	8,434	6,166	13,421,400	11,493,558	13,131,061	9,064,657	844,162	952,011	877,569	379,694
Leather and leather products	2,499	2,018	11,750,284	9,681,135	11,547,440	8,415,274	542,799	627,858	562,088	258,789
Footwear, except rubber	717	524	8,346,167	6,666,152	6,172,831	5,833,012	424,289	481,777	433,969	204,815
Leather and leather products, not elsewhere classified	1,782	1,494	3,404,097	3,014,984	3,374,609	2,582,261	118,511	146,081	128,120	53,974

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income (less deficit)	Net income	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Manufacturing — Continued										
Stone, clay, and glass products.....	8,067	6,053	41,404,026	39,275,904	40,117,455	27,102,077	3,013,203	3,203,523	3,032,730	1,393,113
Glass products.....	912	816	12,173,845	11,813,008	11,699,270	7,881,616	775,838	809,465	764,156	355,591
Cement, hydraulic.....	266	182	3,823,670	3,426,591	3,707,896	2,536,382	271,864	298,519	293,201	135,573
Concrete, gypsum, and plaster products.....	4,636	3,506	14,423,222	13,541,819	14,078,386	9,561,076	986,430	1,083,135	994,445	443,519
Other nonmetallic mineral products.....	2,253	1,549	10,983,289	10,494,486	10,631,903	7,123,004	979,071	1,012,404	980,927	458,430
Primary metal industries.....	4,012	3,306	119,501,703	97,770,398	115,924,875	87,998,380	3,949,157	4,574,527	4,302,508	2,018,062
Ferrous metal industries; miscellaneous.....										
primary metal products.....	2,127	1,864	74,133,039	56,971,789	72,685,749	54,032,748	2,181,694	2,662,948	2,480,551	1,184,260
Nonferrous metal industries.....	1,885	1,442	45,368,664	40,798,608	43,239,126	33,965,632	1,767,462	1,911,579	1,821,956	833,802
Fabricated metal products.....	32,656	22,943	95,661,237	87,629,962	93,760,072	67,195,416	5,814,796	6,296,376	5,910,798	2,645,791
Metal cans and shipping containers.....	244	232	10,537,968	10,361,250	10,266,886	7,520,104	516,023	520,243	514,673	232,342
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	3,538	2,479	10,953,480	10,100,665	10,686,946	6,860,957	1,012,846	1,055,961	1,010,265	460,990
Plumbing and heating, except electric and warm air.....	976	632	6,221,274	6,011,418	6,060,773	4,143,766	482,835	502,051	490,881	231,782
Fabricated structural metal products.....	8,415	5,803	24,948,465	21,964,070	24,551,389	18,657,499	1,180,888	1,350,580	1,226,359	544,361
Metal forgings and stampings.....	3,798	2,816	11,606,930	10,542,799	11,453,396	8,370,020	689,853	737,287	703,190	312,773
Coating, engraving, and allied services.....	2,922	2,112	3,929,930	3,649,708	3,848,100	2,570,571	241,353	255,136	230,129	98,650
Ordnance and accessories, except vehicles and guided missiles.....	197	187	1,046,696	986,255	1,026,028	704,741	83,822	91,721	89,929	41,695
Miscellaneous fabricated metal products.....	12,566	8,662	26,416,493	23,813,798	25,866,555	18,367,758	1,607,177	1,783,397	1,645,371	723,198
Machinery, except electrical.....	24,886	18,971	142,416,039	135,589,176	132,248,184	88,619,513	14,677,139	15,210,821	14,807,151	6,968,257
Farm machinery.....	1,636	972	12,295,178	10,420,616	11,711,518	8,081,263	602,651	762,004	745,365	348,656
Construction and related machinery.....	1,936	1,438	32,067,979	31,291,065	30,850,324	21,516,154	2,926,813	2,970,337	2,919,468	1,388,011
Metalworking machinery.....	7,492	6,121	11,792,763	11,043,062	11,516,695	7,319,532	1,004,076	1,040,446	966,526	415,351
Special industry machinery.....	4,164	3,201	11,794,386	10,913,757	11,346,901	7,855,395	743,021	827,244	778,845	350,869
General industrial machinery.....	3,169	2,459	17,010,467	16,326,657	16,538,992	11,470,112	1,206,321	1,245,830	1,182,478	548,638
Office, computing, and accounting machines.....	409	323	41,686,354	40,781,055	34,911,493	21,690,302	7,124,262	7,189,098	7,090,148	3,409,167
Other machinery, except electrical.....	6,080	4,457	15,768,913	14,802,965	15,372,262	10,686,755	1,069,995	1,175,863	1,124,322	507,566
Electrical and electronic equipment.....	13,524	9,183	129,929,705	123,663,054	124,358,575	83,224,839	8,817,979	9,436,160	9,030,342	4,223,092
Household appliances.....	629	422	12,638,225	12,155,046	12,306,924	8,411,098	859,155	905,668	872,000	413,655
Radio, television, and communication equipment.....	1,776	933	32,277,314	30,447,875	30,168,539	20,301,260	1,726,424	1,891,973	1,769,562	827,624
Electronic components and accessories.....	5,674	3,962	30,203,374	27,429,217	29,164,328	20,094,438	1,649,234	2,159,588	2,038,405	937,335
Other electrical equipment.....	5,445	3,866	54,810,793	53,630,916	52,718,783	34,418,044	4,363,166	4,478,931	4,350,375	2,044,478
Motor vehicles and equipment.....	2,108	1,487	156,219,498	139,221,477	150,295,405	109,999,493	11,240,333	11,603,132	11,503,678	5,502,967
Transportation equipment, except motor vehicles.....	2,626	1,934	54,440,140	41,650,145	52,399,800	38,897,824	1,767,030	2,381,104	2,003,082	830,303
Aircraft, guided missiles and parts.....	451	314	41,509,015	29,454,899	39,814,434	29,159,004	1,191,888	1,757,127	1,427,551	671,076
Ship and boat building and repairing.....	1,023	857	5,199,716	4,665,874	5,010,529	3,910,761	224,443	249,168	210,625	89,649
Other transportation equipment, except motor vehicles.....	1,152	763	7,731,408	7,329,372	7,574,837	5,828,058	350,699	374,809	364,906	169,578
Instruments and related products.....	5,873	4,361	32,293,316	29,498,440	30,917,774	18,367,820	3,270,375	3,419,066	3,335,353	1,575,125
Scientific instruments and measuring devices; watches and clocks.....	1,853	1,347	11,949,744	10,865,760	11,519,768	7,096,068	920,283	982,845	958,551	447,899
Optical, medical, and ophthalmic goods.....	3,504	2,538	10,878,154	9,965,679	10,382,501	6,275,862	884,583	939,616	896,693	417,930
Photographic equipment and supplies.....	516	476	9,465,418	8,667,001	9,015,504	4,995,890	1,465,509	1,496,605	1,480,108	709,295
Miscellaneous manufacturing and manufacturing not allocable.....	12,443	**	25,338,460	**	24,778,681	16,827,433	1,327,155	**	1,461,422	656,778
Transportation and public utilities.....	92,686	54,343	372,898,491	339,281,387	360,687,424	227,211,452	21,001,954	23,305,319	22,090,821	10,394,378
Transportation.....	71,562	41,864	148,130,747	126,370,324	141,176,945	97,652,974	4,783,767	6,740,862	6,005,914	2,681,238
Railroad transportation.....	340	293	32,344,926	24,579,139	29,522,656	20,887,140	184,309	1,373,344	1,329,851	599,709
Local and interurban passenger transit.....	10,165	4,384	2,893,951	2,185,770	2,793,402	1,724,859	107,988	153,308	127,465	46,257
Trucking and warehousing.....	33,496	23,010	49,667,040	42,309,003	48,510,364	31,607,380	1,834,367	2,075,966	1,791,449	764,130
Water transportation.....	5,101	2,718	9,529,612	7,436,140	8,750,401	6,416,453	315,108	496,106	334,641	150,558
Transportation by air.....	6,499	2,517	31,096,346	29,853,504	29,632,603	20,121,924	1,513,064	1,646,330	1,593,805	751,016
Pipelines, except natural gas.....	537	465	7,976,767	7,761,595	7,898,878	6,346,561	517,709	535,638	457,751	217,527
Transportation services, not elsewhere classified.....	15,424	8,477	14,622,104	12,245,174	14,068,642	10,548,658	311,222	460,169	370,952	152,042
Communication.....	8,630	5,307	81,235,961	80,299,156	79,664,672	37,350,875	8,029,540	8,150,013	7,842,579	3,795,139
Telephone, telegraph, and other communication services.....	3,746	2,583	69,827,522	69,533,528	68,699,043	31,407,950	6,477,294	6,527,357	6,366,258	3,108,104
Radio and television broadcasting.....	4,884	2,724	11,408,439	10,765,628	10,965,628	5,942,926	1,552,247	1,622,656	1,476,321	687,035
Electric, gas, and sanitary services.....	12,494	7,172	143,531,783	132,611,907	139,845,807	92,207,602	8,188,647	8,414,444	8,242,328	3,918,001
Electric services.....	380	362	45,719,414	40,319,079	44,817,209	26,112,089	2,885,332	2,968,179	2,929,977	1,392,269
Gas production and distribution.....	1,375	925	59,023,415	57,127,227	57,550,583	43,700,497	2,750,633	2,816,418	2,775,027	1,315,058
Combination utility services.....	454	160	34,503,548	31,440,030	33,332,379	20,401,730	2,210,894	2,248,205	2,214,037	1,070,545
Water supply and other sanitary services.....	10,285	5,725	4,265,405	3,725,571	4,145,636	1,993,286	341,788	381,642	323,288	140,129
Wholesale and retail trade.....	721,443	483,173	1,461,404,863	1,279,416,188	1,436,428,884	1,134,768,884	35,759,358	41,432,239	30,594,403	12,479,414
Wholesale trade.....	254,682	183,984	770,443,928	674,566,706	758,743,748	642,166,017	20,091,887	22,856,078	14,531,349	5,990,841
Groceries and related products.....	27,035	17,738	125,821,589	110,049,990	124,510,198	109,793,888	1,430,677	1,690,403	1,340,584	553,447
Machinery, equipment, and supplies.....	47,600	37,299	86,446,879	76,299,956	84,258,151	63,611,720	4,837,020	5,255,431	2,690,073	1,098,044
Miscellaneous wholesale trade.....	180,047	128,947	558,175,459	488,216,760	549,975,399	468,760,310	13,824,191	15,910,605	10,500,692	4,339,350
Motor vehicles and automotive equipment.....	19,666	14,976	43,328,085	36,091,260	42,743,164	34,176,647	1,700,889	1,918,953	1,095,660	451,407
Furniture and home furnishings.....	5,362	2,778	5,894,523	5,140,773	5,804,408	4,298,364	102,001	176,858	152,365	57,149
Lumber and construction materials.....	11,362	8,390	31,252,688	29,539,907	30,911,173	25,584,014	955,955	1,038,154	855,551	352,039
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	2,081	1,287	4,363,145	3,707,048	4,290,853	3,246,279	83,998	155,230	116,395	47,791
Metals and minerals, except petroleum and scrap.....	5,677	5,215	44,304,666	40,009,560	43,689,072	39,215,042	793,417	919,784	730,687	321,566
Electrical goods.....	15,354	10,801	32,690,706	28,675,646	32,044,947	24,280,827	1,667,675	1,841,886	867,427	359,666
Hardware, plumbing, and heating equipment and supplies.....	11,264	9,112	24,415,875	22,674,874	24,020,994	18,443,667	756,388	809,731	693,923	269,630
Other durable goods.....	30,038	20,711	555							

RETURNS OF ACTIVE CORPORATIONS

Table 1.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income (less deficit)	Net income	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Wholesale and retail trade — Continued										
Retail trade	465,920	298,884	690,317,471	604,319,813	677,061,531	492,167,147	15,663,175	18,561,515	16,053,325	6,485,763
Building materials, garden supplies, and mobile home dealers	34,662	26,322	42,579,613	38,758,727	41,826,115	30,575,060	1,529,354	1,757,416	1,541,802	598,442
Building materials dealers	16,452	12,693	29,868,115	27,507,898	29,412,094	21,687,433	1,187,956	1,328,218	1,193,028	483,713
Hardware stores	11,497	8,713	6,950,084	6,317,028	6,850,008	4,642,257	240,483	273,980	230,039	75,414
Garden supplies and mobile home dealers	6,713	4,916	5,761,414	4,933,802	5,564,013	4,245,370	89,915	155,218	118,734	37,314
General merchandise stores	9,913	7,507	102,704,959	98,087,640	99,153,968	64,133,254	3,623,450	3,773,141	3,487,897	1,586,148
Food stores	32,339	19,639	145,344,858	132,219,808	144,020,986	112,118,806	2,249,369	2,504,493	2,307,580	1,019,083
Grocery stores	23,942	15,134	140,173,459	128,534,729	138,904,827	108,484,035	2,182,310	2,389,477	2,233,820	991,377
Other food stores	8,397	4,505	5,171,399	3,685,079	5,116,159	3,634,770	67,059	115,016	73,760	27,706
Automotive dealers and service stations	74,965	54,154	193,462,366	163,146,076	190,418,999	162,187,823	2,135,097	2,577,928	2,155,626	772,428
Motor vehicle dealers	35,062	25,526	151,755,916	129,433,313	149,229,681	129,505,504	1,470,161	1,720,221	1,466,052	546,821
Gasoline service stations	15,122	11,075	23,242,719	18,071,250	23,005,981	19,565,536	203,263	293,697	251,222	88,202
Other automotive dealers	24,781	17,553	18,463,731	15,641,512	18,183,336	13,126,784	481,672	564,010	438,352	137,405
Apparel and accessory stores	42,572	28,023	28,968,021	25,309,156	28,295,767	16,824,809	1,264,640	1,526,395	1,317,056	532,909
Furniture and home furnishings stores	36,684	25,622	26,304,130	22,326,278	25,407,530	16,052,786	1,701,704	1,012,299	820,757	292,660
Eating and drinking places	101,054	54,298	50,271,760	38,975,003	49,052,987	21,855,436	1,259,479	1,904,759	1,484,851	568,449
Miscellaneous retail stores	133,731	83,319	100,681,763	85,497,124	98,885,180	68,409,174	2,811,082	3,505,083	2,937,758	1,117,644
Drug stores and proprietary stores	21,559	14,869	23,937,715	21,513,461	23,667,379	16,920,364	711,924	793,819	686,797	281,517
Liquor stores	11,887	7,273	8,299,234	4,986,297	8,242,601	6,834,656	113,510	143,806	95,479	27,402
Other retail stores	100,285	61,177	68,444,315	58,997,367	66,975,200	44,854,154	1,985,648	2,567,459	2,155,481	808,725
Wholesale and retail trade not allocable	841	305	643,464	529,670	623,605	435,699	4,296	14,645	8,729	2,810
Finance, insurance, and real estate	454,301	278,590	474,690,489	436,777,333	234,578,853	111,618,648	33,873,934	38,585,831	26,968,842	11,920,213
Banking	15,347	13,111	130,458,772	119,212,178	135,515,753	804,207	6,413,964	7,290,758	6,640,767	3,303,149
Mutual savings banks	440	430	11,990,788	11,194,220	345,938	42,203	575,573	626,470	408,922	193,966
Bank holding companies	1,201	801	80,732,436	76,662,670	10,236,600	679,131	4,042,028	4,269,900	4,000,404	1,888,449
Banks, except mutual savings banks and bank holding companies	13,706	11,650	37,735,548	31,355,287	2,933,215	82,873	1,796,363	2,394,388	2,231,441	950,734
Credit agencies other than banks	54,785	30,141	64,275,478	60,908,839	14,594,888	6,361,679	3,961,475	4,669,894	4,347,221	2,049,923
Savings and loan associations	4,615	4,280	40,732,284	39,082,402	2,395,278	386,198	2,566,203	2,712,229	2,662,190	1,303,125
Personal credit institutions	4,208	2,267	11,526,432	11,381,545	8,549,868	5,020,448	530,104	586,553	530,669	249,726
Business credit institutions	634	461	1,818,768	1,688,238	1,033,130	58,827	288,210	309,313	303,713	142,491
Other credit agencies; finance not allocable	45,328	23,133	10,197,994	8,756,853	2,616,612	896,206	576,958	1,061,794	850,648	354,580
Security, commodity brokers and services	6,699	3,842	10,040,342	8,263,466	4,272,376	411,772	601,459	762,764	616,648	270,707
Security brokers, dealers, and flotation companies	3,656	2,320	8,582,625	7,021,767	3,193,044	184,357	462,969	591,857	496,018	218,728
Commodity contracts brokers and dealers	3,043	1,522	1,457,717	1,241,699	1,079,332	227,414	138,490	170,907	120,630	51,979
Insurance	8,208	6,137	203,175,208	196,357,954	183,445,277	91,519,817	12,537,964	12,956,995	9,515,499	4,494,538
Life insurance	1,798	1,306	109,828,513	106,191,038	80,281,510	43,637,185	6,882,279	7,055,308	6,152,701	2,927,378
Mutual insurance, except life or marine and certain fire or flood insurance companies	1,230	1,052	26,611,793	25,953,126	24,205,071	15,309,211	1,318,127	1,348,684	941,001	441,246
Other insurance companies	5,180	3,779	66,734,902	64,213,790	58,958,697	32,573,421	4,337,559	4,553,003	2,421,797	1,125,915
Insurance agents, brokers, and service	43,118	30,397	12,101,551	10,023,868	11,492,158	2,575,674	1,151,355	1,279,781	995,444	388,243
Real estate	275,939	164,473	42,131,219	31,789,795	24,949,050	8,767,538	3,275,501	5,133,298	3,732,111	1,272,490
Real estate operators and lessors of buildings	153,713	98,856	17,684,112	13,165,589	7,322,164	2,767,940	1,584,869	2,423,667	2,051,329	669,194
Lessors of mining, oil, and similar property	533	505	220,747	194,397	68,646	23,242	63,847	65,393	61,768	21,810
Lessors of railroad property, and of real property, not elsewhere classified	8,959	4,588	436,236	311,473	144,254	71,259	42,235	84,366	80,638	22,876
Condominium management and cooperative housing associations	4,400	1,413	753,106	219,149	514,297	24,195	-37,286	16,327	2,880	780
Subdividers and developers	31,492	17,328	6,923,158	5,584,473	2,276,990	1,298,337	867,997	1,409,583	856,200	335,837
Other real estate	76,842	41,793	16,113,861	12,314,713	14,622,699	4,582,565	753,840	1,133,962	677,295	221,993
Holding and other investment companies, except bank holding companies	50,205	30,489	12,507,918	10,221,234	2,309,351	1,177,962	5,932,216	6,492,342	1,121,153	411,162
Regulated investment companies	1,265	1,075	5,121,562	4,874,953	568	-	4,364,431	4,370,305	82	15
Real estate investment trusts	135	62	1,065,961	542,835	11,472	7,065	55,131	101,907	13	39
Small business investment companies	1,667	1,010	107,969	81,955	10,165	-	24,226	35,140	23,550	7,819
Other holding and investment companies, except bank holding companies	47,138	28,342	6,202,427	4,721,490	2,287,646	1,170,896	1,487,428	1,984,990	1,097,508	403,288
Services	560,016	338,498	210,606,073	167,874,196	201,678,049	100,355,222	7,666,125	10,994,355	8,589,087	3,190,125
Hotels and other lodging places	18,710	11,135	13,555,157	11,013,048	12,623,975	6,041,899	804,893	1,085,665	787,243	335,556
Personal services	41,883	26,419	11,324,130	9,108,750	10,969,982	5,457,463	514,442	620,337	491,827	177,660
Business services	198,903	81,422	64,003,341	51,400,416	61,166,853	34,951,155	2,505,469	3,467,199	2,869,105	1,111,190
Advertising	16,257	10,079	15,889,389	12,880,265	15,640,159	11,355,376	510,866	617,189	538,606	225,300
Business services, except advertising	122,646	71,343	48,113,952	38,520,150	45,526,694	23,595,779	1,994,603	2,850,010	2,330,499	885,890
Auto repair and services	65,284	42,531	21,659,245	16,896,825	20,780,549	11,354,746	663,390	932,875	723,045	240,837
Auto repair and services, except advertising	45,325	28,221	16,186,893	12,101,587	17,886,626	421,878	640,061	493,806	408,806	169,804
Miscellaneous repair services	19,959	13,310	5,462,352	4,795,029	5,402,537	3,468,119	241,512	292,814	229,240	70,933
Amusement and recreation services	44,826	23,203	24,621,179	20,444,991	22,758,756	11,592,479	1,216,936	1,714,994	1,306,434	568,333
Motion picture production, distribution, and services	6,880	3,923	9,075,627	8,010,193	8,255,376	4,332,685	495,500	571,027	474,999	218,602
Motion picture theaters	3,547	2,410	3,237,684	2,860,012	3,000,666	1,549,119	147,305	183,604	142,339	60,060
Amusement and recreation services, except motion pictures	34,399	16,870	12,307,868	9,574,786	11,502,714	5,710,676	574,131	960,362	689,096	289,671
Other services	250,410	153,788	75,443,022	59,010,366	73,377,934	30,957,481	1,960,995	3,173,286	2,411,433	756,549
Offices of physicians, including osteopathic physicians	70,223	50,606	20,050,377	15,312,016	19,831,329	4,645,731	432,077	574,169	534,885	121,460
Offices of dentists	22,872	16,375	5,241,650	4,032,560	5,189,135	1,632,998	122,821	152,221	132,615	28,151
Offices of other health practitioners	4,297	3,249	743,454	608,480	737,714	269,966	19,305	30,828	16,360	4,172
Nursing and personal care facilities	8,080	5,001	7,690,990	5,784,813	7,489,963	4,563,702	234,521	326,208	193,490	70,070
Hospitals	588	217	4,859,115	4,092,898	4,711,456	2,662,723	144,775	166,346	132,938	61,039
Medical laboratories	3,589	1,983	4,941,411	4,091,339	4,981,187	2,662,723	22,076	42,193	29,922	9,926
Other medical services	9,350	5,843	3,856,755	2,889,895	3,747,259	1,577,500	124,279	182,149	142,624	52,659
Legal services	15,614	10,752	4,867,109	3,789,117	4,790,812	1,094,071	128,399	169,643	124,238	28,211
Educational services	11,700	7,566	2,544,561	2,080,515	2,423,237	1,048,957	145,890	183,347	138,467	51,822
Social services	2,696	1,415	395,934	275,889	386,793	156,669	15,832	7,807	7,807	12,400
Membership organizations	6,213	2,972	1,977,287	1,359,048	1,788,021	1,083,000	38,933	59,088	45,548	14,757
Architectural and engineering services	18,594	12,068	10,157,356	8,936,810	9,956,419	5,413,868	485,498	590,478	449,483	160,824
Accounting, auditing, and bookkeeping services	8,482	6,139	1,304,458	1,133,925	1,278,856	345,387	61,912	82,643	45,934	12,390
Miscellaneous services (including veterinarians, not elsewhere classified)	68,102	29,402	10,779,133	8,072,609	10,085,608	5,964,723	-25,272	595,440	417,113	138,667
Nature of business not allocable	7,110	4,746	5,616,660	4,863,109	5,483,247	4,047,398	164,445	215,065	165,545	61,168

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.1—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry—Continued

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

Minor industry	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Net worth	Depreciable assets	Depreciation deduction
					All returns	Returns with net income				
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Total returns of active corporations	26,357,629	12,897,172	3,093,915	64,386,837	70,294,349	67,051,545	6,014,452,008	1,494,756,856	1,696,212,705	121,299,900
Agriculture, forestry, and fishing	*13,210	100,232	31,117	340,710	251,428	239,905	32,904,622	10,218,791	18,476,272	1,650,333
Agricultural production	13,199	79,226	17,798	281,971	222,765	212,647	28,442,044	8,883,814	15,308,835	1,330,577
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	*12	21,005	13,319	58,739	28,663	27,258	4,462,578	1,334,978	3,167,437	319,575
Mining	12,512,804	234,247	44,138	1,046,525	2,194,973	1,906,968	97,670,205	45,057,155	49,333,984	3,448,124
Metal mining	*63,516	36,169	*702	72,072	173,316	113,158	12,705,146	7,438,533	6,038,458	338,642
Iron ores	10,689	3,994	100	8,995	40,184	*40,184	3,010,757	1,263,897	2,214,186	80,895
Copper, lead and zinc, gold and silver ores	*52,828	*32,032	*454	*59,766	*109,785	*49,651	8,822,215	5,829,130	3,332,150	225,235
Other metal mining	—	*143	*147	*3,311	*23,347	*23,347	1,072,174	345,507	492,122	32,512
Coal mining	1,662	32,422	6,880	132,053	224,554	115,893	13,838,343	5,394,961	8,662,559	878,332
Oil and gas extraction	12,445,728	123,772	27,308	702,882	1,648,102	1,600,091	63,465,763	28,563,595	28,727,580	1,788,261
Crude petroleum, natural gas, and natural gas liquids	12,330,131	41,682	2,871	317,677	1,391,724	1,354,820	48,488,378	22,590,869	19,509,056	876,625
Oil and gas field services	115,597	82,090	24,438	385,205	256,378	245,271	14,977,385	5,972,726	9,218,524	911,635
Nonmetallic minerals, except fuels	1,899	41,885	9,248	139,519	149,001	77,825	7,660,953	3,660,065	5,905,387	442,890
Dimension, crushed, and broken stone; sand and gravel	1,032	34,071	7,939	109,509	52,820	52,024	3,968,217	1,961,209	3,534,334	294,139
Other nonmetallic minerals, except fuels	867	7,814	1,308	30,010	96,181	25,802	3,682,736	1,698,856	2,371,053	148,751
Construction	116,160	331,104	481,331	1,496,951	627,914	563,453	105,545,997	25,787,440	37,721,795	3,803,768
General building contractors and operative builders	47,271	78,636	155,499	610,669	250,152	214,004	53,889,564	9,086,890	11,220,481	1,027,188
General building contractors	47,031	72,716	149,332	528,271	228,748	192,708	48,098,044	8,312,508	10,320,094	967,218
Operative builders	241	5,920	6,167	82,398	21,404	21,296	5,771,520	774,383	900,387	59,970
Heavy construction contractors	64,748	148,968	81,931	449,652	202,421	182,256	22,632,490	7,706,813	15,333,955	1,493,921
Special trade contractors	4,141	103,501	243,902	438,630	167,193	167,193	29,043,943	8,993,737	11,167,358	1,262,559
Plumbing, heating, and air conditioning	*81	16,182	53,202	86,846	16,735	15,593	7,462,562	2,101,726	1,997,114	232,989
Electrical work	782	12,295	47,093	66,957	22,025	20,186	5,669,097	1,836,887	1,532,530	166,382
Other special trade contractors and contractors not allocable	*3,278	75,024	143,607	282,925	136,581	131,403	15,912,284	5,055,123	7,637,715	883,288
Manufacturing	11,654,385	5,175,795	956,211	34,218,035	31,173,451	30,047,485	1,308,673,807	595,064,083	662,647,897	49,059,152
Food and kindred products	539,536	402,623	57,847	2,802,060	2,317,989	2,265,349	104,785,387	48,887,054	52,768,056	4,109,408
Meat products	17,307	40,099	10,033	250,270	194,153	180,732	13,385,192	4,816,255	6,666,557	601,862
Dairy products	36,605	51,710	6,707	434,206	304,582	300,659	12,477,766	6,437,419	8,236,642	484,078
Preserved fruits and vegetables	82,463	45,632	6,768	345,534	283,192	15,360,842	7,204,418	5,625,235	5,422,660	542,660
Grain mill products	107,348	58,662	3,258	475,913	405,589	405,538	13,440,134	6,478,470	7,011,595	477,682
Bakery products	*4,255	22,338	5,395	162,799	91,457	91,130	4,640,704	2,273,520	3,320,775	260,214
Sugar and confectionery products	57,284	14,087	2,801	111,240	75,179	71,272	7,322,449	2,974,487	3,950,694	248,708
Malt liquors and malt	12	29,211	663	109,062	91,306	75,058	4,590,329	2,497,659	4,437,320	323,718
Alcoholic beverages, except malt liquors and malt	21,941	27,223	998	190,414	128,383	128,095	10,276,212	4,327,295	2,942,883	184,898
Bottled soft drinks, and flavorings	182,954	62,897	9,831	416,135	539,292	539,008	10,215,545	5,681,203	5,762,399	526,960
Other food and kindred products	29,368	50,765	11,393	406,486	203,846	190,695	13,056,613	6,198,330	6,613,956	478,647
Tobacco manufactures	49,588	61,683	638	771,228	497,399	**	21,616,939	10,150,268	5,962,713	428,946
Textile mill products	10,102	110,105	30,027	688,306	253,212	249,903	20,707,590	10,361,563	14,027,207	1,008,916
Weaving mills and textile finishing	*1,186	43,083	6,107	236,448	82,560	81,304	7,922,478	4,177,227	5,680,245	383,710
Knitting mills	974	12,812	8,207	126,614	40,190	40,051	2,973,435	1,797,651	1,797,188	133,028
Other textile mill products	7,941	54,410	15,714	325,245	130,461	128,548	9,811,677	4,804,685	6,549,774	492,178
Apparel and other textile products	58,148	33,369	70,236	586,510	277,081	270,681	18,274,356	8,233,352	4,600,829	379,163
Men's and boys' clothing	53,744	10,865	15,833	259,579	151,399	146,007	7,060,939	3,450,560	1,733,965	311,707
Women's and children's clothing	3,588	14,592	33,069	222,475	100,484	99,463	7,682,685	3,328,886	1,927,796	165,095
Other apparel and accessories	*452	2,049	6,838	34,866	13,084	13,084	1,209,992	531,069	264,649	22,988
Miscellaneous fabricated textile products; textile products, not elsewhere classified	*363	5,862	14,497	69,589	12,114	12,107	2,310,741	922,838	674,420	59,373
Lumber and wood products	20,702	211,963	50,993	908,584	593,457	593,018	33,684,017	15,981,961	20,391,138	1,593,316
Logging, sawmills, and planing mills	17,972	95,974	11,149	385,325	288,425	288,425	15,855,248	8,276,112	10,021,756	783,449
Millwork, plywood, and related products	2,119	93,510	21,054	356,750	234,278	234,278	11,537,750	5,423,516	7,536,109	598,648
Other wood products, including wood buildings and mobile homes	*612	22,479	17,891	166,509	70,754	70,315	6,291,019	2,282,033	2,833,273	211,220
Furniture and fixtures	3,134	23,623	33,315	347,594	106,379	101,183	8,463,373	4,061,356	3,739,431	274,604
Paper and allied products	188,575	230,549	23,630	1,060,764	928,751	922,771	38,722,547	19,318,352	28,536,345	2,039,825
Pulp, paper, and board mills	78,080	159,662	4,517	481,552	493,206	492,511	26,804,320	12,919,585	20,715,466	1,414,491
Other paper products	110,495	70,886	18,112	579,212	435,545	430,260	11,918,226	6,398,767	7,820,879	625,334
Printing and publishing	88,113	158,578	55,433	1,925,246	921,450	911,602	38,409,878	18,806,222	18,430,876	1,487,905
Newspapers	21,901	56,633	14,166	966,405	418,447	418,061	14,277,438	8,303,086	6,827,211	564,070
Periodicals	20,286	15,076	4,024	168,071	90,759	89,043	4,936,804	1,726,071	2,029,846	126,155
Books, greeting cards, and miscellaneous publishing	39,855	18,441	4,068	396,808	229,423	226,650	8,130,596	3,598,898	2,375,682	208,405
Commercial and other printing and printing trade services	6,071	68,426	33,173	393,962	182,820	177,849	11,064,570	5,178,167	7,198,136	589,275
Chemicals and allied products	1,156,059	516,011	33,382	3,453,727	4,413,671	4,334,768	117,920,558	59,127,233	73,798,989	5,279,602
Industrial chemicals, plastics materials and synthetics	436,867	372,251	13,438	1,357,815	1,650,678	1,633,805	57,658,332	27,519,929	48,183,643	3,448,444
Drugs	351,176	56,450	5,064	1,027,910	1,698,573	1,671,191	28,570,015	16,687,602	9,391,218	636,461
Soap, cleaners, and toilet goods	218,888	36,657	5,395	740,020	742,407	741,480	11,849,724	6,800,398	4,156,539	334,313
Paints and allied products	1,705	6,596	4,220	119,271	41,411	40,258	2,940,362	1,505,118	1,312,245	96,222
Agricultural and other chemical products	149,423	44,057	5,264	208,910	280,601	248,033	17,102,125	6,614,187	10,755,344	764,161
Petroleum (including integrated) and coal products	4,665,179	883,840	5,545	2,965,988	7,254,404	6,880,639	252,352,424	124,902,878	132,237,767	7,554,419
Petroleum refining (including integrated)	4,661,557	873,189	4,188	2,905,186	7,217,158	6,843,394	250,424,394	123,963,718	131,102,840	7,464,189
Petroleum and coal products, not elsewhere classified	*3,622	10,651	1,357	60,802	37,246	37,246	1,928,030	939,160	1,134,928	90,230
Rubber and miscellaneous plastics products	112,400	87,074	42,008	559,854	301,517	301,042	24,009,862	10,813,981	14,317,051	951,790
Rubber products; plastics footwear, hose and belting	73,645	47,415	9,914	294,442	267,972	267,957	16,119,602	7,376,850	9,717,205	550,322
Miscellaneous plastics products	38,754	39,660	32,094	265,412	33,544	33,085	7,890,260	3,437,131	4,599,845	401,468
Leather and leather products	2,493	11,227	8,109	232,849	113,401	112,060	5,968,568	2,807,908	1,981,222	139,484
Footwear, except rubber	1,842	7,997	3,034	189,448	98,238	98,120	4,518,206	2,184,296	1,250,860	100,261
Leather and leather products, not elsewhere classified	*652	3,230	5,075	43,401	15,163	13,940	1,450,362	623,611	440,362	39,223

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits	Distributions to stockholders except in own stock		Total assets	Net worth	Depreciable assets	Depreciation deduction
					All returns	Returns with net income				
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Manufacturing — Continued										
Stone, clay, and glass products.....	114,947	215,075	37,784	1,017,991	526,821	523,786	30,334,655	14,901,207	22,576,975	1,594,823
Glass products.....	34,982	60,253	3,741	252,656	190,403	189,653	9,493,164	4,879,457	7,071,847	539,560
Cement, hydraulic.....	3,284	33,457	927	97,892	77,992	76,319	3,938,890	1,873,231	3,481,037	172,867
Concrete, gypsum, and plaster products.....	6,821	64,416	19,812	351,522	102,721	102,279	8,757,413	4,001,590	6,821,830	526,906
Other nonmetallic mineral products.....	69,859	56,950	13,504	315,921	155,705	155,535	8,145,187	4,146,928	5,202,261	355,488
Primary metal industries.....	323,530	336,506	32,349	1,320,339	1,339,748	1,110,651	102,484,550	43,998,054	71,092,150	4,065,230
Ferrous metal industries: miscellaneous.....										
primary metal products.....	71,974	217,253	20,222	873,506	751,390	574,927	53,197,588	24,050,833	48,822,299	2,769,565
Nonferrous metal industries.....	251,556	119,253	12,127	446,832	588,358	535,724	49,286,720	19,847,221	22,269,851	1,295,665
Fabricated metal products.....	197,825	223,986	160,088	2,042,808	949,193	919,831	59,321,142	27,626,491	28,220,353	2,157,673
Metal cans and shipping containers.....	35,682	30,225	1,697	153,148	175,190	174,641	7,498,067	3,596,057	4,145,291	318,594
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	53,444	29,952	19,076	353,045	190,208	186,715	6,956,970	3,648,066	3,405,150	279,210
Plumbing and heating, except electric and warm air.....	35,126	11,180	4,735	180,707	77,224	77,205	4,002,638	2,006,299	1,768,853	127,437
Fabricated structural metal products.....	36,823	47,559	39,466	420,445	189,256	182,565	16,075,250	6,750,509	6,530,253	458,035
Metal forgings and stampings.....	4,678	31,181	20,663	254,246	80,683	79,846	6,198,917	2,914,357	3,724,488	279,031
Coating, engraving, and allied services.....	84	11,765	10,656	76,137	44,574	31,956	2,513,198	1,141,618	1,406,073	117,626
Ordnance and accessories, except vehicles and guided missiles.....	761	2,160	*1,205	37,564	*13,179	*12,888	576,518	324,728	316,604	23,279
Miscellaneous fabricated metal products.....	31,226	59,965	62,589	567,515	178,878	174,015	15,499,044	7,244,855	6,923,641	554,461
Machinery, except electrical.....	1,914,522	485,390	112,753	4,389,754	3,580,771	3,561,909	121,529,849	55,840,038	51,519,865	4,775,569
Farm machinery.....	14,700	26,008	5,835	302,077	125,497	124,133	11,712,372	3,982,935	3,123,941	265,937
Construction and related machinery.....	144,900	127,955	18,511	1,094,179	607,512	607,105	24,552,800	10,980,158	10,905,532	920,479
Metalworking machinery.....	21,009	40,059	25,480	327,175	128,680	126,860	7,676,522	3,798,652	4,084,139	312,783
Special industry machinery.....	56,414	22,542	18,462	253,220	121,323	117,411	8,275,245	3,773,378	2,945,512	248,004
General industrial machinery.....	57,448	39,808	15,557	435,756	248,060	246,441	11,816,406	5,457,890	4,938,620	402,541
Office, computing, and accounting machines.....	1,595,337	188,505	6,222	1,569,938	2,180,449	2,179,034	47,383,238	23,257,810	21,079,281	2,283,086
Other machinery, except electrical.....	24,716	40,512	22,707	407,409	169,252	160,924	10,013,237	4,589,216	4,442,840	342,741
Electrical and electronic equipment.....	724,615	428,761	97,880	2,796,371	2,330,689	2,297,269	110,596,932	43,308,934	39,714,007	3,952,345
Household appliances.....	64,950	15,217	3,330	330,002	239,866	238,801	8,490,990	4,198,321	2,935,557	226,249
Radio, television, and communication equipment.....	279,972	95,160	14,446	420,198	634,168	631,765	30,686,600	10,563,078	8,436,828	1,172,929
Electronic components and accessories.....	99,765	89,581	47,214	666,486	260,739	240,210	22,724,529	9,941,003	7,640,017	757,237
Other electrical equipment.....	279,929	228,804	32,890	1,379,685	1,195,916	1,186,493	48,694,814	18,606,532	20,701,606	1,795,931
Motor vehicles and equipment.....	1,037,322	539,124	23,126	3,895,705	2,745,987	2,677,581	117,934,444	40,380,918	45,097,210	4,793,306
Transportation equipment, except motor vehicles.....	150,742	83,056	23,635	672,665	789,916	609,506	41,825,562	15,406,768	17,274,443	1,108,040
Aircraft, guided missiles and parts.....	146,192	52,173	5,588	466,941	579,623	402,256	32,369,032	11,333,039	13,477,629	820,995
Ship and boat building and repairing.....	*112	10,552	9,624	69,348	138,732	138,372	5,135,922	2,309,671	1,392,730	108,985
Other transportation equipment, except motor vehicles.....	4,439	20,332	8,423	136,375	71,561	68,879	4,320,608	1,764,059	2,404,084	178,061
Instruments and related products.....	255,019	89,003	23,758	1,164,738	723,293	716,327	23,398,244	12,856,929	11,046,422	887,772
Scientific instruments and measuring devices; watches and clocks.....	38,667	26,618	11,611	355,521	118,314	116,975	8,723,154	4,109,138	2,985,329	236,562
Optical, medical, and ophthalmic goods.....	108,843	23,451	10,679	249,955	187,535	187,343	7,584,569	4,088,457	2,830,872	249,696
Photographic equipment and supplies.....	*107,509	38,935	1,468	559,261	417,443	412,009	7,090,521	4,659,333	5,230,221	401,514
Miscellaneous manufacturing and manufacturing not allocable.....	41,903	44,349	34,576	514,955	208,324	**	16,353,400	7,292,917	5,604,848	477,018
Transportation and public utilities.....										
Transportation.....	222,436	4,765,971	123,751	5,256,704	13,666,472	13,002,450	597,721,008	241,160,442	569,615,144	30,287,913
Railroad transportation.....	113,735	1,202,231	94,073	1,270,525	1,436,434	1,413,448	140,980,182	50,369,919	113,380,700	7,454,491
Local and interurban passenger transit.....	8,196	355,650	1,238	234,615	593,163	585,436	54,344,793	21,898,303	44,433,603	1,712,573
Trucking and warehousing.....	(*)	13,161	6,511	26,409	13,304	13,144	1,869,792	615,609	1,765,193	155,572
Water transportation.....	14,525	197,442	61,260	490,615	249,100	238,492	27,372,017	10,943,250	20,993,313	2,362,776
Transportation by air.....	9,098	33,967	8,811	98,561	74,420	71,329	11,356,203	2,931,382	7,572,188	493,478
Pipelines, except natural gas.....	70,989	541,080	6,889	132,060	165,878	164,850	27,633,129	9,077,310	25,461,372	1,783,872
Transportation services, not elsewhere classified.....	*1,498	30,887	*1,261	183,882	238,542	238,542	6,750,667	1,648,113	6,220,776	386,745
Communication.....	9,430	30,045	8,104	104,383	102,027	101,654	11,653,581	3,255,953	6,934,156	519,475
Telephone, telegraph, and other communication services.....	61,965	1,658,219	16,865	2,033,323	4,431,805	4,431,343	162,682,271	71,890,817	157,006,035	11,252,026
Radio and television broadcasting.....	*35,315	1,606,937	9,090	1,433,822	4,165,856	4,165,693	151,567,382	66,728,828	151,870,026	10,699,725
Electric, gas, and sanitary services.....	26,650	51,282	7,775	599,500	265,948	265,650	11,115,369	5,161,989	5,136,009	552,301
Electric, gas, and sanitary services.....	46,736	1,905,521	12,812	1,952,856	7,798,234	7,157,659	294,058,075	118,899,705	299,228,408	11,581,396
Electric services.....	2,713	898,244	3,744	487,555	3,701,563	3,273,798	134,783,198	54,271,118	140,651,362	5,340,396
Gas production and distribution.....	38,883	369,056	2,974	904,090	1,427,741	1,409,295	67,332,803	25,384,188	60,173,221	2,532,190
Combination utility services.....	*3,230	596,894	2,175	468,241	2,593,427	2,399,237	85,228,312	36,733,482	92,033,482	3,346,186
Water supply and other sanitary services.....	1,909	41,328	3,919	92,970	75,502	75,329	6,713,762	2,491,057	6,370,343	362,624
Wholesale and retail trade.....										
Wholesale trade.....	594,197	1,087,793	860,923	9,913,600	7,272,502	7,050,481	486,146,204	172,397,596	145,203,300	13,268,846
Groceries and related products.....	478,029	432,258	345,315	4,720,243	4,533,924	4,400,621	252,600,616	90,854,331	54,178,281	5,292,984
Machinery, equipment, and supplies.....	1,271	57,347	36,564	457,777	212,086	209,807	22,887,721	6,955,831	7,380,629	708,282
Miscellaneous wholesale trade.....	16,403	88,651	71,501	921,293	1,380,795	1,327,587	41,445,155	16,346,155	8,169,672	1,073,587
Motor vehicles and automotive equipment.....	460,354	286,259	237,250	3,341,173	2,941,044	2,863,228	188,267,740	67,552,344	38,627,980	3,511,115
Furniture and home furnishings.....	4,037	20,543	30,030	396,619	445,248	443,309	17,517,319	6,838,695	3,092,788	293,543
Lumber and construction materials.....	*79	3,668	7,948	44,824	10,630	10,559	2,339,070	731,933	391,824	42,238
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	23	21,680	26,693	303,641	102,867	102,142	9,535,829	3,361,277	2,318,924	213,287
Metals and minerals, except petroleum and scrap.....	193	2,013	3,687	41,895	15,314	13,914	2,249,038	621,533	229,646	25,293
Electrical goods.....	7,302	29,635	15,124	269,376	156,242	152,525	15,710,033	4,320,745	2,643,555	242,384
Hardware, plumbing, and heating equipment and supplies.....	4,068	14,472	22,311	317,506	475,414	460,044	14,057,257	5,892,394	1,683,620	182,527
Other durable goods.....	*830	15,490	19,663	233,614	76,872	75,337	9,925,444	3,918,706	1,775,216	169,537
Paper and paper products.....	2,799	31,937	33,026	423,567	354,489	353,439	21,395,504	7,177,553	3,443,026	360,633
Drugs, drug proprietaries, and druggists' sundries.....	*4,068	5,357	7,387	76,783	83,383	82,565	3,805,815	1,575,638	767,270	79,677
Apparel, piece goods, and notions.....	*161	4,587	4,262	55,867	76,752	76,432	2,842,298	1,138,258	466,983	47,306
Farm-product raw materials.....	6,031	8,643	9,933	169,878	62,670	62,670	8,907,661	2,414,985	806,855	90,101
Chemicals and allied products.....	16,872	37,100	5,506	181,883	211,480	203,571	21,893,647	6,977,695	7,418,138	516,490
Petroleum and petroleum products.....	*5,904	7,856	3,930	84,122	373,600	366,704	6,552,027	3,753,577	1,059,508	103,534
Alcoholic beverages.....	391,333	42,413	11,240	262,881	118,511	95,816	28,927,788	10,627,974	6,413,394	578,004
Miscellaneous nondurable goods; wholesale trade not allocable.....	*735	13,245	14,527	235,413	151,726	144,257	6,024,558	2,482,644	1,624,869	163,475
	15,291	29,420	21,984	263,305	225,565	219,946	16,584,754	5,718,736	4,492,363	403,085

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and

RETURNS OF ACTIVE CORPORATIONS

Table 1.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Net worth	Depreciable assets	Depreciation deduction
					All returns	Returns with net income				
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Wholesale and retail trade — Continued										
Retail trade	116,169	654,949	515,214	5,191,527	2,735,592	2,646,874	233,287,520	81,464,137	90,915,574	7,962,110
Building materials, garden supplies, and mobile home dealers	54	35,862	51,673	508,223	121,799	119,606	17,128,477	7,098,198	4,986,192	437,683
Building materials dealers	54	26,823	34,392	421,860	99,517	97,989	11,733,681	5,271,317	3,577,566	307,827
Hardware stores	—	4,726	10,034	80,619	15,321	14,987	2,874,942	1,287,147	702,046	62,909
Garden supplies and mobile home dealers	—	4,313	7,247	25,745	6,961	6,830	2,519,853	539,734	706,581	66,948
General merchandise stores	72,361	153,018	18,053	1,342,251	1,082,802	1,075,972	57,343,413	22,360,712	20,310,969	1,407,020
Food stores	23,771	139,615	52,617	800,508	372,745	371,843	28,073,094	9,996,966	17,241,945	1,385,506
Grocery stores	23,771	135,660	49,944	779,472	361,331	360,529	28,693,598	9,638,679	16,400,910	1,306,836
Other food stores	—	3,955	2,673	21,066	11,413	11,413	1,179,496	358,287	841,035	78,744
Automotive dealers and service stations	26	75,615	123,225	573,288	170,977	167,178	47,336,665	11,783,421	12,038,202	1,404,459
Motor vehicle dealers	24	48,375	92,218	406,011	102,608	102,608	35,668,229	8,075,508	8,060,725	1,002,932
Gasoline service stations	—	12,700	9,813	65,615	22,124	21,508	4,271,799	1,569,229	2,129,076	193,133
Other automotive dealers	3	14,541	21,194	101,661	43,906	43,063	7,396,636	2,138,684	1,848,401	208,995
Apparel and accessory stores	*100	25,767	37,661	467,745	244,551	234,049	12,564,831	5,877,823	3,593,544	334,663
Furniture and home furnishings stores	21	13,670	29,469	248,815	68,777	67,959	11,511,337	4,190,123	2,668,375	262,750
Eating and drinking places	8,828	102,219	110,738	347,548	225,859	203,859	20,365,980	5,783,497	16,386,277	1,434,284
Miscellaneous retail stores	13,006	109,182	91,778	903,149	437,146	384,309	38,963,723	14,373,396	13,690,070	1,295,672
Drug stores and proprietary stores	1,072	16,576	11,792	252,033	109,472	106,646	6,913,185	3,095,754	2,423,016	189,795
Liquor stores	—	3,165	2,209	22,028	35,860	10,240	2,164,776	494,609	854,034	69,875
Other retail stores	11,934	89,441	77,778	629,089	291,815	267,422	29,885,762	10,783,033	10,413,020	1,036,002
Wholesale and retail trade not allocable	—	586	*394	1,830	*2,986	*2,986	258,068	78,128	109,444	13,752
Finance, insurance, and real estate	1,103,998	695,842	204,232	9,908,261	13,599,824	12,811,373	3,249,397,057	365,539,650	125,555,463	9,349,094
Banking	767,374	357,311	78,764	1,829,535	3,280,342	3,074,724	1,725,421,986	119,217,841	31,432,741	3,627,860
Mutual savings banks	107	5,781	4,108	183,987	—	—	155,000,387	8,129,322	17,040,562	110,408
Bank holding companies	751,207	283,430	23,159	830,525	2,322,436	2,220,985	1,136,303,609	78,972,623	20,171,762	2,738,134
Banks, except mutual savings banks and bank holding companies	16,060	68,120	51,496	815,023	957,906	853,740	434,117,990	32,115,896	9,520,417	779,318
Credit agencies other than banks	42,742	69,446	30,107	1,901,721	862,474	730,956	640,407,256	33,040,386	12,923,473	914,652
Savings and loan associations	24	18,839	19,146	1,260,188	180,915	179,665	495,664,652	16,543,721	7,535,428	399,190
Personal credit institutions	17,930	36,634	2,079	192,147	248,818	248,596	33,039,511	4,632,350	2,580,441	311,684
Business credit institutions	*2,708	5,927	350	133,504	20,600	20,564	15,042,192	2,070,681	202,698	60,314
Other credit agencies; finance not allocable	22,079	8,046	8,532	315,882	412,141	282,131	96,660,900	9,793,633	2,604,906	143,465
Security, commodity brokers and services	4,790	21,099	8,328	236,091	173,183	163,330	55,232,583	5,267,490	1,008,229	143,249
Security brokers, dealers, and flotation companies	4,668	18,869	6,423	188,369	152,471	144,615	51,675,040	4,360,683	717,598	117,160
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	*122	2,229	1,905	47,722	20,713	18,715	3,557,543	906,806	290,631	26,089
Insurance	221,016	158,564	23,131	4,091,592	2,965,359	2,923,136	584,039,465	86,487,956	10,339,788	1,468,468
Life insurance	82,625	66,656	5,316	2,772,714	1,072,088	1,056,372	388,647,009	30,741,374	3,184,028	669,105
Mutual insurance, except life or marine and certain fire or flood insurance companies	7,841	18,640	5,279	409,450	—	—	42,175,544	11,825,683	667,177	121,647
Other insurance companies	130,550	73,268	12,536	909,428	1,893,271	1,866,763	153,216,913	43,920,900	6,488,582	677,716
Insurance agents, brokers, and service	11,867	14,842	19,508	341,847	279,941	272,214	13,418,085	3,843,432	1,428,577	189,826
Real estate	4,742	63,543	39,545	1,164,100	859,864	770,764	114,228,660	26,866,749	63,075,539	2,784,686
Real estate operators and lessors of buildings	4,051	32,180	7,677	625,203	445,626	404,763	62,676,723	16,801,101	50,434,890	2,094,936
Lessors of mining, oil, and similar property	*136	1,271	*7	20,396	25,255	25,255	686,629	280,096	471,929	23,804
Lessors of railroad property, and of real property, not elsewhere classified	*111	2,241	*134	20,389	16,295	16,071	2,425,371	1,040,961	997,856	52,426
Condominium management and cooperative housing associations	—	*35	*6	738	*2,155	*2,155	2,655,840	745,350	2,456,678	58,219
Subdividers and developers	*361	10,200	8,312	316,908	174,319	165,412	28,529,336	4,584,749	4,122,942	227,882
Other real estate	*82	17,614	23,410	180,466	196,215	157,109	17,254,761	3,417,493	4,591,244	327,620
Holding and other investment companies, except bank holding companies	51,466	11,037	4,849	343,375	5,178,661	4,876,249	116,649,022	90,812,795	5,347,118	220,352
Regulated investment companies	—	—	—	*15	3,973,347	3,809,251	70,706,248	67,542,075	3,018	156
Real estate investment trusts	—	—	—	39	152,197	94,564	7,793,943	2,829,291	2,804	255
Small business investment companies	*110	*66	*66	7,643	*10,059	*9,212	837,415	366,127	46,610	1,719
Other holding and investment companies, except bank holding companies	51,466	10,928	4,782	335,677	1,043,057	963,222	37,311,415	20,275,302	2,493,235	131,415
Services	140,459	500,305	386,149	2,158,326	1,490,937	1,412,812	134,379,134	38,830,266	86,863,656	10,354,225
Hotels and other lodging places	*6,100	36,165	20,077	272,963	131,431	126,107	16,302,224	4,019,000	13,648,744	798,813
Personal services	*6,658	22,528	18,651	129,660	105,852	105,451	6,319,822	2,658,822	4,941,192	479,057
Business services	60,653	165,053	144,737	738,231	402,540	378,991	40,914,190	11,849,333	20,765,229	2,755,855
Advertising	31,674	15,026	15,505	162,891	68,324	63,414	5,683,986	1,704,927	1,630,142	161,844
Business services, except advertising	28,980	150,028	129,232	575,340	334,215	315,577	35,230,204	10,144,406	19,135,087	2,594,210
Auto repair; miscellaneous repair services	*54	55,571	38,873	146,219	91,292	73,962	16,504,154	3,758,982	14,664,584	2,623,167
Auto repair and services	54	47,040	12,826	100,904	60,359	46,788	14,556,707	2,942,666	13,714,582	2,514,335
Miscellaneous repair services	*1	8,531	17,047	45,315	30,933	27,174	1,947,447	816,316	950,003	108,832
Amusement and recreation services	48,138	110,525	29,979	379,572	295,298	280,086	22,950,851	7,006,297	14,228,474	2,022,703
Motion picture production, distribution, and services	44,441	71,130	4,823	98,155	116,956	115,767	9,733,783	2,636,984	2,506,786	1,213,555
Motion picture theaters	*15	8,937	5,435	45,612	16,552	16,253	2,018,780	763,213	1,711,089	112,886
Amusement and recreation services, except motion pictures	*3,683	30,458	19,721	235,806	161,791	148,067	11,198,287	3,606,100	10,010,600	696,262
Other services	18,856	110,463	133,832	491,680	464,525	448,215	31,387,863	9,537,833	18,615,432	1,674,629
Offices of physicians, including osteopathic physicians	—	24,759	19,970	76,729	11,723	10,500	3,583,496	1,551,920	2,625,872	321,045
Offices of dentists	—	8,357	8,642	11,077	9,125	8,760	934,756	420,755	903,693	112,229
Offices of other health practitioners	—	621	*656	2,895	*1,897	*1,379	170,898	70,614	105,804	13,037
Nursing and personal care facilities	—	7,582	20,705	41,553	56,780	56,178	5,034,743	631,535	4,049,877	214,566
Hospitals	3,627	14,738	2,881	39,789	108,331	107,765	3,768,235	1,253,630	2,017,055	164,322
Medical laboratories	—	2,272	*1,581	6,074	*3,890	*3,890	541,870	260,668	304,261	33,313
Other medical services	—	6,739	6,865	39,049	19,362	19,362	1,706,275	517,626	904,198	85,509
Legal services	—	7,103	8,568	12,540	26,508	26,508	1,015,774	334,088	648,769	79,208
Educational services	*1,519	4,775	10,170	35,343	20,451	20,369	1,474,861	461,280	776,579	74,230
Social services	—	*164	*427	*1,809	*2,565	*2,562	239,052	60,702	141,270	9,232
Membership organizations	*140	1,184	1,567	11,865	*4,421	*4,269	1,217,835	557,407	637,421	39,152
Architectural and engineering services	10,326	13,375	36,038	101,059	80,264	79,068	4,136,951	1,715,303	1,425,563	170,832
Accounting, auditing, and bookkeeping services	—	1,309	3,215	7,866	21,025	19,817	449,767	132,357	223,549	31,132
Miscellaneous services (including veterinarians), not elsewhere classified	*3,243	17,486	12,546	104,030	98,181	87,787	7,113,350	1,569,950	3,251,523	326,821
Nature of business not allocable	(*)	5,882	6,063	47,726	16,848	16,618	2,013,976	701,432	795,195	78,445

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)									
	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
Total returns of active corporations.....	0.16	0.52	0.16	0.17	0.18	0.21	0.11	1.06	0.12	0.11
Agriculture, forestry, and fishing.....	3.49	4.24	2.86	3.26	2.97	3.43	3.05	7.09	3.40	3.41
Agricultural production.....	3.79	4.56	3.13	3.54	3.25	3.76	3.30	7.81	3.66	3.63
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.....	7.83	9.80	7.00	7.89	7.12	8.24	7.94	16.02	8.80	9.16
Mining.....	5.95	7.27	0.74	0.77	0.76	1.25	0.20	3.01	0.17	0.16
Metal mining.....	30.44	40.28	0.64	0.80	0.67	0.62	1.98	7.76	1.34	1.52
Iron ores.....	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Copper, lead and zinc, gold and silver ores.....	48.47	42.52	0.56	0.75	0.64	0.33	1.72	18.88	1.49	1.76
Other metal mining.....	38.49	50.38	4.59	4.67	4.60	6.02	15.18	14.92	25.52	17.02
Coal mining.....	13.64	16.02	3.09	4.26	3.19	3.57	5.68	5.55	5.42	4.79
Oil and gas extraction.....	7.88	9.70	0.78	0.79	0.80	1.57	0.17	3.96	0.15	0.13
Crude petroleum, natural gas, and natural gas liquids.....	11.29	14.62	0.31	0.28	0.30	0.55	0.09	4.03	0.07	0.07
Oil and gas field services.....	10.95	12.94	4.22	4.63	4.53	6.59	2.64	10.16	2.68	2.43
Nonmetallic minerals, except fuels.....	12.37	12.15	3.40	4.15	3.43	3.72	5.39	14.26	5.39	5.06
Dimension, crushed, and broken stone; sand and gravel.....	13.00	13.20	4.61	4.83	4.66	4.96	6.00	22.81	5.91	5.69
Other nonmetallic minerals, except fuels.....	34.00	31.07	3.77	7.28	3.77	4.01	12.07	14.91	13.05	11.10
Construction.....	2.03	2.44	1.24	1.38	1.26	1.31	1.50	3.33	1.60	1.57
General building contractors and operative builders.....	3.16	3.87	1.96	2.10	2.00	2.07	2.25	4.78	2.38	2.29
General building contractors.....	3.26	4.00	2.08	2.24	2.11	2.19	2.43	5.01	2.57	2.50
Operative builders.....	12.64	14.26	4.75	4.82	4.90	5.12	4.73	15.80	5.13	4.69
Heavy construction contractors.....	6.50	7.09	2.31	2.55	2.35	2.42	2.73	8.00	2.75	2.63
Special trade contractors.....	3.02	3.54	2.25	2.50	2.26	2.34	2.85	5.73	3.16	3.32
Plumbing, heating, and air conditioning.....	6.25	7.22	4.49	5.07	4.51	4.59	5.84	11.87	6.44	6.51
Electrical work.....	7.73	8.77	4.89	5.52	4.92	4.93	6.89	11.65	7.62	7.84
Other special trade contractors and contractors not allocable.....	3.93	4.65	3.09	3.39	3.11	3.26	3.72	7.76	4.13	4.37
Manufacturing.....	1.82	2.01	0.18	0.18	0.18	0.20	0.17	1.39	0.16	0.15
Food and kindred products.....	6.65	6.82	0.86	0.86	0.87	1.01	0.68	5.08	0.64	0.60
Meat products.....	14.49	14.44	2.61	2.70	2.63	2.77	3.25	13.45	3.19	3.02
Dairy products.....	15.78	19.12	2.24	2.15	2.25	2.45	1.18	20.69	1.13	1.03
Preserved fruits and vegetables.....	26.62	13.54	2.18	2.19	2.23	2.76	1.35	29.26	1.26	1.22
Grain mill products.....	17.79	19.68	1.50	1.41	1.52	1.75	1.05	24.53	0.99	0.91
Bakery products.....	19.09	23.34	3.79	3.54	3.81	4.06	4.42	24.82	4.18	4.00
Sugar and confectionery products.....	31.82	33.67	3.87	6.09	3.93	4.86	6.66	3.16	3.16	3.02
Malt liquors and malt.....	23.97	(*)	1.04	(*)	1.03	1.35	3.24	6.73	(*)	(*)
Alcoholic beverages, except malt liquors and malt.....	45.84	58.93	0.88	0.91	0.90	0.50	1.24	9.03	0.97	0.93
Bottled soft drinks, and flavorings.....	15.12	13.41	2.83	2.39	2.89	3.62	2.12	31.59	1.85	1.87
Other food and kindred products.....	15.76	15.74	1.62	1.96	1.84	1.97	2.21	13.02	2.17	1.97
Tobacco manufactures.....	43.28	..	0.24	..	0.25	0.32	..	(*)	0.32	0.27
Textile mill products.....	10.53	11.56	1.83	1.88	1.84	1.92	1.83	9.45	1.76	1.64
Weaving mills and textile finishing.....	24.66	19.29	2.09	2.10	2.10	2.13	2.18	18.37	2.26	2.14
Knitting mills.....	19.21	23.85	5.44	5.70	5.48	5.75	5.21	8.12	4.82	4.59
Other textile mill products.....	14.52	15.91	2.94	3.08	2.95	3.09	2.82	16.62	2.76	2.53
Apparel and other textile products.....	7.39	8.18	2.46	2.56	2.49	2.54	2.36	7.38	2.29	2.09
Men's and boys' clothing.....	14.96	16.65	3.66	3.82	3.74	3.82	2.49	13.59	2.25	2.10
Women's and children's clothing.....	10.30	11.46	3.89	4.03	3.91	3.97	4.47	11.46	4.40	4.05
Other apparel and accessories.....	22.69	23.73	10.38	10.71	10.41	10.70	11.05	44.97	11.07	10.59
Miscellaneous fabricated textile products; textile products, not elsewhere classified.....	15.74	18.21	6.77	7.33	6.81	6.92	7.55	13.79	7.71	7.39
Lumber and wood products.....	7.45	8.00	1.65	1.65	1.71	1.83	1.49	11.34	1.40	1.53
Logging, sawmills, and planing mills.....	12.03	12.85	2.34	2.33	2.68	2.68	2.15	15.73	1.87	2.23
Millwork, plywood, and related products.....	13.36	14.20	2.59	2.60	2.65	2.86	2.39	28.16	2.27	2.39
Other wood products, including wood buildings and mobile homes.....	13.52	14.73	4.26	4.32	4.34	4.52	4.09	19.59	4.39	4.13
Furniture and fixtures.....	10.80	12.34	3.35	3.44	3.38	3.43	3.38	10.85	3.44	3.33
Paper and allied products.....	10.43	11.53	1.01	1.00	1.04	1.10	0.78	9.73	0.74	0.73
Pulp, paper, and board mills.....	29.72	24.36	0.43	0.29	0.44	0.51	0.14	16.09	0.13	0.14
Other paper products.....	11.08	12.20	2.46	2.57	2.50	2.73	1.56	12.05	1.51	1.41
Printing and publishing.....	5.55	6.36	1.44	1.47	1.47	1.58	1.21	8.77	1.18	1.12
Newspapers.....	13.47	14.96	1.77	1.73	1.81	2.02	1.30	20.95	1.18	1.11
Periodicals.....	16.42	19.94	3.87	4.05	3.94	4.36	3.62	17.96	3.46	3.36
Books, greeting cards, and miscellaneous publishing.....	16.38	20.54	2.22	2.20	2.29	2.49	1.67	19.46	1.52	1.37
Commercial and other printing and printing trade services.....	7.17	8.07	3.13	3.30	3.15	3.18	3.77	13.32	3.88	3.98
Chemicals and allied products.....	8.93	9.79	0.49	0.48	0.51	0.59	0.34	3.75	0.32	0.29
Industrial chemicals, plastics materials and synthetics.....	14.41	15.44	0.70	0.63	0.72	0.86	0.54	6.73	0.52	0.49
Drugs.....	30.46	35.49	0.56	0.47	0.58	0.74	0.28	5.83	0.26	0.24
Soap, cleaners, and toilet goods.....	25.77	29.82	1.03	0.97	1.06	1.17	0.58	12.56	0.52	0.46
Paints and allied products.....	21.80	23.49	4.81	6.05	4.83	4.89	6.51	13.75	6.47	6.17
Agricultural and other chemical products.....	17.37	16.91	1.77	2.12	1.82	1.96	2.06	7.02	1.88	1.75
Petroleum (including integrated) and coal products.....	26.08	31.17	0.10	0.10	0.10	0.11	0.08	4.06	0.08	0.08
Petroleum refining (including integrated).....	29.34	33.74	0.08	0.08	0.08	0.09	0.05	4.05	0.04	0.04
Petroleum and coal products, not elsewhere classified.....	32.80	40.10	6.39	6.55	6.42	6.82	6.90	16.60	7.65	7.49
Rubber and miscellaneous plastics products.....	9.05	9.90	1.50	1.51	1.52	1.57	2.32	11.63	2.32	2.11
Rubber products; plastics footwear, hose and belting.....	20.62	21.35	0.99	0.97	1.01	1.05	1.95	23.52	1.93	1.76
Miscellaneous plastics products.....	10.03	11.10	3.75	4.11	3.79	3.95	4.21	12.82	4.31	4.04
Leather and leather products.....	18.31	20.22	3.27	3.65	3.30	3.59	3.01	16.62	3.19	3.02
Footwear, except rubber.....	31.16	39.27	2.79	2.92	2.83	3.21	2.04	21.69	2.19	2.02
Leather and leather products, not elsewhere classified.....	22.41	23.59	8.98	9.79	8.99	9.22	10.98	24.04	11.86	12.32

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)									
	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
Manufacturing — Continued										
Stone, clay, and glass products.....	8.47	8.80	1.54	1.55	1.57	1.66	1.37	7.85	1.24	1.15
Glass products.....	28.86	31.98	1.50	1.43	1.55	1.66	1.57	22.81	1.59	1.50
Cement, hydraulic.....	43.49	47.46	2.48	2.73	2.54	2.45	1.52	0.83	1.54	1.20
Concrete, gypsum, and plaster products.....	10.53	10.38	3.53	3.62	3.58	3.80	3.29	9.34	2.90	2.75
Other nonmetallic mineral products.....	17.00	17.80	2.93	2.92	2.99	3.12	2.15	27.16	2.11	1.91
Primary metal industries.....	11.26	12.25	0.48	0.54	0.49	0.53	0.70	3.26	0.71	0.66
Ferrous metal industries; miscellaneous										
primary metal products.....	14.92	16.81	0.48	0.57	0.48	0.50	0.93	3.52	0.95	0.88
Nonferrous metal industries.....	17.06	17.82	1.00	1.02	1.04	1.13	1.06	7.90	1.08	1.01
Fabricated metal products.....	4.72	4.95	1.29	1.35	1.30	1.35	1.48	6.01	1.50	1.47
Metal cans and shipping containers.....	36.59	38.48	1.39	1.33	1.41	1.48	1.18	56.96	1.17	1.13
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	14.22	14.68	3.05	3.15	3.09	3.33	2.75	17.68	2.76	2.57
Plumbing and heating, except electric and warm air.....	29.16	33.23	3.05	2.95	3.10	3.23	2.57	44.97	2.56	2.43
Fabricated structural metal products.....	9.12	9.46	2.41	2.58	2.43	2.42	2.72	7.19	2.70	2.55
Metal forgings and stampings.....	13.38	13.90	4.90	5.20	4.92	4.89	7.82	21.08	8.15	8.41
Coating, engraving, and allied services.....	18.01	20.13	6.27	6.32	6.29	6.16	8.32	33.84	8.52	8.23
Ordnance and accessories, except vehicles and guided missiles.....	66.41	69.97	5.96	6.06	6.02	5.15	6.97	29.93	7.11	6.48
Miscellaneous fabricated metal products.....	7.60	7.83	2.99	3.20	3.01	3.23	2.84	11.68	2.84	2.74
Machinery, except electrical.....	5.53	5.89	0.59	0.59	0.62	0.65	0.47	4.95	0.45	0.40
Farm machinery.....	19.31	17.80	2.27	2.27	2.35	2.56	2.34	5.15	2.31	2.08
Construction and related machinery.....	17.12	16.65	0.98	0.98	1.01	1.05	0.90	11.69	0.85	0.80
Metalworking machinery.....	10.27	10.71	3.59	3.73	3.85	3.85	3.61	16.61	3.50	3.30
Special industry machinery.....	13.25	14.37	2.92	3.02	2.99	3.03	3.55	13.67	3.48	3.26
General industrial machinery.....	16.83	18.23	1.65	1.68	1.67	1.58	2.19	18.28	2.22	2.05
Office, computing, and accounting machines.....	32.98	40.48	0.29	0.25	0.34	0.34	0.16	7.20	0.15	0.14
Other machinery, except electrical.....	11.62	12.45	2.37	2.45	2.41	2.39	2.52	17.95	2.53	2.25
Electrical and electronic equipment.....	7.53	8.00	0.54	0.55	0.55	0.58	0.66	4.99	0.64	0.60
Household appliances.....	37.22	37.69	0.93	0.93	0.95	0.98	1.17	20.12	0.98	0.64
Radio, television, and communication equipment.....	21.39	22.96	0.70	0.72	0.73	0.72	1.26	10.76	1.27	1.21
Electronic components and accessories.....	11.14	11.91	1.48	1.57	1.52	1.49	2.06	6.38	1.99	1.88
Other electrical equipment.....	12.20	12.86	0.86	0.85	0.89	0.97	0.78	13.05	0.78	0.72
Motor vehicles and equipment.....	16.27	17.89	0.25	0.27	0.26	0.27	0.23	3.02	0.22	0.20
Transportation equipment, except motor vehicles.....	16.03	18.80	0.75	0.81	0.78	0.84	1.03	2.81	1.14	1.06
Aircraft, guided missiles and parts.....	16.25	18.39	0.42	0.48	0.43	0.44	0.75	2.52	0.80	0.74
Ship and boat building and repairing.....	28.53	33.09	4.67	4.92	4.80	4.81	5.39	23.29	6.03	5.86
Other transportation equipment, except motor vehicles.....	25.64	28.94	3.64	3.50	3.70	3.98	4.24	32.43	4.19	3.98
Instruments and related products.....	12.56	14.16	1.23	1.25	1.26	1.44	1.00	10.41	0.94	0.87
Scientific instruments and measuring devices; watches and clocks.....	20.30	21.11	2.15	2.24	2.21	2.27	2.64	15.31	2.60	2.48
Optical, medical, and ophthalmic goods.....	17.40	20.45	2.59	2.57	2.66	3.11	2.07	20.16	1.81	1.57
Photographic equipment and supplies.....	34.45	37.15	1.19	1.27	1.22	1.52	0.72	16.21	0.68	0.63
Miscellaneous manufacturing and manufacturing not allocable.....	8.60	**	2.27	**	2.29	2.44	**	7.79	2.26	2.13
Transportation and public utilities.....										
Transportation.....	3.36	4.13	0.43	0.42	0.43	0.53	0.33	1.90	0.30	0.26
Railroad transportation.....	3.89	4.79	1.04	1.08	1.07	1.21	0.97	2.06	0.95	0.85
Local and interurban passenger transit.....	29.40	33.91	0.20	0.26	0.21	0.21	0.81	0.11	0.82	0.82
Trucking and warehousing.....	11.40	15.78	9.96	10.36	10.10	11.04	11.75	21.70	13.11	14.16
Water transportation.....	5.51	6.37	2.14	2.20	2.16	2.39	2.44	10.17	2.46	2.24
Transportation by air.....	13.59	17.48	4.14	4.14	3.61	4.09	3.65	6.08	4.77	4.57
Pipelines, except natural gas.....	13.35	19.70	1.14	1.09	1.18	1.27	0.99	12.53	0.82	0.74
Transportation services, not elsewhere classified.....	25.86	28.68	2.69	2.56	2.71	3.16	1.71	32.45	1.94	1.86
Communication.....	8.99	11.43	6.37	6.86	6.59	7.35	5.36	14.91	5.36	5.28
Telephone, telegraph, and other communication services.....	9.07	10.62	0.33	0.31	0.33	0.38	0.42	12.47	0.39	0.34
Radio and television broadcasting.....	13.84	15.88	0.21	0.19	0.21	0.25	0.27	19.10	0.25	0.21
Electric, gas, and sanitary services.....	12.03	14.21	1.99	1.93	2.02	1.95	1.85	16.46	1.74	1.59
Electric services.....	9.59	11.93	0.21	0.20	0.21	0.20	0.30	3.82	0.25	0.21
Gas production and distribution.....	50.36	52.77	0.11	0.12	0.11	0.13	0.07	0.29	0.07	0.03
Combination utility services.....	21.92	25.48	0.28	0.28	0.28	0.29	0.43	7.52	0.37	0.33
Water supply and other sanitary services.....	43.51	32.13	0.18	0.15	0.18	0.26	0.11	8.00	0.11	0.09
Water supply and other sanitary services.....	10.96	13.95	5.65	5.50	5.79	6.02	5.65	16.10	5.28	4.90
Wholesale and retail trade.....										
Wholesale trade.....	0.98	1.19	0.50	0.51	0.50	0.55	0.47	2.10	0.57	0.54
Groceries and related products.....	1.73	1.91	0.72	0.76	0.72	0.77	0.64	2.79	0.90	0.88
Machinery, equipment, and supplies.....	5.69	6.32	2.23	2.36	2.24	2.31	2.66	9.69	2.87	2.74
Miscellaneous wholesale trade.....	4.04	4.36	1.67	1.81	1.69	1.74	1.34	7.88	2.26	2.25
Motor vehicles and automotive equipment.....	2.09	2.31	0.84	0.89	0.85	0.90	0.78	3.13	1.06	1.03
Furniture and home furnishings.....	6.50	7.13	2.44	2.52	2.45	2.55	1.95	7.35	3.18	3.10
Lumber and construction materials.....	14.01	16.08	7.78	8.36	7.80	8.24	9.67	21.43	10.49	10.54
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	7.86	8.09	4.05	4.17	4.06	4.29	4.08	18.26	4.52	4.68
Metals and minerals, except petroleum and scrap.....	19.25	23.11	6.85	7.72	6.89	7.13	8.26	17.63	9.31	9.06
Electrical goods.....	11.50	12.35	2.72	2.98	2.73	2.76	3.34	10.93	3.69	3.31
Hardware, plumbing, and heating equipment and supplies.....	7.41	8.18	2.76	2.96	2.76	2.87	2.03	11.88	3.74	3.58
Other durable goods.....	7.67	7.87	3.50	3.66	3.52	3.58	4.46	17.23	4.71	4.79
Paper and paper products.....	5.63	6.25	2.95	2.83	2.98	3.31	2.55	8.82	3.74	3.86
Drugs, drug proprietaries, and druggists' sundries.....	12.48	13.36	5.08	5.12	5.10	5.15	5.57	30.24	7.49	7.10
Apparel, piece goods, and notions.....	18.14	19.34	5.62	6.10	5.64	5.84	6.03	20.30	10.14	10.18
Farm-product raw materials.....	8.33	9.49	3.62	3.85	3.62	3.66	4.67	12.55	4.96	4.89
Chemicals and allied products.....	7.78	8.46	2.86	2.92	2.88	2.99	2.78	10.43	3.64	3.21
Petroleum and petroleum products.....	14.18	15.49	3.05	2.99	3.07	3.14	1.97	16.65	7.85	7.67
Alcoholic beverages.....	6.47	6.74	2.00	2.11	2.00	1.98	1.69	5.13	1.58	1.32
Miscellaneous nondurable goods; wholesale trade not allocable.....	11.84	11.29	4.44	4.56	4.45	4.51	4.79	19.92	5.32	5.31
Miscellaneous nondurable goods; wholesale trade not allocable.....	6.00	7.01	2.95	3.63	2.98	3.14	3.22	10.28	4.23	4.26

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)									
	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
Wholesale and retail trade—Continued										
Retail trade	1.34	1.63	0.76	0.75	0.77	0.85	0.76	3.15	0.76	0.71
Building materials, garden supplies, and mobile home dealers	4.71	5.08	2.99	2.87	2.98	3.00	3.12	19.71	3.23	3.30
Building materials dealers	6.31	6.63	3.84	3.31	3.62	3.59	3.61	30.91	3.66	3.72
Hardware stores	8.95	9.76	7.29	7.80	7.32	7.70	7.89	24.21	8.42	8.60
Garden supplies and mobile home dealers	11.06	12.39	7.58	8.40	7.65	7.86	10.95	17.78	12.02	12.51
General merchandise stores	9.27	10.09	0.67	0.68	0.69	0.77	0.75	10.23	0.67	0.60
Food stores	5.76	6.86	1.57	1.81	1.58	1.63	1.64	8.26	1.65	1.46
Grocery stores	6.44	7.39	1.58	1.60	1.56	1.64	1.73	10.28	1.63	1.43
Other food stores	12.55	16.71	11.33	14.23	11.32	12.32	17.67	21.30	16.13	16.96
Automotive dealers and service stations	3.11	3.46	1.76	1.93	1.76	1.80	2.30	6.32	2.49	2.66
Motor vehicle dealers	3.69	3.77	1.99	2.17	2.00	2.02	2.64	7.82	2.86	3.12
Gasoline service stations	8.63	10.01	6.03	7.04	6.05	6.13	7.91	15.45	8.42	8.73
Other automotive dealers	5.92	6.72	4.22	4.59	4.23	4.35	5.48	14.14	6.02	6.35
Apparel and accessory stores	4.99	5.84	2.93	3.17	2.95	3.04	3.39	10.86	3.49	3.35
Furniture and home furnishings stores	5.05	5.71	3.32	3.59	3.37	3.63	3.84	10.40	3.84	3.68
Eating and drinking places	3.41	4.57	3.02	3.55	3.07	3.16	3.04	6.49	3.15	2.83
Miscellaneous retail stores	2.81	3.38	2.63	1.87	2.67	3.13	1.96	6.08	1.95	1.77
Drug stores and proprietary stores	6.98	8.09	3.13	2.94	3.13	3.13	3.44	17.19	2.84	1.88
Liquor stores	9.70	11.69	25.03	10.54	25.18	26.53	12.97	26.12	14.14	13.73
Other retail stores	3.29	3.97	2.16	2.34	2.18	2.47	2.36	6.71	2.43	2.31
Wholesale and retail trade not allocable	35.09	35.24	23.49	27.09	23.61	24.68	32.14	59.25	34.45	37.99
Finance, insurance, and real estate	1.36	1.72	0.23	0.20	0.44	0.50	0.33	1.46	0.35	0.28
Banking	2.52	2.01	0.06	0.07	0.29	0.23	0.18	0.96	0.18	0.16
Mutual savings banks	1.15	1.17	0.05	0.05	0.08	(*)	0.07	(*)	0.08	0.05
Bank holding companies	2.62	2.71	0.04	0.04	0.05	0.09	0.09	2.95	0.09	0.08
Banks, except mutual savings banks and bank holding companies	2.82	2.25	0.21	0.25	1.32	2.08	0.53	0.84	0.52	0.49
Credit agencies other than banks	4.37	5.46	0.34	0.36	1.35	2.20	0.79	4.39	0.63	0.47
Savings and loan associations	2.39	1.74	0.05	0.05	0.12	(*)	0.07	0.43	0.07	0.04
Personal credit institutions	13.35	14.52	0.54	0.52	0.63	0.03	1.54	24.11	1.66	1.37
Business credit institutions	16.54	18.40	2.05	2.08	2.92	17.81	2.13	24.20	2.05	1.90
Other credit agencies; finance not allocable	5.13	6.95	2.04	2.34	7.15	15.69	3.29	5.66	2.95	2.40
Security, commodity brokers and services	12.76	15.39	2.14	2.49	4.32	24.22	3.68	8.21	4.02	3.63
Security brokers, dealers, and flotation companies	16.30	18.89	1.71	1.98	3.47	4.07	3.70	8.94	3.87	3.27
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	20.18	26.10	10.86	12.25	13.78	44.19	10.30	20.16	12.94	12.93
Insurance	8.45	9.42	0.10	0.10	0.12	0.14	0.16	1.94	0.18	0.15
Life insurance	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Mutual insurance, except life or marine and certain fire or flood insurance companies	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Other insurance companies	13.39	15.30	0.32	0.31	0.34	0.38	0.45	3.77	0.72	0.61
Insurance agents, brokers, and service	5.18	5.95	5.08	4.42	5.30	11.76	3.33	14.60	3.16	2.73
Real estate	1.99	2.52	2.15	2.54	3.12	4.68	2.00	3.22	2.12	2.11
Real estate operators and lessors of buildings	2.43	2.97	1.92	2.33	3.68	6.68	2.13	3.68	2.27	2.20
Lessors of railroad property, and of real property, not elsewhere classified	10.71	14.17	15.52	16.58	31.25	48.22	16.54	17.05	17.02	18.03
Condominium management and cooperative housing associations	15.82	30.58	12.17	23.26	16.06	19.69	32.12	12.37	30.33	22.30
Subdividers and developers	5.13	6.41	2.10	2.46	3.82	4.09	3.68	4.68	3.27	3.04
Other real estate	4.03	5.33	4.16	4.79	4.44	6.44	4.60	7.21	5.47	5.66
Holding and other investment companies, except bank holding companies	4.45	5.39	2.32	1.49	11.27	19.53	0.98	4.86	3.83	3.74
Regulated investment companies	16.22	17.61	0.63	0.64	42.04	—	0.66	26.94	85.97	85.06
Real estate investment trusts	14.78	9.04	0.53	0.62	(*)	(*)	1.22	3.24	(*)	(*)
Small business investment companies	28.09	35.74	19.83	24.87	26.90	—	17.41	36.61	24.57	20.36
Other holding and investment companies, except bank holding companies	4.62	5.62	4.65	3.13	11.38	19.65	2.83	5.39	3.88	3.79
Services	1.30	1.77	1.34	1.46	1.37	1.70	1.28	6.55	1.36	1.29
Hotels and other lodging places	6.43	7.82	2.91	2.89	3.05	3.21	2.96	8.39	2.87	2.58
Personal services	5.61	6.87	4.85	5.03	4.93	5.62	5.08	13.62	5.31	4.88
Business services	2.96	3.80	2.53	2.75	2.61	3.37	2.37	5.56	2.42	2.26
Advertising	8.69	10.50	6.51	6.95	6.58	7.65	4.54	18.51	4.18	3.77
Business services, except advertising	3.17	4.09	6.00	2.85	2.70	3.40	2.71	5.81	2.82	2.67
Auto repair; miscellaneous repair services	4.39	5.30	3.47	4.19	3.57	4.52	4.74	8.98	5.13	5.11
Auto repair and services	5.20	6.28	3.70	4.58	3.83	5.08	5.23	9.78	5.59	5.35
Miscellaneous repair services	8.35	9.98	8.36	9.20	8.40	9.27	9.92	22.39	10.89	11.79
Amusement and recreation services	5.09	6.82	2.84	2.70	2.76	3.44	2.79	7.03	2.92	2.89
Motion picture production, distribution, and services	13.45	16.95	4.26	3.89	4.58	6.10	4.15	18.35	4.31	4.20
Motion picture theaters	17.02	20.67	7.27	7.25	7.31	8.08	8.91	31.50	9.60	9.31
Amusement and recreation services, except motion pictures	5.83	8.00	3.80	4.25	3.95	4.76	3.99	7.79	4.23	4.30
Other services	2.21	2.87	2.73	2.98	2.76	3.32	2.76	16.96	3.01	2.99
Offices of physicians, including osteopathic physicians	4.51	5.29	5.57	6.49	5.60	8.25	7.01	13.26	7.24	7.98
Offices of dentists	8.15	9.55	9.01	10.52	9.00	9.49	12.60	23.71	13.24	13.62
Offices of other health practitioners	19.08	21.67	23.49	23.49	20.96	25.38	28.28	46.75	35.04	35.47
Nursing and personal care facilities	9.71	10.75	7.07	8.55	7.20	7.01	8.02	20.02	9.27	9.76
Hospitals	26.09	30.35	17.77	18.43	17.72	18.35	7.33	35.02	5.74	4.67
Medical laboratories	19.38	24.71	16.41	21.98	16.56	17.00	19.25	33.05	20.42	14.82
Other medical services	12.42	15.56	16.17	12.57	16.80	12.66	10.35	27.08	10.93	9.70
Legal services	9.38	11.16	11.13	12.56	11.16	16.52	13.97	26.96	15.10	16.62
Educational services	11.12	13.65	10.20	11.11	10.39	12.23	12.62	27.34	14.07	15.15
Social services	22.94	30.71	28.14	32.85	28.52	37.50	36.58	42.92	45.63	58.54
Membership organizations	14.95	21.17	15.80	16.84	16.80	22.82	14.18	32.87	17.30	15.08
Architectural and engineering services	8.37	10.05	6.14	6.64	6.20	6.63	6.30	14.77	7.20	6.59
Accounting, auditing, and bookkeeping services	13.37	15.61	16.02	17.77	16.16	21.64	19.57	42.85	23.68	26.06
Miscellaneous services (including veterinarians), not elsewhere classified	4.55	6.82	6.55	7.70	6.74	8.44	6.80	32.48	7.08	7.56
Nature of business not allocable	12.38	14.76	11.06	12.26	11.24	12.92	10.31	27.38	11.41	11.43

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)								
	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)
Total returns of active corporations.....	0.03	0.15	1.00	0.15	0.26	0.24	0.03	0.10	0.14
Agriculture, forestry, and fishing.....	0.07	4.44	10.77	4.00	8.82	8.79	1.98	2.41	2.85
Agricultural production.....	(²)	4.58	11.15	4.28	9.40	9.58	2.17	2.63	2.91
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.....	80.49	12.30	20.29	10.79	19.70	20.17	4.86	6.08	6.51
Mining.....	0.02	1.89	7.76	1.63	3.09	3.55	0.39	0.75	1.21
Metal mining.....	3.96	0.84	22.08	0.59	3.84	5.87	0.49	0.55	0.50
Iron ores.....	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Copper, lead and zinc, gold and silver ores.....	4.77	0.89	29.62	12.93	28.30	28.33	0.50	0.71	0.27
Other metal mining.....	—	78.89	53.15	—	—	—	4.14	4.78	4.90
Coal mining.....	(²)	6.15	20.55	4.79	4.94	9.01	1.34	2.12	2.99
Oil and gas extraction.....	0.01	2.46	10.63	1.98	4.01	4.13	0.44	0.91	1.57
Crude petroleum, natural gas, and natural gas liquids.....	0.01	2.70	13.88	2.32	4.69	4.81	0.41	1.03	1.20
Oil and gas field services.....	0.65	3.45	11.75	3.06	4.02	4.20	1.33	1.83	2.84
Nonmetallic minerals, except fuels.....	(²)	5.95	12.24	5.39	5.85	11.17	2.35	3.05	3.66
Dimension, crushed, and broken stone; sand and gravel.....	(²)	7.04	13.86	5.86	14.97	15.15	4.14	4.63	5.04
Other nonmetallic minerals, except fuels.....	(²)	8.77	20.64	13.08	3.84	14.29	2.01	3.16	4.45
Construction.....	0.63	2.37	3.21	1.82	4.57	5.04	0.87	1.42	1.58
General building contractors and operative builders.....	0.72	3.67	5.34	2.57	7.21	8.35	1.21	1.94	2.15
General building contractors.....	0.72	3.92	5.53	2.87	7.70	9.05	1.29	2.03	2.23
Operative builders.....	(²)	7.29	14.95	4.84	17.86	17.95	3.53	6.70	7.51
Heavy construction contractors.....	0.94	3.69	6.62	2.99	5.78	6.40	1.77	2.53	2.84
Special trade contractors.....	5.95	4.68	4.89	4.15	10.86	11.26	1.91	2.80	2.90
Plumbing, heating, and air conditioning.....	1.04	9.03	9.09	7.94	25.46	26.99	3.81	5.04	5.40
Electrical work.....	(²)	9.95	11.85	9.48	17.14	18.56	4.16	5.76	5.69
Other special trade contractors and contractors not allocable.....	7.51	5.95	6.54	5.49	13.32	13.69	2.65	3.71	3.84
Manufacturing.....	0.04	0.21	1.73	0.20	0.17	0.17	0.09	0.11	0.14
Food and kindred products.....	0.23	0.85	5.07	0.71	0.71	0.72	0.38	0.58	0.64
Meat products.....	(²)	2.99	11.08	3.50	3.50	3.76	1.35	1.84	1.65
Dairy products.....	(²)	2.32	19.35	0.98	0.66	0.67	1.27	1.98	2.05
Preserved fruits and vegetables.....	(²)	1.65	12.58	1.45	1.62	1.62	0.73	1.01	0.75
Grain mill products.....	(²)	1.29	18.65	1.11	0.60	0.58	0.91	1.22	1.27
Bakery products.....	0.23	3.87	20.19	4.18	6.43	6.44	2.72	3.48	4.06
Sugar and confectionery products.....	(²)	5.69	24.72	4.49	4.74	5.00	1.29	1.94	2.49
Malt liquors and malt.....	(²)	(²)	(²)	(²)	1.67	(²)	0.35	0.31	0.48
Alcoholic beverages, except malt liquors and malt.....	(²)	1.12	8.28	1.10	0.17	0.17	0.42	0.73	0.93
Bottled soft drinks, and flavorings.....	0.69	2.28	9.46	2.78	1.96	1.97	1.50	2.47	2.60
Other food and kindred products.....	(²)	4.00	12.66	2.08	2.69	2.88	1.27	1.86	2.17
Tobacco manufactures.....	(²)	0.09	13.18	0.31	0.15	—	0.15	0.16	0.14
Textile mill products.....	0.10	1.96	8.43	1.66	3.43	3.47	1.23	1.38	1.47
Weaving mills and textile finishing.....	(²)	2.89	18.61	2.12	2.05	2.08	1.41	1.52	1.73
Knitting mills.....	(²)	4.75	19.76	4.65	14.24	14.29	3.83	5.00	5.26
Other textile mill products.....	0.13	3.04	10.00	2.60	4.86	4.92	2.02	2.27	2.29
Apparel and other textile products.....	0.13	5.30	9.53	2.19	5.31	5.44	1.77	2.27	2.60
Men's and boys' clothing.....	0.13	3.88	19.22	2.27	3.32	3.44	2.17	2.85	3.19
Women's and children's clothing.....	0.57	10.03	14.63	4.10	12.83	12.96	3.02	3.77	4.46
Other apparel and accessories.....	0.07	17.47	34.91	11.01	37.53	37.53	8.51	10.78	11.23
Miscellaneous fabricated textile products; textile products, not elsewhere classified.....	1.10	14.02	17.50	8.19	16.06	16.07	5.61	7.31	7.36
Lumber and wood products.....	0.31	1.40	7.98	1.70	2.53	2.53	0.90	0.98	1.29
Logging, sawmills, and planing mills.....	(²)	2.34	11.84	2.60	3.85	3.85	1.20	1.52	2.18
Millwork, plywood, and related products.....	0.25	1.72	12.13	2.71	3.21	3.21	1.52	1.26	1.45
Other wood products, including wood buildings and mobile homes.....	10.34	4.86	15.55	4.02	9.50	9.56	2.51	3.09	3.65
Furniture and fixtures.....	0.99	4.52	11.21	3.30	3.28	3.45	2.60	2.82	3.04
Paper and allied products.....	0.02	0.73	9.90	0.88	0.87	0.87	0.54	0.54	0.68
Pulp, paper, and board mills.....	(²)	0.17	4.34	0.14	0.03	0.03	0.22	0.26	0.25
Other paper products.....	0.03	2.35	12.21	1.61	1.85	1.87	1.70	1.83	2.14
Printing and publishing.....	0.07	2.52	6.34	1.13	2.03	2.06	0.97	1.44	1.72
Newspapers.....	0.06	3.13	13.29	1.06	2.78	2.78	1.17	1.72	1.91
Periodicals.....	0.02	5.44	17.40	3.84	6.45	6.56	2.24	2.98	4.67
Books, greeting cards, and miscellaneous publishing.....	0.15	4.04	17.56	1.47	4.49	4.54	1.43	2.24	2.41
Commercial and other printing and printing trade services.....	(²)	4.98	8.43	4.33	4.79	4.91	2.68	3.12	3.72
Chemicals and allied products.....	0.16	0.37	6.87	0.43	0.32	0.32	0.24	0.22	0.30
Industrial chemicals, plastics materials and synthetics.....	0.05	0.41	10.52	0.72	0.72	0.72	0.31	0.23	0.31
Drugs.....	(²)	0.88	15.18	0.40	0.12	0.12	0.30	0.53	0.54
Soap, cleaners, and toilet goods.....	0.84	1.55	17.44	0.48	0.18	0.15	0.78	1.18	1.55
Paints and allied products.....	0.39	9.35	24.71	6.34	10.94	11.25	4.05	3.90	4.76
Agricultural and other chemical products.....	0.03	1.76	12.36	3.14	1.88	2.13	0.85	0.76	1.11
Petroleum (including integrated) and coal products.....	(²)	0.08	6.77	0.21	0.06	0.07	0.04	0.05	0.11
Petroleum refining (including integrated).....	(²)	0.03	2.01	0.11	0.06	0.06	0.03	0.03	0.09
Petroleum and coal products, not elsewhere classified.....	0.25	7.35	26.79	8.68	4.67	4.67	3.96	5.15	5.76
Rubber and miscellaneous plastics products.....	0.15	2.65	8.55	2.51	1.36	1.37	1.07	1.19	1.67
Rubber products; plastics footwear, hose and belting.....	0.11	1.49	15.42	2.16	0.58	0.58	0.66	0.63	0.84
Miscellaneous plastics products.....	0.39	5.56	10.12	4.73	11.29	11.45	2.97	3.46	3.79
Leather and leather products.....	10.28	5.85	14.90	3.03	2.89	2.81	2.43	2.99	3.69
Footwear, except rubber.....	(²)	3.12	22.53	2.00	0.82	0.82	2.09	2.40	2.44
Leather and leather products, not elsewhere classified.....	40.18	18.87	19.57	13.74	19.83	20.65	7.61	9.28	11.59

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)								
	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)
Manufacturing — Continued									
Stone, clay, and glass products.....	0.01	1.41	8.98	1.27	3.65	3.67	0.90	1.03	1.31
Glass products.....	(*)	0.91	22.54	1.73	1.16	1.16	0.84	0.65	0.71
Cement, hydraulic.....	(*)	1.62	14.25	1.22	1.45	1.48	0.98	0.84	2.46
Concrete, gypsum, and plaster products.....	(*)	3.95	13.67	2.75	18.49	18.57	2.41	2.86	3.38
Other nonmetallic mineral products.....	0.02	2.55	14.13	2.30	1.62	1.62	1.84	2.18	2.59
Primary metal industries.....	0.01	0.65	6.93	0.84	0.62	0.74	0.22	0.23	0.30
Ferrous metal industries; miscellaneous primary metal products.....	0.05	0.73	9.08	0.99	1.06	1.39	0.32	0.27	0.34
Nonferrous metal industries.....	(*)	1.25	10.66	1.56	0.36	0.39	0.32	0.41	0.58
Fabricated metal products.....	0.51	2.09	4.52	1.62	2.03	1.58	0.94	1.15	1.32
Metal cans and shipping containers.....	(*)	1.66	32.02	1.40	0.21	0.15	0.91	0.98	1.10
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products	1.81	5.07	12.83	2.78	2.80	2.83	2.26	3.12	3.47
Plumbing and heating, except electric and warm air.....	0.08	2.84	15.65	2.78	1.59	1.60	2.38	2.51	2.93
Fabricated structural metal products.....	0.58	3.97	8.11	2.77	4.17	4.32	1.59	1.94	2.37
Metal forgings and stampings.....	0.04	8.74	12.68	9.00	4.62	4.62	4.49	5.05	5.44
Coating, engraving, and allied services.....	(*)	8.64	20.75	8.51	30.40	16.32	4.67	6.82	7.66
Ordinance and accessories, except vehicles and guided missiles.....	(*)	16.75	31.43	6.02	0.06	0.06	5.12	4.41	6.51
Miscellaneous fabricated metal products.....	0.58	4.46	7.74	2.88	4.98	5.12	2.23	2.51	2.93
Machinery, except electrical.....	0.05	0.80	4.67	0.53	0.46	0.46	0.35	0.48	0.47
Farm machinery.....	0.97	2.29	18.01	2.13	3.00	3.03	1.06	1.67	1.84
Construction and related machinery.....	0.01	1.02	9.84	0.88	1.32	1.32	0.64	0.65	0.89
Metalworking machinery.....	0.43	5.75	8.98	3.50	7.71	7.82	2.77	3.56	4.26
Special industry machinery.....	1.17	5.03	11.92	3.85	5.68	5.85	2.26	2.70	2.93
General industrial machinery.....	0.99	3.04	9.59	2.23	2.52	2.54	1.24	1.63	2.08
Office, computing, and accounting machines.....	(*)	0.44	10.43	0.25	0.05	0.04	0.16	0.15	0.21
Other machinery, except electrical.....	0.39	5.17	14.43	2.21	1.36	1.43	1.83	3.04	2.78
Electrical and electronic equipment.....	0.32	0.47	6.00	0.76	0.36	0.36	0.30	0.34	0.36
Household appliances.....	0.01	0.92	36.67	0.63	1.30	1.31	0.57	0.75	0.63
Radio, television, and communication equipment.....	0.82	0.93	14.08	2.00	0.20	0.19	0.40	0.59	0.49
Electronic components and accessories.....	0.07	1.42	9.75	2.16	2.66	2.89	0.91	1.16	1.33
Other electrical equipment.....	0.03	0.56	8.40	0.93	0.27	0.27	0.45	0.42	0.44
Motor vehicles and equipment.....	(*)	0.20	8.38	0.25	0.26	0.27	0.13	0.17	0.16
Transportation equipment, except motor vehicles.....	0.01	1.78	11.20	1.15	1.52	0.85	0.39	0.53	0.66
Aircraft, guided missiles and parts.....	(*)	0.98	13.76	0.92	2.06	1.27	0.29	0.46	0.55
Ship and boat building and repairing.....	14.36	9.18	21.97	4.72	0.35	0.36	1.81	3.80	3.85
Other transportation equipment, except motor vehicles.....	(*)	4.90	16.50	4.08	1.09	0.93	2.20	1.69	2.21
Instruments and related products.....	0.46	1.38	8.17	1.04	1.23	1.24	0.85	0.68	0.82
Scientific instruments and measuring devices; watches and clocks.....	1.42	2.91	10.12	2.82	2.03	2.05	1.62	1.60	1.87
Optical, medical, and ophthalmic goods.....	0.95	3.51	14.06	2.08	3.96	3.97	1.66	1.85	2.08
Photographic equipment and supplies.....	(*)	1.23	25.65	0.76	1.02	1.04	0.88	0.50	0.63
Miscellaneous manufacturing and manufacturing not allocable.....	4.75	4.42	8.71	2.21	4.05	**	1.56	2.09	2.43
Transportation and public utilities									
Transportation.....	0.28	0.16	4.32	0.41	0.17	0.18	0.10	0.11	0.21
Railroad transportation.....	0.54	0.54	5.25	1.38	1.39	1.40	0.36	0.46	0.78
Local and interurban passenger transit.....	0.05	0.21	40.19	1.98	0.33	0.22	0.14	0.12	0.13
Trucking and warehousing.....	0.02	2.81	6.74	2.50	5.89	6.09	1.38	1.84	2.00
Water transportation.....	1.87	4.83	15.27	5.67	7.00	7.29	1.58	2.34	3.27
Transportation by air.....	0.18	0.19	16.30	3.31	2.53	2.55	0.50	0.44	0.76
Pipelines, except natural gas.....	(*)	1.90	57.00	2.02	1.73	1.73	1.01	2.28	1.81
Transportation services, not elsewhere classified.....	6.04	4.61	12.11	6.58	9.65	9.68	1.61	2.08	3.20
Communication.....	0.03	0.17	11.15	0.52	0.21	0.21	0.17	0.18	0.19
Telephone, telegraph, and other communication services.....	(*)	0.13	15.19	0.32	0.06	0.06	0.13	0.14	0.15
Radio and television broadcasting.....	0.08	3.63	16.44	1.57	3.42	3.42	1.81	3.51	2.59
Electric, gas, and sanitary services.....	0.01	0.11	6.68	0.35	0.09	0.10	0.07	0.07	0.17
Electric services.....	(*)	0.01	7.18	0.02	0.01	(*)	0.02	0.02	0.02
Gas production and distribution.....	(*)	0.25	3.67	0.43	0.24	0.24	0.14	0.16	0.29
Combination utility services.....	0.16	0.02	8.21	0.19	0.02	0.02	0.04	0.04	0.04
Water supply and other sanitary services.....	(*)	4.42	19.76	5.94	8.44	8.46	2.44	2.91	4.99
Wholesale and retail trade									
Wholesale trade.....	0.62	0.75	1.77	0.60	1.22	0.93	0.36	0.64	0.63
Groceries and related products.....	0.71	1.27	2.39	1.01	1.47	0.98	0.49	0.80	0.89
Machinery, equipment, and supplies.....	28.54	3.11	6.85	2.93	4.73	4.78	1.71	2.33	2.60
Miscellaneous wholesale trade.....	7.46	3.04	5.57	2.40	3.48	1.39	1.28	2.11	2.20
Motor vehicles and automotive equipment.....	0.68	1.58	2.87	1.22	1.54	1.34	0.58	0.96	1.06
Furniture and home furnishings.....	0.03	5.83	9.01	3.20	1.86	1.87	1.82	2.57	3.28
Lumber and construction materials.....	3.39	14.98	21.50	11.34	36.55	36.80	6.43	7.99	10.72
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	(*)	6.57	8.41	4.95	10.62	10.68	3.12	4.66	5.29
Metals and minerals, except petroleum and scrap.....	(*)	13.03	19.12	9.40	9.48	10.34	5.49	7.71	9.35
Electrical goods.....	0.47	3.35	11.41	3.45	3.81	3.90	1.82	2.61	3.14
Hardware, plumbing, and heating equipment and supplies.....	47.25	5.36	8.92	3.68	3.78	3.37	2.08	3.62	4.49
Other durable goods.....	27.69	5.13	9.81	5.08	12.52	12.77	2.93	3.59	4.32
Paper and paper products.....	23.55	6.86	7.26	4.16	4.08	4.09	1.87	3.57	3.92
Drugs, drug proprietaries, and druggists' sundries.....	(*)	12.86	16.04	7.83	5.97	6.01	4.39	5.54	6.67
Apparel, piece goods, and notions.....	59.84	12.75	18.47	10.67	2.64	2.65	4.52	7.12	7.50
Farm-product raw materials.....	(*)	8.83	10.44	5.24	10.81	10.86	3.03	5.25	5.95
Chemicals and allied products.....	0.26	3.90	14.20	3.89	3.67	3.81	2.26	2.47	2.52
Petroleum and petroleum products.....	0.14	11.56	17.74	8.59	2.72	2.54	2.46	5.62	6.40
Alcoholic beverages.....	0.03	3.83	10.39	3.03	18.99	8.44	1.18	2.58	2.75
Miscellaneous nondurable goods; wholesale trade not allocable.....	91.22	8.21	13.81	5.32	13.93	13.72	3.82	5.57	6.19
	14.68	4.79	10.48	4.70	3.03	3.06	2.09	3.09	3.42

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Item	Coefficient of variation (Percent)								
	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)
Wholesale and retail trade — Continued									
Retail trade.....	1.25	0.94	2.52	0.75	2.14	1.87	0.81	0.93	0.90
Building materials, garden supplies, and mobile home dealers.....	()	4.93	6.18	3.48	11.49	11.66	2.77	3.60	4.49
Building materials dealers.....	()	5.75	7.35	3.88	12.83	12.98	3.50	4.48	5.91
Hardware stores.....	()	13.04	14.20	8.10	33.93	34.72	6.14	7.25	7.37
Garden supplies and mobile home dealers.....	()	14.10	18.63	14.40	34.63	36.08	6.42	9.05	8.89
General merchandise stores.....	()	0.51	6.38	0.64	0.70	0.69	0.40	0.40	0.43
Food stores.....	()	1.76	7.43	1.49	4.02	4.03	1.10	1.13	1.28
Grocery stores.....	()	1.74	7.65	1.43	3.97	3.98	1.09	1.09	1.24
Other food stores.....	()	17.35	31.33	19.50	37.33	37.33	6.79	9.50	9.44
Automotive dealers and service stations.....	()	3.09	3.92	3.06	9.08	9.27	1.53	1.95	2.28
Motor vehicle dealers.....	()	3.37	4.16	3.59	10.29	10.51	1.80	2.26	2.74
Gasoline service stations.....	()	9.52	19.64	9.93	26.06	26.81	4.90	5.73	5.97
Other automotive dealers.....	()	8.05	10.42	7.27	21.72	22.09	3.82	4.72	5.68
Apparel and accessory stores.....	39.90	4.27	8.84	3.47	9.34	9.41	2.53	2.92	3.28
Furniture and home furnishings stores.....	()	6.08	8.49	3.79	26.49	26.80	2.83	3.59	4.19
Eating and drinking places.....	21.61	3.59	7.87	2.58	9.49	9.53	3.71	4.16	3.42
Miscellaneous retail stores.....	0.01	2.69	5.76	1.86	8.43	8.62	1.39	1.54	2.47
Drug stores and proprietary stores.....	()	4.14	14.06	1.72	9.37	9.54	3.04	3.06	3.64
Liquor stores.....	()	30.02	25.29	14.83	73.39	47.68	24.01	29.16	25.24
Other retail stores.....	0.01	3.01	6.42	2.52	8.23	6.91	1.63	2.22	2.50
Wholesale and retail trade not allocable.....	—	36.69	38.76	49.72	93.72	93.72	19.52	23.11	24.82
Finance, insurance, and real estate.....	0.04	0.44	2.26	0.31	0.79	0.69	0.04	0.67	0.45
Banking.....	()	0.12	0.50	0.26	0.18	0.20	0.05	0.11	0.09
Mutual savings banks.....	()	0.10	0.04	0.06	—	—	0.05	0.06	0.06
Bank holding companies.....	()	0.05	0.45	0.16	0.12	0.13	0.03	0.04	0.04
Banks, except mutual savings banks and bank holding companies.....	0.05	0.58	0.75	0.56	0.56	0.63	0.19	0.36	0.41
Credit agencies other than banks.....	0.37	0.67	4.04	0.49	7.36	4.78	0.08	0.77	0.97
Savings and loan associations.....	()	0.20	0.16	0.04	0.16	0.16	0.05	0.05	0.05
Personal credit institutions.....	()	0.30	18.84	1.74	0.73	0.73	0.60	0.69	0.60
Business credit institutions.....	5.92	15.87	1.98	1.24	1.98	1.24	0.93	15.64	12.28
Other credit agencies, finance not allocable.....	()	5.15	13.58	2.60	15.38	12.36	0.42	3.56	3.22
Security, commodity brokers and services.....	2.05	2.60	16.44	3.87	3.01	3.19	0.36	2.88	2.36
Security brokers, dealers, and flotation companies.....	1.47	1.64	20.31	3.53	3.10	3.27	0.32	2.79	1.55
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services.....	58.55	20.06	22.07	13.76	10.56	11.65	3.10	7.25	10.91
Insurance.....	()	0.34	5.40	0.15	0.23	0.23	0.04	0.29	0.20
Life insurance.....	()	()	()	()	()	()	()	()	()
Mutual insurance, except life or marine and certain fire or flood insurance companies.....	()	0.74	9.98	0.69	0.36	0.36	0.15	0.47	0.43
Other insurance companies.....	()	6.22	12.05	2.76	7.27	7.45	2.25	4.42	4.48
Insurance agents, brokers, and service.....	2.04	4.17	9.61	2.19	8.00	8.04	1.04	1.40	1.51
Real estate.....	6.29	4.48	10.64	2.19	9.88	10.69	1.16	1.43	1.65
Real estate operators and lessors of buildings.....	6.46	34.15	()	8.49	15.39	15.39	6.01	66.35	32.91
Lessors of mining, oil, and similar property.....	()	79.02	28.88	49.53	19.63	25.86	6.34	8.60	12.93
Lessors of railroad property, and of real property, not elsewhere classified.....	()	78.40	62.86	22.31	87.61	87.61	5.95	8.49	7.85
Condominium management and cooperative housing associations.....	()	5.99	8.88	3.12	12.03	12.39	1.47	2.39	3.04
Subdividers and developers.....	1.90	8.56	12.33	6.22	16.39	13.60	2.81	3.55	4.07
Other real estate.....	23.11	()	()	()	()	()	()	()	()
Holding and other investment companies, except bank holding companies.....	0.33	13.81	21.41	4.32	1.14	1.17	0.50	2.23	3.68
Regulated investment companies.....	()	—	—	85.06	0.66	0.69	0.49	8.74	26.53
Real estate investment trusts.....	()	—	—	()	0.65	1.04	0.50	1.02	1.02
Small business investment companies.....	()	60.28	84.70	20.06	11.17	12.21	9.80	43.18	45.62
Other holding and investment companies, except bank holding companies.....	0.33	13.93	21.68	4.39	5.03	5.23	1.25	4.56	6.07
Services.....	2.54	1.59	3.85	1.47	4.72	4.87	0.82	1.15	1.16
Hotels and other lodging places.....	29.02	3.28	2.58	9.89	10.02	10.02	2.07	2.72	2.91
Personal services.....	0.02	5.90	17.12	5.23	12.03	12.08	3.53	4.31	4.26
Business services.....	4.71	3.28	7.08	2.48	7.91	8.39	1.30	2.24	2.33
Advertising.....	0.31	8.70	13.16	4.40	10.03	10.75	4.66	15.82	10.59
Business services, except advertising.....	9.84	3.50	7.78	2.93	9.31	9.85	1.31	2.02	2.38
Auto repair; miscellaneous repair services.....	0.98	4.87	10.93	6.52	14.38	17.38	2.15	2.42	2.67
Auto repair and services.....	()	5.18	13.78	7.02	14.00	17.88	2.25	2.52	2.76
Miscellaneous repair services.....	80.49	13.87	17.61	14.13	32.80	36.20	7.29	8.35	9.06
Amusement and recreation services.....	1.61	2.34	11.70	3.69	7.79	7.09	1.54	3.22	2.25
Motion picture production, distribution, and services.....	0.95	1.90	37.39	8.10	4.10	4.14	1.81	10.86	2.93
Motion picture theaters.....	1.87	8.19	28.56	10.25	23.52	23.92	5.68	7.52	6.85
Amusement and recreation services, except motion pictures.....	17.93	6.83	13.10	4.46	13.68	12.73	2.54	3.48	3.94
Other services.....	5.18	3.85	6.37	3.57	11.64	11.90	2.44	3.01	3.13
Offices of physicians, including osteopathic physicians.....	()	10.03	14.74	10.31	23.24	24.43	5.07	6.02	6.06
Offices of dentists.....	()	17.35	19.63	21.89	55.53	57.80	9.15	9.43	9.86
Offices of other health practitioners.....	()	35.27	58.43	44.70	74.81	95.29	21.27	23.49	22.79
Nursing and personal care facilities.....	()	9.90	19.43	11.02	20.23	20.45	4.23	4.71	7.47
Hospitals.....	()	3.52	31.75	5.86	39.61	39.22	9.01	7.52	4.00
Medical laboratories.....	()	25.49	44.59	9.70	83.49	83.49	10.88	13.80	14.03
Other medical services.....	()	12.85	26.94	10.21	24.53	24.53	5.43	8.39	10.65
Legal services.....	()	18.45	24.92	24.70	43.30	43.30	9.74	11.39	11.78
Educational services.....	21.46	12.07	24.34	17.52	45.59	45.76	7.58	11.49	10.28
Social services.....	()	62.72	59.57	75.89	50.60	50.67	22.20	26.28	26.79
Membership organizations.....	80.49	17.65	31.54	16.37	46.73	48.07	8.70	11.99	11.45
Architectural and engineering services.....	7.60	9.28	13.28	7.45	11.29	11.45	4.22	5.93	8.31
Accounting, auditing, and bookkeeping services.....	()	24.31	34.04	35.59	48.28	50.87	14.78	16.81	17.32
Miscellaneous services (including veterinarians), not elsewhere classified.....	14.23	11.83	18.21	8.56	23.27	24.06	7.84	12.75	11.75
Nature of business not allocable.....	()	15.09	19.20	12.53	34.80	35.40	7.47	9.79	11.95

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

**Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

*Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), and jobs credits.

*Less than \$500 per return.

*Coefficient of variation is less than .005 but greater than zero.

*Estimate is based on returns sampled at a 100 percent rate and coefficient of variation is zero.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.2 — Balance Sheets and Income Statements, by Major Industry

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

Item	All industries	Major industry					
		Agriculture, forestry, and fishing	Mining				
			Total	Metal mining	Coal mining	Oil and gas extraction	Nonmetallic minerals, except fuels
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns, total.....	2,378,779	69,971	19,124	1,059	3,268	11,701	3,096
Total assets.....	6,014,452,008	32,904,622	97,670,205	12,705,146	13,838,343	63,485,763	7,660,953
Cash.....	412,948,244	1,911,034	3,068,877	146,374	576,528	1,909,756	436,220
Notes and accounts receivable.....	1,589,330,717	3,034,004	19,978,242	980,335	1,833,042	15,983,497	1,171,368
Less: Allowance for bad debts.....	38,204,317	33,127	104,598	29,597	9,529	45,355	20,116
Inventories.....	442,652,820	3,769,408	4,739,477	981,182	666,943	2,340,008	751,363
Investments in Government obligations:							
United States.....	219,415,567	167,822	342,568	25,399	147,086	140,202	29,881
State and local.....	184,212,816	41,108	85,548	5,532	40,598	37,294	*2,123
Other current assets.....	206,725,556	971,127	5,336,341	2,379,646	866,823	1,879,708	210,364
Loans to stockholders.....	18,304,758	485,267	1,279,860	166,338	35,163	1,153,714	24,648
Mortgage and real estate loans.....	762,048,306	438,324	319,816	18,495	11,130	264,280	25,932
Other investments.....	868,776,652	2,683,506	18,726,925	3,272,433	1,991,844	12,384,456	1,078,392
Depreciable assets.....	1,696,212,705	18,476,272	49,333,984	8,038,458	8,662,559	28,727,580	5,905,387
Less: Accumulated depreciation.....	631,320,855	8,241,990	17,980,813	2,347,308	3,312,194	9,408,844	2,912,466
Depletable assets.....	44,770,440	179,906	9,810,944	573,168	1,254,679	7,505,583	477,513
Less: Accumulated depletion.....	13,928,939	23,990	2,634,510	201,461	111,277	2,233,998	87,774
Land.....	79,654,340	7,538,576	1,339,813	121,125	377,910	460,318	380,260
Intangible assets (amortizable).....	34,227,858	70,599	2,212,045	198,611	48,203	1,954,865	10,365
Less: Accumulated amortization.....	14,396,862	17,878	885,841	130,773	6,382	745,841	2,844
Other assets.....	153,024,102	1,454,656	2,701,725	597,209	765,619	1,158,558	180,340
Total liabilities.....	6,014,452,008	32,904,622	97,670,205	12,705,146	13,838,343	63,485,763	7,660,953
Accounts payable.....	403,553,630	1,724,560	8,143,040	589,412	1,078,208	5,735,962	739,458
Mortgages, notes, and bonds payable in less than one year.....	380,851,818	6,362,543	3,991,597	277,223	1,150,889	2,194,533	368,952
Other current liabilities.....	2,335,790,244	1,679,091	14,223,138	760,898	1,149,184	11,876,374	436,681
Loans from stockholders.....	58,186,425	2,018,165	1,369,447	257,182	168,766	731,231	212,699
Mortgages, notes, and bonds payable in one year or more.....	780,536,053	9,619,740	20,039,817	2,670,549	3,582,417	12,066,453	1,720,397
Other liabilities.....	560,776,883	1,281,733	4,846,010	711,348	1,313,918	2,297,614	523,130
Capital stock.....	309,432,793	5,154,893	3,597,033	690,069	467,919	1,790,292	648,752
Paid-in or capital surplus.....	381,888,848	2,333,678	15,358,456	2,093,316	1,706,468	11,221,604	337,067
Retained earnings, appropriated.....	40,070,733	246,259	4,013,381	56,023	169,268	3,745,560	42,530
Retained earnings, unappropriated.....	785,467,154	2,876,943	22,695,907	4,634,161	3,162,155	12,089,910	2,809,681
Less: Cost of treasury stock.....	32,102,672	394,983	607,621	35,035	110,849	283,772	177,965
Total receipts.....	4,714,602,615	41,417,558	94,706,062	5,539,186	12,063,667	69,944,041	7,159,148
Business receipts.....	4,353,704,519	39,222,456	90,538,979	4,883,839	11,549,253	67,230,058	6,875,828
Interest on Government obligations:							
United States.....	16,241,045	20,019	33,854	6,855	9,665	13,715	3,621
State and local.....	9,140,667	2,113	6,654	114	2,428	2,703	1,408
Other interest.....	195,479,301	229,063	594,530	73,173	82,467	398,557	40,333
Rents.....	30,260,402	194,067	200,422	4,960	69,157	87,957	38,347
Royalties.....	7,904,359	53,236	234,112	13,164	15,615	195,779	9,555
Net short-term capital gain reduced by net long-term capital loss.....	884,646	18,759	24,488	*1,548	1,042	20,635	*1,263
Net long-term capital gain reduced by net short-term capital loss.....	14,679,876	445,228	874,847	331,873	94,352	399,014	49,608
Net gain, noncapital assets.....	12,137,078	160,373	349,208	83,250	33,125	204,661	28,172
Dividends received from domestic corporations.....	13,321,287	40,193	251,615	31,882	38,936	175,681	5,316
Dividends received from foreign corporations.....	9,277,932	*7,669	94,838	*45,613	1,206	47,472	547
Other receipts.....	51,571,503	1,024,381	1,502,515	63,115	166,441	1,167,808	105,150
Total deductions.....	4,467,196,877	40,125,054	67,158,152	5,354,460	12,361,416	42,663,581	6,778,696
Cost of sales and operations.....	3,113,421,507	29,140,482	44,583,576	3,530,165	8,200,747	28,565,083	4,287,581
Compensation of officers.....	85,085,175	1,029,196	792,847	35,161	149,070	465,626	142,990
Repairs.....	33,861,153	807,135	731,017	39,921	241,657	219,224	236,215
Bad debts.....	15,680,693	56,859	83,225	7,300	17,708	44,697	13,520
Rent paid on business property.....	56,032,175	843,362	523,555	37,113	107,974	297,486	80,983
Taxes paid.....	116,155,070	870,132	1,696,068	236,763	548,378	688,018	222,910
Interest paid.....	192,403,316	1,251,690	2,180,034	239,010	557,502	1,189,652	193,870
Contributions or gifts.....	2,084,022	11,684	30,884	2,568	3,151	20,412	4,754
Amortization.....	1,188,784	8,017	20,003	3,201	3,521	12,248	1,033
Depreciation.....	121,299,900	1,650,333	3,448,124	338,642	878,332	1,788,261	442,890
Depletion.....	6,402,020	13,912	1,102,876	154,251	350,719	333,746	264,160
Advertising.....	40,788,627	119,677	71,462	4,691	4,824	39,153	22,794
Pension, profit-sharing, stock bonus, and annuity plans.....	41,825,415	144,965	404,186	81,405	76,203	193,593	52,985
Employee benefit programs.....	27,019,096	90,121	313,588	18,158	168,280	79,878	47,273
Net loss, noncapital assets.....	2,155,305	15,091	58,601	*4,443	14,691	30,856	8,611
Other deductions.....	611,816,617	4,072,397	11,118,104	627,668	1,038,660	8,695,648	756,127
Total receipts less total deductions.....	247,405,739	1,292,505	27,547,910	184,727	-297,728	27,280,460	380,452
Constructive taxable income from related foreign corporations.....	8,602,401	6,570	168,325	120,594	742	46,706	283
Net income (less deficit).....	246,887,473	1,296,962	27,709,582	305,206	-299,415	27,324,462	379,327
Net income.....	274,519,721	2,202,178	29,582,865	482,207	421,073	28,205,862	473,723
Deficit.....	27,652,248	905,217	1,873,283	177,000	720,488	881,399	94,396
Income subject to tax.....	239,631,773	1,386,949	29,041,850	420,317	340,596	27,872,842	407,995
Income tax, total.....	107,888,445	485,580	13,837,808	172,480	173,055	13,299,693	192,580
Normal tax, surtax, and alternative tax.....	106,978,893	475,815	13,741,509	144,759	145,386	13,273,565	177,799
Tax from recomputing prior-year investment credit.....	570,927	9,124	18,591	4,149	4,317	7,638	2,487
Tax from recomputing prior-year work incentive (WIN) credit.....	106	*2	23	—	—	—	23
Additional tax for tax preferences.....	340,519	640	77,666	23,572	23,352	18,491	12,271
Foreign tax credit.....	26,357,629	*13,210	12,512,804	*63,516	1,662	12,445,728	1,899
U.S. possessions tax credit.....	1,134,422	294	—	—	—	—	—
Investment credit.....	12,897,172	100,232	234,247	36,169	32,422	123,772	41,885
Work incentive (WIN) credit.....	18,469	17	*94	22	*39	3	*29
Jobs credit.....	3,093,915	31,117	44,138	*702	6,880	27,308	9,248
Distributions to stockholders:							
Cash and property except in own stock.....	70,294,349	251,428	2,194,973	173,316	224,554	1,648,102	149,001
Corporation's own stock.....	2,346,329	15,498	50,390	2,071	*5,982	*35,714	*8,623

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Construction				Manufacturing				
	Total	General building contractors and operative builders	Heavy construction contractors	Special trade contractors	Total	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and other textile products
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Number of returns, total	228,657	94,082	16,093	118,482	223,471	15,488	83	5,593	16,043
Total assets	105,545,997	53,869,564	22,632,490	29,043,943	1,308,673,807	104,765,387	21,616,939	20,707,590	18,274,356
Cash	9,560,850	4,348,108	2,112,299	3,100,443	44,695,714	3,860,012	560,668	889,920	1,135,141
Notes and accounts receivable	29,254,760	11,623,829	6,700,043	10,930,887	312,710,045	20,486,528	2,948,408	5,364,597	5,158,769
Less: Allowance for bad debts	240,633	69,895	33,685	137,053	5,745,360	432,814	31,195	97,933	103,499
Inventories	19,335,507	13,672,932	1,469,927	4,192,648	223,353,223	21,028,680	5,183,744	5,706,609	6,588,241
Investments in Government obligations:									
United States	461,046	252,189	120,330	88,526	11,603,707	668,022	8,346	148,655	66,803
State and local	312,073	174,110	94,107	43,856	2,533,374	233,707	18	18,176	89,413
Other current assets	11,319,167	7,042,751	1,898,601	2,377,815	59,174,285	4,487,350	510,995	617,918	760,140
Loans to stockholders	2,185,696	1,619,748	116,704	449,243	3,530,794	550,166	392,911	41,204	160,374
Mortgage and real estate loans	1,040,640	889,458	73,913	77,268	3,340,490	632,157	17,324	23,412	22,907
Other investments	6,198,757	3,107,494	2,007,891	1,083,372	21,675,487	17,253,928	5,855,430	1,310,372	1,453,134
Depreciable assets	37,721,795	11,220,481	15,333,855	11,167,358	662,647,897	52,768,056	5,962,713	14,027,207	4,600,829
Less: Accumulated depreciation	18,735,980	4,502,038	8,474,604	5,759,338	307,305,451	22,815,724	1,372,176	7,804,466	2,267,694
Depletable assets	195,838	73,099	86,199	36,540	28,996,733	348,069	200,504	5,426	4,765
Less: Accumulated depletion	40,921	6,955	18,814	15,152	9,549,267	91,071	212,362	146,413	140,158
Land	4,035,641	2,782,186	591,499	661,957	16,831,061	1,622,293	212,362	57,023	65,654
Intangible assets (amortizable)	253,211	136,073	55,405	61,733	20,550,620	731,343	227,578	17,216	30,541
Less: Accumulated amortization	61,594	27,012	12,324	22,259	9,478,320	161,871	24,487	273,177	431,726
Other assets	2,750,146	1,533,005	511,044	706,098	39,108,738	3,392,655	963,799	2,901,660	3,263,273
Total liabilities	105,545,997	53,869,564	22,632,490	29,043,943	1,308,673,807	104,765,387	21,616,939	20,707,590	18,274,356
Accounts payable	21,679,077	10,717,772	4,405,327	6,555,978	167,163,578	13,186,390	2,143,272	2,901,660	2,143,997
Mortgages, notes, and bonds payable in less than one year	16,120,303	10,903,527	2,132,963	3,083,813	93,248,463	8,460,110	1,396,838	1,681,286	1,795,267
Other current liabilities	14,741,849	7,301,068	3,142,837	4,297,944	137,064,919	10,880,535	1,964,588	1,795,310	404,779
Loans from stockholders	4,177,124	2,738,612	391,400	1,047,112	13,526,807	1,418,977	296,062	213,008	2,145,000
Mortgages, notes, and bonds payable in one year or more	15,217,242	8,777,158	3,271,314	3,168,770	237,682,006	18,250,661	4,485,044	3,472,362	2,886,889
Other liabilities	7,822,962	4,344,537	1,581,835	1,896,589	64,923,950	3,681,660	1,180,867	282,401	1,397,537
Capital stock	5,348,464	1,819,360	1,517,713	2,011,391	82,590,174	7,095,589	901,200	1,494,921	1,196,943
Paid-in or capital surplus	3,183,044	1,774,742	797,479	610,823	129,467,014	9,179,416	3,090,954	1,206,600	57,468
Retained earnings, appropriated	263,199	86,875	86,284	90,040	6,771,840	769,594	354,665	32,234	5,873,408
Retained earnings, unappropriated	18,430,170	5,928,556	5,714,287	6,787,328	387,055,630	32,628,361	6,016,050	7,949,102	292,003
Less: Cost of treasury stock	1,437,437	522,641	408,950	505,846	10,820,575	785,904	212,600	321,294	39,108,713
Total receipts	216,710,160	94,926,931	46,037,880	75,745,349	1,836,552,280	221,635,015	19,774,207	38,476,314	39,718,483
Business receipts	211,618,796	92,368,848	44,407,794	74,842,154	1,773,467,830	217,499,486	19,019,345	37,893,386	39,108,713
Interest on Government obligations:									
United States	39,398	18,203	12,959	8,237	915,370	48,982	*3,364	14,920	4,265
State and local	18,654	10,191	5,040	3,423	322,203	15,167	113	806	3,019
Other interest	840,344	453,306	248,233	138,805	13,852,180	881,203	245,349	91,549	110,296
Rents	871,337	547,914	209,177	114,246	6,510,698	369,432	20,868	36,073	30,529
Royalties	35,268	7,452	19,560	8,256	5,947,345	350,520	69,082	28,770	69,684
Net short-term capital gain reduced by net long-term capital loss	33,290	21,153	1,719	10,419	157,623	26,155	10,835	1,101	1,200
Net long-term capital gain reduced by net short-term capital loss	413,231	232,125	106,466	74,640	6,180,791	229,010	56,981	35,802	19,094
Net gain, noncapital assets	488,167	187,247	208,806	92,114	1,534,522	179,311	66,241	46,582	20,129
Net gains received from domestic corporations	84,882	23,111	45,074	16,697	5,410,573	236,484	68,087	46,281	50,001
Dividends received from foreign corporations	80,850	24,494	52,468	3,888	8,137,111	442,466	*99,456	13,367	53,399
Other receipts	2,185,944	1,032,888	720,585	432,471	14,116,014	1,356,798	114,486	267,682	248,155
Total deductions	210,906,569	92,924,694	44,442,843	73,539,032	1,730,009,625	213,704,259	17,825,642	36,730,566	38,073,519
Cost of sales and operations	171,491,803	79,640,805	35,735,346	56,115,452	1,290,204,263	167,151,940	10,638,159	29,446,462	28,986,297
Compensation of officers	7,334,081	2,581,901	965,743	3,786,437	15,842,104	1,237,419	54,226	465,146	917,740
Repairs	1,160,602	254,443	497,272	408,867	21,784,219	1,772,566	151,118	298,707	94,463
Bad debts	341,730	88,238	68,196	185,296	3,147,078	281,144	63,556	102,194	420,797
Rent paid on business property	1,275,452	326,560	366,654	582,237	14,393,723	1,533,707	116,962	249,115	420,797
Taxes paid	4,601,022	1,394,598	953,696	2,252,728	48,728,041	5,365,200	2,275,536	945,709	1,039,627
Interest paid	2,580,694	1,387,431	613,977	579,285	30,915,900	2,539,254	615,652	538,777	524,994
Contributions or gifts	66,280	28,280	16,403	21,597	1,086,378	84,228	10,452	24,385	26,402
Amortization	15,884	8,876	2,948	4,060	420,564	27,142	1,796	3,228	4,025
Depreciation	3,803,768	1,027,188	1,493,921	1,282,659	49,059,152	4,109,408	428,946	1,008,916	379,163
Depletion	54,676	15,984	31,295	7,396	4,557,092	28,272	103,264	1,382	*9
Advertising	510,691	236,587	46,452	227,652	19,539,940	5,299,881	1,022,971	244,865	315,212
Pension, profit-sharing, stock bonus, and annuity plans	1,027,628	294,803	280,470	452,354	21,535,728	1,351,747	245,533	254,621	216,157
Employee benefit programs	876,112	210,687	187,963	477,462	16,127,862	1,110,141	163,222	173,814	202,546
Net loss, noncapital assets	56,493	34,699	1,748	20,046	540,055	53,085	*1,773	27,775	19,756
Other deductions	15,709,854	5,393,612	3,180,759	7,135,484	192,117,824	21,759,126	1,967,352	2,984,108	4,824,136
Total receipts less total deductions	5,803,591	2,002,237	1,595,036	2,206,317	106,542,635	7,930,756	1,948,565	1,745,748	1,644,964
Constructive taxable income from related foreign corporations	91,390	50,281	38,553	2,556	7,298,355	417,629	33,292	7,528	51,447
Net income (less deficit)	5,876,327	2,042,327	1,628,550	2,205,451	113,518,786	8,333,218	1,981,745	1,752,470	1,693,392
Net income	8,056,879	3,066,684	1,992,615	2,997,680	120,144,888	8,872,167	1,950,016	1,967,621	2,002,697
Deficit	2,180,652	1,024,357	364,065	792,229	6,626,102	538,949	13,271	215,152	309,305
Income subject to tax	6,420,188	2,373,978	1,717,257	2,238,952	114,374,088	8,501,559	1,884,545	1,815,030	1,761,768
Income tax, total	2,427,708	893,266	745,928	788,514	53,092,051	3,985,819	895,575	842,830	779,380
Normal tax, surtax, and alternative tax	2,398,869	884,917	732,660	781,093	52,753,150	3,954,478	893,418	837,857	775,726
Tax from recomputing prior-year investment credit	25,830	7,215	11,232	7,183	229,483	28,057	2,153	4,703	3,619
Tax from recomputing prior-year work incentive (WIN) credit	(¹)	—	(¹)	—	62	(¹)	—	(¹)	—
Additional tax for tax preferences	3,209	1,135	1,836	238	109,356	3,283	4	*269	*35
Foreign tax credit	116,160	47,271	64,748	4,141	11,654,365	539,536	49,588	10,102	58,148
U.S. possessions tax credit	1,882	1,162	562	158	1,075,601	83,413	12,423	3,928	30,537
Investment credit	331,104	78,636	148,968	103,501	5,175,795	402,623	61,683	110,105	33,369
Work incentive (WIN) credit	279	30	*68	181	12,044	338	15	361	581
Jobs credit	481,331	155,499	81,931	243,902	956,211	57,847	638	30,027	70,236
Distributions to stockholders:									
Cash and property except in own stock	627,914	250,152	202,421	175,341	31,173,451	2,317,989	497,399	253,212	277,081
Corporation's own stock	54,433	9,501	34,067	10,864	801,896	102,923	—	*6,295	5,428

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

Corporation Returns/1978

RETURNS OF ACTIVE CORPORATIONS

Table 1.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Manufacturing — Continued								
	Lumber and wood products	Furniture and fixtures	Paper and allied products	Printing and publishing	Chemicals and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Stone, clay, and glass products
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns, total.....	12,823	6,389	3,318	34,373	9,495	1,171	10,021	2,499	8,067
Total assets.....	33,684,017	8,463,373	38,722,547	38,409,408	117,920,558	252,352,424	24,009,862	5,968,568	30,334,655
Cash.....	1,493,772	484,240	898,563	2,188,350	3,037,581	5,113,827	985,379	394,491	1,353,578
Notes and accounts receivable.....	5,019,585	2,290,314	5,819,922	8,914,441	22,398,276	48,245,103	6,219,382	1,531,216	6,314,202
Less: Allowance for bad debts.....	89,454	54,535	135,349	591,813	474,914	595,772	103,595	34,329	145,150
Inventories.....	5,495,327	2,604,378	5,942,881	4,314,843	19,331,427	16,736,673	4,958,875	1,952,011	4,462,590
Investments in Government obligations:									
United States.....	93,207	15,969	463,543	412,183	413,380	1,996,927	83,481	30,958	415,440
State and local.....	19,647	*20,831	60,634	324,643	289,473	*127,588	*79,110	*17,211	19,115
Other current assets.....	1,298,501	263,587	1,562,445	2,639,519	4,828,204	7,612,430	537,629	224,202	1,157,861
Loans to stockholders.....	86,514	15,698	84,359	262,734	258,770	108,997	87,317	16,407	35,891
Mortgage and real estate loans.....	1,001,149	12,887	16,627	113,451	50,396	137,025	52,295	*1,023	23,895
Other investments.....	3,339,531	539,372	4,741,497	4,974,588	21,408,821	68,177,161	2,863,017	726,373	3,251,516
Depreciable assets.....	20,391,138	3,739,431	28,536,345	18,430,876	73,798,989	132,237,767	14,317,051	1,691,222	22,576,975
Less: Accumulated depreciation.....	8,521,335	1,773,268	13,106,172	8,655,816	34,187,267	54,720,495	6,832,618	812,318	10,600,430
Depletable assets.....	2,537,208	*4,701	2,580,048	220,942	1,206,192	19,625,123	*5,188	2	335,250
Less: Accumulated depletion.....	126,341	*1,731	538,912	*17,282	329,344	7,813,787	*1,041	—	69,500
Land.....	506,939	130,205	960,549	718,412	1,451,617	4,373,589	240,333	45,010	615,340
Intangible assets (amortizable).....	61,892	30,966	144,489	1,320,558	1,337,655	13,612,356	59,478	50,413	73,891
Less: Accumulated amortization.....	13,237	7,751	34,072	215,343	272,752	7,789,663	15,329	12,036	20,172
Other assets.....	1,089,974	147,979	725,150	3,053,922	3,374,053	5,167,574	473,910	146,713	534,365
Total liabilities.....	33,684,017	8,463,373	38,722,547	38,409,408	117,920,558	252,352,424	24,009,862	5,968,568	30,334,655
Accounts payable.....	3,005,696	1,129,586	4,326,911	3,844,849	11,483,580	38,077,271	3,264,222	894,489	3,512,767
Mortgages, notes, and bonds payable in less than one year.....	2,604,293	706,212	1,369,682	2,336,286	5,846,439	5,882,956	1,314,461	671,903	1,498,254
Other current liabilities.....	3,524,338	915,536	3,802,224	4,939,790	12,916,264	15,661,396	2,773,681	482,984	3,236,857
Loans from stockholders.....	441,646	177,518	152,327	687,576	750,517	781,782	348,362	62,340	271,615
Mortgages, notes, and bonds payable in one year or more.....	6,940,929	1,320,680	8,885,698	5,629,085	25,034,715	42,806,682	5,021,533	948,949	6,146,656
Other liabilities.....	1,185,455	152,484	867,352	2,165,601	2,761,809	24,239,459	473,616	99,996	767,298
Capital stock.....	2,161,679	796,035	3,073,570	2,478,089	7,785,289	14,797,011	1,153,807	614,857	2,051,643
Paid-in or capital surplus.....	3,716,169	468,586	3,502,964	2,766,004	13,330,362	33,166,705	2,038,073	564,108	2,506,251
Retained earnings, appropriated.....	118,300	33,810	69,370	178,228	884,646	525,455	610,703	42,758	207,787
Retained earnings, unappropriated.....	10,481,507	2,908,629	12,974,465	14,084,407	38,356,105	77,847,924	7,254,088	1,681,915	10,464,154
Less: Cost of treasury stock.....	495,994	145,704	302,017	700,506	1,229,169	1,434,217	245,730	95,730	328,627
Total receipts.....	49,680,047	17,646,733	51,168,081	57,068,172	138,103,009	357,356,403	36,971,858	11,750,264	41,404,026
Business receipts.....	47,027,684	17,344,273	49,189,888	55,234,270	132,744,153	346,075,188	35,983,185	11,547,440	40,117,455
Interest on Government obligations:									
United States.....	9,249	3,449	22,867	33,481	43,558	132,493	17,382	1,673	12,021
State and local.....	1,456	2,378	4,942	10,156	12,529	21,768	635	1,029	1,436
Other interest.....	318,879	35,253	262,828	329,685	989,375	2,493,202	140,279	58,678	191,261
Rents.....	74,356	30,860	75,033	181,890	129,378	1,121,332	62,739	8,994	82,314
Royalties.....	18,760	13,703	181,126	134,643	772,803	1,026,048	58,556	4,489	104,302
Net short-term capital gain reduced by net long-term capital loss.....	5,152	667	2,222	4,566	7,965	22,072	3,315	*215	1,889
Net long-term capital gain reduced by net short-term capital loss.....	1,723,906	13,499	789,428	215,494	425,685	928,294	67,467	3,819	154,078
Net gain, noncapital assets.....	63,940	25,296	50,343	53,148	122,440	138,412	33,744	8,966	66,536
Dividends received from domestic corporations.....	45,714	10,034	109,636	116,330	556,526	1,089,159	46,277	47,504	81,896
Dividends received from foreign corporations.....	16,033	12,382	224,331	75,294	882,876	1,696,081	159,223	2,675	110,390
Other receipts.....	374,918	154,941	255,337	679,214	1,415,721	2,612,356	399,058	71,852	480,448
Total deductions.....	48,380,601	16,848,599	47,998,541	52,192,497	127,346,731	339,626,155	35,350,175	11,207,040	38,488,875
Cost of sales and operations.....	35,208,007	12,453,678	34,526,365	33,842,125	84,814,192	281,208,264	25,180,704	8,415,274	27,102,077
Compensation of officers.....	678,630	78,731	392,143	1,593,095	934,229	305,032	558,070	164,785	571,912
Repairs.....	509,349	76,951	1,201,034	327,951	2,134,967	3,379,517	448,711	62,165	999,447
Bad debts.....	84,632	51,099	70,987	313,427	235,758	205,700	95,372	17,786	101,819
Rent paid on business property.....	352,525	188,103	372,083	739,711	1,272,934	2,454,998	446,319	232,398	360,172
Taxes paid.....	1,185,333	481,897	1,285,846	1,752,776	2,722,301	9,503,465	1,022,066	292,632	1,158,718
Interest paid.....	827,732	215,997	839,520	714,140	2,571,880	4,351,049	589,742	181,463	644,704
Contributions or gifts.....	34,934	8,735	48,871	74,231	118,230	89,559	14,337	8,687	29,737
Amortization.....	10,314	1,928	11,419	39,515	29,362	64,944	4,016	1,175	5,350
Depreciation.....	1,593,316	274,604	2,039,825	1,487,905	5,279,602	7,554,419	951,790	139,484	1,594,823
Depletion.....	1,672,663	*841	373,538	53,068	254,081	1,021,373	1,319	395	148,550
Advertising.....	161,306	187,347	393,734	517,368	3,846,395	958,585	368,120	139,573	206,188
Pension, profit-sharing, stock bonus, and annuity plans.....	336,760	120,270	602,799	682,265	2,019,376	1,778,268	436,398	63,067	533,164
Employee benefit programs.....	194,471	98,132	424,334	489,765	1,150,911	796,878	364,328	54,943	459,296
Net loss, noncapital assets.....	20,165	50,497	22,780	13,365	40,851	83,786	4,127	3,082	59,924
Other deductions.....	3,510,462	2,259,789	5,393,264	9,451,791	19,921,662	25,870,317	4,864,756	1,430,133	4,512,995
Total receipts less total deductions.....	3,299,446	798,134	3,169,540	4,875,675	10,756,279	17,730,248	1,621,683	543,224	2,915,151
Constructive taxable income from related foreign corporations.....	40,503	3,876	156,415	57,186	1,079,018	1,694,024	109,834	604	99,489
Net income (less deficit).....	3,338,492	799,631	3,321,012	4,922,705	11,822,769	19,402,503	1,730,883	542,799	3,013,203
U.S. possessions tax credit.....	3,504,366	883,629	3,486,295	5,234,502	12,371,659	19,504,189	1,895,214	627,858	3,203,523
Deficit.....	165,874	183,997	165,283	311,797	548,890	101,685	164,331	85,059	190,320
Income subject to tax.....	3,177,996	909,670	3,446,518	4,920,253	12,147,580	18,063,127	1,796,891	562,088	3,032,730
Income tax, total.....	1,191,815	407,849	1,504,632	2,228,733	5,743,073	8,532,305	807,764	258,789	1,393,113
Normal tax, surtax, and alternative tax.....	1,168,522	405,442	1,490,123	2,219,634	5,699,507	8,500,146	803,191	258,364	1,384,135
Tax from recomputing prior-year investment credit.....	7,175	1,466	6,900	8,830	23,693	22,967	4,107	425	5,983
Tax from recomputing prior-year work incentive (WIN) credit.....	*11	—	—	26	*10	—	—	—	*3
Additional tax for tax preferences.....	16,107	*941	7,609	*243	19,863	9,190	*462	—	2,992
Foreign tax credit.....	20,702	3,134	188,575	88,113	1,158,059	4,665,179	112,400	2,493	114,947
U.S. possessions tax credit.....	—	128	849	1,259	583,579	11,686	6,066	3,843	7,139
Investment credit.....	211,963	23,523	230,549	158,576	518,011	883,840	87,074	11,227	215,075
Work incentive (WIN) credit.....	473	156	266	106	315	87	362	267	178
Jobs credit.....	50,093	33,315	23,630	55,433	33,382	5,545	42,008	8,109	37,784
Distributions to stockholders:									
Cash and property except in own stock.....	593,457	106,379	928,751	921,450	4,413,671	7,254,404	301,517	113,401	526,821
Corporation's own stock.....	18,917	*7,644	19,984	38,090	141,572	61,576	15,365	10,696	*25,206

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							
	Manufacturing — Continued							
	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Motor vehicles and equipment	Transportation equipment, except motor vehicles	Instruments and related products	Miscellaneous manufacturing and manufacturing not allocable
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
Number of returns, total.....	4,012	32,656	24,886	13,524	2,108	2,626	5,873	12,443
Total assets.....	102,484,550	59,321,142	121,529,849	110,596,932	117,934,444	41,825,562	23,398,244	16,353,400
Cash.....	2,308,196	2,865,331	4,403,933	4,862,784	2,741,735	3,556,468	588,192	973,552
Notes and accounts receivable.....	19,811,249	14,097,301	34,426,296	29,750,957	56,046,790	7,261,950	6,229,716	4,375,041
Less: Allowance for bad debts.....	275,254	253,083	649,654	739,793	586,926	138,422	96,621	115,453
Inventories.....	16,344,846	14,640,941	27,491,082	21,603,111	17,874,634	10,711,931	5,970,658	4,409,742
Investments in Government obligations:								
United States.....	401,252	313,025	1,559,926	845,829	2,829,704	196,887	599,635	40,537
State and local.....	207,967	148,194	215,650	98,718	427,401	*14,042	*107,007	14,729
Other current assets.....	4,274,782	2,272,542	8,684,416	9,131,840	2,572,512	3,879,972	1,149,644	707,797
Loans to stockholders.....	61,391	188,658	353,375	510,765	170,251	20,597	43,605	43,605
Mortgage and real estate loans.....	94,561	99,045	138,995	138,261	148,394	575,870	30,038	10,779
Other investments.....	15,238,546	7,381,269	15,150,153	17,235,047	11,427,599	5,389,702	2,004,689	1,952,739
Depreciable assets.....	71,092,150	28,220,353	51,519,865	39,714,007	45,097,210	17,274,443	11,046,422	5,604,848
Less: Accumulated depreciation.....	34,610,238	13,581,707	25,108,603	18,531,065	25,123,231	9,147,766	5,199,880	2,533,124
Depletable assets.....	799,050	183,778	226,667	586,980	*45,680	*61,633	*8,425	*11,099
Less: Accumulated depletion.....	283,908	24,579	47,476	177,005	*17,270	*14,817	*355	
Land.....	991,957	888,440	919,436	853,549	774,441	511,250	319,515	205,253
Intangible assets (amortizable).....	606,222	365,596	613,888	562,747	96,284	88,518	187,379	244,692
Less: Accumulated amortization.....	228,465	102,984	220,287	160,585	24,975	26,075	55,784	44,593
Other assets.....	5,649,245	1,619,022	1,852,184	4,310,785	3,422,212	1,599,380	428,754	452,156
Total liabilities.....	102,484,550	59,321,142	121,529,849	110,596,932	117,934,444	41,825,562	23,398,244	16,353,400
Accounts payable.....	10,809,518	7,892,282	13,704,001	17,324,780	13,479,999	8,460,629	2,462,731	1,995,667
Mortgages, notes, and bonds payable in less than one year.....	7,856,290	3,889,380	8,553,768	7,947,214	24,580,280	1,753,639	1,154,274	1,600,903
Other current liabilities.....	10,395,776	7,003,470	15,744,230	15,079,146	10,911,920	8,037,443	3,312,692	1,891,471
Loans from stockholders.....	287,465	924,673	3,992,722	1,023,830	591,626	155,582	214,035	330,365
Mortgages, notes, and bonds payable in one year or more.....	22,286,195	9,642,277	20,182,064	16,716,822	25,463,399	6,345,275	3,066,774	2,891,207
Other liabilities.....	6,851,251	2,342,570	3,513,025	9,196,207	2,526,303	1,666,226	330,810	350,869
Capital stock.....	7,588,539	3,934,705	10,032,631	5,744,031	3,898,972	2,696,561	1,619,743	1,273,767
Paid-in or capital surplus.....	10,066,073	5,233,829	11,616,468	11,702,230	6,425,013	3,116,448	2,575,396	1,998,423
Retained earnings, appropriated.....	211,206	361,162	887,368	286,984	660,842	116,883	111,716	50,662
Retained earnings, unappropriated.....	26,571,968	19,043,898	34,056,513	26,811,312	29,374,866	9,729,715	8,685,452	4,161,391
Less: Cost of treasury stock.....	439,732	947,103	1,355,623	1,335,623	178,575	252,839	135,380	191,926
Total receipts.....	119,501,703	95,661,237	142,416,039	129,929,705	156,219,048	54,440,140	32,293,316	25,338,460
Business receipts.....	115,924,875	93,760,072	132,248,184	124,358,575	150,295,405	52,399,800	30,917,774	24,778,681
Interest on Government obligations:								
United States.....	34,199	23,641	175,627	64,871	221,782	18,049	25,930	3,567
State and local.....	10,495	10,631	32,276	155,974	24,462	2,641	5,346	4,945
Other interest.....	1,054,040	351,629	1,839,493	1,359,462	2,244,268	530,545	175,858	148,952
Rents.....	261,462	131,751	2,447,974	671,533	502,961	191,273	35,364	44,583
Royalties.....	107,635	102,498	1,944,461	525,289	145,780	91,339	155,044	42,812
Net short-term capital gain reduced by net long-term capital loss.....	19,194	6,313	11,310	30,450	404	*712	694	*1,192
Net long-term capital gain reduced by net short-term capital loss.....	413,661	174,134	243,513	338,797	119,548	162,956	28,771	38,856
Net gain, noncapital assets.....	88,876	99,771	199,134	146,589	64,694	34,358	12,762	20,322
Dividends received from domestic corporations.....	201,834	109,931	650,371	685,807	519,715	466,376	256,680	35,830
Dividends received from foreign corporations.....	211,678	214,948	1,439,400	721,517	1,301,897	112,013	289,063	58,524
Other receipts.....	1,173,755	675,917	1,184,297	892,841	778,033	430,079	390,032	160,095
Total deductions.....	115,698,693	89,975,759	129,355,542	121,221,662	145,864,476	52,889,534	29,190,069	24,040,693
Cost of sales and operations.....	87,998,380	67,195,416	88,619,513	83,224,839	109,999,493	38,897,824	18,367,820	16,827,433
Compensation of officers.....	576,863	2,260,061	1,906,522	1,180,462	334,490	322,008	419,232	591,309
Repairs.....	4,888,145	928,921	1,108,764	775,929	1,620,088	438,907	419,592	156,925
Bad debts.....	142,774	197,100	353,493	328,383	261,370	59,073	77,796	74,940
Rent paid on business property.....	652,663	790,406	1,340,491	1,134,754	768,306	416,672	308,892	241,715
Taxes paid.....	2,679,673	2,480,693	4,013,671	3,448,629	4,066,867	1,475,711	837,901	693,790
Interest paid.....	2,946,086	1,333,178	3,088,442	2,734,121	4,023,126	758,676	394,316	482,752
Contributions or gifts.....	53,786	66,085	120,127	88,463	96,519	22,105	52,516	13,988
Amortization.....	45,099	18,373	93,718	25,830	8,370	7,399	9,882	7,677
Depreciation.....	4,065,230	2,157,673	4,775,569	3,952,345	4,793,306	1,108,040	887,772	477,018
Depletion.....	602,943	38,088	90,662	131,439	4,977	27,778	1,355	*1,092
Advertising.....	318,489	609,279	997,453	1,536,119	978,333	226,868	713,383	498,473
Pension, profit-sharing, stock bonus, and annuity plans.....	2,309,559	1,088,962	2,218,130	1,807,427	3,394,026	1,338,298	541,376	198,526
Employee benefit programs.....	1,347,081	805,541	1,606,260	1,371,449	4,017,903	779,228	332,144	185,474
Net loss, noncapital assets.....	17,485	26,991	36,326	18,722	14,057	6,251	9,761	9,498
Other deductions.....	7,054,435	9,977,992	18,986,403	19,462,749	11,483,244	7,006,695	5,816,331	3,580,084
Total receipts less total deductions.....	3,803,011	5,685,479	13,060,498	8,708,043	10,354,571	1,550,606	3,103,248	1,297,766
Constructive taxable income from related foreign corporations.....	156,641	139,948	1,648,917	265,910	910,223	219,065	172,473	34,334
Net income (less deficit).....	3,949,157	5,814,796	14,677,139	8,817,979	11,240,333	1,767,030	3,270,375	1,327,155
Net income.....	4,574,522	6,296,376	15,210,821	9,436,160	11,603,132	2,381,104	3,419,066	1,574,966
Deficit.....	625,371	481,579	533,682	618,181	382,799	614,073	148,691	247,811
Income subject to tax.....	4,302,508	5,910,798	14,807,151	9,030,342	11,503,678	2,003,082	3,335,353	1,461,422
Income tax, total.....	2,018,062	2,645,791	9,668,257	4,223,092	5,502,967	930,303	1,575,125	656,778
Normal tax, surtax, and alternative tax.....	1,974,619	2,632,697	9,620,220	4,200,400	5,486,010	923,567	1,570,116	654,976
Tax from recomputing prior-year investment credit.....	8,332	11,056	44,263	16,737	16,478	5,880	4,965	1,691
Tax from recomputing prior-year work incentive (WIN) credit.....	—	*3	(¹)	1	1	1	(¹)	—
Additional tax for tax preferences.....	35,111	2,032	3,773	5,955	*477	*855	*44	*110
Foreign tax credit.....	323,530	197,825	1,914,522	724,615	1,037,232	150,742	255,019	41,903
U.S. possessions tax credit.....	4,844	20,611	65,113	174,711	2,187	—	42,450	20,835
Investment credit.....	336,506	223,966	485,390	428,761	539,124	83,056	89,003	44,349
Work incentive (WIN) credit.....	494	474	724	754	5,591	204	157	159
Jobs credit.....	32,349	160,088	112,753	97,880	23,126	23,635	23,758	34,576
Distributions to stockholders:								
Cash and property except in own stock.....	1,339,748	949,193	3,580,771	2,330,689	2,745,987	789,916	723,293	208,324
Corporation's own stock.....	44,214	70,135	81,066	48,781	*6,127	36,111	28,046	33,738

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Transportation and public utilities				Wholesale and retail trade				
	Total	Transportation	Communication	Electric, gas, and sanitary services	Total	Wholesale trade			
						Total	Groceries and related products	Machinery, equipment, and supplies	Miscellaneous wholesale trade
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
Number of returns, total.....	92,686	71,562	8,630	12,494	721,443	254,682	27,035	47,600	180,047
Total assets.....	597,721,008	140,980,182	162,682,751	294,058,075	486,146,204	252,600,616	22,887,721	41,445,155	188,267,740
Cash.....	8,633,367	4,956,638	1,502,848	2,173,882	29,467,519	14,783,923	1,465,076	2,400,590	10,918,257
Notes and accounts receivable.....	45,871,162	18,192,903	10,651,376	17,026,883	129,892,890	87,750,961	7,584,265	14,097,998	66,068,697
Less: Allowance for bad debts.....	663,083	265,795	168,716	228,572	2,534,956	1,478,348	151,609	247,864	1,078,875
Inventories.....	20,185,622	4,472,598	4,661,446	11,051,579	158,135,586	72,911,578	6,411,364	14,015,526	52,484,688
Investments in Government obligations:									
United States.....	5,517,374	2,101,133	1,823,758	1,592,483	1,241,384	680,295	143,921	48,897	487,477
State and local.....	283,480	252,716	26,399	4,365	357,312	209,909	25,135	13,498	171,276
Other current assets.....	20,486,673	7,245,135	3,505,688	9,735,850	15,925,718	8,675,904	895,274	1,149,191	6,631,439
Loans to stockholders.....	800,359	707,950	52,319	40,089	3,362,442	1,324,387	184,472	166,483	973,432
Mortgage and real estate loans.....	1,596,257	495,736	247,189	853,322	1,504,146	591,147	64,143	66,523	460,481
Other investments.....	49,018,159	18,859,567	13,615,034	16,543,558	38,636,205	25,787,454	1,127,199	3,208,912	21,451,344
Depreciable assets.....	569,815,144	113,380,700	157,006,035	299,228,408	445,203,300	54,178,281	7,380,629	8,169,672	38,627,980
Less: Accumulated depreciation.....	145,858,721	39,141,023	33,917,084	72,800,614	59,188,223	22,691,294	3,262,521	3,302,175	16,126,597
Depletable assets.....	3,614,799	795,227	5,864	2,813,708	834,242	669,461	7,167	44,054	618,240
Less: Accumulated depletion.....	1,038,636	240,873	1,283	796,479	251,760	185,795	378	20,982	164,434
Land.....	5,764,608	2,153,210	648,482	2,962,916	10,429,499	3,694,979	342,408	449,352	2,903,218
Intangible assets (amortizable).....	4,005,799	2,138,909	1,408,144	458,747	2,843,099	925,438	88,546	128,331	708,561
Less: Accumulated amortization.....	1,343,804	804,575	439,802	89,426	877,815	298,305	33,086	40,947	224,272
Other assets.....	11,232,447	5,680,025	2,055,046	3,497,376	11,065,617	5,070,642	615,715	1,096,097	3,356,830
Total liabilities.....	597,721,008	140,980,182	162,682,751	294,058,075	486,146,204	252,600,616	22,887,721	41,445,155	188,267,740
Accounts payable.....	28,461,974	11,097,759	5,237,151	12,127,064	102,000,972	61,453,945	6,287,636	47,731,717	31,693,042
Mortgages, notes, and bonds payable in less than one year.....	24,116,998	8,711,236	5,766,359	9,639,402	75,766,185	42,091,847	3,112,494	8,286,311	30,693,042
Other current liabilities.....	63,123,773	18,231,338	19,604,186	25,286,249	41,004,863	18,525,522	1,998,905	3,129,289	13,397,928
Loans from stockholders.....	2,935,604	1,789,995	586,545	559,064	13,365,153	5,493,863	690,251	920,699	3,882,913
Mortgages, notes, and bonds payable in one year or more.....	204,786,763	41,244,896	51,354,589	112,187,277	71,427,941	29,709,412	3,052,031	4,640,872	22,016,509
Other liabilities.....	33,135,455	9,535,038	8,243,103	15,357,313	10,183,495	4,471,695	790,572	687,237	2,993,886
Capital stock.....	91,119,066	11,139,851	20,241,169	59,738,046	33,971,813	16,723,218	1,410,879	2,405,371	12,906,968
Paid-in or capital surplus.....	60,831,325	17,316,685	20,537,910	22,976,729	22,009,556	10,479,088	860,366	1,261,893	8,356,808
Retained earnings, appropriated.....	1,895,950	609,044	313,420	973,486	2,090,773	1,180,782	61,033	65,977	1,053,771
Retained earnings, unappropriated.....	88,640,009	22,075,908	31,242,225	35,321,876	119,657,353	65,175,440	4,849,228	13,059,546	47,266,666
Less: Cost of treasury stock.....	1,325,908	771,570	443,906	110,432	5,331,898	2,704,197	225,695	446,632	2,031,870
Total receipts.....	372,898,491	148,130,747	81,235,961	143,531,783	1,461,404,863	770,443,928	125,821,589	88,446,879	558,175,459
Business receipts.....	360,687,424	141,176,945	79,664,672	139,845,807	1,436,428,884	758,743,748	124,510,198	84,258,151	549,975,399
Interest on Government obligations:									
United States.....	218,544	134,348	31,972	52,225	127,228	78,043	11,462	6,446	60,135
State and local.....	10,550	5,834	1,728	2,988	72,789	17,709	2,477	13,585	13,585
Other interest.....	2,716,343	1,062,447	328,336	1,325,560	5,093,750	2,695,992	182,876	559,315	1,953,800
Rents.....	2,260,376	1,415,578	463,728	377,070	3,125,301	1,155,040	132,381	384,585	638,074
Royalties.....	219,596	110,654	78,754	30,188	272,688	81,890	12,546	11,164	58,180
Net short-term capital gain reduced by net long-term capital loss.....	55,487	13,083	29,060	13,344	52,930	30,159	8,139	2,351	19,669
Net long-term capital gain reduced by net short-term capital loss.....	1,041,440	632,849	100,771	307,820	1,409,010	614,959	48,390	98,949	467,619
Net gain, noncapital assets.....	1,120,831	887,280	89,569	143,982	815,212	485,742	79,073	124,254	282,415
Dividends received from domestic corporations.....	307,836	86,595	149,044	72,197	720,340	398,375	17,387	61,002	319,987
Dividends received from foreign corporations.....	223,792	145,646	58,615	19,532	310,646	193,838	2,502	8,282	183,054
Other receipts.....	4,036,272	2,455,488	239,713	1,341,071	12,976,084	5,948,433	614,989	929,901	4,203,542
Total deductions.....	352,027,145	143,401,658	73,262,085	135,363,401	1,426,238,358	750,908,495	124,391,012	81,615,392	544,902,091
Cost of sales and operations.....	227,211,452	97,652,974	37,350,875	92,207,602	1,134,768,884	642,166,017	109,793,988	63,611,720	468,760,310
Compensation of officers.....	2,926,635	2,016,280	436,489	473,865	23,012,159	11,288,456	1,229,682	2,112,369	7,946,405
Repairs.....	535,781	198,964	98,963	237,834	4,863,215	1,739,383	323,171	257,077	1,159,135
Bad debts.....	1,197,801	334,214	524,952	338,635	2,849,793	1,573,769	167,730	292,066	1,113,973
Rent paid on business property.....	7,247,322	5,514,281	1,097,106	635,935	18,140,821	4,168,035	631,099	595,863	2,941,074
Taxes paid.....	20,687,991	6,248,195	5,307,603	9,131,593	19,782,132	7,805,918	867,596	990,510	5,947,811
Interest paid.....	18,142,886	4,175,089	9,890,575	13,677,333	6,610,760	573,940	1,105,266	4,931,554	2,218,067
Contributions or gifts.....	166,922	47,707	68,657	49,557	329,873	150,087	14,389	25,405	110,293
Amortization.....	236,021	87,548	31,881	116,592	120,743	43,085	3,440	10,316	29,329
Depreciation.....	30,287,913	7,454,491	11,252,026	11,581,396	13,268,846	5,292,984	708,282	1,073,587	3,511,115
Depletion.....	312,527	95,564	1,149	215,815	149,789	121,823	253	8,474	113,097
Advertising.....	1,369,904	716,804	517,583	135,517	12,904,818	2,904,198	289,103	397,028	2,218,067
Pension, profit-sharing, stock bonus, and annuity plans.....	6,407,293	1,803,164	3,162,968	1,441,161	4,415,214	2,146,811	276,450	374,815	1,495,546
Employee benefit programs.....	3,383,937	1,421,357	1,342,115	620,465	3,182,625	1,246,825	207,306	214,618	824,900
Net loss, noncapital assets.....	103,206	24,648	19,737	58,821	241,874	108,703	13,747	10,962	83,995
Other deductions.....	31,810,154	15,708,246	7,873,871	8,228,037	174,530,260	63,541,639	9,290,837	10,535,315	43,715,487
Total receipts less total deductions.....	20,871,346	4,729,089	7,973,876	8,168,382	35,166,504	19,535,433	1,430,577	4,831,487	13,273,369
Constructive taxable income from related foreign corporations.....	141,157	60,512	57,393	23,253	665,643	574,164	1,747	8,010	564,407
Net income (less deficit).....	21,001,954	4,783,767	8,029,540	8,188,647	35,759,358	20,091,887	1,430,677	4,837,020	13,824,191
Net income.....	23,305,319	6,740,862	8,150,013	8,414,444	41,432,239	22,856,078	1,690,043	5,255,431	15,910,605
Deficit.....	2,303,365	1,957,095	120,473	225,798	5,672,882	2,764,191	259,366	418,411	2,086,414
Income subject to tax.....	22,090,821	6,005,914	7,842,579	8,242,328	30,594,403	14,531,349	1,340,584	2,690,073	10,500,692
Income tax, total.....	10,394,378	2,681,238	3,795,139	3,918,001	12,479,414	5,990,841	553,447	1,098,044	4,339,350
Normal tax, surtax, and alternative tax.....	10,252,353	2,654,495	3,717,532	3,860,322	12,386,647	5,940,450	549,240	1,081,766	4,309,444
Tax from recomputing prior-year investment credit.....	124,417	18,651	77,398	28,368	86,219	45,483	4,168	15,652	25,663
Tax from recomputing prior-year work incentive (WIN) credit.....	*4	*3	—	1	*13	*8	*7	—	*1
Additional tax for tax preferences.....	17,604	8,090	*210	9,305	6,534	4,900	32	626	4,242
Foreign tax credit.....	222,436	113,735	61,965	46,736	594,197	478,029	1,271	16,403	460,354
U.S. possessions tax credit.....	25,054	358	24,695	—	19,522	13,111	426	47	12,637
Investment credit.....	4,765,971	1,202,231	1,658,219	1,905,521	1,087,793	432,258	57,347	88,651	286,259
Work incentive (WIN) credit.....	463	315	73	75	3,378	1,886	61	149	1,676
Jobs credit.....	123,751	94,073	16,865	12,812	860,923	345,315	36,564	71,501	237,250
Distributions to stockholders:									
Cash and property except in own stock.....	13,666,472	1,436,434	4,431,805	7,798,234	7,272,502	4,533,924	212,086	1,380,795	2,941,044
Corporation's own stock.....	133,163	51,808	20,106	61,250	342,950	171,707	28,707	29,664	113,336

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued									
	Wholesale and retail trade — Continued									
	Retail trade									Wholesale and retail trade not allocable
	Total	Building materials, garden supplies, and mobile home dealers	General merchandise stores	Food stores	Automotive dealers and service stations	Apparel and accessory stores	Furniture and home furnishings stores	Eating and drinking places	Miscellaneous retail stores	
	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
Number of returns, total.....	485,920	34,662	9,913	32,339	74,965	42,572	38,684	101,054	133,731	841
Total assets.....	233,287,520	17,128,477	57,343,413	28,073,094	47,336,665	12,564,831	11,511,337	20,365,980	38,963,723	258,068
Cash.....	14,649,029	1,179,970	1,876,532	2,217,981	2,645,817	1,163,773	887,379	1,681,984	2,996,591	34,568
Notes and accounts receivable.....	42,185,111	4,145,586	17,208,944	1,572,629	6,540,822	1,820,090	2,976,396	1,198,764	6,621,879	56,818
Less: Allowance for bad debts.....	1,054,873	131,505	273,883	28,339	168,849	49,254	102,187	18,920	281,956	*1,735
Inventories.....	85,152,782	6,890,070	16,285,867	8,883,771	25,882,948	5,333,249	4,876,607	1,286,971	15,613,298	71,226
Investments in Government obligations:										
United States.....	561,089	23,024	52,928	249,414	49,095	52,626	*4,317	66,275	63,408	—
State and local.....	147,403	*3,012	9,667	45,233	5,118	17,443	*13,432	11,094	42,404	—
Other current assets.....	7,240,639	345,483	1,255,084	1,184,054	1,336,532	599,738	289,260	889,160	1,341,329	9,175
Loans to stockholders.....	2,036,277	110,964	485,457	123,437	300,784	333,955	68,764	322,584	290,320	*1,778
Mortgage and real estate loans.....	912,999	74,719	344,921	32,802	125,813	87,729	38,145	170,040	90,830	—
Other investments.....	12,824,974	748,667	4,844,597	1,956,313	1,065,309	656,436	357,796	1,037,755	2,158,098	23,777
Depreciable assets.....	90,915,574	4,986,192	20,310,969	17,241,945	12,038,202	3,593,544	2,668,375	16,386,277	13,690,070	109,444
Less: Accumulated depreciation.....	36,440,765	2,201,884	7,807,629	7,139,652	4,776,779	1,805,727	1,118,735	5,905,295	5,884,864	56,164
Depletable assets.....	164,781	17,557	—	*284	16,509	*18,576	*2,267	*6,414	103,174	—
Less: Accumulated depletion.....	65,965	*3,638	—	*158	5,753	*7,080	*1,236	*1,483	46,618	—
Land.....	6,727,076	529,306	1,565,189	835,568	1,347,970	154,182	248,313	1,359,491	687,056	*7,445
Intangible assets (amortizable).....	1,916,701	140,435	104,225	346,349	112,810	87,896	18,498	810,110	296,279	959
Less: Accumulated amortization.....	579,068	40,970	24,935	114,621	30,878	25,987	6,958	224,568	110,151	443
Other assets.....	5,993,755	312,487	1,105,659	668,082	851,194	283,540	192,903	1,289,317	1,292,572	1,221
Total liabilities.....	233,287,520	17,128,477	57,343,413	28,073,094	47,336,665	12,564,831	11,511,337	20,365,980	38,963,723	258,068
Accounts payable.....	40,492,691	2,701,614	12,146,721	6,078,639	4,704,076	2,361,580	2,237,291	2,238,736	8,024,033	54,335
Mortgages, notes, and bonds payable in less than one year.....	33,649,122	2,206,174	2,619,450	1,051,984	20,189,407	794,454	1,311,451	1,493,335	3,982,867	25,215
Other current liabilities.....	22,461,550	1,326,995	7,522,811	2,823,527	3,207,230	1,226,159	1,112,209	1,749,300	3,393,318	17,791
Loans from stockholders.....	7,848,585	673,684	781,039	511,866	1,388,318	482,379	501,481	1,620,712	1,889,107	22,704
Mortgages, notes, and bonds payable in one year or more.....	41,668,951	2,690,945	10,492,982	6,653,033	5,418,451	1,506,722	1,640,138	6,802,441	6,464,241	49,578
Other liabilities.....	5,702,484	430,866	1,419,698	857,079	645,763	315,713	518,645	677,959	836,760	9,317
Capital stock.....	17,230,418	1,563,161	2,998,101	1,681,594	3,426,060	1,311,333	1,130,378	1,790,610	3,329,180	18,177
Paid-in or capital surplus.....	11,518,507	647,061	3,189,293	1,898,761	1,001,043	799,604	472,976	1,412,826	2,096,843	*11,961
Retained earnings, appropriated.....	909,991	46,779	207,044	21,308	163,507	99,738	133,649	64,508	153,459	—
Retained earnings, unappropriated.....	54,430,683	5,097,518	16,294,218	6,676,512	7,731,016	3,869,611	2,686,483	2,743,747	9,331,570	51,230
Less: Cost of treasury stock.....	2,625,462	256,322	327,944	281,209	538,205	202,463	233,363	248,293	537,663	*2,239
Total receipts.....	690,317,471	42,579,813	102,704,959	145,344,858	193,462,366	28,968,021	26,304,130	50,271,760	100,681,763	643,464
Business receipts.....	677,061,531	41,826,115	99,153,968	144,020,986	190,418,999	28,295,767	25,407,530	49,052,967	98,885,180	623,605
Interest on Government obligations:										
United States.....	49,185	2,667	6,707	20,453	3,822	2,509	1,599	6,124	5,303	—
State and local.....	55,080	188	3,512	42,731	2,612	1,276	1,190	1,295	2,275	—
Other interest.....	2,396,232	163,354	571,125	155,644	871,188	116,108	136,550	98,627	283,635	1,526
Rents.....	1,968,301	121,069	510,667	262,125	419,995	86,925	72,440	240,060	255,021	*1,961
Royalties.....	190,797	1,185	*1,022	32,358	8,161	*643	*1,679	127,065	18,684	*1
Net short-term capital gain reduced by net long-term capital loss.....	22,771	920	924	1,625	2,458	*1,061	1,503	3,465	10,816	—
Net long-term capital gain reduced by net short-term capital loss.....	793,968	59,602	333,679	58,634	90,854	22,891	17,124	100,421	110,763	*83
Net gain, noncapital assets.....	327,387	31,857	30,785	39,162	89,274	9,985	13,996	40,807	71,521	*2,083
Dividends received from domestic corporations.....	321,940	8,880	188,559	11,693	13,114	66,808	8,621	6,354	19,810	*25
Dividends received from foreign corporations.....	116,808	*311	81,262	*23,450	*129	*37	211	3,367	8,041	—
Other receipts.....	7,013,470	363,464	1,824,749	675,996	1,541,760	364,011	641,686	591,188	1,010,616	14,181
Total deductions.....	674,690,695	41,051,073	99,138,368	143,075,553	191,324,698	27,702,106	25,511,244	49,012,752	97,874,901	639,168
Cost of sales and operations.....	492,167,147	30,575,060	64,133,254	112,118,806	162,197,823	16,824,809	16,052,786	21,855,436	68,409,174	435,699
Compensation of officers.....	11,698,384	1,168,735	408,842	906,823	2,652,959	929,257	1,021,028	1,654,121	2,956,619	25,319
Repairs.....	3,119,932	183,317	515,434	751,053	426,630	107,562	97,996	627,633	407,306	3,800
Bad debts.....	1,270,400	170,404	327,158	72,527	223,220	70,205	125,295	47,556	234,034	5,624
Rent paid on business property.....	13,965,653	514,889	2,601,497	2,020,235	1,515,728	1,681,400	775,603	2,426,242	2,430,059	7,132
Taxes paid.....	11,965,093	756,880	2,409,426	1,831,197	1,964,794	857,050	523,477	1,907,046	1,815,224	11,121
Interest paid.....	7,060,214	486,646	1,833,004	502,341	2,107,273	223,710	299,980	693,523	913,736	6,359
Contributions or gifts.....	179,615	13,653	53,120	24,360	22,354	14,421	9,291	10,310	32,105	172
Amortization.....	77,657	3,703	9,186	5,682	5,736	6,169	1,218	21,759	24,204	—
Depreciation.....	7,962,110	437,683	1,407,020	1,385,580	1,404,459	334,663	262,750	1,434,284	1,295,672	13,752
Depletion.....	27,965	1,378	2,597	*32	4,762	*1,539	*314	1,858	15,485	—
Advertising.....	9,996,655	510,952	2,592,180	1,377,676	1,522,233	607,876	919,311	905,763	1,560,664	3,965
Pension, profit-sharing, stock bonus, and annuity plans.....	2,266,162	162,206	668,955	583,888	229,924	113,759	79,896	105,412	322,121	*2,240
Employee benefit programs.....	1,833,916	111,738	333,021	644,734	323,698	69,890	69,887	140,572	240,375	1,884
Net loss, noncapital assets.....	133,096	4,366	21,472	14,849	12,100	8,306	2,481	49,563	19,960	*75
Other deductions.....	110,886,695	5,949,464	21,822,201	20,835,769	16,708,005	8,051,489	5,269,930	17,131,673	17,098,165	121,926
Total receipts less total deductions.....	15,626,776	1,528,540	3,566,591	2,269,305	2,137,668	1,265,915	792,886	1,259,008	2,806,862	4,296
Constructive taxable income from related foreign corporations.....	91,479	1	60,371	22,795	41	*1	8	1,767	6,495	—
Net income (less deficit).....	15,683,175	1,528,354	3,623,450	2,249,369	2,135,097	1,264,640	791,704	1,259,479	2,811,082	4,296
Net income.....	18,561,515	1,757,416	3,779,141	2,504,493	2,577,928	1,528,395	1,012,299	1,904,759	3,505,083	14,645
Deficit.....	2,898,341	229,063	149,681	255,124	442,831	261,755	220,595	645,280	694,001	10,350
Income subject to tax.....	16,053,325	1,541,802	3,487,897	2,307,580	2,155,626	1,317,056	820,757	1,484,851	2,937,758	9,729
Income tax, total.....	6,485,763	596,442	1,586,148	1,019,083	772,428	532,909	292,660	568,449	1,117,844	2,810
Normal tax, surtax, and alternative tax.....	6,443,419	593,746	1,581,133	1,013,045	760,829	531,464	291,408	562,361	1,109,434	2,778
Tax from recomputing prior-year investment credit.....	40,704	2,661	4,817	5,916	11,329	1,435	1,186	5,759	7,800	*32
Tax from recomputing prior-year work incentive (WIN) credit.....	*5	—	—	*3	—	—	—	*1	*1	—
Additional tax for tax preferences.....	1,635	*35	398	118	270	—	65	327	*411	—
Foreign tax credit.....	116,169	54	72,361	23,771	26	*100	21	6,828	13,006	—
U.S. possessions tax credit.....	6,412	—	361	2,495	—	1,594	655	1,065	241	—
Investment credit.....	654,949	35,882	153,018	139,615	75,615	25,767	13,670	102,219	109,182	586
Work incentive (WIN) credit.....	1,492	*628	105	76	274	*42	*29	50	288	—
Jobs credit.....	515,214	51,673	18,053	52,617	123,225	37,661	29,469	110,738	91,778	*394
Distributions to stockholders:										
Cash and property except in own stock.....	2,735,592	121,799	1,082,602	372,745	170,977	244,551	68,777	236,995	437,146	*2,986
Corporation's own stock.....	171,188	9,592	45,938	45,568	20,656	*4,869	*2,952	21,180	20,433	*56

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							
	Finance, insurance, and real estate							
	Total	Banking	Credit agencies other than banks	Security, commodity brokers and services	Insurance	Insurance agents, brokers, and service	Real estate	Holding and other investment companies, except bank holding companies
	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
Number of returns, total.....	454,301	15,347	54,785	6,699	8,208	43,118	275,939	50,205
Total assets.....	3,249,397,057	1,725,421,986	640,407,256	55,232,583	584,039,465	13,418,085	114,228,660	116,649,022
Cash.....	302,242,597	259,187,976	17,352,733	2,062,162	7,582,277	2,510,962	6,744,564	6,801,924
Notes and accounts receivable.....	1,024,775,875	883,720,191	72,709,163	30,779,129	16,860,235	4,351,316	10,593,863	5,761,978
Less: Allowance for bad debts.....	28,165,859	9,720,743	17,145,919	28,180	242,119	189,036	571,359	268,502
Inventories.....	6,195,753	92,340	1,770,695	*68,716	1,422,791	10,002	2,676,482	154,728
Investments in Government obligations:								
United States.....	199,381,579	139,281,639	23,345,909	3,950,809	28,803,630	277,852	564,882	3,156,858
State and local.....	179,924,946	116,409,279	1,855,490	58,840,544	138,319	328,900	2,102,674	116,649,022
Other current assets.....	85,008,936	25,744,088	9,882,087	12,412,861	18,960,319	593,994	11,896,299	5,519,287
Loans to stockholders.....	4,851,553	1,054,482	1,181,906	59,457	172,895	176,177	1,560,644	645,993
Mortgage and real estate loans.....	752,003,125	145,070,214	488,375,760	151,293	107,284,289	804,165	5,650,074	4,667,330
Other investments.....	528,560,678	94,336,451	24,261,973	3,580,289	312,556,132	2,700,746	10,936,105	80,188,982
Depreciable assets.....	125,555,463	31,432,741	12,923,473	1,008,229	10,339,786	1,428,577	63,075,539	5,347,110
Less: Accumulated depreciation.....	38,597,918	7,743,358	3,904,229	356,925	2,146,739	592,382	22,566,815	1,287,478
Depletable assets.....	907,358	5,909	104,238	95,795	12,546	*1,410	362,145	325,316
Less: Accumulated depletion.....	326,526	1,203	39,984	17,002	818	*82	149,117	119,319
Land.....	27,691,268	2,785,703	2,860,861	54,215	684,496	131,868	18,836,263	2,337,961
Intangible assets (amortizable).....	1,780,835	291,767	257,281	51,508	273,712	328,575	485,835	92,156
Less: Accumulated amortization.....	562,379	70,819	92,936	15,493	66,513	107,161	174,521	34,935
Other assets.....	78,169,771	43,545,328	4,708,755	1,125,982	22,702,003	852,784	3,978,878	1,256,042
Total liabilities.....	3,249,397,057	1,725,421,986	640,407,256	55,232,583	584,039,465	13,418,085	114,228,660	116,649,022
Accounts payable.....	61,187,723	11,193,943	5,231,995	19,813,044	13,642,121	5,002,164	4,156,894	2,047,570
Mortgages, notes, and bonds payable in less than one year.....	145,630,082	43,338,043	65,707,264	11,921,816	4,774,641	656,911	14,310,424	4,920,983
Other current liabilities.....	2,048,953,912	1,474,076,678	441,731,560	14,576,370	104,831,541	2,173,029	6,059,764	3,504,970
Loans from stockholders.....	15,061,385	4,704,505	2,173,823	124,947	1,339,607	244,961	5,505,536	968,006
Mortgages, notes, and bonds payable in one year or more.....	183,378,965	31,855,391	78,822,427	2,179,164	8,411,192	1,137,215	50,454,465	10,519,110
Capital.....	431,645,341	41,035,584	13,699,801	1,249,753	364,552,407	360,372	6,871,838	3,875,587
Paid-in or capital surplus.....	76,252,103	22,626,655	7,431,420	1,057,940	6,015,953	789,330	10,093,451	28,237,353
Retained earnings, appropriated.....	137,437,864	38,598,265	6,490,252	1,873,179	16,496,257	649,944	9,860,017	63,469,950
Retained earnings, unappropriated.....	24,376,744	5,042,084	4,550,523	89,062	12,554,005	56,882	411,367	1,672,721
Less: Cost of treasury stock.....	137,382,627	53,543,874	14,912,384	2,430,180	52,237,999	2,589,683	7,963,369	3,705,138
Other.....	9,909,687	593,037	344,193	182,871	816,257	242,507	1,458,455	6,272,367
Total receipts.....	474,690,489	130,458,772	64,275,478	10,040,342	203,175,208	12,101,551	42,131,219	12,507,918
Business receipts.....	234,578,853	13,515,753	14,594,888	4,272,376	163,445,277	11,492,158	24,949,050	2,309,351
Interest on Government obligations:								
United States.....	14,825,729	10,394,528	1,823,903	329,325	1,806,371	20,351	58,916	392,335
State and local.....	8,670,677	5,554,708	140,929	57,594	2,735,671	10,900	27,725	143,151
Other interest.....	170,706,647	93,829,622	45,218,173	1,713,909	24,957,676	239,244	1,479,644	3,268,379
Rents.....	15,326,699	1,932,412	521,132	25,371	2,702,216	30,804	9,333,494	781,271
Royalties.....	569,835	25,356	19,416	10,886	24,316	925	86,190	402,745
Net short-term capital gain reduced by net long-term capital loss.....	494,629	29,870	25,434	93,097	50,193	840	54,617	240,578
Net long-term capital gain reduced by net short-term capital loss.....	3,726,380	315,480	291,190	48,805	316,211	34,119	1,165,677	1,554,897
Net gain, noncapital assets.....	7,050,888	384,237	242,526	2,923,768	106,813	22,719	3,304,178	66,648
Dividends received from domestic corporations.....	6,308,701	449,696	66,773	97,330	3,227,915	47,913	130,133	2,288,942
Dividends received from foreign corporations.....	337,628	121,066	30,079	5,353	51,542	12,866	3,540	113,182
Other receipts.....	12,093,822	3,906,045	1,301,036	462,529	3,751,006	188,712	1,538,055	946,440
Total deductions.....	432,294,860	118,533,848	60,199,766	9,382,992	187,920,836	10,949,079	38,829,981	6,478,365
Cost of sales and operations.....	111,618,648	804,207	6,361,679	411,772	91,519,817	2,575,674	8,767,538	1,177,962
Compensation of officers.....	11,819,056	4,587,505	1,158,052	878,091	814,659	1,816,014	2,233,413	331,322
Repairs.....	1,955,910	623,075	224,516	26,299	86,136	34,361	906,948	54,576
Bad debts.....	7,251,873	3,946,861	2,574,239	37,571	333,415	85,892	184,721	89,174
Rent paid on business property.....	5,740,927	2,164,132	524,264	320,782	1,181,711	306,776	1,143,026	100,236
Taxes paid.....	12,338,847	3,011,613	1,082,273	257,086	4,349,571	338,850	3,011,215	288,240
Interest paid.....	118,850,328	69,588,435	37,182,809	1,888,648	3,676,172	171,971	5,065,159	1,277,134
Contributions or gifts.....	305,343	159,377	38,995	9,463	42,563	13,003	31,878	10,063
Amortization.....	139,384	38,976	16,465	8,918	18,520	14,212	36,407	5,886
Depreciation.....	9,349,094	3,627,860	914,652	143,249	1,468,468	189,826	2,784,686	220,352
Depletion.....	156,602	3,624	20,471	20,023	14,270	*121	28,810	69,283
Advertising.....	3,538,542	1,051,782	736,900	77,121	611,070	162,155	866,925	32,589
Pension, profit-sharing, stock bonus, and annuity plans.....	3,899,204	1,387,337	334,638	140,301	1,521,176	266,715	187,964	61,053
Employee benefit programs.....	1,689,368	769,473	184,613	69,429	424,544	118,872	100,890	21,547
Net loss, noncapital assets.....	931,332	467,713	149,966	52,465	34,771	2,414	151,371	72,631
Other deductions.....	142,710,401	26,301,879	8,695,232	5,041,774	81,823,967	4,852,222	13,329,010	2,666,316
Total receipts less total deductions.....	42,395,629	11,924,924	4,075,712	657,350	15,254,379	1,152,472	3,301,238	6,028,553
Constructive taxable income from related foreign corporations.....	148,982	43,747	26,692	*1,702	19,257	9,783	1,988	45,814
Net income (less deficit).....	33,873,934	6,413,964	3,961,475	601,459	12,537,964	1,151,355	3,275,501	5,932,216
Net income.....	38,585,831	7,290,758	4,869,894	762,764	12,956,995	1,133,298	5,133,298	6,492,342
Deficit.....	4,711,897	878,784	708,419	161,305	419,030	128,426	1,857,797	560,126
Income subject to tax.....	26,868,842	6,414,974	4,347,221	616,648	9,515,499	995,444	3,732,111	1,121,153
Income tax, total.....	11,920,213	3,033,149	2,049,923	270,707	4,494,538	388,243	1,272,490	411,162
Normal tax, surtax, and alternative tax.....	11,756,250	2,996,880	1,952,387	269,992	4,488,047	386,346	1,259,657	402,940
Tax from recomputing prior-year investment credit.....	42,776	16,206	10,114	537	5,568	1,491	6,682	2,177
Tax from recomputing prior-year work incentive (WIN) credit.....	*2	*1	(*)	—	1	—	—	—
Additional tax for tax preferences.....	121,184	20,061	87,422	178	921	*406	6,151	6,045
Foreign tax credit.....	1,103,998	767,374	42,742	4,790	221,016	11,867	4,742	51,486
U.S. possessions tax credit.....	6,786	—	5,817	399	—	—	138	431
Investment credit.....	695,842	357,311	69,446	21,099	158,564	14,842	63,543	11,037
Work incentive (WIN) credit.....	1,094	165	90	—	236	*178	*421	*4
Jobs credit.....	204,232	78,764	30,107	8,328	23,131	19,508	39,545	4,849
Distributions to stockholders:								
Cash and property except in own stock.....	13,599,824	3,280,342	862,474	173,183	2,965,359	279,941	859,864	5,178,661
Corporation's own stock.....	844,392	456,245	38,898	31,536	110,709	*2,722	60,591	143,590

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							Nature of business not allocable
	Services							
	Total	Hotels and other lodging places	Personal services	Business services	Auto repair; miscellaneous repair services	Amusement and recreation services	Other services	
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)
Number of returns, total.....	560,016	18,710	41,883	138,903	65,284	44,826	250,410	7,110
Total assets.....	134,379,134	16,302,224	6,319,852	40,914,190	16,504,154	22,950,851	31,387,863	2,013,976
Cash.....	13,102,050	1,201,354	704,210	3,915,061	1,098,696	1,919,156	4,263,574	266,236
Notes and accounts receivable.....	23,303,891	980,008	1,133,290	10,479,582	2,711,298	2,586,947	5,412,766	409,848
Less: Allowance for bad debts.....	712,479	53,282	37,757	222,322	46,089	134,090	218,939	4,222
Inventories.....	6,468,663	217,574	450,718	1,697,332	1,179,044	1,688,954	1,235,062	469,562
Investments in Government obligations:								
United States.....	695,537	12,671	29,653	247,389	92,925	118,551	194,348	*4,551
State and local.....	671,841	*10,803	*43,960	432,780	*18,759	41,180	124,359	*3,133
Other current assets.....	8,415,325	459,836	281,016	2,845,085	573,110	2,505,874	1,750,404	87,984
Loans to stockholders.....	1,779,110	165,727	107,081	402,083	100,313	194,312	809,595	29,677
Mortgage and real estate loans.....	1,799,957	286,154	30,045	311,575	39,498	855,386	277,299	*3,550
Other investments.....	13,144,482	1,920,781	460,350	5,429,134	508,152	2,267,001	2,559,064	132,454
Depreciable assets.....	86,863,656	13,648,744	4,941,192	20,765,229	14,664,584	14,228,474	18,615,432	795,195
Less: Accumulated depreciation.....	35,061,076	4,744,877	2,585,103	8,945,477	5,495,269	6,479,564	6,810,786	350,719
Depletable assets.....	188,950	*5,530	*82	55,735	*10,711	48,716	68,176	*41,689
Less: Accumulated depletion.....	45,949	*46	*21	16,038	*1,414	*17,300	11,130	*17,382
Land.....	5,959,937	1,546,689	343,056	770,667	537,060	1,434,027	1,328,438	64,137
Intangible assets (amortizable).....	2,503,763	143,407	103,169	691,775	72,604	1,119,506	373,302	7,988
Less: Accumulated amortization.....	1,166,096	46,573	32,519	192,026	23,435	725,566	145,976	3,134
Other assets.....	6,467,551	547,725	347,430	2,246,627	463,607	1,299,288	1,562,874	73,449
Total liabilities.....	134,379,134	16,302,224	6,319,852	40,914,190	16,504,154	22,950,851	31,387,863	2,013,976
Accounts payable.....	12,833,025	730,001	487,057	5,230,633	1,513,496	2,028,466	2,843,373	359,682
Mortgages, notes, and bonds payable in less than one year.....	15,310,951	940,883	554,861	5,510,189	3,282,578	1,996,540	3,025,900	304,698
Other current liabilities.....	16,819,329	1,044,345	734,533	5,155,753	1,553,992	4,189,097	4,141,610	179,371
Loans from stockholders.....	5,645,187	881,569	275,030	1,467,082	539,125	981,563	1,500,819	87,552
Mortgages, notes, and bonds payable in one year or more.....	38,078,766	8,067,393	1,382,457	9,380,117	4,977,792	5,626,142	8,664,865	304,814
Other liabilities.....	6,861,609	619,035	247,094	2,321,083	878,189	1,122,746	1,673,462	76,427
Capital stock.....	11,213,167	1,477,220	793,135	2,545,794	872,749	2,513,961	3,010,308	186,081
Paid-in or capital surplus.....	11,159,054	1,308,557	212,531	4,272,729	547,524	1,969,462	2,848,251	108,858
Retained earnings, appropriated.....	408,435	39,492	30,207	128,812	23,567	90,041	96,315	*4,152
Retained earnings, unappropriated.....	18,260,517	1,505,102	1,830,143	5,503,303	2,493,873	2,718,900	4,209,196	465,998
Less: Cost of treasury stock.....	2,210,907	311,371	207,195	601,304	178,731	286,068	626,238	63,657
Total receipts.....	210,606,073	13,555,157	11,324,130	64,003,341	21,659,245	24,821,179	75,443,022	5,616,860
Business receipts.....	201,678,049	12,623,975	10,969,982	61,166,853	20,780,549	22,758,756	73,377,934	5,483,247
Interest on Government obligations:								
United States.....	59,885	1,425	1,690	24,496	6,677	10,086	15,511	1,017
State and local.....	36,717	1,160	4,366	19,731	*1,006	2,767	7,686	*311
Other interest.....	1,428,132	120,762	55,519	566,746	128,296	255,216	301,592	18,313
Rents.....	1,747,642	125,795	78,276	701,074	221,283	329,951	291,261	23,861
Royalties.....	568,218	101,172	23,265	38,152	1,318	380,680	23,631	*4,061
Net short-term capital gain reduced by net long-term capital loss.....	47,381	4,908	*3,333	12,209	1,320	5,258	20,352	*59
Net long-term capital gain reduced by net short-term capital loss.....	584,112	106,698	44,151	159,126	39,812	105,245	129,081	4,838
Net gain, noncapital assets.....	609,074	35,209	27,531	189,810	218,545	48,106	89,873	8,803
Dividends received from domestic corporations.....	194,093	23,410	7,292	64,439	4,285	46,823	47,844	3,054
Dividends received from foreign corporations.....	85,396	*3,846	*9,544	54,448	*2	14,570	2,985	2
Other receipts.....	3,567,375	406,796	99,180	1,006,257	256,151	663,721	1,135,271	69,095
Total deductions.....	202,985,210	12,751,026	10,807,260	61,520,837	20,995,417	23,425,744	73,485,127	5,451,904
Cost of sales and operations.....	100,355,222	6,041,899	5,457,463	34,951,155	11,354,746	11,592,479	30,957,481	4,047,398
Compensation of officers.....	22,089,869	291,387	809,853	3,939,028	1,265,521	979,295	14,804,785	239,228
Repairs.....	1,986,441	351,915	168,361	398,178	326,342	325,126	414,518	26,832
Bad debts.....	720,107	47,002	54,983	217,834	69,954	63,906	266,429	12,226
Rent paid on business property.....	7,783,327	692,979	505,515	1,863,321	684,887	964,800	3,071,825	83,686
Taxes paid.....	7,353,972	765,589	477,812	2,000,033	702,568	868,930	2,539,041	97,465
Interest paid.....	4,752,293	783,968	172,672	1,331,893	807,805	677,470	978,485	52,457
Contributions or gifts.....	84,810	6,899	6,716	22,864	6,987	13,956	27,388	1,847
Amortization.....	227,793	7,473	5,069	78,814	4,063	104,848	27,527	376
Depreciation.....	10,354,225	798,813	479,057	2,755,855	2,623,167	2,022,703	1,674,629	78,445
Depletion.....	49,778	*2,226	*1,063	18,429	1,393	2,855	23,812	*4,769
Advertising.....	2,697,971	303,727	200,338	869,437	181,094	728,665	414,709	33,621
Pension, profit-sharing, stock bonus, and annuity plans.....	3,940,704	39,716	61,241	603,632	66,390	183,543	2,986,181	50,494
Employee benefit programs.....	1,338,342	68,304	63,259	379,380	115,637	122,171	589,592	17,142
Net loss, noncapital assets.....	206,542	16,990	3,848	48,229	13,276	19,096	105,101	2,112
Other deductions.....	39,043,815	2,532,139	2,340,010	12,042,555	2,769,585	4,755,901	14,603,624	703,807
Total receipts less total deductions.....	7,620,863	804,131	516,870	2,482,704	663,829	1,195,435	1,957,894	164,755
Constructive taxable income from related foreign corporations.....	81,979	1,923	1,939	42,496	*568	24,267	10,787	—
Net income (less deficit).....	7,666,125	804,893	514,442	2,505,469	663,390	1,216,936	1,960,995	164,445
Net income.....	10,994,355	1,085,665	620,337	3,467,199	932,875	1,714,994	3,173,286	215,065
Deficit.....	3,326,230	280,772	105,894	961,730	269,485	498,058	1,212,291	50,621
Income subject to tax.....	8,568,087	787,243	491,827	2,869,105	723,045	1,306,434	2,411,433	165,545
Income tax, total.....	3,190,125	335,556	177,660	1,111,190	240,837	568,333	756,549	81,168
Normal tax, surtax, and alternative tax.....	3,151,307	331,719	176,296	1,097,914	233,387	563,742	748,249	80,993
Tax from recomputing prior-year investment credit.....	34,512	2,875	1,347	11,812	7,374	3,563	7,541	175
Tax from recomputing prior-year work incentive (WIN) credit.....	—	—	—	—	—	—	—	—
Additional tax for tax preferences.....	4,306	962	*16	1,464	*76	1,029	758	—
Foreign tax credit.....	140,459	*8,100	*6,658	60,653	*54	48,138	18,856	(¹)
U.S. possessions tax credit.....	3,798	180	—	2,145	50	110	1,334	1,484
Investment credit.....	500,305	36,165	22,528	165,053	55,571	110,525	110,463	5,882
Work incentive (WIN) credit.....	1,087	91	182	372	*70	*8	384	*14
Jobs credit.....	386,149	20,077	18,651	144,737	38,873	29,979	133,832	6,063
Distributions to stockholders:								
Cash and property except in own stock.....	1,490,937	131,431	105,852	402,540	91,292	295,298	464,525	16,848
Corporation's own stock.....	102,847	*8,371	*3,642	11,670	*19,160	*52,128	7,676	859

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

¹Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 1.3 — Balance Sheets and Income Statements, by Major Industry

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

Item	All industries	Major industry					
		Agriculture, forestry, and fishing	Mining				
			Total	Metal mining	Coal mining	Oil and gas extraction	Nonmetallic minerals, except fuels
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns with net income.....	1,523,848	44,807	11,148	128	1,369	7,617	2,034
Total assets.....	5,443,711,445	23,188,276	73,302,199	9,040,786	5,909,140	53,891,930	4,460,344
Cash.....	381,190,742	1,565,429	2,367,561	107,306	406,398	1,464,822	389,035
Notes and accounts receivable.....	1,457,430,476	2,329,292	17,181,524	782,578	882,809	14,621,230	894,907
Less: Allowance for bad debts.....	35,111,362	21,104	53,656	2,765	2,007	30,640	18,244
Inventories.....	383,327,219	2,855,204	3,282,120	653,771	225,268	2,014,127	388,954
Investments in Government obligations:							
United States.....	201,048,749	147,285	258,466	19,024	77,033	134,190	28,218
State and local.....	170,974,687	37,244	69,739	5,532	25,510	36,573	*2,123
Other current assets.....	173,635,087	640,110	4,308,697	2,118,936	378,359	1,660,525	150,878
Loans to stockholders.....	15,000,144	335,031	1,145,384	49,829	15,851	1,062,740	16,964
Mortgage and real estate loans.....	721,832,747	302,876	249,245	14,270	*7,243	210,583	17,149
Other investments.....	803,352,612	1,972,329	14,296,743	2,134,314	746,441	11,158,734	257,253
Depreciable assets.....	1,486,297,479	12,709,920	35,865,321	3,654,101	4,011,136	24,267,918	3,832,167
Less: Accumulated depreciation.....	553,321,264	5,828,097	13,360,678	1,307,115	1,638,718	8,256,835	2,158,010
Depletable assets.....	36,438,267	141,934	5,230,020	310,605	242,060	4,431,041	246,315
Less: Accumulated depletion.....	12,565,920	17,965	1,646,182	103,452	52,188	1,420,172	70,370
Land.....	59,568,588	4,879,130	862,279	80,676	143,531	380,323	257,749
Intangible assets (amortizable).....	30,651,575	50,039	1,929,115	*24,983	19,299	1,875,310	9,523
Less: Accumulated amortization.....	13,162,235	13,119	749,063	*19,773	4,264	722,328	2,699
Other assets.....	137,123,854	1,102,739	2,065,565	517,965	425,378	1,003,790	118,432
Total liabilities.....	5,443,711,445	23,188,276	73,302,199	9,040,786	5,909,140	53,891,930	4,460,344
Accounts payable.....	345,604,072	1,228,591	5,876,732	374,623	362,266	4,737,514	402,328
Mortgages, notes, and bonds payable in less than one year.....	307,277,072	3,705,639	2,032,263	159,147	407,627	1,201,448	264,040
Other current liabilities.....	2,178,591,997	1,323,056	12,744,262	590,628	594,443	11,192,614	366,577
Loans from stockholders.....	38,726,308	887,047	619,949	*192,007	41,269	206,637	180,037
Mortgages, notes, and bonds payable in one year or more.....	645,628,873	5,580,271	12,040,118	1,768,787	1,297,438	8,288,001	685,892
Other liabilities.....	530,791,697	1,000,470	2,993,844	576,048	455,906	1,828,442	133,448
Capital stock.....	263,586,943	3,613,104	2,230,923	466,938	171,470	1,270,436	322,079
Paid-in or capital surplus.....	323,885,374	1,583,672	10,893,079	987,984	190,298	9,544,623	170,174
Retained earnings, appropriated.....	37,011,448	196,137	3,863,726	56,023	34,931	3,730,241	42,530
Retained earnings, unappropriated.....	800,621,511	4,378,879	20,425,345	3,890,925	2,433,307	12,106,408	1,994,706
Less: Cost of treasury stock.....	28,013,848	308,590	418,042	22,323	79,816	214,435	101,468
Total receipts.....	4,204,361,186	32,817,972	81,987,756	4,045,938	6,061,823	66,220,194	5,659,801
Business receipts.....	3,877,465,999	31,100,251	78,542,266	3,449,594	5,788,854	63,863,454	5,440,364
Interest on Government obligations:							
United States.....	14,867,053	19,363	27,818	6,643	7,003	12,469	1,702
State and local.....	8,452,454	2,096	5,068	114	1,509	2,699	746
Other interest.....	180,285,875	188,512	431,940	63,592	41,666	295,029	31,653
Rents.....	25,065,400	133,642	138,953	4,882	38,408	64,531	31,332
Royalties.....	7,492,190	45,086	187,019	10,101	3,874	168,627	4,416
Net short-term capital gain reduced by net long-term capital loss.....	772,562	13,135	15,172	*1,548	*900	11,558	*1,166
Net long-term capital gain reduced by net short-term capital loss.....	13,727,326	388,648	818,758	331,182	67,833	377,782	41,962
Net gain, noncapital assets.....	10,482,165	116,498	274,381	80,742	9,564	159,068	25,008
Dividends received from domestic corporations.....	12,565,982	36,101	222,571	20,194	24,847	172,933	4,597
Dividends received from foreign corporations.....	9,030,850	*7,649	65,588	*30,303	143	34,596	547
Other receipts.....	44,153,330	766,991	1,258,222	47,244	77,222	1,057,449	76,306
Total deductions.....	3,929,872,134	30,620,268	52,562,660	3,682,432	5,639,948	38,054,666	5,185,615
Cost of sales and operations.....	2,753,355,437	22,592,017	36,245,026	2,520,993	3,796,836	26,557,234	3,369,964
Compensation of officers.....	71,210,182	804,683	625,376	27,800	90,289	383,034	124,253
Repairs.....	28,878,469	561,259	548,992	19,521	120,993	197,226	211,252
Bad debts.....	13,093,325	34,418	*896	4,944	24,759	11,117	
Rent paid on business property.....	46,764,790	596,297	328,188	18,097	42,693	220,855	46,542
Taxes paid.....	102,251,482	674,170	1,207,719	171,201	271,946	590,619	173,954
Interest paid.....	166,858,327	752,693	1,119,043	149,367	138,197	730,549	100,930
Contributions or gifts.....	2,073,505	11,574	30,813	*2,553	3,137	20,369	4,754
Amortization.....	909,748	5,383	15,538	1,885	1,981	11,213	459
Depreciation.....	106,588,187	1,135,652	2,415,014	219,049	399,079	1,476,366	320,521
Depletion.....	5,567,419	12,629	721,911	104,529	218,382	242,058	156,941
Advertising.....	35,999,946	102,530	61,907	4,430	2,194	33,648	21,635
Pension, profit-sharing, stock bonus, and annuity plans.....	38,429,488	126,194	314,225	55,684	33,463	179,358	45,719
Employee benefit programs.....	23,989,224	76,824	210,990	12,440	94,265	69,400	34,885
Net loss, noncapital assets.....	1,137,126	7,217	27,093	646	899	22,888	2,660
Other deductions.....	532,765,478	3,126,729	8,649,110	373,343	420,650	7,295,089	560,028
Total receipts less total deductions.....	274,489,052	2,197,704	29,425,095	363,507	421,874	28,165,528	474,186
Constructive taxable income from related foreign corporations.....	8,483,123	6,570	162,838	118,814	708	43,032	283
Net income.....	274,519,721	2,202,179	29,582,865	482,207	421,073	28,205,862	473,723
Income subject to tax.....	239,627,020	1,386,949	29,041,850	420,317	340,596	27,872,942	407,995
Income tax, total.....	107,803,897	483,990	13,822,848	169,146	165,030	13,298,695	189,977
Normal tax, surtax, and alternative tax.....	106,974,698	475,815	13,741,509	144,759	145,386	13,273,565	177,799
Tax from recomputing prior-year investment credit.....	525,381	7,584	15,904	3,711	2,356	7,402	2,436
Tax from recomputing prior-year work incentive (WIN) credit.....	79	*2	23	—	—	—	23
Additional tax for tax preferences.....	303,739	589	65,412	*20,675	17,288	17,729	9,720
Foreign tax credit.....	26,357,626	*13,210	12,512,804	*63,516	1,662	12,445,728	1,899
U.S. possessions tax credit.....	1,134,422	294	—	—	—	—	—
Investment credit.....	12,897,130	100,232	234,247	36,169	32,422	123,772	41,885
Work incentive (WIN) credit.....	18,469	17	*94	22	*39	3	*29
Jobs credit.....	3,093,915	31,117	44,138	*702	6,880	27,308	9,248
Distributions to stockholders:							
Cash and property except in own stock.....	67,051,545	239,905	1,906,968	113,158	115,893	1,600,091	77,825
Corporation's own stock.....	2,147,986	*13,506	50,145	2,071	*5,737	*35,714	*6,623

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 1.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Construction				Manufacturing				
	Total	General building contractors and operative builders	Heavy construction contractors	Special trade contractors	Total	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and other textile products
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Number of returns with net income	148,712	57,911	11,250	79,551	159,631	9,549	**	3,833	11,532
Total assets	80,587,861	39,862,912	17,527,948	23,197,001	1,168,095,846	94,979,041	**	18,855,197	16,220,857
Cash	8,072,314	3,513,472	1,809,679	2,749,163	38,926,069	3,594,479	**	818,595	1,046,153
Notes and accounts receivable	22,931,293	8,852,491	5,259,828	8,818,974	288,329,796	18,724,868	**	4,984,940	4,650,750
Less: Allowance for bad debts	172,503	38,077	26,818	107,609	5,253,772	389,923	**	88,298	88,507
Inventories	14,351,485	9,962,110	1,096,772	3,292,604	197,990,410	18,899,318	**	5,160,586	5,792,392
Investments in Government obligations:									
United States	353,691	181,712	105,607	66,372	11,416,461	633,110	**	147,338	62,904
State and local	247,105	147,924	59,477	39,704	2,460,175	229,222	**	*14,483	82,136
Other current assets	7,980,525	4,871,792	1,339,000	1,769,732	53,781,204	4,074,630	**	558,651	629,406
Loans to stockholders	1,853,179	1,412,413	80,098	360,668	3,172,937	532,285	**	29,684	142,137
Mortgage and real estate loans	868,995	747,682	61,376	59,937	3,245,049	617,004	**	20,965	22,559
Other investments	4,633,211	2,280,289	1,479,934	872,987	195,477,402	16,146,733	**	1,206,344	1,355,616
Depreciable assets	28,372,335	7,934,246	11,931,543	8,506,546	595,867,370	46,625,247	**	12,794,630	3,956,570
Less: Accumulated depreciation	14,201,172	3,287,617	6,606,534	4,305,020	275,393,655	20,114,121	**	7,159,342	1,932,955
Depletable assets	132,779	35,961	69,969	26,849	26,553,155	347,487	**	*5,426	*4,765
Less: Accumulated depletion	35,104	6,575	17,044	11,485	9,416,441	91,067	**	*2,884	*1,964
Land	2,961,127	2,020,566	459,099	481,462	14,929,512	1,607,643	**	119,952	112,972
Intangible assets (amortizable)	219,534	124,934	45,358	49,242	19,609,267	694,729	**	21,422	56,565
Less: Accumulated amortization	50,777	23,050	9,860	17,866	9,214,829	155,376	**	10,304	28,214
Other assets	2,069,844	1,132,639	392,464	544,741	35,615,734	3,002,776	**	233,009	357,603
Total liabilities	80,587,861	39,862,912	17,527,948	23,197,001	1,168,095,846	94,979,041	**	18,855,197	16,220,857
Accounts payable	16,178,893	7,779,265	3,358,526	5,041,102	147,564,766	11,866,063	**	2,522,909	2,808,984
Mortgages, notes, and bonds payable in less than one year	10,966,362	7,313,520	1,525,898	2,126,945	79,989,872	6,481,742	**	1,374,235	1,748,867
Other current liabilities	10,904,303	5,256,366	2,327,472	3,320,465	123,461,755	9,807,934	**	1,670,970	1,550,164
Loans from stockholders	2,934,201	1,994,270	247,668	692,264	10,686,866	1,156,369	**	90,458	204,110
Mortgages, notes, and bonds payable in one year or more	10,110,899	5,504,054	2,388,211	2,218,634	205,068,911	15,779,462	**	2,914,121	1,770,062
Other liabilities	5,788,451	3,216,064	1,185,543	1,386,843	60,864,690	3,340,530	**	265,199	258,931
Capital stock	3,894,668	1,295,625	1,128,496	1,470,547	72,002,631	6,244,524	**	1,281,542	1,098,627
Paid-in or capital surplus	2,136,577	1,197,062	507,815	431,700	115,467,368	8,140,429	**	1,027,245	930,372
Retained earnings, appropriated	216,239	65,889	66,737	83,613	5,842,719	723,828	**	31,713	57,024
Retained earnings, unappropriated	18,503,709	6,585,388	5,109,692	6,808,628	376,628,445	32,028,174	**	7,947,029	6,009,606
Less: Cost of treasury stock	1,046,442	344,593	318,110	383,739	9,482,179	690,014	**	215,889	215,889
Total receipts	176,400,090	75,548,328	38,875,838	61,975,924	1,684,943,154	198,873,604	**	34,937,595	35,292,625
Business receipts	172,286,939	73,486,869	37,568,081	61,231,989	1,626,535,856	195,015,581	**	34,392,976	34,736,171
Interest on Government obligations:									
United States	34,223	16,526	10,733	6,964	881,259	46,569	**	14,830	4,180
State and local	14,010	8,233	2,559	3,217	316,125	14,964	**	639	2,903
Other interest	696,844	365,581	210,181	121,082	12,449,915	826,756	**	84,382	103,682
Rents	624,120	400,851	136,207	87,063	5,957,803	346,863	**	32,223	26,821
Royalties	29,049	6,513	17,327	5,210	5,724,931	341,783	**	28,612	65,689
Net short-term capital gain reduced by net long-term capital loss	26,778	15,412	1,331	10,035	152,152	25,913	**	904	1,005
Net long-term capital gain reduced by net short-term capital loss	319,026	166,391	86,003	66,631	5,980,906	214,592	**	34,105	16,985
Net gain, noncapital assets	361,815	149,227	135,758	76,831	1,377,266	150,530	**	43,841	17,962
Dividends received from domestic corporations	67,746	18,491	33,561	15,694	4,943,091	220,060	**	43,840	49,825
Dividends received from foreign corporations	76,723	23,156	50,428	3,138	7,946,372	433,987	**	12,692	52,296
Other receipts	1,862,818	891,077	623,671	348,070	12,677,479	1,236,007	**	248,552	215,108
Total deductions	168,396,908	72,502,710	36,916,846	58,977,352	1,571,695,051	190,399,823	**	32,976,129	33,338,472
Cost of sales and operations	137,838,275	62,553,629	30,029,374	45,255,272	1,174,675,151	148,181,864	**	26,540,838	25,523,267
Compensation of officers	5,916,037	2,053,548	787,749	3,074,740	14,130,387	1,089,708	**	393,725	804,930
Repairs	921,331	184,773	392,980	333,578	19,140,223	1,575,676	**	269,011	83,404
Bad debts	245,495	54,495	147,244	43,755	2,703,795	245,926	**	54,876	63,399
Rent paid on business property	974,590	296,794	286,726	451,069	12,802,326	1,368,218	**	209,006	350,005
Taxes paid	3,667,206	1,091,175	760,518	1,815,514	44,692,249	4,893,824	**	866,689	920,799
Interest paid	1,794,836	926,820	449,261	418,755	26,798,954	2,109,865	**	447,678	420,865
Contributions or gifts	65,891	28,191	16,399	21,302	1,085,688	84,145	**	24,367	26,400
Amortization	10,366	4,249	2,685	3,432	365,770	24,791	**	2,832	3,426
Depreciation	2,940,051	743,937	1,194,707	1,001,406	44,708,543	3,667,953	**	918,854	324,490
Depletion	40,232	11,929	24,316	3,987	4,236,915	27,197	**	1,382	*9
Advertising	398,711	182,799	39,789	176,123	18,172,735	4,897,228	**	236,628	289,908
Pension, profit-sharing, stock bonus, and annuity plans	906,683	258,805	237,970	409,909	19,812,607	1,256,891	**	244,500	210,659
Employee benefit programs	695,858	165,823	136,683	393,351	14,388,169	985,876	**	156,442	185,158
Net loss, noncapital assets	29,304	19,601	1,547	8,156	261,959	26,720	**	5,785	6,354
Other deductions	11,952,043	3,976,142	2,512,388	5,463,514	173,719,580	19,963,742	**	2,603,517	4,125,397
Total receipts less total deductions	8,003,182	3,045,618	1,958,992	2,998,572	113,248,103	8,473,681	**	1,961,466	1,954,154
Constructive taxable income from related foreign corporations	67,807	29,299	36,183	2,325	7,212,910	413,449	**	6,795	51,446
Net income	8,056,979	3,066,684	1,992,615	2,997,680	120,144,888	8,872,167	**	1,967,621	2,002,697
Income subject to tax	6,420,188	2,373,978	1,717,257	2,328,952	114,374,088	8,501,559	**	1,815,030	1,761,768
Income tax, total	2,419,701	891,891	741,772	786,038	53,061,072	3,984,241	**	842,433	779,084
Normal tax, surtax, and alternative tax	2,398,869	884,917	732,660	781,093	52,753,150	3,954,478	**	837,857	775,726
Tax from recomputing prior-year investment credit	18,526	5,971	7,819	4,736	217,418	26,786	**	4,321	3,326
Tax from recomputing prior-year work incentive (WIN) credit	(1)	—	(1)	—	34	(1)	—	(1)	—
Additional tax for tax preferences	2,305	1,002	1,094	210	90,469	2,976	**	*254	*32
Foreign tax credit	116,160	47,271	64,748	4,141	11,654,365	539,536	**	10,102	58,148
U.S. possessions tax credit	1,882	1,162	562	158	1,075,601	83,413	**	3,928	30,537
Investment credit	331,104	78,636	148,968	103,501	5,175,795	402,623	**	110,105	33,369
Work incentive (WIN) credit	279	30	*68	181	12,044	338	**	361	581
Jobs credit	481,331	155,499	81,931	243,902	956,211	57,847	**	30,027	70,236
Distributions to stockholders:									
Cash and property except in own stock	563,453	214,004	182,256	167,193	30,047,485	2,265,349	**	249,903	270,661
Corporation's own stock	42,154	9,301	22,262	*10,590	701,175	99,952	**	*6,295	5,209

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 1.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Manufacturing — Continued								
	Lumber and wood products	Furniture and fixtures	Paper and allied products	Printing and publishing	Chemicals and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Stone, clay, and glass products
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns with net income	10,549	4,911	2,630	23,876	6,225	932	7,417	2,018	6,053
Total assets	32,489,203	7,159,078	35,820,495	35,355,750	106,291,975	240,228,282	22,503,895	4,948,990	28,252,785
Cash	1,461,267	430,921	829,642	2,066,850	2,794,774	4,684,248	943,371	379,666	1,287,697
Notes and accounts receivable	4,841,349	1,917,546	5,442,416	8,151,710	20,744,446	46,598,348	5,873,888	1,232,791	5,989,264
Less: Allowance for bad debts	86,288	41,243	119,093	534,978	439,576	587,465	91,886	24,165	133,436
Inventories	5,192,279	2,179,687	5,069,113	3,884,270	17,169,696	15,910,428	4,674,844	1,583,463	4,180,896
Investments in Government obligations:									
United States	92,248	15,969	463,043	403,034	399,239	1,982,431	83,481	30,850	388,540
State and local	19,638	*20,866	54,071	317,086	286,458	*127,588	*70,038	*17,211	17,522
Other current assets	1,225,989	217,379	1,435,003	2,374,328	4,242,508	7,273,844	484,261	182,600	1,029,511
Loans to stockholders	79,793	11,924	83,688	227,607	240,648	104,008	83,116	15,903	34,718
Mortgage and real estate loans	992,795	9,693	16,229	105,247	48,403	136,481	51,902	*1,023	17,856
Other investments	3,267,135	472,201	4,245,575	4,663,875	19,967,155	64,221,484	2,759,009	597,041	3,096,137
Depreciable assets	19,701,663	3,165,209	26,945,803	17,007,457	66,983,947	125,521,409	13,347,595	1,350,769	21,012,787
Less: Accumulated depreciation	8,213,356	1,491,592	12,387,988	8,007,945	31,899,831	50,571,263	6,460,526	640,894	9,978,891
Depletable assets	2,478,824	*4,690	2,580,048	210,712	1,001,331	17,786,754	*4,943	2	319,240
Less: Accumulated depletion	121,995	*1731	538,912	*14,474	284,999	7,804,981	*1,041	—	65,720
Land	464,697	106,822	921,698	676,332	1,147,131	4,997,040	218,554	40,966	557,369
Intangible assets (amortizable)	52,780	20,174	133,459	1,197,404	1,291,907	10,489,972	41,691	48,141	63,311
Less: Accumulated amortization	12,345	6,386	30,918	183,647	262,308	7,757,723	10,747	11,430	17,649
Other assets	1,052,729	126,961	677,617	2,810,881	2,861,047	5,015,678	431,400	135,053	453,631
Total liabilities	32,489,203	7,159,078	35,820,495	35,355,750	106,291,975	240,228,282	22,503,895	4,948,990	28,252,785
Accounts payable	2,804,084	887,973	3,724,347	3,331,392	10,279,867	36,142,426	2,946,324	755,276	3,260,456
Mortgages, notes, and bonds payable in less than one year	2,357,796	491,557	1,089,429	2,003,846	4,749,957	5,626,140	1,068,356	438,862	1,240,097
Other current liabilities	3,449,493	741,624	3,621,691	4,559,644	11,975,680	14,386,347	2,664,271	414,473	3,019,639
Loans from stockholders	324,576	91,618	104,551	424,495	516,449	729,507	270,503	52,533	200,074
Mortgages, notes, and bonds payable in one year or more	6,513,210	964,090	7,780,981	4,795,011	21,028,208	37,889,661	4,540,027	630,635	5,501,980
Other liabilities	1,138,958	131,035	816,868	1,954,084	2,638,719	24,036,452	453,376	84,201	688,015
Capital stock	2,035,201	624,081	2,808,635	2,188,106	6,843,114	13,823,323	977,611	457,204	1,911,057
Paid-in or capital surplus	3,621,769	350,092	3,269,439	2,274,015	11,230,637	32,101,237	1,876,513	367,033	2,050,855
Retained earnings, appropriated	100,266	28,842	69,370	174,015	828,809	468,159	610,119	*17,438	201,219
Retained earnings, unappropriated	10,631,458	2,958,470	12,816,985	14,292,107	37,324,663	76,020,675	7,335,111	1,792,573	10,471,441
Less: Cost of treasury stock	487,608	110,304	281,802	640,963	1,124,129	995,645	238,319	61,238	292,048
Total receipts	47,698,705	15,142,629	48,294,816	52,326,000	125,792,267	346,193,899	34,640,933	9,681,135	39,275,904
Business receipts	45,103,312	14,887,502	46,387,731	50,613,782	120,878,029	335,408,356	33,684,279	9,528,039	38,051,231
Interest on Government obligations:									
United States	9,187	3,322	22,442	31,575	43,318	131,235	16,714	1,673	9,835
State and local	1,456	2,368	4,934	9,793	12,522	21,768	563	1,026	1,287
Other interest	314,219	30,441	248,840	317,660	835,446	2,419,444	136,031	41,209	175,345
Rents	69,321	27,796	65,825	168,834	110,875	1,026,833	58,694	8,453	73,479
Royalties	18,698	5,111	177,338	111,744	746,000	1,022,860	57,399	4,489	102,476
Net short-term capital gain reduced by net long-term capital loss	4,829	667	2,222	3,983	6,458	22,072	3,149	*215	1,739
Net long-term capital gain reduced by net short-term capital loss	1,705,084	8,810	787,943	212,177	411,334	918,010	62,724	1,848	150,418
Net gain, noncapital assets	57,604	15,185	47,450	49,817	115,025	130,196	31,567	1,884	63,166
Dividends received from domestic corporations	44,426	9,545	106,559	113,666	531,861	1,023,858	45,912	46,254	81,223
Dividends received from foreign corporations	16,033	11,287	223,317	74,779	867,481	1,694,457	159,223	1,021	110,234
Other receipts	354,535	140,795	220,215	620,189	1,233,918	2,374,810	384,678	45,422	455,472
Total deductions	44,233,385	14,159,167	44,957,779	47,140,486	114,482,675	328,361,761	32,854,981	9,052,855	36,170,575
Cost of sales and operations	33,544,738	10,580,515	32,369,787	30,729,668	75,889,801	273,515,604	23,348,130	6,865,424	25,586,220
Compensation of officers	635,228	332,905	353,724	1,419,735	804,576	291,761	509,432	151,113	514,845
Repairs	497,366	57,680	1,167,990	291,904	1,962,272	3,044,904	433,560	57,280	955,357
Bad debts	78,744	34,645	66,776	177,267	202,531	202,531	75,359	12,342	85,291
Rent paid on business property	340,071	150,786	342,737	646,936	1,079,957	2,312,370	420,928	190,434	340,679
Taxes paid	1,131,816	403,402	1,217,369	1,617,797	2,500,372	9,018,692	967,889	238,080	1,085,950
Interest paid	764,067	157,800	730,454	603,459	2,069,224	4,150,546	521,006	111,272	562,092
Contributions or gifts	34,900	8,717	48,868	74,189	117,801	89,559	14,319	8,687	29,737
Amortization	9,159	912	7,858	34,599	25,831	61,886	3,028	827	4,121
Depreciation	1,533,783	232,600	1,928,900	1,366,570	4,824,854	7,095,740	883,258	113,334	1,483,991
Depletion	1,657,676	*839	371,168	*52,335	220,585	945,682	1,319	395	143,364
Advertising	154,111	150,712	383,760	461,552	3,668,807	923,699	357,677	118,442	196,123
Pension, profit-sharing, stock bonus, and annuity plans	335,533	109,797	586,120	659,506	1,944,537	1,659,565	429,087	55,428	520,025
Employee benefit programs	187,141	80,167	394,029	452,558	1,042,382	789,635	353,839	45,541	434,349
Net loss, noncapital assets	8,405	4,631	2,063	8,468	31,755	83,732	2,677	1,048	6,153
Other deductions	3,320,648	1,853,056	4,986,176	8,436,330	18,122,653	24,175,855	4,533,473	1,083,209	4,222,278
Total receipts less total deductions	3,465,320	983,662	3,337,037	5,187,514	11,309,592	17,832,137	1,785,952	628,281	3,105,329
Constructive taxable income from related foreign corporations	40,503	2,335	154,192	56,782	1,074,589	1,693,820	109,825	604	99,481
Net income	3,504,366	983,629	3,486,295	5,234,502	12,371,659	19,504,189	1,895,214	627,858	3,203,523
Income subject to tax	3,177,996	909,670	3,446,518	4,920,253	12,147,580	18,063,127	1,796,891	562,088	3,032,730
Income tax, total	1,191,213	407,745	1,504,269	2,228,244	5,738,903	8,529,980	807,566	258,771	1,392,809
Normal tax, surtax, and alternative tax	1,168,522	405,442	1,490,123	2,219,634	5,699,507	8,500,148	803,191	258,364	1,384,135
Tax from recomputing prior-year investment credit	6,573	1,362	6,602	8,368	22,036	22,917	3,909	407	5,733
Tax from recomputing prior-year work incentive (WIN) credit	*11	—	—	—	*10	—	5	—	*3
Additional tax for tax preferences	16,107	*941	7,544	*243	17,349	6,914	*461	—	2,938
Foreign tax credit	20,702	3,134	188,575	88,113	1,156,059	4,665,179	112,400	2,493	114,947
U.S. possessions tax credit	—	128	849	1,259	583,579	11,686	6,066	3,843	7,139
Investment credit	211,983	23,523	230,549	158,576	516,011	883,840	87,074	11,227	215,075
Work incentive (WIN) credit	473	156	266	106	315	67	362	267	178
Jobs credit	50,093	33,315	23,630	55,433	33,382	5,545	42,008	8,109	37,784
Distributions to stockholders:									
Cash and property except in own stock	593,018	101,183	922,771	911,602	4,334,768	6,880,639	301,042	112,060	523,786
Corporation's own stock	18,917	*7,644	19,964	38,090	67,740	61,576	15,365	10,696	*25,206

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 1.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							
	Manufacturing — Continued							
	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Motor vehicles and equipment	Transportation equipment, except motor vehicles	Instruments and related products	Miscellaneous manufacturing and manufacturing not allocable
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
Number of returns with net income.....	3,306	22,943	18,971	9,183	1,487	1,934	4,361	**
Total assets.....	81,341,654	53,756,871	114,399,319	104,349,965	104,521,642	29,930,003	21,135,959	**
Cash.....	1,725,549	2,631,485	4,186,590	4,655,411	2,081,633	1,360,275	512,778	**
Notes and accounts receivable.....	16,624,204	12,707,760	32,238,693	28,291,633	51,356,021	5,560,868	5,623,581	**
Less: Allowance for bad debts.....	243,451	222,449	604,947	702,422	531,800	120,696	76,644	**
Inventories.....	12,872,836	13,188,828	25,534,061	19,730,907	15,518,751	7,214,878	5,335,328	**
Investments in Government obligations:								**
United States.....	366,064	303,632	1,551,768	835,359	2,816,912	196,804	596,664	**
State and local.....	206,112	148,194	215,650	96,149	405,946	*14,042	*106,938	**
Other current assets.....	3,022,642	1,938,823	8,180,761	8,797,632	2,328,200	3,697,513	977,687	**
Loans to stockholders.....	54,832	159,199	225,675	495,765	162,385	16,005	42,881	**
Mortgage and real estate loans.....	79,157	77,689	138,499	129,398	148,394	575,855	*28,098	**
Other investments.....	13,341,052	6,964,240	14,559,505	16,346,024	8,936,112	4,026,195	1,796,928	**
Depreciable assets.....	51,118,377	25,510,750	49,611,300	37,806,415	40,417,679	12,012,115	10,307,708	**
Less: Accumulated depreciation.....	24,627,355	12,285,481	24,327,808	17,678,549	23,017,597	6,252,505	4,853,702	**
Depletable assets.....	692,509	182,985	53,694	585,897	*45,680	*29,493	*8,425	**
Less: Accumulated depletion.....	258,941	24,490	18,591	177,005	*7,270	22	355	**
Land.....	886,713	769,900	861,069	759,529	519,892	390,209	282,599	**
Intangible assets (amortizable).....	409,758	337,683	571,190	459,903	91,164	85,817	124,350	**
Less: Accumulated amortization.....	165,243	91,192	203,124	133,548	22,054	21,555	40,673	**
Other assets.....	5,236,836	1,459,317	1,625,336	4,051,467	3,271,594	1,144,712	363,366	**
Total liabilities.....	81,341,654	53,756,871	114,399,319	104,349,965	104,521,642	29,930,003	21,135,959	**
Accounts payable.....	9,004,301	6,776,869	12,540,424	15,907,445	11,305,964	4,701,919	2,219,732	**
Mortgages, notes, and bonds payable in less than one year.....	6,731,292	3,158,592	7,240,161	7,344,331	21,952,592	1,499,269	851,527	**
Other current liabilities.....	7,683,687	6,469,064	14,939,481	14,212,850	10,037,434	5,518,143	3,002,910	**
Loans from stockholders.....	246,191	559,321	3,734,692	743,337	473,391	101,896	156,056	**
Mortgages, notes, and bonds payable in one year or more.....	16,903,107	8,298,224	18,387,827	15,554,491	22,371,990	4,399,801	2,270,047	**
Other liabilities.....	5,275,029	2,197,900	3,325,825	8,731,333	2,452,159	1,404,395	271,852	**
Capital stock.....	5,466,880	3,442,235	9,436,118	5,086,428	2,995,327	1,963,149	1,401,390	**
Paid-in or capital surplus.....	8,296,915	4,640,055	10,809,880	10,459,446	4,792,361	2,573,783	2,099,438	**
Retained earnings, appropriated.....	202,488	350,257	884,688	271,237	205,919	115,901	103,980	**
Retained earnings, unappropriated.....	21,925,306	18,721,502	33,796,155	27,327,044	28,107,172	7,824,826	8,877,694	**
Less: Cost of treasury stock.....	393,541	857,150	695,912	1,287,975	172,667	173,079	118,668	**
Total receipts.....	97,770,398	87,629,962	135,589,176	123,663,054	139,221,477	41,650,145	29,498,440	**
Business receipts.....	94,704,596	85,864,399	125,813,943	118,340,576	134,232,615	40,132,366	28,206,531	**
Interest on Government obligations:								**
United States.....	26,703	22,619	174,836	64,007	218,786	7,833	25,175	**
State and local.....	10,335	10,541	32,275	155,665	23,806	2,272	5,344	**
Other interest.....	870,692	324,684	1,715,214	1,314,847	1,815,124	347,595	153,957	**
Rents.....	163,362	117,480	2,411,377	655,875	326,068	186,151	30,410	**
Royalties.....	95,325	99,354	1,926,789	460,351	135,788	77,437	145,629	**
Net short-term capital gain reduced by net long-term capital loss.....	18,853	6,313	11,299	28,730	404	*712	687	**
Net long-term capital gain reduced by net short-term capital loss.....	348,661	166,970	232,520	326,854	118,711	142,219	27,926	**
Net gain, noncapital assets.....	68,932	89,276	172,685	138,600	60,880	31,897	11,441	**
Dividends received from domestic corporations.....	177,167	103,214	631,345	627,602	498,676	240,159	249,150	**
Dividends received from foreign corporations.....	179,896	212,195	1,436,088	718,872	1,192,345	111,399	282,521	**
Other receipts.....	1,105,875	612,917	1,030,805	831,074	598,275	370,105	359,669	**
Total deductions.....	93,339,729	81,462,082	121,994,333	114,335,386	128,445,135	39,482,613	26,244,204	**
Cost of sales and operations.....	71,680,973	60,864,786	83,667,059	78,844,959	96,549,091	28,901,180	16,434,788	**
Compensation of officers.....	505,420	2,056,842	1,715,135	1,058,055	304,447	263,554	369,708	**
Repairs.....	3,508,628	870,084	1,080,349	748,670	1,402,015	432,213	410,809	**
Bad debts.....	119,369	172,014	315,537	296,832	240,232	43,952	47,848	**
Rent paid on business property.....	485,836	704,647	1,240,541	1,057,432	655,628	334,696	265,328	**
Taxes paid.....	2,048,078	2,265,083	3,852,366	3,241,959	3,709,946	1,064,694	764,513	**
Interest paid.....	2,430,537	1,125,716	2,780,681	2,520,744	3,430,496	589,734	295,243	**
Contributions or gifts.....	53,786	66,058	120,127	88,463	96,518	22,101	52,510	**
Amortization.....	43,508	13,836	86,342	18,905	4,424	6,966	8,853	**
Depreciation.....	3,108,411	1,956,880	4,604,787	3,740,587	4,471,781	806,696	824,083	**
Depletion.....	463,826	38,047	51,569	131,423	4,977	19,460	*1,355	**
Advertising.....	286,619	566,080	939,270	1,456,035	785,556	208,909	666,292	**
Pension, profit-sharing, stock bonus, and annuity plans.....	1,828,705	1,044,891	2,176,895	1,774,316	3,131,833	895,073	522,080	**
Employee benefit programs.....	884,697	738,212	1,544,426	1,321,259	3,506,874	643,954	315,578	**
Net loss, noncapital assets.....	9,056	15,542	24,663	8,821	3,137	3,242	5,816	**
Other deductions.....	5,882,280	8,963,364	17,794,586	18,026,926	10,148,181	5,246,188	5,261,400	**
Total receipts less total deductions.....	4,430,669	6,167,880	13,594,843	9,327,668	10,776,342	2,167,532	3,254,236	**
Constructive taxable income from related foreign corporations.....	154,193	139,038	1,648,253	264,157	850,596	215,844	170,175	**
Net income.....	4,574,527	6,296,376	15,210,821	9,436,180	11,603,132	2,381,104	3,419,066	**
Income subject to tax.....	4,302,508	5,910,798	14,807,151	9,030,342	11,503,678	2,003,082	3,335,353	**
Income tax, total.....	2,004,242	2,645,058	6,967,131	4,222,292	5,502,218	827,915	1,574,840	**
Normal tax, surtax, and alternative tax.....	1,974,618	2,632,697	6,920,220	4,200,400	5,486,010	823,567	1,570,116	**
Tax from recomputing prior-year investment credit.....	7,384	10,390	43,267	15,953	16,113	3,664	4,682	**
Tax from recomputing prior-year work incentive (WIN) credit.....	—	*3	—	1	1	—	—	**
Additional tax for tax preferences.....	22,239	1,968	3,644	*5,938	*93	*684	43	**
Foreign tax credit.....	323,530	197,825	1,914,522	724,615	1,037,232	150,742	255,019	**
U.S. possessions tax credit.....	4,844	20,611	65,113	174,711	2,187	—	42,450	**
Investment credit.....	336,506	223,986	485,390	428,761	539,124	83,056	89,003	**
Work incentive (WIN) credit.....	494	474	724	754	5,591	204	157	**
Jobs credit.....	32,349	160,088	112,753	97,880	23,126	23,635	23,758	**
Distributions to stockholders:								**
Cash and property except in own stock.....	1,110,651	919,831	3,561,909	2,297,269	2,677,581	609,506	716,327	**
Corporation's own stock.....	40,988	69,582	74,311	48,312	*6,127	35,477	*16,950	**

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 1.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Transportation and public utilities				Total	Wholesale and retail trade			
	Total	Transportation	Communication	Electric, gas, and sanitary services		Total	Groceries and related products	Machinery, equipment, and supplies	Miscellaneous wholesale trade
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
Number of returns with net income	54,343	41,864	5,307	7,172	483,173	183,984	17,738	37,299	128,947
Total assets.....	548,247,349	119,572,074	161,169,230	267,506,045	421,093,373	217,706,647	19,814,107	36,329,490	161,563,050
Cash	7,810,178	4,391,404	1,439,922	1,978,851	26,062,265	12,927,757	1,323,940	2,138,949	9,464,869
Notes and accounts receivable	42,549,228	16,043,686	10,495,078	16,010,464	115,866,514	77,503,916	6,589,916	12,507,986	58,396,014
Less: Allowance for bad debts	811,892	226,695	164,507	220,690	2,088,195	1,171,405	117,549	204,320	849,536
Inventories.....	18,687,770	3,695,451	4,627,345	10,364,975	135,919,117	62,227,684	5,539,877	12,200,344	44,487,463
Investments in Government obligations:									
United States	5,214,942	1,846,814	1,822,665	1,545,463	1,134,187	592,608	142,316	44,134	406,157
State and local	269,508	239,481	26,387	*3,640	333,332	196,622	*25,135	13,328	158,159
Other current assets	17,544,706	5,619,840	3,453,640	8,471,227	13,176,219	6,977,322	752,001	923,900	5,301,422
Loans to stockholders	552,889	481,787	45,288	25,814	2,713,521	1,097,594	158,994	141,732	796,868
Mortgage and real estate loans	1,464,524	446,698	244,637	773,189	1,190,201	411,747	33,853	51,924	325,869
Other investments	43,862,245	15,709,038	13,493,263	14,659,943	34,532,671	22,872,417	1,006,082	2,869,190	18,997,144
Depreciable assets	527,670,074	98,493,464	155,856,992	273,319,618	123,632,015	45,432,148	6,317,749	7,067,030	32,047,369
Less: Accumulated depreciation	135,297,479	34,441,696	33,547,887	67,307,896	51,069,939	19,469,709	2,825,949	2,897,749	13,746,010
Depletable assets	2,896,291	766,542	*5,747	2,124,002	587,242	453,855	*4,153	37,366	412,337
Less: Accumulated depletion	918,338	228,897	1,283	687,157	180,611	122,622	*378	20,717	101,527
Land	4,813,627	1,339,285	601,067	2,873,276	8,712,590	3,063,599	287,670	390,891	2,385,038
Intangible assets (amortizable)	3,730,585	2,055,822	1,245,441	429,322	2,188,695	721,406	67,899	102,172	551,335
Less: Accumulated amortization	1,274,457	779,813	401,759	82,785	656,025	228,576	21,918	32,876	173,782
Other assets	9,282,948	4,120,964	1,927,195	3,234,789	9,039,573	4,220,284	520,217	996,205	2,703,862
Total liabilities	548,247,349	119,572,074	161,169,230	267,506,045	421,093,373	217,706,647	19,814,107	36,329,490	161,563,050
Accounts payable	25,806,467	9,359,138	5,130,086	11,317,244	86,494,111	51,520,784	5,218,761	6,335,368	39,966,655
Mortgages, notes, and bonds payable in less than one year	21,225,183	6,917,151	5,620,556	8,687,455	59,657,297	33,142,272	2,528,242	6,565,028	24,049,002
Other current liabilities	57,367,535	15,352,843	19,516,581	22,498,112	36,529,440	16,174,593	1,768,964	2,759,566	11,546,062
Loans from stockholders	1,590,191	756,266	428,295	405,630	8,805,465	3,750,341	478,375	637,189	2,634,777
Mortgages, notes, and bonds payable in one year or more	185,904,586	33,778,326	50,469,621	101,656,639	57,382,687	23,515,704	2,515,276	3,666,703	17,333,725
Other liabilities	29,473,562	6,653,906	8,199,318	14,620,338	8,509,672	3,669,269	659,620	533,508	2,476,141
Capital stock	81,901,384	8,103,957	20,045,469	53,751,958	27,444,659	13,829,620	1,137,174	1,967,250	10,725,197
Paid-in or capital surplus	50,521,164	9,144,682	20,365,508	21,010,965	17,018,796	7,380,034	691,538	991,478	5,697,018
Retained earnings, appropriated	1,818,136	562,480	313,016	942,639	1,746,299	955,685	52,699	850,989	850,989
Retained earnings, unappropriated	93,803,374	29,804,856	31,481,345	32,717,173	122,128,571	66,097,409	4,964,957	13,223,039	47,909,414
Less: Cost of treasury stock	1,164,214	661,540	400,564	102,110	4,623,622	2,329,065	200,797	402,338	1,725,930
Total receipts	339,281,387	126,370,324	80,299,156	132,611,907	1,279,416,188	674,566,706	110,049,990	76,299,956	488,216,760
Business receipts	329,319,863	121,013,629	78,751,761	129,554,473	1,257,411,747	664,434,019	108,920,592	74,332,185	481,181,241
Interest on Government obligations:									
United States	168,931	88,655	31,357	48,919	116,410	69,798	11,051	5,823	52,925
State and local	10,361	5,649	1,728	2,984	70,622	15,868	1,640	2,455	11,773
Other interest	2,506,734	932,173	319,528	1,255,033	4,604,691	2,420,134	168,677	499,163	1,752,293
Rents	1,843,077	1,030,878	462,381	349,818	2,698,911	983,883	108,627	327,415	547,941
Royalties	215,958	109,344	78,234	28,380	243,241	65,509	10,382	10,945	44,182
Net short-term capital gain reduced by net long-term capital loss	54,914	12,513	29,057	13,344	43,582	24,053	6,203	1,386	16,463
Net long-term capital gain reduced by net short-term capital loss	972,752	575,881	99,903	296,968	1,263,878	554,418	41,523	96,055	416,840
Net gain, noncapital assets	1,040,557	812,265	87,882	140,410	687,673	408,100	66,164	113,257	228,679
Dividends received from domestic corporations	301,016	82,162	148,765	70,089	687,457	355,062	14,735	59,123	281,204
Dividends received from foreign corporations	222,815	144,669	58,615	19,532	302,336	185,866	2,502	8,274	175,091
Other receipts	2,624,408	1,562,506	229,945	831,957	11,325,640	5,049,897	697,894	843,876	3,508,127
Total deductions	316,106,722	119,684,183	72,204,807	124,217,732	1,238,576,591	652,266,948	108,360,054	71,050,079	472,856,815
Cost of sales and operations	204,391,579	82,000,070	36,867,582	85,523,928	989,937,636	559,836,970	96,006,245	55,415,751	408,414,974
Compensation of officers	2,477,131	1,677,405	387,720	412,006	19,748,365	9,992,583	1,069,962	1,885,378	7,037,243
Repairs	507,458	176,807	97,503	233,148	4,144,580	1,490,505	274,562	320,290	985,653
Bad debts	1,064,580	234,835	511,467	2,227,391	1,158,871	1,158,871	136,794	220,352	801,725
Rent paid on business property	5,824,150	4,161,903	1,072,901	589,346	15,199,401	3,452,369	520,275	505,206	2,426,887
Taxes paid	18,263,267	5,204,985	5,265,676	7,792,606	17,134,420	6,813,097	755,579	885,337	5,172,180
Interest paid	16,186,845	3,074,066	4,092,121	9,020,859	10,986,702	5,167,687	458,883	850,412	3,858,392
Contributions or gifts	166,670	47,488	69,644	48,538	327,785	149,546	14,359	25,184	110,003
Amortization	168,969	46,566	22,059	100,344	89,476	29,731	2,643	5,742	21,346
Depreciation	28,313,745	6,517,540	11,151,422	10,644,784	11,194,650	4,428,255	605,704	903,058	2,919,492
Depletion	281,081	93,327	1,072	186,682	120,511	95,936	182	3,306	92,449
Advertising	1,263,724	629,319	509,867	124,539	10,932,094	2,302,062	228,988	346,089	1,726,984
Pension, profit-sharing, stock bonus, and annuity plans	6,206,642	1,671,568	3,160,050	1,375,024	4,168,357	2,006,355	255,399	346,308	1,404,648
Employee benefit programs	3,184,215	1,268,627	1,337,396	578,191	2,800,915	1,083,636	177,835	194,846	710,955
Net loss, noncapital assets	59,380	14,588	13,820	30,952	118,649	71,631	10,567	9,307	51,757
Other deductions	27,747,306	12,864,990	7,644,509	7,237,808	149,445,680	54,187,716	7,842,076	9,223,511	37,122,128
Total receipts less total deductions	23,174,665	6,886,142	8,094,349	8,394,175	22,299,757	1,689,935	5,249,877	15,359,944	15,359,944
Constructive taxable income from related foreign corporations	141,015	60,369	57,393	23,253	663,265	572,189	*1,747	8,009	562,433
Net income	23,305,319	6,740,882	8,150,013	8,414,444	41,432,239	22,856,078	1,690,043	5,255,431	15,910,605
Income subject to tax	22,090,821	6,005,914	7,842,579	8,242,328	30,594,403	14,531,349	1,340,584	2,690,073	10,500,692
Income tax, total	10,386,926	2,679,995	3,795,113	3,911,818	12,469,792	5,985,382	552,967	1,096,475	4,335,940
Normal tax, surtax, and alternative tax	10,252,353	2,654,495	3,717,532	3,880,326	12,386,647	5,940,450	549,240	1,081,766	4,309,444
Tax from recomputing prior-year investment credit	119,002	17,434	77,372	24,196	76,954	40,214	3,697	14,087	22,431
Tax from recomputing prior-year work incentive (WIN) credit	*4	*3	—	1	*13	*8	—	—	*1
Additional tax for tax preferences	15,567	8,063	*210	7,295	6,177	4,709	23	623	4,063
Foreign tax credit	222,436	113,735	61,965	46,736	594,197	478,029	1,271	16,403	460,354
U.S. possessions tax credit	25,054	358	24,695	—	19,522	13,111	426	47	12,637
Investment credit	4,765,971	1,202,231	1,658,219	1,905,521	1,087,793	432,258	57,347	88,651	286,259
Work incentive (WIN) credit	463	315	73	75	3,378	1,886	61	149	1,676
Jobs credit	123,751	94,073	16,865	12,812	860,923	345,315	36,564	71,501	237,250
Distributions to stockholders:									
Cash and property except in own stock	13,002,450	1,413,448	4,431,343	7,157,659	7,050,481	4,400,621	209,807	1,327,587	2,863,228
Corporation's own stock	131,243	49,888	20,106	61,250	335,071	165,509	28,164	28,465	108,880

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 1.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued									
	Wholesale and retail trade — Continued									
	Retail trade									Wholesale and retail trade not allocable
	Total	Building materials, garden supplies, and mobile home dealers	General merchandise stores	Food stores	Automotive dealers and service stations	Apparel and accessory stores	Furniture and home furnishings stores	Eating and drinking places	Miscellaneous retail stores	
	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
Number of returns with net income	298,884	26,322	7,507	19,639	54,154	28,023	25,622	54,298	83,319	305
Total assets	203,192,949	15,109,618	54,689,025	25,467,118	39,248,753	10,663,516	9,743,533	15,410,917	32,860,470	193,777
Cash	13,107,422	1,091,498	1,763,162	2,026,358	2,353,341	1,038,348	796,278	1,378,171	2,660,266	27,087
Notes and accounts receivable	38,318,396	3,823,220	16,668,361	1,394,844	5,506,734	1,687,861	2,602,810	942,945	5,691,622	44,203
Less: Allowance for bad debts	915,522	116,020	252,293	18,685	139,095	42,505	87,152	15,021	244,751	*1,268
Inventories	73,639,482	6,026,787	15,509,403	8,063,037	21,341,650	4,507,868	4,128,765	967,328	13,094,645	51,951
Investments in Government obligations:										
United States	541,579	8,174	52,289	249,414	48,404	52,628	*4,317	65,177	61,176	—
State and local	136,710	*3,012	9,667	45,233	2,129	*17,374	*13,432	5,790	40,074	—
Other current assets	6,192,106	281,828	1,190,142	1,057,656	1,132,654	481,413	229,027	663,299	1,156,085	6,792
Loans to stockholders	1,614,818	91,694	388,857	81,055	255,219	297,625	58,292	225,813	216,262	*1,109
Mortgage and real estate loans	778,455	66,734	339,272	25,529	92,090	13,021	29,745	125,949	86,114	—
Other investments	11,639,066	646,624	4,613,050	1,887,126	873,823	509,386	319,711	855,131	1,934,214	*21,187
Depreciable assets	78,125,982	4,287,767	19,258,579	15,766,826	9,888,849	3,032,892	2,182,312	12,193,580	11,515,176	73,885
Less: Accumulated depreciation	31,561,391	1,929,168	7,390,644	6,557,951	3,947,198	1,330,444	907,346	4,456,684	5,041,956	38,839
Depletable assets	133,387	17,535	—	*284	*9,002	*5,148	*2,267	*437	98,714	—
Less: Accumulated depletion	57,989	*3,638	—	*158	*5,003	*2,127	*1,236	*31	*45,796	—
Land	5,642,689	447,668	1,394,986	780,256	1,067,214	126,218	207,150	1,035,444	583,754	*6,302
Intangible assets (amortizable)	1,466,330	135,463	101,307	239,285	75,091	78,208	15,899	612,246	208,832	959
Less: Accumulated amortization	427,007	39,582	23,782	81,304	23,436	23,005	5,604	152,322	77,772	443
Other assets	4,818,437	270,020	1,066,671	508,312	717,286	213,605	154,865	963,665	924,012	853
Total liabilities	203,192,949	15,109,618	54,689,025	25,467,118	39,248,753	10,663,516	9,743,533	15,410,917	32,860,470	193,777
Accounts payable	34,930,688	2,378,821	11,599,032	5,407,028	8,832,076	1,907,296	1,704,399	1,577,113	6,524,923	42,639
Mortgages, notes, and bonds payable in less than one year	26,495,572	1,798,196	2,389,847	840,311	16,267,379	582,748	962,030	912,578	2,742,482	19,453
Other current liabilities	20,345,202	1,197,371	7,331,450	2,676,629	2,729,858	1,036,660	990,029	1,400,094	2,983,111	9,645
Loans from stockholders	5,044,778	517,654	689,847	324,436	958,064	324,523	333,971	745,330	1,150,954	*10,346
Mortgages, notes, and bonds payable in one year or more	33,845,509	2,110,289	9,684,659	5,772,933	4,046,337	1,132,197	1,338,270	4,682,160	5,078,664	*21,474
Other liabilities	4,839,765	370,120	1,329,340	691,715	507,405	225,852	420,025	579,758	715,550	*637
Capital stock	13,601,556	1,319,035	2,754,970	1,347,292	2,756,150	957,300	907,734	1,082,514	2,476,561	13,483
Paid-in or capital surplus	9,627,687	480,781	2,859,269	1,754,576	747,839	621,507	362,633	1,148,467	1,652,615	*11,075
Retained earnings, appropriated	790,614	46,762	204,360	20,962	126,674	69,200	123,403	62,620	136,635	—
Retained earnings, unappropriated	55,964,309	5,127,927	16,145,307	6,887,964	7,720,564	3,960,428	2,807,123	3,343,407	9,880,516	66,853
Less: Cost of treasury stock	2,292,730	237,337	299,128	256,728	443,593	154,196	206,082	214,123	481,541	*1,827
Total receipts	604,319,813	38,758,727	98,087,640	132,219,808	163,146,076	25,309,156	22,326,278	38,975,003	85,497,124	529,670
Business receipts	592,463,449	38,110,770	94,701,831	130,992,284	160,576,307	24,725,687	21,512,248	37,894,552	83,949,791	514,279
Interest on Government obligations:										
United States	46,612	2,144	6,539	20,442	3,677	1,862	1,445	5,434	5,068	—
State and local	54,755	188	3,486	42,731	2,612	1,159	1,190	1,275	2,275	—
Other interest	2,183,373	150,614	541,331	146,371	765,903	103,816	127,294	86,472	261,572	*1,184
Rents	1,714,222	99,198	457,672	246,796	362,807	64,905	62,130	198,885	221,829	*706
Royalties	177,732	1,185	*899	30,185	1,633	*643	*1,679	123,111	18,397	*1
Net short-term capital gain reduced by net long-term capital loss	19,529	920	*778	693	2,412	*1,061	1,503	3,465	8,698	—
Net long-term capital gain reduced by net short-term capital loss	709,388	35,938	331,678	51,708	70,959	19,867	16,076	84,430	98,734	*72
Net gain, noncapital assets	258,806	22,624	28,538	33,409	73,400	6,216	9,664	32,889	52,066	*767
Dividends received from domestic corporations	312,386	8,516	186,179	11,465	11,429	66,458	8,446	5,930	13,964	*9
Dividends received from foreign corporations	116,470	*311	81,085	*23,540	*20	*37	211	3,367	7,989	—
Other receipts	6,263,092	326,320	1,747,625	620,276	1,274,918	317,464	584,391	535,356	856,742	12,651
Total deductions	585,794,619	37,001,124	94,371,279	129,695,380	160,565,536	23,781,602	21,312,797	37,070,897	81,996,004	515,024
Cost of sales and operations	429,722,285	27,886,405	60,992,308	101,968,456	136,411,438	14,531,298	13,505,148	16,790,187	57,637,045	378,382
Compensation of officers	9,735,131	1,048,879	3,644,769	765,565	2,304,576	783,480	870,180	1,189,640	2,408,041	20,650
Repairs	2,650,503	155,276	496,716	685,062	346,763	88,120	78,243	464,399	335,924	3,571
Bad debts	1,068,118	146,330	303,128	183,266	63,927	37,329	30,456	33,215	179,467	*402
Rent paid on business property	11,741,343	413,571	2,452,065	1,787,102	1,231,862	1,447,368	618,799	1,847,995	1,985,562	5,690
Taxes paid	10,313,810	681,467	2,313,479	1,629,632	1,675,933	570,849	442,653	1,014,246	1,582,553	7,514
Interest paid	5,817,033	398,155	1,747,095	423,627	1,662,416	173,311	231,928	472,201	708,300	3,982
Contributions or gifts	179,047	13,645	53,116	24,186	22,295	9,262	9,262	10,162	31,018	172
Amortization	59,745	2,587	9,122	4,801	3,997	5,539	1,033	13,261	19,404	—
Depreciation	6,758,910	370,083	1,346,359	1,257,106	1,141,818	283,916	214,019	1,065,410	1,080,199	7,485
Depletion	24,575	1,378	*2,597	*4	2,558	*1,420	*314	*941	15,364	—
Advertising	8,627,078	416,279	2,475,415	1,231,021	1,256,712	512,937	773,731	690,477	1,270,506	2,954
Pension, profit-sharing, stock bonus, and annuity plans	2,159,762	159,351	660,468	545,310	211,235	107,453	76,837	97,030	302,078	*2,240
Employee benefit programs	1,715,530	101,198	309,160	590,332	276,344	59,476	61,875	112,338	204,806	*1,749
Net loss, noncapital assets	44,996	3,082	4,362	7,213	7,878	3,652	1,062	9,978	7,767	*22
Other deductions	95,177,753	5,203,440	20,841,100	18,712,037	13,826,444	5,141,090	4,326,256	12,899,417	14,227,970	80,212
Total receipts less total deductions	18,525,194	1,757,603	3,716,360	2,524,429	2,580,540	1,527,554	1,013,482	1,904,106	3,501,121	14,645
Constructive taxable income from related foreign corporations	91,076	1	60,267	22,795	—	—	8	1,767	6,238	—
Net income	18,561,515	1,757,416	3,773,141	2,504,493	2,577,928	1,526,395	1,012,299	1,904,759	3,505,083	14,645
Income subject to tax	16,053,325	1,541,802	3,487,897	2,307,580	2,155,626	1,317,056	820,757	1,484,851	2,937,758	9,729
Income tax, total	6,481,600	596,029	1,585,987	1,018,490	770,990	532,884	292,469	567,888	1,116,864	2,810
Normal tax, surtax, and alternative tax	6,443,419	593,746	1,581,133	1,013,045	760,829	531,464	291,408	562,361	1,109,434	2,778
Tax from recomputing prior-year investment credit	36,708	2,258	4,538	5,347	9,895	1,410	999	5,212	7,050	*32
Tax from recomputing prior-year work incentive (WIN) credit	*5	—	—	*9	(*)	—	*1	*1	—	—
Additional tax for tax preferences	1,468	*25	316	95	265	10	62	314	*381	—
Foreign tax credit	116,169	54	72,361	23,771	26	*100	21	6,828	13,006	—
U.S. possessions tax credit	6,412	—	361	2,495	—	1,594	655	1,065	241	—
Investment credit	654,949	35,862	153,018	139,615	75,615	25,767	13,670	102,219	109,182	586
Work incentive (WIN) credit	1,492	*628	105	76	274	*42	*29	50	288	—
Jobs credit	515,214	51,673	18,053	52,617	123,225	37,661	29,469	110,738	91,778	*394
Distributions to stockholders:										
Cash and property except in own stock	2,646,874	119,606	1,075,972	371,943	167,178	234,049	67,959	225,859	384,309	*2,986
Corporation's own stock	169,562	9,592	45,938	45,568	19,454	*4,577	*2,832	21,180	20,420	—

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 1.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							
	Finance, insurance, and real estate							
	Total	Banking	Credit agencies other than banks	Security, commodity brokers and services	Insurance	Insurance agents, brokers, and service	Real estate	Holding and other investment companies, except bank holding companies
	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
Number of returns with net income.....	278,590	13,111	30,141	3,842	6,137	30,397	164,473	30,489
Total assets.....	3,003,781,286	1,613,786,757	599,375,682	39,555,711	569,296,217	12,003,917	73,189,124	96,573,877
Cash.....	285,145,514	246,905,442	16,215,178	1,879,542	6,765,642	2,328,922	5,090,273	6,160,515
Notes and accounts receivable.....	949,046,867	829,295,529	64,881,507	23,279,733	16,400,218	3,968,006	7,279,212	3,942,662
Less: Allowance for bad debts.....	26,369,033	9,064,704	16,553,904	24,992	230,418	162,557	245,068	87,390
Inventories.....	4,982,193	78,252	1,606,929	*49,046	1,421,970	8,197	1,738,952	88,847
Investments in Government obligations:								
United States.....	181,908,898	126,007,579	22,346,160	2,779,330	27,467,125	255,702	448,368	2,604,635
State and local.....	166,942,203	105,383,391	1,485,797	223,746	57,658,817	114,343	274,182	1,801,927
Other current assets.....	69,689,424	23,784,984	8,760,179	6,827,493	16,377,584	517,735	7,689,850	3,731,598
Loans to stockholders.....	3,775,632	981,762	1,039,840	35,631	161,777	138,242	920,357	498,023
Mortgage and real estate loans.....	713,036,098	135,854,287	464,319,283	151,203	106,288,863	789,135	3,480,190	2,153,137
Other investments.....	497,758,320	87,389,928	21,675,585	2,976,512	304,101,278	2,337,756	7,994,430	71,282,829
Depreciable assets.....	96,172,485	28,723,136	11,133,629	846,779	10,119,605	1,248,454	40,919,199	3,181,683
Less: Accumulated depreciation.....	30,629,556	7,044,523	3,576,574	304,169	2,116,340	519,574	16,176,688	889,689
Depletable assets.....	714,903	5,437	84,506	95,795	12,544	*1,378	235,768	279,476
Less: Accumulated depletion.....	295,953	1,203	38,615	17,002	818	*63	122,281	115,972
Land.....	17,933,567	2,510,142	1,983,886	51,309	656,738	103,704	11,479,393	1,148,294
Intangible assets (amortizable).....	1,349,827	252,620	213,630	45,805	224,283	256,564	300,016	56,910
Less: Accumulated amortization.....	442,860	60,009	74,330	13,572	62,178	87,105	121,010	24,656
Other assets.....	73,052,759	42,784,707	3,874,897	873,523	22,049,527	705,079	2,003,981	761,045
Total liabilities.....	3,003,781,286	1,613,786,757	599,375,682	39,555,711	569,296,217	12,003,917	73,189,124	96,573,877
Accounts payable.....	52,513,843	10,138,183	4,471,385	15,708,768	13,367,614	4,579,738	2,735,288	1,512,667
Mortgages, notes, and bonds payable in less than one year.....	119,424,464	38,610,870	58,372,946	7,180,437	4,705,563	467,742	8,266,295	1,820,611
Other current liabilities.....	1,922,453,141	1,380,047,802	422,725,913	9,109,822	101,873,753	2,006,515	3,957,640	2,731,697
Loans from stockholders.....	10,558,191	4,620,595	1,101,539	88,583	1,325,227	157,265	2,857,209	407,774
Mortgages, notes, and bonds payable in one year or more.....	143,426,619	29,656,829	70,154,099	1,678,778	8,143,185	900,709	28,049,307	4,843,712
Other liabilities.....	416,969,450	39,174,333	12,230,749	1,145,260	357,108,087	298,937	4,115,389	2,896,695
Capital stock.....	64,849,208	20,647,357	5,285,035	702,854	5,560,253	613,958	6,273,991	25,765,761
Paid-in or capital surplus.....	118,308,717	35,692,537	4,970,616	1,487,341	14,683,403	565,409	4,628,428	56,280,982
Retained earnings, appropriated.....	23,005,899	4,844,755	4,225,631	87,815	11,945,132	56,172	260,908	1,585,485
Retained earnings, unappropriated.....	141,390,898	50,903,676	16,113,176	2,494,193	51,373,249	2,579,294	13,107,808	4,819,504
Less: Cost of treasury stock.....	9,119,145	550,179	275,406	128,140	789,249	221,823	1,063,137	6,091,211
Total receipts.....	436,777,333	119,212,178	60,908,839	8,263,466	196,357,954	10,023,868	31,789,795	10,221,234
Business receipts.....	216,958,248	12,351,814	13,962,501	3,553,663	157,617,086	9,486,526	18,533,371	1,453,287
Interest on Government obligations:								
United States.....	13,566,613	9,410,938	1,757,604	285,824	1,720,752	19,434	49,315	322,745
State and local.....	8,000,177	5,014,336	113,363	42,585	2,682,580	9,548	26,671	111,094
Other interest.....	158,208,036	85,745,160	42,875,810	1,164,514	24,435,192	227,524	1,041,442	2,718,393
Rents.....	12,224,353	1,764,170	405,407	23,125	2,679,522	27,970	6,880,653	443,506
Royalties.....	506,072	15,185	19,160	*2,081	24,271	*920	78,753	365,702
Net short-term capital gain reduced by net long-term capital loss.....	427,576	25,476	22,944	81,845	45,360	815	44,604	206,532
Net long-term capital gain reduced by net short-term capital loss.....	3,460,242	296,925	271,473	35,399	302,017	32,709	1,047,894	1,473,826
Net gain, noncapital assets.....	6,168,404	368,014	228,270	2,583,880	105,350	21,517	2,816,010	45,362
Dividends received from domestic corporations.....	6,140,716	424,899	63,254	94,056	3,182,502	46,328	120,681	2,208,996
Dividends received from foreign corporations.....	332,138	117,440	29,957	5,351	50,967	12,866	3,095	112,462
Other receipts.....	10,784,757	3,677,819	1,159,094	391,142	3,512,355	137,710	1,147,307	759,329
Total deductions.....	390,338,973	106,950,830	56,152,273	7,459,819	180,737,637	8,744,322	26,630,487	3,663,604
Cost of sales and operations.....	104,954,404	738,186	6,225,767	332,048	88,377,530	2,051,004	6,606,586	623,284
Compensation of officers.....	10,265,937	4,198,353	1,040,096	745,051	723,786	1,581,662	1,725,994	250,993
Repairs.....	1,510,245	572,230	206,365	18,695	84,554	28,280	568,333	30,788
Bad debts.....	6,221,697	3,303,193	2,395,864	32,767	318,557	69,577	75,283	26,456
Rent paid on business property.....	5,028,698	1,965,112	476,447	263,605	1,136,396	258,146	858,263	70,729
Taxes paid.....	10,765,009	2,775,858	995,958	228,793	4,203,223	299,087	2,046,705	215,385
Interest paid.....	105,848,839	62,484,070	34,903,539	1,188,050	3,614,952	138,702	2,929,702	589,825
Contributions or gifts.....	301,954	159,287	38,966	7,622	42,229	12,820	31,041	8,990
Amortization.....	108,561	34,038	14,042	6,933	15,294	10,790	24,232	3,232
Depreciation.....	7,880,800	3,335,856	838,104	106,589	1,449,126	166,971	1,848,806	135,347
Depletion.....	118,204	3,402	13,530	19,903	14,262	*119	20,282	46,705
Advertising.....	3,089,693	968,181	702,380	68,884	592,000	85,574	650,280	22,393
Pension, profit-sharing, stock bonus, and annuity plans.....	3,690,201	1,288,871	320,502	130,789	1,491,328	253,568	158,345	46,799
Employee benefit programs.....	1,547,610	712,229	173,951	57,857	411,485	104,336	72,405	15,338
Net loss, noncapital assets.....	574,719	405,146	74,261	31,833	33,832	2,046	18,889	6,613
Other deductions.....	128,432,401	24,006,820	7,732,502	4,219,399	78,228,978	3,681,638	8,995,341	1,567,727
Total receipts less total deductions.....	46,438,360	12,261,347	4,756,565	803,647	15,620,318	1,279,546	5,159,307	6,557,630
Constructive taxable income from related foreign corporations.....	147,848	43,747	26,692	*1,702	19,257	9,783	*662	45,806
Net income.....	38,585,831	7,290,758	4,689,894	762,764	12,956,995	1,279,781	5,133,298	6,492,342
Income subject to tax.....	26,964,090	6,640,659	4,347,221	616,648	9,510,854	995,444	3,732,111	1,121,153
Income tax, total.....	11,912,962	3,031,179	2,049,169	270,634	4,492,122	387,868	1,271,538	410,454
Normal tax, surtax, and alternative tax.....	11,754,055	2,996,858	1,952,387	269,992	4,485,874	386,346	1,259,857	402,940
Tax from recomputing prior-year investment credit.....	39,864	15,607	9,492	466	5,331	1,380	5,851	1,737
Tax from recomputing prior-year work incentive (WIN) credit.....	*2	*1	*1	—	—	—	—	—
Additional tax for tax preferences.....	119,041	18,713	87,290	175	915	140	6,030	5,778
Foreign tax credit.....	1,103,995	787,374	42,742	4,790	221,013	11,867	4,742	51,466
U.S. possessions tax credit.....	6,786	—	5,817	399	—	—	138	431
Investment credit.....	695,799	357,289	69,446	21,099	158,544	14,842	63,543	11,037
Work incentive (WIN) credit.....	1,094	165	90	—	236	*178	*421	*4
Jobs credit.....	204,232	78,764	30,107	8,328	23,131	19,508	39,545	4,849
Distributions to stockholders:								
Cash and property except in own stock.....	12,811,373	3,074,724	730,956	163,330	2,923,136	272,214	770,764	4,876,249
Corporation's own stock.....	786,376	418,755	24,996	30,415	109,278	*2,722	59,111	141,100

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 1.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							
	Services							Nature of business not allocable
	Total	Hotels and other lodging places	Personal services	Business services	Auto repair; miscellaneous repair services	Amusement and recreation services	Other services	
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)
Number of returns with net income.....	338,498	11,135	26,419	81,422	42,531	23,203	153,788	4,746
Total assets.....	103,818,672	12,753,063	5,263,694	31,191,587	12,009,085	18,653,527	23,947,716	1,596,582
Cash.....	11,024,480	1,060,268	628,277	3,296,728	923,950	1,644,277	3,470,980	216,932
Notes and accounts receivable.....	18,845,243	845,471	992,054	8,473,615	2,195,804	2,172,607	4,165,691	350,719
Less: Allowance for bad debts.....	537,603	48,308	35,092	154,620	32,857	103,577	163,150	3,603
Inventories.....	4,902,120	167,735	388,631	1,094,475	960,696	1,457,223	833,359	346,799
Investments in Government obligations:								
United States.....	610,269	12,598	28,155	189,199	84,960	114,694	180,663	*4,551
State and local.....	612,251	*10,724	*43,960	417,331	*18,439	31,962	89,834	*3,133
Other current assets.....	6,447,517	332,379	224,226	2,015,246	401,871	2,168,149	1,305,645	66,685
Loans to stockholders.....	1,424,522	133,862	94,533	300,215	74,405	153,365	668,142	27,048
Mortgage and real estate loans.....	1,473,524	207,946	27,864	186,140	18,940	835,690	196,843	*2,234
Other investments.....	10,707,664	1,763,563	411,796	4,192,102	432,255	1,924,176	1,983,773	112,029
Depreciable assets.....	65,363,580	10,311,145	3,815,079	15,938,379	10,283,445	10,899,926	14,115,606	644,379
Less: Accumulated depreciation.....	27,247,815	3,735,188	1,981,548	7,198,772	4,163,548	5,059,311	5,109,447	292,873
Depletable assets.....	140,273	*5,478	*6	39,118	*10,256	*29,525	55,891	*41,669
Less: Accumulated depletion.....	37,944	*46	*6	13,273	*1,414	*16,015	7,189	*17,382
Land.....	4,421,373	1,170,135	274,330	542,889	416,193	1,070,826	947,000	55,382
Intangible assets (amortizable).....	1,570,613	98,919	90,735	380,132	46,763	721,407	232,657	3,900
Less: Accumulated amortization.....	758,578	36,169	26,930	113,819	15,267	483,166	83,227	2,526
Other assets.....	4,857,184	452,550	287,524	1,606,502	354,193	1,091,770	1,064,645	37,507
Total liabilities.....	103,818,672	12,753,063	5,263,694	31,191,587	12,009,085	18,653,527	23,947,716	1,596,582
Accounts payable.....	8,655,752	563,574	360,624	4,044,748	1,158,379	1,566,873	1,961,553	284,917
Mortgages, notes, and bonds payable in less than one year.....	10,088,298	590,057	429,516	3,630,141	2,267,496	1,301,529	1,869,559	187,714
Other current liabilities.....	13,647,535	837,042	647,159	4,143,291	1,230,605	3,740,363	3,049,075	160,969
Loans from stockholders.....	2,596,931	412,130	180,281	689,902	308,575	353,291	652,752	47,466
Mortgages, notes, and bonds payable in one year or more.....	25,898,380	5,797,981	954,323	5,831,776	3,059,068	3,964,664	6,290,569	216,400
Other liabilities.....	5,120,294	510,062	186,732	1,643,133	699,317	914,861	1,166,191	71,264
Capital stock.....	7,528,990	1,144,961	604,024	1,681,095	632,660	1,805,564	1,660,686	121,376
Paid-in or capital surplus.....	7,878,137	1,037,346	156,355	3,149,744	306,685	1,434,650	1,793,357	77,863
Retained earnings, appropriated.....	318,200	22,165	19,045	105,483	20,928	83,545	67,035	*4,093
Retained earnings, unappropriated.....	22,879,040	2,074,064	1,895,491	6,762,339	2,463,747	3,739,663	5,943,736	483,250
Less: Cost of treasury stock.....	1,792,884	236,318	169,855	490,064	138,374	251,476	506,797	58,730
Total receipts.....	167,874,196	11,013,048	9,108,750	51,400,416	16,896,625	20,444,991	59,010,366	4,863,109
Business receipts.....	160,569,736	10,195,712	8,788,940	49,148,511	16,178,561	18,828,095	57,429,916	4,741,094
Interest on Government obligations:								
United States.....	51,742	1,365	1,602	19,014	6,091	8,944	14,727	*693
State and local.....	33,684	839	4,357	18,795	*1,006	2,029	6,660	*311
Other interest.....	1,182,721	106,853	52,694	421,856	121,882	236,737	242,699	16,483
Rents.....	1,420,881	115,679	67,034	564,111	183,862	262,777	227,417	23,660
Royalties.....	537,179	98,695	23,265	36,005	1,304	354,743	23,166	*3,654
Net short-term capital gain reduced by net long-term capital loss.....	39,194	4,738	*3,333	8,087	1,101	2,231	19,704	*59
Net long-term capital gain reduced by net short-term capital loss.....	518,675	95,439	43,154	145,249	34,438	95,891	104,503	4,442
Net gain, noncapital assets.....	467,646	30,149	25,924	153,876	149,345	43,073	65,280	7,924
Dividends received from domestic corporations.....	184,351	22,922	7,260	59,631	3,800	45,675	45,064	2,934
Dividends received from foreign corporations.....	77,227	*3,454	*8,544	46,724	*2	14,553	2,949	—
Other receipts.....	2,791,160	337,203	81,642	778,556	215,233	550,242	828,282	61,856
Total deductions.....	156,927,228	9,928,466	8,485,996	47,956,023	15,963,312	18,752,236	55,841,195	4,647,733
Cost of sales and operations.....	79,262,713	4,796,433	4,293,988	27,740,335	8,936,522	9,400,104	24,095,331	3,458,636
Compensation of officers.....	17,019,314	232,189	656,140	3,135,625	1,023,275	696,055	11,276,029	222,953
Repairs.....	1,520,506	267,544	131,556	294,905	273,813	240,357	312,330	23,875
Bad debts.....	543,596	36,183	50,390	155,774	51,134	53,219	196,896	10,638
Rent paid on business property.....	5,944,439	552,660	388,383	1,474,333	525,069	746,697	2,257,296	66,701
Taxes paid.....	5,764,737	620,336	367,465	1,620,168	530,890	697,860	1,928,018	82,704
Interest paid.....	3,331,392	535,586	134,361	851,853	562,335	515,989	731,269	37,023
Contributions or gifts.....	81,308	6,243	6,615	22,571	5,596	13,937	26,346	1,842
Amortization.....	145,606	5,749	4,132	20,290	2,928	95,419	17,087	80
Depreciation.....	7,936,285	607,420	390,297	2,153,598	1,727,742	1,793,440	1,263,787	63,447
Depletion.....	31,167	*472	*25	3,388	*1,357	*2,269	23,656	*4,769
Advertising.....	1,952,594	241,074	163,884	533,617	132,044	573,872	308,102	25,958
Pension, profit-sharing, stock bonus, and annuity plans.....	3,158,648	37,782	59,003	524,857	58,964	153,105	2,324,937	45,931
Employee benefit programs.....	1,069,258	59,648	48,271	315,010	83,421	95,276	467,631	15,387
Net loss, noncapital assets.....	60,685	5,347	2,801	30,665	4,420	6,500	10,952	*142
Other deductions.....	29,104,981	1,923,799	1,788,685	9,079,032	2,043,802	3,668,137	10,601,527	587,647
Total receipts less total deductions.....	10,946,968	1,084,581	622,754	3,444,392	933,314	1,692,755	3,169,171	215,376
Constructive taxable income from related foreign corporations.....	81,072	1,923	1,939	41,601	*568	24,267	10,774	—
Net income.....	10,864,355	1,085,665	620,337	3,467,199	932,875	1,714,994	3,173,286	215,065
Income subject to tax.....	8,589,087	787,243	491,827	2,869,105	723,045	1,306,434	2,411,433	165,545
Income tax, total.....	3,185,457	334,199	177,620	1,110,398	239,988	567,295	755,957	61,151
Normal tax, surtax, and alternative tax.....	3,151,307	331,719	176,296	1,097,914	233,387	563,742	748,249	60,993
Tax from recomputing prior-year investment credit.....	29,971	1,601	1,308	11,019	6,525	2,534	6,983	158
Tax from recomputing prior-year work incentive (WIN) credit.....	—	—	—	—	—	—	—	—
Additional tax for tax preferences.....	4,178	879	*16	1,464	*76	1,019	724	—
Foreign tax credit.....	140,459	*6,100	*6,658	60,653	*54	48,138	18,856	(¹)
U.S. possessions tax credit.....	3,799	—	—	2,145	50	110	1,334	1,484
Investment credit.....	500,305	36,185	22,528	165,053	55,571	110,525	110,463	5,882
Work incentive (WIN) credit.....	1,087	91	162	372	*70	*8	384	*14
Jobs credit.....	386,149	20,077	18,651	144,737	38,873	29,979	133,832	6,063
Distributions to stockholders:								
Cash and property except in own stock.....	1,412,812	126,107	105,451	378,991	73,962	280,086	448,215	16,618
Corporation's own stock.....	87,357	*8,371	*3,642	*10,035	*9,296	*48,792	7,221	959

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

**Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

¹Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.4. — Balance Sheets and Income Statements, by Size of Total Assets

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

Item	Total returns of active corporations	Size of total assets				
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	2,378,779	70,894	1,250,000	449,001	252,280	160,886
Total assets	6,014,452,008	—	43,093,864	72,734,426	89,129,295	112,631,613
Cash	412,948,244	—	7,464,207	9,836,421	9,786,450	10,522,379
Notes and accounts receivable	1,589,330,717	—	6,206,363	12,927,405	17,983,806	24,632,834
Less: Allowance for bad debts	38,204,317	—	106,918	186,391	266,515	451,770
Inventories	442,652,820	—	6,329,902	12,648,885	18,143,844	24,700,807
Investments in Government obligations:						
United States	219,415,567	—	58,414	208,932	260,767	481,014
State and local	184,212,816	—	44,484	98,934	132,427	164,452
Other current assets	206,725,556	—	1,946,704	3,468,939	4,167,605	5,454,460
Loans to stockholders	18,304,758	—	1,693,941	1,859,113	1,314,270	1,331,685
Mortgage and real estate loans	762,046,306	—	420,391	850,632	1,242,495	1,356,733
Other investments	868,776,652	—	1,441,529	3,114,518	4,444,842	5,787,944
Depreciable assets	1,696,212,705	—	26,944,315	37,551,054	42,524,090	51,115,481
Less: Accumulated depreciation	631,320,855	—	13,849,779	17,676,473	19,791,926	23,442,306
Depletable assets	44,770,440	—	129,988	185,798	220,399	235,445
Less: Accumulated depletion	13,828,939	—	37,718	56,821	63,662	64,014
Land	79,654,340	—	2,086,742	4,858,892	6,260,086	7,546,704
Intangible assets (amortizable)	34,227,958	—	676,427	677,795	619,654	668,656
Less: Accumulated amortization	14,396,862	—	307,929	258,738	245,018	218,238
Other assets	153,024,102	—	1,952,803	2,625,531	2,415,702	2,809,346
Total liabilities	6,014,452,008	—	43,093,864	72,734,426	89,129,295	112,631,613
Accounts payable	403,553,630	—	6,658,427	10,487,001	13,692,440	18,181,440
Mortgages, notes, and bonds payable in less than one year	380,851,818	—	4,797,526	8,135,318	12,007,266	17,086,803
Other current liabilities	2,335,790,244	—	4,349,194	5,489,129	6,652,671	8,649,760
Loans from stockholders	58,186,425	—	7,542,288	6,690,073	5,809,983	5,289,170
Mortgages, notes, and bonds payable in one year or more	780,536,053	—	8,001,935	14,544,383	17,425,404	22,435,744
Other liabilities	560,776,983	—	1,262,057	1,996,696	2,408,557	3,217,929
Capital stock	309,432,793	—	10,044,749	10,562,445	10,288,991	10,253,952
Paid-in or capital surplus	381,888,848	—	2,410,990	3,157,861	3,648,019	4,215,003
Retained earnings, appropriated	40,070,733	—	199,680	284,111	443,824	547,442
Retained earnings, unappropriated	795,467,154	—	869,456	13,027,483	18,595,556	24,905,406
Less: Cost of treasury stock	32,102,672	—	1,303,524	1,640,073	1,843,415	2,151,035
Total receipts	4,714,602,615	34,332,392	165,439,550	178,805,127	196,644,315	253,247,876
Business receipts	4,353,704,519	26,931,923	161,703,560	173,951,672	191,005,326	246,240,452
Interest on Government obligations:						
United States	16,241,045	209,261	12,633	21,237	31,606	48,758
State and local	9,140,667	22,570	1,742	7,069	10,763	15,958
Other interest	195,479,301	5,062,145	274,744	513,632	717,895	951,512
Rents	30,260,402	428,682	1,054,668	1,636,545	1,708,428	1,926,652
Royalties	7,904,359	77,274	110,818	49,616	131,796	64,648
Net short-term capital gain reduced by net long-term capital loss	884,646	25,412	25,497	38,584	33,641	35,718
Net long-term capital gain reduced by net short-term capital loss	14,679,876	228,099	303,768	413,230	481,584	585,618
Net gain, noncapital assets	12,137,078	382,756	344,465	516,266	521,966	684,705
Dividends received from domestic corporations	13,321,287	82,777	31,432	72,947	102,628	114,030
Dividends received from foreign corporations	9,277,932	24,930	360	977	3,395	2,482
Other receipts	51,571,503	856,564	1,575,864	1,583,353	1,895,267	2,577,342
Total deductions	4,467,196,877	33,954,230	163,664,051	173,531,212	190,776,132	245,969,848
Cost of sales and operations	3,113,421,507	20,085,739	89,538,174	111,048,490	134,727,159	184,305,796
Compensation of officers	85,085,175	424,214	20,989,562	12,481,967	9,365,234	9,036,599
Repairs	33,861,153	208,281	1,061,783	1,257,572	1,253,185	1,399,072
Bad debts	15,660,693	210,680	326,673	413,235	486,481	660,208
Rent paid on business property	56,032,175	480,547	5,420,570	4,173,843	3,352,745	3,111,360
Taxes paid	116,155,070	764,339	4,719,392	4,975,202	4,744,133	5,313,315
Interest paid	192,403,316	5,585,522	1,206,229	1,957,672	2,528,643	3,369,777
Contributions or gifts	2,084,022	10,553	34,091	42,874	52,699	70,227
Amortization	1,188,784	13,134	60,613	37,736	59,804	31,764
Depreciation	121,299,900	780,697	2,990,685	3,537,158	3,731,509	4,530,667
Depletion	6,402,020	25,530	25,092	16,992	29,842	47,040
Advertising	40,786,627	245,123	1,755,133	1,449,421	1,469,423	1,607,749
Pension, profit-sharing, stock bonus, and annuity plans	41,825,415	215,883	2,404,404	1,200,869	959,352	1,221,883
Employee benefit programs	27,019,096	192,272	639,904	605,474	625,712	857,436
Net loss, noncapital assets	2,155,305	59,340	136,212	63,096	91,033	61,395
Other deductions	611,816,617	4,652,375	32,355,533	30,269,613	27,299,178	30,345,557
Total receipts less total deductions	247,405,739	378,162	1,775,499	5,273,915	5,868,183	7,278,029
Constructive taxable income from related foreign corporations	8,602,401	13,521	288	—	4	677
Net income (less deficit)	246,867,473	369,113	1,774,045	5,266,846	5,857,424	7,262,748
Net income	274,519,721	1,730,099	6,113,037	7,567,065	7,932,109	9,225,658
Deficit	27,652,248	1,360,986	4,338,992	2,300,219	2,074,685	1,962,910
Income subject to tax	239,631,773	1,159,902	3,387,805	5,255,179	5,920,830	7,186,885
Income tax, total	107,888,445	505,166	732,752	1,230,091	1,635,681	2,412,223
Normal tax, surtax, and alternative tax	106,976,893	487,686	718,624	1,213,400	1,612,931	2,381,052
Tax from recomputing prior-year investment credit	570,927	14,774	13,489	15,124	20,986	26,664
Tax from recomputing prior-year work incentive (WIN) credit	106	—	1	—	(1)	14
Additional tax for tax preferences	340,519	2,707	639	1,568	1,764	4,493
Foreign tax credit	26,357,629	16,976	874	1,883	1,000	492
U.S. possessions tax credit	1,134,422	3,557	176	575	1,154	5,558
Investment credit	12,897,172	39,178	130,776	199,475	258,014	334,139
Work incentive (WIN) credit	18,469	23	471	541	1,204	1,745
Jobs credit	3,093,915	14,382	206,864	298,284	364,100	419,378
Travel, entertainment and gift expense	14,093,581	94,646	532,020	396,364	346,496	491,790
Distributions to stockholders:						
Cash and property except in own stock	70,294,349	780,976	1,225,748	730,261	779,820	824,818
Corporation's own stock	2,346,329	18,712	246	9,322	24,405	24,601

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.4. — Balance Sheets and Income Statements, by Size of Total Assets — Continued

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

Item	Size of total assets—Continued					
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)
Number of returns, total.....	142,502	19,792	15,206	6,868	4,125	2,475
Total assets.....	287,523,681	137,970,335	240,636,260	240,995,596	288,422,093	423,440,563
Cash.....	21,861,613	9,369,890	15,812,376	14,584,566	15,023,582	19,657,547
Notes and accounts receivable.....	68,706,983	38,476,332	80,049,633	80,202,145	78,728,494	89,153,649
Less: Allowance for bad debts.....	1,387,224	717,963	1,603,079	2,182,852	3,279,968	5,130,265
Inventories.....	65,379,315	24,835,253	27,153,498	18,502,539	20,314,623	28,137,888
Investments in Government obligations:						
United States.....	2,742,827	4,827,849	15,684,918	16,210,394	16,929,788	22,370,605
State and local.....	934,272	1,901,374	9,928,303	12,910,698	14,008,748	16,786,059
Other current assets.....	14,704,864	7,311,480	9,471,146	8,045,127	9,653,456	14,237,720
Loans to stockholders.....	1,945,578	471,335	508,593	537,721	461,439	829,374
Mortgage and real estate loans.....	4,078,943	4,254,814	17,743,624	35,645,868	66,190,340	113,913,337
Other investments.....	18,827,198	10,784,380	21,991,438	22,500,172	30,872,560	58,110,555
Depreciable assets.....	119,041,446	48,394,914	55,635,045	40,934,133	47,237,730	78,200,226
Less: Accumulated depreciation.....	52,150,335	20,917,833	22,701,190	16,179,413	18,260,722	29,940,376
Depletable assets.....	1,011,493	675,475	1,209,285	1,147,698	1,544,706	3,046,362
Less: Accumulated depletion.....	302,864	144,887	357,166	309,203	453,793	735,024
Land.....	14,129,286	4,710,257	4,807,991	3,474,553	3,460,714	4,852,553
Intangible assets (amortizable).....	1,912,367	891,855	984,042	873,005	1,195,160	1,844,114
Less: Accumulated amortization.....	839,728	308,581	316,380	218,723	335,396	510,675
Other assets.....	6,927,649	3,154,390	4,634,182	4,317,169	5,130,635	8,616,915
Total liabilities.....	287,523,681	137,970,335	240,636,260	240,995,596	288,422,093	423,440,563
Accounts payable.....	46,511,860	18,412,943	19,839,489	13,157,111	14,643,853	20,733,518
Mortgages, notes, and bonds payable in less than one year.....	47,576,565	18,689,766	20,727,528	16,820,372	17,863,322	20,077,015
Other current liabilities.....	28,604,311	29,365,982	98,870,019	124,092,277	150,851,979	212,287,066
Loans from stockholders.....	7,213,761	1,731,248	1,535,787	929,545	1,391,594	1,587,490
Mortgages, notes, and bonds payable in one year or more.....	55,426,868	22,689,561	27,592,599	22,349,683	28,276,478	42,767,536
Other liabilities.....	9,892,622	5,467,743	9,831,640	10,542,457	13,921,288	27,560,993
Capital stock.....	20,956,779	8,310,976	13,951,591	10,609,136	10,323,978	15,451,874
Paid-in or capital surplus.....	13,354,120	7,350,113	13,771,850	14,763,508	19,989,701	35,918,263
Retained earnings, appropriated.....	1,835,492	794,365	1,266,536	1,390,985	1,544,960	2,359,622
Retained earnings, unappropriated.....	60,903,897	26,793,341	34,940,122	28,064,236	31,089,598	46,450,900
Less: Cost of treasury stock.....	4,752,594	1,615,702	1,710,911	1,523,714	1,474,458	1,753,714
Total receipts.....	606,372,239	225,413,335	231,947,375	165,525,686	185,272,552	262,043,915
Business receipts.....	589,513,801	217,364,150	216,544,307	149,437,113	166,266,636	234,091,255
Interest on Government obligations:						
United States.....	224,497	346,551	1,166,724	1,222,128	1,281,374	1,685,080
State and local.....	69,498	102,239	468,067	584,346	665,404	788,859
Other interest.....	2,876,093	2,297,184	7,241,191	9,235,726	11,753,933	17,180,975
Rents.....	3,736,806	1,356,242	1,533,652	1,136,739	973,913	1,350,558
Royalties.....	289,809	172,910	209,373	156,859	175,420	467,303
Net short-term capital gain reduced by net long-term capital loss.....	120,172	33,460	67,163	59,893	59,669	84,584
Net long-term capital gain reduced by net short-term capital loss.....	1,190,409	535,086	794,295	613,637	605,974	949,164
Net gain, noncapital assets.....	1,667,107	548,059	700,214	536,884	599,961	822,452
Dividends received from domestic corporations.....	497,374	294,427	473,672	447,505	633,468	1,018,476
Dividends received from foreign corporations.....	21,459	41,154	67,492	107,313	165,662	346,246
Other receipts.....	6,165,214	2,321,873	2,681,226	1,985,543	2,091,137	3,258,964
Total deductions.....	587,819,649	217,098,882	221,013,763	156,363,285	175,444,168	247,021,229
Cost of sales and operations.....	456,662,895	168,905,927	165,535,885	112,049,413	124,917,012	169,737,824
Compensation of officers.....	13,887,258	3,334,775	3,081,907	1,828,483	1,610,232	1,835,138
Repairs.....	2,813,147	1,006,146	1,088,913	813,249	937,831	1,687,609
Bad debts.....	1,536,259	549,392	766,631	761,479	894,394	1,179,967
Rent paid on business property.....	5,904,159	2,091,323	2,289,564	1,670,473	1,911,954	2,994,746
Taxes paid.....	11,455,958	4,132,223	4,514,073	3,593,551	3,953,833	5,681,083
Interest paid.....	8,790,121	4,165,088	7,509,557	8,207,817	10,325,913	15,014,228
Contributions or gifts.....	194,657	89,991	109,011	89,983	85,438	119,794
Amortization.....	115,847	35,008	47,982	33,132	43,522	126,170
Depreciation.....	10,143,625	4,154,441	4,515,003	3,193,336	3,536,561	5,572,061
Depletion.....	185,254	109,688	170,497	143,746	147,593	464,681
Advertising.....	3,891,749	1,633,390	1,708,070	1,448,703	1,717,785	2,767,835
Pension, profit-sharing, stock bonus, and annuity plans.....	2,732,495	994,550	1,205,916	888,546	1,111,463	1,876,867
Employee benefit programs.....	1,999,735	791,400	959,162	773,830	935,770	1,513,730
Net loss, noncapital assets.....	291,576	99,415	160,201	157,509	93,182	168,844
Other deductions.....	67,214,912	25,006,124	27,351,393	20,710,034	23,221,686	36,280,651
Total receipts less total deductions.....	18,552,590	8,314,453	10,933,612	9,162,402	10,228,384	15,027,685
Constructive taxable income from related foreign corporations.....	6,848	20,550	52,068	74,349	117,584	278,710
Net income (less deficit).....	18,489,940	8,232,763	10,517,613	8,552,405	9,280,563	14,512,537
Net income.....	23,001,334	9,864,532	12,343,843	9,701,021	10,275,762	16,002,224
Deficit.....	4,511,394	1,631,768	1,826,230	1,048,616	995,199	1,489,687
Income subject to tax.....	18,833,653	8,261,922	10,086,268	7,984,751	8,380,247	13,487,031
Income tax, total.....	7,892,809	3,770,267	4,640,268	3,718,131	3,954,897	6,380,708
Normal tax, surtax, and alternative tax.....	7,815,369	3,739,431	4,600,443	3,687,654	3,913,108	6,320,546
Tax from recomputing prior-year investment credit.....	61,780	22,679	22,665	15,502	16,601	24,441
Tax from recomputing prior-year work incentive (WIN) credit.....	28	31	31	1	2	27
Additional tax for tax preferences.....	15,633	8,156	17,128	14,975	25,186	35,694
Foreign tax credit.....	23,003	50,877	68,957	127,408	152,546	458,259
U.S. possessions tax credit.....	61,076	56,680	171,065	148,567	171,660	283,525
Investment credit.....	784,645	321,384	371,839	269,284	326,024	545,555
Work incentive (WIN) credit.....	2,247	1,727	652	346	364	514
Jobs credit.....	943,448	281,603	218,938	106,325	76,803	62,939
Travel, entertainment and gift expense.....	1,160,805	517,694	618,133	509,211	627,821	1,037,661
Distributions to stockholders:						
Cash and property except in own stock.....	2,501,757	1,190,651	2,165,107	1,882,083	2,176,496	4,525,247
Corporation's own stock.....	175,934	79,361	182,005	193,039	248,266	482,109

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

†Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 1.5 — Balance Sheets and Income Statements, by Size of Total Assets

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

Item	Total returns with net income	Size of total assets				
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns.....	1,523,848	28,250	689,133	326,746	194,820	127,814
Total assets.....	5,443,711,445	—	27,252,116	53,248,422	68,991,720	89,814,194
Cash.....	381,190,742	—	5,559,136	8,261,156	8,569,073	9,262,540
Notes and accounts receivable.....	1,457,430,476	—	4,081,252	10,140,827	14,886,878	20,759,436
Less: Allowance for bad debts.....	35,111,362	—	60,956	108,195	201,364	348,870
Inventories.....	383,327,219	—	3,916,581	9,511,191	14,017,786	20,284,907
Investments in Government obligations:						
United States.....	201,048,749	—	33,015	157,554	212,388	412,963
State and local.....	170,974,687	—	32,527	46,349	89,009	138,911
Other current assets.....	173,635,087	—	1,133,826	2,286,528	2,841,042	3,953,366
Loans to stockholders.....	15,000,144	—	1,210,321	1,417,492	1,013,511	946,613
Mortgage and real estate loans.....	721,832,747	—	314,141	597,663	1,001,999	1,055,164
Other investments.....	803,352,612	—	829,517	2,294,824	3,499,324	4,711,496
Depreciable assets.....	1,486,297,479	—	16,306,302	26,408,056	32,413,922	39,632,988
Less: Accumulated depreciation.....	553,321,264	—	8,509,660	12,981,341	15,733,473	18,795,769
Depletable assets.....	36,438,267	—	64,329	97,739	175,483	150,038
Less: Accumulated depletion.....	12,565,920	—	22,889	45,037	77,555	45,175
Land.....	59,568,588	—	1,130,952	3,132,389	4,297,784	5,160,026
Intangible assets (amortizable).....	30,651,575	—	313,920	399,090	390,542	468,038
Less: Accumulated amortization.....	13,162,235	—	149,938	153,392	170,336	150,600
Other assets.....	137,123,854	—	1,069,740	1,784,530	1,665,707	2,018,122
Total liabilities.....	5,443,711,445	—	27,252,116	53,248,422	68,991,720	89,814,194
Accounts payable.....	345,604,072	—	3,608,839	7,421,225	10,318,164	14,422,816
Mortgages, notes, and bonds payable in one year.....	307,277,072	—	2,336,473	4,636,557	7,758,751	12,056,414
Other current liabilities.....	2,178,591,997	—	2,698,553	3,997,772	5,238,998	7,066,451
Loans from stockholders.....	38,726,308	—	2,962,374	3,728,034	3,464,750	3,238,378
Mortgages, notes, and bonds payable in one year or more.....	645,628,873	—	3,708,820	8,560,869	11,113,828	14,719,948
Other liabilities.....	530,791,697	—	656,448	1,238,776	1,776,708	2,459,287
Capital stock.....	263,586,943	—	5,165,396	7,199,905	7,364,059	7,869,685
Paid-in or capital surplus.....	323,885,374	—	877,943	1,915,277	2,092,647	2,605,886
Retained earnings, appropriated.....	37,011,448	—	149,104	178,651	347,330	490,783
Retained earnings, unappropriated.....	800,621,511	—	5,906,849	15,711,790	20,965,987	26,476,159
Less: Cost of treasury stock.....	28,013,848	—	818,683	1,340,435	1,447,503	1,791,612
Total receipts.....	4,204,361,186	25,648,091	112,295,989	140,968,861	163,543,875	218,939,784
Business receipts.....	3,877,465,999	21,260,905	109,564,966	137,123,207	158,881,759	213,195,941
Interest on Government obligations:						
United States.....	14,867,053	156,221	8,242	16,878	25,856	42,681
State and local.....	8,452,454	17,429	1,060	5,049	8,489	12,598
Other interest.....	180,285,875	2,607,925	202,090	416,377	622,619	800,438
Rents.....	25,065,400	241,363	699,349	1,282,206	1,366,236	1,551,851
Royalties.....	7,492,190	35,954	100,425	37,960	124,540	51,425
Net short-term capital gain reduced by net long-term capital loss.....	772,562	21,947	18,244	35,773	27,576	30,442
Net long-term capital gain reduced by net short-term capital loss.....	13,727,326	196,117	264,305	362,313	421,630	515,639
Net gain, noncapital assets.....	10,482,165	350,786	258,765	410,374	430,492	566,829
Dividends received from domestic corporations.....	12,565,982	77,048	27,764	63,681	90,125	108,631
Dividends received from foreign corporations.....	9,030,850	20,955	380	961	3,363	2,470
Other receipts.....	44,153,330	661,444	1,150,418	1,212,083	1,541,185	2,060,817
Total deductions.....	3,929,872,134	23,910,500	106,182,179	133,394,747	155,603,279	209,702,185
Cost of sales and operations.....	2,753,355,437	15,836,601	58,275,284	86,546,874	110,565,430	158,563,656
Compensation of officers.....	71,210,182	264,944	14,858,712	10,417,883	8,153,618	8,017,489
Repairs.....	28,878,469	143,230	646,130	848,067	983,282	1,137,020
Bad debts.....	13,083,325	88,145	174,165	294,109	366,224	500,585
Rent paid on business property.....	46,764,790	337,097	3,330,084	3,187,711	2,591,151	2,562,507
Taxes paid.....	102,251,482	551,560	3,092,415	3,847,323	3,880,912	4,473,093
Interest paid.....	166,658,327	2,598,858	649,539	1,227,837	1,711,207	2,374,173
Contributions or gifts.....	2,073,505	10,376	31,733	41,349	51,360	70,008
Amortization.....	909,748	7,659	20,910	23,745	48,254	22,604
Depreciation.....	106,588,187	542,420	1,856,992	2,521,248	2,904,277	3,582,109
Depletion.....	5,567,419	18,627	20,778	14,215	23,811	39,242
Advertising.....	35,999,946	176,448	1,019,703	1,060,672	1,124,006	1,331,230
Pension, profit-sharing, stock bonus, and annuity plans.....	38,429,488	190,653	1,763,021	1,072,267	873,950	1,143,674
Employee benefit programs.....	23,989,224	165,424	434,385	478,730	507,936	739,274
Net loss, noncapital assets.....	1,137,126	5,831	18,963	15,237	25,638	32,281
Other deductions.....	532,765,478	2,972,626	19,989,366	21,797,480	21,792,223	25,113,240
Total receipts less total deductions.....	274,489,052	1,737,591	6,113,810	7,572,114	7,940,595	9,237,579
Constructive taxable income from related foreign corporations.....	8,483,123	9,836	288	—	—	—
Net income.....	274,519,721	1,730,069	6,113,037	7,567,065	7,932,109	9,225,658
Income subject to tax.....	239,627,020	1,159,889	3,387,805	5,255,141	5,920,830	7,186,878
Income tax, total.....	107,803,897	501,852	727,868	1,227,447	1,633,519	2,409,560
Normal tax, surtax, and alternative tax.....	106,974,698	487,684	718,624	1,213,392	1,612,931	2,381,051
Tax from recomputing prior-year investment credit.....	525,381	12,044	8,873	12,523	18,906	24,166
Tax from recomputing prior-year work incentive (WIN) credit.....	79	—	—	—	—	—
Additional tax for tax preferences.....	303,739	2,124	370	1,532	1,682	4,328
Foreign tax credit.....	26,357,826	18,976	874	1,883	1,000	492
U.S. possessions tax credit.....	1,134,422	3,557	176	575	1,154	5,558
Investment credit.....	12,897,130	39,175	130,776	199,475	258,014	334,139
Work incentive (WIN) credit.....	18,469	23	471	541	1,204	1,745
Jobs credit.....	3,093,915	14,382	206,864	288,284	364,100	419,378
Travel, entertainment and gift expense.....	12,545,315	71,895	350,016	305,306	263,956	391,791
Distributions to stockholders:						
Cash and property except in own stock.....	67,051,545	565,681	1,052,121	706,771	761,248	797,412
Corporation's own stock.....	2,147,986	15,368	246	4,127	24,281	24,557

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 1.5 — Balance Sheets and Income Statements, by Size of Total Assets — Continued

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

Item	Size of total assets — Continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns.....	113,829	16,056	12,864	6,070	3,632	2,394	2,240
Total assets.....	230,210,960	112,078,539	204,425,432	213,045,907	254,167,918	368,691,767	3,821,984,471
Cash.....	19,055,002	8,030,327	13,968,860	13,091,122	13,448,451	17,340,983	264,604,091
Notes and accounts receivable.....	58,466,417	32,785,918	70,857,686	72,209,048	69,887,712	76,396,560	1,026,958,741
Less: Allowance for bad debts.....	1,088,474	580,536	1,376,055	1,967,854	2,964,039	4,665,982	21,749,037
Inventories.....	55,443,971	21,191,623	22,740,647	15,482,904	17,343,687	24,411,762	178,982,161
Investments in Government obligations:							
United States.....	2,328,452	4,351,819	14,399,770	14,869,520	15,199,880	19,363,990	129,719,398
State and local.....	813,411	1,682,415	9,141,442	11,952,100	12,587,290	14,252,520	120,238,712
Other current assets.....	10,560,786	5,171,980	7,134,750	6,512,983	7,611,104	11,556,287	114,772,436
Loans to stockholders.....	1,490,010	300,898	414,728	411,502	342,093	758,736	6,694,240
Mortgage and real estate loans.....	2,991,550	3,616,847	16,046,792	33,978,626	63,682,057	106,681,768	491,866,141
Other investments.....	14,620,527	8,267,844	17,868,894	19,368,817	25,365,944	49,884,043	656,641,383
Depreciable assets.....	92,056,888	38,465,958	44,225,323	33,936,580	39,377,357	66,334,063	1,057,139,243
Less: Accumulated depreciation.....	42,107,772	17,318,275	18,645,658	13,900,660	15,640,088	25,950,165	363,738,402
Depletable assets.....	619,783	356,917	735,370	828,037	903,387	1,518,978	30,988,207
Less: Accumulated depletion.....	228,968	93,958	259,202	264,170	273,279	381,125	10,874,562
Land.....	9,483,806	3,192,955	3,392,462	2,648,173	2,815,337	3,691,147	20,623,538
Intangible assets (amortizable).....	1,416,864	590,054	717,613	686,899	901,773	1,368,964	23,398,018
Less: Accumulated amortization.....	694,425	194,014	235,183	174,034	285,722	255,395	10,699,195
Other assets.....	4,983,332	2,259,768	3,297,174	3,376,514	3,864,974	6,384,633	106,419,360
Total liabilities.....	230,210,960	112,078,539	204,425,432	213,045,907	254,167,918	368,691,767	3,821,984,471
Accounts payable.....	38,390,132	14,888,938	15,604,361	10,771,460	12,028,563	17,507,318	200,642,255
Mortgages, notes, and bonds payable in less than one year.....	35,187,429	13,677,163	15,385,933	12,934,807	14,216,375	14,727,998	174,359,712
Other current liabilities.....	23,332,809	25,169,289	90,371,025	114,977,013	139,765,849	190,941,846	1,575,034,392
Loans from stockholders.....	4,217,674	963,317	951,505	664,343	840,890	1,217,349	16,477,694
Mortgages, notes, and bonds payable in one year or more.....	36,506,901	15,140,939	18,535,925	16,527,359	20,981,553	33,097,818	466,734,913
Other liabilities.....	6,767,371	3,895,307	6,878,855	8,411,077	11,419,361	23,255,348	464,033,159
Capital stock.....	15,709,409	6,427,641	11,587,699	8,966,659	8,784,927	12,860,269	171,851,295
Paid-in or capital surplus.....	7,776,771	4,560,313	10,085,539	11,877,323	15,410,809	28,208,176	238,474,691
Retained earnings, appropriated.....	1,589,443	710,570	1,178,091	1,278,176	1,292,632	2,166,428	27,630,240
Retained earnings, unappropriated.....	64,768,708	28,062,992	35,326,037	27,990,916	30,716,723	46,293,920	498,401,429
Less: Cost of treasury stock.....	4,035,687	1,417,929	1,478,998	1,353,226	1,289,764	1,584,703	11,455,307
Total receipts.....	530,709,765	195,105,717	199,734,055	144,971,301	160,960,939	231,823,548	2,079,661,281
Business receipts.....	516,689,192	188,362,161	186,358,559	130,581,441	144,019,738	207,136,900	1,864,291,229
Interest on Government obligations:							
United States.....	194,396	314,769	1,072,272	1,133,646	1,166,152	1,481,595	9,254,342
State and local.....	59,275	93,730	429,661	537,457	595,671	648,078	6,045,957
Other interest.....	2,416,851	1,981,309	6,527,784	8,525,000	10,808,706	15,495,023	129,881,755
Rents.....	2,909,044	1,030,039	1,138,185	845,902	685,823	1,054,855	12,260,545
Royalties.....	240,343	152,998	176,360	112,850	147,085	418,758	5,893,492
Net short-term capital gain reduced by net long-term capital loss.....	101,816	28,364	52,969	52,120	47,529	68,245	287,536
Net long-term capital gain reduced by net short-term capital loss.....	1,056,412	471,895	716,939	566,070	539,305	856,421	7,760,281
Net gain, noncapital assets.....	1,389,884	422,093	588,288	474,053	483,017	662,915	4,444,668
Dividends received from domestic corporations.....	469,749	275,373	434,827	418,227	585,345	956,920	9,058,293
Dividends received from foreign corporations.....	13,319	40,155	63,069	103,102	156,691	333,207	8,293,198
Other receipts.....	5,169,483	1,932,833	2,175,141	1,621,434	1,725,876	2,712,631	22,189,985
Total deductions.....	507,655,995	185,167,980	187,009,545	134,805,637	150,206,207	215,447,568	1,920,786,311
Cost of sales and operations.....	398,428,428	144,896,198	141,285,874	96,677,008	107,081,221	148,779,330	1,286,419,532
Compensation of officers.....	12,470,303	2,950,062	2,680,186	1,624,440	1,602,375	1,602,375	6,761,701
Repairs.....	2,308,302	842,801	908,390	711,961	797,718	1,478,413	18,073,153
Bad debts.....	1,141,269	412,234	561,902	716,578	968,555	7,311,300	7,311,300
Rent paid on business property.....	4,932,715	1,763,289	1,871,270	1,412,770	1,636,406	2,632,329	20,507,459
Taxes paid.....	9,735,288	3,562,523	3,862,879	3,227,886	3,397,953	5,062,397	57,557,253
Interest paid.....	6,300,338	3,136,229	6,082,688	7,143,365	9,005,874	12,827,450	113,800,768
Contributions or gifts.....	191,882	99,223	108,606	89,886	85,372	119,547	1,184,163
Amortization.....	92,853	24,904	29,047	22,280	35,026	71,499	510,965
Depreciation.....	8,137,673	3,344,658	3,652,687	2,674,643	2,928,245	4,759,773	69,683,463
Depletion.....	159,760	80,228	139,143	108,187	116,617	358,914	4,487,899
Advertising.....	3,179,066	1,351,100	1,423,829	1,240,599	1,473,871	2,414,182	20,205,240
Pension, profit-sharing, stock bonus, and annuity plans.....	2,552,612	917,009	1,065,502	815,783	1,007,882	1,694,514	25,332,621
Employee benefit programs.....	1,720,636	681,060	815,085	687,144	805,569	1,340,050	15,613,929
Net loss, noncapital assets.....	99,976	42,142	70,964	60,859	56,050	89,197	619,989
Other deductions.....	56,204,894	21,074,317	22,451,494	17,750,564	19,653,355	31,249,043	272,716,876
Total receipts less total deductions.....	23,053,770	9,937,738	12,724,510	10,165,664	10,754,732	16,375,980	158,874,969
Constructive taxable income from related foreign corporations.....	6,839	20,524	48,995	72,813	116,701	272,321	7,934,026
Net income.....	23,060,609	9,958,262	12,773,505	10,238,477	10,871,433	16,648,301	166,808,995
Income subject to tax.....	18,833,602	8,280,675	10,086,268	7,984,751	8,380,247	13,483,727	149,667,206
Income tax, total.....	7,882,741	3,765,010	4,636,238	3,715,974	3,951,407	6,375,733	70,976,548
Normal tax, surtax, and alternative tax.....	7,815,357	3,738,863	4,600,443	3,687,654	3,913,108	6,318,961	70,486,630
Tax from recomputing prior-year investment credit.....	52,987	18,660	19,487	13,630	14,949	22,184	306,771
Tax from recomputing prior-year work incentive (WIN) credit.....	28	(1)	31	1	2	1	2
Additional tax for tax preferences.....	14,369	7,286	16,277	14,690	23,348	34,587	183,145
Foreign tax credit.....	23,003	50,877	68,957	127,408	152,546	458,256	25,455,354
U.S. possessions tax credit.....	61,076	56,680	171,065	148,567	171,660	283,525	230,829
Investment credit.....	784,643	321,384	371,839	269,284	326,024	545,536	9,316,841
Work incentive (WIN) credit.....	2,247	1,727	652	346	364	514	8,637
Jobs credit.....	943,448	281,603	218,938	106,325	76,803	62,939	100,852
Travel, entertainment and gift expense.....	974,319	437,086	509,642	437,944	532,851	934,432	7,336,077
Distributions to stockholders:							
Cash and property except in own stock.....	2,428,877	1,149,196	2,075,647	1,809,040	2,041,594	4,263,229	49,400,728
Corporation's own stock.....	170,937	76,073	175,434	179,173	236,058	381,073	860,660

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

†Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.6 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
All Industrial Divisions													
Number of returns.....	2,376,779	70,894	1,250,000	449,001	252,280	160,886	142,502	19,792	15,206	6,868	4,125	2,750	2,475
Total assets.....	6,014,452,008	—	43,093,864	72,734,426	89,129,295	112,631,613	287,523,681	137,970,335	240,636,260	240,995,596	288,422,093	423,440,563	4,077,874,281
Notes and accounts receivable, net.....	1,551,126,400	—	6,099,445	12,741,014	17,717,291	24,181,065	67,319,759	37,758,369	78,446,554	78,019,293	75,448,526	84,023,384	1,069,371,701
Inventories.....	442,652,820	—	6,329,902	12,648,885	18,143,844	24,700,807	65,379,315	24,835,253	27,153,498	18,502,539	20,314,623	28,137,888	196,506,267
Cash, Government obligations, and other current assets.....	1,023,302,183	—	9,513,809	13,613,226	14,347,249	16,622,305	40,243,676	23,410,593	50,896,743	51,750,785	55,615,573	73,051,930	674,236,393
Other investments and loans.....	1,649,127,716	—	3,555,860	5,824,263	7,001,606	8,476,363	24,851,719	15,510,529	40,243,654	58,683,761	97,524,339	172,853,266	1,214,602,356
Depreciable assets.....	1,896,212,705	—	26,944,315	37,551,054	42,524,090	51,115,481	119,041,446	48,394,914	55,635,045	40,934,133	47,237,730	78,200,226	1,148,634,271
Less: Accumulated depreciation.....	631,320,855	—	13,849,779	17,676,473	19,791,926	23,442,306	52,150,335	20,917,933	22,701,190	16,179,413	18,260,722	29,940,376	396,410,501
Other capital assets less reserves.....	130,326,937	—	2,547,509	5,406,927	6,771,438	8,168,553	15,910,554	5,824,119	6,327,773	4,967,330	5,411,390	8,497,330	60,494,015
Accounts and notes payable.....	784,405,448	—	11,455,953	18,622,319	25,699,707	35,268,244	94,088,425	37,082,709	40,567,017	29,777,483	32,506,975	40,810,533	418,526,083
Other current liabilities.....	2,335,790,244	—	4,349,194	5,489,129	6,652,671	8,649,760	28,604,311	29,365,982	98,870,019	124,092,277	150,851,979	212,287,066	1,666,577,858
Mortgages, notes, and bonds payable in one year or more.....	780,536,055	—	8,001,935	14,544,383	17,425,404	22,435,744	55,426,868	22,689,561	27,592,599	22,349,683	28,276,478	42,767,536	519,025,861
Net worth.....	1,494,756,856	—	10,482,438	25,391,826	31,132,974	37,770,768	92,297,694	41,633,092	62,239,189	53,304,151	61,473,779	98,426,945	980,604,001
Cost of property used for investment credit.....	189,977,419	806,378	3,695,743	4,888,274	5,175,292	6,173,395	14,004,409	5,408,476	6,285,879	4,188,276	4,685,300	8,563,446	126,102,912
Total receipts.....	4,714,602,615	34,332,392	165,439,550	178,805,127	196,644,315	253,247,876	606,372,339	225,413,335	231,947,375	165,525,686	185,272,552	262,043,915	2,209,558,253
Business receipts.....	4,353,704,519	26,931,923	161,703,560	173,951,672	191,005,326	246,240,452	589,513,801	217,364,150	216,544,307	149,437,113	166,266,636	234,091,255	1,980,654,325
Cost of sales and operations.....	3,113,421,507	20,085,739	89,538,174	111,048,490	134,727,159	184,305,796	456,662,895	168,905,927	165,535,885	112,049,413	124,917,012	169,737,824	1,375,907,193
Taxes paid.....	116,155,077	764,339	4,719,392	4,975,202	4,744,133	5,313,315	11,455,953	4,132,232	4,514,073	3,593,551	3,953,833	5,681,083	62,307,968
Interest paid.....	192,403,316	5,585,522	1,206,229	1,957,672	2,528,643	3,369,777	8,790,121	4,165,088	7,509,557	6,207,817	10,325,913	15,014,228	123,742,748
Depreciation.....	121,299,900	780,697	2,990,685	3,537,158	3,731,509	4,530,687	10,143,625	4,154,441	4,515,003	3,193,336	3,536,561	5,572,061	74,614,155
Pension, profit-sharing, stock bonus, and annuity plans.....	41,825,415	215,883	2,404,404	1,200,869	959,352	1,221,883	2,732,495	994,550	1,205,916	888,546	1,111,463	1,876,887	27,013,186
Employee benefit programs.....	27,019,096	192,272	639,904	605,474	625,712	857,436	1,999,735	791,400	959,162	773,830	935,770	1,513,730	17,124,671
Net income (less deficit).....	246,867,473	369,113	1,774,045	5,266,846	5,857,424	7,262,748	18,489,940	8,232,763	10,517,613	8,652,405	9,280,563	14,512,537	156,651,477
Income subject to tax.....	274,519,721	1,730,098	6,113,037	7,932,109	9,225,658	10,311,334	23,001,334	9,864,532	12,343,843	9,701,021	10,275,762	16,002,224	160,793,038
Income tax, total.....	239,631,773	1,159,902	3,387,805	5,255,179	5,920,830	7,186,885	18,833,653	8,281,922	10,086,268	7,984,751	8,380,247	13,487,031	149,667,300
Additional tax for tax preferences.....	107,888,445	505,166	732,752	1,230,091	1,635,681	2,412,223	7,892,809	3,770,267	4,840,268	3,718,131	3,954,897	6,380,708	71,015,451
Foreign tax credit.....	340,519	2,707	1,839	1,568	1,764	4,493	15,633	8,156	17,128	14,975	25,186	35,694	212,576
Investment credit.....	26,357,629	16,976	*874	*1,883	1,000	492	23,003	50,877	68,957	127,408	152,546	458,259	25,455,354
Nonrefundable energy credit before limitation.....	12,897,172	39,178	130,776	199,475	258,014	334,139	784,645	321,384	371,839	269,284	326,024	545,555	9,316,861
Work incentive (WIN) credit.....	18,469	23	*247	*74	*24	*721	*475	3,014	1,637	1,668	1,293	2,370	2,741
Jobs credit.....	3,093,915	14,382	*471	541	1,204	1,745	2,247	1,727	852	346	364	514	8,637
Distributions to stockholders except in own stock.....	70,294,349	780,976	1,225,748	730,261	779,820	824,818	2,501,757	1,190,651	2,165,107	1,682,083	2,176,496	4,525,247	51,511,385
Agriculture, Forestry, and Fishing													
Number of returns.....	69,971	**	24,650	16,391	12,670	7,926	5,106	368	**	**	**	8	3
Total assets.....	32,904,622	—	908,994	2,795,589	4,498,268	5,567,755	9,507,087	2,442,538	**	**	**	1,324,609	1,981,686
Notes and accounts receivable, net.....	3,000,872	—	60,092	141,922	258,760	327,171	872,270	289,594	**	**	**	236,254	256,918
Inventories.....	3,769,408	—	48,321	186,823	343,913	558,307	1,083,886	387,183	**	**	**	204,930	275,801
Cash, Government obligations, and other current assets.....	3,091,091	—	151,726	290,984	427,473	448,992	893,685	177,469	**	**	**	187,936	139,811
Other investments and loans.....	3,607,097	—	60,889	148,618	323,432	462,913	913,926	337,372	**	**	**	299,163	493,103
Depreciable assets.....	18,476,272	—	921,728	2,211,802	3,057,984	3,242,104	4,831,171	1,030,946	**	**	**	339,102	999,362
Less: Accumulated depreciation.....	8,241,990	—	501,687	999,400	1,403,076	1,440,535	2,089,008	393,803	**	**	**	142,238	491,578
Other capital assets less reserves.....	7,747,213	—	145,587	719,970	1,309,919	1,716,539	2,633,220	534,281	**	**	**	146,164	21,412
Accounts and notes payable.....	8,087,102	—	221,995	546,579	875,151	1,239,760	2,663,577	850,597	**	**	**	276,885	264,819
Other current liabilities.....	1,679,091	—	42,565	61,121	90,769	180,750	402,845	119,140	**	**	**	235,471	204,845
Mortgages, notes, and bonds payable in one year or more.....	9,619,740	—	161,286	791,977	1,238,187	1,847,835	3,070,084	842,976	**	**	**	208,591	332,327
Net worth.....	10,218,791	—	214,787	1,038,736	1,811,679	1,759,541	2,629,555	405,158	**	**	**	524,628	825,094
Cost of property used for investment credit.....	2,369,502	**	88,601	305,089	448,476	448,986	614,540	105,153	**	**	**	39,727	85,541
Total receipts.....	41,417,558	**	2,293,891	3,222,706	4,285,718	6,047,214	10,365,511	3,563,440	**	**	**	1,152,587	4,436,322
Business receipts.....	39,222,456	**	2,204,741	3,016,635	3,962,422	5,636,996	9,822,681	3,391,102	**	**	**	1,082,532	4,340,199
Cost of sales and operations.....	29,140,482	**	1,267,694	1,823,997	2,498,057	4,106,939	7,534,547	2,882,007	**	**	**	848,867	3,527,294
Taxes paid.....	870,132	**	83,161	110,456	122,675	120,784	194,981	38,437	**	**	**	21,328	89,023
Interest paid.....	1,251,690	**	34,562	88,495	166,061	219,068	374,477	103,255	**	**	**	32,368	57,593
Depreciation.....	1,650,333	**	113,791	220,309	280,309	316,758	398,630	81,778	**	**	**	24,808	52,917
Pension, profit-sharing, stock bonus, and annuity plans.....	144,965	**	*16,062	9,847	14,566	18,727	26,060	6,541	**	**	**	4,558	29,688
Employee benefit programs.....	90,121	**	6,892	4,909	7,816	6,857	19,480	3,848	**	**	**	3,039	25,487
Net income (less deficit).....	1,296,962	**	40,519	146,841	210,660	252,912	278,480	35,300	**	**	**	89,202	41,642
Income subject to tax.....	2,202,179	**	147,314	255,959	345,902	372,230	515,474	148,675	**	**	**	89,887	43,154
Income tax, total.....	1,386,949	**	69,675	127,740	207,623	234,735	322,660	102,882	**	**	**	85,531	37,089
Additional tax for tax preferences.....	485,580	**	14,463	29,684	52,839	71,420	126,988	45,764	**	**	**	39,303	17,362
Foreign tax credit.....	640	—	—	*84	*63	—	177	*92	**	**	**	31	—
Investment credit.....	*13,210	—	—	—	—	—	—	*12	**	**	**	74	13,091
Nonrefundable energy credit before limitation.....	100,232	—	3,800	8,588	15,926	23,024	25,539	4,690	**	**	**	3,887	2,203
Work incentive (WIN) credit.....	40	—	—	—	—	—	—	—	**	**	**	—	23
Jobs credit.....	31,117	**	*2,286	6,349	3,269	6,180	7,509	2,305	**	**	**	111	100
Distributions to stockholders except in own stock													

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.6 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets—Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Mining													
Number of returns.....	19,124	944	5,851	3,750	2,643	2,415	2,564	413	279	101	63	54	47
Total assets.....	97,670,205	—	238,376	605,658	952,538	1,708,371	5,367,834	2,868,179	4,374,508	3,436,687	4,256,185	8,367,089	65,494,880
Notes and accounts receivable, net.....	19,873,645	—	59,511	114,547	145,252	278,003	1,010,616	545,279	737,728	463,267	639,558	1,079,080	14,780,803
Inventories.....	4,739,477	—	9,910	32,817	34,835	84,304	184,812	119,461	174,197	114,404	173,877	360,280	3,450,579
Cash, Government obligations, and other current assets.....	8,833,334	—	41,412	110,500	221,304	273,581	786,016	503,458	695,572	432,287	447,914	657,203	4,664,087
Other investments and loans.....	20,326,801	—	38,698	40,850	90,469	187,539	493,121	264,980	433,281	520,222	459,358	1,274,603	6,525,079
Depreciable assets.....	49,333,884	—	102,676	409,581	673,775	1,301,931	3,819,838	1,874,580	2,647,456	1,844,236	2,207,412	4,621,699	29,731,002
Less: Accumulated depreciation.....	17,980,813	—	40,136	192,242	327,242	637,783	1,710,362	1,042,593	1,198,421	750,411	774,383	1,738,473	9,568,712
Other capital assets less reserves.....	9,842,251	—	20,677	73,743	93,060	161,289	595,905	422,332	748,573	721,043	800,970	1,656,841	4,546,120
Accounts and notes payable.....	12,134,638	—	101,285	159,770	265,003	478,993	1,389,758	721,055	937,920	591,092	525,790	1,150,485	5,813,506
Other current liabilities.....	14,223,138	—	32,584	27,605	74,562	136,498	400,578	171,811	341,675	293,594	444,277	608,860	11,691,094
Mortgages, notes, and bonds payable in one year or more.....	20,039,817	—	27,001	131,010	156,137	375,253	1,181,304	661,976	1,104,621	815,131	977,776	2,439,713	12,169,896
Net worth.....	45,057,155	65,552	—	168,573	340,047	537,304	1,781,311	1,118,708	1,759,080	1,507,997	1,741,985	3,553,183	32,545,315
Cost of property used for investment credit.....	6,072,733	—	37,675	85,790	142,775	262,618	770,525	305,926	444,412	225,444	385,848	1,143,977	2,202,192
Total receipts.....	94,706,062	380,312	584,235	1,241,044	1,185,913	2,191,323	6,140,230	2,583,935	3,579,087	2,392,815	2,739,284	5,144,231	66,563,652
Business receipts.....	90,538,979	306,216	572,987	1,185,008	1,114,361	2,110,425	5,768,221	2,367,540	3,256,567	2,193,990	2,524,859	4,826,722	64,302,084
Cost of sales and operations.....	44,583,576	177,119	332,203	677,522	598,456	1,273,776	3,793,624	1,508,495	2,082,335	1,368,215	1,613,148	3,104,684	28,053,996
Taxes paid.....	1,696,068	10,711	16,415	49,137	47,885	83,941	204,265	83,583	112,134	78,695	89,060	148,683	770,560
Interest paid.....	2,180,034	17,638	6,045	28,168	58,449	167,562	74,955	136,195	136,195	89,940	114,720	239,177	1,225,227
Depreciation.....	3,448,124	39,387	18,423	52,807	74,877	169,071	425,935	203,280	242,498	138,363	192,328	288,255	1,603,022
Pension, profit-sharing, stock bonus, and annuity plans.....	404,186	1,866	1,578	2,608	7,811	10,342	27,487	11,131	21,874	9,819	21,250	44,748	243,673
Employee benefit programs.....	313,588	1,021	1,721	2,608	7,811	10,342	27,487	11,131	21,874	9,819	21,250	44,748	243,673
Net income (less deficit).....	27,709,582	—	—	57,246	73,927	29,089	114,900	72,369	214,432	186,665	71,904	329,266	26,616,198
Net income.....	29,582,856	56,144	65,755	104,556	143,347	168,398	441,295	198,367	333,274	281,919	220,840	556,926	27,012,025
Income subject to tax.....	29,041,850	42,506	43,099	60,045	101,684	118,280	385,551	174,778	284,245	255,438	199,957	537,211	26,859,076
Income tax, total.....	13,837,808	20,415	10,090	15,301	38,022	48,279	166,900	84,185	135,157	122,875	97,598	258,943	12,840,043
Additional tax for tax preferences.....	77,686	53	2	481	1,077	2,760	8,948	4,551	7,639	3,995	5,369	6,492	36,319
Foreign tax credit.....	12,512,804	23	—	—	—	—	4,860	654	11,455	39,525	3,615	131,315	12,321,358
Investment credit.....	234,247	915	1,467	3,265	6,594	8,249	34,536	15,400	19,411	13,511	15,549	22,173	93,176
Nonrefundable energy credit before limitation.....	2,354	—	—	—	—	—	—	—	46	21	80	138	2,068
Work incentive (WIN) credit.....	94	—	—	—	—	—	—	—	25	3	—	—	23
Jobs credit.....	44,138	297	2,096	3,130	4,744	4,844	13,871	4,393	4,761	1,569	1,732	1,246	1,455
Distributions to stockholders except in own stock.....	2,194,973	10,854	8,812	6,565	32,234	20,013	104,849	39,755	50,072	63,737	45,609	294,459	1,518,014
Construction													
Number of returns.....	228,657	**	118,415	43,870	28,282	17,340	14,299	1,535	626	**	**	29	18
Total assets.....	105,545,997	—	4,042,771	7,191,354	9,986,248	11,940,057	28,098,015	10,416,433	9,430,372	**	**	4,342,484	10,011,877
Notes and accounts receivable, net.....	29,014,127	—	848,551	1,736,714	2,771,614	3,503,868	8,650,871	3,182,288	2,659,850	**	**	995,725	2,172,637
Inventories.....	19,335,447	—	536,447	1,280,180	2,072,275	2,395,969	5,675,940	1,903,416	1,874,097	**	**	661,195	913,001
Cash, Government obligations, and other current assets.....	21,653,135	—	912,569	1,645,223	2,039,740	2,452,455	5,724,644	2,417,597	1,895,648	**	**	936,887	1,541,045
Other investments and loans.....	9,425,092	—	294,421	516,843	531,975	883,220	1,766,407	648,678	732,443	**	**	665,086	2,416,454
Depreciable assets.....	37,721,795	—	2,458,319	3,226,106	3,915,310	4,314,630	9,435,327	3,754,468	3,096,802	**	**	1,268,380	3,477,693
Less: Accumulated depreciation.....	18,735,980	—	1,281,373	1,622,907	1,936,064	2,205,439	4,922,503	2,091,904	1,525,591	**	**	564,596	1,304,954
Other capital assets less reserves.....	4,382,175	—	172,935	263,168	443,458	556,133	1,072,705	397,622	412,561	**	**	258,734	432,504
Accounts and notes payable.....	37,799,380	—	1,413,029	2,674,041	3,891,806	4,749,539	11,351,085	3,918,557	3,328,427	**	**	1,035,062	2,441,663
Other current liabilities.....	14,741,849	—	453,134	557,069	978,444	1,473,782	3,900,910	1,727,887	1,431,289	**	**	765,125	1,661,846
Mortgages, notes, and bonds payable in one year or more.....	15,217,242	—	598,597	1,089,833	1,411,291	1,674,600	3,899,246	1,475,110	1,497,424	**	**	620,859	1,133,888
Net worth.....	25,787,440	—	804,461	1,924,278	2,897,046	3,068,642	6,405,411	2,244,850	2,015,081	**	**	1,240,221	3,041,048
Cost of property used for investment credit.....	5,934,394	**	424,041	569,741	773,157	761,705	1,539,204	441,702	427,148	**	**	147,237	466,715
Total receipts.....	216,710,180	**	19,520,114	21,621,712	24,101,817	27,776,265	55,152,628	17,898,319	13,997,506	**	**	6,744,767	16,321,054
Business receipts.....	211,618,796	**	19,370,879	21,372,859	23,786,251	27,339,351	54,068,041	17,412,163	13,523,212	**	**	6,377,883	15,425,140
Cost of sales and operations.....	171,491,833	**	14,137,545	16,026,737	18,253,015	21,817,362	44,819,029	14,880,022	11,669,968	**	**	5,426,397	13,372,591
Taxes paid.....	4,601,222	**	561,256	568,737	609,273	630,738	1,147,002	336,194	246,374	**	**	63,356	199,994
Interest paid.....	2,580,694	**	128,217	225,076	244,850	286,693	606,976	214,553	198,851	**	**	95,169	335,477
Depreciation.....	3,803,768	**	322,111	384,192	440,872	484,827	937,374	315,807	257,097	**	**	101,533	340,510
Pension, profit-sharing, stock bonus, and annuity plans.....	1,027,628	**	32,795	92,874	117,698	135,009	291,431	94,052	65,362	**	**	37,345	107,432
Employee benefit programs.....	876,112	**	62,236	91,039	107,468	131,905	232,580	80,524	42,103	**	**	21,768	62,505
Net income (less deficit).....	5,876,327	**	255,589	586,463	712,644	753,132	1,479,941	489,396	351,518	**	**	349,287	589,770
Net income.....	8,056,379	**	700,563	986,737	1,253,016	1,417,116	2,817,716	639,149	490,313	**	**	359,174	803,145
Income subject to tax.....	6,420,188	**	348,023	611,062	743,431	783,960	1,627,320	559,547	429,223	**	**	326,166	605,853
Income tax, total.....	2,427,708	**	74,592	148,106	205,077	252,832	667,720	253,614	195,102	**	**	153,325	289,999
Additional tax for tax preferences.....	3,209	—	2	—	1	64	1,027	510	546	**	**	198	270
Foreign tax credit.....	116,180	**	—	—	—	—	257	2,735	1,850	**	**	41,937	56,377
Investment credit.....	331,104	**	14,735	27,270	38,270	41,153	94,078	28,512	23,510	**	**	8,273	34,568
Nonrefundable energy credit before limitations.....	527	**	74	—	—	—	—	203	70	**	**	6	—
Work incentive (WIN) credit.....	279	**	—	—	—	—	—	70	10	**	**	—	2
Jobs credit.....	481,331	**	37,336	63,369	75,896	74,595	165,327	35,531	18,334	**	**	1,110	905
Distributions to stockholders except in own stock.....	627,914	**	87,941	39,224	49,259	51,270	91,380	28,606	16,716	**	**	48,943	165,152

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.6 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets—Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Manufacturing													
Number of returns.....	223,471	3,633	83,066	43,777	30,662	24,119	28,019	4,641	2,878	1,009	635	478	554
Total assets.....	1,308,673,807	—	3,304,905	7,154,658	10,912,323	17,130,227	59,081,129	32,354,328	44,048,201	35,247,628	44,472,967	74,715,370	980,252,072
Notes and accounts receivable, net.....	306,964,685	—	770,371	2,047,874	2,955,409	4,743,545	16,082,455	8,127,518	10,825,702	7,987,018	9,795,296	15,542,995	228,086,502
Inventories.....	223,353,223	—	535,657	1,345,536	2,458,409	3,983,141	16,002,249	9,170,575	12,258,643	8,860,099	11,095,457	17,083,609	140,439,647
Cash, Government obligations, and other current assets.....	118,007,080	—	611,747	1,188,451	1,619,165	2,371,641	6,954,226	3,733,022	4,750,196	3,890,517	4,710,685	7,370,953	80,806,478
Other investments and loans.....	218,546,772	—	176,208	308,022	451,661	765,205	2,899,332	1,898,150	3,313,478	3,466,434	4,555,624	10,234,226	190,478,433
Depreciable assets.....	662,647,897	—	2,226,919	4,029,906	5,914,299	9,478,909	29,279,834	15,598,444	20,360,635	15,978,964	20,915,027	35,287,554	503,577,407
Less: Accumulated depreciation.....	307,305,415	—	1,207,214	2,050,473	3,049,715	4,933,132	14,724,369	7,611,279	9,550,102	7,248,522	9,122,788	15,975,237	231,832,585
Other capital assets less reserves.....	47,350,827	—	81,148	102,703	234,985	416,908	1,581,340	849,290	1,134,248	1,160,395	1,283,810	2,439,685	38,066,315
Accounts and notes payable.....	260,412,041	—	1,044,650	2,141,425	3,323,546	5,077,589	17,659,450	8,809,333	10,937,796	6,923,238	8,383,602	11,775,230	184,336,182
Other current liabilities.....	137,064,919	—	385,297	723,056	977,785	1,720,779	5,840,900	3,154,459	4,406,592	3,642,316	4,583,386	8,416,063	103,214,287
Mortgages, notes, and bonds payable in one year or more.....	237,682,006	—	509,198	1,066,157	1,743,769	2,809,088	8,460,523	4,595,100	6,421,700	5,853,859	6,423,217	13,604,588	184,194,807
Net worth.....	595,064,083	—	618,458	2,393,529	3,991,107	6,599,333	25,014,572	14,877,378	20,908,378	17,683,528	21,590,135	37,804,011	443,583,654
Cost of property used for investment credit.....	68,784,527	365,427	320,322	702,529	877,744	1,358,273	3,629,539	1,726,140	2,146,219	1,535,240	2,061,833	3,763,917	50,297,344
Total receipts.....	1,836,552,260	14,080,694	10,779,629	19,501,501	26,615,836	41,530,882	134,283,896	66,576,851	82,443,657	59,612,731	67,561,925	110,789,084	1,202,775,573
Business receipts.....	1,773,467,830	13,631,769	10,644,699	19,327,779	26,317,795	41,042,268	132,533,171	65,585,991	80,933,952	58,227,624	65,841,942	107,491,484	1,151,889,357
Cost of sales and operations.....	1,290,204,263	10,714,424	6,715,088	12,961,268	18,453,037	29,561,461	98,730,323	49,380,111	60,909,765	42,991,377	48,172,350	76,794,583	834,820,476
Taxes paid.....	48,728,041	303,623	384,612	605,159	769,362	1,080,317	3,188,476	1,444,704	1,802,809	1,517,847	1,662,419	2,863,266	33,105,446
Interest paid.....	30,915,600	280,993	102,484	191,571	272,362	477,950	1,543,452	836,471	1,089,684	824,565	1,110,580	1,690,767	22,494,719
Depreciation.....	49,059,152	301,860	241,551	398,264	546,085	858,062	2,424,494	1,252,495	1,567,149	1,207,522	1,556,835	2,571,288	36,133,546
Pension, profit-sharing, stock bonus, and annuity plans.....	21,535,728	166,967	23,330	79,072	138,103	255,368	868,908	419,854	548,355	439,248	554,345	1,104,783	16,937,395
Employee benefit programs.....	16,127,862	149,308	57,274	112,048	140,997	230,516	721,676	369,033	484,670	372,085	493,953	935,475	12,060,827
Net income (less deficit).....	113,518,786	450,944	78,063	637,779	905,290	1,622,801	6,083,159	3,411,733	4,433,826	3,838,499	4,159,201	7,274,995	80,622,496
Net income.....	120,144,888	584,364	511,009	956,545	1,258,665	2,007,506	7,106,368	3,875,464	5,050,246	4,180,138	4,546,801	7,756,886	82,310,996
Income subject to tax.....	114,374,088	445,391	277,958	688,294	1,027,407	1,696,915	6,339,913	3,638,079	4,772,294	3,960,617	4,349,812	7,448,648	79,728,761
Income tax, total.....	53,092,051	206,313	62,076	162,388	294,486	610,251	2,755,823	1,684,189	2,238,853	1,869,446	2,063,906	3,517,427	37,626,894
Additional tax for tax preferences.....	109,556	83	—	—	24	1	727	469	1,373	718	3,418	4,420	98,123
Foreign tax credit.....	11,654,365	9,912	318	—	174	326	5,281	20,915	29,775	54,445	95,067	228,431	11,209,720
Investment credit.....	5,175,795	15,892	15,757	33,225	58,298	95,420	260,283	134,648	156,513	115,739	166,095	269,561	3,854,364
Nonrefundable energy credit before limitation.....	52,649	232	—	—	126	135	1,618	728	1,163	806	1,637	2,525	43,780
Work incentive (WIN) credit.....	12,044	119	—	274	719	228	1,358	383	434	193	238	338	7,858
Jobs credit.....	956,211	6,225	22,487	54,879	81,877	122,575	327,529	121,028	94,571	42,862	28,991	22,709	30,479
Distributions to stockholders except in own stock.....	31,173,451	147,845	72,171	56,227	73,853	130,570	564,413	293,565	486,131	593,052	680,414	1,831,281	26,243,929
Transportation and Public Utilities													
Number of returns.....	92,686	1,426	51,149	17,898	8,755	6,263	5,378	750	472	150	102	103	240
Total assets.....	597,721,008	—	1,682,679	2,898,327	3,115,190	4,319,035	11,285,371	5,147,908	7,269,373	5,343,065	7,082,325	16,501,871	533,075,864
Notes and accounts receivable, net.....	45,208,079	—	256,752	606,235	598,331	871,395	2,094,013	869,449	1,095,187	884,713	1,067,139	1,589,217	35,275,650
Inventories.....	20,185,622	—	25,044	70,171	87,676	113,032	323,375	169,795	219,391	125,283	263,992	528,402	18,259,461
Cash, Government obligations, and other current assets.....	34,920,895	—	347,149	475,508	491,760	677,681	1,589,808	678,276	822,446	610,262	757,812	1,283,486	27,186,706
Other investments and loans.....	51,414,775	—	110,904	125,906	185,122	213,571	860,256	350,381	641,500	558,287	850,273	1,448,644	46,269,931
Depreciable assets.....	569,615,144	—	1,539,506	2,409,965	2,850,484	3,804,952	9,837,169	4,426,329	6,196,083	4,381,738	5,791,541	14,787,138	513,590,239
Less: Accumulated depreciation.....	145,858,721	—	807,628	1,105,406	1,382,454	1,726,462	4,214,479	1,805,729	2,363,379	1,730,369	2,288,883	4,467,511	123,966,418
Other capital assets less reserves.....	11,002,767	—	36,936	107,586	152,420	196,179	479,173	229,095	296,643	221,872	353,224	595,137	8,334,502
Accounts and notes payable.....	52,578,971	—	528,032	795,278	770,599	1,109,665	2,730,972	1,145,150	1,209,262	956,300	1,073,441	1,847,591	40,412,682
Other current liabilities.....	63,123,773	—	137,954	199,102	190,812	308,157	932,744	459,201	720,005	575,895	858,847	1,835,502	56,905,555
Mortgages, notes, and bonds payable in one year or more.....	204,786,763	—	391,099	726,416	870,610	1,217,708	3,428,589	1,538,336	2,350,907	1,829,396	2,276,365	6,150,018	184,007,318
Net worth.....	241,160,442	—	269,505	778,879	992,855	1,298,457	3,503,883	1,667,777	2,544,378	1,706,404	2,488,342	5,584,809	20,325,171
Cost of property used for investment credit.....	67,580,306	51,688	248,756	490,525	479,606	674,939	1,353,352	599,593	830,618	515,886	560,700	1,430,135	60,344,507
Total receipts.....	372,898,491	987,847	6,101,469	7,486,087	6,254,073	8,343,890	16,573,991	6,897,541	9,041,114	6,524,017	8,820,833	12,510,668	283,356,962
Business receipts.....	360,687,424	913,940	6,021,269	7,316,264	6,116,671	8,149,361	16,101,756	6,678,490	8,776,533	6,250,240	8,540,140	11,955,508	273,867,252
Cost of sales and operations.....	227,211,452	633,584	4,082,078	4,507,386	3,860,598	5,454,103	10,300,522	4,507,294	5,853,334	4,237,706	5,996,052	7,835,554	169,943,147
Taxes paid.....	20,667,391	28,635	165,152	380,702	219,478	339,649	747,346	267,604	357,535	258,713	360,456	558,591	17,003,529
Interest paid.....	18,142,886	35,151	60,762	91,549	103,405	139,520	367,355	173,667	226,338	189,070	231,116	593,695	15,931,259
Depreciation.....	30,287,913	36,143	191,162	269,906	283,561	387,758	857,193	356,749	465,136	334,172	416,689	859,215	25,830,228
Pension, profit-sharing, stock bonus, and annuity plans.....	6,407,293	6,455	9,329	41,868	27,330	55,557	125,507	57,553	104,969	54,568	107,654	171,733	5,644,871
Employee benefit programs.....	3,383,937	7,772	16,650	25,892	23,684	55,475	128,230	55,393	91,229	81,062	103,018	92,408	2,703,122
Net income (less deficit).....	21,001,954	350	7,131	161,676	186,936	281,769	794,140	290,154	539,929	359,201	450,063	664,289	17,26

RETURNS OF ACTIVE CORPORATIONS

Table 1.6 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets—Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Wholesale and Retail Trade													
Number of returns.....	721,443	17,602	330,966	162,030	91,849	59,044	51,063	5,259	2,250	671	365	209	135
Total assets.....	486,146,204	—	13,438,324	26,393,112	32,696,387	41,555,157	100,189,091	35,786,048	33,988,250	23,223,726	25,741,618	31,806,359	121,328,133
Notes and accounts receivable, net.....	127,457,934	—	1,877,538	4,738,075	6,889,331	9,737,002	26,047,630	10,247,084	10,055,328	6,798,366	6,979,821	7,875,238	36,212,521
Inventories.....	158,135,586	—	4,505,693	9,071,255	12,364,614	16,644,816	40,000,033	12,324,313	11,475,286	7,121,548	7,408,551	8,708,533	28,510,944
Cash, Government obligations, and other current assets.....	46,991,932	—	2,295,961	4,155,142	4,479,187	4,797,651	9,973,463	3,268,290	3,164,303	2,165,044	2,479,628	2,958,565	7,254,698
Other investments and loans.....	43,502,793	—	655,305	1,283,582	1,476,470	1,936,431	4,928,711	2,157,792	2,270,561	1,914,290	3,050,495	3,315,305	20,513,851
Depreciable assets.....	145,203,300	—	6,042,137	9,968,129	10,640,101	12,086,953	26,494,324	9,780,981	8,762,372	6,342,627	6,911,519	10,710,924	37,483,231
Less: Accumulated depreciation.....	59,188,223	—	2,920,182	4,477,237	4,874,770	5,494,820	11,591,173	3,962,516	3,375,297	2,490,688	2,586,811	3,937,920	13,476,808
Other capital assets less reserves.....	12,977,265	—	314,071	778,257	941,991	1,134,387	2,493,201	1,154,075	907,864	635,092	763,199	1,164,409	2,690,719
Accounts and notes payable.....	177,767,156	—	4,179,730	7,795,248	11,256,638	16,234,648	43,478,411	15,174,088	13,849,825	8,602,249	9,024,932	9,490,444	38,680,942
Other current liabilities.....	41,004,863	—	1,080,041	1,920,810	2,430,115	3,019,387	7,756,244	2,726,080	2,744,336	1,989,676	2,331,235	3,353,168	11,653,770
Mortgages, notes, and bonds payable in one year or more.....	71,427,941	—	2,321,790	4,490,803	4,670,146	4,979,945	11,054,679	4,761,789	4,467,539	3,089,486	3,966,704	5,927,422	21,697,637
Net worth.....	172,397,596	—	3,007,922	9,469,333	11,807,693	15,002,297	34,043,812	12,005,657	11,986,281	8,717,423	9,426,574	11,816,955	45,113,648
Cost of property used for investment credit.....	17,774,773	98,904	839,687	1,391,072	1,386,110	1,492,104	3,576,604	1,300,020	1,235,017	898,063	777,621	1,139,095	3,640,476
Total receipts.....	1,461,404,863	8,307,489	61,712,232	89,634,283	108,093,608	141,344,335	338,722,568	109,718,779	93,340,956	62,323,474	68,944,694	82,707,059	296,555,349
Business receipts.....	1,436,428,884	8,045,682	60,895,779	88,482,744	106,691,801	139,368,919	333,635,521	107,917,898	91,557,023	61,009,964	67,538,539	81,020,308	290,264,707
Cost of sales and operations.....	1,134,768,864	6,245,902	40,855,198	60,722,761	80,031,568	109,842,998	271,705,617	88,096,617	74,570,098	49,463,292	55,466,791	65,231,033	232,537,437
Taxes paid.....	19,782,132	127,809	1,326,460	1,833,995	1,786,294	1,937,891	4,036,844	1,304,942	1,119,311	806,969	914,777	977,283	3,609,558
Interest paid.....	13,677,333	72,441	357,121	643,107	882,096	1,156,464	3,005,798	1,068,111	959,090	639,103	657,132	800,334	3,436,535
Depreciation.....	13,268,846	92,598	730,943	1,037,058	1,035,489	1,155,488	2,537,432	964,320	842,599	620,326	576,121	859,404	2,817,068
Pension, profit-sharing, stock bonus, and annuity plans.....	4,415,214	12,490	148,147	218,778	335,468	452,412	997,908	239,479	239,640	152,074	182,414	215,356	1,167,050
Employee benefit programs.....	3,182,625	11,026	99,050	160,612	216,967	277,208	656,988	202,184	182,384	153,315	161,219	214,074	847,687
Net income (less deficit).....	35,759,358	142,308	260,776	1,906,207	2,246,034	2,899,217	7,392,145	2,838,202	2,855,220	2,025,729	2,153,427	2,398,993	8,641,599
Net income.....	41,432,239	352,738	1,613,091	2,614,937	2,917,070	3,398,877	8,334,579	3,143,753	3,150,782	2,192,198	2,318,741	2,539,724	8,854,749
Income subject to tax.....	30,594,403	252,179	797,828	1,798,318	2,152,768	2,627,251	6,678,899	2,385,032	2,189,031	1,472,680	1,567,236	1,836,949	6,864,231
Income tax, total.....	12,479,414	110,105	174,841	403,894	575,765	849,234	2,758,188	1,092,245	1,023,916	691,193	739,011	868,870	3,192,151
Additional tax for tax preferences.....	6,534	*2	*366	*501	*4	*89	788	287	697	674	461	904	1,761
Foreign tax credit.....	594,197	*1,665	—	—	*235	*48	4,948	14,340	9,630	13,117	23,983	8,349	517,883
Investment credit.....	1,087,793	10,047	28,247	55,904	66,196	83,613	200,742	72,189	71,297	54,505	56,331	73,053	315,670
Nonrefundable energy credit before limitation.....	4,706	*14	—	*10	*441	*241	1,317	584	285	331	259	68	1,155
Work incentive (WIN) credit.....	3,378	*4	*137	*137	*208	778	422	1,222	83	101	28	55	203
Jobs credit.....	860,923	2,477	44,328	91,962	117,684	126,298	289,580	79,460	54,644	22,899	14,471	9,625	7,497
Distributions to stockholders except in own stock.....	7,272,502	178,372	383,133	279,112	250,395	325,276	939,533	481,643	662,563	428,578	515,855	500,622	2,327,420
Finance, Insurance, and Real Estate													
Number of returns.....	454,301	23,066	220,037	88,569	47,091	27,639	23,754	5,604	7,944	4,552	2,784	1,827	1,434
Total assets.....	3,249,397,057	—	7,654,175	14,321,821	16,542,681	19,299,998	49,565,752	40,487,538	130,234,198	160,435,363	194,908,613	279,913,460	2,336,033,458
Notes and accounts receivable, net.....	996,610,016	—	7,118,829	12,252,175	17,118,829	2,904,656	8,628,906	13,066,065	50,976,351	58,951,908	54,386,485	55,210,911	747,721,122
Inventories.....	6,185,735	—	68,163	122,985	235,664	333,132	871,733	339,284	340,957	461,539	251,374	208,144	2,962,779
Cash, Government obligations, and other current assets.....	766,558,059	—	1,832,669	3,110,510	3,239,966	3,776,816	10,738,629	11,412,581	38,124,337	42,348,793	45,443,649	58,635,455	547,894,654
Other investments and loans.....	1,285,415,357	—	1,064,384	2,356,372	3,139,311	3,421,190	11,137,082	8,929,108	31,450,102	50,425,358	86,545,438	154,362,392	932,584,618
Depreciable assets.....	125,555,463	—	4,308,699	7,207,421	8,073,237	8,812,216	17,114,507	6,029,247	7,842,103	6,786,319	6,160,259	8,133,921	45,087,533
Less: Accumulated depreciation.....	38,597,918	—	2,115,541	3,313,363	3,639,308	3,704,774	5,963,039	1,799,339	2,141,534	1,769,676	1,419,133	1,774,152	10,958,059
Other capital assets less reserves.....	29,490,557	—	1,362,366	2,621,151	2,795,612	3,096,322	5,526,776	1,721,482	1,973,030	1,485,229	1,560,609	1,981,353	5,366,627
Accounts and notes payable.....	206,817,804	—	1,291,563	2,249,239	2,927,664	3,622,696	8,797,302	4,297,386	7,433,157	9,349,717	10,729,436	13,735,967	142,383,678
Other current liabilities.....	2,046,953,912	—	481,105	845,128	801,592	1,004,402	7,193,575	20,116,376	88,060,810	115,604,082	141,248,736	196,294,788	1,475,294,318
Mortgages, notes, and bonds payable in one year or more.....	183,378,965	—	1,889,944	3,694,900	4,568,503	6,202,651	15,542,922	6,191,976	8,144,593	7,590,018	9,249,454	12,389,355	107,914,649
Net worth.....	365,539,650	—	2,441,518	5,543,238	6,355,796	6,282,127	13,210,923	7,140,975	20,159,813	20,096,403	23,020,380	35,817,610	225,472,397
Cost of property used for investment credit.....	9,632,978	55,474	206,880	231,009	161,866	218,111	395,214	161,206	327,865	318,381	315,012	503,425	6,739,133
Total receipts.....	474,690,489	7,436,813	9,681,920	7,429,357	7,019,251	6,605,199	14,532,610	7,857,445	16,734,151	18,715,194	23,433,414	35,648,512	319,596,522
Business receipts.....	234,578,853	1,138,747	8,082,902	5,133,992	4,395,544	3,872,230	8,645,742	4,309,550	6,479,240	6,683,862	8,838,311	14,426,195	162,572,538
Cost of sales and operations.....	111,618,648	343,659	1,551,630	1,177,373	1,177,373	980,919	2,862,096	1,959,081	2,759,471	3,022,918	4,229,463	6,469,755	84,918,327
Taxes paid.....	12,338,847	193,902	392,391	449,645	468,404	437,975	834,943	310,891	524,659	488,321	531,338	610,654	6,895,723
Interest paid.....	118,850,328	5,071,747	210,262	386,768	507,376	637,903	1,699,867	1,374,223	4,469,182	6,097,840	7,822,451	11,373,327	79,199,383
Depreciation.....	9,349,094	155,695	275,066	345,808	361,303	384,432	725,993	290,348	394,217	365,931	345,074	517,309	5,188,218
Pension, profit-sharing, stock bonus, and annuity plans.....	3,899,204	17,077	46,249	87,876	80,684	130,652	45,551	110,373	131,320	154,653	246,151	2,772,671	1,105,829
Employee benefit programs.....	1,689,368	13,109	28,862	33,564	27,267	31,128	53,181	26,320	71,966	76,783	84,262	137,097	21,515,889
Net income (less deficit).....	33,873,934	-293,374	428,214	780,570	826,900	708,723	1,365,129	623,901	1,624,546	1,556,876	1,863,055	2,873,504	22,091,903
Net income.....	38,585,831	399,644	881,973	1,069,553	1,060,736	965,400	2,058,410	906,835	2,006,476	1,826,941	2,057,017	3,260,943	16,217,712
Income subject to tax.....	26,968,842	235,259	449,343	758,703	777,371	723,821	1,471,246	607,133	1,274,839	1,248,314	1,324,982	1,934,119	16,217,712
Income tax, total.....	11,920,213	92,315	99,268	178,471	212,788	222,133	535,515	238,700	520,162	544,714	611,706	916,147	7,748,294
Additional tax for tax preferences.....	121,184	2,566	*266	*112	*588	1,381	3,152	1,817	6,184	9,130	14,443	22,443	59,102
Foreign tax credit.....	1,103,998	5,303	*228	*131	*20	*102	1,986	1,094	8,780	7,072	1,398	8,967	1,068,916
Investment credit.....	695,842	2,030	8,162	9,661	9,126	9,409	20,391	9,484	21,487	22,045	22,365	35,027	526,654

RETURNS OF ACTIVE CORPORATIONS

Table 1.6 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets—Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Services													
Number of returns.....	560,016	17,502	411,645	71,460	29,637	15,546	12,057	1,191	604	189	99	42	4
Total assets.....	134,379,134	—	11,657,808	11,159,049	10,196,661	10,712,380	23,835,838	8,270,612	9,054,855	6,537,966	6,788,431	6,469,322	29,696,213
Notes and accounts receivable, net.....	22,591,412	—	1,402,679	1,610,488	1,784,465	1,746,348	3,805,637	1,393,061	1,771,208	1,299,928	1,418,084	1,493,964	4,865,555
Inventories.....	6,468,683	—	557,517	505,059	509,198	481,476	1,087,542	390,133	400,585	284,883	175,640	382,595	1,694,055
Cash, Government obligations, and other current assets.....	22,884,753	—	3,274,254	2,590,812	1,798,053	1,739,007	3,488,969	1,194,778	1,232,588	965,706	830,229	1,021,444	4,748,911
Other investments and loans.....	16,723,550	—	1,148,707	1,033,809	797,031	772,192	1,975,531	909,481	1,132,556	1,052,074	1,327,856	1,253,827	5,320,489
Depreciable assets.....	86,863,656	—	9,293,000	7,987,211	7,301,898	7,915,032	18,041,180	5,728,369	5,665,706	3,400,253	3,791,716	3,051,509	14,687,803
Less: Accumulated depreciation.....	35,061,076	—	4,949,813	3,874,383	3,150,691	3,218,595	6,841,172	2,175,119	2,095,376	1,126,865	1,477,626	1,340,249	4,811,386
Other capital assets less reserves.....	7,440,605	—	404,200	733,417	784,442	879,586	1,513,404	494,762	513,181	396,315	432,476	255,007	1,033,811
Accounts and notes payable.....	28,143,976	—	2,629,503	2,189,531	2,323,740	2,610,565	5,818,832	2,111,083	2,154,432	1,370,064	1,244,727	1,498,889	4,192,611
Other current liabilities.....	16,819,329	—	1,709,907	1,043,462	1,085,124	771,406	2,135,466	873,104	972,489	790,446	707,481	778,091	5,952,341
Mortgages, notes, and bonds payable in one year or more.....	38,078,766	—	2,074,859	2,521,570	2,728,671	3,254,941	8,735,297	2,580,420	2,983,674	1,906,906	2,290,109	1,426,990	7,575,337
Net worth.....	38,830,266	—	3,089,706	3,985,675	2,845,212	3,130,304	5,453,988	2,092,187	2,282,601	2,046,327	2,121,066	2,085,526	9,697,677
Cost of property used for investment credit.....	11,724,420	96,785	1,521,388	1,094,112	887,464	938,571	2,110,618	754,793	775,017	418,302	406,433	395,933	2,327,000
Total receipts.....	210,606,073	1,457,572	54,040,707	27,676,603	18,571,758	18,491,104	29,131,155	9,802,005	9,781,107	7,236,861	7,117,512	7,346,870	19,952,820
Business receipts.....	201,678,049	1,280,855	53,215,697	27,121,942	18,104,959	17,820,861	27,498,138	9,208,642	9,141,127	6,745,891	6,636,267	6,910,623	17,993,047
Cost of sales and operations.....	100,355,222	699,540	20,183,248	12,191,325	9,496,643	10,535,098	15,830,819	5,325,314	5,363,278	3,978,202	3,990,978	4,026,851	8,733,928
Taxes paid.....	7,353,972	63,959	1,772,462	961,957	712,123	665,307	1,079,161	337,579	301,481	288,655	300,233	236,821	634,131
Interest paid.....	4,752,293	70,132	302,573	302,106	318,637	383,076	1,012,060	313,052	345,686	209,474	243,552	189,391	1,062,555
Depreciation.....	10,354,225	109,985	1,089,574	816,370	701,111	777,669	1,821,333	677,709	675,048	360,997	325,511	350,270	2,648,446
Pension, profit-sharing, stock bonus, and annuity plans.....	3,940,704	7,191	2,103,330	675,289	228,575	207,671	257,278	63,533	105,120	63,278	66,839	52,192	110,408
Employee benefit programs.....	1,338,342	6,469	345,762	167,698	97,788	116,030	162,507	53,392	63,891	47,637	48,867	66,696	161,605
Net income (less deficit).....	7,666,125	46,346	733,753	997,366	689,039	687,645	926,343	449,245	406,434	447,334	401,532	533,520	1,347,570
Net income.....	10,984,355	161,060	1,964,884	1,374,177	947,082	907,185	1,602,378	579,235	587,432	494,305	442,163	566,548	1,367,905
Income subject to tax.....	8,589,087	86,267	1,282,501	1,025,469	690,754	672,342	1,229,699	480,892	489,797	422,524	341,858	541,453	1,325,531
Income tax, total.....	3,190,125	33,689	272,968	248,119	195,074	231,174	517,572	219,924	228,389	197,895	163,214	257,814	624,295
Additional tax for tax preferences.....	4,306	2	—	—	—	—	—	—	—	—	—	—	—
Foreign tax credit.....	140,459	*73	*328	*1,750	*90	*111	4,169	10,787	6,417	7,157	17,297	33,602	58,779
Investment credit.....	500,305	5,752	52,345	44,614	41,343	40,369	72,561	23,610	25,900	18,346	18,620	23,330	133,516
Nonrefundable energy credit before limitation.....	242	—	—	—	—	—	—	—	—	—	—	—	—
Work incentive (WIN) credit.....	1,087	—	*90	*130	*14	*207	400	*24	67	32	52	26	45
Jobs credit.....	386,149	1,621	79,998	62,489	57,710	61,024	76,303	17,618	13,511	6,926	4,280	1,903	2,767
Distributions to stockholders except in own stock.....	1,490,937	71,884	256,873	93,035	85,887	68,191	218,069	72,173	89,573	79,113	78,661	92,897	284,581
Nature of Business Not Allocable													
Number of returns.....	7,110	**	4,221	1,256	691	594	262	31	**	**	—	—	—
Total assets.....	2,013,976	—	165,832	214,859	228,998	398,633	593,765	196,751	**	**	—	—	—
Notes and accounts receivable, net.....	405,626	—	31,342	26,327	61,954	69,078	127,261	38,030	**	**	—	—	—
Inventories.....	469,562	—	43,149	54,059	37,261	106,630	149,745	*31,094	**	**	—	—	—
Cash, Government obligations, and other current assets.....	361,903	—	46,322	46,087	30,602	86,481	104,135	25,123	**	**	—	—	—
Other investments and loans.....	165,680	—	*8,345	*10,261	*6,135	34,102	77,354	*14,588	**	**	—	—	—
Depreciable assets.....	795,195	—	51,331	100,934	97,003	158,754	188,315	91,550	**	**	—	—	—
Less: Accumulated depreciation.....	350,719	—	26,405	40,988	28,604	80,766	94,229	35,552	**	**	—	—	—
Other capital assets less reserves.....	93,279	—	9,590	*6,932	*15,552	11,210	15,129	*21,181	**	**	—	—	—
Accounts and notes payable.....	664,379	—	46,165	71,209	65,560	144,727	199,040	55,459	**	**	—	—	—
Other current liabilities.....	179,371	—	28,607	11,775	14,488	34,597	41,049	17,924	**	**	—	—	—
Mortgages, notes, and bonds payable in one year or more.....	304,814	—	*28,160	*31,717	38,090	73,723	54,235	41,878	**	**	—	—	—
Net worth.....	701,432	—	42,428	89,585	91,541	92,762	244,890	81,302	**	**	—	—	—
Cost of property used for investment credit.....	103,786	**	8,991	18,407	18,093	20,088	14,453	13,944	**	**	—	—	—
Total receipts.....	5,616,660	**	725,353	991,834	516,340	917,665	1,469,649	515,019	**	**	—	—	—
Business receipts.....	5,483,247	**	694,807	984,449	505,524	900,041	1,440,530	492,773	**	**	—	—	—
Cost of sales and operations.....	4,047,398	**	413,490	794,140	388,423	633,138	1,086,763	366,981	**	**	—	—	—
Taxes paid.....	97,465	**	17,490	8,609	6,209	16,713	22,941	8,289	**	**	—	—	—
Interest paid.....	52,457	**	4,203	7,041	5,688	10,653	12,575	6,801	**	**	—	—	—
Depreciation.....	78,445	**	8,065	12,445	7,902	16,602	15,642	11,954	**	**	—	—	—
Pension, profit-sharing, stock bonus, and annuity plans.....	50,494	**	*23,585	*4,587	*2,025	6,112	7,264	*2,856	**	**	—	—	—
Employee benefit programs.....	17,142	**	*1,455	*3,099	*592	2,233	3,836	*3,711	**	**	—	—	—
Net income (less deficit).....	164,445	**	24,667	12,677	5,992	27,459	56,154	22,463	**	**	—	—	—
Net income.....	215,063	**	31,389	28,398	20,324	38,599	56,966	22,463	**	**	—	—	—
Income subject to tax.....	165,545	**	20,300	13,006	*12,601	32,724	51,325	20,170	**	**	—	—	—
Income tax, total.....	61,168	**	3,995	2,700	*3,281	12,690	22,152	9,203	**	**	—	—	—
Additional tax for tax preferences.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Foreign tax credit.....	(¹)	—	—	—	—	—	—	—	—	—	—	—	—
Investment credit.....	5,882	**	*418	*376	*493	1,092	1,092	1,207	**	**	—	—	—
Nonrefundable energy credit before limitation.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Work incentive (WIN) credit.....	*14	—	—	—	—	*14	—	—	—	—	—	—	—
Jobs credit.....	6,063	—	*1,041	*497	*516	*1,086	1,675	*1,091	**	**	—	—	—
Distributions to stockholders except in own stock.....	16,848	**	—	*6,728	*2,063	*2,549	2,670	*1,140	**	**	—	—	—

¹ Estimate should be used with caution because of the small number of sample returns on which it is based.

² Identifies size classes for which data were deleted to avoid disclosure of information for specific corporations.

³ Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.7 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 under \$500,000,000	\$500,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
All Industries ²													
Number of returns.....	2,376,779	498,678	196,790	275,322	804,120	248,838	274,043	42,012	30,479	3,035	1,838	749	875
Total assets.....	6,014,452,008	36,636,835	17,126,620	29,529,845	145,064,587	129,756,670	540,472,732	296,195,958	717,384,774	334,282,516	558,012,902	433,332,225	2,776,656,345
Notes and accounts receivable, net.....	1,551,126,400	4,008,017	1,800,282	3,250,012	25,430,827	35,147,876	176,634,613	76,396,771	157,923,254	72,008,122	152,760,366	117,234,027	728,532,214
Inventories.....	442,652,820	1,482,567	675,983	1,563,924	16,065,334	16,300,435	57,671,814	29,579,817	59,178,750	21,353,810	28,520,783	25,489,142	184,770,680
Cash, Government obligations, and other current assets.....	1,023,302,183	7,142,119	3,084,653	5,512,942	27,400,349	28,410,968	116,024,458	54,827,989	125,195,202	62,515,114	111,818,502	86,460,460	394,909,425
Other investments and loans.....	1,649,127,716	7,964,823	3,083,653	4,623,891	18,230,755	15,300,421	104,804,519	97,194,956	286,388,347	135,288,742	187,296,077	112,328,312	676,623,221
Depreciable assets.....	1,696,212,705	11,859,212	8,291,694	15,411,985	70,447,549	45,326,352	116,847,881	50,641,108	111,698,190	51,912,585	92,956,694	109,561,654	1,011,257,801
Less: Accumulated depreciation.....	631,320,855	4,311,453	3,368,598	6,440,788	30,431,804	19,699,684	51,635,458	22,200,623	45,815,772	19,666,454	33,331,906	35,894,384	358,523,951
Other capital assets less reserves.....	130,326,937	6,495,205	2,780,051	4,362,861	12,616,326	5,701,304	11,670,160	5,680,338	12,088,621	5,130,307	7,098,847	7,007,611	49,695,312
Accounts and notes payable.....	784,405,448	7,423,471	2,761,760	5,153,153	31,092,343	26,324,023	93,442,942	48,736,158	98,935,735	34,931,016	58,185,472	38,956,266	338,463,110
Other current liabilities.....	2,335,790,244	2,141,253	835,003	1,701,340	19,047,880	22,123,123	54,743,031	25,100,035	61,221,701	29,803,951	47,169,567	56,611,413	424,518,396
Mortgages, notes, and bonds payable in one year or more.....	780,536,053	9,972,760	4,948,563	8,424,498	35,899,015	22,123,123	54,743,031	25,100,035	61,221,701	29,803,951	47,169,567	56,611,413	424,518,396
Net worth.....	1,494,756,856	9,243,262	5,978,040	9,682,542	43,510,492	33,446,427	117,050,584	60,745,348	149,624,292	69,239,707	106,771,861	96,155,968	793,308,333
Cost of property used for investment credit.....	189,977,419	1,195,860	619,597	1,192,348	8,155,055	5,452,842	14,235,780	6,074,053	12,973,877	5,656,690	11,847,452	12,110,404	110,463,461
Total receipts.....	4,714,602,615	5,506,488	7,634,106	21,178,844	198,015,339	177,959,497	589,757,099	296,300,740	595,162,413	214,932,124	287,267,076	267,962,171	2,052,926,719
Business receipts.....	4,353,704,519	5,239,558	5,760,285	17,820,792	186,427,559	169,651,996	554,520,957	276,515,076	545,989,493	192,175,053	249,837,848	241,434,768	1,911,031,112
Cost of sales and operations.....	3,113,421,507	1,118,794	2,314,087	7,776,261	98,120,449	106,749,518	403,389,704	212,463,527	423,807,900	144,045,561	180,041,976	172,786,881	1,360,806,847
Taxes paid.....	116,155,070	478,329	475,555	984,673	6,706,568	4,888,820	12,833,194	5,410,259	10,729,618	4,265,922	6,676,192	6,791,094	55,912,847
Interest paid.....	192,403,316	699,793	461,951	1,602,681	4,602,681	4,171,070	19,021,811	11,394,685	28,084,109	13,398,016	21,191,312	13,587,894	74,922,482
Depreciation.....	121,299,900	690,375	500,025	1,114,397	6,085,774	4,204,786	10,705,841	4,475,591	9,322,261	4,096,074	6,733,410	7,148,144	66,223,221
Pension, profit-sharing, stock bonus, and annuity plans.....	41,825,415	48,393	27,724	143,126	2,459,546	1,345,944	3,198,347	1,420,430	2,757,850	1,237,750	2,011,335	2,097,964	25,077,007
Employee benefit programs.....	27,019,096	24,540	23,388	74,139	763,325	685,475	2,190,364	1,034,552	2,107,646	971,699	1,556,994	1,644,985	15,941,991
Net income (less deficit).....	246,867,473	-1,881,906	144,673	751,211	6,657,585	5,677,590	20,657,190	10,653,290	25,016,892	10,444,548	15,740,466	13,985,022	139,020,912
Net income.....	274,519,721	1,005,129	934,889	1,978,118	11,178,814	8,145,194	25,179,306	12,416,615	28,333,398	11,852,446	16,851,037	14,502,226	142,142,449
Income subject to tax.....	239,631,773	592,525	538,498	1,179,631	7,277,032	5,735,588	19,277,056	9,828,235	22,233,432	9,660,462	14,251,982	13,187,633	136,019,699
Income tax, total.....	107,888,445	156,740	120,691	283,404	1,795,253	1,626,826	7,189,993	4,306,923	10,306,869	4,551,124	6,740,326	6,257,980	64,552,316
Additional tax for tax preferences.....	340,519	1,391	*6	646	5,716	5,667	32,225	23,718	53,028	19,748	39,390	21,908	137,078
Foreign tax credit.....	26,357,629	*17,656	*128	303	1,365	3,980	45,601	23,473	209,989	209,843	422,437	516,306	24,906,548
Investment credit.....	12,897,172	13,352	8,791	33,462	296,891	269,547	826,008	362,507	801,001	362,203	716,428	834,599	8,372,538
Nonrefundable energy credit before limitation.....	61,955	(*)	—	—	*120	*534	1,953	1,728	4,039	1,352	3,375	4,525	44,328
Work incentive (WIN) credit.....	18,489	*62	—	*308	1,110	951	3,007	813	2,517	523	523	606	8,218
Jobs credit.....	3,093,915	4,399	7,015	19,794	295,771	321,050	1,097,485	460,425	617,543	102,584	82,912	36,064	48,893
Distributions to stockholders except in own stock.....	70,294,349	635,118	294,827	408,908	1,642,779	1,021,715	3,756,986	1,923,962	5,470,855	2,847,068	4,339,635	4,319,365	43,633,132
Agriculture, Forestry, and Fishing													
Number of returns.....	69,971	14,881	6,494	10,008	27,824	5,927	3,894	524	371	40	—	—	8
Total assets.....	32,904,622	1,495,677	1,287,734	2,246,625	9,222,710	3,730,593	5,871,228	1,981,250	2,817,601	1,668,390	—	—	2,582,812
Notes and accounts receivable, net.....	3,000,877	79,695	49,392	96,022	391,873	247,732	744,922	338,468	389,024	347,579	—	—	316,171
Inventories.....	3,769,408	58,736	53,256	106,638	578,270	410,359	775,240	396,014	676,624	256,534	—	—	457,738
Cash, Government obligations, and other current assets.....	3,081,091	81,591	94,276	189,986	794,324	350,776	699,843	273,115	266,477	167,643	—	—	173,058
Other investments and loans.....	3,607,097	124,665	93,010	200,061	811,478	350,285	536,658	177,719	419,241	324,057	—	—	569,923
Depreciable assets.....	18,476,272	598,681	538,679	1,088,358	5,984,383	2,415,543	3,551,170	985,174	1,317,948	722,084	—	—	1,274,251
Less: Accumulated depreciation.....	8,241,990	230,043	219,083	471,123	2,624,208	1,108,275	1,589,532	437,300	612,618	357,650	—	—	592,160
Other capital assets less reserves.....	7,747,213	707,235	590,103	953,699	2,895,680	923,876	960,937	192,595	296,352	144,761	—	—	81,976
Accounts and notes payable.....	8,087,102	223,031	149,558	236,466	1,814,690	904,870	2,000,330	690,769	1,199,956	350,145	—	—	517,266
Other current liabilities.....	1,679,091	48,293	28,278	32,733	223,594	114,669	373,742	194,955	193,945	236,082	—	—	232,800
Mortgages, notes, and bonds payable in one year or more.....	9,619,740	387,203	492,108	620,652	3,171,512	1,299,462	1,767,131	504,620	621,874	321,870	—	—	433,307
Net worth.....	10,218,791	409,038	477,051	1,100,847	3,007,082	1,074,430	1,300,124	524,096	635,311	664,291	—	—	1,026,522
Cost of property used for investment credit.....	2,369,502	72,769	29,444	142,045	834,986	356,148	461,892	107,003	151,587	95,326	—	—	117,802
Total receipts.....	41,417,558	267,443	327,398	997,980	6,800,575	4,269,003	8,683,006	3,755,826	6,873,765	3,291,985	—	—	6,150,576
Business receipts.....	39,222,456	131,839	236,430	737,888	6,245,625	3,998,722	8,246,802	3,636,184	6,749,140	3,203,017	—	—	6,036,810
Cost of sales and operations.....	29,140,482	87,042	104,679	418,447	3,440,847	2,556,715	6,176,939	2,967,658	5,734,415	2,658,472	—	—	4,995,266
Taxes paid.....	870,132	22,714	16,799	39,905	238,675	112,796	176,096	50,121	66,968	43,182	—	—	102,876
Interest paid.....	1,251,690	35,278	38,220	71,411	358,757	161,131	261,909	75,779	120,548	50,237	—	—	78,421
Depreciation.....	1,650,333	48,342	40,172	105,999	576,572	240,336	308,758	70,401	113,309	72,174	—	—	74,269
Pension, profit-sharing, stock bonus, and annuity plans.....	144,965	*285	*162	*1,488	20,718	29,785	21,943	10,614	13,334	14,752	—	—	31,881
Employee benefit programs.....	90,121	350	*414	2,412	12,645	9,282	14,050	6,025	8,752	6,050	—	—	30,140
Net income (less deficit).....	1,296,962	-63,072	22,155	86,135	3								

RETURNS OF ACTIVE CORPORATIONS

Table 1.7 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts — Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 under \$500,000,000	\$500,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Mining													
Number of returns.....	19,124	4,254	814	2,088	5,824	2,417	2,822	438	358	42	38	15	14
Total assets.....	97,670,205	1,635,171	116,738	556,633	2,026,896	1,966,563	6,243,527	3,597,689	9,322,905	4,537,966	10,352,173	10,988,008	46,325,936
Notes and accounts receivable, net.....	19,873,645	198,906	*26,328	69,948	313,695	291,241	1,139,661	602,801	1,430,597	613,287	1,178,140	2,104,010	11,905,031
Inventories.....	4,739,477	18,540	*401	10,296	77,846	69,750	237,568	90,806	335,544	201,883	459,989	652,560	2,584,294
Cash, Government obligations, and other current assets.....	8,833,334	248,516	30,347	103,274	360,529	330,672	927,214	538,272	1,057,580	304,967	660,252	789,431	3,482,279
Other investments and loans.....	20,326,601	400,355	*26,239	103,575	179,813	247,814	701,951	299,319	891,420	707,955	1,937,845	1,976,589	12,853,725
Depreciable assets.....	49,333,984	416,840	36,288	169,040	1,128,467	1,294,066	3,966,885	2,347,379	5,695,620	2,765,338	7,106,050	6,209,698	18,198,293
Less: Accumulated depreciation.....	17,980,813	101,876	13,280	44,636	452,605	602,827	1,744,250	1,161,801	2,345,637	1,081,767	2,411,525	2,442,165	5,578,444
Other capital assets less reserves.....	9,842,251	218,724	9,984	138,112	348,386	279,104	778,415	807,424	1,878,389	901,428	900,479	1,420,503	2,161,302
Accounts and notes payable.....	12,134,638	307,291	38,143	143,916	538,774	507,892	1,622,183	812,377	1,422,849	630,657	903,708	1,811,213	3,595,634
Other current liabilities.....	14,223,138	99,119	*3,934	35,831	117,877	127,111	424,848	222,524	866,140	404,124	920,018	591,279	10,410,334
Mortgages, notes, and bonds payable in one year or more.....	20,039,817	144,255	*16,218	156,897	509,385	549,834	1,530,062	860,735	2,661,810	1,295,678	3,296,726	3,213,963	5,804,254
Net worth.....	45,057,155	517,164	49,993	117,873	522,257	607,602	2,226,243	1,383,343	3,860,956	1,896,787	4,663,066	4,945,773	24,268,088
Cost of property used for investment credit.....	6,072,733	60,692	*12,288	53,512	314,942	215,706	756,154	383,518	864,592	313,058	1,443,891	515,943	1,138,437
Total receipts.....	94,706,062	193,014	37,808	204,393	1,598,332	1,855,776	6,426,406	3,227,547	7,588,561	3,202,677	6,527,804	5,717,002	58,116,742
Business receipts.....	90,538,979	12,336	29,070	152,148	1,452,977	1,724,906	5,989,154	3,026,279	7,098,649	2,904,769	6,114,370	5,209,236	56,825,086
Cost of sales and operations.....	44,583,576	15,041	18,358	48,572	791,266	914,832	3,674,771	1,914,867	4,478,194	1,909,978	3,580,008	3,061,765	24,175,924
Taxes paid.....	1,696,068	10,676	1,927	6,338	70,165	68,691	232,041	107,048	248,600	85,387	246,301	177,149	441,544
Interest paid.....	2,180,034	18,033	2,076	14,437	69,575	72,985	203,712	118,407	294,886	158,366	285,423	338,762	603,371
Depreciation.....	3,448,124	20,741	2,315	15,994	106,509	154,592	443,223	228,815	522,282	203,650	456,750	337,812	955,442
Pension, profit-sharing, stock bonus, and annuity plans.....	404,186	*3,267	—	—	7,664	5,535	36,698	11,561	39,515	16,358	53,029	48,582	181,974
Employee benefit programs.....	313,588	3,007	*35	*346	4,453	6,110	25,978	11,575	44,952	26,105	59,093	31,987	99,947
Net income (less deficit).....	27,709,582	-162,499	-23,075	-16,455	-33,146	36,514	260,736	66,889	444,048	158,849	676,183	418,655	25,883,323
Net income.....	29,582,865	84,443	*4,389	41,665	160,324	167,092	530,252	239,583	694,312	302,139	777,151	495,491	26,086,022
Income subject to tax.....	29,041,850	71,930	*3,974	33,549	99,539	100,639	433,644	185,542	622,184	305,351	735,807	428,671	26,021,020
Income tax, total.....	13,837,808	29,808	*1,051	8,941	30,540	36,989	196,320	88,055	298,816	121,072	345,710	210,573	12,469,933
Additional tax for tax preferences.....	77,686	*1,287	*5	—	2,063	2,482	10,951	4,791	9,830	3,431	12,779	14,259	15,575
Foreign tax credit.....	12,512,804	15,047	—	—	*28	*17	*12,367	1,047	45,103	52,650	114,549	137,616	12,134,380
Investment credit.....	234,247	593	(²)	1,435	5,419	9,079	35,709	16,858	41,386	9,440	46,601	21,847	46,079
Nonrefundable energy credit before limitation.....	2,354	—	—	—	—	—	—	—	21	80	59	262	1,886
Work incentive (WIN) credit.....	*94	—	—	—	—	—	—	—	*32	—	—	—	—
Jobs credit.....	44,138	*409	—	*30	4,668	4,118	16,450	5,883	9,150	869	1,552	502	507
Distributions to stockholders except in own stock.....	2,194,973	12,216	*636	*4,377	78,006	41,054	74,568	31,669	125,093	75,996	206,730	161,264	1,383,364
Construction													
Number of returns.....	228,657	28,086	15,524	26,271	87,040	32,901	32,896	3,755	2,008	101	52	—	23
Total assets.....	105,545,997	1,914,894	590,049	1,362,708	11,354,577	10,692,787	29,988,933	12,160,354	18,743,376	3,965,714	4,803,594	9,989,030	2,246,609
Notes and accounts receivable, net.....	29,014,127	246,152	108,844	240,579	2,049,323	2,510,332	9,000,179	3,921,607	6,171,782	1,210,060	1,308,660	2,246,609	
Inventories.....	19,335,507	407,703	78,714	233,442	2,365,379	2,516,344	6,419,842	2,152,749	2,773,900	712,261	613,040	1,062,133	
Cash, Government obligations, and other current assets.....	21,653,135	476,111	147,530	308,412	2,628,976	2,272,569	6,157,916	2,613,840	3,849,030	755,709	677,899	1,767,144	
Other investments and loans.....	9,425,092	266,157	61,017	151,192	825,597	653,496	1,741,448	832,315	1,499,924	424,433	959,022	2,010,490	
Depreciable assets.....	37,721,795	445,162	244,131	602,753	4,854,478	3,912,455	10,100,755	4,330,282	6,860,758	1,119,840	1,620,909	3,630,272	
Less: Accumulated depreciation.....	18,735,980	205,840	112,633	311,799	2,283,584	1,840,828	5,264,117	2,293,787	3,692,820	560,084	770,883	1,399,627	
Other capital assets less reserves.....	4,382,175	185,003	24,053	99,137	659,499	483,132	1,094,015	368,328	667,607	200,500	296,916	303,985	
Accounts and notes payable.....	37,799,380	847,544	212,446	486,611	3,955,531	4,105,716	11,980,213	4,553,045	6,693,534	1,125,726	1,375,039	2,463,976	
Other current liabilities.....	14,741,849	184,518	37,133	143,526	1,233,157	1,256,071	4,153,688	1,753,932	2,788,006	643,060	868,884	1,679,893	
Mortgages, notes, and bonds payable in one year or more.....	15,217,242	404,050	65,201	237,918	2,098,734	1,891,585	3,845,689	1,645,609	2,715,987	619,145	626,769	1,066,555	
Net worth.....	25,787,440	-37,791	171,959	316,606	2,640,246	2,312,558	7,138,845	2,938,920	4,585,569	1,065,717	1,519,376	3,135,434	
Cost of property used for investment credit.....	5,934,394	61,749	29,321	69,876	830,469	753,977	1,703,430	649,266	966,759	159,386	239,760	471,402	
Total receipts.....	216,710,160	297,153	624,895	2,029,251	23,270,857	23,655,566	67,814,563	26,534,865	37,101,803	7,047,267	8,318,021	19,815,918	
Business receipts.....	211,618,796	186,138	601,086	1,966,187	22,612,561	23,307,422	66,844,557	25,973,301	36,154,241	6,794,992	7,974,522	19,003,788	
Cost of sales and operations.....	171,491,603	98,658	330,482	1,226,631	16,014,894	17,642,524	53,687,852	21,980,074	31,193,089	5,983,685	6,611,828	16,722,086	
Taxes paid.....	4,601,022	19,672	25,169	69,139	703,167	603,859	1,545,683	541,738	648,965	113,241	114,443	215,967	
Interest paid.....	2,580,694	28,920	15,394	30,881	307,225	304,636	697,246	257,535	406,809	94,894	122,240	314,914	
Depreciation.....	3,803,768	26,736	26,530	64,781	549,719	451,776	1,071,731	408,402	610,674	95,303	147,503	350,614	
Pension, profit-sharing, stock bonus, and annuity plans.....	1,027,628	2,995	—	2,828	86,186	96,524	336,184	127,794	191,274	27,094	34,748	122,002	
Employee benefit programs.....	876,112	1,054	846	7,087	90,110	106,359	321,433	111,387	128,500	14,692	25,988	68,656	
Net income (less deficit).....	5,678,327	-83,737	-8,826	35,971	542,969	547,671	1,942,555	690,298	988,574	144,791	384,086	679,712	
Net income.....	8,056,979	49,992	41,857	129,166	1,053,276	904,019	2,420,854	881,343	1,259,025	207,018	399,871	710,758	
Income subject to tax.....	6,420,188	26,716	22,834	58,009	665,944	658,118	1,917,680	759,136	1,083,840	179,878	346,217	701,814	
Income tax, total.....	2,427,708	7,337	4,702	13,851	151,883	174,478	672,179	326,658	494,355	82,628	163,594	336,042	
Additional tax for tax preferences.....	3,209	—	—	*7	*37	*17	347	342	1,563	347	410	139	
Foreign tax credit.....	116,160	(²)	—	—	*7	6	*265	*818	8,054	10,654	18,543	77,820	
Investment credit.....	331,104	1,570	388	2,946	31,630	35,430	100,899	42,085	57,668	7,668	13,917	36,903	
Nonrefundable energy credit before limitation.....	527	—	—	—	—	—	—	—	—	—	—	—	
Work incentive (WIN) credit.....	279	—	—	—	—	*74	*151	*3	*292	—	6	—	

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.7 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts — Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 under \$500,000,000	\$500,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Manufacturing													
Number of returns.....	223,471	24,002	10,329	16,331	71,154	33,580	48,524	9,126	7,977	1,080	657	290	421
Total assets.....	1,306,673,807	1,222,385	682,593	880,758	9,554,596	10,817,220	50,894,008	31,484,958	86,812,050	47,502,587	71,678,199	71,148,444	925,996,010
Notes and accounts receivable, net.....	306,964,685	139,019	86,891	136,198	2,209,984	2,785,164	13,380,483	8,361,659	21,067,790	10,304,830	15,317,435	14,519,023	218,656,229
Inventories.....	223,353,223	112,030	91,912	125,150	1,654,341	2,268,149	12,653,832	8,881,102	23,167,873	11,596,352	18,290,099	15,805,002	130,906,381
Cash, Government obligations, and other current assets.....	118,007,080	331,242	142,513	167,466	1,594,220	1,700,367	6,788,569	3,743,209	9,519,982	5,298,777	8,878,247	6,229,445	75,613,024
Other investments and loans.....	218,546,772	182,787	48,513	38,840	668,685	581,659	2,733,857	2,023,704	7,726,610	6,116,948	9,329,362	10,341,141	178,754,684
Depreciable assets.....	662,647,897	493,872	317,595	490,417	5,396,684	6,074,186	26,410,835	14,469,604	39,491,183	20,844,728	33,901,482	35,873,526	479,283,626
Less: Accumulated depreciation.....	307,305,415	185,229	115,151	193,502	2,574,546	3,099,010	13,458,712	7,195,238	18,612,147	9,205,960	15,151,710	15,844,853	221,669,357
Other capital assets less reserves.....	47,350,827	38,152	44,138	48,694	247,997	255,664	1,467,180	824,468	2,282,337	1,480,416	2,604,956	2,070,064	38,026,762
Accounts and notes payable.....	260,412,041	347,315	146,705	236,217	2,685,457	3,047,657	14,498,986	8,993,174	21,318,297	9,064,151	11,993,844	10,537,259	177,542,979
Other current liabilities.....	137,064,919	93,656	55,791	85,766	853,945	1,049,580	4,945,355	3,215,651	8,424,279	4,911,939	8,446,582	8,604,256	96,378,118
Mortgages, notes, and bonds payable in one year or more.....	237,682,006	168,509	169,521	184,791	1,889,669	1,871,046	7,806,289	4,114,444	13,155,756	7,473,257	14,170,933	14,300,957	172,378,833
Net worth.....	595,064,083	215,880	128,304	213,417	2,969,792	3,964,857	21,329,866	14,167,314	41,269,241	24,478,579	33,993,615	34,668,875	417,666,343
Cost of property used for investment credit.....	68,784,527	100,276	47,447	108,994	953,302	861,331	3,411,791	1,764,272	4,298,053	2,054,473	3,790,262	3,665,558	47,728,770
Total receipts.....	1,836,552,260	258,101	391,329	1,341,438	18,720,525	24,185,634	109,254,461	65,405,264	162,001,300	77,672,369	104,759,805	105,561,364	1,167,000,670
Business receipts.....	1,773,467,830	173,896	356,081	1,249,669	18,421,852	23,841,143	107,661,004	64,411,443	158,903,754	75,857,492	101,493,369	102,084,701	1,119,013,425
Cost of sales and operations.....	1,290,204,263	140,776	218,292	731,714	11,370,594	15,997,033	76,717,875	47,476,753	118,483,878	58,037,752	72,831,078	73,943,840	816,274,677
Taxes paid.....	48,728,041	18,945	19,573	48,126	656,335	787,497	2,909,334	1,517,241	3,654,495	1,778,447	2,701,097	2,836,058	31,800,891
Interest paid.....	30,915,600	13,852	14,327	22,681	264,677	299,231	1,314,414	792,135	2,238,909	1,099,156	1,803,308	1,690,198	21,362,713
Depreciation.....	49,059,152	37,864	24,543	48,776	526,522	551,137	2,272,606	1,192,014	3,137,351	1,608,826	2,566,340	2,612,890	34,480,386
Pension, profit-sharing, stock bonus, and annuity plans.....	21,535,728	*465	*3,051	*5,902	56,596	143,482	721,809	429,422	1,068,582	609,183	826,192	1,142,388	16,428,658
Employee benefit programs.....	16,127,862	2,231	1,956	5,867	102,749	129,526	665,003	357,749	922,387	507,357	801,737	878,514	11,654,787
Net income (less deficit).....	113,518,786	-220,584	-65,938	-16,099	574,838	928,829	5,051,672	3,395,380	9,025,121	4,851,897	6,842,433	6,759,606	76,391,610
Net income.....	120,144,888	42,148	29,426	93,757	1,092,682	1,260,124	6,013,499	3,911,150	10,195,197	5,346,614	7,328,352	6,883,030	77,948,910
Income subject to tax.....	114,374,088	20,238	13,337	51,830	755,349	969,966	5,247,769	3,551,211	9,546,472	5,125,184	6,961,405	6,707,096	75,424,132
Income tax, total.....	53,092,051	6,910	3,456	13,450	177,723	274,227	2,075,971	1,598,539	4,458,319	2,429,583	3,290,718	3,168,789	35,596,365
Additional tax for tax preferences.....	109,356	—	—	—	—	—	382	1,585	1,989	1,654	5,743	1,863	96,080
Foreign tax credit.....	11,654,365	*7	—	*10	11	11	*312	5,725	16,380	79,340	91,412	189,253	263,980
Investment credit.....	5,175,795	718	*872	2,697	42,889	52,277	252,138	128,320	315,947	150,636	265,172	291,995	3,672,134
Nonrefundable energy credit before limitation.....	52,649	—	—	—	—	—	696	962	2,231	935	2,750	3,935	40,829
Work incentive (WIN) credit.....	12,044	*62	—	—	*329	*565	1,235	365	906	239	301	454	7,588
Jobs credit.....	956,211	*813	*209	2,024	46,173	71,976	320,000	161,883	236,163	44,787	33,183	14,934	24,067
Distributions to stockholders except in own stock.....	31,173,451	28,985	*3,443	*13,497	100,185	83,728	435,300	313,596	1,120,537	957,952	1,371,615	1,566,181	25,178,432
Transportation and Public Utilities													
Number of returns.....	92,686	21,070	9,865	9,524	29,951	10,574	9,219	1,107	920	135	126	74	121
Total assets.....	597,721,008	1,966,879	688,897	792,846	5,639,540	4,383,082	12,674,149	5,164,361	15,677,626	11,784,094	30,458,657	47,687,474	460,803,401
Notes and accounts receivable, net.....	45,208,079	180,915	67,605	83,638	767,122	734,279	2,237,564	893,847	2,057,740	1,193,668	2,586,074	2,931,787	31,473,841
Inventories.....	20,185,622	27,531	2,991	3,011	93,658	94,661	334,741	166,239	402,376	383,067	895,605	1,453,417	16,328,324
Cash, Government obligations, and other current assets.....	34,920,895	578,523	99,196	158,442	843,255	657,508	1,571,942	646,023	1,694,556	896,620	1,860,066	2,204,803	23,709,961
Other investments and loans.....	51,414,775	157,313	28,290	28,406	404,918	247,161	880,548	439,535	1,803,390	895,179	2,723,976	2,927,098	40,878,961
Depreciable assets.....	569,615,144	1,096,357	582,739	719,861	4,862,140	4,078,218	11,426,741	4,102,326	13,491,467	10,530,307	28,584,120	46,424,650	443,736,219
Less: Accumulated depreciation.....	145,858,721	360,645	203,188	313,662	2,019,250	1,797,263	4,695,821	1,745,796	4,871,684	3,155,310	7,971,392	10,590,446	108,134,264
Other capital assets less reserves.....	11,002,767	48,403	24,900	64,716	313,970	187,507	407,118	216,035	523,292	319,989	945,875	1,403,952	6,553,010
Accounts and notes payable.....	52,578,971	271,481	126,580	153,190	1,193,417	962,456	2,870,682	1,132,073	2,455,612	1,434,323	3,143,589	4,272,338	34,563,248
Other current liabilities.....	63,123,773	105,402	37,895	30,592	338,887	295,126	937,257	441,889	1,780,719	1,282,740	2,891,935	4,163,382	50,817,650
Mortgages, notes, and bonds payable in one year or more.....	204,786,763	942,742	289,745	309,279	1,697,243	1,314,812	3,930,601	1,571,797	5,394,318	4,752,478	10,566,367	18,373,372	155,844,008
Net worth.....	241,160,442	262,255	37,122	226,927	1,688,188	1,381,715	4,226,287	1,625,231	5,264,035	3,610,050	11,853,084	17,905,846	193,079,700
Cost of property used for investment credit.....	67,580,306	221,814	117,630	84,288	768,709	564,800	1,561,130	515,784	1,532,060	1,261,359	3,766,149	5,529,265	51,657,311
Total receipts.....	372,898,491	303,496	386,069	727,011	7,423,435	7,786,767	20,578,655	7,894,830	18,846,138	10,058,982	21,717,070	26,119,980	251,056,059
Business receipts.....	360,687,424	173,900	363,053	694,009	7,135,341	7,605,682	19,867,127	7,677,538	18,202,798	9,720,964	21,055,000	24,830,379	243,381,633
Cost of sales and operations.....	227,211,452	70,821	168,043	332,413	3,846,947	4,702,849	12,976,029	5,255,211	12,073,273	6,565,127	13,928,943	16,232,770	151,059,026
Taxes paid.....	20,687,391	18,603	20,681	35,316	320,747	265,507	918,275	291,190	837,412	427,540	1,005,361	1,436,227	15,109,531
Interest paid.....	18,142,886	45,540	22,474	25,184	181,495	131,716	435,302	177,274	559,763	424,088	889,080	1,477,804	13,773,166
Depreciation.....	30,287,913	70,153	39,856	59,531	469,755	346,627	1,015,758	342,323	957,716	613,276	1,511,340	2,114,335	22,747,242
Pension, profit-sharing, stock bonus, and annuity plans.....	6,407,293	*579	*59	*704	25,886	35,961	149,185	61,644	177,674	111,105	250,378	291,318	5,302,800
Employee benefit programs.....	3,383,937	*705	2,385	2,966	34,319	36,969	113,340	62,969	168,117	97,294	180,892	186,357	2,497,822
Net income (less deficit).....	21,001,954	-108,049	-16,103	15,774	308,787	285,587	916,625						

RETURNS OF ACTIVE CORPORATIONS

Table 1.7 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts — Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 under \$500,000,000	\$500,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Wholesale and Retail Trade													
Number of returns.....	721,443	64,300	35,816	70,189	271,415	107,223	133,598	21,896	14,957	1,099	561	205	184
Total assets.....	486,146,204	2,274,715	1,203,593	3,336,994	29,666,807	27,711,552	91,850,385	45,051,355	82,962,550	25,471,872	30,294,954	23,837,627	122,483,822
Notes and accounts receivable, net.....	127,457,934	418,878	156,646	426,980	5,030,508	5,702,034	23,198,283	11,696,875	23,239,402	7,401,355	8,888,360	5,893,080	35,405,534
Inventories.....	158,135,586	419,943	283,797	817,282	9,780,148	9,935,790	35,146,722	17,392,676	30,283,425	7,887,344	9,761,958	6,715,719	29,710,782
Cash, Government obligations, and other current assets.....	46,991,932	422,887	164,278	584,542	4,248,702	3,909,616	10,638,539	4,476,925	7,670,371	2,424,480	2,536,723	2,055,736	7,859,135
Other investments and loans.....	43,502,793	377,814	123,578	312,785	1,833,369	1,652,313	4,609,179	2,458,095	5,289,186	2,440,305	2,263,914	2,650,655	19,491,601
Depreciable assets.....	145,203,300	555,785	480,002	1,350,400	11,115,887	9,161,399	26,319,679	12,212,312	21,229,331	6,628,257	8,538,973	7,970,419	39,840,878
Less: Accumulated depreciation.....	59,188,223	156,499	165,699	495,509	4,650,667	4,233,136	12,172,666	5,363,983	8,701,458	2,582,376	3,237,174	2,889,981	14,538,078
Other capital assets less reserves.....	12,977,265	112,833	55,735	155,032	1,198,802	821,497	2,196,920	1,211,414	2,113,501	711,296	861,214	818,947	2,720,074
Accounts and notes payable.....	177,767,156	587,526	235,369	767,933	8,335,842	9,035,029	35,427,827	19,556,837	35,908,827	9,651,903	11,145,109	7,776,377	39,337,477
Other current liabilities.....	41,004,863	128,730	48,740	241,413	1,862,099	2,019,873	7,080,875	3,394,366	6,724,005	2,277,669	2,772,603	2,060,293	12,394,388
Mortgages, notes, and bonds payable in one year or more.....	71,427,941	445,925	288,775	787,404	5,890,717	4,038,756	10,896,797	5,148,332	9,566,306	3,440,409	4,297,842	4,399,092	22,227,587
Net worth.....	172,397,596	593,218	376,927	780,911	9,600,688	10,411,187	33,532,592	15,418,556	26,200,307	9,359,551	11,189,048	8,787,277	44,137,333
Cost of property used for investment credit.....	17,774,773	130,837	105,714	190,642	1,508,421	1,172,971	3,359,739	1,591,324	3,118,699	891,389	1,045,369	886,329	3,773,338
Total receipts.....	1,461,404,863	804,042	1,412,185	5,395,343	70,099,249	76,703,516	291,387,116	152,773,553	283,404,174	76,048,658	83,991,022	71,924,648	347,483,357
Business receipts.....	1,436,428,884	516,067	1,340,677	5,113,813	68,693,464	75,504,925	287,020,826	150,505,138	278,862,300	74,714,509	82,540,762	70,552,783	341,063,618
Cost of sales and operations.....	1,134,768,864	305,070	701,660	2,712,986	41,462,692	50,580,529	220,317,198	121,508,032	231,036,058	61,378,385	67,461,788	57,990,863	279,313,603
Taxes paid.....	19,782,132	42,701	49,678	181,705	1,810,649	1,552,408	4,293,430	1,879,043	3,192,857	913,002	1,029,965	981,754	3,854,938
Interest paid.....	13,677,333	30,339	26,680	78,482	774,869	680,773	2,537,184	1,420,583	2,565,304	723,799	784,094	591,115	3,484,111
Depreciation.....	13,268,486	44,492	45,522	139,702	1,132,091	946,749	2,588,103	1,187,455	2,172,220	602,426	748,752	655,626	3,005,710
Pension, profit-sharing, stock bonus, and annuity plans.....	4,415,214	*797	*940	12,075	174,227	248,196	995,969	462,383	697,890	189,537	197,937	165,443	1,269,817
Employee benefit programs.....	3,182,625	2,630	1,546	12,174	128,168	176,101	613,043	290,484	494,211	159,159	178,713	167,746	958,650
Net income (less deficit).....	35,759,538	-276,636	-78,811	-51,509	1,435,854	2,040,679	7,127,179	3,540,758	7,189,255	2,166,704	2,641,180	1,930,945	8,093,781
Net income.....	41,432,239	115,796	87,020	228,936	2,689,347	2,687,888	8,370,668	3,935,021	7,789,295	2,369,918	2,790,861	2,025,470	8,342,019
Income subject to tax.....	30,594,403	38,598	24,119	108,531	1,532,592	1,815,743	6,007,368	2,960,969	5,690,255	1,641,160	1,935,257	1,548,926	7,290,885
Income tax, total.....	12,479,414	9,695	5,385	24,124	338,957	456,640	2,023,452	1,223,970	2,574,444	767,933	913,736	732,316	3,408,762
Additional tax for tax preferences.....	6,534	5	*110	*436	*423	592	461	1,030	629	834	802	1,114	5,071,185
Foreign tax credit.....	594,197	—	—	*235	*9	8,096	2,691	19,150	27,938	8,053	20,811	507,185	332,993
Investment credit.....	1,087,793	1,033	637	3,922	49,324	57,914	188,061	89,727	174,656	54,790	73,329	61,407	332,993
Nonrefundable energy credit before limitation.....	4,706	—	—	—	*10	*48	856	657	1,341	321	202	322	947
Work incentive (WIN) credit.....	3,378	—	—	*64	*144	*188	1,103	135	1,348	70	62	24	239
Jobs credit.....	860,923	*265	*563	3,697	64,702	89,994	289,050	136,267	204,674	31,062	21,997	9,145	8,507
Distributions to stockholders except in own stock.....	7,272,502	78,641	30,011	63,038	446,257	375,045	1,185,861	525,878	1,181,514	502,216	533,932	328,010	2,022,098
Finance, Insurance, and Real Estate ²													
Number of returns.....	454,301	208,704	63,766	57,860	83,809	15,862	17,530	3,032	2,724	454	334	121	105
Total assets.....	3,249,397,057	20,736,764	10,428,408	15,515,312	54,820,514	56,811,815	318,332,074	188,268,329	485,923,242	233,987,994	401,652,178	265,928,536	1,196,991,892
Notes and accounts receivable, net.....	996,610,016	2,214,451	1,117,060	1,716,043	11,847,808	20,826,130	122,144,733	48,888,594	100,424,167	49,544,725	121,399,872	89,475,991	427,010,441
Inventories.....	6,195,753	242,783	98,774	88,909	561,872	407,146	743,537	194,765	656,669	186,734	157,570	88,282	2,770,709
Cash, Government obligations, and other current assets.....	766,558,059	4,126,937	1,977,040	3,040,968	12,288,858	16,747,164	85,334,164	41,201,999	98,821,026	51,595,176	97,903,899	73,665,032	279,855,795
Other investments and loans.....	1,285,415,357	5,363,503	2,342,085	3,331,200	11,326,959	10,568,634	91,575,905	89,926,519	266,615,789	123,591,496	169,050,348	92,355,443	419,367,477
Depreciable assets.....	125,555,463	5,501,223	4,794,042	7,353,484	19,743,497	8,351,751	16,879,421	6,941,326	14,828,042	6,552,193	8,106,303	5,111,658	21,392,522
Less: Accumulated depreciation.....	38,597,918	2,024,541	2,052,168	2,946,960	8,015,716	2,905,812	5,179,749	1,899,337	3,485,299	1,389,590	1,853,444	1,259,987	5,585,316
Other capital assets less reserves.....	29,490,557	4,497,412	1,867,812	2,511,976	5,357,203	1,994,029	3,572,958	1,651,971	3,529,270	1,176,976	1,097,644	596,555	1,636,751
Accounts and notes payable.....	206,817,804	3,585,260	1,433,476	2,155,863	8,078,928	4,641,139	18,385,350	10,773,906	26,769,225	11,247,660	27,664,966	12,674,512	79,407,520
Other current liabilities.....	2,046,953,912	1,059,662	441,328	831,054	12,333,326	33,334,869	231,230,073	139,851,780	350,025,357	163,812,773	281,697,942	170,466,120	661,869,828
Mortgages, notes, and bonds payable in one year or more.....	183,378,965	5,752,939	2,974,250	4,856,171	14,438,608	6,881,495	17,328,834	8,927,943	22,108,311	10,515,470	12,249,723	12,219,921	65,125,300
Net worth.....	365,539,650	6,832,191	4,249,997	5,831,429	15,600,671	9,743,753	41,484,067	22,396,993	61,337,712	26,909,479	40,653,659	25,069,303	105,590,395
Cost of property used for investment credit.....	9,632,978	102,947	86,000	100,096	572,067	272,680	729,872	345,078	915,704	539,102	850,428	697,130	4,421,765
Total receipts.....	474,690,489	1,589,146	2,322,506	4,163,178	18,439,245	11,088,735	37,170,973	21,076,242	57,270,669	31,993,290	51,227,732	42,400,873	195,937,901
Business receipts.....	234,578,853	367,126	854,031	1,823,996	11,419,041	5,939,006	11,957,202	6,307,292	19,006,154	13,722,142	20,508,734	23,431,995	119,242,137
Cost of sales and operations.....	11,618,648	47,840	118,162	252,771	2,123,255	1,623,277	3,469,164	2,324,524	6,634,265	2,455,472	9,405,472	11,182,082	66,141,227
Taxes paid.....	12,338,847	246,344	246,613	352,333	1,071,608	502,427	1,119,916	519,578	1,325,621	705,805	1,173,698	932,348	4,142,557
Interest paid.....	118,850,328	409,206	488,926	1,815,428	1,987,839	12,531,746	8,240,792	21,346,451	10,629,956	17,032,610	8,917,313	35,065,609	13,890,213
Depreciation.....	9,349,094	210,199	203,184	325,206	936,050	412,715	941,845	398,851	928,095	518,451	781,665	512,620	3,180,213
Pension, profit-sharing, stock bonus, and annuity plans.....	3,899,204	*1,754	*1,291	19,406	191,872	94,646	321,087	153,802	389,008	210,589	447,669	368,342	1,699,738
Employee benefit programs.....	1,689,368	5,3											

RETURNS OF ACTIVE CORPORATIONS

Table 1.7 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts — Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 under \$500,000,000	\$500,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Services													
Number of returns.....	560,016	132,135	53,801	82,481	224,329	39,295	24,632	2,052	1,099	89	60	29	14
Total assets.....	134,379,134	5,224,482	2,086,409	4,777,518	22,478,445	13,454,480	23,981,304	8,273,062	14,818,114	5,806,562	8,253,202	10,268,066	14,957,511
Notes and accounts receivable, net.....	22,591,412	517,868	178,653	478,858	2,763,023	2,018,524	4,630,310	1,634,398	3,077,564	1,452,820	2,010,898	1,722,827	2,105,669
Inventories.....	6,468,683	195,302	53,551	168,194	888,303	554,354	1,214,199	415,516	805,925	169,677	277,182	290,638	1,435,842
Cash, Government obligations, and other current assets.....	22,884,753	836,118	411,295	950,774	4,566,825	2,400,967	3,804,873	1,313,391	2,270,248	1,100,163	1,265,059	981,420	2,983,621
Other investments and loans.....	16,723,550	1,025,518	359,825	457,647	2,154,397	994,282	1,997,068	1,029,457	2,117,133	925,268	689,387	1,614,695	3,159,071
Depreciable assets.....	86,863,656	2,714,925	1,297,283	3,601,835	17,262,885	9,958,793	17,908,734	5,196,705	8,632,214	3,215,113	4,801,920	6,208,074	6,065,173
Less: Accumulated depreciation.....	35,061,076	1,035,497	487,154	1,655,423	7,761,476	4,083,563	7,402,506	2,076,955	3,423,469	1,475,730	1,766,645	2,072,421	1,820,237
Other capital assets less reserves.....	7,440,605	682,561	163,305	388,212	1,583,511	744,361	1,144,194	403,761	811,442	268,101	342,115	536,887	372,155
Accounts and notes payable.....	28,143,976	1,225,854	393,898	950,504	4,407,969	3,064,885	6,418,465	2,125,717	3,081,611	1,488,116	1,667,380	1,414,560	1,705,017
Other current liabilities.....	16,819,329	420,664	170,071	298,877	2,056,184	1,189,858	2,650,414	853,611	1,753,898	1,026,362	1,304,412	1,173,556	3,921,420
Mortgages, notes, and bonds payable in one year or more.....	38,078,766	1,717,518	651,752	1,252,784	6,149,043	4,250,322	7,513,835	2,302,612	4,959,090	1,450,542	1,886,808	3,254,888	2,689,772
Net worth.....	38,830,266	383,927	490,066	1,077,717	7,378,998	3,880,512	5,609,517	2,379,020	4,325,460	1,516,436	2,611,301	3,523,354	5,854,059
Cost of property used for investment credit.....	11,724,420	434,862	191,029	436,525	2,363,749	1,229,647	2,222,163	714,531	1,113,227	385,099	662,773	610,911	1,359,904
Total receipts.....	210,606,073	7,161,439	2,117,206	6,271,325	50,991,253	27,690,471	46,306,919	15,035,684	20,973,025	6,529,239	9,405,712	10,686,421	12,837,380
Business receipts.....	201,678,049	972,761	1,967,102	6,042,698	49,594,450	27,026,235	44,939,626	14,387,786	19,933,680	6,143,687	8,859,717	10,066,797	11,803,512
Cost of sales and operations.....	100,355,222	347,892	641,226	2,032,887	18,744,074	12,217,963	24,812,924	8,586,214	11,738,588	3,627,522	5,105,433	5,853,625	6,646,974
Taxes paid.....	7,353,972	97,458	84,617	250,461	1,816,226	977,574	1,609,911	494,990	738,976	211,105	390,553	361,461	310,640
Interest paid.....	4,752,293	116,626	57,453	132,494	724,355	527,146	1,021,593	304,745	544,070	227,096	263,837	450,374	382,504
Depreciation.....	10,354,225	229,737	117,824	347,977	1,777,640	1,088,282	2,037,857	641,867	868,285	417,010	483,436	755,746	1,588,563
Pension, profit-sharing, stock bonus, and annuity plans.....	3,940,704	37,086	22,217	100,722	1,869,390	688,686	605,798	161,597	175,545	63,821	93,645	52,154	69,874
Employee benefit programs.....	1,338,342	9,124	10,962	32,568	311,558	165,640	271,605	110,842	125,388	39,737	84,044	110,700	66,173
Net income (less deficit).....	7,666,125	-440,947	-14,419	48,309	1,660,862	701,184	1,691,831	540,026	1,114,046	343,735	584,323	668,958	768,217
Net income.....	10,994,355	256,964	147,420	377,843	2,485,552	1,218,873	2,135,518	657,169	1,269,754	367,774	620,564	674,581	782,343
Income subject to tax.....	8,589,087	131,791	83,074	216,888	1,775,145	916,660	1,605,869	501,205	1,009,100	334,928	589,478	656,133	768,817
Income tax, total.....	3,190,125	34,080	20,192	49,839	408,773	259,340	612,422	222,379	471,170	159,441	275,915	311,657	368,917
Additional tax for tax preferences.....	4,306	—	—	—	496	159	430	145	679	207	1,402	786	—
Foreign tax credit.....	140,459	*2,366	—	—	*46	*2,452	6,449	*1,104	13,106	10,637	37,604	16,305	50,389
Investment credit.....	500,305	6,174	2,741	12,259	85,034	51,738	86,494	26,703	53,648	19,565	33,972	47,440	74,536
Nonrefundable energy credit before limitation.....	242	—	—	—	*13	—	*187	*1	*23	—	—	—	—
Work incentive (WIN) credit.....	1,087	—	—	—	*147	*128	370	*201	108	24	61	40	—
Jobs credit.....	386,149	1,150	1,977	6,039	81,905	68,816	148,332	31,592	35,194	4,349	3,876	1,826	1,093
Distributions to stockholders except in own stock.....	1,490,937	127,192	45,669	47,956	208,300	89,635	224,096	124,642	151,507	52,994	115,645	153,207	150,094
Nature of Business Not Allocable													
Number of returns.....	7,110	1,246	*381	*570	2,774	1,059	928	82	65	—	*5	—	—
Total assets.....	2,013,976	165,889	*42,199	*60,451	300,502	188,600	657,144	214,600	307,310	—	*77,280	—	—
Notes and accounts receivable, net.....	405,626	12,134	*8,882	*1,746	57,489	32,440	158,498	59,523	65,188	—	*10,746	—	—
Inventories.....	489,582	—	*12,587	*11,002	65,516	42,881	145,933	89,950	78,415	—	*25,298	—	—
Cash, Government obligations, and other current assets.....	361,903	40,195	*18,179	*9,079	78,660	41,307	101,400	21,214	45,933	—	*7,937	—	—
Other investments and loans.....	165,880	*66,710	*1,296	*184	25,540	*4,778	27,905	*8,293	25,654	—	*5,321	—	—
Depreciable assets.....	795,195	*36,386	*934	*35,836	99,149	79,922	283,661	56,002	151,627	—	*51,679	—	—
Less: Accumulated depreciation.....	350,719	*11,283	*242	*8,175	49,753	28,951	128,106	26,427	70,641	—	*27,141	—	—
Other capital assets less reserves.....	93,279	*4,877	*21	*3,285	11,277	*12,134	48,423	*4,343	6,430	—	*2,489	—	—
Accounts and notes payable.....	684,379	28,169	*25,605	*22,433	81,735	54,377	238,903	98,260	84,724	—	*30,171	—	—
Other current liabilities.....	179,371	*1,210	*1,933	*1,548	28,811	24,650	49,557	17,186	35,532	—	*9,144	—	—
Mortgages, notes, and bonds payable in one year or more.....	304,814	*9,620	*983	*18,602	54,103	*25,810	123,794	*23,943	38,250	—	*9,700	—	—
Net worth.....	701,432	67,379	*-3,379	*16,814	102,667	69,815	203,042	71,875	145,702	—	*27,517	—	—
Cost of property used for investment credit.....	103,786	*9,915	*225	*6,371	8,411	25,563	29,510	3,276	13,195	—	*7,318	—	—
Total receipts.....	5,616,660	32,653	*14,711	*48,924	671,868	714,029	2,035,001	596,928	1,092,977	—	*409,569	—	—
Business receipts.....	5,483,247	5,495	*12,756	*40,385	652,248	703,956	1,994,659	590,115	1,078,778	—	*404,856	—	—
Cost of sales and operations.....	4,047,398	*5,854	*13,185	*19,840	326,080	513,897	1,556,952	450,195	843,795	—	*317,789	—	—
Taxes paid.....	97,465	1,015	*498	*1,349	18,996	10,060	27,530	9,310	15,724	—	*4,984	—	—
Interest paid.....	52,457	1,998	*876	*3,013	6,302	5,613	18,704	7,437	7,369	—	*1,147	—	—
Depreciation.....	78,445	2,111	*78	*6,432	10,916	12,571	25,961	5,462	12,331	—	*2,584	—	—
Pension, profit-sharing, stock bonus, and annuity plans.....	50,494	*1,166	—	—	*27,006	*2,960	9,674	*1,812	5,028	—	*3,048	—	—
Employee benefit programs.....	17,142	*87	*15	—	4,392	*779	4,199	*1,837	2,043	—	*3,789	—	—
Net income (less deficit).....	164,445	6,387	*-5,940	*1,895	13,147	15,086	65,103	22,006	38,609	—	*8,153	—	—
Net income.....	215,065	8,838	7	*1,937	40,046	19,909	73,661	22,514	40,002	—	*8,153	—	—
Income subject to tax.....	165,545	3,060	7	*260	25,414	*10,923	58,268	20,708	39,531	—	*7,373	—	—
Income tax, total.....	61,168	904	1	*79	5,147	*2,353	21,851	9,036	18,325	—	*3,473	—	—
Additional tax for tax preferences.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Foreign tax credit.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Investment credit.....	5,882	4	—	*75	407	*670	2,058	*312	1,168	—	*1,187	—	—
Nonrefundable energy credit before limitation.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Work incentive (WIN) credit.....	*14	—	—	—	—	*14	—	—	—	—	—	—	—
Jobs credit.....	8,063	—	—	—	*1,342	*712	2,016	*893	*731	—	*368	—	—
Distributions to stockholders except in own stock.....	16,848	*2,274	30	—	*5,732	*1,601	2,629	*1,048	3,045	—	*489	—	—

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

**Identifies (a) size classes for which data were deleted to avoid disclosure of information for specific corporations and (b) combined frequencies or amounts which include the data thus deleted from another size class.

¹Includes returns with zero receipts and receipts not reported.

²Size of total receipts was used in lieu of business receipts to classify statistics for the "Finance, insurance, and real estate" industrial division.

³Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.8 — Total Receipts, Net Income, Statutory Special Deductions, Income Tax, Credits, and Taxpayments, by Accounting Period Ended

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

Item	Total returns of active corporations		Accounting period ended ¹											
	Number of returns	Amount	July 1978	August 1978	September 1978	October 1978	November 1978	December 1978	January 1979	February 1979	March 1979	April 1979	May 1979	June 1979
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Returns With and Without Net Income														
Number of returns	2,376,779	—	86,236	95,599	214,068	123,790	75,882	976,483	85,368	74,495	174,636	93,775	97,384	279,083
Total receipts	2,287,289	4,714,602,615	107,526,561	112,340,577	264,474,337	163,108,861	82,612,347	2,830,055,031	206,089,754	100,307,894	263,021,105	106,500,668	122,100,412	356,465,169
Net income (less deficit)	2,358,242	246,887,473	3,487,575	3,802,272	9,516,414	6,551,482	4,174,399	176,904,884	8,727,178	3,608,655	7,706,365	4,089,102	3,748,731	13,550,418
Total income tax	1,110,304	107,888,445	1,517,972	1,570,751	4,182,757	2,547,180	1,668,247	80,331,874	3,020,496	1,371,537	3,131,397	1,578,081	1,458,196	5,509,982
Returns With and Without Net Income, Other Than Forms 1120S and 1120 — DISC														
Number of returns	1,890,892	—	70,708	78,361	174,303	99,835	60,296	758,516	61,262	59,372	141,194	77,936	78,042	231,067
Total receipts	1,826,738	4,485,933,571	99,340,265	105,020,564	246,665,841	152,247,911	77,108,324	2,742,059,963	188,346,280	92,763,450	244,052,905	97,673,731	111,782,865	328,871,470
Net income (less deficit)	1,877,594	235,116,656	3,175,942	3,529,980	8,933,182	5,996,513	3,908,369	173,675,134	6,972,947	2,912,159	6,762,929	3,559,654	3,222,979	12,466,869
Statutory special deductions, total	351,267	15,763,783	252,236	298,665	745,918	406,577	316,846	10,071,065	592,188	283,229	658,472	273,477	264,540	900,471
Net operating loss deduction	259,419	9,073,919	217,448	265,371	589,480	300,056	251,391	5,228,282	284,833	238,855	539,945	228,625	223,432	706,202
Total special deductions	102,516	6,689,863	34,788	33,295	156,438	106,522	65,555	5,542,784	307,353	44,375	118,527	44,852	41,108	194,269
Western Hemisphere Trade Corporation deduction	477	277,050	868	6,349	3,489	4,010	217	245,328	420	424	9,501	473	1,875	4,095
Income subject to tax, total	1,082,657	239,619,310	3,586,836	3,774,843	9,816,566	5,889,355	3,838,048	173,646,010	6,891,690	3,332,891	7,656,781	3,911,722	3,656,693	13,517,894
Net long-term capital gain taxed at alternative rates	37,461	9,919,241	100,206	132,355	311,671	179,709	71,180	7,632,296	486,312	68,516	237,298	178,967	118,027	402,705
Income taxed at normal tax and surtax rates	1,081,970	229,700,069	3,486,630	3,642,489	9,504,896	5,809,646	3,766,868	166,013,715	6,405,378	3,264,375	7,419,480	3,732,755	3,538,666	13,115,189
Income tax, total	1,109,712	107,884,138	1,517,972	1,570,439	4,181,719	2,547,180	1,668,247	80,329,693	3,020,042	1,371,537	3,131,397	1,578,081	1,458,196	5,509,634
Normal tax, surtax, and alternative tax	1,082,657	106,973,173	1,502,225	1,556,723	4,133,208	2,527,712	1,655,571	78,692,040	3,000,318	1,361,740	3,094,513	1,562,230	1,441,858	5,445,037
Tax from recomputing prior-year investment credit	168,789	570,927	13,968	10,638	30,342	15,616	7,996	374,164	16,539	8,023	25,761	11,806	14,032	42,041
Tax from recomputing prior-year work incentive (WIN) credit	303	106	—	(*)	2	—	(*)	38	—	37	—	5	(*)	23
Additional tax for tax preferences	11,073	339,932	1,779	3,078	18,168	3,853	4,680	263,451	3,185	1,737	11,122	4,040	2,307	22,532
Foreign tax credit	6,038	26,357,629	54,581	42,586	211,572	213,234	78,763	25,084,335	112,041	49,922	113,302	59,182	30,336	307,774
U.S. possessions tax credit	615	1,134,422	13,780	7,916	26,458	14,043	89,259	806,966	14,549	5,109	113,302	30,150	7,815	101,561
Investment credit	739,424	12,897,172	194,530	171,861	467,136	223,716	129,300	10,016,123	274,581	131,632	371,605	153,812	177,896	584,940
Work incentive (WIN) credit	5,486	18,469	206	188	1,246	365	306	13,066	199	264	355	708	252	1,311
Jobs credit	356,898	3,093,915	84,701	85,325	226,235	134,262	84,455	1,319,873	119,065	119,282	306,673	127,028	114,022	372,995
Total income tax after credits ²	653,694	64,382,530	1,170,174	1,262,563	3,249,075	1,961,550	1,286,165	43,089,297	2,499,607	1,065,328	2,322,644	1,207,202	1,127,874	4,141,052
Returns With Net Income, Other Than Forms 1120S and 1120 — DISC														
Number of returns	1,239,970	—	44,861	52,301	117,461	66,503	39,136	474,787	43,054	40,371	95,925	53,281	53,538	158,742
Total receipts	1,239,970	4,014,593,233	83,490,179	91,344,999	208,846,474	135,171,581	68,721,430	2,489,073,385	175,711,720	78,100,381	215,882,252	83,908,818	94,058,756	290,283,258
Net income	1,239,970	259,496,659	4,005,077	4,177,576	10,909,248	6,980,728	4,495,934	186,428,365	7,533,045	3,628,485	8,375,280	4,299,335	4,009,923	14,653,665
Statutory special deductions, total	337,900	15,499,271	250,109	297,262	739,812	399,981	313,771	10,561,507	590,427	280,946	645,682	271,552	259,541	889,681
Net operating loss deduction	259,419	9,073,919	217,448	265,371	589,480	300,056	251,391	5,228,282	284,833	238,855	539,945	228,625	223,432	706,202
Total special deductions	89,127	6,425,351	32,661	31,891	149,331	99,926	62,379	5,333,225	305,594	42,092	105,737	42,928	38,109	183,478
Western Hemisphere Trade Corporation deduction	477	277,050	868	6,349	3,489	4,010	217	245,328	420	424	9,501	473	1,875	4,095
Income subject to tax, total	1,082,643	239,614,557	3,586,836	3,774,843	9,816,566	5,889,355	3,838,048	173,641,319	6,891,690	3,332,891	7,656,748	3,911,722	3,656,693	13,517,894
Net long-term capital gain taxed at alternative rates	37,461	9,919,241	100,206	132,355	311,671	179,709	71,180	7,632,296	486,312	68,516	237,298	178,967	118,027	402,705
Income taxed at normal tax and surtax rates	1,081,956	229,695,316	3,486,630	3,642,489	9,504,896	5,809,597	3,766,868	166,009,024	6,405,378	3,264,375	7,419,450	3,732,755	3,538,666	13,115,189
Income tax, total	1,085,579	107,799,590	1,516,855	1,568,609	4,175,752	2,546,374	1,667,314	80,272,549	3,018,393	1,369,821	3,127,918	1,576,333	1,455,261	5,504,411
Normal tax, surtax, and alternative tax	1,082,643	106,970,978	1,502,225	1,556,723	4,133,208	2,527,702	1,655,571	79,689,857	3,000,318	1,361,740	3,094,511	1,562,230	1,441,858	5,445,037
Tax from recomputing prior-year investment credit	145,127	525,381	12,867	9,610	24,763	14,927	7,086	351,668	15,115	8,684	23,109	10,159	11,334	37,476
Tax from recomputing prior-year work incentive (WIN) credit	299	79	—	(*)	1	—	(*)	37	—	11	—	5	(*)	23
Additional tax for tax preferences	10,310	303,152	1,764	2,077	17,781	3,745	4,656	230,766	2,960	1,206	10,297	3,939	2,069	21,872
Foreign tax credit	615	26,357,626	54,581	42,586	211,572	213,234	78,763	25,084,335	112,041	49,922	113,302	59,182	30,336	307,774
U.S. possessions tax credit	615	1,134,422	13,780	7,916	26,458	14,043	89,259	806,966	14,549	5,109	113,302	30,150	7,815	101,561
Investment credit	739,419	12,897,130	194,530	171,861	467,136	223,716	129,300	10,016,123	274,581	131,632	371,605	153,812	177,896	584,940
Work incentive (WIN) credit	5,486	18,469	206	188	1,246	365	306	13,066	199	264	355	708	252	1,311
Jobs credit	356,898	3,093,915	84,701	85,325	226,235	134,262	84,455	1,319,873	119,065	119,282	306,673	127,028	114,022	372,995
Total income tax after credits ²	829,564	64,298,027	1,169,056	1,260,733	3,243,108	1,960,754	1,285,231	43,082,186	2,497,958	1,063,612	2,319,167	1,205,454	1,124,939	4,135,830
Estimated tax payments:														
1977 overpayments claimed as a credit	228,469	2,499,364	69,744	65,167	168,518	100,979	65,712	1,472,632	68,996	42,441	115,218	65,537	57,318	207,104
1978 estimated tax payments	459,026	45,964,305	792,717	880,590	2,291,912	1,299,255	897,431	31,323,663	1,658,729	738,555	1,596,239	823,160	732,776	2,829,278
Less: Refund of estimated tax payments	7,212	740,659	16,628	17,674	40,764	32,159	10,372	446,771	31,233	11,259	34,863	20,875	18,408	59,562
Payments with applications for—														
First extension of filing time	125,138	9,154,634	157,524	163,742	374,997	293,323	165,513	6,258,156	435,655	142,958	334,688	156,543	157,870	513,667
Second extension of filing time	21,580	5,619,981	89,762	95,260	194,872	172,698	84,394	4,146,472	277,174	72,720	138,722	69,899	86,783	191,223
Other credits and payments, total ³	25,327	45,881	633	600	4,363	1,855	814	30,399	584	601	1,958	967	676	2,432
Refundable energy credit	229	1,978	—	—	—	207	3	1,505	—	6	28	3	202	23
Tax due at time of filing	543,358	6,374,410	185,717	200,058	513,585	269,883	188,780	3,021,699	230,457	171,335	424,733	238,600	210,983	718,581
Tax overpayment, total	334,888	4,616,649	109,352	126,656	264,323	145,000	107,039	2,772,613	142,398	93,727	257,463	128,136	103,039	366,863

¹ Estimate should be used with caution because of the small number of sample returns on which it is based.

² Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

³ Includes full and part-year returns.

⁴ Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), and jobs credits.

⁵ Includes credit for tax paid by regulated investment companies; credit for tax on special fuels, nonhighway gasoline, and lubricating oil; and refundable energy credit.

⁶ Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE SMALL BUSINESS CORPORATIONS, FORM 1120S

Table 1.9 — Balance Sheets and Income Statements, by Industrial Division

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

Item	All industrial divisions	Industrial division								
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	Nature of business not allocable
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Number of returns, total.....	478,679	26,214	3,033	52,916	37,467	19,968	167,711	55,830	113,759	1,781
With net income.....	277,320	14,299	1,731	33,917	23,634	10,736	101,360	29,789	60,843	1,011
Total assets.....	79,448,133	6,836,884	1,529,271	9,561,322	9,114,145	3,381,734	28,045,481	8,937,972	11,763,805	277,519
Cash.....	7,551,598	375,898	146,109	952,293	966,677	315,607	2,692,324	914,693	1,148,505	39,491
Notes and accounts receivable.....	14,486,988	433,006	338,839	2,067,657	2,374,377	579,778	5,629,184	1,561,287	1,478,572	24,289
Less: Allowance for bad debts.....	220,432	1,535	1,487	13,986	36,038	13,124	99,250	20,043	34,755	*213
Inventories.....	16,632,652	673,540	48,629	2,513,594	1,959,916	76,018	10,511,735	296,433	488,023	64,764
Investments in Government obligations:										
United States.....	300,508	*13,605	—	14,021	27,868	16,080	130,068	92,481	*6,385	—
State and local.....	97,817	*6,947	*10	16,570	26,688	*6,886	27,620	*11,584	*1,514	—
Other current assets.....	4,633,818	185,948	36,062	1,061,014	309,069	155,218	761,453	1,521,437	549,738	33,879
Loans to stockholders.....	1,376,178	128,596	21,631	206,364	87,516	71,862	368,580	239,408	232,139	*19,983
Mortgage and real estate loans.....	1,214,268	85,475	*10,427	123,107	14,088	*1,594	148,594	710,521	119,989	*472
Other investments.....	2,621,055	276,482	68,065	295,804	345,017	90,950	606,075	567,480	368,040	*3,144
Depreciable assets.....	37,179,238	4,018,143	1,107,147	3,151,087	4,793,988	2,920,059	9,899,803	1,506,995	9,688,451	93,584
Less: Accumulated depreciation.....	15,764,595	1,692,106	423,503	1,549,995	2,436,220	1,146,693	4,323,637	415,078	3,745,327	32,036
Depletable assets.....	288,176	58,577	120,015	*13,950	22,240	*6,328	17,328	29,183	*20,555	—
Less: Accumulated depletion.....	68,999	10,027	32,895	*5,551	*787	1	6,454	*1,404	*11,880	—
Land.....	5,634,430	1,987,053	26,500	429,973	198,674	70,744	675,220	1,449,455	775,333	21,478
Intangible assets (amortizable).....	1,033,666	18,143	22,739	18,792	113,165	80,517	295,530	47,473	433,594	*3,712
Less: Accumulated amortization.....	457,856	5,928	867	5,400	38,270	25,309	93,624	14,956	272,948	*555
Other assets.....	2,909,621	285,068	41,850	252,031	386,199	175,219	804,832	441,023	517,874	5,527
Total liabilities.....	79,448,133	6,836,884	1,529,271	9,561,322	9,114,145	3,381,734	28,045,481	8,937,972	11,763,805	277,519
Accounts payable.....	12,545,615	299,193	269,929	1,917,923	1,586,023	395,067	5,711,842	1,167,008	1,165,964	32,667
Mortgages, notes, and bonds payable in less than one year.....	12,710,256	1,295,137	206,611	2,082,486	922,383	450,526	5,083,109	1,368,222	1,263,619	38,162
Other current liabilities.....	6,373,811	1,404,754	87,096	1,139,407	883,204	237,586	1,879,486	936,379	1,062,825	6,973
Loans from stockholders.....	9,281,092	826,239	248,858	857,870	908,949	489,888	2,927,838	1,161,784	1,829,114	30,552
Mortgages, notes, and bonds payable in one year or more.....	17,752,924	2,310,212	318,158	1,439,436	1,288,742	1,151,969	4,357,149	2,319,765	4,496,116	71,377
Other liabilities.....	2,662,216	221,862	93,264	472,988	339,296	129,862	455,323	532,968	735,927	40,727
Capital stock.....	9,239,747	1,485,739	108,238	612,804	872,466	359,149	3,410,860	895,684	1,460,065	34,742
Paid-in or capital surplus.....	3,843,162	550,355	229,860	251,157	332,638	269,258	990,928	504,989	702,796	*11,180
Retained earnings, appropriated.....	393,354	39,509	*21,095	31,725	94,280	16,985	128,966	39,627	18,833	*2,334
Retained earnings, unappropriated.....	3,591,166	-63,192	28,832	345,841	1,371,986	82,695	1,664,904	96,071	63,441	589
Stockholders' undistributed taxable income previously taxed ¹	1,963,659	-209,877	-79,165	503,505	644,776	-178,087	1,794,890	-16,844	-510,373	14,834
Less: Cost of treasury stock.....	908,867	59,048	*3,506	93,820	130,598	23,263	359,814	67,680	164,522	*6,617
Total receipts.....	194,224,117	6,732,204	1,958,497	22,431,178	22,439,698	6,184,335	104,847,601	6,561,924	22,447,968	620,712
Business receipts.....	189,695,182	6,247,841	1,840,774	22,166,371	22,098,479	6,042,529	103,433,844	5,332,976	21,926,046	606,323
Interest on Government obligations:										
United States.....	33,283	5,148	*956	1,687	4,001	1,218	8,950	8,733	2,590	—
State and local.....	7,062	*314	*227	1,477	1,525	*526	1,640	*1,084	*269	—
Other interest.....	513,130	28,252	9,872	40,937	62,180	13,308	203,076	102,059	50,227	3,217
Rents.....	507,816	26,857	8,364	30,978	28,792	12,509	165,585	148,257	85,756	*720
Royalties.....	74,848	4,795	11,783	*111	3,393	*15	5,854	45,146	3,761	—
Net short-term capital gain reduced by net long-term capital loss.....	28,177	7,076	*80	*267	*2,397	*506	6,249	8,512	3,089	—
Net long-term capital gain reduced by net short-term capital loss.....	610,019	152,851	10,025	26,875	78,824	16,487	107,013	142,538	74,089	*1,317
Net gain, noncapital assets.....	828,233	43,194	21,764	35,792	29,271	32,049	57,035	566,261	42,299	*568
Dividends received from domestic corporations.....	25,647	3,317	330	1,351	2,998	192	11,272	1,423	4,763	(*)
Dividends received from foreign corporations.....	679	*47	—	*36	*210	*315	*30	*39	*3	—
Other receipts.....	1,900,042	212,512	54,321	125,296	127,639	64,683	847,052	204,895	255,076	8,568
Total deductions.....	188,868,315	6,486,391	1,947,387	21,864,774	21,338,173	6,030,653	102,929,014	5,829,514	21,838,884	603,526
Cost of sales and operations.....	135,415,481	4,320,070	1,166,073	17,458,489	15,710,321	3,739,197	79,430,776	1,447,267	11,671,873	471,415
Compensation of officers.....	8,763,494	182,495	57,777	1,050,381	1,187,545	313,480	3,135,538	766,154	2,042,903	27,221
Repairs.....	1,210,226	183,087	37,564	131,404	146,318	17,455	396,847	35,917	259,402	2,222
Bad debts.....	381,148	12,167	12,938	25,144	47,853	17,351	185,924	29,148	49,716	908
Rent paid on business property.....	3,610,500	217,851	25,601	127,526	265,356	156,249	1,654,721	155,895	999,871	7,431
Taxes paid.....	4,105,569	147,010	64,106	465,345	589,853	189,707	1,582,099	168,901	888,351	10,198
Interest paid.....	2,490,670	269,715	52,294	239,177	210,802	141,926	834,319	234,990	498,681	8,765
Contributions or gifts.....	51,289	1,322	292	5,189	11,612	1,185	19,016	5,616	7,026	*30
Amortization.....	130,672	3,951	228	4,947	6,445	2,942	12,977	4,349	94,721	*112
Depreciation.....	3,740,450	408,685	139,229	360,310	442,190	339,583	1,012,801	123,611	904,818	9,224
Depletion.....	35,081	495	20,368	923	*3,772	*37	5,325	*2,262	1,898	—
Advertising.....	1,629,714	13,689	1,000	65,177	127,096	32,578	876,282	193,321	316,961	3,611
Pension, profit-sharing, stock bonus, and annuity plans.....	398,334	6,298	5,905	49,280	87,345	20,117	139,543	23,690	66,109	*48
Employee benefit programs.....	532,018	8,132	5,846	65,604	119,211	23,209	174,484	23,112	111,137	*1,282
Net loss, noncapital assets.....	89,881	4,419	3,529	8,445	2,693	5,684	36,522	7,637	19,481	*1,471
Other deductions.....	26,283,788	706,996	354,637	1,807,432	2,379,760	1,029,952	13,431,841	2,607,645	3,905,937	59,589
Total receipts less total deductions.....	5,355,802	245,813	11,110	566,404	1,101,525	153,682	1,818,587	732,410	609,083	17,187
Net income (less deficit).....	5,348,741	245,500	10,883	564,927	1,100,000	153,156	1,816,948	731,326	608,814	17,187
Net income.....	8,594,131	538,064	182,176	887,622	1,391,103	346,632	2,858,997	1,002,134	1,355,801	31,601
Distributions to stockholders:										
Cash and property except in own stock.....	2,944,466	144,501	73,246	254,579	526,848	111,959	894,998	413,727	514,938	*9,669
Corporation's own stock.....	*8,384	—	—	—	*1,219	—	*1,806	*5,359	—	—

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

¹This item is reflected in the statistics for "Retained earnings, unappropriated" and "Net worth" in other tables which show these items.²Less than \$500 per return.

NOTE: Active Small Business Corporations filing Form 1120S returns reported "Income subject to tax" of \$12,462,000 and "Income tax" of \$4,307,000, including "Additional tax for tax preferences" of \$588,000. Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE DOMESTIC INTERNATIONAL SALES CORPORATIONS, FORM 1120—DISC

Table 1.10 — Number of Returns, Selected Balance Sheet and Income Statement Items, and Distributions to Stockholders, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions		
		Wholesale and retail trade	Finance, insurance, and real estate	Services
	(1)	(2)	(3)	(4)
Number of returns, total.....	7,208	6,899	105	177
With net income.....	6,358	6,125	94	121
Total assets.....	19,724,920	19,257,400	223,061	233,805
Notes and accounts receivable, net.....	12,416,096	12,127,266	131,404	153,075
Inventories.....	901,254	898,950	—	*278
Cash, Government obligations, and other current assets.....	498,136	485,677	2,821	7,814
Other investments and loans.....	4,253,682	4,109,138	78,963	64,183
Depreciable assets.....	84,361	80,808	—	*3,544
Less: Accumulated depreciation.....	25,481	23,998	—	*1,478
Accounts and notes payable.....	1,857,455	1,847,069	*1,286	6,099
Other current liabilities.....	852,896	849,275	*1,936	1,176
Mortgages, notes, and bonds payable in one year or more.....	177,371	176,238	*594	*539
Net worth.....	16,523,535	16,087,049	219,243	210,324
Total receipts.....	34,444,928	34,223,285	20,482	176,739
Business receipts.....	33,619,764	33,430,005	*47	165,763
Total deductions.....	28,055,449	27,943,080	2,569	89,534
Cost of sales and operations.....	26,348,094	26,275,148	—	62,467
Taxes paid.....	44,047	40,961	1,745	1,196
Interest paid.....	51,025	50,721	*182	*12
Depreciation.....	7,724	7,438	—	*285
Pension, profit-sharing, stock bonus, and annuity plans.....	10,029	9,838	—	*191
Employee benefit programs.....	5,139	5,055	—	*83
Net income (less deficit).....	6,402,076	6,292,803	17,892	87,205
Net income.....	6,428,931	6,318,595	18,840	87,318
Total statutory special deductions.....	1,934	1,685	—	*249
Tax deferred income and income taxable to stockholders.....	6,426,974	6,316,888	18,840	87,069
Distributions to stockholders in cash.....	3,174,107	3,105,113	33,017	34,462

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

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

NOTE: See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF MEMBERS OF CONTROLLED GROUPS, OTHER THAN FORM 1120-DISC

Table 1.11 — Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), and Total Income Tax, by Selected Industrial Divisions

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

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total returns of members of controlled groups, other than Form 1120-DISC:											
Number of returns	321,336	5,841	3,516	23,176	41,383	15,934	90,225	39,564	50,612	87,432	53,197
Total assets	4,585,963,420	10,856,236	86,081,110	51,555,713	1,189,156,151	548,305,850	278,956,861	138,255,458	138,615,898	2,337,679,237	76,721,786
Total receipts	3,300,414,030	17,444,803	82,639,979	91,459,533	1,597,008,426	323,590,659	776,882,876	406,830,491	369,834,839	325,720,090	84,257,461
Intragroup domestic dividends received qualifying for 100 percent deduction under Code section 1561:											
Number of returns	1,969	*16	*14	68	440	113	360	150	210	791	161
Amount	1,671,985	*3,213	*70,676	3,566	315,616	49,054	278,256	52,422	225,835	915,930	35,574
Net income (less deficit)	192,660,016	427,168	27,304,765	2,716,513	102,027,856	18,934,834	17,413,116	7,540,683	9,677,435	19,752,378	4,045,771
Net income	205,996,772	648,393	28,472,114	3,385,279	106,360,747	20,492,531	19,391,164	8,730,944	10,658,119	22,124,274	5,074,541
Total income tax	90,918,335	210,905	13,488,423	1,319,245	48,140,170	9,424,647	8,224,681	3,702,458	4,521,467	8,087,409	2,005,536
Distributions to stockholders except in own stock	54,973,367	74,174	1,971,083	321,521	29,728,009	12,542,821	2,603,501	724,555	1,878,929	6,972,667	758,063
Consolidated returns:											
Number of returns	48,954	824	959	3,520	10,534	2,696	12,995	6,568	6,420	10,929	6,347
Number of subsidiary corporations	138,575	1,333	2,642	7,718	36,038	9,233	35,782	13,233	22,533	27,251	18,330
Total assets	3,927,668,940	6,974,060	76,438,184	32,187,204	1,088,761,549	524,760,234	177,015,460	86,880,555	90,092,824	1,962,957,614	58,310,327
Total receipts	2,630,974,814	*11,639,352	73,192,050	51,556,891	1,417,223,288	301,716,302	481,160,211	249,659,718	231,422,031	233,513,772	60,531,614
Net income (less deficit)	162,192,566	261,407	26,384,803	1,592,423	90,078,645	17,702,430	9,891,069	3,660,039	6,237,083	13,016,377	3,247,026
Net income	171,605,141	367,455	27,244,804	1,949,123	93,670,275	19,110,310	11,106,917	4,411,103	6,695,336	14,462,250	3,674,131
Total income tax	77,088,594	134,807	12,950,185	791,370	42,581,148	8,840,721	4,890,041	1,908,553	2,981,277	5,326,809	1,557,375
Distributions to stockholders except in own stock	48,274,453	54,518	1,527,689	217,786	26,903,264	12,099,684	1,521,689	399,476	1,122,197	5,413,250	535,504

¹Estimate should be used with caution because of the small number of sample returns on which it is based.

²Includes "Nature of business not allocable" which is not shown separately.

³Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120S AND 1120-DISC

Table 1.12 — Number of Returns and Selected Tax Items, by Size of Normal Tax, Surtax, and Alternative Tax After Credits

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

Size of normal tax, surtax, and alternative tax after credits ¹	Number of returns of active corporations, other than Forms 1120S and 1120-DISC	Total income subject to tax	Income tax before credits ¹		Foreign tax credit	Investment credit	Income tax after credits ¹	
			Total	Normal tax, surtax, and alternative tax			Total	Normal tax, surtax, and alternative tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total²	1,890,892	239,619,310	107,884,138	106,973,173	26,357,629	12,897,172	64,382,530	63,471,565
Returns with net income	1,239,970	239,614,557	107,799,590	106,970,978	26,357,626	12,897,130	64,298,027	63,469,416
Returns without net income	650,922	³ 4,753	84,548	2,195	³	⁴ 2	84,503	⁴ 2,150
Returns with normal tax, surtax, and alternative tax before credits ¹	1,082,657	239,618,442	107,783,123	106,973,173	26,357,629	12,897,172	64,281,514	63,471,565
Returns with normal tax, surtax, and alternative tax after credits, total ¹	794,048	228,850,539	103,857,206	103,109,593	24,925,695	11,844,547	64,219,178	63,471,565
Under \$6,000	544,835	7,923,074	1,931,718	1,896,693	106,378	363,164	891,164	856,139
\$6,000 under \$10,000	74,755	3,426,578	833,177	820,016	1,068	108,278	595,572	582,411
\$10,000 under \$15,000	33,676	2,171,747	633,627	621,285	4,068	78,962	418,945	406,603
\$15,000 under \$20,000	19,963	1,602,360	526,214	520,531	5,031	64,382	351,201	345,517
\$20,000 under \$25,000	14,885	1,368,774	474,372	468,208	872	53,206	340,587	334,424
\$25,000 under \$50,000	36,144	4,731,549	1,805,320	1,784,781	19,635	190,142	1,299,821	1,279,281
\$50,000 under \$75,000	17,246	3,495,377	1,453,490	1,436,033	5,203	138,105	1,078,666	1,061,209
\$75,000 under \$100,000	9,758	2,502,980	1,071,385	1,059,644	7,692	90,752	850,321	838,580
\$100,000 under \$250,000	23,268	10,002,691	4,470,643	4,423,398	62,902	350,730	3,677,426	3,630,181
\$250,000 under \$500,000	9,192	8,474,676	3,911,805	3,873,317	81,390	287,770	3,224,674	3,186,186
\$500,000 under \$1,000,000	4,725	9,292,443	4,359,760	4,319,581	427,307	352,272	3,345,767	3,305,588
\$1,000,000 under \$10,000,000	4,796	59,469,399	28,232,839	28,068,699	12,586,688	2,256,363	12,983,115	12,818,976
\$10,000,000 under \$50,000,000	662	43,962,775	20,655,244	20,489,706	3,260,972	3,111,057	14,236,582	14,071,045
\$50,000,000 under \$100,000,000	90	20,592,243	8,786,035	8,751,581	2,404,399	1,040,977	6,333,882	6,299,429
\$100,000,000 or more	53	49,833,872	23,711,577	23,576,120	5,952,090	3,158,385	14,591,455	14,455,997

¹ Estimate should be used with caution because of the small number of sample returns on which it is based.² Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), and jobs credits.³ Returns of active corporations, other than Forms 1120S and 1120-DISC, reported an amount of U.S. possessions tax credit of \$1,134,442,000, an amount of work incentive (WIN) credit of \$18,469,000, and an amount of jobs credit of \$3,093,915,000.⁴ Amount was reported by life insurance companies and banks with life insurance departments taxable under special provision of the Internal Revenue Code.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORM 1120-DISC

Table 1.13 — Investment Credit and Selected Items, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns of active corporations, other than Form 1120-DISC.....	2,369,571	69,971	19,124	228,657	223,471	92,686	714,544	247,793	465,920	454,196	559,839
Returns with investment credit items, other than Form 1120-DISC:											
Number of returns	1,259,374	45,561	11,838	136,111	159,462	55,111	426,364	155,848	270,067	121,454	299,694
Cost of property used for investment credit:											
Number of returns	1,197,775	43,945	11,513	130,762	153,286	51,734	406,476	149,973	256,054	112,604	283,718
Amount.....	189,977,419	2,369,502	6,072,733	5,934,394	68,784,527	67,580,306	17,774,773	7,772,838	9,986,605	9,632,978	11,724,420
Investment qualified for credit:											
Number of returns	975,069	30,209	10,308	105,545	130,748	40,587	326,439	127,994	193,015	96,954	231,579
Amount.....	151,907,960	1,604,328	4,628,918	4,199,539	59,334,166	53,165,380	13,444,938	5,907,015	7,525,984	7,839,018	7,620,802
Tentative investment credit, total:											
Number of returns	975,080	30,209	10,308	105,552	130,748	40,587	326,439	127,994	193,015	96,958	231,579
Amount.....	15,819,273	161,061	476,518	419,236	6,226,678	5,624,950	1,349,444	587,643	761,607	784,225	770,073
10 percent tentative investment credit:											
Number of returns	975,076	30,209	10,308	105,552	130,748	40,587	326,439	127,994	193,015	96,954	231,579
Amount	15,010,111	160,273	462,110	417,360	5,928,720	5,167,677	1,337,168	584,880	751,094	768,250	761,467
7 percent tentative investment credit:											
Number of returns	504	**	**	*34	87	170	*8	**	**	183	3
Amount	53,150	**	**	*21	4,944	48,005	*24	**	**	125	7
Additional tentative credit for Employee Stock Ownership Plans:											
1 percent additional tentative investment credit for qualifying stock ownership plans:											
Number of returns	1,397	*13	39	111	344	217	256	87	169	281	136
Amount	645,745	*788	13,246	1,817	249,660	350,715	9,919	2,266	7,653	11,712	7,889
.5 percent additional tentative investment credit for qualifying stock ownership plans:											
Number of returns	500	**	9	*9	57	101	92	5	87	223	**
Amount	110,267	**	1,139	*39	43,353	58,554	2,334	497	1,837	4,138	**
Investment credit carryover:											
Number of returns	288,015	12,251	3,502	29,765	37,595	17,861	82,809	26,010	56,781	27,482	76,332
Amount.....	8,162,045	148,714	531,836	232,933	2,815,831	2,896,011	483,567	215,922	267,060	421,937	628,917
Investment credit:											
Number of returns	739,424	21,317	6,831	76,651	104,176	27,877	255,051	104,209	150,595	73,555	171,915
Amount.....	12,897,172	100,232	234,247	331,104	5,175,795	4,765,971	1,087,793	432,253	654,949	695,842	500,305
Unused investment credit:											
Number of returns	449,099	17,831	5,498	46,251	49,977	27,299	134,201	44,805	89,206	43,931	123,295
Amount.....	11,123,929	209,773	774,432	321,779	3,897,676	3,757,572	749,604	374,434	373,979	510,611	898,977

¹Estimate should be used with caution because of the small number of sample returns on which it is based.

²Data deleted to avoid disclosure of information for specific corporations. Deleted data included in the appropriate totals.

³Includes "Nature of business not allocable" which is not shown separately.

⁴Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120S AND 1120-DISC

Table 1.14 — Jobs Credit and Selected Items, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns of active corporations, other than Forms 1120S and 1120-DISC.....	1,890,892	43,757	16,091	175,741	186,004	72,718	546,833	199,483	346,538	398,366	446,080
Returns with jobs credit items, other than Forms 1120S and 1120-DISC.....	505,129	8,997	4,724	64,564	76,944	19,850	171,180	63,994	107,077	44,331	113,232
Unemployment insurance wages paid in 1978:											
Number of returns.....	474,016	8,557	4,571	60,541	72,846	18,209	161,399	60,111	101,179	40,968	105,647
Amount.....	163,411,583	1,055,759	1,562,798	10,743,591	68,134,537	16,755,036	36,573,317	9,508,227	27,048,047	13,582,755	14,839,863
102% of unemployment insurance wages paid in 1977:											
Number of returns.....	412,965	7,634	3,888	51,900	67,096	15,506	141,473	52,996	88,368	34,807	89,528
Amount.....	140,008,143	869,134	1,251,226	7,849,918	59,924,369	15,121,601	31,126,728	7,831,572	23,280,781	11,789,720	11,935,687
Excess of 1978 over 1977 qualified unemployment insurance wages eligible for credit.....	22,092,176	176,422	288,411	2,656,461	7,889,089	1,585,512	5,061,855	1,532,767	3,526,420	1,741,332	2,669,551
Total wages paid in 1978:											
Number of returns.....	474,348	8,557	4,571	60,710	72,892	18,216	161,440	60,118	101,213	41,003	105,681
Amount.....	446,907,337	1,994,913	4,659,194	27,238,446	203,000,479	59,646,323	80,245,908	26,027,921	54,176,827	34,937,850	34,780,170
105% of total wages paid in 1977:											
Number of returns.....	414,253	7,635	3,888	52,104	67,234	15,513	141,678	53,022	88,547	35,314	89,754
Amount.....	389,516,060	1,648,572	3,774,652	20,670,383	181,440,598	53,748,526	69,260,723	21,759,495	47,466,157	30,853,620	27,790,544
Excess of 1978 over 1977 qualified total wages eligible for credit.....	57,728,627	350,613	887,219	6,631,023	21,594,458	5,984,871	11,050,376	4,283,805	6,760,482	4,105,977	7,048,468
\$100,000 wage limitation:											
Number of returns.....	461,304	8,295	4,536	58,770	71,183	17,818	158,666	59,299	99,258	40,161	100,605
Amount.....	5,140,323	61,934	80,983	875,224	1,367,010	219,688	1,420,587	516,489	902,774	319,171	786,383
1978 unemployment insurance wages paid to vocational rehabilitation employees:											
Number of returns.....	1,058	**	**	*45	335	*140	383	131	*252	66	*82
Amount.....	11,579	**	**	*242	5,423	*306	4,674	2,803	*1,871	685	*219
Targeted jobs credit:											
Number of returns.....	1,967	*5	—	*49	239	*97	698	95	569	54	825
Amount.....	10,772	*15	—	*1,392	2,279	*527	2,066	264	1,777	66	4,426
Carryback and carryover of credit:											
Number of returns.....	89,438	1,721	1,222	13,321	12,765	3,674	25,891	7,811	18,080	6,555	24,127
Amount.....	880,979	12,020	11,272	122,880	323,304	34,362	164,432	50,733	113,700	79,214	129,036
Tentative jobs credit.....	5,007,017	58,565	77,347	853,939	1,344,100	213,152	1,378,877	496,497	881,056	304,863	766,784
Partner's job credit:											
Number of returns.....	1,907	22	*7	158	185	*16	385	94	291	505	629
Amount.....	26,454	98	*227	5,902	7,107	*214	5,136	1,193	3,943	2,827	4,942
Tax after credit limitation:											
Number of returns.....	349,361	5,021	3,060	44,894	57,464	10,769	121,267	48,443	72,749	31,124	74,749
Amount.....	46,992,803	158,771	730,065	1,356,605	25,696,810	3,829,228	7,558,400	3,237,978	4,318,661	5,899,519	1,731,937
Jobs credit tax limitation:											
Number of returns.....	348,843	5,021	3,054	44,873	57,452	10,691	121,161	48,354	72,732	30,926	74,621
Amount.....	3,070,115	30,338	44,067	476,523	948,978	120,976	858,590	349,992	508,204	204,560	380,022
Jobs credit:											
Number of returns.....	356,898	5,113	3,055	46,078	58,502	11,095	123,716	49,486	74,155	31,661	76,634
Amount.....	3,093,915	31,117	44,138	481,331	956,211	123,751	860,923	345,315	515,214	204,232	386,149

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

**Data deleted to avoid disclosure of information for specific corporations. Deleted data included in the appropriate totals.

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

²Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.15 — Returns With Beginning and Ending Inventories and With Inventory Valuation Methods, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns of active corporations.....	2,376,779	69,971	19,124	228,657	223,471	92,686	721,443	254,682	465,920	454,301	560,018
Returns showing inventories for both beginning and end-of-year:											
Number of returns.....	910,848	18,241	4,287	90,865	158,611	13,642	508,160	160,356	347,014	9,007	105,180
Inventories, beginning of year.....	376,412,510	2,584,549	4,182,036	14,269,892	195,399,367	17,944,994	131,564,966	59,685,951	71,814,345	5,249,415	4,859,456
Inventories, end-of-year.....	427,394,289	3,315,869	4,641,435	17,485,755	219,320,448	19,986,111	150,899,114	69,848,950	81,082,245	5,300,338	5,935,413
Number of returns with inventory valuation methods for end-of-year inventories, total.....	722,696	9,267	2,501	66,613	134,957	6,471	424,451	135,884	288,046	4,532	71,803
Number of returns with cost method.....	327,641	4,702	1,003	36,421	51,063	3,516	186,386	51,272	134,895	2,392	41,070
Number of returns with lower of cost or market method.....	375,345	3,920	1,420	28,313	80,483	2,848	226,113	81,692	144,126	2,083	29,517
Number of returns with other methods.....	19,710	645	78	1,879	3,411	107	11,952	2,920	9,025	57	1,216
Number of returns with full absorption method of inventory costing.....	136,041	709	456	8,918	74,066	883	42,241	14,401	27,814	377	8,120
Number of returns with LIFO ³ inventory valuation method for end-of-year inventories, total ⁴	23,360	202	86	443	8,478	254	13,112	6,323	6,763	23	698
Number of returns with percent of inventories using LIFO ³ method:											
Under 50 percent.....	1,969	**	7	20	767	21	1,061	406	629	**	*89
50 under 100 percent.....	6,228	*20	20	29	2,331	35	3,755	1,265	2,490	4	28
100 percent.....	10,428	*30	46	132	3,916	96	6,038	3,673	2,365	4	150

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

**Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

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

²Includes "Wholesale and retail trade not allocable" which is not shown separately.

³"Last-in, first-out" inventory valuation method.

⁴Includes returns with percent of inventories using LIFO method not specified.

NOTE: See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.16 — Book Net Income or Deficit and Provision for Federal Income Tax, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total returns of active corporations:											
Number of returns	2,376,779	69,971	19,124	226,657	223,471	92,686	721,443	254,682	465,920	454,301	560,016
Net income (less deficit)	246,867,473	1,296,962	27,709,582	5,876,327	113,518,786	21,001,954	35,759,358	20,091,887	15,663,175	33,873,934	7,666,125
Net income (less deficit) after tax, net	154,988,729	942,748	14,150,252	4,261,334	66,570,786	15,497,761	25,232,178	14,880,644	10,349,067	22,854,894	5,363,541
Returns with book net income or deficit:											
Number of returns, total	2,195,738	62,254	17,815	214,246	210,224	85,419	674,388	239,083	434,450	417,831	506,967
With book net income	1,409,610	39,006	11,249	139,383	149,217	49,972	449,343	173,386	275,658	261,329	305,367
Amount	189,868,095	1,765,052	3,883,271	5,646,886	77,133,576	22,268,732	29,041,281	16,730,304	12,298,337	41,477,983	8,483,883
With book deficit	786,128	23,248	6,566	74,863	61,007	35,447	225,025	65,695	158,792	156,502	201,600
Book net income (less deficit)	167,393,956	788,612	2,880,522	3,696,846	72,233,002	20,093,338	23,858,426	14,278,581	9,572,253	38,268,540	5,449,012
Net income (less deficit) after tax, net	130,319,013	802,668	1,883,764	3,974,440	61,340,505	13,203,590	23,684,967	14,051,219	9,624,751	20,471,087	4,846,307
Provision for Federal income tax, net:											
Number of returns	732,769	16,318	6,342	62,181	85,045	22,224	237,884	102,673	135,045	167,215	133,090
Amount	65,921,022	267,238	1,156,132	1,356,674	35,931,204	7,890,320	9,296,810	4,169,722	5,125,258	8,071,817	1,907,373
Provision for Federal income tax (+):											
Number of returns	696,888	15,193	5,955	57,602	79,046	20,866	228,138	98,114	129,758	161,665	126,077
Amount	67,524,859	276,236	1,235,695	1,491,057	36,713,807	8,013,223	9,496,550	4,307,306	5,137,414	8,284,853	1,969,824
Provision for Federal income tax (-):											
Number of returns	35,881	1,125	387	4,579	5,999	1,358	9,846	4,559	5,287	5,550	7,013
Amount	1,603,837	8,998	79,563	134,382	782,604	122,903	199,740	137,584	62,156	213,036	62,450
Total income tax after investment, work incentive (WIN), and jobs credits	72,237,550	299,212	1,892,234	1,401,563	43,080,794	4,781,694	9,499,475	4,649,193	4,848,452	9,344,590	1,891,418
Foreign tax credit	14,059,262	96	970,326	99,984	11,109,434	174,228	556,048	441,969	114,079	1,034,096	115,049
U.S. possessions tax credit	1,131,858	294	—	1,849	1,074,009	24,205	19,522	13,111	6,412	6,786	3,782

¹Includes "Nature of business not allocable" which is not shown separately.²Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 1.17 — Tax Items: Number of Returns by Selected Types of Tax, Dividend Items, Net Income or Deficit, Statutory Special Deductions, Income Subject to Tax, Income Tax, Credits, and Small Business Corporations (Form 1120S), by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of Returns With Income Tax											
Number of returns with—											
Income tax, total	1,110,304	28,825	8,739	101,735	123,858	37,425	346,124	136,790	209,054	210,015	250,208
Form 1120S	592	*282	—	*34	—	—	*268	*78	*190	—	—
Normal tax, surtax, and alternative tax before credits	1,083,249	27,301	8,271	97,207	120,790	36,075	337,372	132,931	204,161	206,547	246,334
Normal tax, surtax, and alternative tax after credits	794,640	17,930	6,002	63,284	85,072	20,640	254,579	106,374	147,939	187,991	156,380
Tax from recomputing prior-year investment credit	168,798	7,544	2,979	20,702	29,206	8,187	58,750	29,820	28,903	17,315	23,909
Tax from recomputing prior-year work incentive (WIN) credit	303	*19	—	—	64	—	*202	*14	*188	—	—
Total income tax after—											
Foreign tax and U.S. possessions tax credits	1,109,447	28,824	8,721	101,724	123,554	37,419	346,020	136,750	208,990	209,959	249,860
Investment, work incentive (WIN), and jobs credits	855,484	21,235	7,348	72,529	93,225	24,403	272,260	114,623	157,371	193,458	168,222
Foreign tax, U.S. possessions tax, investment, work incentive (WIN), and jobs credits	854,286	21,234	7,329	72,517	92,797	24,381	272,155	114,582	157,307	193,392	167,686
Returns With and Without Net Income											
Number of returns	2,376,779	69,971	19,124	228,657	223,471	92,686	721,443	254,682	465,920	454,301	560,016
Dividends received from domestic corporations, total	13,321,287	40,193	251,615	84,882	5,410,573	307,836	720,340	398,375	321,940	6,308,701	194,093
Amount qualifying for 85 percent deduction	7,708,730	22,764	89,704	53,412	1,703,462	228,467	174,905	94,552	80,329	5,320,914	112,285
Amount on certain public utility stock qualifying for 80.208 deduction	29,241	—	*1	*48	234	*29	*221	*38	*183	27,559	*1,150
Intragroup dividends qualifying for 100 percent deduction	1,700,986	*3,213	*70,676	3,813	317,737	49,057	278,369	52,535	225,835	942,268	35,754
Amount received from a DISC or former DISC	3,856,683	10,899	90,904	26,259	3,386,142	30,092	255,572	246,914	8,658	16,537	40,141
Domestic dividends received (1120S)	25,647	3,317	1,351	2,998	192	11,272	4,337	6,935	4,337	1,423	4,763
Dividends received from foreign corporations, total	9,277,932	*7,669	94,838	80,850	8,137,111	223,792	310,646	193,838	116,808	337,628	85,396
Amount qualifying for 85 percent deduction	6,366	—	*1	*18	85	*1	818	*611	*207	4,685	*759
Intragroup dividends qualifying for 100 percent deduction	174,687	—	1,326	*750	136,265	*1,497	12,591	*10,000	*2,591	21,313	*944
Other foreign dividends	9,096,200	*7,622	93,512	80,045	8,000,551	221,980	297,208	183,220	113,988	311,591	83,690
Foreign dividends received (1120S)	679	*47	—	*36	*210	*315	*30	*8	*22	*39	*3
Constructive taxable income from related foreign corporations, total	8,602,401	*6,570	168,325	91,390	7,298,355	141,157	665,643	574,164	91,479	148,982	81,979
Includable income of Controlled Foreign Corporations	1,547,129	*655	88,990	35,621	1,237,391	56,385	94,571	87,722	6,848	15,813	17,704
Foreign dividend income resulting from foreign taxes deemed paid	7,055,272	*5,915	79,335	55,769	6,060,964	84,773	571,072	486,441	84,631	133,169	64,275
Net income (less deficit)	246,867,473	1,296,962	27,709,582	5,876,327	113,518,786	21,001,954	35,759,358	10,091,887	15,663,175	33,873,934	7,666,125
Statutory special deductions, total	15,770,206	279,202	420,554	771,662	4,548,500	879,291	1,693,812	975,974	6,184,170	978,842	978,842
Net operating loss deduction	9,080,342	255,558	258,036	720,594	2,413,629	589,315	1,244,464	564,432	677,946	2,743,384	843,682
Dividends received deduction	6,378,427	22,561	148,249	49,994	1,900,874	244,758	440,180	296,981	143,178	3,436,910	133,408
Deduction for dividends paid on certain public utility stock	33,387	—	—	—	—	33,371	*16	—	*16	—	—
Western Hemisphere Trade Corporation deduction	277,050	*1,084	14,268	*1,074	233,998	11,847	9,152	8,120	*1,032	3,875	1,752
Income subject to tax	239,631,773	1,386,949	29,041,850	6,420,188	114,374,088	22,090,821	30,594,403	4,531,349	16,053,325	26,968,842	8,589,087
Income tax, total	107,888,445	485,580	13,637,808	2,427,708	53,092,051	12,479,414	5,990,841	6,485,763	11,920,213	3,190,125	3,799
Normal tax, surtax, and alternative tax	106,976,893	475,815	13,741,509	2,398,869	52,753,150	10,252,353	12,386,647	5,940,450	6,443,419	11,756,250	3,151,307
Tax from recomputing prior-year investment credit	50,927	9,124	18,591	25,630	229,483	124,417	86,219	45,483	40,704	42,776	34,512
Tax from recomputing prior-year work incentive (WIN) credit	106	*2	—	—	62	—	*13	*8	*5	—	—
Additional tax for tax preferences	340,519	640	77,686	3,209	109,356	17,604	6,534	4,900	1,635	121,184	4,306
Foreign tax credit	26,357,629	13,210	12,512,804	116,160	11,654,365	222,436	594,197	478,029	116,169	1,103,998	140,459
U.S. possessions tax credit	1,134,422	*294	—	1,882	1,075,601	25,054	19,522	13,111	6,412	6,786	3,799
Investment credit	12,897,172	100,232	234,247	331,104	5,175,971	4,765,971	1,087,793	432,258	654,949	695,842	500,305
Work incentive (WIN) credit	18,469	*17	*94	279	12,044	463	3,378	1,886	1,492	1,094	1,087
Jobs credit	3,093,915	31,117	44,138	481,331	956,211	123,751	860,923	345,513	515,214	204,232	386,149
Normal tax, surtax, and alternative tax after credits	63,475,285	330,944	950,226	1,468,112	33,879,135	5,114,678	9,820,834	4,669,852	5,149,184	9,744,298	2,119,508
Total income tax after—											
Foreign tax and U.S. possessions tax credits	80,396,394	472,076	1,325,004	2,309,666	40,362,086	10,146,889	11,865,694	5,499,701	6,363,183	10,809,429	3,045,867
Investment, work incentive (WIN), and jobs credits	91,878,888	354,214	13,559,329	1,614,993	46,948,000	5,504,193	10,527,320	5,211,383	5,314,107	11,019,045	2,302,584
Foreign tax, U.S. possessions tax, investment, work incentive (WIN) and jobs credits	64,386,837	340,710	1,046,525	1,496,951	34,218,035	5,256,704	9,913,600	4,720,243	5,191,527	9,908,261	2,158,326
Personal Holding Company tax	3,440	*4	—	*33	*36	—	577	*28	550	2,742	*48
Estimated tax payments, net total	48,011,939	196,930	763,355	985,603	26,503,193	3,560,293	7,461,084	3,539,114	3,920,475	6,948,928	1,556,701
1977 overpayments claimed as a credit	2,622,992	21,751	44,848	118,647	1,185,652	210,844	571,956	301,700	270,198	298,168	166,322
1978 estimated tax payments	46,359,892	177,888	742,459	913,933	25,765,203	3,438,768	7,078,644	3,351,179	3,726,028	6,770,837	1,440,550
Less: Refund of estimated tax payments	971,051	2,709	23,952	46,979	447,664	89,320	189,523	113,768	75,755	120,166	50,175
Payments with application for—											
First extension of filing time	9,192,444	34,879	149,930	240,247	4,633,600	1,020,491	1,276,629	580,124	696,436	1,509,140	323,891
Second extension of filing time	5,636,877	8,740	103,603	71,416	3,041,682	758,937	610,751	205,914	404,731	875,584	164,710
Credit for tax paid by regulated investment companies	3,980	*1	*3	*15	*572	*64	*166	*1	*165	3,058	103
Credit for tax on special fuels, nonhighway gasoline, and lubricating oil	48,970	5,254	2,413	3,520	20,576	7,765	7,164	1,534	5,629	856	1,410
Refundable energy credit	5,120	*24	*35	*95	429	*23	745	*723	*22	565	*3,204
Tax due at time of filing	6,406,484	138,447	149,828	449,036	2,029,044	297,807	1,581,557	915,303	665,481	1,312,414	434,643
Tax overpayment	4,915,586	43,562	122,641	252,956	2,011,033	388,677	1,023,932	522,448	500,871	739,535	326,303
Returns of Small Business Corporations, Form 1120S											
Number of returns	478,679	26,214	3,033	52,916	37,467	19,968	167,711	48,310	119,382	55,830	113,759
Net income:											
Number of returns	277,320	14,299	1,731	33,917	23,634	10,736	101,360	32,406	68,935	29,789	60,843
Amount	8,594,131	538,064	182,176	887,622	1,391,103	346,632	2,858,997	1,312,226	1,543,948	1,002,134	1,355,801
Deficit	3,245,390	292,564	171,293	322,695	291,103	193,476	942,050	267,502	674,547	270,808	746,987
Income subject to corporation tax	12,462	*2,166	—	*1,518	*860	—	*4,486	*2,730	*1,756	—	*3,434
Income tax, total	4,307	*686	—	*455	—	—	*1,716	*819	*897	—	—
Normal tax, surtax, and alternative tax	3,719	*648	—	*455	—	—	*1,346	*819	*527	—	—

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

** Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

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

²Includes "Wholesale and retail trade not allocable" which is not shown separately.

³Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), and jobs credits. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORM 1120-DISC

Table 1.18 — Selected Business Energy Investment Credit Items, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns other than Form 1120-DISC.....	2,369,571	69,971	19,124	228,657	223,471	92,686	714,544	247,793	465,920	454,196	559,839
Returns with business energy investment credit items, other than Forms 1120S and 1120-DISC:											
Number of returns.....	1,970	67	17	203	712	80	538	280	258	194	158
Cost of property usable for nonrefundable energy credit, total:											
Number of returns.....	1,885	7	19	188	781	66	582	280	302	95	146
Amount.....	685,431	418	24,371	5,684	586,171	11,378	50,688	40,328	10,360	4,040	2,394
Alternative energy property:											
Number of returns.....	485	**	7	*129	202	19	87	19	68	31	**
Amount.....	285,491	**	12,918	*924	263,269	2,298	4,829	2,200	2,629	1,005	**
Specially defined energy property:											
Number of returns.....	680	**	7	—	291	22	250	45	205	45	60
Amount.....	173,966	**	2,029	—	152,750	3,368	10,225	3,249	6,975	3,032	2,215
Recycling equipment:											
Number of returns.....	549	**	**	*59	236	**	237	208	29	**	—
Amount.....	145,217	**	**	*4,760	97,535	**	35,419	34,663	756	**	—
Shale oil equipment:											
Number of returns.....	*5	—	**	—	**	**	—	—	—	—	—
Amount.....	*7,778	—	**	—	**	**	—	—	—	—	—
Equipment for producing natural gas from geopressured brine:											
Number of returns.....	166	—	—	—	**	*12	*8	*8	—	**	*77
Amount.....	72,979	—	—	—	**	*317	*216	*216	—	**	*132
Cost of property usable for refundable energy credit, solar and wind:											
Number of returns.....	44	*7	**	—	7	**	3	3	—	14	*11
Amount.....	4,038	*20	**	—	2,820	**	31	31	—	716	*372
Nonrefundable energy credit:											
Number of returns.....	1,702	7	12	188	683	59	512	263	249	95	146
Amount.....	61,955	40	2,354	527	52,649	1,044	4,706	3,684	1,021	393	242
Refundable energy credit:											
Number of returns.....	267	*53	*5	*15	34	*15	35	*27	*8	96	*14
Amount.....	5,120	*24	*35	*95	429	*23	745	*723	*22	565	*3,204
Returns of Small Business Corporations, Form 1120S, with business energy investment credit items:											
Number of returns.....	*30	—	—	**	**	—	*14	*8	*6	—	—
Cost of property usable for nonrefundable energy credit by stockholders.....	*1,044	—	—	—	**	—	*185	*162	*24	—	—
Cost of property usable for refundable energy credit by stockholders.....	*160	—	—	—	**	—	*2	—	*2	—	—

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

**Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

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

²Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

Part 2

Tables for 1979

INCOME AND FINANCIAL DATA BY INDUSTRY OR SIZE

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RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income (less deficit)	Net income	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total returns of active corporations	2,556,794	1,588,485	5,598,689,129	4,890,972,248	5,136,075,461	3,709,672,825	284,615,731	321,649,761	279,376,063	120,047,034
Agriculture, forestry, and fishing	83,489	50,888	53,345,996	38,578,745	50,590,436	37,795,256	1,299,975	2,588,762	1,875,005	530,849
Agricultural production.....	59,418	38,290	40,448,692	30,576,224	38,214,281	28,451,540	1,003,978	2,137,093	1,330,307	423,012
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.....	24,071	12,596	12,897,304	8,002,521	12,376,156	9,343,718	295,996	461,670	344,698	107,837
Mining	23,919	11,110	132,542,644	117,684,172	127,454,324	60,225,465	43,058,598	44,889,763	44,043,753	20,210,019
Metal mining.....	1,039	82	8,923,247	5,715,664	6,443,411	4,293,916	384,083	532,090	410,249	197,154
Iron ores.....	34	*29	2,135,532	*1,477,193	1,997,835	*1,451,280	103,103	*137,838	*52,346	*22,210
Copper, lead and zinc, gold and silver ores.....	869	49	4,083,881	3,974,112	3,797,786	2,463,481	326,170	378,581	353,211	172,739
Other metal mining.....	136	*4	703,835	*264,359	647,790	379,155	-45,190	*15,672	*4,691	*2,205
Coal mining.....	4,014	1,205	14,550,449	7,098,904	13,879,991	9,923,138	-79,204	488,421	318,263	165,686
Oil and gas extraction.....	15,485	7,805	102,276,994	96,879,642	98,676,714	40,719,019	42,160,028	43,205,237	42,728,525	19,575,606
Crude petroleum, natural gas, and natural gas liquids.....	6,124	2,821	85,481,651	83,353,642	82,959,238	31,081,600	41,006,956	41,584,418	41,328,509	18,971,551
Oil and gas field services.....	9,361	4,984	16,795,343	13,526,000	15,717,475	9,637,419	1,153,072	1,620,819	1,400,016	604,056
Nonmetallic minerals, except fuels.....	3,381	2,018	8,791,953	7,989,962	8,454,208	5,289,391	593,692	664,014	586,715	271,572
Dimension, crushed, and broken stone; sand and gravel.....	3,039	1,850	5,903,906	5,124,458	5,679,173	3,727,973	369,764	419,368	369,687	156,801
Other nonmetallic minerals, except fuels.....	342	168	2,888,047	2,865,504	2,775,035	1,561,418	223,927	244,646	217,028	114,772
Construction	249,887	155,123	252,852,706	201,550,742	246,890,363	199,975,173	5,985,390	8,903,932	7,250,471	2,545,393
General building contractors and operative builders.....	107,168	58,224	109,008,855	84,719,988	105,955,605	91,369,283	1,950,870	3,257,917	2,580,269	908,418
General building contractors.....	103,932	56,886	102,583,393	80,307,162	99,919,850	86,506,429	1,774,313	2,986,595	2,376,403	824,075
Operative builders.....	3,236	1,538	6,425,462	4,412,806	6,035,754	4,862,855	176,557	271,322	203,866	84,343
Heavy construction contractors.....	16,384	10,999	53,716,685	42,855,552	51,812,773	41,988,246	1,750,287	2,268,838	1,993,508	820,555
Special trade contractors.....	126,335	85,900	90,127,185	73,975,221	89,121,986	66,607,644	2,284,233	3,377,177	2,676,694	816,420
Plumbing, heating, and air conditioning.....	29,013	18,611	22,223,149	17,936,356	22,003,110	17,079,548	499,307	681,616	551,570	155,940
Electrical work.....	19,021	13,656	16,359,784	13,182,176	16,144,349	12,514,751	419,740	538,685	416,691	127,746
Other special trade contractors and contractors not allocable.....	78,301	53,633	51,544,232	42,856,690	50,974,526	37,013,345	1,365,186	2,156,876	1,708,434	532,734
Manufacturing	236,564	161,075	2,152,660,164	1,968,343,405	2,072,665,265	1,522,576,016	130,370,486	139,688,642	133,051,625	58,976,752
Food and kindred products.....	15,134	9,559	239,432,739	210,445,639	234,348,639	180,113,251	8,346,322	9,099,097	8,776,410	3,955,792
Meat products.....	2,176	1,750	55,382,877	45,770,364	54,668,727	47,824,525	723,766	844,823	784,675	351,323
Dairy products.....	1,110	745	33,785,944	31,578,049	33,248,217	26,683,858	1,282,165	1,333,032	1,309,711	589,583
Preserved fruits and vegetables.....	294	186	23,147,907	19,301,790	22,398,887	16,490,396	746,745	826,184	798,948	367,791
Grain mill products.....	1,139	644	32,056,997	30,103,562	31,157,778	23,552,667	1,417,294	1,492,841	1,479,779	695,294
Bakery products.....	4,592	2,755	11,918,170	10,385,521	11,786,692	7,313,363	420,039	457,314	443,583	172,020
Sugar and confectionery products.....	511	323	11,584,326	7,870,447	11,281,437	7,975,108	398,302	487,999	469,057	211,892
Malt liquors and malt.....	34	29	8,358,087	8,063,663	9,256,590	5,920,218	276,222	333,528	315,476	144,764
Alcoholic beverages, except malt liquors and malt.....	611	240	13,333,858	13,148,861	12,922,038	8,929,143	621,793	635,938	614,366	277,193
Bottled soft drinks, and flavorings.....	1,132	875	18,524,299	17,265,027	17,916,527	11,824,083	1,504,071	1,547,957	1,485,861	673,856
Other food and kindred products.....	3,355	2,012	30,340,273	26,958,354	29,711,748	23,599,890	955,924	1,139,580	1,076,953	472,176
Tobacco manufactures.....	103	**	23,672,111	**	22,791,759	13,216,256	2,269,522	**	2,129,736	974,171
Textile mill products.....	5,497	3,448	41,924,359	34,804,550	41,318,210	32,237,471	1,500,849	1,873,936	1,785,115	800,573
Weaving mills and textile finishing.....	1,065	570	14,527,442	12,103,904	14,303,952	11,218,059	534,164	617,195	612,123	277,029
Knitting mills.....	2,511	1,513	8,000,110	6,066,732	7,902,713	6,156,738	326,277	304,065	313,350	133,350
Other textile mill products.....	1,921	1,365	19,396,807	16,633,915	19,111,545	14,862,674	765,876	914,465	868,926	390,193
Apparel and other textile products.....	16,013	9,451	42,248,265	35,760,001	41,529,835	30,984,570	1,551,232	1,903,712	1,762,577	749,317
Men's and boys' clothing.....	1,850	1,531	13,690,538	12,178,131	13,330,368	9,768,747	671,857	739,153	722,413	322,153
Women's and children's clothing.....	8,912	4,805	18,981,595	15,669,904	18,750,306	14,041,867	583,270	764,701	659,960	274,013
Other apparel and accessories.....	1,732	1,222	2,893,975	2,521,193	2,846,248	2,171,248	113,349	138,854	133,623	54,650
Miscellaneous fabricated textile products; textile products, not elsewhere classified.....	3,519	1,893	6,682,157	5,390,774	6,602,913	5,002,707	182,756	261,004	246,581	98,501
Lumber and wood products.....	13,182	9,535	55,392,211	50,545,750	51,809,836	39,181,346	3,276,582	3,596,233	3,391,886	1,152,532
Logging, sawmills, and planing mills.....	4,871	3,857	23,645,375	21,807,791	21,372,980	16,066,081	1,744,022	1,896,859	1,782,073	558,387
Millwork, plywood, and related products.....	3,738	2,548	19,841,540	18,412,454	18,987,216	14,113,297	1,049,450	1,128,532	1,088,749	395,972
Other wood products, including wood buildings and mobile homes.....	4,573	3,130	11,905,296	10,325,504	11,449,639	8,701,970	483,090	570,842	521,064	198,173
Furniture and fixtures.....	7,221	5,399	19,995,655	15,744,620	19,655,110	14,181,932	815,804	1,023,106	960,945	408,544
Paper and allied products.....	3,347	2,577	55,486,806	52,796,964	52,108,930	36,508,077	4,660,320	4,753,704	4,683,236	1,855,351
Pulp, paper, and board mills.....	405	221	33,169,756	32,220,228	30,500,654	21,614,319	2,852,551	2,890,015	2,883,833	1,057,314
Other paper products.....	2,942	2,356	22,317,050	20,576,736	21,608,276	14,893,758	1,807,768	1,863,689	1,799,403	798,037
Printing and publishing.....	37,580	24,300	62,616,240	56,985,454	60,475,168	37,960,380	5,091,005	5,552,735	5,140,297	2,202,091
Newspapers.....	4,418	3,235	19,458,138	18,689,007	18,644,152	11,412,738	2,526,330	2,563,636	2,420,052	1,060,064
Periodicals.....	4,517	2,766	9,371,337	8,096,328	8,998,736	6,085,347	489,182	596,158	512,247	217,450
Books, greeting cards, and miscellaneous publishing.....	5,924	3,258	11,628,002	10,472,895	11,001,109	5,960,484	882,955	1,030,918	962,058	434,905
Commercial and other printing and printing trade services.....	22,721	15,041	22,158,762	19,727,224	21,831,172	14,501,810	1,192,537	1,362,022	1,245,941	489,673
Chemicals and allied products.....	10,477	6,425	173,067,985	163,480,429	166,170,335	109,886,043	13,443,274	13,976,789	13,644,185	6,203,093
Industrial chemicals, plastics materials and synthetics.....	3,838	2,021	77,813,202	74,380,163	74,800,276	50,277,330	5,231,961	5,412,874	5,290,935	2,405,711
Drugs.....	408	351	33,541,203	31,911,935	31,420,275	17,500,393	4,762,895	4,856,614	4,774,396	2,172,194
Soap, cleaners, and toilet goods.....	1,630	918	32,988,224	32,432,249	32,106,488	22,576,576	2,374,222	2,397,263	2,365,202	1,079,100
Paints and allied products.....	1,447	1,118	5,844,544	5,204,765	5,775,858	4,002,753	237,308	274,676	269,189	116,997
Agricultural and other chemical products.....	3,154	2,017	22,880,802	19,551,317	22,067,437	15,528,990	836,901	1,035,363	944,464	429,092
Petroleum (including integrated) and coal products.....	1,137	1,051	464,251,893	449,025,741	448,935,591	365,653,037	32,965,522	33,170,394	31,037,830	14,050,563
Petroleum refining (including integrated).....	392	328	459,888,367	445,113,554	444,670,221	362,460,736	32,730,222	32,922,334	30,795,789	13,945,853
Petroleum and coal products, not elsewhere classified.....	745	723	4,363,527	3,912,188	4,265,370	3,192,301	235,300	248,060	242,041	104,710
Rubber and miscellaneous plastics products.....	9,488	6,444	44,370,747	38,704,864	43,330,721	30,891,797	1,653,040	1,915,445	1,801,998	765,461
Rubber products; plastics footwear, hose and belting.....	1,468	876	26,714,872	24,057,482	26,051,579	18,800,091	745,238	820,650	778,499	345,879
Miscellaneous plastics products.....	8,020	5,568	17,655,875	14,647,382	17,279,142	12,091,706	907,802	1,094,795	1,023,499	419,592
Leather and leather products.....	2,894	1,541	13,436,390	11,873,769	13,189,932	9,589,608	588,698	673,768	608,667	267,070
Footwear, except rubber.....	434	245	9,062,891	8,380,241	8,850,653	6,251,013	454,744	493,703	443,957	201,526
Leather and leather products, not elsewhere classified.....	2,460	1,296	4,373,499	3,493,528	4,339,279	3,338,595	133,954	180,065	164,710	65,544

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income (less deficit)	Net income	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Manufacturing — Continued										
Stone, clay, and glass products.....	8,526	6,398	47,114,876	44,160,665	45,667,873	31,604,844	2,865,128	3,044,238	2,889,810	1,244,227
Glass products.....	1,086	642	13,641,069	13,204,273	13,223,067	8,898,097	755,685	791,563	740,805	327,426
Cement, hydraulic.....	302	144	4,468,376	4,305,618	4,273,945	2,890,960	355,535	377,507	366,057	160,999
Concrete, gypsum, and plaster products.....	5,136	4,138	16,564,873	15,447,917	16,217,636	11,541,974	1,020,204	1,085,985	1,021,882	431,913
Other nonmetallic mineral products.....	2,002	1,474	12,440,558	11,202,858	11,953,226	8,275,812	733,704	789,183	761,066	323,890
Primary metal industries.....	3,850	3,110	148,298,739	129,024,760	144,306,708	111,903,909	5,449,689	5,898,456	5,581,624	2,522,280
Ferrous metal industries, miscellaneous.....	2,427	2,205	86,924,499	70,966,974	84,872,610	64,582,958	2,681,016	2,986,931	2,866,889	1,270,904
primary metal products.....	1,423	905	61,374,240	58,057,786	59,434,097	47,320,952	2,768,673	2,911,525	2,714,735	1,251,376
Nonferrous metal industries.....	34,956	26,414	110,772,897	100,297,797	108,171,188	77,609,268	6,616,517	7,242,468	6,785,587	2,879,082
Fabricated metal products.....	164	136	11,810,389	11,516,686	11,460,028	8,230,370	510,455	524,204	495,080	219,538
Metal cans and shipping containers.....										
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	3,455	2,939	14,055,042	13,025,640	13,704,241	8,901,235	1,214,012	1,286,549	1,227,321	533,693
Plumbing and heating, except electric and warm air.....	754	691	5,383,156	4,970,863	5,270,759	3,574,967	415,599	434,683	415,332	186,992
Fabricated structural metal products.....	8,305	6,509	30,864,714	28,119,356	30,287,877	23,130,608	1,634,753	1,829,485	1,713,016	716,695
Metal forgings and stampings.....	5,457	3,882	11,846,188	10,556,985	11,660,098	8,507,440	617,399	700,542	658,953	277,168
Coating, engraving, and allied services.....	2,608	1,986	4,976,097	4,700,713	4,874,342	3,206,166	291,682	305,168	266,481	101,124
Ordnance and accessories, except vehicles and guided missiles.....	531	26	1,052,387	914,092	1,034,034	729,222	69,363	83,762	81,005	36,987
Miscellaneous fabricated metal products.....	13,682	10,245	30,784,923	26,493,462	29,879,810	21,529,260	1,863,254	2,070,075	1,928,400	806,886
Machinery, except electrical.....	27,089	19,264	161,346,222	151,808,520	149,191,859	96,318,977	15,308,245	15,958,052	15,617,526	7,012,176
Farm machinery.....	2,181	795	14,635,600	12,728,092	13,644,850	9,685,278	621,340	746,501	727,003	327,072
Construction and related machinery.....	1,259	1,204	30,965,276	29,591,635	29,738,016	20,540,456	2,622,955	2,694,637	2,637,653	1,203,124
Metalworking machinery.....	8,656	6,796	14,547,702	13,696,216	14,190,790	8,996,749	1,317,266	1,349,600	1,291,470	531,247
Special industry machinery.....	3,083	2,389	14,415,027	12,905,505	13,919,502	9,810,193	819,775	923,197	886,485	385,490
General industrial machinery.....	4,113	2,575	22,630,687	21,401,029	21,909,600	14,996,190	1,619,260	1,717,399	1,675,601	748,270
Office, computing, and accounting machines.....	861	299	46,081,050	44,839,730	38,204,530	19,928,170	7,204,839	7,328,012	7,267,864	3,332,060
Other machinery, except electrical.....	6,936	5,206	18,070,881	16,646,314	17,584,572	12,361,939	1,102,810	1,198,707	1,131,450	484,912
Electrical and electronic equipment.....	14,120	10,150	150,297,538	134,088,767	143,675,004	97,419,531	8,708,283	9,941,237	9,391,774	4,201,613
Household appliances.....	647	637	12,884,699	12,742,670	12,494,797	8,567,858	784,672	782,097	738,717	335,106
Radio, television, and communication equipment.....	1,859	859	37,089,435	34,875,709	34,651,326	24,411,385	1,792,131	2,021,293	1,810,909	800,215
Electronic components and accessories.....	6,427	4,899	38,656,636	36,018,728	37,517,505	25,587,534	2,490,125	2,772,811	2,611,943	1,156,156
Other electrical equipment.....	5,187	3,755	61,666,769	50,451,661	59,011,377	38,852,754	3,661,264	3,675,307	3,420,206	1,910,137
Motor vehicles and equipment.....	2,142	1,600	162,432,520	147,403,368	154,991,598	115,910,195	8,329,856	9,148,274	9,022,432	4,139,387
Transportation equipment, except motor vehicles.....	2,697	1,527	65,526,107	55,815,339	62,504,982	46,844,255	1,782,170	2,855,329	2,498,694	1,120,186
Aircraft, guided missiles and parts.....	772	702	52,931,178	46,471,216	50,261,103	37,258,358	1,445,776	2,266,035	1,955,390	887,421
Ship and boat building and repairing.....	1,456	562	6,588,406	5,430,962	6,353,997	4,882,992	271,284	369,883	330,114	138,349
Other transportation equipment, except motor vehicles.....	469	263	6,006,523	3,913,161	5,889,882	4,702,905	65,109	219,410	213,190	94,417
Instruments and related products.....	7,614	4,507	38,516,898	34,322,608	36,867,546	22,231,774	3,617,914	3,941,117	3,814,528	1,728,369
Scientific instruments and measuring devices; watches and clocks.....	2,711	1,448	15,071,969	13,163,844	14,495,845	8,783,774	1,195,472	1,354,012	1,304,384	590,093
Optical, medical, and ophthalmic goods.....	4,566	2,893	12,563,895	11,333,702	12,042,791	7,268,452	1,026,879	1,134,770	1,075,854	477,925
Photographic equipment and supplies.....	337	166	10,881,034	9,825,062	10,328,909	6,179,547	1,395,562	1,452,335	1,434,290	660,351
Miscellaneous manufacturing and manufacturing not allocable.....	13,497	**	32,458,964	**	31,624,439	22,129,492	1,530,532	**	1,724,767	744,872
Transportation and public utilities.....	103,770	59,649	445,978,021	376,986,197	432,328,292	282,924,553	18,355,601	21,907,705	20,734,781	9,252,511
Transportation.....	82,105	46,341	181,339,436	140,700,800	173,907,668	123,957,325	4,488,603	6,803,690	6,042,687	2,500,538
Railroad transportation.....	527	159	31,891,732	31,891,732	35,110,225	26,419,688	959,756	1,843,009	1,718,467	770,237
Local and interurban passenger transit.....	10,385	5,727	3,039,787	2,093,157	2,943,995	1,779,698	135,932	184,866	159,496	55,792
Trucking and warehousing.....	35,631	21,900	57,862,518	46,400,961	56,449,019	36,590,207	1,481,555	1,937,448	1,716,078	667,856
Water transportation.....	9,744	4,032	15,117,699	9,850,859	14,405,461	10,309,354	511,334	771,625	643,095	269,046
Transportation by air.....	6,365	2,320	36,344,901	23,991,531	34,790,404	24,865,560	117,565	640,172	591,080	257,552
Pipelines, except natural gas.....	184	140	12,180,422	11,688,481	12,075,312	10,225,225	899,110	910,466	726,968	331,828
Transportation services, not elsewhere classified.....	19,269	12,063	18,663,209	14,784,080	18,133,251	13,767,593	383,351	516,084	407,503	148,228
Communication.....	9,069	5,466	91,883,942	90,340,404	89,903,885	41,754,198	7,190,105	7,391,739	7,112,503	3,301,557
Telephone, telegraph, and other communication services.....	4,496	2,411	78,992,671	78,439,283	77,525,522	35,036,071	5,735,555	5,782,947	5,605,709	2,638,312
Radio and television broadcasting.....	4,573	3,055	12,891,271	11,901,120	12,378,364	6,716,127	1,454,550	1,608,792	1,506,794	683,246
Electric, gas, and sanitary services.....	12,596	7,842	172,754,644	145,944,993	168,516,739	117,213,030	6,676,893	7,712,276	7,579,591	3,450,415
Electric services.....	394	96	51,611,073	43,109,926	50,793,428	31,081,157	1,945,566	2,357,657	2,324,940	1,072,441
Gas production and distribution.....	1,795	1,599	78,187,477	68,516,821	76,092,739	60,075,108	3,223,702	3,464,238	3,412,211	1,549,344
Combination utility services.....	463	457	38,098,811	30,242,001	36,934,502	23,640,415	1,206,999	1,507,003	1,486,862	683,543
Water supply and other sanitary services.....	9,944	5,690	4,857,282	4,076,244	4,696,069	2,416,350	300,626	383,378	355,578	145,087
Wholesale and retail trade.....	772,598	500,211	1,752,708,933	1,497,703,382	1,713,929,230	1,364,156,032	40,181,385	48,189,112	34,697,843	13,419,871
Wholesale trade.....	265,746	188,498	970,684,572	862,502,084	956,130,361	815,073,933	25,753,036	29,450,622	18,620,507	7,298,553
Groceries and related products.....	24,299	16,175	143,610,263	121,991,852	142,283,783	125,679,408	1,288,170	1,715,053	1,369,066	527,839
Machinery, equipment, and supplies.....	56,108	43,380	111,028,686	100,431,130	108,067,237	81,331,512	5,875,129	6,373,164	3,083,673	1,142,360
Miscellaneous wholesale trade.....	185,339	128,943	716,045,622	640,079,101	705,779,342	608,063,013	18,589,737	21,362,405	14,167,768	5,628,354
Motor vehicles and automotive equipment.....	20,098	15,163	50,695,031	43,178,478	50,036,038	39,779,965	2,016,926	2,245,952	1,351,172	536,453
Furniture and home furnishings.....	5,512	2,446	8,625,453	6,937,915	8,459,285	6,321,848	87,722	202,874	159,207	59,211
Lumber and construction materials.....	9,741	7,681	34,992,679	30,385,220	34,526,431	28,603,959	946,648	1,049,964	839,696	311,765
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	2,426	1,431	6,143,457	4,076,719	6,055,592	4,519,960	32,590	194,164	132,657	54,308
Metals and minerals, except petroleum and scrap.....	6,005	4,025	63,532,283	58,656,563	62,757,265	57,941,305	916,542	1,069,027	780,307	335,185
Electrical goods.....	16,488	11,411	38,896,132	33,679,756	38,083,428	28,360,554	2,109,355	2,314,127	1,079,831	424,764
Hardware, plumbing, and heating equipment and supplies.....	13,645	10,497	29,988,910	27,186,045	29,402,058	22,346,600	967,623	1,082,755	940,126	339,973
Other durable goods.....	28,117	19,692	65,723,103	59,868,638	64,563,097	53,482,284	2,052,624	2,361,966	1,497,595	568,800
Paper and paper products.....	5,640	4,563	16,544,258	15,556,002	16,362,007	13,038,766	471,124	510,761	353,595	129,138
Drugs, drug proprietaries, and druggists' sundries.....	3,332	2,455	10,651,334	9,066,747	10,511,879	8,274,776	324,705	371,338	225,332	88,127
Apparel, piece goods, and notions.....	12,180	7,572	27,781,020	24,444,148	27,519,863	22,526,326	475,276	542,769	256,979	202,748
Farm-product raw materials.....	9,879	7,549	106,946,135	90,333,703	105,339,127	98,938,634	1,133,082	1,302,471	792,669	284,384
Chemicals and allied products.....	4,987	3,750	15,249,318	13,835,264	14,882,149	11,628,163	1,424,376	1,428,074	1,182,524	118,602
Petroleum and petroleum products.....	13,261	10,677	153,967,994	144,541,083	152,200,568	142,892,784	3,879,094	4,039,165	3,536,405	1,517,944</

Corporation Returns/1979

RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income (less deficit)	Net income	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Wholesale and retail trade — Continued										
Retail trade	505,440	311,058	779,904,603	633,969,060	755,696,140	547,274,267	14,418,291	18,712,256	16,061,028	6,114,457
Building materials, garden supplies, and mobile home dealers	41,249	29,939	45,218,829	39,634,431	44,341,435	32,370,433	1,382,049	1,605,009	1,374,441	462,995
Building materials dealers	20,183	14,189	30,727,175	27,816,136	30,240,022	22,461,621	987,545	1,114,589	984,552	355,763
Hardware stores	12,655	9,508	7,560,774	6,568,198	7,424,672	4,976,288	260,364	298,268	257,397	72,571
Garden supplies and mobile home dealers	8,411	6,242	6,930,880	5,450,097	6,676,741	4,932,524	134,139	192,152	132,493	34,661
General merchandise stores	8,297	5,965	124,476,749	114,551,900	111,309,337	72,283,642	3,283,779	3,512,759	3,203,713	1,425,830
Food stores	37,663	24,042	169,064,537	143,262,010	167,426,552	130,512,372	2,222,475	2,638,663	2,404,357	1,005,439
Grocery stores	24,157	18,561	160,270,750	137,741,464	158,720,761	124,270,542	2,229,954	2,502,568	2,296,897	969,678
Other food stores	13,506	5,481	8,793,786	5,520,546	8,705,791	6,241,831	-7,478	136,095	107,460	35,761
Automotive dealers and service stations	82,834	49,873	213,377,638	150,068,117	209,957,842	178,066,222	1,411,064	2,534,897	2,175,200	722,159
Motor vehicle dealers	38,904	20,630	158,864,528	104,075,401	156,095,332	134,615,268	367,325	1,243,006	1,071,882	354,822
Gasoline service stations	17,727	13,132	34,689,523	30,360,621	34,366,770	29,318,547	697,904	776,435	675,214	243,872
Other automotive dealers	26,203	16,111	19,823,587	15,632,096	19,495,740	14,132,407	345,835	515,456	428,104	123,464
Apparel and accessory stores	44,422	27,397	31,416,886	25,146,240	30,766,347	18,239,057	992,482	1,378,691	1,205,812	460,128
Furniture and home furnishings stores	41,284	27,239	30,494,511	24,750,593	29,859,383	18,806,309	809,244	1,087,508	896,235	298,577
Eating and drinking places	108,462	52,586	56,880,119	41,560,626	54,909,729	23,700,943	1,402,646	2,244,269	1,697,813	620,937
Miscellaneous retail stores	141,229	94,017	108,975,333	94,995,144	107,125,515	73,295,288	2,914,552	3,710,461	3,103,456	1,118,932
Drug stores and proprietary stores	16,792	12,318	26,717,431	25,320,109	26,459,456	19,302,329	706,109	778,306	719,395	292,793
Liquor stores	10,377	7,232	6,532,742	5,209,384	6,479,957	5,068,099	114,545	144,669	98,349	24,884
Other retail stores	114,060	74,417	75,725,161	64,465,650	74,166,102	48,924,861	2,093,898	2,787,486	2,285,711	800,705
Wholesale and retail trade not allocable	1,412	655	2,119,759	1,232,238	2,102,729	1,807,831	10,058	26,233	16,309	6,861
Finance, insurance, and real estate	471,222	281,548	551,108,822	495,231,051	255,128,441	123,513,417	36,959,270	43,207,792	28,238,662	11,749,927
Banking	13,645	12,157	172,220,355	151,845,922	17,144,458	2,969,054	7,333,927	8,510,247	7,905,211	3,412,268
Mutual savings banks	439	404	13,383,277	10,932,574	452,127	91,981	515,627	513,164	300,043	131,003
Bank holding companies	1,578	1,239	110,649,860	104,421,214	13,372,826	2,785,766	4,943,635	5,108,251	4,852,952	2,175,460
Banks, except mutual savings banks and bank holding companies	11,628	10,514	48,187,218	36,492,134	3,319,505	91,307	1,974,665	2,888,831	2,752,216	1,105,804
Credit agencies other than banks	53,825	31,015	69,742,445	59,472,791	10,792,881	2,938,827	2,879,646	4,021,426	3,612,927	1,591,583
Savings and loan associations	4,509	3,946	47,910,028	40,418,067	2,541,380	358,418	1,683,846	2,123,584	2,056,248	957,483
Personal credit institutions	5,213	2,617	8,199,298	7,804,484	5,178,435	2,159,140	435,086	488,414	445,309	184,079
Business credit institutions	663	440	2,446,939	2,197,334	1,289,673	*17,896	369,335	435,381	427,742	194,743
Other credit agencies; finance not allocable	43,440	24,012	11,186,179	9,052,906	1,783,393	403,374	391,380	974,047	683,628	255,278
Security, commodity brokers and services	6,743	4,499	13,954,140	11,748,253	5,911,725	604,537	576,362	936,850	793,938	331,121
Security brokers, dealers, and flotation companies	3,443	2,698	11,299,046	9,795,664	3,653,198	200,533	670,205	781,481	667,821	278,551
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	3,300	1,801	2,655,094	1,952,588	2,258,527	404,004	-93,843	155,370	126,117	52,570
Insurance	8,005	5,710	226,335,472	213,988,731	176,616,309	102,370,279	12,162,432	12,656,325	9,503,376	4,306,488
Life insurance	1,787	1,343	124,684,178	118,058,135	87,735,741	48,698,370	7,662,837	7,852,883	6,867,548	3,132,891
Mutual insurance, except life or marine and certain fire or flood insurance companies	1,308	1,114	28,725,502	26,616,479	25,756,881	17,037,025	1,011,389	1,096,731	816,839	363,800
Other insurance companies	4,910	3,253	72,925,792	69,314,117	63,123,687	36,634,884	3,488,207	3,706,710	1,818,989	809,797
Insurance agents, brokers, and service	45,082	30,113	14,194,448	11,260,832	13,540,068	2,847,154	1,092,053	1,282,354	1,021,182	377,271
Real estate	294,104	166,399	45,724,025	31,365,980	27,047,489	9,284,721	3,095,610	5,378,258	3,864,678	1,196,805
Real estate operators and lessors of buildings	158,597	99,125	17,113,022	12,184,150	7,197,354	2,791,025	1,473,606	2,355,867	1,931,718	554,206
Lessors of mining, oil, and similar property	697	476	294,708	243,404	50,278	*25,215	129,829	138,872	122,691	43,865
Lessors of railroad property, and of real property, not elsewhere classified	6,730	4,312	300,701	217,732	74,099	28,117	39,839	64,813	49,723	10,990
Condominium management and cooperative housing associations	5,057	2,398	831,446	216,557	616,652	*283	-67,095	19,583	13,998	3,616
Subdividers and developers	33,338	18,063	8,063,525	5,991,956	1,804,323	990,692	991,423	1,637,007	1,050,425	383,195
Other real estate	89,685	44,025	19,120,623	12,512,181	17,304,783	5,449,389	528,008	1,162,118	696,122	200,934
Holding and other investment companies, except bank holding companies	49,818	31,655	18,935,936	15,548,542	4,075,510	2,498,844	9,819,240	10,422,333	1,537,351	534,390
Regulated investment companies	1,021	786	8,634,332	7,943,001	*68	—	7,297,385	7,299,319	*390	*83
Real estate investment trusts	264	52	1,035,177	590,315	2,495	—	78,680	130,360	35	16
Small business investment companies	792	694	134,140	105,679	30,295	—	36,795	46,243	22,296	7,402
Other holding and investment companies, except bank holding companies	47,741	30,123	9,132,287	6,909,547	4,042,653	2,498,844	2,406,380	2,946,411	1,514,630	526,888
Services	603,445	361,741	245,107,895	192,743,653	235,009,878	117,180,747	8,306,989	12,109,401	9,554,448	3,323,418
Hotels and other lodging places	18,789	9,909	16,321,571	12,409,738	15,259,320	7,357,033	966,101	1,277,599	999,047	405,015
Personal services	44,663	27,433	12,140,081	10,244,928	11,806,187	5,905,304	522,465	668,716	532,155	183,023
Business services	151,031	87,356	73,200,299	58,113,415	70,158,741	40,359,422	2,454,101	3,677,498	3,094,120	1,126,945
Advertising	17,015	9,290	17,386,974	15,274,567	17,120,687	12,454,466	544,233	631,211	563,464	221,230
Business services, except advertising	134,016	78,066	55,813,324	42,838,848	53,038,053	27,904,936	1,909,868	3,046,287	2,530,656	905,715
Auto repair, miscellaneous repair services	65,354	40,868	27,028,786	20,372,011	25,931,614	14,374,045	546,089	918,796	710,797	218,396
Auto repair and services	44,307	27,085	20,511,722	15,360,980	19,524,801	10,407,545	331,035	618,090	495,221	155,274
Miscellaneous repair services	21,047	13,783	6,517,065	5,011,032	6,406,813	3,966,500	215,055	301,706	215,576	63,122
Amusement and recreation services	48,178	26,095	27,905,753	22,504,230	25,528,267	13,512,613	1,321,974	1,894,527	1,476,733	605,141
Motion picture production, distribution, and services	7,035	4,294	10,506,042	9,172,534	9,481,848	5,378,823	556,727	668,417	570,565	247,718
Motion picture theaters	2,091	976	3,405,031	2,805,413	3,124,308	1,660,030	137,195	166,070	126,375	52,681
Amusement and recreation services, except motion pictures	39,052	20,825	13,994,680	10,526,282	12,922,112	6,473,761	628,052	1,060,041	779,793	304,742
Other services	275,430	170,080	88,511,205	69,099,332	86,325,748	35,672,330	2,496,259	3,671,266	2,741,594	784,899
Offices of physicians, including osteopathic physicians	80,131	61,009	24,702,143	19,249,949	24,416,413	5,547,077	534,522	680,138	592,583	116,184
Offices of dentists	24,900	18,171	5,990,150	4,583,991	5,930,886	1,967,723	129,572	152,170	129,514	24,146
Offices of other health practitioners	4,443	3,066	701,011	536,984	692,637	214,902	17,608	23,187	19,700	3,

RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Net worth	Depreciable assets	Depreciation deduction
					All returns	Returns with net income				
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Total returns of active corporations	36,827,331	14,634,672	1,293,215	65,887,759	86,613,794	82,395,698	6,835,056,963	1,715,785,070	1,896,559,882	138,061,915
Agriculture, forestry, and fishing	14,223	121,407	19,098	376,068	349,294	337,450	37,976,331	11,994,545	21,739,493	1,983,571
Agricultural production.....	14,133	98,530	12,310	297,993	290,082	280,398	32,850,979	10,383,867	17,899,798	1,607,768
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.....	*90	22,877	6,788	78,076	59,212	57,052	5,125,352	1,610,678	3,839,696	375,802
Mining	18,718,612	270,126	14,744	1,205,562	3,239,424	3,026,322	115,128,696	51,123,353	54,233,992	4,077,060
Metal mining.....	87,462	20,748	*96	88,777	242,483	221,219	12,512,871	7,389,216	5,752,175	382,660
Iron ores.....	8,533	*5,363	4	*8,299	52,924	36,276	*3,093,207	*1,340,541	*2,235,574	*126,605
Copper, lead and zinc, gold and silver ores.....	*78,188	*15,130	*92	79,270	175,466	174,807	8,387,634	5,683,588	3,034,773	220,783
Other metal mining.....	*741	255	—	*1,209	*14,093	*10,137	1,032,029	365,087	481,648	35,273
Coal mining.....	726	30,656	*783	133,513	319,442	259,071	14,749,466	5,624,196	8,674,893	882,463
Oil and gas extraction.....	18,591,431	161,321	12,025	809,951	2,547,776	2,419,049	79,013,969	33,662,215	32,567,244	2,285,715
Crude petroleum, natural gas, and natural gas liquids.....	18,486,772	62,473	1,210	421,092	2,195,325	2,129,103	59,856,206	26,868,438	20,663,606	992,294
Oil and gas field services.....	104,659	98,847	10,816	388,859	352,451	285,946	19,157,762	6,793,777	11,703,639	1,293,421
Nonmetallic minerals, except fuels.....	38,993	57,402	1,840	173,334	129,723	126,983	8,852,392	4,447,725	7,239,680	526,222
Dimension, crushed, and broken stone; sand and gravel.....	811	35,298	1,452	119,236	50,631	47,891	4,914,896	2,520,016	4,337,668	372,392
Other nonmetallic minerals, except fuels.....	*38,183	22,104	*388	54,098	79,092	3,937,496	1,927,710	2,902,012	153,830	153,830
Construction	169,840	366,108	209,127	1,798,188	681,853	622,747	123,261,127	29,439,188	43,468,036	4,552,673
General building contractors and operative builders.....	30,488	88,136	63,736	724,955	282,083	234,658	61,935,884	9,758,823	12,962,146	1,259,585
General building contractors.....	30,487	85,312	62,097	645,692	253,019	217,011	55,989,427	8,800,248	12,031,466	1,181,162
Operative builders.....	*1	2,823	1,638	79,263	29,064	17,647	6,537,457	858,575	930,880	78,423
Heavy construction contractors.....	137,066	163,949	34,307	484,845	198,933	193,510	27,494,211	9,349,826	17,721,316	1,758,462
Special trade contractors.....	2,286	114,023	111,084	588,389	200,837	194,579	33,831,032	10,330,538	12,784,574	1,534,626
Plumbing, heating, and air conditioning.....	21	18,837	25,587	111,423	34,486	30,884	8,227,150	2,359,170	2,211,312	276,059
Electrical work.....	*1,967	14,886	20,794	90,090	47,021	46,289	6,482,819	2,021,027	1,893,015	202,910
Other special trade contractors and contractors not allocable.....	*298	80,300	64,703	386,876	119,330	117,406	19,121,063	5,950,341	8,680,246	1,055,657
Manufacturing	15,286,370	7,120,231	402,790	34,898,932	38,121,235	37,335,488	1,528,575,203	675,400,534	742,167,734	56,132,695
Food and kindred products.....	628,397	457,443	21,441	2,751,661	2,413,055	2,350,269	113,495,784	52,066,212	57,425,599	4,568,370
Meat products.....	28,364	51,559	4,850	265,909	186,958	181,232	13,575,671	5,008,018	6,848,017	631,828
Dairy products.....	73,537	53,656	1,758	460,187	365,335	360,818	13,469,771	6,925,889	7,022,153	545,968
Preserved fruits and vegetables.....	85,662	39,680	2,222	240,085	279,926	258,202	17,589,399	7,973,476	6,380,198	617,315
Grain mill products.....	112,588	72,730	2,717	483,235	471,754	455,332	15,053,689	6,818,374	7,724,763	539,893
Bakery products.....	1,708	22,157	2,627	165,464	99,070	94,965	5,132,697	2,426,625	3,583,164	277,993
Sugar and confectionery products.....	41,866	20,915	771	129,115	72,148	71,056	8,017,629	3,368,179	4,299,909	257,426
Malt liquors and malt.....	6	48,228	96	93,656	74,082	68,121	5,059,935	2,706,123	4,979,720	354,254
Alcoholic beverages, except malt liquors and malt.....	31,474	27,304	744	198,687	251,369	251,369	10,837,648	4,815,802	3,218,968	224,400
Bottled soft drinks, and flavorings.....	208,238	68,511	1,804	365,490	376,561	376,094	11,574,105	6,081,872	6,673,389	623,724
Other food and kindred products.....	44,953	52,701	3,853	349,832	235,851	233,081	13,185,240	6,141,855	6,695,317	495,569
Tobacco manufactures.....	63,752	76,002	*127	822,615	699,504	**	26,629,447	12,370,511	7,751,281	499,682
Textile mill products.....	20,996	107,648	11,310	655,217	451,715	440,447	22,169,569	11,281,198	15,307,010	1,146,068
Weaving mills and textile finishing.....	9,228	39,035	3,322	225,258	120,988	113,455	8,187,377	4,286,303	5,897,165	417,871
Knitting mills.....	1,131	10,439	2,297	115,565	32,035	30,759	3,127,908	1,612,810	1,942,440	159,623
Other textile mill products.....	10,636	58,173	5,691	314,395	298,692	296,233	10,654,284	5,382,085	7,467,405	568,574
Apparel and other textile products.....	53,417	32,030	31,856	600,845	217,104	196,519	19,388,659	8,279,473	4,731,118	406,235
Men's and boys' clothing.....	44,220	11,617	5,921	253,412	105,092	98,614	7,627,568	3,273,585	1,835,233	139,009
Women's and children's clothing.....	8,421	11,536	18,196	222,583	90,427	76,633	7,457,760	3,257,653	1,713,073	167,529
Other apparel and accessories.....	148	2,041	1,903	48,918	6,126	5,896	1,259,989	607,693	312,344	23,260
Miscellaneous fabricated textile products, textile products, not elsewhere classified.....	*627	6,836	5,836	75,933	15,458	15,376	3,043,341	1,140,543	870,469	76,436
Lumber and wood products.....	87,555	276,900	17,677	770,258	612,067	608,077	39,301,038	18,867,983	24,326,623	1,854,199
Logging, sawmills, and planing mills.....	51,542	133,343	3,334	370,066	286,487	285,702	18,671,684	9,838,934	11,921,881	911,528
Millwork, plywood, and related products.....	35,340	115,057	7,103	238,455	249,041	246,108	13,540,489	6,300,979	8,907,005	684,080
Other wood products, including wood buildings and mobile homes.....	*673	28,500	7,240	161,737	76,539	76,267	7,088,864	2,727,069	3,497,737	258,590
Furniture and fixtures.....	1,586	28,915	14,439	362,933	105,113	92,106	9,576,800	4,797,290	4,270,034	324,948
Paper and allied products.....	255,707	321,799	5,454	1,269,758	1,113,830	1,112,551	40,343,460	21,665,921	29,140,393	2,066,515
Pulp, paper, and board mills.....	117,114	233,479	454	706,198	626,847	626,089	27,532,055	14,603,334	20,879,947	1,430,642
Other paper products.....	138,593	88,320	5,300	563,560	486,983	486,463	12,811,405	7,062,587	8,260,446	635,873
Printing and publishing.....	139,209	222,350	19,364	1,818,696	957,901	947,487	43,962,638	20,780,611	20,493,645	1,776,145
Newspapers.....	28,042	99,317	3,076	929,620	465,820	459,035	16,022,076	9,202,352	7,676,984	656,445
Periodicals.....	70,970	27,398	1,769	117,059	125,377	124,816	5,730,267	2,087,294	2,323,944	183,539
Books, greeting cards, and miscellaneous publishing.....	39,003	23,768	1,707	370,389	196,374	193,811	10,500,395	4,130,146	2,945,046	271,345
Commercial and other printing and printing trade services.....	1,194	71,867	12,811	401,627	170,331	169,825	11,709,900	5,360,820	7,547,670	664,815
Chemicals and allied products	1,531,309	712,720	13,484	3,307,693	5,252,154	5,226,934	141,777,451	70,175,685	83,799,223	6,203,830
Industrial chemicals, plastics materials and synthetics.....	671,595	481,047	6,220	1,206,389	1,978,868	1,972,744	70,096,462	33,603,593	53,596,862	3,953,591
Drugs.....	492,063	67,290	1,282	1,026,622	2,013,195	2,003,941	32,318,351	18,680,888	10,400,657	737,644
Soap, cleaners, and toilet goods.....	265,641	87,822	1,325	714,807	889,044	881,763	17,524,794	9,028,134	7,018,621	545,931
Paints and allied products.....	2,900	11,181	2,512	99,212	46,582	46,262	2,795,465	1,382,756	1,231,507	90,037
Agricultural and other chemical products.....	99,110	65,380	2,145	260,662	324,465	322,224	19,042,378	7,480,314	11,551,575	876,626
Petroleum (including integrated) and coal products.....	6,447,153	1,804,418	3,336	5,747,906	10,918,962	10,905,750	320,532,960	148,959,079	149,821,999	8,580,340
Petroleum refining (including integrated).....	6,441,065	1,766,040	2,849	5,668,151	10,881,345	10,868,132	318,255,165	147,927,558	148,504,983	8,459,862
Petroleum and coal products, not elsewhere classified.....	6,088	18,378	*486	79,755	37,617	37,810	2,777,795	1,031,521	1,317,907	120,478
Rubber and miscellaneous plastics products.....	123,692	102,187	18,992	515,850	387,173	378,910	27,439,446	11,778,883	16,558,512	1,180,957
Rubber products; plastics footwear, hose and belting.....	83,973	55,013	4,022	202,856	283,651	279,847	17,291,798	7,463,009	10,865,014	631,800
Miscellaneous plastics products.....	39,719	47,174	14,970	312,994	103,522	99,063	10,147,647	4,315,874	5,693,498	549,158
Leather and leather products.....	2,946	14,111	5,685	237,048	128,463	124,195	6,726,550	2,971,059	1,755,913	147,612
Footwear, except rubber.....	2,801	9,845	3,529	180,106	117,341	114,338	4,896,651	2,252,687	1,313,974	107,371
Leather and leather products, not elsewhere classified.....	145	4,266	2,156	56,942	11,122	9,857	1,829,899	718,371	441,939	40,241

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Net worth	Depreciable assets	Depreciation deduction
					All returns	Returns with net income				
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Manufacturing — Continued										
Stone, clay, and glass products.....	118,167	244,204	14,590	857,900	624,509	622,844	34,238,070	17,053,646	25,386,482	1,908,644
Glass products.....	46,545	60,423	2,372	217,625	205,147	204,156	10,628,848	5,460,145	7,914,751	611,866
Concrete, hydraulic.....	4,409	59,585	58	96,912	93,311	93,311	4,925,720	2,362,370	4,294,704	209,670
Concrete, gypsum, and plaster products.....	2,525	69,113	7,855	351,357	149,183	149,076	9,336,796	4,250,389	7,208,016	620,635
Other nonmetallic mineral products.....	64,688	55,082	4,305	192,006	176,867	176,301	9,346,706	4,980,742	5,969,012	466,474
Primary metal industries.....	493,574	487,471	12,950	1,526,077	1,688,014	1,541,641	117,444,731	47,673,482	76,262,883	4,610,987
Ferrous metal industries; miscellaneous.....										
primary metal products.....	135,049	278,297	10,135	845,351	860,339	720,968	58,678,555	25,617,130	52,765,969	3,114,515
Nonferrous metal industries.....	358,525	209,174	2,814	680,727	827,674	820,673	58,766,176	22,056,351	23,496,914	1,496,472
Fabricated metal products.....	303,725	308,145	61,359	2,179,408	1,090,812	1,074,883	68,991,194	31,321,190	32,420,319	2,484,414
Metal cans and shipping containers.....	51,808	47,477	*399	106,497	177,759	177,458	8,906,726	4,328,387	4,718,114	339,819
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	56,334	41,266	6,390	425,942	235,106	233,390	9,570,468	4,816,383	4,507,185	346,446
Plumbing and heating, except electric and warm air.....	7,970	10,848	1,640	166,495	58,429	57,993	3,543,829	1,872,044	1,391,220	112,762
Fabricated structural metal products.....	79,962	94,101	17,223	523,427	226,951	225,175	19,326,675	7,769,638	7,949,693	567,690
Metal forgings and stampings.....	8,835	30,298	8,136	229,781	67,859	67,319	6,182,135	2,851,350	3,723,489	305,880
Coating, engraving, and allied services.....	301	14,189	2,424	84,000	47,585	47,237	2,916,273	1,197,832	1,692,997	150,367
Ordnance and accessories, except vehicles and guided missiles.....	654	2,092	105	34,108	15,690	15,690	649,378	331,427	334,879	22,649
Miscellaneous fabricated metal products.....	97,862	67,874	25,042	609,158	261,432	250,621	17,895,710	8,154,130	8,102,741	638,801
Machinery, except electrical.....	2,215,971	582,554	51,313	4,134,384	3,586,791	3,561,680	143,520,701	64,132,223	57,714,791	5,545,440
Farm machinery.....	4,633	30,825	2,094	289,303	147,946	147,239	12,471,933	4,316,222	3,514,157	303,941
Construction and related machinery.....	179,644	136,220	5,817	881,290	584,818	576,887	23,611,639	10,650,405	10,346,924	1,025,426
Metalworking machinery.....	36,850	49,605	11,699	432,149	160,532	157,925	9,478,087	4,727,972	4,782,939	363,624
Special industry machinery.....	59,850	27,815	7,152	289,394	137,169	136,082	9,945,815	4,325,685	3,388,744	278,624
General industrial machinery.....	105,930	75,171	8,829	554,823	282,907	277,182	19,014,252	8,759,599	6,535,311	553,456
Office, computing, and accounting machines.....	1,801,702	219,880	3,778	1,298,029	2,063,115	2,061,327	57,445,987	26,362,261	24,278,538	2,608,143
Other machinery, except electrical.....	27,362	43,039	11,945	389,396	210,505	205,038	11,552,989	4,990,105	4,868,178	412,227
Electrical and electronic equipment.....	733,072	474,816	51,364	2,693,441	2,766,525	2,668,712	128,600,158	47,896,960	44,576,797	4,514,687
Household appliances.....	32,658	16,548	904	284,733	233,393	233,298	8,443,208	3,945,677	2,919,889	229,634
Radio, television, and communication equipment.....	257,449	83,053	3,766	420,104	641,746	639,904	37,783,630	13,789,087	9,296,506	1,263,235
Electronic components and accessories.....	112,169	121,437	34,959	829,643	358,155	347,837	29,116,894	11,908,921	9,810,150	978,861
Other electrical equipment.....	330,796	253,778	11,735	1,158,961	1,533,231	1,447,672	51,256,427	18,254,275	22,550,252	2,042,955
Motor vehicles and equipment.....	1,455,818	460,972	9,171	2,206,052	2,886,126	2,840,013	129,289,567	42,953,869	50,481,364	5,426,995
Transportation equipment, except motor vehicles.....	158,173	240,517	12,274	707,866	877,318	731,986	48,991,719	17,425,110	19,820,247	1,265,398
Aircraft, guided missiles and parts.....	155,498	215,189	4,052	511,376	733,544	654,624	40,037,895	13,614,365	16,196,901	964,982
Ship and boat building and repairing.....	580	13,517	6,218	118,021	90,985	34,375	5,233,938	2,475,280	1,561,550	140,869
Other transportation equipment, except motor vehicles.....	2,094	11,811	2,005	78,469	52,789	42,987	3,719,885	1,336,465	2,161,796	159,568
Instruments and related products.....	379,027	113,828	15,187	1,152,804	1,070,858	964,311	27,947,489	14,379,648	13,042,738	1,039,383
Scientific instruments and measuring devices; watches and clocks.....	109,286	34,855	8,991	422,078	242,377	151,431	10,729,800	4,622,721	3,905,064	118,536
Optical, medical, and ophthalmic goods.....	125,274	29,643	4,854	265,514	317,041	307,666	9,360,216	4,786,529	3,294,463	283,665
Photographic equipment and supplies.....	144,468	49,329	*1,342	465,213	511,440	*505,215	7,857,473	4,970,398	5,843,211	437,181
Miscellaneous manufacturing and manufacturing not allocable.....	73,124	51,201	11,116	580,520	273,240	**	20,207,373	8,927,501	6,980,774	581,847
Transportation and public utilities.....										
Transportation.....	315,096	4,055,857	43,203	4,804,126	15,264,900	13,589,382	674,479,897	264,142,807	635,045,371	33,316,414
Railroad transportation.....	126,811	882,719	33,141	1,456,946	1,547,515	1,440,240	159,824,985	55,957,738	127,014,682	8,472,656
Local and interurban passenger transit.....	8,521	409,688	982	350,844	589,587	58,089	56,305,096	23,189,536	47,425,998	1,833,745
Trucking and warehousing.....	1	12,152	2,970	40,408	18,174	18,168	2,406,051	934,802	1,876,883	208,917
Water transportation.....	23,714	192,700	16,714	434,554	252,365	228,972	32,514,960	12,242,180	24,311,501	2,761,627
Transportation by air.....	57,426	59,514	5,932	146,101	150,818	130,067	15,590,144	4,694,694	10,515,893	709,287
Pipelines, except natural gas.....	21,973	146,690	2,795	86,085	188,996	128,335	32,571,338	9,739,530	29,234,843	1,986,721
Transportation services, not elsewhere classified.....	5,813	30,365	*414	295,236	223,805	223,805	8,339,647	1,832,353	6,193,192	369,389
Communication.....	*9,364	31,610	3,335	103,719	123,970	121,806	12,097,749	3,324,642	7,456,712	602,970
Telephone, telegraph, and other communication services.....	49,735	1,732,352	6,463	1,479,762	4,937,975	4,911,490	180,387,458	78,436,667	172,441,028	12,461,063
Radio and television broadcasting.....	26,942	1,666,186	3,597	909,409	4,703,269	4,702,318	167,584,049	72,639,034	166,751,265	11,817,802
Electric, gas, and sanitary services.....	22,793	66,166	2,866	570,353	234,706	209,172	12,803,409	5,797,633	5,689,784	643,261
Electric services.....	138,550	1,440,786	3,599	1,867,419	8,779,410	7,237,631	334,267,454	129,748,403	335,589,681	12,382,695
Gas production and distribution.....	500	685,713	508	385,899	4,133,466	3,470,617	151,499,805	59,415,465	159,906,348	5,734,508
Combination utility services.....	131,238	334,966	934	1,082,172	1,615,962	1,429,271	80,148,748	27,868,343	67,429,339	2,878,214
Water supply and other sanitary services.....	5,099	371,926	92	306,418	2,943,328	2,253,609	94,821,038	38,842,997	100,998,758	3,339,448
Water supply and other sanitary services.....	1,713	48,180	2,065	93,129	84,653	84,134	7,797,864	2,620,598	7,255,236	430,525
Wholesale and retail trade.....										
Wholesale trade.....	891,394	1,328,438	359,373	10,758,948	8,828,705	8,644,232	573,306,508	196,573,329	169,822,837	15,975,729
Groceries and related products.....	763,182	594,219	137,896	5,728,963	5,905,980	5,814,529	306,083,310	107,180,299	63,864,946	6,340,405
Machinery, equipment, and supplies.....	950	68,077	16,756	441,639	262,346	249,138	26,039,399	7,808,626	8,268,031	809,526
Miscellaneous wholesale trade.....	12,853	117,205	37,568	974,406	1,733,076	1,722,112	53,257,989	20,915,064	10,696,351	1,386,258
Motor vehicles and automotive equipment.....	749,379	408,937	83,572	4,312,918	3,910,558	3,843,279	226,785,922	78,456,609	44,900,564	4,144,621
Furniture and home furnishings.....	*7,845	23,935	9,455	495,142	589,545	587,897	19,463,306	7,668,373	3,593,624	337,583
Lumber and construction materials.....	354	4,160	1,538	53,148	24,299	22,036	3,598,873	1,068,390	794,213	77,083
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	4	20,732	9,308	281,692	98,082	87,051	10,128,353	4,227,217	2,714,643	266,650
Metals and minerals, except petroleum and scrap.....	*1,156	2,546	686	49,917	27,841	25,639	3,245,169	791,299	413,175	38,511
Electrical goods.....	9,719	25,027	2,057	298,279	176,889	174,774	18,437,221	4,877,889	3,007,645	261,292
Hardware, plumbing, and heating equipment and supplies.....	1,328	21,188	10,431	391,781	571,078	545,702	16,884,454	7,097,596	1,966,647	203,934
Other durable goods.....	*1,613	20,189	4,880	313,237	92,885	80,654	11,478,031	4,666,697	2,111,437	212,314
Paper and paper products.....	12,867	46,836	9,162	499,834	393,715	386,089	23,231,291	7,885,619	3,942,373	439,591
Drugs, drug proprietaries, and druggists' sundries.....	2,219	8,868	2,245	115,763	88,523	88,452	4,832,905	1,983,844	1,000,657	104,406
Apparel, piece goods, and notions.....	*3,825	5,047	1,730	66,609	93,483	91,349	3,666,194	1,500,525	614,048	66,016
Farm-product raw materials.....	1,477	6,383	3,990	190,747	91,488	90,658	9,092,032	2,555,783	840,964	92,869
Chemicals and allied products.....	20,742	72,689	6,516	184,385	265,511	260,818	24,662,495	7,705,623	8,216,912	580,112
Petroleum and petroleum products.....	*9,558	7,637	1,299	98,987	437,576	437,576	7,229,556	3,666,649	1,083,444	100,367
Alcoholic beverages.....	669,034	73,560	10,565	703,066	446,462	442,498	43,514,661	13,399,638	7,717,798	684,247
Miscellaneous nondurable goods; wholesale trade not allocable.....	*63	24,932	3,063	281,399	136,223	135,860	7,666,467	3,035,334	1,987,287	207,196
	7,575	45,207	6,826	287,932	376,957	376,230	19,054,913	5,626,034	4,895,697	472,452

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficients of Variation, by Minor Industry — Continued

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

Minor industry	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Net worth	Depreciable assets	Depreciation deduction
					All returns	Returns with net income				
Wholesale and retail trade — Continued	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Retail trade	128,212	732,893	221,346	5,024,581	2,919,230	2,826,208	266,714,400	89,320,566	105,764,078	9,620,396
Building materials, garden supplies, and mobile home dealers.....	*93	35,439	13,268	414,150	107,851	107,372	18,546,781	7,364,695	5,695,301	526,964
Building materials dealers.....	*93	27,769	8,042	319,814	89,867	89,525	12,502,049	5,429,845	3,983,660	362,219
Hardware stores.....	(*)	3,882	2,901	65,788	7,347	7,323	3,083,153	1,320,064	757,722	67,775
Garden supplies and mobile home dealers.....	—	3,788	2,324	28,548	10,637	10,524	2,961,579	614,785	953,919	96,970
General merchandise stores.....	83,845	182,427	11,485	1,146,601	1,284,299	1,272,343	69,699,691	24,378,344	24,506,341	1,850,526
Food stores.....	23,724	167,401	36,879	774,188	404,780	382,184	31,070,916	11,110,045	19,648,777	1,658,790
Grocery stores.....	23,724	161,840	36,166	745,375	392,955	370,924	29,318,469	10,656,250	18,358,463	1,544,218
Other food stores.....	—	5,561	513	28,812	11,825	11,261	1,752,447	453,785	1,290,314	114,572
Automotive dealers and service stations.....	*31	78,464	33,686	609,669	154,147	140,403	51,697,569	12,824,410	10,815,500	1,706,989
Motor vehicle dealers.....	—	38,072	16,905	299,832	77,357	67,794	38,104,365	8,557,420	9,272,741	1,185,569
Gasoline service stations.....	(*)	24,150	9,230	210,483	42,176	39,731	5,649,132	1,988,439	2,558,480	244,795
Other automotive dealers.....	*31	16,241	7,551	99,354	34,614	32,878	7,944,073	2,278,551	2,250,279	276,625
Apparel and accessory stores.....	*116	21,993	13,912	423,804	209,328	186,082	13,455,770	6,159,928	4,066,025	396,570
Furniture and home furnishings stores.....	89	17,649	12,113	268,702	46,748	44,262	12,975,459	4,696,636	2,875,395	280,596
Eating and drinking places.....	6,129	109,569	68,699	435,533	316,300	304,318	26,590,123	7,343,150	19,449,167	1,748,092
Miscellaneous retail stores.....	14,186	119,951	31,505	951,935	395,777	389,242	42,678,091	15,443,357	15,441,732	1,451,870
Drug stores and proprietary stores.....	1,350	25,798	3,919	261,534	106,564	103,783	8,472,680	3,418,763	3,058,446	225,000
Liquor stores.....	—	3,111	972	20,811	*13,220	*13,220	1,859,118	594,171	623,361	52,261
Other retail stores.....	12,836	91,042	26,615	669,590	275,994	272,240	32,346,294	11,430,423	11,759,766	1,174,609
Wholesale and retail trade not allocable.....	—	1,326	*131	5,403	*3,495	*3,495	508,797	72,465	193,813	14,928
Finance, insurance, and real estate	1,289,724	807,449	57,338	9,591,910	18,294,307	17,120,359	3,626,872,420	441,498,520	131,789,678	10,250,006
Banking.....	959,889	479,885	14,819	1,957,314	3,929,337	3,631,657	1,903,716,361	131,429,159	34,567,826	4,189,739
Mutual savings banks.....	259	5,912	1,225	123,594	—	—	159,166,628	8,738,822	1,880,853	122,569
Bank holding companies.....	944,061	385,266	5,190	840,673	2,876,502	2,723,034	1,281,160,914	87,596,161	22,180,105	3,176,032
Banks, except mutual savings banks and bank holding companies.....	15,569	88,707	8,404	993,047	1,052,835	908,622	463,388,819	35,094,176	10,506,868	891,138
Credit agencies other than banks.....	43,179	56,431	6,603	1,483,492	730,958	683,885	699,820,816	36,045,893	13,222,495	922,062
Savings and loan associations.....	5	20,827	3,842	932,065	213,916	202,872	538,293,095	18,125,046	8,341,678	446,851
Personal credit institutions.....	21,774	26,153	936	134,662	187,995	185,933	35,029,882	6,177,637	2,177,897	248,647
Business credit institutions.....	*20,410	3,864	*180	169,787	18,222	18,189	16,760,376	2,333,874	239,783	65,242
Other credit agencies; finance not allocable.....	990	5,587	1,645	248,978	310,825	276,891	109,737,464	9,409,336	2,463,137	161,322
Security, commodity brokers and services.....	5,055	26,731	3,321	295,777	201,746	180,882	70,088,356	5,508,840	1,070,442	202,355
Security brokers, dealers, and flotation companies.....	4,782	24,063	3,089	246,383	161,877	154,101	65,270,333	4,771,292	746,391	159,439
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services.....	*273	2,668	233	49,394	39,869	26,781	4,818,023	737,548	324,051	42,916
Insurance.....	204,626	141,884	3,067	3,956,658	3,316,567	3,278,224	656,732,114	102,337,721	11,524,078	1,640,204
Life insurance.....	85,719	67,269	1,139	2,978,590	1,339,492	1,316,034	433,361,174	35,998,810	3,322,125	739,956
Mutual insurance, except life or marine and certain fire or flood insurance companies.....	5,830	12,177	558	345,223	—	—	47,380,649	14,152,331	518,391	137,062
Other insurance companies.....	113,077	62,439	1,370	632,845	1,977,075	1,962,189	175,990,291	52,186,580	7,773,562	763,186
Insurance agents, brokers, and service.....	15,869	19,188	5,809	336,403	382,186	373,095	13,982,598	4,556,258	1,823,762	248,094
Real estate.....	1,366	54,832	19,167	1,121,327	832,663	741,762	120,461,347	28,265,642	63,984,485	2,785,988
Real estate operators and lessors of buildings.....	672	22,477	2,862	528,094	468,439	386,758	60,550,681	16,780,515	49,806,907	1,986,229
Lessors of mining, oil, and similar property.....	31	1,357	—	42,477	75,546	75,509	1,244,998	723,191	780,588	26,790
Lessors of railroad property, and of real property, not elsewhere classified.....	—	1,574	*18	9,398	14,351	14,151	1,954,702	837,577	763,550	44,796
Condominium management and cooperative housing associations.....	—	*175	53	3,388	100	100	3,199,404	935,043	2,875,835	67,802
Subdividers and developers.....	*123	10,710	3,383	368,971	143,178	140,271	33,173,024	5,113,366	4,479,214	258,224
Other real estate.....	*540	18,539	12,852	169,000	131,049	124,973	20,338,538	3,875,950	5,278,392	402,146
Holding and other investment companies, except bank holding companies.....	59,740	28,498	4,550	440,939	8,900,850	8,230,855	162,070,829	133,355,006	5,596,590	261,564
Regulated investment companies.....	—	(*)	—	*83	7,150,981	6,606,269	110,323,843	105,682,819	14,740	311
Real estate investment trusts.....	—	—	—	15	181,696	125,201	6,663,891	2,590,696	2,575,168	75,743
Small business investment companies.....	—	*31	*8	7,364	*8,015	*8,015	794,351	330,974	7,817	897
Other holding and investment companies, except bank holding companies.....	59,740	28,465	4,542	433,478	1,560,159	1,491,370	44,088,744	24,750,517	2,998,865	184,613
Services.....	142,072	561,508	186,234	2,422,559	1,822,529	1,708,192	154,038,119	45,262,060	97,653,470	11,720,749
Hotels and other lodging places.....	5,539	43,697	12,601	342,256	213,809	199,764	19,491,460	5,064,294	15,556,889	936,666
Personal services.....	5,406	25,268	6,370	145,279	141,883	138,154	6,823,723	2,934,690	5,298,233	525,188
Business services.....	61,646	160,517	65,096	834,071	487,378	434,867	45,590,229	13,375,952	22,961,835	3,333,022
Advertising.....	27,873	15,632	7,251	170,323	72,559	66,098	6,034,080	1,736,711	1,509,357	178,682
Business services, except advertising.....	33,773	144,885	57,846	663,748	414,819	368,769	39,556,148	11,639,241	21,452,478	3,154,340
Auto repair; miscellaneous repair services.....	*204	64,732	13,615	139,732	89,950	85,258	19,244,023	4,317,765	17,991,340	3,195,642
Auto repair and services.....	*196	56,931	6,794	91,295	66,033	62,852	16,771,169	3,394,101	16,852,721	3,054,339
Miscellaneous repair services.....	8	7,801	6,821	48,437	23,918	22,406	2,472,853	923,664	1,138,619	141,303
Amusement and recreation services.....	47,969	134,700	9,098	411,899	280,363	276,041	27,212,351	7,959,446	15,728,017	1,894,634
Motion picture production, distribution, and services.....	43,148	97,996	1,457	105,049	117,179	114,802	12,117,723	2,960,612	2,396,708	995,416
Motion picture theaters.....	*6	7,796	1,226	42,549	17,332	17,080	2,282,648	823,442	2,046,532	130,641
Amusement and recreation services, except motion pictures.....	*4,816	28,907	6,414	264,301	145,852	144,158	12,811,979	4,175,393	11,284,777	768,576
Other services.....	21,308	132,594	79,455	549,323	609,146	574,107	35,676,334	11,609,913	20,117,156	1,835,597
Offices of physicians, including osteopathic physicians.....	—	27,691	16,344	72,148	30,828	26,980	4,385,069	1,947,509	2,977,779	381,334
Offices of dentists.....	—	9,295	5,515	9,335	*394	*327	1,111,723	464,231	996,677	115,775
Offices of other health practitioners.....	—	*684	*279	*2,510	*3,518	*3,518	151,789	57,702	120,447	12,924
Nursing and personal care facilities.....	—	9,817	10,086	50,892	89,864	85,234	5,601,886	850,875	4,541,724	224,996
Hospitals.....	1,927	22,435	3,035	83,379	69,293	60,482	5,679,522	1,948,890	3,239,989	208,860
Medical laboratories.....	22	3,185	*827	7,839	2,140	2,140	554,044	264,496	259,301	43,197
Other medical services.....	1,766	9,064	6,551	37,875	41,348	40,806	1,835,326	507,697	927,248	91,786
Legal services.....	—	7,662	4,555	24,754	62,088	62,065	1,468,614	489,761	810,377	98,522
Educational services.....	*6,089	5,498	3,145	31,223	49,257	46,772	1,759,450	528,324	928,047	97,028
Social services.....	—	*536	*648	*2,016	*2,489	*2,489	392,662	—	25,251	299,085
Membership organizations.....	—	1,457	*1,223	10,468	—	—	487,664	428,707	453,203	23,071
Architectural and engineering services.....	9,134	17,272	12,950	125,566	89,223	86,790	5,098,585	2,123,706	1,783,660	211,921
Accounting, auditing, and bookkeeping services.....	12	3,216	*3,253	17,180	49,482	49,479	720,444	206,347	307,181	45,509
Miscellaneous services (including veterinarians), not elsewhere classified.....	*2,359	14,761	11,045	74,037	119,223	107,027	6,069,545	1,816,919	2,372,438	250,801
Nature of business not allocable.....	—	3,547	*1,309	31,445	*11,547	*11,547	1,418,661	350,735	639,270	53,018

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficient of Variation, by Minor Industry — Continued

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

Item	Coefficient of Variation (Percent)									
	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
Total returns of active corporations	0.20	0.70	0.21	0.23	0.23	0.29	0.14	1.29	0.14	0.13
Agriculture, forestry, and fishing	4.37	5.32	5.33	4.11	5.56	7.04	3.84	6.19	4.26	4.31
Agricultural production.....	4.81	5.73	3.88	4.60	4.00	4.69	4.28	6.68	4.50	4.40
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.....	9.59	12.74	18.39	9.22	19.09	24.60	10.15	16.64	11.31	12.42
Mining	7.66	9.33	0.80	0.72	0.81	1.20	0.18	4.05	0.15	0.14
Metal mining.....	42.86	32.39	0.62	0.70	0.59	0.60	1.06	13.20	1.27	1.07
Iron ores.....	50.70	59.25	0.63	0.92	0.57	0.58	0.85	(¹)	1.38	1.02
Copper, lead and zinc, gold and silver ores.....	50.48	41.25	0.92	0.95	0.87	0.85	1.45	29.93	1.46	1.22
Other metal mining.....	54.39	(¹)	2.13	(¹)	2.21	1.97	(¹)	19.10	(¹)	(¹)
Coal mining.....	17.77	30.24	4.19	4.64	4.32	4.05	5.86	7.70	4.62	3.95
Oil and gas extraction.....	9.87	11.51	0.75	0.69	0.75	1.26	0.16	5.07	0.13	0.12
Crude petroleum, natural gas, and natural gas liquids.....	15.49	17.18	0.28	0.27	0.25	0.46	0.10	5.96	0.08	0.07
Oil and gas field services.....	12.83	15.19	4.31	4.64	4.53	5.13	3.36	8.61	3.39	3.27
Nonmetallic minerals, except fuels.....	16.92	18.11	4.85	4.97	4.92	5.93	5.60	28.63	5.64	4.98
Dimension, crushed, and broken stone, sand and gravel.....	18.05	19.50	6.77	7.18	6.86	7.76	8.64	27.93	8.75	8.40
Other nonmetallic minerals, except fuels.....	47.74	35.00	5.22	5.21	5.29	7.77	3.37	69.92	3.23	2.63
Construction	2.65	3.22	1.65	1.89	1.68	1.74	1.97	12.46	2.08	2.07
General building contractors and operative builders.....	4.15	5.22	2.58	3.04	2.63	2.73	3.13	5.49	3.29	3.29
General building contractors.....	4.24	5.32	2.71	3.16	2.75	2.85	3.32	5.81	3.51	3.54
Operative builders.....	19.94	25.03	7.50	10.48	7.89	8.55	8.71	14.75	7.91	7.58
Heavy construction contractors.....	7.87	9.17	3.28	3.76	3.35	3.38	3.38	9.13	3.40	3.22
Special trade contractors.....	3.94	4.57	2.95	3.24	2.96	3.08	3.66	32.32	3.98	4.29
Plumbing, heating, and air conditioning.....	8.31	9.51	5.62	6.41	5.63	5.70	7.83	15.97	8.52	9.21
Electrical work.....	10.11	11.38	7.08	7.80	7.09	7.38	9.37	18.08	10.11	10.88
Other special trade contractors and contractors not allocable.....	5.10	5.93	4.02	4.32	4.03	4.24	4.66	44.32	5.07	5.43
Manufacturing	2.38	2.63	0.24	0.25	0.25	0.28	0.19	1.68	0.19	0.17
Food and kindred products.....	8.82	9.49	1.08	1.13	1.10	1.28	0.78	5.62	0.75	0.69
Meat products.....	16.50	18.99	3.44	3.89	3.48	3.73	4.00	15.95	3.98	3.75
Dairy products.....	16.56	18.22	3.22	3.02	3.25	3.64	1.32	26.81	1.28	1.30
Preserved fruits and vegetables.....	13.41	15.74	1.10	1.17	1.12	1.20	1.32	9.59	1.11	1.03
Grain mill products.....	27.44	30.26	1.59	1.43	1.62	1.87	1.05	17.60	1.05	0.97
Bakery products.....	20.37	23.77	6.15	6.43	6.19	7.17	5.17	19.14	5.22	4.98
Sugar and confectionery products.....	28.68	33.96	2.14	2.86	2.18	2.21	2.45	14.13	2.35	2.05
Malt liquors and malt.....	31.27	36.62	1.25	1.45	1.25	1.12	0.45	(¹)	(¹)	(¹)
Alcoholic beverages, except malt liquors and malt.....	59.84	58.03	0.83	0.77	0.80	0.61	1.08	46.28	1.12	1.04
Bottled soft drinks, and flavorings.....	17.86	14.50	3.26	3.23	3.34	3.89	2.50	31.21	2.30	2.19
Other food and kindred products.....	19.06	21.15	2.68	2.81	2.71	2.95	2.75	12.83	2.80	2.39
Tobacco manufactures.....	67.42	**	0.10	**	0.11	0.11	**	(¹)	0.05	0.02
Textile mill products.....	13.23	16.02	2.59	2.73	2.61	2.68	2.43	10.07	2.38	2.26
Weaving mills and textile finishing.....	28.86	31.71	3.00	3.47	3.04	3.24	2.65	23.55	2.66	2.49
Knitting mills.....	22.05	30.17	9.50	10.41	9.56	9.58	8.30	19.52	8.07	7.90
Other textile mill products.....	18.65	18.58	3.31	3.46	3.33	3.47	3.47	10.99	3.54	3.35
Apparel and other textile products.....	10.24	11.83	3.43	3.69	3.47	3.59	3.27	12.38	3.26	3.15
Men's and boys' clothing.....	24.34	26.72	5.21	5.56	5.33	5.49	3.56	21.68	3.61	3.34
Women's and children's clothing.....	14.87	18.22	5.53	5.97	5.57	5.72	6.34	18.87	6.50	6.50
Other apparel and accessories.....	29.42	33.99	13.50	14.75	13.60	14.01	13.28	53.38	13.49	13.45
Miscellaneous fabricated textile products; textile products, not elsewhere classified.....	19.60	20.17	8.91	9.82	8.94	9.33	8.62	23.08	8.92	8.75
Lumber and wood products.....	9.26	9.99	2.20	2.23	2.31	2.46	1.92	12.03	1.74	1.93
Logging, sawmills, and planing mills.....	15.48	16.72	3.09	3.05	3.32	3.63	2.34	17.44	1.99	2.31
Millwork, plywood, and related products.....	17.21	17.23	3.67	3.70	3.78	4.06	3.36	24.20	2.99	3.22
Other wood products, including wood buildings and mobile homes.....	15.66	17.53	5.52	5.86	5.68	5.77	6.50	22.86	6.58	6.52
Furniture and fixtures.....	13.49	15.99	4.54	4.93	4.57	4.72	4.49	15.79	4.38	4.22
Paper and allied products.....	16.12	18.31	1.49	1.40	1.57	1.70	0.87	14.70	0.81	0.85
Pulp, paper, and board mills.....	42.39	36.03	0.63	0.37	0.67	0.69	0.21	20.22	0.21	0.16
Other paper products.....	17.38	19.74	3.58	3.56	3.66	4.04	2.21	20.41	2.09	1.96
Printing and publishing.....	7.20	8.27	1.92	1.95	1.96	2.08	1.41	10.34	1.29	1.10
Newspapers.....	19.65	21.59	1.83	1.67	1.87	1.91	1.59	29.14	1.59	1.43
Periodicals.....	21.89	25.60	4.92	4.99	5.07	4.97	4.07	14.81	2.97	2.58
Books, greeting cards, and miscellaneous publishing.....	19.49	23.71	3.40	3.29	3.54	4.00	2.40	20.26	2.02	1.80
Commercial and other printing and printing trade services.....	9.15	10.45	4.40	4.69	4.40	4.54	4.19	18.77	3.85	3.35
Chemicals and allied products	11.95	13.12	0.59	0.57	0.61	0.66	0.35	7.06	0.35	0.29
Industrial chemicals, plastics materials and synthetics.....	21.76	22.64	0.86	0.83	0.88	0.93	0.48	13.63	0.47	0.38
Drugs.....	20.45	22.91	0.67	0.69	0.70	0.77	0.49	9.08	0.48	0.43
Soap, cleaners, and toilet goods.....	30.89	33.15	1.04	0.89	1.04	1.03	0.73	33.51	0.69	0.61
Paints and allied products.....	27.68	32.25	6.50	6.42	6.55	6.90	6.65	12.07	6.66	6.05
Agricultural and other chemical products.....	21.32	25.93	2.37	2.48	2.42	2.65	2.29	12.91	2.34	1.86
Petroleum (including integrated) and coal products.....	26.19	28.28	0.14	0.11	0.15	0.16	0.08	5.23	0.09	0.08
Petroleum refining (including integrated).....	21.71	25.09	0.08	0.06	0.08	0.10	0.05	5.54	0.05	0.05
Petroleum and coal products, not elsewhere classified.....	38.35	39.51	12.37	10.56	12.61	14.56	9.25	8.56	9.37	9.08
Rubber and miscellaneous plastics products.....	11.21	11.17	2.11	2.27	2.14	2.21	3.14	12.66	3.05	2.84
Rubber products; plastics footwear, hose and belting.....	29.00	23.40	1.46	1.61	1.49	1.53	3.08	18.29	2.81	2.57
Miscellaneous plastics products.....	12.16	12.39	4.83	5.39	4.89	5.13	4.98	16.14	4.93	4.73
Leather and leather products.....	24.63	28.48	7.40	8.09	7.50	8.39	4.99	20.98	5.03	4.70
Footwear, except rubber.....	29.67	18.92	4.27	4.48	4.33	4.60	3.66	33.87	3.61	3.41
Leather and leather products, not elsewhere classified.....	28.51	33.69	20.97	25.34	21.05	22.54	15.79	26.03	15.91	16.07

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficient of Variation, by Minor Industry — Continued

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

Item	Coefficient of Variation (Percent)									
	Number of returns		Total receipts		Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	Total	With net income	All returns	Returns with net income						
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
Manufacturing — Continued										
Stone, clay, and glass products.....	11.52	12.44	2.03	2.03	2.07	2.17	1.82	12.94	1.83	1.70
Glass products.....	40.15	41.82	1.90	1.81	1.95	2.00	2.23	19.12	2.32	2.22
Cement, hydraulic.....	56.38	54.13	2.37	2.43	2.46	2.36	0.87	11.29	0.87	0.87
Concrete, gypsum, and plaster products.....	14.93	15.93	4.65	4.74	4.69	4.83	4.07	24.08	4.06	3.86
Other nonmetallic mineral products.....	19.84	23.59	3.99	3.99	4.08	4.25	3.59	27.62	3.69	3.36
Primary metal industries.....	14.07	13.41	0.55	0.59	0.56	0.59	0.73	5.46	0.73	0.66
Ferrous metal industries; miscellaneous.....	15.83	17.23	0.69	0.78	0.70	0.72	1.22	6.31	1.21	1.10
primary metal products.....	26.82	19.03	0.91	0.89	0.93	1.00	0.78	10.58	0.78	0.70
Nonferrous metal industries.....	6.08	6.44	1.56	1.64	1.59	1.66	1.65	8.44	1.63	1.53
Fabricated metal products.....	33.76	38.49	1.61	1.53	1.65	1.82	1.45	87.05	1.35	1.34
Metal cans and shipping containers.....										
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	17.54	18.45	4.10	4.29	4.16	4.63	3.62	28.38	3.43	3.11
Plumbing and heating, except electric and warm air.....	45.98	49.88	5.94	5.47	6.02	6.53	4.89	44.28	3.93	3.72
Fabricated structural metal products.....	11.28	11.33	3.20	3.33	3.23	3.22	3.53	15.24	3.55	3.41
Metal forgings and stampings.....	17.90	19.28	5.22	5.59	5.22	5.28	6.11	25.15	6.20	6.10
Coating, engraving, and allied services.....	21.91	21.90	7.80	7.93	7.88	7.92	10.97	37.53	11.15	11.17
Ordinance and accessories, except vehicles and guided missiles.....	69.61	54.79	5.00	2.67	5.04	4.88	2.80	79.41	2.90	2.56
Miscellaneous fabricated metal products.....	9.73	10.71	3.37	3.70	3.44	3.70	3.30	12.23	3.27	3.09
Machinery, except electrical.....	7.43	8.01	0.78	0.80	0.84	0.90	0.65	7.49	0.63	0.56
Farm machinery.....	27.39	23.94	2.43	2.61	2.58	2.71	2.67	16.03	2.49	2.20
Construction and related machinery.....	20.71	21.56	1.26	1.31	1.28	1.34	1.34	0.49	1.25	1.15
Metalworking machinery.....	12.93	13.46	4.60	4.71	4.67	4.93	4.21	31.56	4.22	3.77
Special industry machinery.....	18.63	22.35	3.88	4.02	3.93	3.98	4.55	25.24	4.41	4.28
General industrial machinery.....	20.53	22.84	2.05	2.11	2.10	2.08	2.50	23.61	2.48	2.32
Office, computing, and accounting machines.....	41.74	28.97	0.42	0.33	0.50	0.61	0.25	17.68	0.24	0.21
Other machinery, except electrical.....	15.98	17.35	3.20	3.36	3.24	3.26	3.74	13.73	3.63	3.36
Electrical and electronic equipment.....	9.25	9.96	0.72	0.76	0.75	0.79	0.85	4.14	0.86	0.79
Household appliances.....	44.14	44.85	1.94	1.93	1.99	2.17	2.19	6.77	2.19	1.76
Radio, television, and communication equipment.....	25.24	23.08	1.21	1.21	1.27	1.32	1.67	9.25	1.82	1.78
Electronic components and accessories.....	13.45	15.14	1.78	1.82	1.81	1.84	2.20	13.53	2.23	2.05
Other electrical equipment.....	15.67	15.85	1.08	1.23	1.12	1.27	1.03	3.80	1.00	0.90
Motor vehicles and equipment.....	17.02	19.59	0.38	0.38	0.40	0.41	0.36	1.61	0.36	0.32
Transportation equipment, except motor vehicles.....	22.65	29.86	0.94	0.88	0.98	1.01	1.51	2.70	1.61	1.50
Aircraft, guided missiles and parts.....	45.27	49.63	0.47	0.51	0.49	0.45	1.35	1.84	1.45	1.34
Ship and boat building and repairing.....	33.20	49.15	6.44	5.87	6.64	6.45	6.81	14.81	6.91	6.75
Other transportation equipment, except motor vehicles.....	28.03	38.96	6.21	7.40	6.26	6.63	7.83	13.09	7.87	7.86
Instruments and related products.....	15.46	17.97	1.52	1.60	1.56	1.69	1.46	8.22	1.39	1.28
Scientific instruments and measuring devices; watches and clocks.....	25.16	26.36	2.58	2.81	2.63	2.57	3.33	10.96	3.34	3.22
Optical, medical, and ophthalmic goods.....	20.71	24.56	3.21	3.31	3.29	3.74	2.96	18.03	2.53	2.10
Photographic equipment and supplies.....	50.15	45.29	1.62	1.58	1.68	2.05	0.91	8.78	0.89	0.83
Miscellaneous manufacturing and manufacturing not allocable.....	10.76	**	6.08	**	6.23	8.41	**	11.27	2.96	2.78
Transportation and public utilities.....										
Transportation.....	4.25	5.30	0.56	0.57	0.57	0.69	0.53	2.16	0.50	0.43
Railroad transportation.....	4.86	6.07	1.33	1.46	1.37	1.52	1.49	2.91	1.53	1.40
Local and interurban passenger transit.....	64.48	28.47	0.55	0.64	0.59	0.73	0.96	0.06	0.98	1.00
Trucking and warehousing.....	14.93	19.68	13.46	13.04	13.77	17.17	13.69	29.22	14.61	16.16
Water transportation.....	7.01	8.31	2.93	3.29	2.96	3.22	4.05	10.22	4.32	4.16
Pipelines, except natural gas.....	13.60	16.78	2.97	4.27	3.05	3.09	4.38	8.48	5.06	4.92
Transportation services, not elsewhere classified.....	18.24	28.03	1.72	1.87	1.78	2.11	3.43	5.34	2.20	2.15
Communication.....	31.26	31.97	1.71	1.18	1.71	1.87	1.79	63.35	1.99	1.98
Telephone, telegraph, and other communication services.....	10.90	13.18	7.81	8.02	8.00	9.36	6.94	22.64	6.86	5.82
Radio and television broadcasting.....	12.50	14.51	0.48	0.42	0.47	0.55	0.66	14.10	0.59	0.50
Electric, gas, and sanitary services.....	19.55	22.22	0.32	0.24	0.31	0.40	0.53	26.19	0.47	0.39
Electric services.....	15.67	19.14	2.78	2.80	2.79	2.68	2.38	16.58	2.15	1.96
Gas production and distribution.....	12.64	15.74	0.33	0.35	0.34	0.38	0.37	2.27	0.34	0.23
Combination utility services.....	51.30	15.39	0.06	0.06	0.06	0.07	0.05	2.08	0.05	0.02
Water supply and other sanitary services.....	31.49	34.75	0.57	0.60	0.58	0.65	0.42	2.21	0.38	0.27
Water supply and other sanitary services.....	58.17	58.93	0.23	0.29	0.24	0.23	0.46	(*)	0.47	0.18
Water supply and other sanitary services.....	14.59	18.79	7.30	7.32	7.48	9.18	6.03	25.62	5.94	4.61
Wholesale and retail trade.....										
Wholesale trade.....	1.29	1.58	0.63	0.68	0.64	0.71	0.81	2.25	0.75	0.72
Groceries and related products.....	2.22	2.39	0.92	0.94	0.92	0.98	0.78	3.21	1.12	1.10
Machinery, equipment, and supplies.....	7.52	8.02	2.93	3.29	2.95	3.05	3.47	11.22	3.94	3.86
Miscellaneous wholesale trade.....	4.92	5.14	2.10	2.24	2.12	2.19	1.73	8.17	3.08	3.09
Motor vehicles and automotive equipment.....	2.72	2.93	1.07	1.08	1.08	1.14	0.93	3.64	1.28	1.25
Furniture and home furnishings.....	7.98	8.93	3.27	3.01	3.29	3.47	2.49	11.13	3.88	3.70
Lumber and construction materials.....	17.78	22.93	8.58	9.77	8.85	8.95	12.78	23.56	14.13	15.27
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	10.53	10.62	5.45	5.77	5.48	5.81	5.38	17.24	6.15	6.28
Metals and minerals, except petroleum and scrap.....	24.86	31.64	7.28	9.38	7.31	7.32	10.18	15.58	14.32	14.92
Electrical goods.....	15.08	16.00	2.23	2.37	2.24	2.11	3.59	18.75	4.38	4.29
Hardware, plumbing, and heating equipment and supplies.....	9.08	9.59	3.54	3.76	3.55	3.73	2.40	11.38	4.76	4.65
Other durable goods.....	9.81	10.07	4.78	4.85	4.81	4.91	5.83	24.57	6.06	6.18
Paper and paper products.....	7.62	8.40	4.21	4.55	4.27	4.69	3.25	12.03	4.87	5.11
Drugs, drug proprietaries, and druggists' sundries.....	15.32	16.37	6.41	6.56	6.44	6.50	6.15	35.64	8.67	8.85
Apparel, piece goods, and notions.....	22.94	24.10	7.28	7.37	7.31	7.57	6.43	25.29	9.64	9.17
Farm-product raw materials.....	11.53	12.64	4.25	4.55	4.26	4.10	6.44	13.64	7.53	7.81
Chemicals and allied products.....	9.52	10.59	4.31	4.03	4.36	4.53	3.54	14.95	4.47	3.93
Petroleum and petroleum products.....	17.52	19.04	5.27	5.18	5.33	5.80	2.26	33.94	11.13	11.72
Alcoholic beverages.....	8.78	8.72	1.99	2.08	2.00	1.94	1.77	7.60	1.88	1.72
Miscellaneous nondurable goods; wholesale trade not allocable.....	15.86	15.78	6.30	6.52	6.33	6.36	7.20	30.60	7.92	8.00
	8.05	9.03	3.36	3.62	3.39	3.45	4.03	6.23	5.05	5.04

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficient of Variation, by Minor Industry — Continued

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

Item	Coefficient of Variation (Percent)									
	Number of returns		Total receipts							
	Total	With net income	All returns	Returns with net income	Business receipts	Cost of sales and operations	Net income	Deficit	Income subject to tax	Total income tax
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
Wholesale and retail trade — Continued										
Retail trade	1.75	2.22	0.95	1.05	0.97	1.10	1.07	3.20	1.06	0.94
Building materials, garden supplies, and mobile home dealers	6.18	6.82	3.64	3.87	3.66	3.80	4.41	13.14	4.43	4.41
Building materials dealers	8.27	8.70	4.33	4.56	4.33	4.59	5.14	17.60	5.03	4.96
Hardware stores	12.25	13.63	9.35	9.94	9.37	9.57	11.57	30.52	12.16	12.78
Garden supplies and mobile home dealers	13.96	15.99	9.73	10.98	9.84	10.32	12.29	25.90	12.93	13.02
General merchandise stores	13.56	15.53	0.76	0.76	0.83	0.91	1.03	10.04	1.03	0.89
Food stores	7.14	8.40	2.15	2.31	2.16	2.24	2.34	10.24	2.15	1.85
Grocery stores	8.24	9.06	2.19	2.35	2.20	2.28	2.34	10.99	2.14	1.85
Other food stores	13.47	20.46	10.81	13.48	10.80	11.48	14.31	21.16	15.15	14.47
Automotive dealers and service stations	4.09	5.00	2.56	3.14	2.57	2.62	3.61	6.10	3.78	3.94
Motor vehicle dealers	5.06	6.13	3.03	3.88	3.04	3.07	4.72	6.88	4.97	5.50
Gasoline service stations	10.62	11.92	6.87	7.37	6.90	6.96	7.42	27.69	7.69	7.32
Other automotive dealers	7.89	9.26	5.70	6.54	5.74	5.85	7.91	14.48	8.32	8.64
Apparel and accessory stores	6.72	8.18	3.87	4.39	3.89	4.25	4.39	11.53	4.67	4.24
Furniture and home furnishings stores	6.65	7.66	4.55	4.97	4.59	4.95	4.69	12.92	4.81	4.33
Eating and drinking places	4.41	6.09	3.29	3.78	3.37	3.72	3.87	7.40	3.72	3.22
Miscellaneous retail stores	3.74	4.49	2.32	2.49	2.34	2.63	2.69	8.29	2.68	2.41
Drug stores and proprietary stores	10.21	11.68	3.23	3.20	3.23	3.05	3.63	26.13	3.25	2.03
Liquor stores	13.15	15.24	11.43	12.80	11.47	11.77	14.72	28.17	15.45	13.89
Other retail stores	4.26	5.15	3.00	3.31	3.03	3.56	3.36	9.04	3.43	3.26
Wholesale and retail trade not allocable	38.54	55.12	24.63	40.99	24.70	26.40	38.51	34.18	39.46	41.49
Finance, insurance, and real estate	1.81	2.32	0.30	0.27	0.62	0.62	0.40	1.90	0.48	0.38
Banking	2.35	2.48	0.19	0.09	0.51	0.04	0.19	2.38	0.19	0.17
Mutual savings banks	0.77	0.84	0.04	0.04	(*)	(*)	0.08	(*)	0.09	0.07
Bank holding companies	7.59	5.30	0.08	0.09	0.58	0.03	0.20	1.66	0.18	0.16
Banks, except mutual savings banks and bank holding companies	2.56	2.80	0.66	0.29	1.25	1.08	0.45	3.06	0.46	0.42
Credit agencies other than banks	5.62	6.99	0.33	0.29	1.85	4.89	1.07	4.85	0.85	0.57
Savings and loan associations	1.93	2.04	0.06	0.07	0.19	0.57	0.13	0.31	0.14	0.08
Personal credit institutions	18.10	20.91	0.75	0.66	0.77	0.33	1.77	28.82	1.84	1.25
Business credit institutions	6.62	23.69	3.31	2.65	5.67	49.68	2.18	14.19	2.16	2.02
Other credit agencies; finance not allocable	6.62	8.73	1.87	1.67	10.20	35.76	4.20	8.97	4.08	3.08
Security, commodity brokers and services	16.89	19.44	2.41	2.78	5.07	32.27	4.27	7.50	4.03	3.65
Security brokers, dealers, and flotation companies	18.33	21.15	1.99	2.24	4.82	3.92	4.65	14.86	4.27	3.76
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	28.70	36.79	9.48	12.48	10.80	49.46	10.74	8.59	11.59	11.55
Insurance	12.35	13.49	0.09	0.08	0.10	0.08	0.18	2.54	0.20	0.16
Life insurance	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Mutual insurance, except life or marine and certain fire or flood insurance companies	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
Other insurance companies	20.13	23.68	0.27	0.25	0.29	0.22	0.61	5.76	1.02	0.83
Insurance agents, brokers, and service	6.95	8.19	7.82	7.39	8.15	15.47	4.11	14.74	3.53	2.83
Real estate	2.61	3.39	2.98	3.51	4.19	6.70	2.95	4.48	3.27	3.46
Real estate operators and lessors of buildings	3.25	3.99	3.10	3.78	6.09	9.40	3.51	4.86	3.76	4.01
Lessors of mining, oil, and similar property	38.94	46.47	13.34	14.67	11.33	0.45	18.08	65.17	18.86	20.93
Lessors of railroad property, and of real property, not elsewhere classified	16.46	20.29	14.21	15.99	30.46	44.76	19.57	27.70	22.12	23.13
Condominium management and cooperative housing associations	20.30	32.91	15.58	35.65	17.86	85.51	26.87	16.87	34.04	22.50
Subdividers and developers	6.63	8.28	3.41	3.66	3.26	2.36	3.89	5.78	4.03	3.73
Other real estate	4.98	7.06	5.15	6.08	5.53	8.98	5.87	8.96	7.29	7.28
Holding and other investment companies, except bank holding companies	5.95	7.17	1.61	1.84	5.65	5.81	0.89	7.34	4.49	4.61
Regulated investment companies	6.27	4.14	0.38	0.36	22.26	—	0.36	56.96	51.34	50.18
Real estate investment trusts	57.92	9.07	5.29	0.73	(*)	—	0.75	21.31	(*)	(*)
Small business investment companies	45.86	51.90	14.55	17.73	5.46	—	26.00	41.61	11.89	10.03
Other holding and investment companies, except bank holding companies	6.15	7.45	3.27	4.11	5.70	5.81	2.97	7.91	4.55	4.67
Services	1.67	2.28	1.74	2.00	1.79	2.45	1.64	3.57	1.71	1.56
Hotels and other lodging places	8.64	10.64	4.19	4.04	4.39	4.57	3.82	10.76	3.25	2.77
Personal services	7.30	8.98	5.89	6.53	5.98	6.09	6.39	16.96	6.89	6.63
Business services	3.85	4.97	3.45	3.94	3.56	4.88	3.11	6.38	3.24	3.01
Advertising	11.44	14.19	9.92	10.83	10.04	12.55	5.76	20.29	5.55	4.84
Business services, except advertising	4.13	5.31	3.32	3.69	3.43	4.30	3.56	6.68	3.77	3.56
Auto repair; miscellaneous repair services	5.84	7.24	5.15	6.21	5.32	7.16	6.15	11.17	6.56	6.74
Auto repair and services	7.06	8.79	6.06	7.39	6.31	9.13	6.89	11.99	7.27	6.87
Miscellaneous repair services	10.59	12.87	9.69	11.15	9.76	10.06	12.41	27.30	13.84	16.21
Amusement and recreation services	6.58	8.63	3.41	3.61	3.60	3.98	3.43	9.40	3.22	2.89
Motion picture production, distribution, and services	17.78	21.36	4.56	4.74	4.89	4.76	4.18	20.59	3.78	3.00
Motion picture theaters	24.94	32.92	8.84	8.65	9.11	9.94	12.20	29.02	10.69	10.70
Amusement and recreation services, except motion pictures	7.37	9.77	5.49	6.12	5.74	6.85	5.19	11.10	5.14	4.86
Other services	2.79	3.57	3.34	3.88	3.40	4.79	3.50	6.73	3.72	3.57
Offices of physicians, including osteopathic physicians	5.48	6.23	6.81	7.72	6.85	10.22	8.45	17.49	8.77	9.40
Offices of dentists	10.04	11.54	10.82	12.61	10.89	11.31	16.33	28.91	16.81	17.54
Offices of other health practitioners	25.38	31.18	30.02	36.46	28.99	32.16	46.90	54.99	52.31	51.64
Nursing and personal care facilities	12.81	14.77	8.25	9.11	8.37	8.53	10.81	20.66	11.29	11.66
Hospitals	38.92	46.43	5.08	4.47	5.23	5.72	5.85	32.57	4.21	3.29
Medical laboratories	26.50	30.71	21.64	21.72	21.91	21.57	21.95	52.21	25.02	24.24
Other medical services	14.82	18.37	14.89	16.64	15.08	17.35	14.12	28.46	14.73	12.32
Legal services	11.57	13.30	13.75	15.36	13.81	20.23	16.20	33.49	19.39	22.22
Educational services	14.29	18.77	12.96	13.62	13.05	16.11	14.03	24.84	14.69	15.38
Social services	23.62	37.01	43.32	62.49	43.42	49.26	43.56	49.21	54.83	69.32
Membership organizations	22.94	29.42	18.41	26.00	19.23	14.93	20.81	17.78	24.63	21.34
Architectural and engineering services	9.85	12.21	8.32	9.59	8.44	9.04	7.91	15.75	9.05	8.27
Accounting, auditing, and bookkeeping services	14.66	16.89	17.49	18.89	17.61	26.42	21.66	40.41	24.54	26.92
Miscellaneous services (including veterinarians), not elsewhere classified	6.19	9.69	13.37	17.96	13.88	20.47	10.13	12.71	11.02	12.24
Nature of business not allocable	15.44	23.00	24.06	26.40	25.17	30.25	31.29	30.97	35.80	34.27

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficient of Variation, by Minor Industry — Continued

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

Item	Coefficient of Variation (Percent)								
	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(39)	(40)
Total returns of active corporations.....	0.02	0.19	0.19	0.21	0.57	0.59	0.04	0.12	0.17
Agriculture, forestry, and fishing.....	0.27	5.75	10.75	5.08	12.40	12.76	2.39	2.99	3.32
Agricultural production.....	(*)	6.41	10.41	5.06	12.83	13.18	2.59	3.26	3.66
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.....	41.55	13.05	30.73	15.06	37.37	38.62	6.29	7.55	8.00
Mining.....	0.01	2.53	7.33	1.95	7.12	7.62	0.58	0.98	1.60
Metal mining.....	1.91	1.81	2.69	0.49	(*)	(*)	0.83	1.10	0.73
Iron ores.....	(*)	1.42	(*)	1.83	(*)	(*)	1.42	1.43	1.15
Copper, lead and zinc, gold and silver ores.....	2.13	2.43	4.34	0.52	(*)	(*)	0.83	1.41	0.94
Other metal mining.....	(*)	(*)	—	(*)	(*)	(*)	6.16	7.06	3.27
Coal mining.....	(*)	4.63	8.78	4.23	3.33	4.09	1.68	2.61	3.48
Oil and gas extraction.....	(*)	3.72	12.18	2.42	9.04	9.52	0.69	1.17	2.21
Crude petroleum, natural gas, and natural gas liquids.....	(*)	2.97	4.79	2.69	10.41	10.73	0.62	0.59	1.23
Oil and gas field services.....	0.03	5.78	17.29	4.13	8.22	9.99	2.09	3.09	3.80
Nonmetallic minerals, except fuels.....	0.23	5.07	7.56	6.73	4.47	4.31	3.22	3.96	5.37
Dimension, crushed, and broken stone; sand and gravel.....	(*)	7.97	8.38	9.57	10.17	9.99	5.46	6.38	7.37
Other nonmetallic minerals, except fuels.....	0.23	3.48	17.42	4.41	3.37	3.37	2.43	2.66	4.41
Construction.....	0.03	3.06	5.81	2.49	5.49	5.85	1.14	1.89	2.00
General building contractors and operative builders.....	0.03	5.24	9.06	3.66	8.86	10.12	1.53	2.48	2.76
General building contractors.....	0.03	5.33	9.11	4.00	9.81	10.86	1.66	2.56	2.73
Operative builders.....	(*)	29.61	56.33	7.58	10.26	16.87	3.85	9.63	16.44
Heavy construction contractors.....	0.04	5.14	10.49	4.18	4.47	4.40	2.46	3.57	3.72
Special trade contractors.....	1.22	5.18	8.29	5.13	13.17	13.51	2.50	3.41	3.58
Plumbing, heating, and air conditioning.....	(*)	10.77	16.92	10.76	34.54	37.50	4.84	6.17	6.99
Electrical work.....	0.18	14.30	15.18	13.42	22.64	22.95	5.65	8.08	8.07
Other special trade contractors and contractors not allocable.....	9.24	6.40	10.91	6.47	17.67	17.95	3.46	4.46	4.65
Manufacturing.....	0.05	0.20	0.17	0.26	0.61	0.62	0.12	0.15	0.20
Food and kindred products.....	(*)	0.86	0.66	0.90	0.93	0.94	0.51	0.76	0.86
Meat products.....	(*)	2.52	1.45	4.60	4.69	4.83	1.85	2.31	2.08
Dairy products.....	(*)	2.38	1.22	1.54	3.42	3.32	1.65	2.32	2.69
Preserved fruits and vegetables.....	(*)	1.10	0.83	1.49	2.00	2.17	0.78	1.09	0.91
Grain mill products.....	(*)	1.64	1.36	1.22	0.27	0.28	1.14	1.42	1.47
Bakery products.....	(*)	7.06	5.20	5.07	3.57	3.72	3.83	4.38	5.35
Sugar and confectionery products.....	(*)	3.01	1.47	2.90	0.50	0.51	1.34	1.88	2.39
Malt liquors and malt.....	(*)	(*)	(*)	(*)	(*)	(*)	0.79	1.39	0.85
Alcoholic beverages, except malt liquors and malt.....	(*)	1.79	0.30	1.26	0.19	0.19	0.72	1.41	1.44
Bottled soft drinks, and flavorings.....	(*)	3.36	2.67	3.62	3.63	3.64	2.11	3.42	3.73
Other food and kindred products.....	(*)	2.91	3.16	2.96	2.49	2.52	1.87	2.75	3.36
Tobacco manufactures.....	(*)	0.01	0.01	0.02	(*)	**	0.12	0.17	0.18
Textile mill products.....	(*)	2.44	1.50	2.54	2.11	1.97	1.60	1.74	2.10
Weaving mills and textile finishing.....	(*)	1.44	0.76	2.86	3.48	1.33	1.74	1.98	3.00
Knitting mills.....	(*)	10.10	9.48	8.35	19.64	20.46	5.99	7.05	8.51
Other textile mill products.....	(*)	4.03	2.36	3.82	1.97	1.98	2.42	2.63	2.72
Apparel and other textile products.....	0.44	6.69	10.04	3.52	2.37	2.81	2.49	3.65	4.18
Men's and boys' clothing.....	0.36	6.26	3.44	3.92	0.63	0.66	2.92	5.50	5.11
Women's and children's clothing.....	2.02	14.46	30.20	7.05	4.82	5.67	4.56	8.02	7.80
Other apparel and accessories.....	(*)	19.46	24.07	14.24	24.05	24.71	11.08	17.16	16.73
Miscellaneous fabricated textile products; textile products, not elsewhere classified.....	3.76	15.67	22.30	9.82	14.25	14.32	7.34	9.06	9.50
Lumber and wood products.....	0.13	1.40	1.28	2.58	2.27	2.29	1.19	1.47	1.79
Logging, sawmills, and planing mills.....	(*)	2.30	2.12	3.02	4.56	4.58	1.55	2.27	2.95
Millwork, plywood, and related products.....	(*)	1.25	1.02	4.92	1.33	1.35	2.07	1.94	2.06
Other wood products, including wood buildings and mobile homes.....	17.54	6.63	8.39	7.18	4.42	4.44	3.38	4.57	5.13
Furniture and fixtures.....	0.29	5.12	7.79	4.41	6.51	6.67	3.51	3.91	4.22
Paper and allied products.....	0.01	0.51	0.35	1.12	1.11	1.11	0.75	0.74	0.95
Pulp, paper, and board mills.....	(*)	0.09	(*)	0.22	0.01	0.01	0.36	0.49	0.87
Other paper products.....	0.02	1.85	1.35	2.52	2.54	2.54	2.23	2.29	2.39
Printing and publishing.....	0.04	2.26	2.18	1.19	2.58	2.61	1.26	1.92	2.44
Newspapers.....	0.07	2.02	0.62	1.54	3.21	3.25	1.36	2.18	2.24
Periodicals.....	(*)	1.80	1.11	4.42	9.10	9.14	2.66	3.44	3.34
Books, greeting cards, and miscellaneous publishing.....	0.14	4.10	1.83	1.98	5.83	5.90	2.45	5.85	5.11
Commercial and other printing and printing trade services.....	(*)	6.22	8.05	3.39	6.63	6.65	3.52	4.00	5.71
Chemicals and allied products.....	0.10	0.39	0.40	0.49	0.16	0.15	0.32	0.33	0.47
Industrial chemicals, plastics materials and synthetics.....	0.04	0.46	0.47	0.62	0.27	0.27	0.43	0.42	0.58
Drugs.....	0.02	0.75	0.51	0.87	0.03	0.03	0.43	0.61	0.65
Soap, cleaners, and toilet goods.....	0.56	0.57	2.20	0.79	0.36	0.36	0.77	0.74	2.07
Paints and allied products.....	(*)	7.02	1.31	6.32	4.85	4.89	5.25	4.90	5.27
Agricultural and other chemical products.....	0.02	1.93	1.13	2.77	1.44	1.43	1.19	1.02	1.41
Petroleum (including integrated) and coal products.....	(*)	0.07	0.04	0.19	0.01	0.01	0.05	0.06	0.10
Petroleum refining (including integrated).....	(*)	0.04	0.03	0.10	(*)	(*)	0.04	0.03	0.05
Petroleum and coal products, not elsewhere classified.....	(*)	5.35	1.52	11.38	3.20	3.20	5.83	5.56	6.66
Rubber and miscellaneous plastics products.....	0.45	3.27	3.15	3.63	3.24	3.30	1.48	1.66	2.40
Rubber products; plastics footwear, hose and belting.....	0.33	2.51	1.52	3.73	1.63	1.65	0.92	0.90	1.25
Miscellaneous plastics products.....	1.21	6.45	10.70	5.49	11.31	11.77	3.68	4.50	4.97
Leather and leather products.....	(*)	8.64	14.50	4.95	1.85	1.76	5.28	4.26	4.94
Footwear, except rubber.....	(*)	5.96	9.01	3.42	0.82	0.72	2.95	3.90	4.28
Leather and leather products, not elsewhere classified.....	(*)	25.15	51.80	17.57	19.64	20.74	17.75	12.36	14.10

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficient of Variation, by Minor Industry — Continued

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

Item	Coefficient of Variation (Percent)								
	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(39)	(40)
Manufacturing — Continued									
Stone, clay, and glass products.....	(*)	1.91	2.79	2.13	2.66	2.67	1.24	1.43	1.89
Glass products.....	(*)	0.81	0.47	3.13	0.39	0.39	1.15	0.68	0.98
Cement, hydraulic.....	(*)	0.37	(*)	0.90	0.05	0.05	1.04	1.37	1.71
Concrete, gypsum, and plaster products.....	(*)	5.67	10.74	4.01	8.88	8.88	3.60	4.29	5.17
Other nonmetallic mineral products.....	(*)	4.47	7.21	4.93	5.70	5.72	2.44	2.88	3.17
Primary metal industries.....	0.02	0.51	0.29	0.98	0.38	0.42	0.27	0.31	0.46
Ferrous metal industries; miscellaneous primary metal products.....	0.06	0.76	0.40	1.50	0.59	0.70	0.44	0.38	0.61
Nonferrous metal industries.....	(*)	0.64	0.40	1.15	0.49	0.49	0.32	0.52	0.67
Fabricated metal products.....	1.40	2.07	2.42	1.81	2.85	2.88	1.08	1.33	1.62
Metal cans and shipping containers.....	(*)	0.55	0.46	2.58	0.01	(*)	0.94	1.17	1.06
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.....	3.63	7.00	11.79	3.48	5.30	5.33	2.59	3.67	4.62
Plumbing and heating, except electric and warm air.....	(*)	4.42	5.46	3.91	13.54	13.65	4.47	4.77	4.44
Fabricated structural metal products.....	4.66	3.36	3.71	4.16	5.28	5.32	2.29	2.52	3.19
Metal forgings and stampings.....	(*)	8.69	10.05	6.60	6.76	6.82	4.14	4.96	5.91
Coating, engraving, and allied services.....	(*)	11.13	9.20	12.26	25.74	25.94	5.90	8.34	9.68
Ordinance and accessories, except vehicles and guided missiles.....	(*)	0.33	(*)	2.75	(*)	(*)	5.49	5.38	7.14
Miscellaneous fabricated metal products.....	0.14	5.30	7.16	3.66	7.94	8.23	2.41	3.02	3.42
Machinery, except electrical.....	0.09	0.90	0.78	0.86	0.58	0.59	0.44	0.59	0.60
Farm machinery.....	0.78	2.65	1.93	2.31	1.02	1.03	1.41	2.34	2.53
Construction and related machinery.....	0.02	0.84	0.73	1.47	1.31	1.32	0.85	0.66	0.70
Metalworking machinery.....	3.21	7.39	9.51	4.09	7.98	7.99	3.28	4.42	5.21
Special industry machinery.....	2.52	5.23	6.59	5.17	6.31	6.36	3.59	4.22	3.88
General industrial machinery.....	0.01	2.04	2.02	2.90	2.34	2.38	1.25	1.92	2.22
Office, computing, and accounting machines.....	(*)	0.36	0.34	0.51	0.01	(*)	0.23	0.28	0.43
Other machinery, except electrical.....	0.41	6.24	6.81	3.73	4.80	4.92	2.35	3.28	3.96
Electrical and electronic equipment.....	0.66	0.69	0.52	1.09	0.33	0.34	0.41	0.47	0.48
Household appliances.....	(*)	1.29	0.45	2.02	1.56	1.56	1.30	1.57	1.61
Radio, television, and communication equipment.....	1.61	0.88	0.53	2.94	0.26	0.26	0.56	0.94	0.66
Electronic components and accessories.....	2.21	2.15	2.90	2.49	1.73	1.78	1.16	1.45	1.72
Other electrical equipment.....	0.01	0.71	0.40	1.39	0.35	0.37	0.63	0.53	0.51
Motor vehicles and equipment.....	0.01	0.23	0.17	0.55	7.74	7.87	0.22	0.29	0.24
Transportation equipment, except motor vehicles.....	(*)	1.11	1.41	2.09	1.08	1.29	0.50	0.76	1.06
Aircraft, guided missiles and parts.....	(*)	0.72	0.52	2.16	1.21	1.36	0.40	0.69	0.92
Ship and boat building and repairing.....	(*)	15.59	18.43	6.03	(*)	(*)	2.72	5.61	5.84
Other transportation equipment, except motor vehicles.....	(*)	4.03	1.40	8.72	6.23	7.65	3.15	2.36	3.67
Instruments and related products.....	0.86	1.34	1.17	1.70	1.21	1.18	1.11	0.94	1.18
Scientific instruments and measuring devices; watches and clocks.....	2.97	2.83	2.68	3.96	1.62	2.60	2.07	1.83	2.36
Optical, medical, and ophthalmic goods.....	0.03	3.76	3.60	3.40	3.92	3.47	2.01	2.58	3.14
Photographic equipment and supplies.....	(*)	0.63	0.62	1.09	0.03	0.03	1.33	0.89	0.89
Miscellaneous manufacturing and manufacturing not allocable.....	0.42	4.58	4.28	3.30	4.90	**	1.94	2.80	3.42
Transportation and public utilities									
Transportation.....	0.05	0.30	0.22	0.66	0.16	0.17	0.15	0.16	0.30
Railroad transportation.....	0.11	1.27	1.29	1.90	1.37	1.41	0.49	0.62	1.07
Local and interurban passenger transit.....	(*)	0.04	(*)	2.19	0.63	0.63	0.17	0.16	0.21
Trucking and warehousing.....	0.02	17.53	29.09	18.62	43.04	43.05	8.32	10.90	11.72
Water transportation.....	0.24	5.23	5.57	4.72	6.14	6.34	1.82	2.56	2.71
Transportation by air.....	(*)	5.10	11.71	7.57	1.05	1.09	1.87	2.97	4.05
Pipelines, except natural gas.....	(*)	1.19	2.22	5.29	0.53	0.78	0.63	0.63	1.09
Pipeline services, not elsewhere classified.....	(*)	2.12	55.80	2.11	1.41	1.41	1.25	2.15	2.29
Communication.....	0.21	8.31	2.07	6.82	8.76	8.82	2.39	2.53	4.47
Telephone, telegraph, and other communication services.....	(*)	0.26	0.12	0.94	0.21	0.21	0.22	0.23	0.27
Radio and television broadcasting.....	0.46	0.22	0.09	0.89	0.08	0.08	0.17	0.20	0.21
Electric, gas, and sanitary services.....	(*)	3.71	4.89	1.98	3.99	4.48	2.09	3.97	3.51
Electric services.....	(*)	0.19	0.21	0.33	0.06	0.07	0.14	0.15	0.26
Gas production and distribution.....	(*)	0.03	(*)	0.02	0.01	0.02	0.03	0.03	0.04
Combination utility services.....	(*)	0.54	0.13	0.28	0.27	0.30	0.48	0.61	0.33
Water supply and other sanitary services.....	(*)	0.08	(*)	0.32	(*)	(*)	0.04	0.03	0.09
Wholesale and retail trade.....	0.12	4.38	4.66	5.72	2.60	2.58	3.39	3.88	6.95
Wholesale trade.....	0.14	0.95	1.00	0.83	3.46	3.52	0.40	0.60	0.72
Groceries and related products.....	(*)	1.68	2.15	1.32	5.04	5.11	0.60	1.03	1.18
Machinery, equipment, and supplies.....	0.15	4.63	6.42	4.24	5.50	4.23	2.10	3.01	3.89
Miscellaneous wholesale trade.....	0.14	3.92	6.10	3.34	1.79	1.80	1.57	2.54	2.64
Motor vehicles and automotive equipment.....	0.08	2.04	2.41	1.54	7.57	7.69	0.72	1.26	1.42
Furniture and home furnishings.....	(*)	5.34	11.47	3.86	4.57	4.58	2.44	3.68	4.86
Lumber and construction materials.....	(*)	13.26	12.86	16.59	34.41	37.68	6.65	7.63	8.21
Sporting, recreational, photographic, and hobby goods, toys, and supplies.....	(*)	8.14	11.04	6.56	10.18	8.90	4.19	5.95	8.45
Metals and minerals, except petroleum and scrap.....	82.35	20.39	46.06	14.91	8.02	8.70	6.55	12.15	13.45
Electrical goods.....	(*)	5.67	3.72	4.59	10.34	10.46	1.64	2.74	3.47
Hardware, plumbing, and heating equipment and supplies.....	3.28	5.52	7.93	4.75	3.74	2.43	2.66	4.22	5.28
Other durable goods.....	7.80	7.34	13.89	6.48	16.43	16.82	3.66	4.76	5.15
Paper and paper products.....	0.54	9.05	13.43	5.49	2.52	2.50	2.41	5.17	4.88
Drugs, drug proprietaries, and druggists' sundries.....	(*)	8.99	19.42	9.67	3.35	3.35	5.48	6.80	9.85
Apparel, piece goods, and notions.....	0.01	12.46	21.46	11.63	3.08	3.00	6.19	9.54	8.51
Farm-product raw materials.....	16.32	10.97	10.10	7.99	15.06	15.19	4.14	7.09	8.41
Chemicals and allied products.....	(*)	2.45	1.65	5.19	9.87	10.05	1.98	3.27	3.18
Petroleum and petroleum products.....	0.65	14.99	38.87	13.23	1.02	1.02	3.13	7.54	9.61
Alcoholic beverages.....	(*)	5.10	6.38	3.42	65.52	66.08	1.10	3.37	3.69
Miscellaneous nondurable goods; wholesale trade not allocable.....	63.96	15.03	35.66	8.07	15.17	15.21	9.70	8.54	9.10
	0.84	6.47	6.06	5.70	3.52	3.53	2.56	3.72	4.07

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.1 — Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, Net Worth, Depreciable Assets, Depreciation Deduction, and Coefficient of Variation, by Minor Industry — Continued

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

Item	Coefficient of Variation (Percent)								
	Foreign tax credit	Investment credit	Jobs credit	Total income tax after credits ¹	Distributions to stockholders except in own stock		Total assets	Depreciable assets	Depreciation deduction
					All returns	Returns with net income			
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(39)	(40)
Wholesale and retail trade — Continued									
Retail trade.....	0.21	1.11	1.05	1.04	2.38	2.37	0.62	0.78	0.97
Building materials, garden supplies, and mobile home dealers.....	15.11	5.02	5.39	4.66	17.41	17.49	3.17	3.88	4.33
Building materials dealers.....	15.11	5.87	5.58	5.24	19.94	20.02	3.77	4.50	5.30
Hardware stores.....	(²)	13.49	23.36	13.39	28.38	28.47	8.56	10.33	10.72
Garden supplies and mobile home dealers.....	(²)	12.95	28.29	13.85	49.22	49.75	8.17	10.84	10.38
General merchandise stores.....	(²)	0.46	0.27	1.05	0.80	0.80	0.49	0.55	0.58
Food stores.....	(²)	1.75	1.49	2.06	6.14	5.38	1.51	1.57	1.76
Grocery stores.....	(²)	1.71	1.46	2.04	6.24	5.43	1.48	1.47	1.68
Other food stores.....	(²)	16.75	21.27	16.72	34.52	36.08	9.99	11.82	11.74
Automotive dealers and service stations.....	1.54	4.51	8.34	4.28	9.99	10.76	2.05	2.55	3.05
Motor vehicle dealers.....	(²)	5.11	9.26	6.13	12.46	13.77	2.48	3.06	3.76
Gasoline service stations.....	(²)	10.16	17.59	7.60	17.77	18.86	5.45	6.66	6.98
Other automotive dealers.....	1.54	10.16	20.96	9.55	27.22	28.19	4.91	6.50	7.69
Apparel and accessory stores.....	38.99	4.98	4.85	4.41	10.87	12.19	3.35	4.11	4.45
Furniture and home furnishings stores.....	(²)	14.67	34.20	4.33	10.94	11.19	3.75	4.44	4.57
Eating and drinking places.....	(²)	3.56	2.91	3.59	13.50	13.60	2.18	2.67	3.04
Miscellaneous retail stores.....	1.90	3.64	3.88	2.60	8.62	8.74	1.81	2.42	2.92
Drug stores and proprietary stores.....	(²)	3.84	3.48	2.05	6.97	6.80	3.04	3.35	4.64
Liquor stores.....	—	27.70	46.86	14.81	61.74	61.74	10.33	11.99	12.59
Other retail stores.....	2.10	4.58	5.50	3.58	11.69	11.85	2.19	2.99	3.46
Wholesale and retail trade not allocable.....	—	47.90	62.46	44.78	96.71	96.71	18.36	36.46	40.39
Finance, insurance, and real estate	0.10	0.88	1.15	0.44	0.94	0.97	0.07	0.95	0.56
Banking.....	0.01	0.12	0.09	0.27	0.13	0.14	0.05	0.11	0.09
Mutual savings banks.....	(²)	0.03	(²)	0.07	—	—	0.04	0.01	0.02
Bank holding companies.....	(²)	0.06	0.07	0.36	0.12	0.12	0.03	0.05	0.06
Banks, except mutual savings banks and bank holding companies.....	0.64	0.63	0.71	0.44	0.36	0.41	0.19	0.36	0.39
Credit agencies other than banks.....	0.41	1.12	0.70	0.60	5.76	6.15	0.26	1.26	2.01
Savings and loan associations.....	(²)	0.40	0.37	0.08	0.12	0.13	0.07	0.08	0.08
Personal credit institutions.....	(²)	0.42	0.08	1.65	1.01	1.00	0.69	1.20	1.67
Business credit institutions.....	0.87	5.42	44.07	2.26	5.15	5.16	0.97	11.11	6.92
Other credit agencies; finance not allocable.....	0.70	10.43	15.69	3.14	13.52	15.14	1.58	6.55	10.90
Security, commodity brokers and services.....	4.76	3.12	2.31	3.92	7.00	7.81	0.39	3.84	5.32
Security brokers, dealers, and flotation companies.....	2.51	1.68	2.32	4.14	8.72	9.16	0.35	2.77	1.22
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services.....	73.34	27.13	24.03	11.18	1.32	1.81	3.15	10.95	24.70
Insurance.....	(²)	0.34	0.06	0.16	0.23	0.23	0.07	0.63	0.36
Life insurance.....	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Mutual insurance, except life or marine and certain fire or flood insurance companies.....	(²)	(²)	(²)	(²)	—	—	(²)	(²)	(²)
Other insurance companies.....	(²)	0.78	0.12	1.03	0.38	0.38	0.25	0.94	0.76
Insurance agents, brokers, and service.....	2.71	7.32	11.68	2.95	8.29	8.48	3.03	5.73	6.17
Real estate.....	13.29	7.40	13.47	3.60	9.87	9.42	1.38	2.06	1.95
Real estate operators and lessors of buildings.....	24.39	9.18	11.14	4.12	13.20	12.69	1.69	2.00	2.11
Lessors of mining, oil, and similar property.....	(²)	11.79	—	21.59	21.44	21.45	8.16	83.03	59.68
Lessors of railroad property, and of real property, not elsewhere classified.....	—	31.32	(²)	24.34	40.59	41.14	9.83	11.27	12.13
Condominium management and cooperative housing associations.....	—	86.65	(²)	23.59	(²)	(²)	6.69	7.05	8.72
Subdividers and developers.....	(²)	6.91	6.98	3.82	13.06	13.33	1.94	3.34	3.89
Other real estate.....	2.70	13.35	18.26	7.80	17.46	18.10	2.94	4.81	4.95
Holding and other investment companies, except bank holding companies.....	1.91	20.87	45.54	5.19	1.65	1.75	0.52	3.03	3.90
Regulated investment companies.....	—	(²)	—	50.40	0.38	0.34	0.29	20.08	25.32
Real estate investment trusts.....	—	(²)	—	(²)	0.35	(²)	0.66	0.70	0.89
Small business investment companies.....	—	(²)	(²)	10.08	12.82	12.82	11.92	40.24	30.52
Other holding and investment companies, except bank holding companies.....	1.91	20.90	45.54	5.27	9.21	9.53	1.74	5.62	5.51
Services	1.81	1.95	2.49	1.81	5.10	5.35	0.90	1.34	1.42
Hotels and other lodging places.....	(²)	5.95	9.40	2.72	20.06	21.47	3.23	3.96	4.27
Personal services.....	(²)	8.21	12.43	7.41	18.89	19.23	4.57	5.48	5.55
Business services.....	2.84	4.09	5.63	3.41	7.21	7.67	1.64	2.61	2.65
Advertising.....	(²)	10.70	15.82	5.61	15.81	16.27	4.74	7.69	7.56
Business services, except advertising.....	5.17	4.39	5.97	4.04	8.01	8.56	1.76	2.74	2.77
Auto repair; miscellaneous repair services.....	51.32	6.43	7.94	8.90	14.36	15.00	2.80	3.10	3.55
Auto repair and services.....	53.52	6.86	8.22	9.29	12.91	13.47	2.96	3.24	3.68
Miscellaneous repair services.....	(²)	18.49	27.94	18.91	40.54	42.74	8.64	9.76	10.73
Amusement and recreation services.....	0.65	2.90	2.75	3.74	10.17	10.33	1.80	3.96	2.63
Motion picture production, distribution, and services.....	0.61	2.88	3.05	5.34	0.81	0.65	1.66	13.71	2.89
Motion picture theaters.....	3.68	6.79	7.21	12.45	19.71	19.95	6.95	9.89	9.75
Amusement and recreation services, except motion pictures.....	3.37	9.18	8.81	5.05	19.42	19.65	3.28	4.34	5.03
Other services.....	8.67	4.44	6.39	4.27	10.25	10.64	2.01	2.60	2.97
Offices of physicians, including osteopathic physicians.....	—	11.26	17.43	12.38	44.77	50.80	6.29	7.25	7.78
Offices of dentists.....	—	18.55	38.58	23.51	51.39	58.45	11.24	11.98	12.05
Offices of other health practitioners.....	—	47.38	99.85	64.56	98.98	98.98	29.00	31.20	30.24
Nursing and personal care facilities.....	—	17.58	25.05	13.23	27.84	28.70	5.45	6.32	6.85
Hospitals.....	(²)	4.40	4.59	3.25	11.55	0.39	2.30	2.97	2.47
Medical laboratories.....	(²)	32.42	62.54	27.09	(²)	(²)	14.06	18.90	19.19
Other medical services.....	(²)	23.92	36.26	12.87	27.26	27.61	8.94	12.29	14.35
Legal services.....	—	19.87	41.28	28.22	37.72	37.74	11.76	13.91	14.90
Educational services.....	12.00	19.60	34.81	19.02	51.79	54.27	9.98	12.83	14.05
Social services.....	—	61.34	73.52	74.71	75.24	75.24	24.41	26.26	32.96
Membership organizations.....	—	15.67	23.53	23.88	—	—	12.62	19.91	17.94
Architectural and engineering services.....	18.44	10.25	16.16	9.31	12.78	13.13	5.50	7.95	8.75
Accounting, auditing, and bookkeeping services.....	(²)	21.33	56.95	33.32	42.86	42.87	16.12	18.08	16.45
Miscellaneous services (including veterinarians), not elsewhere classified.....	8.57	15.62	30.49	15.05	27.97	29.96	5.76	8.77	9.39
Nature of business not allocable.....	—	41.71	69.92	39.87	55.06	55.06	18.33	46.48	29.67

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

**Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

*Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), and jobs credits.

*Less than \$500 per return.

*Coefficient of variation is less than .005 but greater than zero.

*Estimate is based on returns sampled at a 100 percent rate and coefficient of variation is zero.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.2 — Balance Sheets and Income Statements, by Major Industry

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

Item	All industries	Major industry					
		Agriculture, forestry, and fishing	Mining				
			Total	Metal mining	Coal mining	Oil and gas extraction	Nonmetallic minerals, except fuels
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns, total.....	2,556,794	83,489	23,919	1,039	4,014	15,485	3,381
Total assets.....	6,835,056,963	37,976,331	115,128,696	12,512,871	14,749,486	79,013,969	8,852,392
Cash.....	461,750,680	2,254,593	3,994,197	228,211	555,792	2,652,105	558,088
Notes and accounts receivable.....	1,614,195,947	3,222,897	25,202,231	1,069,197	1,895,183	20,886,467	1,351,384
Less: Allowance for bad debts.....	42,800,472	42,398	105,704	4,544	28,017	55,089	18,053
Inventories.....	503,033,064	4,309,825	5,134,691	928,399	753,574	2,587,902	864,817
Investments in Government obligations:							
United States.....	224,260,009	180,788	332,407	23,899	170,246	108,109	30,153
State and local.....	196,705,649	35,544	57,686	2,309	24,813	27,675	*2,889
Other current assets.....	259,684,140	1,226,561	6,178,048	1,534,388	1,012,885	3,399,391	*21,383
Loans to stockholders.....	25,429,489	630,997	1,601,080	*69,304	108,185	1,337,281	86,311
Mortgage and real estate loans.....	840,876,064	510,660	269,194	11,244	10,305	220,731	26,914
Other investments.....	1,027,900,380	3,029,821	23,583,145	3,342,842	2,424,097	16,925,326	890,879
Depreciable assets.....	1,896,559,882	21,739,493	54,233,992	5,752,175	8,674,893	32,567,244	7,239,680
Less: Accumulated depreciation.....	697,645,652	9,609,688	20,068,162	2,278,635	3,627,796	10,806,609	3,355,122
Depletable assets.....	57,655,398	228,919	10,963,135	566,518	1,417,232	8,487,944	491,441
Less: Accumulated depletion.....	16,005,905	32,022	3,083,924	257,801	151,354	2,581,268	93,502
Land.....	85,080,153	8,774,116	1,408,674	100,673	396,461	531,996	379,544
Intangible assets (amortizable).....	37,394,782	74,033	2,214,071	91,333	50,772	2,047,448	24,518
Less: Accumulated amortization.....	15,126,876	19,487	825,729	31,488	9,685	775,015	9,541
Other assets.....	176,110,231	1,461,679	4,039,663	1,364,846	1,071,881	1,452,330	150,606
Total liabilities.....	6,835,056,963	37,976,331	115,128,696	12,512,871	14,749,486	79,013,969	8,852,392
Accounts payable.....	481,133,527	1,979,349	10,456,264	681,884	1,437,263	7,531,995	805,122
Mortgages, notes, and bonds payable in less than one year.....	452,181,682	6,876,873	5,236,127	455,472	1,113,663	3,116,462	550,530
Other current liabilities.....	2,582,916,809	1,894,499	19,241,956	905,934	1,445,327	16,340,994	549,701
Loans from stockholders.....	67,343,182	2,222,783	1,774,208	139,913	408,283	1,037,768	188,243
Mortgages, notes, and bonds payable in one year or more.....	884,636,968	11,632,659	21,932,654	2,228,346	3,366,470	14,462,115	1,875,722
Other liabilities.....	651,059,724	1,375,623	5,364,136	712,105	1,354,263	2,862,419	435,349
Capital stock.....	352,811,534	6,148,452	4,533,605	597,551	625,147	2,613,348	697,560
Paid-in or capital surplus.....	447,596,758	2,740,976	15,765,536	2,076,767	1,964,851	11,386,279	337,639
Retained earnings, appropriated.....	48,745,435	228,433	4,450,815	*7,680	184,054	4,186,029	73,051
Retained earnings, unappropriated.....	910,521,567	3,264,592	27,034,223	4,731,305	2,966,572	15,760,497	3,575,848
Less: Cost of treasury stock.....	43,890,224	387,909	660,826	24,087	116,428	283,938	236,373
Total receipts.....	5,598,689,129	53,345,996	132,542,644	6,923,247	14,550,449	102,276,994	8,791,953
Business receipts.....	5,136,075,461	50,590,436	127,454,324	6,443,411	13,879,991	98,676,714	8,454,208
Interest on Government obligations:							
United States.....	19,508,285	19,131	44,446	11,602	15,651	13,671	3,522
State and local.....	10,872,462	1,680	21,709	292	3,130	17,075	1,213
Other interest.....	258,924,285	340,688	891,197	104,861	132,309	580,775	73,251
Rents.....	31,864,870	258,255	206,749	6,437	69,378	91,176	39,759
Royalties.....	8,437,908	82,144	350,872	11,119	21,184	305,314	13,255
Net short-term capital gain reduced by net long-term capital loss.....	1,207,729	30,980	17,971	*760	501	16,565	145
Net long-term capital gain reduced by net short-term capital loss.....	19,958,447	576,962	822,770	101,422	156,352	504,821	60,175
Net gain, noncapital assets.....	15,378,796	208,313	500,050	19,686	38,559	413,774	28,030
Dividends received from domestic corporations.....	16,824,708	30,389	181,051	28,985	23,404	123,234	5,427
Dividends received from foreign corporations.....	12,713,087	12,283	205,955	114,495	496	89,325	1,639
Other receipts.....	66,923,091	1,194,734	1,845,550	80,177	209,494	1,444,549	111,330
Total deductions.....	5,315,725,012	52,050,724	89,613,288	6,602,994	14,626,574	60,184,093	8,199,628
Cost of sales and operations.....	3,709,672,825	37,795,256	60,225,465	4,293,916	9,923,138	40,719,019	5,289,391
Compensation of officers.....	97,221,581	1,280,895	913,042	24,778	148,839	573,197	166,228
Repairs.....	38,712,313	989,316	904,651	35,671	342,915	307,433	218,631
Bad debts.....	17,432,363	72,208	127,485	2,342	43,759	66,570	14,814
Rent paid on business property.....	63,517,369	1,087,648	568,219	43,690	124,046	324,349	76,134
Taxes paid.....	127,751,719	1,072,612	2,349,166	297,167	710,640	1,085,835	255,524
Interest paid.....	261,277,331	1,670,591	2,759,171	288,137	478,791	1,760,212	232,031
Contributions or gifts.....	2,288,334	14,696	42,869	5,562	4,084	27,339	5,884
Amortization.....	1,408,016	4,128	26,081	2,909	3,085	19,156	931
Depreciation.....	138,061,915	1,983,571	4,077,060	382,660	882,463	2,285,715	526,222
Depletion.....	7,817,359	11,411	1,663,901	323,712	353,178	685,523	301,488
Advertising.....	46,321,658	171,271	92,384	1,943	6,021	58,565	25,855
Pension, profit-sharing, stock bonus, and annuity plans.....	46,506,098	148,173	518,579	105,707	101,415	254,586	56,862
Employee benefit programs.....	33,620,835	129,344	464,616	55,035	217,617	112,186	79,777
Net loss, noncapital assets.....	4,072,020	18,650	83,715	65,166	9,585	8,275	688
Other deductions.....	720,043,275	5,600,954	14,796,885	674,598	1,276,999	11,896,122	949,167
Total receipts less total deductions.....	282,964,117	1,295,272	42,929,355	320,254	-76,126	42,092,902	592,325
Constructive taxable income from related foreign corporations.....	12,524,077	6,383	150,953	64,121	51	84,201	*2,579
Net income (less deficit).....	284,615,731	1,299,975	43,058,598	384,083	-79,204	42,160,028	593,692
Net income.....	321,649,761	2,598,762	44,889,762	532,090	488,421	43,205,237	664,014
Deficit.....	37,034,030	1,298,787	1,831,165	148,007	567,627	1,045,209	70,322
Income subject to tax.....	279,376,063	1,675,005	44,043,753	410,249	318,263	42,728,525	586,715
Income tax, total.....	120,047,034	530,849	20,210,019	197,154	165,686	19,575,606	271,572
Normal tax, surtax, and alternative tax.....	118,860,300	518,736	20,089,901	173,610	134,979	19,535,474	245,837
Tax from recomputing prior-year investment credit.....	744,915	10,897	21,108	317	4,716	14,175	1,899
Tax from recomputing prior-year work incentive (WIN) credit.....	9,171	*5	*32	—	2	*4	*25
Additional tax for tax preferences.....	432,649	1,212	98,979	23,227	25,988	25,953	23,811
Foreign tax credit.....	36,827,331	14,223	18,718,612	87,462	726	18,591,431	38,993
U.S. possessions tax credit.....	1,376,124	—	872	—	—	872	—
Investment credit.....	14,634,672	121,407	270,126	20,748	30,656	161,321	57,402
Work incentive (WIN) credit.....	27,934	53	84	71	3	6	3
Jobs credit.....	1,293,215	19,098	14,744	*96	*783	12,025	1,840
Distributions to stockholders:							
Cash and property except in own stock.....	86,613,794	349,294	3,239,424	242,483	319,442	2,547,776	129,723
Corporation's own stock.....	3,132,795	2,497	150,432	3,337	—	140,648	*6,446

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Construction				Manufacturing				
	Total	General building contractors and operative builders	Heavy construction contractors	Special trade contractors	Total	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and other textile products
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Number of returns, total.....	249,887	107,168	16,384	126,335	236,564	15,134	103	5,497	16,013
Total assets.....	123,261,127	61,935,884	27,494,211	33,831,032	1,528,575,203	113,495,784	26,629,847	22,169,569	19,388,659
Cash.....	11,275,366	4,973,286	2,603,979	3,698,101	47,667,575	4,356,390	431,054	826,903	1,117,608
Notes and accounts receivable.....	34,523,321	14,200,133	7,593,568	12,729,620	364,017,629	22,005,067	4,503,368	5,741,256	5,648,859
Less: Allowance for bad debts.....	280,120	75,633	53,883	150,605	6,423,003	410,576	40,336	106,750	119,240
Inventories.....	21,078,815	14,373,377	1,795,870	4,909,569	256,278,072	22,848,713	5,724,240	5,869,770	6,887,548
Investments in Government obligations:									
United States.....	557,320	184,998	269,742	102,580	9,879,661	462,453	3,195	161,390	108,232
State and local.....	337,722	161,919	146,896	28,907	2,370,701	324,674	18	43,640	90,118
Other current assets.....	14,471,595	9,369,294	2,397,517	2,704,784	69,134,829	4,016,823	527,061	730,051	812,606
Loans to stockholders.....	1,699,093	825,902	206,601	666,590	4,120,054	584,145	50,653	54,686	145,355
Mortgage and real estate loans.....	1,510,769	1,331,653	108,912	70,205	3,161,500	727,808	11,935	18,495	28,403
Other investments.....	7,653,804	3,768,282	2,769,634	1,115,888	264,906,810	18,337,172	7,972,734	1,462,703	1,744,892
Depreciable assets.....	43,468,036	12,962,146	17,721,316	12,784,574	742,167,734	57,425,599	7,751,281	15,307,010	4,731,118
Less: Accumulated depreciation.....	20,989,687	5,117,562	9,474,081	6,398,044	337,237,321	24,618,674	2,115,763	8,457,990	2,326,547
Depletable assets.....	316,296	166,762	110,642	38,892	40,060,544	387,915	261,752	*6,260	*2,021
Less: Accumulated depletion.....	87,085	35,302	32,072	19,711	11,127,480	118,777	—	*388	10
Land.....	4,283,092	2,911,875	670,105	701,112	18,552,625	1,991,343	244,235	171,872	133,698
Intangible assets (amortizable).....	365,089	219,432	43,734	95,923	21,865,930	893,888	293,684	40,726	45,822
Less: Accumulated amortization.....	91,317	44,250	15,155	30,911	9,769,110	151,635	38,261	20,434	16,681
Other assets.....	3,169,019	1,759,572	625,888	783,559	48,948,452	4,493,453	1,048,999	320,370	354,857
Total liabilities.....	123,261,127	61,935,884	27,494,211	33,831,032	1,528,575,203	113,495,784	26,629,847	22,169,569	19,388,659
Accounts payable.....	26,098,854	13,467,419	4,928,043	7,703,391	203,944,261	14,459,308	2,025,458	2,905,286	3,606,671
Mortgages, notes, and bonds payable in less than one year.....	17,307,544	11,505,973	2,535,399	3,266,172	119,509,212	9,086,691	2,105,047	1,693,645	2,340,123
Other current liabilities.....	19,043,010	9,575,977	4,087,534	5,379,498	162,542,923	12,227,950	2,461,211	2,026,168	2,077,822
Loans from stockholders.....	3,520,194	1,903,736	378,342	1,238,116	15,450,057	1,240,027	481,941	217,179	455,902
Mortgages, notes, and bonds payable in one year or more.....	19,032,360	10,858,538	4,262,822	3,911,000	267,817,415	20,632,102	5,435,225	3,719,877	2,251,575
Other liabilities.....	8,819,978	4,865,417	1,952,245	2,002,317	83,910,800	3,783,494	1,750,455	326,217	377,092
Capital stock.....	5,674,266	2,015,743	1,624,221	2,034,301	89,506,305	7,469,181	1,773,387	1,491,639	1,373,416
Paid-in or capital surplus.....	3,761,027	1,847,610	1,191,057	722,361	153,726,150	10,037,426	3,231,469	1,554,679	1,352,956
Retained earnings, appropriated.....	292,694	130,638	80,257	81,799	12,187,587	760,660	514,204	58,402	32,612
Retained earnings, unappropriated.....	21,396,275	6,435,623	6,900,448	8,060,204	432,296,024	34,773,481	7,136,999	8,494,071	5,797,690
Less: Cost of treasury stock.....	1,685,074	670,791	446,157	568,127	12,315,531	974,535	285,549	317,594	277,201
Total receipts.....	252,852,706	109,008,855	53,716,685	90,127,165	2,152,660,164	239,432,739	22,727,111	41,924,359	42,248,265
Business receipts.....	246,890,363	105,955,605	51,812,773	89,121,986	2,072,665,265	234,348,639	22,791,759	41,318,210	41,529,835
Interest on Government obligations:									
United States.....	65,476	29,914	25,761	9,801	1,119,401	88,304	3,414	26,952	8,100
State and local.....	33,867	11,881	9,257	12,729	490,325	116,538	66	1,985	4,910
Other interest.....	1,278,279	683,856	387,462	206,955	19,712,298	1,133,882	303,463	127,764	156,687
Rents.....	893,270	538,713	233,189	121,368	7,136,151	368,345	48,847	53,315	52,535
Royalties.....	17,047	3,135	8,669	5,043	6,079,145	372,838	90,682	40,786	86,635
Net short-term capital gain reduced by net long-term capital loss.....	35,008	25,534	5,210	4,264	208,229	22,683	10,826	2,018	2,648
Net long-term capital gain reduced by net short-term capital loss.....	504,774	302,255	118,073	84,447	9,422,487	373,629	52,108	23,568	44,836
Net gain, noncapital assets.....	606,506	247,891	264,777	93,838	2,320,987	247,340	52,458	30,242	20,177
Dividends received from domestic corporations.....	96,158	22,745	51,253	22,160	7,069,605	285,602	188,082	69,071	20,952
Dividends received from foreign corporations.....	212,301	26,345	176,190	9,766	11,161,924	632,166	51,392	20,587	75,011
Other receipts.....	2,219,662	1,160,981	623,871	434,809	15,274,346	1,442,773	79,013	227,863	245,938
Total deductions.....	246,990,676	107,077,927	52,079,224	87,833,525	2,032,131,078	231,448,170	21,479,322	40,435,921	40,743,581
Cost of sales and operations.....	199,975,173	91,369,283	41,998,246	66,607,644	1,522,576,016	180,113,251	13,216,256	32,237,471	30,984,570
Compensation of officers.....	8,463,112	2,919,812	1,121,925	4,421,375	17,567,140	1,308,646	57,847	486,778	964,224
Repairs.....	1,397,436	308,150	596,365	492,920	24,222,765	1,856,846	197,446	337,508	99,162
Bad debts.....	426,434	107,568	81,894	236,972	3,924,613	284,969	29,749	113,248	102,660
Rent paid on business property.....	1,471,502	389,958	384,556	696,988	16,188,843	1,697,720	135,798	310,655	463,478
Taxes paid.....	5,313,422	1,546,119	1,091,077	2,676,226	53,679,630	5,518,889	2,077,590	996,492	1,053,884
Interest paid.....	3,483,176	1,838,946	856,921	787,309	41,439,802	3,370,609	846,330	688,101	722,299
Contributions or gifts.....	76,503	33,923	17,413	25,167	1,177,036	95,728	18,985	23,413	28,009
Amortization.....	30,700	22,502	4,382	3,816	483,040	31,453	3,648	3,655	3,762
Depreciation.....	4,552,673	1,259,585	1,758,462	1,534,626	56,132,695	4,568,370	499,682	1,146,068	406,235
Depletion.....	56,684	13,539	34,677	8,469	5,471,388	33,648	38,276	*3,080	*425
Advertising.....	603,755	270,149	47,939	285,667	22,293,062	5,912,198	1,221,151	198,106	349,630
Pension, profit-sharing, stock bonus, and annuity plans.....	1,194,796	381,228	307,065	506,503	22,899,152	1,403,228	241,542	264,608	224,399
Employee benefit programs.....	1,249,503	272,785	288,354	688,363	19,484,547	1,287,023	179,210	232,308	240,987
Net loss, noncapital assets.....	67,329	27,357	21,728	18,243	754,009	31,130	255	25,223	17,961
Other deductions.....	18,628,480	6,317,022	3,468,220	8,843,237	223,837,341	23,934,461	2,715,558	3,369,207	5,081,895
Total receipts less total deductions.....	5,862,029	1,930,928	1,637,462	2,293,640	120,529,086	7,984,569	2,192,789	1,488,438	1,504,685
Constructive taxable income from related foreign corporations.....	157,227	31,823	122,082	3,322	10,331,725	478,290	76,799	14,395	51,457
Net income (less deficit).....	5,985,390	1,950,870	1,750,287	2,284,233	130,370,486	8,346,322	2,269,522	1,500,849	1,551,232
Net income.....	8,903,932	3,257,917	2,268,838	3,377,177	139,688,642	9,099,097	2,283,141	1,873,936	1,903,712
Deficit.....	2,918,542	1,307,047	518,551	1,092,944	9,318,156	752,775	13,619	373,087	352,480
Income subject to tax.....	7,250,471	2,580,269	1,993,508	2,676,694	133,051,625	8,778,410	2,129,736	1,805,115	1,762,577
Income tax, total.....	2,545,393	908,418	820,555	816,420	58,976,752	3,955,792	974,173	749,317	749,317
Normal tax, surtax, and alternative tax.....	2,509,913	898,798	804,925	806,190	58,474,675	3,923,031	970,732	796,999	746,581
Tax from recomputing prior-year investment credit.....	29,814	7,131	13,708	8,975	335,371	28,884	3,440	3,405	2,680
Tax from recomputing prior-year work incentive (WIN) credit.....	*78	*75	1	*1	401	363	—	—	—
Additional tax for tax preferences.....	5,589	2,415	1,921	1,253	166,305	3,513	—	167	*57
Foreign tax credit.....	169,840	30,488	137,066	2,286	15,286,370	628,397	63,752	20,996	53,417
U.S. possessions tax credit.....	1,132	1,054	—	78	1,252,346	96,100	11,660	4,531	30,191
Investment credit.....	366,108	88,136	163,949	114,023	7,120,231	457,443	76,002	107,648	32,030
Work incentive (WIN) credit.....	998	49	389	560	16,083	750	17	870	977
Jobs credit.....	209,127	63,736	34,307	111,084	402,790	21,441	*127	11,310	31,856
Distributions to stockholders:									
Cash and property except in own stock.....	681,853	282,083	198,933	200,837	38,121,235	2,413,055	699,504	451,715	217,104
Corporation's own stock.....	33,398	13,156	*7,617	12,625	1,094,894	74,168	—	*31,815	17,792

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Manufacturing — Continued								
	Lumber and wood products	Furniture and fixtures	Paper and allied products	Printing and publishing	Chemicals and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Stone, clay, and glass products
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns, total.....	13,182	7,221	3,347	37,580	10,477	1,137	9,488	2,894	8,526
Total assets.....	39,301,038	9,576,800	40,343,460	43,962,638	141,777,451	320,532,960	27,439,446	6,726,550	34,238,070
Cash.....	1,407,989	508,988	1,094,457	2,364,483	3,433,039	6,780,401	865,717	412,457	1,153,091
Notes and accounts receivable.....	5,220,821	2,539,165	6,432,339	9,838,456	27,290,215	60,430,042	6,973,842	1,845,359	6,371,420
Less: Allowance for bad debts.....	131,570	58,473	140,324	607,522	569,506	582,319	129,662	46,256	170,903
Inventories.....	6,210,694	2,838,665	5,528,676	4,770,221	22,713,519	20,402,122	5,660,779	2,217,526	4,873,202
Investments in Government obligations:									
United States.....	136,225	41,784	285,505	505,624	489,753	1,603,609	70,610	28,617	257,559
State and local.....	11,566	67,368	57,520	249,660	203,561	9,602	73,778	10,692	25,749
Other current assets.....	1,360,426	311,390	1,608,807	3,062,645	4,907,475	12,338,828	568,516	221,544	1,366,502
Loans to stockholders.....	102,982	24,299	149,017	310,036	800,258	244,898	135,762	78,943	78,943
Mortgage and real estate loans.....	1,164,161	16,594	41,341	157,038	33,562	112,858	60,096	567	38,613
Other investments.....	4,477,978	634,866	5,761,960	6,069,065	28,838,414	91,070,043	3,551,167	886,712	4,437,896
Depreciable assets.....	24,326,623	4,270,034	29,140,393	20,493,645	83,799,223	149,821,990	16,558,512	1,755,913	25,386,482
Less: Accumulated depreciation.....	10,184,596	2,000,511	13,375,677	8,973,439	38,464,339	61,403,802	7,888,147	852,626	11,556,952
Depletable assets.....	3,300,213	*7,160	1,945,318	279,443	1,836,276	29,533,957	*12,254	—	485,818
Less: Accumulated depletion.....	141,652	185	296,958	*15,237	550,512	9,376,027	*2,162	—	110,311
Land.....	543,055	154,918	1,343,325	786,493	1,574,774	4,648,738	254,573	46,612	719,703
Intangible assets (amortizable).....	69,019	41,645	185,975	1,244,046	1,328,281	13,948,470	64,279	56,375	115,284
Less: Accumulated amortization.....	16,876	12,117	48,301	220,362	303,695	7,849,257	25,167	13,991	29,075
Other assets.....	1,443,980	191,210	630,089	3,648,343	4,417,152	8,798,808	634,701	134,481	795,050
Total liabilities.....	39,301,038	9,576,800	40,343,460	43,962,638	141,777,451	320,532,960	27,439,446	6,726,550	34,238,070
Accounts payable.....	3,216,360	1,338,059	3,611,267	4,337,336	16,519,405	51,990,175	3,828,005	1,171,774	3,613,509
Mortgages, notes, and bonds payable in less than one year.....	3,285,843	775,806	1,585,690	2,918,893	6,328,307	12,699,665	1,618,905	823,175	1,708,753
Other current liabilities.....	3,517,290	936,218	4,193,742	5,412,314	16,180,888	23,976,129	3,064,795	556,240	3,378,895
Loans from stockholders.....	463,779	153,497	117,183	759,884	1,358,515	321,120	420,547	106,727	345,968
Mortgages, notes, and bonds payable in one year or more.....	8,604,394	1,378,835	8,168,680	7,381,971	27,617,740	48,472,796	5,615,141	1,004,989	7,339,931
Other liabilities.....	1,345,388	197,095	1,000,976	2,371,629	3,596,910	34,113,996	1,113,170	92,587	797,368
Capital stock.....	2,509,684	816,988	2,926,531	2,457,013	8,796,256	16,689,148	1,249,052	774,261	2,300,444
Paid-in or capital surplus.....	3,998,065	691,561	4,570,443	3,269,248	17,818,787	41,536,544	2,521,690	545,953	2,861,859
Retained earnings, appropriated.....	111,622	29,788	64,618	212,291	288,564	854,689	181,577	53,545	304,525
Retained earnings, unappropriated.....	12,743,573	3,455,228	14,428,220	15,699,200	44,550,844	91,593,429	8,135,516	1,758,497	11,907,411
Less: Cost of treasury stock.....	494,960	196,274	323,890	857,141	1,278,765	1,714,731	308,952	161,198	320,593
Total receipts.....	55,392,211	19,995,655	55,486,806	62,616,240	173,067,985	464,251,893	44,370,747	13,436,390	47,114,876
Business receipts.....	51,809,836	19,655,110	52,108,930	60,475,168	166,170,335	448,935,591	43,330,721	13,189,932	45,667,873
Interest on Government obligations:									
United States.....	18,794	8,159	25,054	43,935	52,031	228,271	17,580	4,064	17,600
State and local.....	1,167	3,294	5,048	11,985	13,169	26,884	6,061	*514	893
Other interest.....	449,743	66,199	369,901	419,519	1,441,818	3,841,452	181,881	73,664	265,423
Rents.....	89,893	16,196	72,340	158,891	233,620	1,208,258	58,752	12,226	84,811
Royalties.....	24,928	14,159	204,717	161,309	969,504	369,289	75,527	5,156	117,897
Net short-term capital gain reduced by net long-term capital loss.....	*490	*85	1,396	1,288	8,534	51,195	516	13	13,399
Net long-term capital gain reduced by net short-term capital loss.....	2,325,368	27,398	1,774,946	341,426	602,739	1,523,955	97,925	17,819	279,517
Net gain, noncapital assets.....	148,641	18,549	178,073	74,820	229,013	221,475	88,900	5,046	85,689
Dividends received from domestic corporations.....	71,260	6,767	146,359	121,939	804,474	1,653,080	53,938	38,735	108,514
Dividends received from foreign corporations.....	85,555	11,734	317,038	176,219	1,096,464	2,900,716	156,728	*23,297	146,533
Other receipts.....	366,536	168,005	283,003	629,740	1,446,284	3,291,727	65,925	65,925	326,726
Total deductions.....	52,229,461	19,177,871	51,047,342	57,617,929	161,111,657	433,980,636	42,815,976	12,847,921	44,345,974
Cost of sales and operations.....	39,181,348	14,181,932	36,508,077	37,960,380	109,886,043	365,653,037	30,891,797	9,589,608	31,604,844
Compensation of officers.....	712,424	454,836	418,109	1,703,024	1,022,976	366,576	687,296	168,309	637,523
Repairs.....	612,876	82,676	1,289,001	388,598	2,607,533	4,173,181	637,309	44,017	1,023,625
Bad debts.....	91,753	60,146	95,450	367,347	263,937	350,985	95,088	31,529	114,888
Rent paid on business property.....	419,071	217,136	434,109	793,159	1,430,707	2,656,728	475,109	259,906	416,475
Taxes paid.....	1,307,477	499,347	1,308,656	1,877,178	3,108,628	12,097,602	1,131,921	318,813	1,257,048
Interest paid.....	1,095,172	284,859	869,988	924,893	3,474,484	5,461,826	818,333	245,484	936,478
Contributions or gifts.....	24,467	13,744	61,203	78,043	138,773	174,866	14,745	8,533	32,593
Amortization.....	16,123	2,143	9,536	53,863	41,100	68,302	6,908	905	7,592
Depreciation.....	1,854,199	324,948	2,066,515	1,776,145	6,203,830	8,580,340	1,180,957	147,612	1,908,644
Depletion.....	1,968,918	698	503,806	67,101	323,766	1,324,903	3,369	39	180,814
Advertising.....	182,663	215,612	437,731	603,862	4,545,770	1,050,500	412,857	168,045	231,096
Pension, profit-sharing, stock bonus, and annuity plans.....	362,756	125,308	634,347	725,159	2,294,087	2,123,591	490,231	59,820	555,936
Employee benefit programs.....	295,180	112,811	451,299	616,701	1,412,064	817,074	496,533	95,498	506,603
Net loss, noncapital assets.....	17,777	2,423	10,351	27,582	137,439	183,478	11,836	1,228	22,256
Other deductions.....	4,087,258	2,599,452	5,949,163	9,654,894	24,220,521	28,897,646	5,461,686	1,708,576	4,909,560
Total receipts less total deductions.....	3,162,750	817,783	4,439,464	4,998,311	11,956,328	30,271,257	1,554,771	588,469	2,768,902
Constructive taxable income from related foreign corporations.....	114,979	1,315	225,904	104,679	1,500,115	2,721,149	104,330	743	97,119
Net income (less deficit).....	3,276,562	815,804	4,660,320	5,091,005	13,443,274	32,965,522	1,653,040	588,696	2,865,128
Net income.....	3,596,233	1,023,106	4,753,704	5,552,735	13,976,789	33,170,394	1,915,445	673,768	3,044,238
Deficit.....	319,671	207,302	93,384	461,730	533,515	204,872	282,405	85,070	179,110
Income subject to tax.....	3,391,886	960,945	4,683,236	5,140,297	13,644,185	31,037,830	1,801,998	608,667	2,889,810
Income tax, total.....	1,152,532	408,544	1,855,351	2,202,091	6,203,093	14,050,563	785,461	267,070	1,244,227
Normal tax, surtax, and alternative tax.....	1,110,018	404,766	1,813,523	2,189,551	6,135,113	14,007,477	752,729	266,545	1,224,984
Tax from recomputing prior-year investment credit.....	8,170	3,695	18,357	11,106	44,250	33,410	12,059	526	9,910
Tax from recomputing prior-year work incentive (WIN) credit.....	—	—	—	—	—	—	—	—	—
Additional tax for tax preferences.....	34,343	*83	23,471	1,435	23,718	9,676	672	—	9,334
Foreign tax credit.....	87,555	1,586	255,707	139,209	1,531,309	6,447,153	123,692	2,946	118,167
U.S. possessions tax credit.....	—	323	2,020	1,256	637,483	47,623	4,430	7,133	8,724
Investment credit.....	276,900	28,915	321,799	222,350	712,720	1,804,418	102,187	14,111	244,204
Work incentive (WIN) credit.....	142	349	313	1,218	404	127	310	148	643
Jobs credit.....	17,677	14,439	5,754	19,364	13,484	3,336	18,992	5,685	14,590
Distributions to stockholders:									
Cash and property except in own stock.....	612,067	105,113	1,113,830	957,901	5,252,154	10,918,962	387,173	128,463	624,509
Corporation's own stock.....	24,108	17,563	111,074	14,224	54,288	55,001	24,151	*13,741	*20,585

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							
	Manufacturing — Continued							
	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Motor vehicles and equipment	Transportation equipment, except motor vehicles	Instruments and related products	Miscellaneous manufacturing and manufacturing not allocable
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
Number of returns, total	3,850	34,956	27,089	14,120	2,142	2,697	7,614	13,497
Total assets	117,444,731	68,991,194	143,520,701	126,600,158	129,289,567	48,991,719	27,947,489	28,297,373
Cash.....	2,842,183	3,314,808	4,067,014	4,630,390	2,302,207	3,970,532	832,871	954,993
Notes and accounts receivable.....	25,139,907	16,585,329	37,721,130	35,154,425	63,744,721	8,539,816	7,073,311	5,218,780
Less: Allowance for bad debts.....	330,137	332,732	747,625	826,092	723,327	120,662	103,473	125,521
Inventories.....	18,546,623	16,865,254	33,763,789	25,097,077	19,156,670	13,946,283	7,020,848	5,335,853
Investments in Government obligations:								
United States.....	212,010	239,877	1,279,240	782,025	2,465,258	42,130	659,902	44,663
State and local.....	309,348	42,460	175,182	116,536	343,453	307	*176,665	38,805
Other current assets.....	5,403,034	2,873,094	9,131,410	11,365,227	1,877,953	4,373,312	1,395,797	882,331
Loans to stockholders.....	115,465	253,483	381,690	317,597	190,957	24,484	56,122	76,656
Mortgage and real estate loans.....	139,903	85,024	126,237	139,806	169,695	37,134	42,592	9,640
Other investments.....	16,249,471	8,592,858	22,738,880	18,561,958	12,198,545	6,182,214	2,608,177	2,529,107
Depreciable assets.....	76,262,883	32,420,319	57,714,791	44,576,797	50,481,364	19,920,247	13,042,738	6,980,774
Less: Accumulated depreciation.....	36,497,744	14,797,775	27,301,086	20,363,867	27,113,492	9,962,904	6,012,462	2,968,929
Depletable assets.....	823,357	162,010	221,190	667,829	*49,256	*63,147	3,840	*11,526
Less: Accumulated depletion.....	278,580	10,733	25,928	178,511	*5,262	*15,221	705	321
Land.....	1,075,918	917,327	986,716	980,808	697,693	591,615	400,727	288,482
Intangible assets (amortizable).....	799,284	346,656	790,733	751,829	146,427	122,312	307,286	333,909
Less: Accumulated amortization.....	240,695	84,936	255,903	215,034	24,438	29,664	108,893	63,695
Other assets.....	6,872,498	1,518,871	2,753,242	5,041,358	3,331,886	1,306,637	552,146	660,321
Total liabilities	117,444,731	68,991,194	143,520,701	126,600,158	129,289,567	48,991,719	27,947,489	28,297,373
Accounts payable.....	13,214,364	10,240,869	16,268,569	21,599,731	14,133,383	10,130,169	3,285,599	2,448,944
Mortgages, notes, and bonds payable in less than one year.....	11,649,058	4,807,350	10,325,181	9,854,931	29,969,605	2,604,341	1,469,780	1,868,421
Other current liabilities.....	12,138,090	7,873,351	18,965,279	16,486,648	11,683,057	9,493,942	3,575,437	2,317,459
Loans from stockholders.....	516,270	1,288,908	4,398,980	1,255,225	680,627	245,512	313,026	309,240
Mortgages, notes, and bonds payable in one year or more.....	24,689,328	11,282,955	24,366,388	18,716,887	27,106,376	6,800,177	3,503,521	3,728,528
Other liabilities.....	7,564,140	2,176,572	5,064,081	10,777,776	3,122,649	2,291,448	1,430,477	607,279
Capital stock.....	8,120,957	3,999,947	10,379,712	5,787,086	4,007,977	3,489,529	1,759,591	1,334,535
Paid-in or capital surplus.....	10,483,756	6,370,508	14,780,114	12,367,270	6,933,787	3,237,064	3,222,744	2,340,227
Retained earnings, appropriated.....	752,125	230,515	6,157,060	462,820	950,428	*10,678	128,855	26,010
Retained earnings, unappropriated.....	28,970,475	21,711,351	33,669,425	30,660,400	30,860,723	11,030,804	9,431,258	5,487,428
Less: Cost of treasury stock.....	653,831	991,131	854,089	1,378,616	159,046	341,965	162,770	262,699
Total receipts	148,298,739	110,772,897	161,346,222	150,297,538	162,432,520	65,526,107	38,516,896	32,458,964
Business receipts.....	144,306,708	108,171,188	149,191,859	143,675,004	154,991,598	62,504,982	36,867,546	31,624,439
Interest on Government obligations:								
United States.....	33,572	28,524	129,524	75,569	253,516	6,647	45,252	4,536
State and local.....	14,210	4,624	44,953	181,291	42,288	1,337	7,810	1,298
Other interest.....	1,526,899	531,592	2,409,774	2,004,419	3,099,385	799,697	271,102	238,033
Rents.....	249,820	136,918	2,686,340	776,710	568,715	168,847	61,285	47,488
Royalties.....	107,369	125,687	2,186,316	626,492	177,802	92,010	177,025	53,016
Net short-term capital gain reduced by net long-term capital loss.....	37,069	4,824	13,183	27,230	1,251	1,122	1,387	7,074
Net long-term capital gain reduced by net short-term capital loss.....	477,817	263,479	420,562	393,357	105,647	179,222	40,251	56,920
Net gain, noncapital assets.....	193,187	118,018	227,162	142,568	87,427	62,150	43,450	46,601
Dividends received from domestic corporations.....	274,036	131,327	787,666	799,370	559,951	578,908	311,972	57,603
Dividends received from foreign corporations.....	357,299	338,245	1,854,477	622,037	1,706,537	179,392	332,198	78,299
Other receipts.....	720,755	918,469	1,394,405	973,493	838,404	951,792	357,620	243,659
Total deductions	143,112,256	104,397,282	147,921,878	141,916,515	155,340,586	63,874,318	35,302,885	30,983,598
Cost of sales and operations.....	111,903,909	77,809,268	96,318,977	97,419,531	115,910,195	46,844,255	22,231,774	22,129,492
Compensation of officers.....	639,644	2,533,317	2,177,008	1,331,976	362,265	364,024	477,310	693,227
Repairs.....	4,803,471	1,097,843	1,301,565	878,537	1,488,671	599,361	512,907	190,687
Bad debts.....	179,218	249,321	398,186	420,076	377,049	108,462	64,093	126,480
Rent paid on business property.....	710,547	920,904	1,518,455	1,358,167	870,130	456,853	351,407	292,331
Taxes paid.....	3,010,883	2,725,848	4,487,254	3,785,312	3,923,712	1,430,572	966,026	796,497
Interest paid.....	3,752,316	1,858,856	4,050,594	3,845,124	5,846,448	1,051,851	594,294	701,462
Contributions or gifts.....	63,371	64,397	114,897	76,973	42,079	55,944	31,553	14,719
Amortization.....	36,624	18,292	87,196	39,263	15,104	7,378	21,121	9,071
Depreciation.....	4,610,987	2,484,414	5,545,440	4,514,687	5,426,995	1,265,398	1,039,383	581,847
Depletion.....	823,321	21,991	34,892	105,511	4,462	29,189	*1,762	1,417
Advertising.....	368,216	745,733	1,102,690	1,776,987	1,139,693	274,063	795,904	560,554
Pension, profit-sharing, stock bonus, and annuity plans.....	2,587,493	1,204,442	2,498,670	2,068,749	2,741,103	1,460,108	615,101	218,475
Employee benefit programs.....	1,725,156	1,067,924	2,142,410	2,079,095	4,232,445	714,863	494,918	284,444
Net loss, noncapital assets.....	13,893	23,226	39,558	23,986	7,454	13,619	133,982	9,353
Other deductions.....	7,883,261	11,571,504	26,104,087	22,192,540	12,952,781	9,198,377	6,971,352	4,373,561
Total receipts less total deductions.....	5,186,483	6,375,615	13,424,345	8,381,023	7,091,934	1,651,789	3,214,013	1,475,367
Constructive taxable income from related foreign corporations.....	277,416	245,526	1,928,854	508,551	1,280,209	131,718	411,711	56,464
Net income (less deficit).....	5,463,899	6,621,141	15,353,199	8,889,574	8,372,143	1,783,507	3,625,724	1,531,831
Net income.....	5,898,456	7,242,468	15,958,052	9,941,237	9,148,274	2,855,329	3,941,117	1,837,411
Deficit.....	448,767	625,951	649,807	1,232,954	818,418	1,073,159	323,023	306,879
Income subject to tax.....	5,581,624	6,785,587	15,817,526	9,391,774	9,022,432	2,498,696	3,814,528	1,724,767
Income tax, total.....	2,522,280	2,879,082	7,012,176	4,201,613	4,139,387	1,120,186	1,728,369	744,872
Normal tax, surtax, and alternative tax.....	2,459,293	2,858,547	6,958,426	4,169,617	4,118,938	1,108,290	1,721,675	737,841
Tax from recomputing prior-year investment credit.....	18,965	19,589	51,055	22,296	20,352	9,867	6,421	6,936
Tax from recomputing prior-year work incentive (WIN) credit.....	—	19	1	1	(1)	2	(1)	—
Additional tax for tax preferences.....	44,023	927	2,695	9,698	98	2,027	272	*96
Foreign tax credit.....	493,574	303,725	2,215,971	733,072	1,455,818	158,173	379,027	73,124
U.S. possessions tax credit.....	1,199	25,115	26,935	247,145	4,986	419	67,011	28,063
Investment credit.....	487,471	308,145	582,554	474,816	460,972	240,517	113,828	51,201
Work incentive (WIN) credit.....	1,009	1,330	1,019	1,775	2,388	937	511	848
Jobs credit.....	12,950	61,359	51,313	51,364	9,171	12,274	15,187	11,116
Distributions to stockholders:								
Cash and property except in own stock.....	1,688,014	1,090,812	3,586,791	2,766,525	2,886,126	877,318	1,070,858	273,240
Corporation's own stock.....	44,226	75,332	97,564	176,058	38,192	139,512	*27,319	38,181

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Transportation and public utilities				Wholesale and retail trade				
	Total	Transportation	Communication	Electric, gas, and sanitary services	Total	Wholesale trade			
						Total	Groceries and related products	Machinery, equipment, and supplies	Miscellaneous wholesale trade
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
Number of returns, total	103,770	82,105	9,069	12,596	772,598	265,746	24,299	56,108	185,339
Total assets	674,479,897	159,824,985	180,387,458	334,267,454	573,306,508	306,083,310	26,039,399	53,257,989	226,785,922
Cash	9,487,437	5,736,790	1,393,952	2,356,695	33,606,354	17,486,787	1,727,790	3,110,305	12,648,692
Notes and accounts receivable	56,165,141	23,194,946	12,375,651	20,594,544	153,877,860	102,935,916	8,409,777	16,834,285	77,691,854
Less: Allowance for bad debts	829,924	297,036	259,154	273,734	3,796,024	1,683,580	149,177	300,587	1,233,817
Inventories	25,594,576	5,379,684	6,056,937	14,157,955	177,252,484	87,011,950	7,380,689	19,176,406	60,454,855
Investments in Government obligations:									
United States	4,267,315	1,708,193	1,344,419	1,214,703	1,688,096	1,025,653	48,160	110,838	866,654
State and local	438,842	414,432	14,780	9,630	419,962	182,388	*6,154	10,821	165,412
Other current assets	24,317,824	8,383,248	3,500,228	12,434,349	20,588,834	11,432,004	1,183,895	1,378,980	8,869,129
Loans to stockholders	949,661	757,702	97,656	94,302	8,138,118	5,609,458	202,607	275,806	5,131,046
Mortgage and real estate loans	2,075,080	381,633	282,593	1,411,424	2,834,264	1,433,042	57,811	40,040	1,335,190
Other investments	54,661,668	20,564,992	15,798,643	18,298,033	47,708,331	31,456,388	1,391,218	4,151,059	25,914,111
Depreciable assets	635,045,371	127,014,662	172,441,028	335,589,681	169,822,837	63,864,946	8,268,031	10,696,351	44,900,564
Less: Accumulated depreciation	160,901,541	43,005,208	36,701,597	81,194,736	68,255,056	26,715,523	3,567,581	4,368,208	18,779,735
Depletable assets	3,804,091	446,699	*6,864	1,098,468	862,527	*2,649		63,732	796,176
Less: Accumulated depletion	1,056,391	105,039	1,094	950,258	308,475	224,972	752	26,172	198,047
Land	5,157,419	1,986,635	723,354	2,447,430	11,908,640	4,164,952	375,294	545,173	3,244,485
Intangible assets (amortizable)	4,569,202	2,295,999	1,706,507	566,696	3,528,301	1,116,564	182,501	149,944	784,120
Less: Accumulated amortization	1,538,507	911,282	504,234	122,991	1,134,553	365,912	59,175	37,944	268,793
Other assets	12,272,635	5,878,506	2,110,923	4,283,206	14,328,066	6,490,692	579,508	1,447,160	4,464,024
Total liabilities	674,479,897	159,824,985	180,387,458	334,267,454	573,306,508	306,083,310	26,039,399	53,257,989	226,785,922
Accounts payable	37,305,349	14,725,883	6,008,898	16,570,568	120,866,491	75,009,004	7,606,961	9,902,022	57,500,021
Mortgages, notes, and bonds payable in less than one year	30,737,866	8,204,170	7,587,504	14,946,193	86,074,371	48,276,506	3,752,036	10,249,035	34,275,436
Other current liabilities	76,559,481	21,499,533	23,080,360	31,979,588	49,542,011	24,119,458	1,951,048	3,958,476	18,209,935
Loans from stockholders	3,036,512	1,978,186	596,476	461,846	17,773,130	8,001,764	719,949	1,392,627	5,889,188
Mortgages, notes, and bonds payable in one year or more	223,921,235	47,266,344	55,385,868	121,269,023	88,195,310	38,332,873	3,557,803	5,892,078	28,882,992
Other liabilities	38,776,647	10,193,131	9,291,684	19,291,833	14,281,866	5,163,407	642,977	948,689	3,571,741
Capital stock	98,895,875	12,034,719	21,290,164	65,570,992	36,116,859	17,818,660	1,447,289	2,698,285	13,673,086
Paid-in or capital surplus	64,215,753	16,629,548	22,566,019	25,020,186	25,274,988	12,603,912	980,909	1,836,981	9,786,023
Retained earnings, appropriated	1,590,878	542,461	206,282	842,134	2,310,277	1,458,343	169,034	166,796	1,122,513
Retained earnings, unappropriated	100,972,647	27,648,818	34,759,376	38,564,453	139,099,143	78,299,883	5,452,150	16,773,041	56,074,993
Less: Cost of treasury stock	1,532,346	897,810	385,174	249,362	6,227,937	3,000,500	240,755	560,039	2,199,706
Total receipts	445,978,021	181,339,436	91,883,942	172,754,644	1,752,708,933	970,684,572	143,610,263	111,028,686	716,045,622
Business receipts	432,328,292	173,907,668	89,903,885	168,516,739	1,713,929,230	956,130,361	142,283,783	108,067,237	705,779,342
Interest on Government obligations:									
United States	267,560	124,195	40,111	103,254	201,679	130,512	8,866	13,199	108,447
State and local	22,043	16,126	2,440	107,431	107,431	25,007	1,084	2,653	21,270
Other interest	3,766,870	1,572,702	433,830	1,760,338	7,936,308	4,121,825	249,951	824,225	3,047,648
Rents	2,502,442	1,496,622	555,589	450,230	4,031,522	1,427,690	160,731	544,955	722,004
Royalties	240,151	123,591	65,636	50,924	372,360	184,480	15,473	38,577	130,429
Net short-term capital gain reduced by net long-term capital loss	96,958	18,262	75,412	3,285	79,879	60,808	5,013	10,052	45,742
Net long-term capital gain reduced by net short-term capital loss	1,276,564	894,896	192,387	189,281	1,613,257	829,875	38,989	115,649	675,237
Net gain, noncapital assets	1,039,131	182,872	79,606	146,653	1,012,390	532,128	39,826	129,720	362,583
Dividends received from domestic corporations	314,885	103,251	118,722	92,912	1,128,074	751,594	24,050	66,198	661,346
Dividends received from foreign corporations	153,920	76,486	35,227	42,207	367,448	240,949	4,439	11,828	224,682
Other receipts	3,969,204	2,192,764	381,096	1,395,344	21,927,356	6,249,342	778,057	1,204,392	4,266,893
Total deductions	427,793,660	176,926,763	84,744,197	166,122,700	1,713,706,759	946,077,911	142,323,038	105,161,109	698,593,763
Cost of sales and operations	282,924,553	123,957,325	41,754,198	117,213,030	1,364,156,032	815,073,933	125,679,408	81,331,512	608,063,013
Compensation of officers	3,293,332	2,313,403	455,034	524,895	26,014,896	13,060,366	1,358,568	2,661,738	9,040,061
Repairs	856,510	388,176	113,716	354,618	5,837,083	2,135,582	382,397	329,527	1,423,657
Bad debts	1,435,674	341,498	704,426	389,749	3,684,770	2,152,718	191,356	337,861	1,623,501
Rent paid on business property	8,121,215	6,177,942	1,238,501	704,772	21,018,083	4,893,819	713,383	800,319	3,380,117
Taxes paid	21,581,221	6,341,458	5,783,927	9,455,836	22,459,020	9,019,878	903,906	1,267,021	6,848,951
Interest paid	21,557,681	4,664,662	5,004,173	11,888,846	19,959,777	9,848,319	793,588	1,819,631	7,235,100
Contributions or gifts	188,554	43,777	87,067	57,710	367,081	175,974	14,285	30,586	131,103
Amortization	276,439	72,092	39,131	165,217	209,859	113,253	3,354	5,928	103,971
Depreciation	33,316,414	8,472,656	12,461,063	12,382,695	15,975,729	6,340,405	809,526	1,386,258	4,144,621
Depletion	367,521	94,433	1,203	271,885	119,227	96,532	*1,191	16,407	78,933
Advertising	1,515,820	803,360	564,660	147,800	14,832,262	3,402,255	320,922	528,143	2,553,190
Pension, profit-sharing, stock bonus, and annuity plans	7,352,759	2,105,940	3,639,352	1,607,467	5,012,946	2,588,796	314,450	499,277	1,775,068
Employee benefit programs	4,139,925	1,853,559	1,526,255	760,110	4,242,380	1,688,453	278,860	321,974	1,087,618
Net loss, noncapital assets	148,940	44,211	22,977	81,751	401,971	247,359	11,566	19,674	216,119
Other deductions	40,717,102	19,252,271	11,348,513	10,116,318	209,415,643	75,240,270	10,546,277	13,805,254	50,888,739
Total receipts less total deductions	18,184,361	4,412,673	7,139,745	6,631,943	39,002,174	24,606,661	1,287,225	5,867,577	17,451,859
Constructive taxable income from related foreign corporations	193,283	92,057	52,800	48,427	1,286,643	1,171,382	2,029	10,205	1,159,149
Net income (less deficit)	18,355,601	4,488,603	7,190,105	6,676,893	40,181,385	25,753,036	1,288,170	5,875,129	18,589,737
Net income	21,807,705	6,803,690	7,391,739	7,712,276	48,189,112	29,450,822	1,715,053	6,373,164	21,362,405
Deficit	3,552,104	2,315,087	201,634	1,035,383	8,007,727	3,697,586	426,883	498,035	2,772,668
Income subject to tax	20,734,781	6,042,687	7,112,503	7,579,591	34,697,843	18,620,507	1,369,066	3,083,673	14,167,768
Income tax, total	9,252,511	2,500,538	3,301,557	3,450,415	13,419,871	7,298,553	527,839	1,142,360	5,628,354
Normal tax, surtax, and alternative tax	9,070,880	2,449,929	3,204,159	3,416,793	13,293,128	7,235,232	523,823	1,122,129	5,589,280
Tax from recomputing prior-year investment credit	150,233	28,024	96,781	25,428	108,708	52,578	3,897	19,556	29,124
Tax from recomputing prior-year work incentive (WIN) credit	*126	*126	—	—	7,561	*3,174	—	*2	*3,172
Additional tax for tax preferences	31,272	22,459	*618	8,195	10,474	7,569	119	672	6,778
Foreign tax credit	315,096	126,811	49,735	138,550	891,394	763,182	950	12,853	749,379
U.S. possessions tax credit	33,377	301	33,076	—	78,141	73,370	331	143	72,896
Investment credit	4,055,857	882,719	1,732,352	1,440,786	1,328,438	594,219	68,077	117,205	408,937
Work incentive (WIN) credit	851	620	170	61	3,575	924	87	184	652
Jobs credit	43,203	33,141	6,463	3,599	359,373	137,896	16,756	37,568	83,572
Distributions to stockholders:									
Cash and property except in own stock	15,264,900	1,547,515	4,937,975	8,779,410	8,828,705	5,905,980	262,346	1,733,076	3,910,558
Corporation's own stock	291,829	136,907	19,152	135,769	408,758	186,931	17,185	23,018	146,728

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued									
	Wholesale and retail trade — Continued									
	Retail trade									Wholesale and retail trade not allocable
	Total	Building materials, garden supplies, and mobile home dealers	General merchandise stores	Food stores	Automotive dealers and service stations	Apparel and accessory stores	Furniture and home furnishings stores	Eating and drinking places	Miscellaneous retail stores	
(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)	
Number of returns, total	505,440	41,249	8,297	37,663	82,834	44,422	41,284	108,462	141,229	1,412
Total assets	266,714,400	18,546,781	69,699,691	31,070,916	51,697,569	13,455,770	12,975,459	26,590,123	42,678,091	508,797
Cash	16,099,645	1,310,126	1,821,316	2,320,189	3,134,104	1,250,881	1,020,617	1,934,098	3,308,316	19,922
Notes and accounts receivable	50,795,781	4,431,718	23,677,809	1,813,213	6,905,473	2,082,598	3,354,617	1,440,682	7,089,671	146,163
Less: Allowance for bad debts	2,109,538	127,186	1,323,216	19,255	166,201	94,914	123,661	26,746	228,359	2,906
Inventories	90,072,369	7,111,044	17,847,643	9,664,672	27,282,240	5,423,554	5,476,970	1,381,605	15,884,640	168,165
Investments in Government obligations:										
United States	661,442	*8,727	66,282	284,624	52,072	83,504	*19,972	48,370	97,892	*1,000
State and local	237,575	*362	101,996	47,546	21,979	*8,262	*15,913	*15,533	25,984	—
Other current assets	9,121,386	448,465	1,763,364	1,185,137	1,690,288	639,190	396,003	976,198	2,022,743	35,444
Loans to stockholders	2,521,879	127,150	207,820	140,851	408,867	414,271	186,915	524,825	511,179	*6,781
Mortgage and real estate loans	1,400,229	112,246	689,049	59,597	191,355	52,959	14,547	176,540	103,935	*993
Other investments	16,237,082	998,088	5,269,187	2,019,355	1,243,839	707,867	431,656	3,239,733	2,327,358	14,860
Depreciable assets	105,764,078	5,695,301	24,506,341	19,648,777	14,081,500	4,066,025	2,875,395	19,449,167	15,441,572	193,813
Less: Accumulated depreciation	41,432,096	2,597,567	9,100,952	7,993,081	5,683,223	1,767,131	1,179,166	6,495,970	6,615,005	107,437
Depletable assets	235,912	*12,610	*2,956	*2,301	31,625	*13,436	*5,812	*14,403	*152,769	—
Less: Accumulated depletion	83,503	*1,071	*1,481	*255	11,663	*4,999	*1,435	*3,813	*58,786	—
Land	7,739,617	608,483	1,590,416	943,230	1,454,490	156,287	230,244	1,910,095	846,372	*4,072
Intangible assets (amortizable)	2,403,661	157,592	159,770	276,534	117,628	161,959	27,410	847,550	655,219	*8,076
Less: Accumulated amortization	767,072	44,502	38,547	85,767	39,630	39,291	9,833	294,620	214,882	*1,569
Other assets	7,815,954	295,198	2,459,938	763,248	982,825	301,314	233,484	1,452,472	1,327,474	21,420
Total liabilities	266,714,400	18,546,781	69,699,691	31,070,916	51,697,569	13,455,770	12,975,459	26,590,123	42,678,091	508,797
Accounts payable	45,687,011	2,804,483	14,502,222	6,743,534	5,272,464	2,446,121	2,575,030	2,536,545	8,806,611	170,476
Mortgages, notes, and bonds payable in less than one year	37,716,201	2,673,980	5,068,450	1,274,568	21,250,651	819,120	1,443,513	1,632,383	3,553,536	81,664
Other current liabilities	25,373,143	1,277,505	8,611,991	3,248,091	3,681,405	1,273,853	1,300,368	2,119,067	3,860,865	49,410
Loans from stockholders	9,741,696	954,433	825,230	652,670	1,607,501	532,719	664,531	1,942,380	2,562,233	29,670
Mortgages, notes, and bonds payable in one year or more	49,789,846	2,889,241	13,724,490	7,233,199	6,285,286	1,960,702	1,809,866	8,461,043	7,426,018	72,591
Other liabilities	9,085,937	582,445	2,588,964	808,809	775,851	263,326	485,515	2,555,555	1,025,472	*32,522
Capital stock	18,242,937	1,689,886	3,206,199	1,795,769	3,834,857	1,303,326	1,127,906	2,056,092	3,228,902	55,263
Paid-in or capital surplus	12,648,636	647,822	3,401,512	1,986,343	1,019,060	979,710	639,839	1,720,107	2,254,244	*22,440
Retained earnings, appropriated	851,677	43,435	286,850	43,356	134,161	43,210	134,209	54,626	111,829	256
Retained earnings, unappropriated	60,790,557	5,297,657	17,960,400	7,622,931	8,379,028	4,131,898	3,034,765	4,000,724	10,363,154	8,703
Less: Cost of treasury stock	3,213,240	314,104	476,616	338,355	542,695	298,216	240,082	488,398	514,772	*14,197
Total receipts	779,904,603	45,218,829	124,476,749	169,064,537	213,377,638	31,416,886	30,494,511	56,880,119	108,975,333	2,119,759
Business receipts	755,696,140	44,341,435	111,309,337	167,426,552	209,957,842	30,766,347	29,859,383	54,909,729	107,125,515	2,102,729
Interest on Government obligations:										
United States	71,110	2,026	7,651	24,876	8,905	6,009	971	8,780	11,892	57
State and local	82,424	*49	1,173	71,138	570	1,179	*5,857	1,196	1,262	—
Other interest	3,813,213	200,747	1,573,365	220,693	924,571	142,266	189,435	214,909	347,228	3,270
Rents	2,600,721	150,851	598,578	294,895	444,774	107,851	75,448	680,477	247,847	*3,111
Royalties	187,880	2,994	4,190	13,126	14,180	4,496	*1,119	129,062	18,714	—
Net short-term capital gain reduced by net long-term capital loss	19,071	1,680	*985	1,398	5,606	*3,677	*286	1,512	3,925	—
Net long-term capital gain reduced by net short-term capital loss	782,940	65,719	182,842	73,744	82,169	5,962	10,323	214,420	147,762	*441
Net gain, noncapital assets	477,596	41,272	30,010	43,411	106,225	35,441	11,070	112,349	97,818	*2,666
Dividends received from domestic corporations	376,472	7,353	246,732	22,262	24,372	43,614	6,658	8,381	17,100	*8
Dividends received from foreign corporations	126,499	*572	84,726	24,359	*1,931	*638	*26	14,243	*4	—
Other receipts	15,670,537	404,130	10,437,161	848,083	1,806,493	299,408	333,955	599,279	942,027	7,477
Total deductions	765,519,148	43,836,732	121,277,913	166,794,498	211,966,003	30,423,288	29,679,410	55,476,700	106,064,604	2,109,701
Cost of sales and operations	547,274,267	32,370,433	72,283,642	130,512,372	178,066,222	18,239,057	18,806,309	23,700,943	73,295,288	1,807,831
Compensation of officers	12,931,258	1,252,300	413,290	1,167,134	2,943,355	1,027,590	1,212,090	1,803,758	3,111,741	23,272
Repairs	3,696,567	196,865	611,862	891,739	532,458	118,914	129,980	735,887	478,862	4,934
Bad debts	1,529,937	193,124	474,915	81,113	260,494	81,504	135,671	53,478	249,636	2,115
Rent paid on business property	16,078,856	534,000	2,804,223	2,318,555	1,806,762	1,870,490	976,788	2,973,100	2,794,937	45,409
Taxes paid	13,416,367	790,548	2,608,055	2,182,879	2,317,953	713,771	605,874	2,186,233	2,011,054	22,775
Interest paid	10,093,060	639,168	2,878,438	623,249	3,187,215	335,495	399,955	942,461	1,087,078	18,398
Contributions or gifts	190,936	14,037	58,935	22,705	21,230	13,648	10,006	14,926	35,450	171
Amortization	95,724	2,305	11,430	11,249	6,748	3,587	1,746	32,693	25,967	*883
Depreciation	9,620,396	526,964	1,850,526	1,658,790	1,706,989	396,570	280,596	1,748,092	1,451,870	14,928
Depletion	22,695	448	*1,266	*1,711	1,354	—	1	*7,077	10,838	—
Advertising	11,423,865	482,039	2,970,079	1,676,832	1,621,841	679,231	1,133,581	1,147,681	1,712,580	6,142
Pension, profit-sharing, stock bonus, and annuity plans	2,421,867	150,198	642,251	629,382	256,295	140,298	98,995	131,989	372,459	*2,284
Employee benefit programs	2,551,019	121,620	482,077	801,289	468,599	90,622	82,065	196,121	308,626	2,908
Net loss, noncapital assets	154,458	2,609	4,145	30,664	14,735	8,205	13,548	44,463	36,089	*154
Other deductions	134,017,877	6,560,073	33,182,778	24,184,835	18,753,752	6,704,307	5,792,206	19,757,798	19,082,128	157,497
Total receipts less total deductions	14,385,455	1,382,098	3,198,836	2,270,039	1,411,635	993,599	815,101	1,403,419	2,910,728	10,058
Constructive taxable income from related foreign corporations	115,260	—	86,115	23,574	—	62	—	423	5,086	—
Net income (less deficit)	14,418,291	1,382,049	3,283,779	2,222,475	1,411,064	992,482	809,244	1,402,646	2,914,552	10,058
Net income	18,712,256	1,605,009	3,512,759	2,638,663	2,534,897	1,378,691	1,087,508	2,244,269	3,710,461	26,233
Deficit	4,293,965	222,960	228,980	416,188	1,123,833	386,209	278,264	841,623	795,909	16,175
Income subject to tax	16,061,028	1,374,441	3,203,713	2,404,357	2,175,200	1,205,812	896,235	1,697,813	3,103,456	16,309
Income tax, total	6,114,457	462,995	1,425,830	1,005,439	722,159	460,128	298,577	620,937	1,118,392	6,861
Normal tax, surtax, and alternative tax	6,051,119	460,381	1,410,943	993,647	705,858	457,615	297,239	614,771	1,110,664	6,777
Tax from recomputing prior-year investment credit	56,046	2,547	13,053	8,904	15,246	2,480	1,160	5,044	7,612	*84
Tax from recomputing prior-year work incentive (WIN) credit	4,387	*26	*1,367	*2,422	*565	—	—	1	*5	—
Additional tax for tax preferences	2,904	*40	466	466	489	*33	178	1,121	111	—
Foreign tax credit	128,212	*93	83,845	23,724	*31	*116	89	6,129	14,186	—
U.S. possessions tax credit	4,772	—	1,282	3,070	—	262	—	38	119	—
Investment credit	732,893	35,439	18							

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.2—Balance Sheets and Income Statements, by Major Industry—Continued

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

Item	Major industry—Continued							
	Finance, insurance, and real estate							
	Total	Banking	Credit agencies other than banks	Security, commodity brokers and services	Insurance	Insurance agents, brokers, and service	Real estate	Holding and other investment companies, except bank holding companies
	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
Number of returns, total	471,222	13,645	53,825	6,743	8,005	45,082	294,104	49,818
Total assets	3,626,872,420	1,903,716,361	699,820,816	70,088,356	656,732,114	13,982,598	120,461,347	162,070,829
Cash	338,472,797	285,297,516	17,102,825	4,110,795	8,228,382	2,566,042	7,322,848	13,844,588
Notes and accounts receivable	1,151,109,545	1,001,031,151	76,902,283	31,318,128	17,338,560	4,930,432	11,286,236	8,302,755
Less: Allowance for bad debts	30,473,554	11,255,921	18,121,587	48,676	272,516	156,714	482,893	135,246
Inventories	5,665,968	94,593	1,265,646	36,194	828,481	11,176	3,046,616	383,263
Investments in Government obligations:								
United States	206,535,440	140,686,255	21,493,531	3,457,631	33,716,284	255,413	531,689	6,394,837
State and local	192,543,137	119,711,896	2,755,226	529,274	65,502,668	113,037	303,932	3,627,104
Other current assets	112,577,556	30,449,731	10,629,880	24,108,024	26,438,817	626,544	14,499,785	5,824,776
Loans to stockholders	5,899,701	1,546,493	1,489,661	39,985	154,081	193,838	1,650,835	824,809
Mortgage and real estate loans	828,362,070	155,068,718	541,647,629	94,283	120,061,040	72,684	6,550,860	4,866,857
Other investments	609,751,059	101,985,318	28,348,285	4,542,288	350,458,686	3,002,111	11,515,859	109,898,513
Depreciable assets	131,789,678	34,567,826	13,222,495	1,070,442	11,524,078	1,823,762	63,984,485	5,596,590
Less: Accumulated depreciation	41,265,731	8,796,712	4,129,076	402,322	2,554,388	692,127	23,354,769	1,336,336
Depletable assets	1,013,764	8,629	72,984	*52,709	2,232	*163	655,544	221,503
Less: Accumulated depletion	288,885	2,032	7,452	*27,263	2,095	38	154,619	95,385
Land	28,430,744	3,060,547	3,008,362	54,030	809,149	131,689	18,937,812	2,429,155
Intangible assets (amortizable)	2,136,187	480,445	292,402	42,542	170,523	346,502	604,565	199,208
Less: Accumulated amortization	631,332	84,939	100,643	13,830	42,014	111,197	222,579	56,130
Other assets	85,244,276	49,866,848	3,948,565	1,124,124	24,370,146	869,281	3,785,141	1,280,170
Total liabilities	3,626,872,420	1,903,716,361	699,820,816	70,088,356	656,732,114	13,982,598	120,461,347	162,070,829
Accounts payable	65,049,999	4,823,952	5,835,102	26,353,258	14,546,848	5,442,329	4,557,083	3,491,428
Mortgages, notes, and bonds payable in less than one year	169,137,016	52,088,385	78,410,014	12,246,381	6,346,397	675,776	15,171,163	4,198,900
Other current liabilities	2,234,033,490	1,619,691,784	472,753,825	21,748,875	107,320,410	1,404,512	6,616,011	4,498,073
Loans from stockholders	17,110,456	5,036,391	1,885,269	234,161	1,459,349	318,658	6,593,410	1,483,218
Mortgages, notes, and bonds payable in one year or more	208,303,187	38,978,918	90,860,026	2,354,984	10,397,530	1,188,513	53,425,453	11,097,764
Other liabilities	491,739,752	51,667,772	13,830,687	1,641,856	414,323,859	396,553	5,832,586	3,946,439
Capital stock	100,643,138	24,137,681	8,512,159	798,414	6,276,370	814,933	10,636,029	49,467,553
Paid-in or capital surplus	168,994,528	40,719,349	7,447,901	1,992,536	18,265,234	778,324	10,394,936	89,396,248
Retained earnings, appropriated	27,181,456	4,520,570	4,778,017	51,378	15,055,354	61,044	436,834	2,278,260
Retained earnings, unappropriated	163,034,161	62,700,595	15,720,550	2,838,510	63,466,783	3,164,532	8,200,065	6,943,126
Less: Cost of treasury stock	18,354,763	649,036	412,734	171,997	726,019	262,575	1,402,221	14,730,181
Total receipts	561,106,822	172,220,355	69,742,445	13,954,140	226,335,472	14,194,446	45,724,025	18,935,936
Business receipts	255,128,441	17,144,458	10,792,881	5,911,725	176,616,309	13,540,068	27,047,489	4,075,510
Interest on Government obligations:								
United States	17,677,654	11,496,761	2,390,515	663,598	2,314,162	26,711	71,309	714,599
State and local	10,170,871	6,390,722	144,603	67,531	3,242,920	15,091	53,523	256,480
Other interest	222,909,192	128,983,219	53,621,188	2,551,509	29,472,807	296,014	1,898,124	6,086,331
Rents	15,192,613	1,966,213	559,237	36,888	2,943,122	51,966	8,935,065	700,122
Royalties	504,104	20,257	14,245	3,442	50,735	*3,059	98,393	313,973
Net short-term capital gain reduced by net long-term capital loss	650,117	39,246	35,712	115,413	80,103	1,403	61,237	317,002
Net long-term capital gain reduced by net short-term capital loss	4,945,502	550,714	382,910	102,713	421,560	34,526	1,343,007	2,110,074
Net gain, noncapital assets	8,983,161	298,929	298,008	3,896,712	93,095	10,782	4,223,638	90,997
Dividends received from domestic corporations	7,792,150	518,369	89,043	95,969	3,833,749	48,704	140,686	3,065,629
Dividends received from foreign corporations	486,780	181,331	50,891	7,184	60,519	17,208	1,946	167,701
Other receipts	16,666,236	4,559,136	1,363,211	501,456	7,206,390	148,917	1,849,608	1,037,518
Total deductions	514,280,710	158,638,051	66,769,859	13,312,302	210,963,928	13,101,837	42,576,110	8,918,622
Cost of sales and operations	123,513,417	2,969,054	2,938,827	604,537	102,370,279	2,847,154	9,284,721	2,498,844
Compensation of officers	13,358,912	5,016,670	1,247,325	1,028,928	839,801	1,985,744	2,763,499	476,944
Repairs	2,183,004	740,626	212,362	26,422	101,423	40,604	1,001,966	59,601
Bad debts	6,962,984	3,887,004	2,141,801	86,757	375,359	95,684	244,559	131,821
Rent paid on business property	6,313,667	2,395,319	484,315	364,077	1,370,199	370,482	1,203,474	125,802
Taxes paid	12,959,113	3,213,162	1,039,080	331,106	4,726,270	394,013	2,950,900	304,583
Interest paid	164,244,136	101,448,087	47,456,601	2,930,300	4,723,944	175,319	5,732,213	1,777,673
Contributions or gifts	314,474	156,096	32,387	9,606	53,814	12,432	32,489	17,651
Amortization	179,779	46,214	20,426	8,634	37,227	14,964	46,017	6,298
Depreciation	10,250,006	4,189,739	922,062	202,355	1,640,204	248,094	2,785,988	261,564
Depletion	118,307	2,816	16,022	10,600	24,408	*32	24,412	40,018
Advertising	3,965,482	1,189,136	752,769	110,522	739,348	199,189	943,723	30,797
Pension, profit-sharing, stock bonus, and annuity plans	4,352,266	1,524,443	322,972	169,508	1,682,422	269,976	257,389	125,556
Employee benefit programs	2,120,801	983,437	205,312	83,224	510,789	150,175	154,740	33,122
Net loss, noncapital assets	2,456,716	781,301	336,381	1,060,843	17,913	4,456	199,125	56,698
Other deductions	160,987,645	30,094,948	8,641,218	6,284,883	91,750,527	6,293,520	14,950,897	2,971,651
Total receipts less total deductions	46,826,112	13,582,304	2,972,586	641,839	15,371,544	1,092,611	3,147,915	10,017,313
Constructive taxable income from related foreign corporations	304,030	142,345	51,664	2,055	33,809	14,532	*1,219	58,407
Net income (less deficit)	36,959,270	7,333,927	2,879,646	576,362	12,162,432	1,092,053	3,095,610	9,819,240
Net income	43,207,792	8,510,247	4,021,426	936,850	12,656,325	1,282,354	5,378,258	10,422,333
Deficit	6,248,522	1,176,320	360,488	1,141,780	493,893	190,301	2,282,648	603,093
Income subject to tax	28,238,662	7,905,211	3,612,927	793,938	9,503,376	1,021,182	3,664,676	1,537,351
Income tax, total	11,749,927	3,412,268	1,591,583	331,121	4,306,488	377,271	1,196,805	534,390
Normal tax, surtax, and alternative tax	11,585,974	3,369,609	1,508,446	329,666	4,295,569	375,742	1,183,281	523,661
Tax from recomputing prior-year investment credit	46,548	18,360	5,248	1,026	8,617	1,520	6,718	5,059
Tax from recomputing prior-year work incentive (WIN) credit	609	202	375	1	(¹)	*9	22	—
Additional tax for tax preferences	116,796	24,097	77,514	428	2,302	—	6,785	5,671
Foreign tax credit	1,289,724	959,889	43,179	5,055	204,626	15,869	1,366	59,740
U.S. possessions tax credit	2,785	—	1,790	233	—	—	100	663
Investment credit	807,449	479,885	56,431	26,731	141,884	19,188	54,832	28,498
Work incentive (WIN) credit	723	361	89	3	253	2	*14	1
Jobs credit	57,336	14,819	6,603	3,321	3,067	5,809	19,167	4,550
Distributions to stockholders:								
Cash and property except in own stock	18,294,307	3,929,337	730,958	201,746	3,316,567	382,186	832,663	8,900,850
Corporation's own stock	1,051,694	665,868	54,652	*12,630	128,143	*5,752	36,861	147,787

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.2 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							
	Services							Nature of business not allocable
	Total	Hotels and other lodging places	Personal services	Business services	Auto repair; miscellaneous repair services	Amusement and recreation services	Other services	
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)
Number of returns, total	603,445	18,789	44,663	151,031	65,354	48,178	275,430	11,900
Total assets	154,038,119	19,491,460	6,823,723	45,590,229	19,244,023	27,212,351	35,676,334	1,418,661
Cash	14,820,487	1,529,462	758,222	4,310,272	1,186,959	2,031,999	5,003,574	171,874
Notes and accounts receivable	25,758,001	1,261,190	1,201,663	11,358,448	2,896,875	2,829,240	6,210,586	319,323
Less: Allowance for bad debts	826,756	85,017	22,967	221,317	57,970	127,369	312,115	22,990
Inventories	7,575,358	272,783	484,929	2,064,453	1,565,362	1,965,242	1,222,590	143,275
Investments in Government obligations:								
United States	802,102	13,638	*19,093	229,252	103,238	190,840	246,041	*16,879
State and local	496,584	*8,812	*37,837	375,960	*11,629	16,424	45,922	5,472
Other current assets	11,091,763	631,781	360,637	3,782,872	642,747	3,889,028	1,784,697	97,129
Loans to stockholders	2,291,628	173,861	115,951	597,725	164,318	203,788	1,035,985	99,157
Mortgage and real estate loans	2,062,201	295,066	26,437	520,641	29,941	908,208	281,908	90,325
Other investments	16,443,644	2,529,130	417,048	6,341,699	636,163	2,970,302	3,549,303	162,098
Depreciable assets	47,653,470	15,556,889	5,298,233	22,961,835	17,991,340	15,728,017	20,117,156	639,270
Less: Accumulated depreciation	38,895,170	5,193,656	2,711,130	9,832,528	7,109,161	6,713,097	7,335,598	423,296
Depletable assets	169,081	*13,966	*9,836	67,453	*3,510	*24,195	50,122	1,100
Less: Accumulated depletion	21,643	*1,113	*1,529	6,689	*433	*2,559	9,319	—
Land	6,513,289	1,754,945	387,198	813,242	618,360	1,565,842	1,373,702	51,554
Intangible assets (amortizable)	2,622,130	182,497	140,468	736,352	122,068	1,012,440	428,305	19,839
Less: Accumulated amortization	1,112,548	63,912	41,115	183,471	27,342	647,083	149,625	4,293
Other assets	6,594,497	611,139	342,911	1,674,032	466,420	1,366,895	2,133,100	51,945
Total liabilities	154,038,119	19,491,460	6,823,723	45,590,229	19,244,023	27,212,351	35,676,334	1,418,661
Accounts payable	15,071,000	903,882	474,783	6,331,683	1,636,280	2,651,789	3,072,584	361,961
Mortgages, notes, and bonds payable in less than one year	17,198,134	1,231,141	615,355	6,607,244	3,571,286	2,029,844	3,143,264	104,538
Other current liabilities	19,862,072	1,309,455	764,476	5,080,973	1,961,736	5,755,282	4,990,150	197,366
Loans from stockholders	6,400,757	1,175,200	314,278	1,644,380	561,287	1,162,466	1,543,147	55,085
Mortgages, notes, and bonds payable in one year or more	43,496,104	9,107,043	1,427,157	10,572,220	6,329,274	6,418,001	9,642,409	306,045
Other liabilities	6,747,992	700,445	292,985	1,977,776	866,396	1,235,524	1,674,866	42,930
Capital stock	11,106,389	1,771,679	811,847	2,382,074	812,859	2,503,235	2,824,695	186,645
Paid-in or capital surplus	12,915,172	1,689,230	263,633	4,781,290	673,653	2,167,938	3,339,429	202,627
Retained earnings, appropriated	503,251	61,802	48,317	166,161	52,755	62,111	112,104	*45
Retained earnings, unappropriated	23,428,575	1,808,164	2,108,053	6,808,793	2,979,617	3,677,734	6,046,215	-4,072
Less: Cost of treasury stock	2,691,327	266,581	297,159	762,366	201,119	451,572	712,530	*34,510
Total receipts	245,107,695	16,321,571	12,140,081	73,200,299	27,028,786	27,905,753	88,511,205	2,386,149
Business receipts	235,009,878	15,259,320	11,806,187	70,158,741	25,931,614	25,528,267	86,325,748	2,079,231
Interest on Government obligations:								
United States	111,066	3,507	4,409	29,936	9,223	31,938	32,052	*1,875
State and local	23,864	1,169	*2,724	11,482	*1,003	2,773	4,712	*671
Other interest	2,068,575	185,267	76,710	738,372	193,058	382,548	492,621	18,883
Rents	1,629,681	101,517	79,398	648,380	270,118	265,219	265,049	14,187
Royalties	792,070	110,757	*26,355	61,024	*6,076	574,005	13,854	15
Net short-term capital gain reduced by net long-term capital loss	87,650	6,703	*3,360	30,633	4,786	24,020	18,148	*936
Net long-term capital gain reduced by net short-term capital loss	745,028	142,935	24,764	195,145	49,295	130,820	202,069	*51,103
Net gain, noncapital assets	706,508	34,691	22,094	207,857	256,417	51,628	133,820	1,750
Dividends received from domestic corporations	210,053	21,189	6,651	58,008	23,238	55,856	45,110	*2,344
Dividends received from foreign corporations	112,475	68	6,290	58,015	*2,520	19,661	25,922	—
Other receipts	3,610,848	454,447	81,140	1,002,707	281,437	839,017	952,100	215,156
Total deductions	236,870,675	15,354,346	11,620,402	70,787,216	26,481,815	26,603,646	86,023,250	2,287,441
Cost of sales and operations	117,180,747	7,357,033	5,905,304	40,359,422	14,374,045	13,512,613	35,672,330	1,326,167
Compensation of officers	26,222,116	309,443	809,705	4,494,631	1,256,352	17,917,433	108,136	108,136
Repairs	2,313,316	407,999	161,368	479,282	409,535	375,906	479,226	8,233
Bad debts	793,532	53,696	48,667	257,479	79,518	49,109	305,063	4,663
Rent paid on business property	8,686,255	885,529	526,571	2,064,705	787,421	994,280	3,427,749	61,936
Taxes paid	8,253,806	868,930	479,022	2,177,949	858,780	914,973	2,954,152	83,729
Interest paid	6,128,683	958,759	208,679	1,703,696	1,171,069	848,733	1,237,747	34,314
Contributions or gifts	106,303	7,575	7,363	29,204	5,943	24,901	31,317	818
Amortization	197,680	7,085	7,801	73,400	2,940	83,615	22,839	310
Depreciation	11,720,749	936,666	525,188	3,333,022	3,195,642	1,894,634	1,835,597	53,018
Depletion	8,917	*629	*1	3,060	*109	827	4,291	3
Advertising	2,840,289	349,251	237,276	786,459	244,335	848,621	374,348	7,333
Pension, profit-sharing, stock bonus, and annuity plans	4,998,103	47,070	89,545	794,966	91,615	269,910	3,704,997	29,323
Employee benefit programs	1,778,877	112,970	68,552	498,329	127,113	137,656	834,256	10,845
Net loss, noncapital assets	136,267	4,499	6,516	48,761	19,210	29,628	27,654	*4,424
Other deductions	45,505,036	3,047,211	2,538,847	13,682,850	3,679,989	5,361,889	17,194,249	554,189
Total receipts less total deductions	8,237,020	967,225	519,679	2,413,083	546,971	1,302,107	2,487,955	98,708
Constructive taxable income from related foreign corporations	93,833	46	5,510	52,500	122	22,640	13,016	—
Net income (less deficit)	8,306,989	966,101	522,465	2,454,101	546,089	1,321,974	2,496,259	98,037
Net income	12,109,401	1,277,599	668,716	3,677,498	919,796	1,894,527	3,671,266	154,651
Deficit	3,802,412	311,498	146,251	1,223,397	373,707	572,553	1,175,007	56,614
Income subject to tax	9,554,446	999,047	532,155	3,094,120	710,797	1,476,733	2,741,594	129,477
Income tax, total	3,323,418	405,015	183,023	1,126,945	218,396	605,141	784,899	38,294
Normal tax, surtax, and alternative tax	3,278,825	401,534	180,423	1,107,571	212,462	602,985	773,850	38,268
Tax from recomputing prior-year investment credit	42,229	2,634	2,499	18,763	5,927	1,628	10,578	*8
Tax from recomputing prior-year work incentive (WIN) credit	*359	—	*44	*52	(¹)	—	*263	—
Additional tax for tax preferences	2,005	647	*57	559	*7	528	208	18
Foreign tax credit	142,072	5,539	5,406	61,646	*204	47,969	21,308	—
U.S. possessions tax credit	6,234	730	—	3,242	64	1,278	920	1,236
Investment credit	561,508	43,697	25,268	160,517	64,732	134,700	132,594	3,547
Work incentive (WIN) credit	4,811	192	701	2,372	*50	*197	1,299	*756
Jobs credit	186,234	12,601	6,370	65,096	13,615	9,098	79,455	*1,309
Distributions to stockholders:								
Cash and property except in own stock	1,822,529	213,809	141,883	487,378	89,950	280,363	609,146	*11,547
Corporation's own stock	99,295	—	1,145	36,094	15	34,077	27,963	—

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

¹Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 2.3 — Balance Sheets and Income Statements, by Major Industry

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

Item	All industries	Major industry					
		Agriculture, forestry, and fishing	Mining				
			Total	Metal mining	Coal mining	Oil and gas extraction	Nonmetallic minerals, except fuels
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns with net income.....	1,586,485	50,886	11,110	82	1,205	7,805	2,018
Total assets.....	6,048,581,263	26,598,491	94,140,735	10,510,373	6,634,971	69,024,970	7,970,421
Cash.....	425,233,964	1,823,829	3,141,940	136,263	349,423	2,142,158	514,096
Notes and accounts receivable.....	1,647,209,506	2,552,771	22,567,064	884,251	937,890	19,500,862	1,244,060
Less: Allowance for bad debts.....	37,924,097	34,784	88,128	*2,926	22,474	46,460	16,269
Inventories.....	427,610,698	3,144,615	4,280,009	828,515	277,144	2,381,268	793,082
Investments in Government obligations:							
United States.....	199,101,374	171,994	277,008	17,788	137,251	96,936	25,033
State and local.....	178,594,391	35,544	51,982	—	22,348	*26,746	*2,889
Other current assets.....	220,558,220	854,440	4,978,519	1,435,537	299,005	3,039,100	204,877
Loans to stockholders.....	21,336,041	427,283	1,340,139	68,607	62,220	1,177,182	32,131
Mortgage and real estate loans.....	728,547,569	359,182	228,607	5,634	6,769	194,812	21,392
Other investments.....	942,911,133	2,466,410	20,372,245	2,601,827	1,090,832	15,813,087	866,499
Depreciable assets.....	1,625,541,871	14,630,479	44,115,297	5,135,555	4,340,177	28,156,566	6,482,999
Less: Accumulated depreciation.....	604,034,092	6,743,607	16,552,711	2,033,263	1,864,906	9,671,454	2,983,089
Depletable assets.....	50,809,866	104,687	6,111,448	210,621	404,908	5,073,209	422,709
Less: Accumulated depletion.....	14,453,244	17,809	1,939,168	110,594	106,128	1,643,019	79,426
Land.....	63,402,821	5,704,242	926,961	71,684	154,847	408,407	292,023
Intangible assets (amortizable).....	32,769,248	50,021	1,974,672	*28,825	31,243	1,899,846	14,759
Less: Accumulated amortization.....	13,649,918	13,127	749,706	*3,928	6,946	732,001	6,831
Other assets.....	155,013,913	1,082,322	3,104,555	1,235,977	521,367	1,207,724	139,487
Total liabilities.....	6,048,581,263	26,598,491	94,140,735	10,510,373	6,634,971	69,024,970	7,970,421
Accounts payable.....	409,866,594	1,309,513	8,075,386	549,796	487,754	6,333,613	704,222
Mortgages, notes, and bonds payable in less than one year.....	360,537,705	4,035,593	2,931,269	396,235	339,484	1,848,155	347,395
Other current liabilities.....	2,319,530,905	1,491,096	17,315,821	761,506	581,251	15,450,144	522,920
Loans from stockholders.....	42,818,047	1,176,697	589,255	*73,772	118,850	299,969	96,664
Mortgages, notes, and bonds payable in one year or more.....	714,847,151	6,579,478	15,970,958	1,678,873	1,448,336	11,226,766	1,616,983
Other liabilities.....	608,456,367	996,029	3,889,484	585,944	463,818	2,427,354	412,368
Capital stock.....	291,463,830	4,374,478	3,219,594	476,391	169,193	1,949,134	624,875
Paid-in or capital surplus.....	386,195,726	1,766,651	12,051,912	1,484,527	479,487	9,796,347	291,551
Retained earnings, appropriated.....	44,814,700	187,944	4,428,768	*1,472	*168,216	4,186,029	73,051
Retained earnings, unappropriated.....	909,247,170	4,982,682	26,208,940	4,519,600	2,437,293	15,764,768	3,487,279
Less: Cost of treasury stock.....	39,196,931	301,670	540,651	*17,744	58,711	257,309	206,886
Total receipts.....	4,890,972,248	38,578,745	117,684,172	5,715,684	7,098,904	96,879,642	7,989,962
Business receipts.....	4,480,995,505	36,521,935	113,324,899	5,319,525	6,663,678	93,654,596	7,687,100
Interest on Government obligations:							
United States.....	17,233,966	17,866	37,239	11,042	9,832	13,142	3,223
State and local.....	9,781,990	1,680	20,281	6	2,509	16,553	1,213
Other interest.....	228,102,667	274,599	771,107	81,558	99,101	523,526	66,922
Rents.....	26,384,319	191,866	150,683	5,404	47,981	69,372	27,926
Royalties.....	7,856,765	67,633	313,280	5,657	14,445	279,946	13,232
Net short-term capital gain reduced by net long-term capital loss.....	1,082,003	26,606	11,490	*675	456	10,215	145
Net long-term capital gain reduced by net short-term capital loss.....	18,647,325	470,689	695,693	77,859	102,388	457,278	58,169
Net gain, noncapital assets.....	13,050,392	155,180	395,583	*18,013	11,465	344,419	21,687
Dividends received from domestic corporations.....	16,078,682	27,420	167,240	19,617	20,433	121,877	5,313
Dividends received from foreign corporations.....	12,529,263	10,202	186,100	107,033	74	77,354	1,639
Other receipts.....	59,229,371	813,068	1,610,578	69,275	126,543	1,311,364	103,395
Total deductions.....	4,571,891,480	35,984,686	72,918,172	5,244,505	6,607,974	53,738,379	7,327,315
Cost of sales and operations.....	3,211,792,067	26,090,168	50,119,782	3,435,301	4,377,776	37,557,537	4,749,167
Compensation of officers.....	79,862,905	972,617	677,989	16,268	72,491	449,588	139,642
Repairs.....	33,794,845	682,351	613,706	29,108	127,694	250,243	206,660
Bad debts.....	13,992,871	27,099	92,412	1,289	20,968	56,518	13,637
Rent paid on business property.....	51,356,143	781,343	440,104	38,186	91,148	244,018	66,752
Taxes paid.....	111,723,511	799,322	1,760,513	267,936	334,359	932,523	225,695
Interest paid.....	215,849,695	971,513	1,835,574	227,872	209,198	1,215,890	182,613
Contributions or gifts.....	2,271,470	13,220	39,448	5,562	4,054	23,948	5,884
Amortization.....	1,110,356	2,134	17,562	1,531	1,506	13,880	646
Depreciation.....	118,587,277	1,337,970	3,016,314	329,960	410,747	1,816,555	459,052
Depletion.....	7,265,919	9,332	1,381,605	278,054	229,944	582,478	291,129
Advertising.....	39,598,080	129,478	78,930	1,256	3,810	49,695	24,169
Pension, profit-sharing, stock bonus, and annuity plans.....	42,449,899	127,994	443,316	93,493	61,224	236,791	51,808
Employee benefit programs.....	28,980,096	93,042	318,419	43,490	103,048	99,168	72,713
Net loss, noncapital assets.....	1,967,452	7,707	25,892	19,957	2,112	3,311	512
Other deductions.....	611,288,895	3,939,394	12,056,606	455,242	557,896	10,206,234	837,234
Total receipts less total deductions.....	319,080,768	2,594,059	44,766,000	471,159	490,930	43,141,263	662,647
Constructive taxable income from related foreign corporations.....	12,350,983	6,383	144,044	60,837	—	60,527	2,579
Net income.....	321,649,761	2,598,762	44,889,763	532,090	488,421	43,205,237	664,014
Income subject to tax.....	279,372,960	1,675,005	44,043,753	410,249	318,263	42,728,525	586,715
Income tax, total.....	119,962,125	528,605	20,194,526	194,492	154,928	19,574,343	270,763
Normal tax, surtax, and alternative tax.....	118,859,135	518,736	20,089,901	173,610	134,979	19,535,474	245,837
Tax from recomputing prior-year investment credit.....	684,129	8,657	16,458	*304	1,204	13,144	1,806
Tax from recomputing prior-year work incentive (WIN) credit.....	9,151	*5	*31	—	2	*3	*25
Additional tax for tax preferences.....	409,710	1,207	88,137	20,578	18,743	25,721	23,095
Foreign tax credit.....	36,827,303	14,223	18,718,612	87,462	726	18,591,431	38,993
U.S. possessions tax credit.....	1,376,124	—	872	—	—	872	—
Investment credit.....	14,634,207	121,407	270,126	20,748	30,656	161,321	57,402
Work incentive (WIN) credit.....	27,934	53	84	71	3	6	3
Jobs credit.....	1,293,144	19,098	14,744	*96	*783	12,025	1,840
Distributions to stockholders:							
Cash and property except in own stock.....	82,395,698	337,450	3,026,322	221,219	259,071	2,419,049	126,983
Corporation's own stock.....	2,913,306	2,439	140,721	3,337	—	130,937	*6,446

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 2.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Construction				Manufacturing				
	Total	General building contractors and operative builders	Heavy construction contractors	Special trade contractors	Total	Food and kindred products	Tobacco manufactures	Textile mill products	Apparel and other textile products
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Number of returns with net income	155,123	58,224	10,999	85,900	161,075	9,559	**	3,448	9,451
Total assets	90,716,693	42,743,133	21,089,875	26,883,684	1,407,006,480	100,758,336	**	18,438,246	16,492,976
Cash	9,494,503	4,051,164	2,202,206	3,241,132	44,242,160	4,121,426	**	715,122	998,923
Notes and accounts receivable	25,884,038	9,673,626	6,027,179	10,183,234	334,510,509	19,451,719	**	4,944,942	4,812,397
Less: Allowance for bad debts	205,827	53,481	40,669	111,678	5,730,440	345,768	**	81,036	95,758
Inventories	15,114,422	10,077,985	1,260,213	3,776,224	229,223,858	19,888,403	**	4,749,553	5,845,651
Investments in Government obligations:									
United States	437,602	167,622	167,997	101,983	9,643,577	411,677	**	117,385	92,725
State and local	301,895	143,408	130,317	28,171	2,293,356	318,819	**	34,991	77,010
Other current assets	9,623,668	5,868,800	1,649,468	2,105,401	63,275,443	3,273,073	**	588,578	671,814
Loans to stockholders	1,290,652	623,128	153,986	513,538	3,651,106	539,757	**	36,978	125,993
Mortgage and real estate loans	1,055,524	909,204	101,978	44,342	3,045,727	692,655	**	3,492	27,789
Other investments	5,380,423	2,359,582	2,132,762	888,079	250,811,010	16,673,023	**	1,256,547	1,543,105
Depreciable assets	32,995,810	9,433,492	13,546,657	10,015,662	680,227,289	50,732,334	**	12,938,406	3,864,449
Less: Accumulated depreciation	16,112,546	3,813,124	7,263,154	5,036,268	308,954,080	21,655,427	**	7,277,734	1,906,427
Depletable assets	199,746	71,840	101,925	25,980	39,306,242	347,755	**	6,260	*2,021
Less: Accumulated depletion	67,754	25,029	29,603	13,122	10,984,330	109,059	**	*388	10
Land	3,071,452	1,964,703	547,110	559,639	18,841,112	1,870,965	**	145,068	108,207
Intangible assets (amortizable)	264,270	155,548	43,148	65,574	20,605,367	763,113	**	30,554	27,917
Less: Accumulated amortization	62,211	25,487	13,257	23,467	9,404,556	135,132	**	17,378	13,408
Other assets	2,051,025	1,180,152	371,610	519,262	44,403,109	4,119,004	**	246,906	310,577
Total liabilities	90,716,693	42,743,133	21,089,875	26,883,684	1,407,006,480	100,758,336	**	18,438,246	16,492,976
Accounts payable	18,717,100	9,505,834	3,594,903	5,616,362	181,600,025	12,666,765	**	2,256,292	2,973,503
Mortgages, notes, and bonds payable in less than one year	10,895,816	6,939,090	1,678,816	2,277,911	103,058,070	6,323,029	**	1,269,853	1,766,408
Other current liabilities	13,582,202	6,241,153	3,236,625	4,104,425	149,394,936	11,275,261	**	1,716,146	1,799,461
Loans from stockholders	2,118,282	1,097,703	218,764	801,815	11,776,020	862,982	**	137,746	247,713
Mortgages, notes, and bonds payable in one year or more	11,687,542	6,361,750	2,587,612	2,738,181	237,441,080	17,503,112	**	2,504,850	1,768,817
Other liabilities	6,294,898	3,152,691	1,606,762	1,535,445	79,813,280	3,443,606	**	282,127	289,456
Capital stock	3,982,690	1,307,609	1,156,545	1,518,537	78,751,304	6,214,087	**	1,203,329	1,046,122
Paid-in or capital surplus	2,562,334	1,100,748	942,522	519,064	139,036,521	8,540,585	**	1,107,606	1,159,191
Retained earnings, appropriated	233,417	99,581	67,399	66,436	10,912,330	741,132	**	56,007	32,412
Retained earnings, unappropriated	21,909,834	7,387,681	6,362,543	8,159,610	426,493,872	34,013,562	**	8,172,668	5,655,320
Less: Cost of treasury stock	1,267,423	450,705	362,615	454,102	11,270,957	825,786	**	248,377	245,427
Total receipts	201,550,742	84,719,968	42,855,552	73,975,221	1,968,343,405	210,445,639	**	34,804,550	35,760,001
Business receipts	196,895,126	82,378,790	41,347,112	73,168,224	1,893,371,502	205,836,608	**	34,296,464	35,147,520
Interest on Government obligations:									
United States	56,746	25,713	21,627	9,405	1,089,169	85,252	**	21,506	7,546
State and local	29,153	10,906	7,668	10,578	483,717	115,965	**	1,654	3,747
Other interest	935,257	480,677	270,885	183,694	18,000,130	1,058,341	**	110,745	133,479
Rents	688,434	405,738	178,758	103,938	6,685,330	314,818	**	27,709	39,410
Royalties	10,610	3,080	6,079	1,452	5,713,513	360,224	**	38,759	80,091
Net short-term capital gain reduced by net long-term capital loss	19,008	9,830	5,110	4,068	194,881	21,779	**	2,012	*1,432
Net long-term capital gain reduced by net short-term capital loss	412,231	252,955	91,221	68,055	9,144,865	293,659	**	19,294	36,470
Net gain, noncapital assets	449,378	195,806	185,538	68,033	2,082,194	193,058	**	20,655	10,676
Dividends received from domestic corporations	78,266	21,193	35,077	21,996	6,773,120	255,955	**	64,362	13,910
Dividends received from foreign corporations	193,114	21,234	167,284	4,596	11,054,592	625,321	**	15,807	75,008
Other receipts	1,783,420	913,046	539,194	331,180	13,750,392	1,284,657	**	185,583	210,710
Total deductions	192,772,395	81,482,940	40,700,744	70,588,711	1,838,358,708	201,687,368	**	32,943,301	33,903,940
Cost of sales and operations	157,412,012	70,407,628	32,907,045	54,097,339	1,378,112,507	156,197,453	**	26,491,623	26,036,029
Compensation of officers	6,732,864	2,187,681	929,195	3,615,988	15,427,984	1,111,982	**	376,115	802,588
Repairs	1,061,029	209,572	477,065	374,391	22,496,505	1,674,208	**	292,177	79,685
Bad debts	323,116	71,298	50,370	201,448	3,314,232	233,166	**	45,946	79,053
Rent paid on business property	1,083,614	260,322	301,079	522,212	14,382,880	1,490,147	**	238,618	340,147
Taxes paid	4,230,001	1,195,867	881,791	2,152,343	49,659,885	5,078,650	**	832,963	873,832
Interest paid	2,224,222	1,140,379	514,471	569,373	35,771,587	2,672,453	**	479,580	537,422
Contributions or gifts	76,131	33,801	17,400	24,930	1,173,003	95,569	**	23,388	28,007
Amortization	21,649	15,401	3,613	2,635	411,696	27,310	**	2,898	3,173
Depreciation	3,433,409	895,134	1,331,889	1,206,387	51,518,840	4,058,893	**	974,624	317,765
Depletion	43,990	8,756	29,670	5,565	5,266,320	33,062	**	*3,076	*425
Advertising	449,028	195,706	38,332	214,990	20,566,754	5,429,338	**	175,725	300,666
Pension, profit-sharing, stock bonus, and annuity plans	1,055,921	323,630	270,243	462,048	21,539,410	1,307,248	**	245,535	210,652
Employee benefit programs	1,045,074	213,386	243,003	588,675	17,263,943	1,114,364	**	186,319	196,620
Net loss, noncapital assets	24,083	5,902	8,599	9,582	411,837	18,007	**	3,537	12,264
Other deductions	13,556,251	4,318,468	2,696,979	6,540,805	201,041,326	21,145,518	**	2,571,197	4,085,612
Total receipts less total deductions	8,778,347	3,237,028	2,154,809	3,386,510	129,984,697	8,758,272	**	1,861,250	1,856,061
Constructive taxable income from related foreign corporations	154,739	31,795	121,698	1,246	10,187,662	456,790	**	14,340	51,398
Net income	8,903,932	3,257,917	2,268,838	3,377,177	139,688,642	9,099,097	**	1,873,936	1,903,712
Income subject to tax	7,250,471	2,580,269	1,993,508	2,676,694	133,051,625	8,778,410	**	1,785,115	1,762,577
Income tax, total	2,540,395	906,803	818,039	815,553	58,954,247	3,954,582	**	800,020	748,145
Normal tax, surtax, and alternative tax	2,509,913	898,798	804,925	806,190	58,474,675	3,923,031	**	796,999	746,581
Tax from recomputing prior-year investment credit	25,173	5,808	11,256	8,109	317,570	28,039	**	2,916	1,509
Tax from recomputing prior-year work incentive (WIN) credit	*78	*75	1	*1	389	363	—	—	—
Additional tax for tax preferences	5,231	2,122	1,856	1,253	161,613	3,149	—	*105	*55
Foreign tax credit	169,840	30,488	137,066	2,286	15,286,370	628,397	**	20,896	53,417
U.S. possessions tax credit	1,132	1,054	—	78	1,252,346	96,100	**	4,531	30,191
Investment credit	366,108	88,136	163,949	114,023	7,120,231	457,443	**	107,648	32,030
Work incentive (WIN) credit	998	49	389	560	16,083	750	**	870	977
Jobs credit	209,127	63,736	34,307	111,084	402,790	21,441	**	11,310	31,856
Distributions to stockholders:									
Cash and property except in own stock	622,747	234,658	193,510	194,579	37,335,488	2,350,269	**	440,447	196,519
Corporation's own stock	27,261	*12,150	*6,686	8,425	1,007,311	56,433	—	*21,315	18,769

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 2.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Manufacturing — Continued								
	Lumber and wood products	Furniture and fixtures	Paper and allied products	Printing and publishing	Chemicals and allied products	Petroleum (including integrated) and coal products	Rubber and miscellaneous plastics products	Leather and leather products	Stone, clay, and glass products
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns with net income	9,535	5,399	2,577	24,300	6,425	1,051	6,444	1,541	6,398
Total assets	36,636,424	7,596,181	39,000,848	40,034,344	133,872,103	313,680,140	23,660,220	5,965,095	32,095,302
Cash.....	1,310,179	408,953	1,075,322	2,161,973	3,202,526	6,678,804	787,934	359,121	1,083,818
Notes and accounts receivable.....	4,844,624	2,027,727	6,152,126	8,930,002	26,006,614	58,306,076	5,984,057	1,648,768	5,949,281
Less: Allowance for bad debts.....	125,657	41,499	132,674	538,351	537,526	557,197	112,665	43,854	160,795
Inventories.....	5,534,587	2,189,873	5,286,436	4,295,557	21,225,801	19,770,313	4,789,418	1,934,469	4,520,167
Investments in Government obligations:									
United States.....	134,872	36,633	284,105	485,741	488,267	1,591,968	70,281	28,617	257,559
State and local.....	11,566	67,368	238,106	203,534	9,602	73,778	10,692	19,999	
Other current assets.....	1,230,900	246,002	1,539,686	2,740,740	4,671,256	12,185,023	470,614	195,386	1,294,019
Loans to stockholders.....	86,364	17,596	128,416	274,954	786,661	234,268	128,893	22,453	72,716
Mortgage and real estate loans.....	1,163,658	16,594	39,942	149,752	31,942	112,505	60,018	118	38,293
Other investments.....	4,361,094	531,481	5,654,410	5,698,217	27,649,859	90,222,425	3,149,882	830,793	4,335,634
Depreciable assets.....	22,632,247	3,453,673	28,027,347	18,548,720	79,390,384	147,714,726	14,720,254	1,502,060	23,749,751
Less: Accumulated depreciation.....	9,428,514	1,630,998	12,812,782	8,205,774	36,924,467	60,802,768	7,301,549	722,633	10,917,795
Depletable assets.....	3,202,776	*7,160	1,945,318	277,485	1,831,645	29,254,735	*9,201	—	451,528
Less: Accumulated depletion.....	137,723	185	296,958	*15,159	550,143	9,309,659	*2,085	—	103,130
Land.....	429,881	109,919	1,315,148	745,386	1,324,162	4,612,490	230,222	40,227	650,120
Intangible assets (amortizable).....	61,287	31,578	174,633	1,058,433	1,241,731	13,646,818	47,710	52,622	94,675
Less: Accumulated amortization.....	14,514	8,397	41,558	158,973	283,833	7,798,627	18,254	13,295	23,079
Other assets.....	1,338,796	132,705	611,447	3,347,535	4,113,691	7,808,659	572,512	119,551	782,540
Total liabilities	36,636,424	7,596,181	39,000,848	40,034,344	133,872,103	313,680,140	23,660,220	5,965,095	32,095,302
Accounts payable.....	2,830,921	891,033	3,328,250	3,730,403	15,672,004	49,512,168	3,238,064	1,046,410	3,279,353
Mortgages, notes, and bonds payable in less than one year.....	2,703,892	488,208	1,420,030	2,486,424	5,214,706	12,469,570	1,101,569	611,364	1,392,234
Other current liabilities.....	3,334,095	758,292	4,090,811	4,937,800	15,583,441	23,458,885	2,662,670	503,852	3,281,504
Loans from stockholders.....	317,107	97,501	88,607	535,535	1,065,250	274,128	291,216	66,750	195,629
Mortgages, notes, and bonds payable in one year or more.....	7,820,658	960,966	7,791,635	6,054,043	24,983,888	46,531,803	4,340,427	848,910	6,718,120
Other liabilities.....	1,280,098	126,065	982,684	2,165,513	3,478,101	33,846,985	1,041,076	76,793	762,030
Capital stock.....	2,141,102	613,008	2,801,814	2,137,081	7,925,155	16,327,222	938,167	685,700	2,047,793
Paid-in or capital surplus.....	3,888,846	463,647	4,410,587	2,741,000	16,258,701	40,639,408	2,114,474	460,611	2,626,012
Retained earnings, appropriated.....	103,293	18,450	64,565	208,309	274,498	854,689	181,347	*52,772	296,619
Retained earnings, unappropriated.....	12,674,522	3,306,253	14,332,903	15,817,379	44,597,954	91,475,326	8,019,839	1,748,743	11,793,733
Less: Cost of treasury stock.....	458,113	127,242	311,038	779,144	1,181,597	1,710,046	288,630	136,810	297,724
Total receipts	50,545,750	15,744,620	52,796,964	56,985,454	163,480,429	449,025,741	38,704,864	11,873,769	44,160,665
Business receipts.....	47,091,708	15,478,934	49,455,193	54,995,728	156,871,412	433,958,917	37,795,782	11,648,472	42,756,563
Interest on Government obligations:									
United States.....	18,565	8,067	24,952	42,326	50,741	227,392	17,531	4,063	17,383
State and local.....	1,166	3,292	5,035	10,973	13,112	26,884	6,061	*514	893
Other interest.....	435,942	56,395	364,653	387,185	1,368,651	3,659,806	156,407	66,417	257,168
Rents.....	71,161	10,481	67,373	148,585	212,962	1,196,516	50,209	9,910	80,057
Royalties.....	23,985	3,996	204,543	134,079	940,920	368,924	72,803	4,801	116,188
Net short-term capital gain reduced by net long-term capital loss.....	*362	*85	983	1,277	8,519	51,154	*440	13	13,395
Net long-term capital gain reduced by net short-term capital loss.....	2,286,030	21,643	1,771,792	338,944	582,951	1,519,020	86,437	17,474	275,699
Net gain, noncapital assets.....	139,145	14,287	174,243	68,327	223,811	210,031	74,664	4,893	81,531
Dividends received from domestic corporations.....	68,228	6,400	145,164	116,723	792,917	1,652,968	52,029	37,591	107,312
Dividends received from foreign corporations.....	85,555	2,063	316,602	175,163	1,093,766	2,900,691	145,877	*23,270	145,735
Other receipts.....	323,903	138,978	266,430	566,142	1,320,667	3,253,439	246,623	56,351	308,740
Total deductions	47,063,330	14,719,397	48,264,129	51,526,301	150,989,573	418,541,344	36,876,747	11,200,230	41,212,381
Cost of sales and operations.....	35,129,157	11,012,060	34,412,370	34,098,793	102,956,809	351,396,087	26,783,920	8,381,732	29,402,707
Compensation of officers.....	616,602	385,041	378,802	1,501,756	899,742	343,564	62,792	137,040	578,563
Repairs.....	592,165	59,595	1,265,006	353,899	2,487,984	4,156,242	547,590	34,978	981,450
Bad debts.....	81,401	37,925	87,239	331,048	235,926	335,470	79,743	27,973	100,020
Rent paid on business property.....	375,945	150,825	399,384	694,271	1,321,318	2,620,942	375,743	225,982	394,094
Taxes paid.....	1,177,300	384,180	1,254,733	1,725,904	2,965,136	12,009,316	945,467	275,333	1,167,198
Interest paid.....	955,043	185,518	807,985	760,051	3,090,886	5,136,819	631,577	198,919	818,783
Contributions or gifts.....	24,454	11,948	61,203	77,839	138,769	173,954	14,715	8,533	32,593
Amortization.....	15,616	932	9,420	47,911	39,153	65,485	6,023	663	5,815
Depreciation.....	1,722,898	263,809	1,981,500	1,603,313	5,857,817	8,457,195	1,006,033	125,730	1,768,877
Depletion.....	1,937,028	698	503,782	65,946	322,091	1,316,499	3,369	(¹)	174,032
Advertising.....	169,193	154,108	428,996	512,914	4,365,603	1,043,439	359,936	157,177	217,157
Pension, profit-sharing, stock bonus, and annuity plans.....	352,236	113,641	621,527	706,711	2,243,065	2,096,864	400,267	55,110	537,379
Employee benefit programs.....	262,640	78,198	430,600	550,424	1,343,957	797,971	433,422	82,894	484,953
Net loss, noncapital assets.....	2,470	1,371	10,263	9,637	77,860	182,392	2,246	798	10,577
Other deductions.....	3,649,180	1,879,547	5,611,319	8,485,885	22,643,456	28,409,107	4,661,902	1,487,369	4,538,182
Total receipts less total deductions	3,482,419	1,025,223	4,532,836	5,459,153	12,490,856	30,484,397	1,828,117	673,539	2,948,284
Constructive taxable income from related foreign corporations.....	114,979	1,175	225,904	104,554	1,499,046	2,712,880	93,388	743	96,846
Net income.....	3,596,233	1,023,106	4,753,704	5,552,735	13,976,789	33,170,394	1,915,445	673,768	3,044,238
Income subject to tax.....	3,391,886	960,945	4,683,236	5,140,297	13,644,185	31,037,830	1,801,998	608,667	2,889,810
Income tax, total.....	1,152,088	407,408	1,855,145	2,200,831	6,202,165	14,049,774	764,811	267,013	1,243,305
Normal tax, surtax, and alternative tax.....	1,110,018	404,766	1,813,523	2,189,551	6,135,113	14,007,477	752,729	266,545	1,224,984
Tax from recomputing prior-year investment credit.....	7,736	2,565	18,157	9,869	43,552	33,233	11,434	468	9,374
Tax from recomputing prior-year work incentive (WIN) credit.....	(¹)	—	—	(¹)	2	(¹)	(¹)	—	—
Additional tax for tax preferences.....	34,334	*77	23,465	*1,410	23,498	9,064	*647	—	8,948
Foreign tax credit.....	87,555	1,586	255,707	139,209	1,531,309	6,447,153	123,692	2,946	118,167
U.S. possessions tax credit.....	—	323	2,020	637,483	7,623	4,430	7,133	8,724	8,724
Investment credit.....	276,900	28,915	321,799	222,350	712,720	1,804,418	102,187	14,111	244,204
Work incentive (WIN) credit.....	142	349	313	1,218	404	127	310	148	643
Jobs credit.....	17,677	14,439	5,754	19,364	13,484	3,336	18,992	5,685	14,590
Distributions to stockholders:									
Cash and property except in own stock.....	608,077	92,106	1,112,551	947,487	5,226,934	10,905,750	378,910	124,195	622,844
Corporation's own stock.....	24,108	17,563	108,966	14,224	51,413	55,001	21,213	*13,741	*20,585

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 2.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							
	Manufacturing — Continued							
	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Motor vehicles and equipment	Transportation equipment, except motor vehicles	Instruments and related products	Miscellaneous manufacturing and manufacturing not allocable
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
Number of returns with net income.....	3,110	26,414	19,264	10,150	1,600	1,527	4,507	**
Total assets	103,003,488	62,049,647	134,554,151	111,197,859	117,697,759	42,320,504	24,803,832	**
Cash.....	2,388,591	3,086,811	3,825,943	4,342,188	1,945,658	3,743,925	717,978	**
Notes and accounts receivable.....	22,670,283	14,845,329	34,916,478	30,706,522	59,756,768	7,507,380	6,277,795	**
Less: Allowance for bad debts.....	303,000	296,084	687,185	709,269	643,462	97,770	83,416	**
Inventories.....	16,373,571	14,907,150	31,461,868	21,772,487	17,064,551	11,458,844	6,100,040	**
Investments in Government obligations:								**
United States.....	193,139	233,207	1,257,217	776,985	2,441,086	41,671	659,677	**
State and local.....	309,348	41,291	174,920	116,509	325,257	15	*175,846	**
Other current assets.....	4,284,973	2,572,182	8,618,038	10,511,840	1,669,878	4,107,813	1,153,822	**
Loans to stockholders.....	102,799	208,993	280,074	247,005	182,135	13,196	53,951	**
Mortgage and real estate loans.....	127,448	57,192	125,899	136,030	169,680	35,681	39,934	**
Other investments.....	15,195,818	8,050,395	21,752,071	16,356,158	10,075,949	5,054,312	2,344,070	**
Depreciable assets.....	61,852,946	28,986,199	54,818,859	38,998,524	45,643,783	17,269,473	11,916,902	**
Less: Accumulated depreciation.....	28,942,826	13,214,904	26,025,953	17,678,355	24,905,545	8,607,539	5,440,685	**
Depletable assets.....	753,681	161,806	80,922	642,663	*49,256	*5,854	3,840	**
Less: Accumulated depletion.....	255,256	10,630	5,897	178,274	*5,262	*3,488	705	**
Land.....	985,191	798,958	903,665	866,984	595,965	513,910	316,118	**
Intangible assets (amortizable).....	743,197	132,164	717,107	606,187	123,678	91,774	200,668	**
Less: Accumulated amortization.....	224,176	73,400	227,145	169,224	16,776	23,690	59,878	**
Other assets.....	6,747,760	1,382,987	2,567,269	3,852,899	3,225,159	1,209,346	428,076	**
Total liabilities	103,003,488	62,049,647	134,554,151	111,197,859	117,697,759	42,320,504	24,803,832	**
Accounts payable.....	12,236,418	8,766,597	14,434,385	18,000,297	11,156,832	8,733,444	2,913,834	**
Mortgages, notes, and bonds payable in less than one year.....	10,503,082	3,638,288	9,055,883	7,910,944	28,173,171	2,247,254	978,495	**
Other current liabilities.....	9,722,413	7,176,631	18,034,105	14,427,289	10,709,714	8,170,621	3,276,786	**
Loans from stockholders.....	432,454	848,984	4,128,748	593,781	627,835	90,953	170,969	**
Mortgages, notes, and bonds payable in one year or more.....	21,244,786	9,803,101	21,843,606	16,059,323	24,564,216	5,557,668	2,531,697	**
Other liabilities.....	7,157,202	1,989,582	4,862,742	9,347,900	3,054,887	2,082,055	1,351,969	**
Capital stock.....	6,167,635	3,403,023	9,573,265	4,911,693	3,198,027	3,116,235	1,472,007	**
Paid-in or capital surplus.....	10,009,600	5,713,431	13,294,211	9,664,690	5,561,348	2,698,415	2,664,881	**
Retained earnings, appropriated.....	215,511	229,337	6,149,989	451,151	326,053	*9,124	109,662	**
Retained earnings, unappropriated.....	25,958,769	21,369,052	33,978,146	31,090,512	30,477,889	9,911,949	9,454,523	**
Less: Cost of treasury stock.....	644,383	888,378	800,930	1,259,721	152,214	297,213	120,791	**
Total receipts	129,024,780	100,297,797	151,808,520	134,088,767	147,403,368	55,815,339	34,322,808	**
Business receipts.....	125,438,924	98,052,984	140,091,033	128,173,216	140,775,741	52,972,373	32,810,934	**
Interest on Government obligations:								**
United States.....	30,615	27,076	128,911	70,272	250,497	4,793	44,562	**
State and local.....	14,202	4,202	44,903	178,793	42,200	1,207	7,810	**
Other interest.....	1,326,163	487,331	2,223,545	1,845,722	2,586,565	744,158	230,396	**
Rents.....	146,279	121,406	2,653,056	717,031	532,598	152,684	54,868	**
Royalties.....	98,852	121,586	2,147,958	439,790	168,099	85,367	165,773	**
Net short-term capital gain reduced by net long-term capital loss.....	37,054	3,877	13,083	19,841	1,251	433	44	**
Net long-term capital gain reduced by net short-term capital loss.....	464,647	242,669	409,066	379,754	102,304	170,166	30,581	**
Net gain, noncapital assets.....	183,808	101,506	212,616	121,506	82,436	56,775	32,917	**
Dividends received from domestic corporations.....	256,466	125,049	760,578	678,569	539,206	558,460	300,479	**
Dividends received from foreign corporations.....	347,097	337,373	1,846,342	608,045	1,688,175	179,069	329,549	**
Other receipts.....	680,651	672,738	1,277,428	856,228	634,298	889,854	314,696	**
Total deductions	123,386,940	93,294,722	137,728,497	124,443,835	139,448,812	53,088,019	30,774,901	**
Cost of sales and operations.....	96,641,260	69,529,666	89,350,415	86,662,282	103,773,944	38,748,423	19,228,755	**
Compensation of officers.....	581,697	2,286,598	1,963,910	1,177,062	316,276	288,268	405,858	**
Repairs.....	4,164,935	1,011,563	1,249,273	722,583	1,402,565	553,327	496,131	**
Bad debts.....	165,695	208,268	364,323	332,123	325,080	93,162	50,868	**
Rent paid on business property.....	580,601	805,874	1,398,191	1,164,848	764,960	387,428	293,841	**
Taxes paid.....	2,410,067	2,474,616	4,255,987	3,394,045	3,587,689	1,225,612	870,370	**
Interest paid.....	3,369,009	1,532,499	3,582,792	3,245,756	5,093,692	874,968	444,145	**
Contributions or gifts.....	63,369	64,323	114,867	76,966	42,064	55,944	31,432	**
Amortization.....	35,754	14,300	73,132	22,677	10,816	5,399	16,057	**
Depreciation.....	3,771,105	2,214,977	5,310,706	4,011,583	5,178,407	991,453	936,152	**
Depletion.....	689,596	17,143	33,881	102,826	4,244	17,219	*1,761	**
Advertising.....	339,860	685,786	1,029,064	1,605,232	962,357	218,700	702,728	**
Pension, profit-sharing, stock bonus, and annuity plans.....	2,233,810	1,132,604	2,439,078	1,817,335	2,710,388	1,295,182	587,102	**
Employee benefit programs.....	1,221,925	944,677	2,039,012	1,851,685	3,713,257	656,547	458,862	**
Net loss, noncapital assets.....	12,208	18,181	10,831	20,810	6,340	2,763	5,745	**
Other deductions.....	7,106,049	10,353,647	24,513,035	18,236,023	11,556,733	7,673,624	6,245,094	**
Total receipts less total deductions.....	5,637,820	7,003,075	14,080,023	9,644,932	7,954,556	2,727,321	3,547,707	**
Constructive taxable income from related foreign corporations.....	274,838	243,595	1,922,932	475,098	1,235,918	129,215	401,220	**
Net income.....	5,898,456	7,242,468	15,958,052	9,941,237	9,148,274	2,855,329	3,941,117	**
Income subject to tax.....	5,581,624	6,785,587	15,617,526	9,391,774	9,022,432	2,498,694	3,814,528	**
Income tax, total.....	2,520,019	2,877,068	7,009,907	4,199,384	4,138,811	1,118,850	1,727,765	**
Normal tax, surtax, and alternative tax.....	2,459,293	2,858,547	6,958,426	4,169,617	4,118,938	1,108,290	1,721,675	**
Tax from recomputing prior-year investment credit.....	18,678	17,522	48,799	20,886	19,783	8,531	5,881	**
Tax from recomputing prior-year work incentive (WIN) credit.....	—	19	1	1	(¹)	2	(¹)	**
Additional tax for tax preferences.....	42,048	851	2,680	8,879	91	2,027	209	**
Foreign tax credit.....	493,574	303,725	2,215,971	733,072	1,455,818	158,173	379,027	**
U.S. possessions tax credit.....	1,199	25,115	26,935	247,145	4,986	419	67,011	**
Investment credit.....	487,471	308,145	582,554	474,816	460,972	240,517	113,828	**
Work incentive (WIN) credit.....	1,009	1,330	1,019	1,775	2,388	937	511	**
Jobs credit.....	12,950	61,359	51,313	51,364	9,171	12,274	15,187	**
Distributions to stockholders:								**
Cash and property except in own stock.....	1,541,641	1,074,883	3,561,680	2,668,712	2,840,013	731,986	964,311	**
Corporation's own stock.....	43,992	74,628	70,103	175,401	38,192	134,669	*22,949	**

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 2.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued								
	Transportation and public utilities				Wholesale and retail trade				
	Total	Transportation	Communication	Electric, gas, and sanitary services	Total	Wholesale trade			
						Total	Groceries and related products	Machinery, equipment, and supplies	Miscellaneous wholesale trade
(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	
Number of returns with net income	59,649	46,341	5,466	7,842	500,211	188,498	16,175	43,380	128,943
Total assets	577,082,002	128,887,334	177,887,433	270,307,235	486,009,411	266,383,692	21,014,972	47,215,301	198,153,419
Cash	8,181,085	4,923,329	1,320,839	1,936,917	29,744,604	15,794,338	1,518,650	2,793,637	11,482,051
Notes and accounts receivable	49,076,288	19,012,257	12,150,814	17,913,217	135,587,955	91,128,005	6,632,487	15,199,342	69,296,176
Less: Allowance for bad debts	714,989	231,182	249,734	234,073	3,182,530	1,316,280	120,531	241,144	954,604
Inventories	21,930,279	4,229,871	5,985,496	11,714,912	144,273,811	73,326,664	6,073,215	16,473,179	50,780,270
Investments in Government obligations:									
United States	3,638,753	1,291,762	1,341,615	1,005,376	1,605,268	995,404	38,721	110,720	845,963
State and local	433,597	409,187	14,780	9,630	387,839	168,404	*3,379	3,265	161,761
Other current assets	17,872,963	5,837,770	3,400,131	8,635,062	16,992,825	9,687,331	871,357	1,202,394	7,613,580
Loans to stockholders	843,045	693,606	84,220	65,219	7,313,187	5,290,310	166,982	232,544	4,890,784
Mortgage and real estate loans	1,961,106	365,579	277,895	1,317,632	2,544,360	1,334,124	43,539	30,095	1,260,490
Other investments	47,280,673	17,684,538	15,445,958	14,150,176	43,544,658	29,126,773	983,020	3,990,594	24,153,159
Depreciable assets	544,943,407	101,640,466	170,942,710	272,360,230	140,582,374	54,167,345	6,995,415	9,292,115	37,879,815
Less: Accumulated depreciation	137,456,240	34,364,871	36,255,161	66,836,209	57,171,332	23,058,588	3,086,096	3,818,676	16,153,816
Depletable assets	3,469,198	442,472	*4,274	3,022,452	810,423	610,907	*1,281	29,353	580,273
Less: Accumulated depletion	1,018,475	104,968	1,094	912,414	219,137	144,679	456	12,956	131,267
Land	4,217,331	1,401,315	653,461	2,162,555	9,914,960	3,487,676	308,097	480,990	2,698,588
Intangible assets (amortizable)	4,142,219	2,131,296	1,511,467	499,456	2,587,112	869,580	134,393	126,657	608,330
Less: Accumulated amortization	1,421,548	879,218	438,905	103,425	827,219	298,550	44,475	33,378	220,696
Other assets	9,703,311	4,404,125	1,698,666	3,600,521	11,520,255	5,214,927	495,995	1,356,369	3,362,564
Total liabilities	577,082,002	128,887,334	177,887,433	270,307,235	486,009,411	266,383,692	21,014,972	47,215,301	198,153,419
Accounts payable	31,525,841	11,744,722	5,829,497	13,951,622	101,058,991	63,312,469	5,998,387	8,479,669	48,834,413
Mortgages, notes, and bonds payable in less than one year	24,608,293	6,139,474	7,375,607	11,093,211	62,255,979	37,150,177	2,446,321	8,315,673	26,388,183
Other current liabilities	65,871,288	16,617,268	22,908,373	26,345,647	42,840,161	21,776,792	1,506,124	3,628,276	16,042,391
Loans from stockholders	1,851,935	1,130,494	359,271	362,169	11,340,132	5,678,510	472,765	941,972	4,263,773
Mortgages, notes, and bonds payable in one year or more	186,955,675	34,898,701	54,192,776	97,864,198	69,613,428	31,714,373	2,758,589	4,788,131	24,167,653
Other liabilities	32,812,324	7,944,734	9,181,852	15,685,738	12,007,167	3,960,024	549,905	792,117	2,618,002
Capital stock	82,282,506	8,555,412	21,103,667	52,623,427	27,907,457	14,739,314	1,200,082	2,268,979	11,270,253
Paid-in or capital surplus	54,295,553	12,703,684	22,258,889	19,332,980	20,201,824	10,230,386	674,830	1,487,017	8,068,539
Retained earnings, appropriated	1,405,997	386,517	199,976	819,503	2,082,453	1,315,790	161,799	160,123	993,868
Retained earnings, unappropriated	96,774,197	29,492,901	34,838,153	32,443,144	141,815,241	79,733,369	5,465,090	16,873,956	57,394,324
Less: Cost of treasury stock	1,301,607	726,573	360,630	214,404	5,113,424	2,627,512	218,920	520,612	1,887,980
Total receipts	376,988,197	140,700,800	90,340,404	145,944,993	1,487,703,382	882,502,084	121,991,852	100,431,130	640,079,101
Business receipts	365,031,244	134,390,979	88,421,389	142,218,875	1,463,149,295	849,725,388	120,895,784	97,865,225	630,964,378
Interest on Government obligations:									
United States	221,918	94,845	39,580	87,494	187,006	121,223	4,988	12,453	103,782
State and local	20,429	15,363	1,614	3,452	98,545	16,703	1,084	2,598	13,021
Other interest	3,243,612	1,308,681	412,353	1,522,578	7,023,160	3,835,408	208,507	778,579	2,848,321
Rents	2,112,169	1,188,584	551,512	372,072	3,430,770	1,193,428	134,560	442,910	615,957
Royalties	229,560	122,950	64,009	42,601	275,357	107,959	*12,509	29,779	65,671
Net short-term capital gain reduced by net long-term capital loss	88,933	14,654	71,857	2,422	70,324	54,919	1,809	10,032	43,078
Net long-term capital gain reduced by net short-term capital loss	1,172,737	816,463	189,825	166,449	1,445,157	753,522	27,533	106,174	619,814
Net gain, noncapital assets	795,144	626,076	77,140	91,929	869,296	460,803	27,260	112,313	321,230
Dividends received from domestic corporations	301,523	101,269	117,713	82,541	1,067,775	713,095	20,137	60,352	632,606
Dividends received from foreign corporations	149,800	72,879	35,227	41,694	360,741	234,319	333	11,828	222,158
Other receipts	3,619,129	1,948,057	358,186	1,312,886	19,725,956	5,285,319	657,349	998,886	3,629,084
Total deductions	355,243,317	133,968,012	82,999,851	138,275,454	1,450,695,440	834,199,773	120,277,261	94,065,327	619,657,185
Cost of sales and operations	231,751,096	92,820,497	40,966,923	97,963,676	1,163,628,871	723,570,164	106,468,791	73,315,895	543,765,479
Compensation of officers	2,633,189	1,825,186	379,449	428,554	21,832,749	11,465,455	1,126,850	2,429,434	7,909,170
Repairs	673,780	215,437	111,835	346,508	4,869,976	1,865,894	336,390	291,621	1,237,882
Bad debts	1,260,797	250,869	691,314	316,614	2,546,816	1,341,263	134,274	261,316	945,673
Rent paid on business property	6,366,358	4,596,176	1,200,295	569,887	16,773,002	4,043,390	597,689	673,426	2,772,275
Taxes paid	18,808,241	5,178,443	5,718,163	7,911,635	18,946,005	7,995,105	774,037	1,130,344	6,090,724
Interest paid	17,992,878	3,568,952	4,872,559	9,551,368	15,116,348	7,769,962	578,513	1,472,771	5,718,679
Contributions or gifts	185,887	43,697	87,028	55,162	365,752	175,639	14,268	30,539	130,832
Amortization	232,514	60,964	19,035	152,515	170,079	103,841	2,315	5,472	96,054
Depreciation	29,347,550	6,685,591	12,324,317	10,337,642	12,991,819	5,310,532	668,460	1,183,759	3,458,313
Depletion	336,514	89,091	834	246,589	107,086	85,314	*937	11,351	73,025
Advertising	1,256,514	577,748	550,096	128,670	11,892,370	2,755,528	245,311	457,939	2,052,278
Pension, profit-sharing, stock bonus, and annuity plans	6,447,033	1,526,261	3,635,903	1,284,870	4,672,275	2,409,273	282,424	466,834	1,660,015
Employee benefit programs	3,554,519	1,382,946	1,517,212	654,361	3,425,212	1,401,903	226,867	286,547	888,489
Net loss, noncapital assets	101,526	20,954	20,315	60,257	248,190	201,157	6,611	16,657	177,889
Other deductions	34,294,918	15,125,200	10,904,572	8,265,146	173,108,891	63,705,354	8,813,523	12,031,422	42,860,408
Total receipts less total deductions	21,742,880	6,732,789	7,340,553	7,669,539	47,007,942	28,302,311	1,714,592	6,365,803	20,221,916
Constructive taxable income from related foreign corporations	185,254	86,265	52,800	46,189	1,279,715	1,165,015	1,546	9,958	1,153,510
Net income	21,907,705	6,803,690	7,391,739	7,712,276	48,189,112	29,450,622	1,715,053	6,373,164	21,362,405
Income subject to tax	20,734,781	6,042,687	7,112,503	7,579,591	34,697,843	18,620,507	1,369,066	3,083,673	14,167,768
Income tax, total	9,248,868	2,498,246	3,301,489	3,449,133	13,402,998	7,290,919	527,160	1,140,439	5,623,321
Normal tax, surtax, and alternative tax	9,070,880	2,449,929	3,204,159	3,416,793	13,293,128	7,235,232	523,823	1,122,129	5,589,280
Tax from recomputing prior-year investment credit	147,248	26,135	96,714	24,399	92,529	45,437	3,247	17,636	24,553
Tax from recomputing prior-year work incentive (WIN) credit	*126	*126	—	—	7,561	*3,174	—	*2	*3,172
Additional tax for tax preferences	30,614	22,056	*616	7,941	9,781	7,077	90	671	6,316
Foreign tax credit	315,096	126,811	49,735	138,550	891,394	763,182	950	12,853	749,379
U.S. possessions tax credit	33,377	301	33,076	—	78,141	73,370	331	143	72,896
Investment credit	4,055,857	882,719	1,732,352	1,440,786	1,328,438	594,219	68,077	117,205	408,937
Work incentive (WIN) credit	851	620	170	61	3,575	924	87	184	652
Jobs credit	43,203	33,141	6,463	3,599	359,373	137,896	16,756	37,568	83,572
Distributions to stockholders:									
Cash and property except in own stock	13,589,362	1,440,240	4,911,490	7,237,631	8,644,232	5,814,529	249,138	1,722,112	3,843,279
Corporation's own stock	289,594	134,672	19,152	135,769	399,135	182,193	13,307	23,018	145,868

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 2.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued									
	Wholesale and retail trade — Continued									
	Retail trade									
	Total	Building materials, garden supplies, and mobile home dealers	General merchandise stores	Food stores	Automotive dealers and service stations	Apparel and accessory stores	Furniture and home furnishings stores	Eating and drinking places	Miscellaneous retail stores	Wholesale and retail trade not allocable
	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)	(52)
Number of returns with net income	311,058	29,939	5,965	24,042	49,873	27,397	27,239	52,586	94,017	855
Total assets	219,306,983	15,993,135	64,367,484	26,660,235	35,066,125	10,562,278	10,574,079	19,927,132	36,156,515	318,735
Cash	13,935,700	1,223,486	1,631,744	2,016,033	2,593,751	1,034,424	895,476	1,607,677	2,933,110	14,566
Notes and accounts receivable	44,347,999	3,916,863	22,268,955	1,531,738	4,935,290	1,675,496	2,687,873	1,131,531	6,200,253	111,951
Less: Allowance for bad debts	1,864,447	96,784	1,273,712	14,049	110,999	68,999	85,395	20,388	194,122	*1,803
Inventories	70,862,736	6,022,517	16,307,354	8,267,450	17,491,034	4,264,655	4,401,522	973,687	13,134,517	84,411
Investments in Government obligations:										
United States	808,864	*8,727	48,147	270,408	42,270	78,157	*19,972	47,733	93,451	*1,000
State and local	219,435	*362	101,983	42,595	21,842	*8,225	*15,813	*12,009	*16,506	—
Other current assets	7,288,013	349,768	1,652,296	904,199	1,135,678	529,628	279,387	676,305	1,760,753	17,481
Loans to stockholders	2,020,933	93,530	197,337	129,530	272,213	380,937	152,343	396,917	398,125	*1,944
Mortgage and real estate loans	1,209,243	106,031	666,921	22,451	138,154	41,215	13,805	123,426	97,240	*993
Other investments	14,404,259	895,728	4,749,316	1,846,829	585,811	371,102	2,919,637	2,050,691	*13,625	—
Depreciable assets	86,246,927	4,840,159	22,586,707	16,812,742	9,893,046	2,874,822	2,350,293	13,860,789	13,028,368	168,102
Less: Accumulated depreciation	34,013,239	2,213,229	8,407,116	6,813,188	4,105,290	1,274,249	938,947	4,633,931	5,627,289	99,505
Depletable assets	199,515	*11,462	*2,956	*2,297	16,374	*13,428	*5,148	*7,583	*140,268	—
Less: Accumulated depletion	74,458	*531	*1,481	*254	*6,225	*4,995	*774	*3,813	*56,385	—
Land	6,424,766	509,475	1,451,612	861,018	1,059,901	118,563	205,071	1,490,295	728,830	*2,518
Intangible assets (amortizable)	1,717,518	124,942	137,336	198,578	64,009	134,225	24,286	509,435	524,706	*14
Less: Accumulated amortization	528,660	40,234	31,059	65,988	23,955	34,257	8,753	162,148	162,267	*9
Other assets	6,301,880	240,863	2,278,186	647,846	663,888	205,191	185,756	990,388	1,089,761	3,447
Total liabilities	219,306,983	15,993,135	64,367,484	26,660,235	35,066,125	10,562,278	10,574,079	19,927,132	36,156,515	318,735
Accounts payable	37,682,911	2,321,840	13,460,858	5,735,574	3,744,627	1,799,641	1,837,273	1,647,407	7,135,682	63,611
Mortgages, notes, and bonds payable in less than one year	25,057,448	1,958,799	4,698,124	961,719	12,513,929	492,708	956,778	894,149	2,581,241	48,354
Other current liabilities	21,631,763	1,109,641	8,128,036	2,654,722	2,666,329	1,020,880	1,107,695	1,553,786	3,390,675	31,607
Loans from stockholders	5,638,463	630,698	663,170	291,936	763,643	308,432	440,114	958,697	1,581,774	*23,159
Mortgages, notes, and bonds payable in one year or more	37,840,681	2,240,188	11,810,374	5,862,854	3,854,383	1,209,414	1,418,134	5,646,336	5,798,996	58,374
Other liabilities	8,015,514	502,924	2,467,124	683,624	574,288	243,912	407,010	2,298,123	838,509	*31,629
Capital stock	13,132,788	1,322,234	2,773,896	1,405,519	2,331,079	920,175	844,097	1,171,917	2,363,672	35,358
Paid-in or capital surplus	9,963,124	514,829	3,118,989	1,490,310	580,039	618,384	515,854	1,199,810	1,924,908	*8,313
Retained earnings, appropriated	766,406	38,856	277,042	31,024	108,231	34,130	130,204	42,375	104,544	256
Retained earnings, unappropriated	62,049,776	5,596,474	17,314,788	7,855,830	8,301,521	4,117,540	3,136,305	4,843,784	10,883,533	32,096
Less: Cost of treasury stock	2,471,891	243,348	344,918	312,877	371,943	202,937	219,396	329,252	447,219	*14,022
Total receipts	633,969,060	39,634,431	114,551,900	143,262,017	150,068,117	25,146,240	24,750,593	41,560,626	94,995,144	1,232,238
Business receipts	612,203,845	38,872,924	101,870,237	141,780,075	147,690,038	24,602,162	24,223,543	39,834,105	93,330,760	1,220,063
Interest on Government obligations:										
United States	65,726	2,025	5,595	23,326	7,946	5,924	951	8,771	11,189	57
State and local	81,841	*49	1,173	70,769	475	1,176	*5,856	1,082	1,262	—
Other interest	3,186,059	179,528	1,380,770	193,512	637,197	129,883	154,715	192,732	317,721	1,694
Rents	2,235,407	137,658	522,407	262,328	324,730	79,339	68,860	617,810	222,274	*1,936
Royalties	167,398	*241	4,188	11,976	13,642	*805	*881	118,427	17,237	—
Net short-term capital gain reduced by net long-term capital loss	15,406	1,639	*27	1,248	3,794	*3,626	*109	1,301	3,661	—
Net long-term capital gain reduced by net short-term capital loss	691,337	47,942	170,427	65,278	64,671	5,678	8,905	200,495	127,940	*288
Net gain, noncapital assets	406,554	33,469	25,521	39,042	79,648	28,806	9,535	98,097	92,437	*1,939
Dividends received from domestic corporations	354,676	7,030	244,276	19,421	10,096	43,516	6,450	7,843	16,045	*4
Dividends received from foreign corporations	126,423	*572	84,683	24,358	*1,925	*638	4	—	14,243	—
Other receipts	14,434,389	351,353	10,242,596	770,676	1,233,957	244,688	270,783	479,962	840,374	6,248
Total deductions	615,289,663	38,029,373	111,124,075	140,575,600	147,532,746	23,766,435	23,857,229	39,315,698	91,288,506	1,206,005
Cost of sales and operations	439,032,097	28,315,895	65,442,863	110,440,591	124,396,582	14,500,133	15,115,096	16,642,270	64,178,867	1,026,609
Compensation of officers	10,354,561	1,077,672	365,120	971,755	2,267,236	790,870	979,512	1,276,845	2,625,553	12,733
Repairs	3,000,740	162,850	572,124	370,083	88,960	101,507	102,567	401,784	104,784	3,343
Bad debts	1,204,071	161,464	423,788	65,882	171,161	60,769	100,683	27,821	192,503	*1,482
Rent paid on business property	12,704,503	450,644	2,578,883	1,916,328	1,189,684	1,438,276	744,097	2,131,626	2,254,965	25,110
Taxes paid	10,940,765	683,592	2,428,672	1,833,493	1,687,220	556,544	488,619	1,558,020	1,704,606	10,135
Interest paid	7,335,886	490,352	2,566,070	489,215	1,833,311	207,010	287,305	644,554	1,081,069	10,500
Contributions or gifts	189,942	13,964	58,917	22,590	20,829	13,517	9,921	14,842	35,360	171
Amortization	66,139	1,987	11,320	4,595	4,000	2,859	1,425	20,886	19,067	*99
Depreciation	7,668,255	447,372	1,693,088	1,418,004	1,175,628	267,762	228,500	1,235,563	1,202,339	13,032
Depletion	21,772	394	*1,266	*1,711	1,260	—	1	*6,903	10,238	—
Advertising	9,133,745	416,545	2,693,997	1,375,356	1,045,063	521,566	893,674	844,700	1,342,844	3,096
Pension, profit-sharing, stock bonus, and annuity plans	2,260,929	140,698	613,772	579,790	224,106	126,832	92,290	125,136	358,306	*2,073
Employee benefit programs	2,021,103	106,133	417,824	624,362	302,178	73,593	67,212	165,053	264,750	2,206
Net loss, noncapital assets	47,034	1,316	2,348	8,098	11,382	1,894	1,790	11,073	9,133	—
Other deductions	109,308,121	5,558,696	31,254,023	20,042,666	12,833,023	5,115,852	4,545,598	14,088,140	15,870,123	95,417
Total receipts less total deductions	18,679,397	1,605,058	3,427,824	2,686,410	2,535,372	1,379,805	1,093,364	2,244,928	3,706,637	26,233
Constructive taxable income from related foreign corporations	114,700	—	86,108	23,022	—	62	—	423	5,086	—
Net income	18,712,256	1,605,009	3,512,759	2,658,663	2,534,897	1,378,691	1,087,508	2,244,269	3,710,461	26,233
Income subject to tax	16,061,028	1,374,441	3,203,713	2,404,451	2,175,200	1,205,812	896,235	1,697,813	3,103,456	16,309
Income tax, total	6,105,245	462,507	1,425,008	1,004,323	718,204	458,461	298,368	620,362	1,118,011	6,833
Normal tax, surtax, and alternative tax	6,051,119	460,381	1,410,943	993,647	705,858	457,615	297,239	614,771	1,110,664	6,777
Tax from recomputing prior-year investment credit	47,036	2,059	12,310	7,821	11,293	842	953	4,484	7,275	*56
Tax from recomputing prior-year work incentive (WIN) credit	4,387	*26	*1,367	*2,422	*565	—	—	(¹)	*5	—
Additional tax for tax preferences	2,704	*40	387	*434	488	—	176	1,107	*67	—
Foreign tax credit	128,212	*93	83,845	23,724	*31	*116	89	6,129	14,186	—
U.S. possessions tax credit	4,772	—	1,282	3,070	—	262	—	38	119	—
Investment credit	732,893	35,439	182,427	167,401	78,464	21,993	17,649	109,569	119,951	1,326
Work incentive (WIN) credit	2,652	*45	191	377	309	*42	23	969	696	—
Jobs credit	221,346	13,268	11,485	36,679	33,686	13,912	12,113	68,699	31,505	*131
Distributions to stockholders:										
Cash and property except in own stock	2,826,208	107,372	1,272,343	382,184	140,403	186,082	44,262	304,318	389,242	*3,495
Corporation's own stock	216,942	*22,428	38,222	68,871	*16,299	*21,338	32,004	*5,752	12,026	—

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

Corporation Returns/1979

RETURNS WITH NET INCOME

Table 2.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							
	Finance, insurance, and real estate							
	Total	Banking	Credit agencies other than banks	Security, commodity brokers and services	Insurance	Insurance agencies, brokers, and service	Real estate	Holding and other investment companies, except bank holding companies
	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
Number of returns with net income.....	281,548	12,157	31,015	4,499	5,710	30,113	166,399	31,655
Total assets	3,249,289,045	1,744,840,714	588,593,639	62,051,549	632,759,218	11,907,349	74,479,681	134,656,895
Cash.....	315,988,813	270,209,687	4,324,014	3,823,009	7,284,307	2,299,085	5,542,232	12,506,579
Notes and accounts receivable.....	1,056,428,489	930,824,646	63,325,184	27,770,528	16,712,897	4,343,579	7,714,050	5,637,604
Less: Allowance for bad debts.....	27,340,248	10,340,421	16,089,372	37,645	268,231	141,593	373,748	89,237
Inventories.....	3,642,060	72,234	1,110,085	*16,264	825,308	5,315	1,683,077	129,777
Investments in Government obligations:								
United States.....	182,613,860	123,361,142	18,054,161	3,122,202	31,517,707	252,523	470,153	5,835,973
State and local.....	174,629,162	106,644,247	2,193,891	497,516	62,878,373	111,585	255,174	2,048,376
Other current assets.....	97,813,398	28,162,434	8,655,687	21,711,139	25,372,361	459,297	8,879,507	4,572,973
Loans to stockholders.....	4,604,491	1,533,922	1,242,365	31,626	137,513	125,231	950,286	583,549
Mortgage and real estate loans.....	717,576,816	130,866,911	461,454,991	66,294	117,808,293	66,540	4,376,056	2,937,732
Other investments.....	559,932,491	90,071,420	22,455,393	3,434,489	337,612,780	2,676,266	7,913,093	95,769,050
Depreciable assets.....	97,388,079	30,915,438	10,274,181	909,760	11,116,488	1,402,526	39,336,744	3,432,942
Less: Accumulated depreciation.....	31,801,393	7,909,310	3,440,573	341,082	2,458,137	564,055	16,096,342	991,894
Depletable assets.....	710,110	8,629	8,469	*49,507	2,232	*163	504,437	136,672
Less: Accumulated depletion.....	196,626	2,032	*3,059	*26,086	2,095	38	74,720	88,595
Land.....	17,995,423	2,753,315	1,889,844	34,248	760,949	88,849	11,183,596	1,284,622
Intangible assets (amortizable).....	1,274,920	244,667	186,109	32,022	160,334	224,233	142,683	142,683
Less: Accumulated amortization.....	445,095	65,080	73,361	8,820	40,062	75,335	148,288	34,149
Other assets.....	78,274,193	47,388,865	3,025,629	966,578	23,338,203	633,178	2,079,501	842,240
Total liabilities	3,249,289,045	1,744,840,714	588,593,639	62,051,549	632,759,218	11,907,349	74,479,681	134,656,895
Accounts payable.....	56,135,060	4,529,899	4,192,070	23,853,909	14,218,775	4,779,181	2,583,522	1,977,705
Mortgages, notes, and bonds payable in less than one year.....	141,874,199	49,441,523	64,205,867	10,593,809	6,202,530	432,159	8,752,176	2,246,135
Other current liabilities.....	2,012,267,661	1,481,841,335	400,803,923	19,377,442	100,921,099	1,200,806	4,333,730	3,789,327
Loans from stockholders.....	11,251,641	5,024,742	1,116,253	119,016	1,409,252	148,274	2,922,132	511,972
Mortgages, notes, and bonds payable in one year or more.....	158,028,894	38,902,082	75,482,601	1,778,509	9,962,499	618,129	27,976,775	5,308,299
Other liabilities.....	467,783,931	46,179,852	11,283,155	1,443,341	401,626,535	347,934	3,887,623	3,015,489
Capital stock.....	83,474,022	22,059,562	5,955,737	589,762	5,730,425	687,823	6,643,425	41,807,288
Paid-in or capital surplus.....	146,864,760	37,420,077	4,817,950	1,615,103	16,660,634	598,591	5,441,051	80,311,354
Retained earnings, appropriated.....	25,130,022	3,939,094	3,847,703	47,434	14,716,682	45,992	338,570	2,194,547
Retained earnings, unappropriated.....	183,743,021	58,104,483	17,236,402	2,764,186	62,006,645	3,260,825	12,593,012	7,777,469
Less: Cost of treasury stock.....	17,264,166	601,936	348,023	130,962	695,856	212,365	992,334	14,282,689
Total receipts	495,231,051	151,845,922	59,472,791	11,748,253	213,988,731	11,260,832	31,385,980	15,548,542
Business receipts.....	226,327,929	15,637,003	9,365,446	4,675,818	166,182,514	10,716,935	17,234,220	2,515,992
Interest on Government obligations:								
United States.....	15,525,915	10,007,056	2,052,657	606,780	2,118,133	26,283	62,656	652,351
State and local.....	9,107,610	5,641,444	89,541	50,470	3,136,757	15,013	23,034	151,352
Other interest.....	196,095,329	113,094,048	45,687,144	2,178,517	28,352,834	275,892	1,356,279	5,150,614
Rents.....	11,954,213	1,739,636	415,615	34,319	2,843,387	39,113	6,422,548	459,595
Royalties.....	483,395	19,867	12,829	3,427	49,283	*3,038	94,128	280,822
Net short-term capital gain reduced by net long-term capital loss.....	594,107	37,681	23,512	107,502	73,588	1,319	49,821	300,685
Net long-term capital gain reduced by net short-term capital loss.....	4,598,558	515,631	355,575	86,750	390,354	25,710	1,211,955	2,012,582
Net gain, noncapital assets.....	7,760,407	334,412	239,313	3,537,271	91,649	9,302	3,489,811	58,649
Dividends received from domestic corporations.....	7,466,156	450,218	74,083	87,858	3,745,011	44,729	134,001	2,930,256
Dividends received from foreign corporations.....	468,135	181,115	50,889	7,050	59,067	16,469	1,806	151,738
Other receipts.....	14,869,297	4,187,811	1,106,186	372,491	6,946,153	87,028	1,285,720	883,907
Total deductions	443,217,452	137,836,577	55,413,445	10,762,987	198,229,458	9,977,998	25,964,728	5,032,259
Cost of sales and operations.....	112,205,923	2,846,664	2,443,686	583,600	97,190,968	2,318,533	5,556,537	1,265,933
Compensation of officers.....	11,078,502	4,503,849	1,000,103	897,139	728,042	1,576,243	2,000,921	372,206
Repairs.....	1,632,573	654,721	177,898	22,018	93,694	30,767	616,144	37,330
Bad debts.....	5,881,889	3,354,469	1,895,261	57,190	358,003	73,000	102,365	43,601
Rent paid on business property.....	5,216,617	2,101,885	378,710	312,438	1,278,029	300,533	768,476	76,746
Taxes paid.....	11,009,666	2,851,512	872,668	285,770	4,479,158	330,567	1,951,500	238,490
Interest paid.....	137,839,191	86,938,933	39,861,622	2,452,125	4,577,636	110,847	3,144,963	753,064
Contributions or gifts.....	311,770	155,932	32,356	9,606	53,645	12,430	31,224	16,579
Amortization.....	135,352	38,899	16,355	7,016	33,819	11,760	23,523	3,981
Depreciation.....	8,363,255	3,789,076	764,570	150,958	1,567,674	195,766	1,721,989	173,222
Depletion.....	115,170	2,509	14,830	10,443	24,337	*29	23,337	39,684
Advertising.....	3,191,068	1,051,811	633,554	101,419	700,703	146,721	536,630	20,229
Pension, profit-sharing, stock bonus, and annuity plans.....	4,001,705	1,387,690	275,579	146,897	1,627,310	252,701	195,508	116,019
Employee benefit programs.....	1,858,992	881,189	169,788	73,898	472,195	127,143	110,511	24,269
Net loss, noncapital assets.....	1,099,474	574,426	89,878	394,292	9,033	1,050	23,910	6,884
Other deductions.....	139,276,106	26,703,013	6,786,584	5,258,176	85,037,213	4,489,909	9,157,188	1,844,022
Total receipts less total deductions.....	52,013,599	14,009,346	4,059,346	985,266	15,759,273	1,282,834	5,401,252	10,516,283
Constructive taxable income from related foreign corporations.....	301,803	142,345	51,621	2,055	33,809	14,532	*40	57,402
Net income.....	43,207,792	8,510,247	4,021,426	936,850	12,656,325	1,282,354	5,378,258	10,422,333
Income subject to tax.....	28,235,559	7,903,125	3,612,927	793,938	9,502,359	1,021,182	3,864,678	1,537,351
Income tax total.....	11,738,259	3,407,150	1,589,104	330,849	4,305,956	377,202	1,194,004	533,894
Normal tax, surtax, and alternative tax.....	11,584,809	3,368,811	1,508,446	329,866	4,295,201	375,742	1,183,281	523,661
Tax from recomputing prior-year investment credit.....	41,509	17,460	4,402	854	8,480	1,450	4,280	4,583
Tax from recomputing prior-year work incentive (WIN) credit.....	603	196	375	1	(1)	*9	22	—
Additional tax for tax preferences.....	111,338	20,682	75,881	428	2,274	—	6,422	5,651
Foreign tax credit.....	1,289,696	959,861	43,179	5,055	204,626	15,869	1,366	59,740
U.S. possessions tax credit.....	2,785	—	1,790	233	—	—	100	663
Investment credit.....	806,984	479,549	56,431	26,731	141,755	19,188	54,832	28,498
Work incentive (WIN) credit.....	723	361	89	3	253	2	*14	1
Jobs credit.....	57,265	14,754	6,603	3,321	3,061	5,809	19,167	4,550
Distributions to stockholders:								
Cash and property except in own stock.....	17,120,359	3,631,657	683,885	180,882	3,278,224	373,095	741,762	8,230,855
Corporation's own stock.....	952,419	613,210	29,460	*12,325	125,033	*5,752	31,142	135,498

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 2.3 — Balance Sheets and Income Statements, by Major Industry — Continued

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

Item	Major industry — Continued							Nature of business not allocable
	Services							
	Total	Hotels and other lodging places	Personal services	Business services	Auto repair; miscellaneous repair services	Amusement and recreation services	Other services	
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)
Number of returns with net income.....	361,741	9,909	27,433	87,356	40,868	26,095	170,080	5,142
Total assets.....	116,669,883	13,873,528	5,732,127	33,469,654	14,105,716	21,666,723	27,822,136	1,068,524
Cash.....	12,500,885	1,312,716	686,986	3,561,793	962,385	1,792,366	4,184,640	116,045
Notes and accounts receivable.....	20,334,952	954,198	1,065,791	8,739,217	2,274,506	2,366,176	4,935,064	267,438
Less: Allowance for bad debts.....	624,146	59,500	18,587	170,248	40,877	88,738	246,197	*3,005
Inventories.....	5,664,713	208,851	420,120	1,330,361	1,230,565	1,695,075	779,741	136,931
Investments in Government obligations:								
United States.....	698,343	8,150	*19,093	209,901	*85,201	146,530	229,468	*14,968
State and local.....	455,543	*8,179	*37,837	351,260	*1,957	*14,885	41,425	5,472
Other current assets.....	9,089,488	493,877	329,854	3,033,450	434,862	3,500,974	1,296,469	57,477
Loans to stockholders.....	1,771,645	152,064	67,350	447,766	110,307	152,686	841,471	*96,494
Mortgage and real estate loans.....	1,730,593	245,868	24,021	392,588	27,741	875,919	164,456	*45,654
Other investments.....	13,001,404	2,029,484	346,574	4,985,850	501,735	2,443,872	2,693,889	121,819
Depreciable assets.....	70,142,542	10,641,445	4,223,578	16,057,021	12,218,700	11,537,964	15,463,835	516,595
Less: Accumulated depreciation.....	28,876,107	3,852,579	2,153,682	7,484,406	4,577,798	5,240,504	5,567,138	366,076
Depletable assets.....	98,013	*1,747	*4,589	29,246	*1,500	*24,195	36,736	—
Less: Accumulated depletion.....	9,945	*21	*13	*1,999	*225	*2,559	5,127	—
Land.....	4,707,404	1,194,825	308,533	626,414	483,200	1,156,555	937,878	23,935
Intangible assets (amortizable).....	1,851,230	132,891	124,415	517,517	*84,967	663,798	327,642	19,415
Less: Accumulated amortization.....	722,356	47,467	35,584	112,509	14,523	10,987	101,286	4,100
Other assets.....	4,855,683	448,800	281,250	956,433	321,513	1,038,518	1,809,169	19,460
Total liabilities.....	116,669,883	13,873,528	5,732,127	33,469,654	14,105,716	21,666,723	27,822,136	1,068,524
Accounts payable.....	11,264,899	624,446	353,899	4,767,936	1,204,243	2,129,817	2,184,558	179,779
Mortgages, notes, and bonds payable in less than one year.....	10,822,788	744,408	448,890	4,325,301	2,115,097	1,237,820	1,951,271	55,699
Other current liabilities.....	16,603,652	1,043,225	671,908	3,858,808	1,676,929	5,268,906	4,083,876	164,087
Loans from stockholders.....	2,696,991	492,581	200,048	551,388	290,301	393,270	769,404	17,094
Mortgages, notes, and bonds payable in one year or more.....	28,329,294	5,839,604	1,108,946	6,016,984	4,154,038	4,298,060	6,911,662	240,801
Other liabilities.....	4,846,550	523,365	270,257	1,337,473	733,409	880,748	1,101,298	12,704
Capital stock.....	7,385,369	1,142,238	490,167	1,502,007	570,805	1,883,856	1,796,296	86,407
Paid-in or capital surplus.....	9,323,612	1,149,096	204,959	3,486,826	497,701	1,487,762	2,497,269	92,559
Retained earnings, appropriated.....	433,743	55,393	*29,551	159,699	37,693	50,807	100,600	*26
Retained earnings, unappropriated.....	27,065,644	2,473,926	2,166,334	8,050,444	2,971,613	4,426,788	6,976,539	253,738
Less: Cost of treasury stock.....	2,102,661	214,755	212,832	587,212	146,115	391,111	550,636	*34,372
Total receipts.....	192,743,653	12,409,738	10,244,828	58,113,415	20,372,011	22,504,230	69,099,332	2,150,900
Business receipts.....	184,496,668	11,468,324	9,981,191	55,843,390	19,512,048	20,358,646	67,333,069	1,876,910
Interest on Government obligations:								
United States.....	96,420	3,385	4,391	24,049	6,273	30,236	28,086	*1,687
State and local.....	19,904	*950	*2,555	10,560	*624	2,680	2,536	*671
Other interest.....	1,743,453	164,900	65,470	547,341	181,073	349,798	434,870	16,021
Rents.....	1,158,603	74,772	27,900	418,476	201,233	214,384	221,838	12,252
Royalties.....	783,417	110,125	*25,892	57,889	*5,881	570,416	13,213	—
Net short-term capital gain reduced by net long-term capital loss.....	75,718	6,476	*3,356	26,137	4,766	21,204	13,779	*936
Net long-term capital gain reduced by net short-term capital loss.....	656,441	132,951	23,845	180,145	41,782	115,887	161,832	*50,956
Net gain, noncapital assets.....	541,508	26,422	21,233	173,790	174,637	41,234	104,192	*1,701
Dividends received from domestic corporations.....	194,837	20,606	6,569	51,492	21,499	53,865	40,806	*2,344
Dividends received from foreign corporations.....	106,579	68	6,290	57,094	*2,520	18,048	22,560	—
Other receipts.....	2,870,106	400,758	76,236	723,053	219,676	727,830	722,553	187,424
Total deductions.....	180,705,731	11,131,234	9,579,167	54,476,828	19,451,714	20,629,662	65,437,126	1,995,579
Cost of sales and operations.....	91,226,007	5,404,269	4,888,665	32,408,568	10,844,878	10,698,647	26,980,979	1,245,702
Compensation of officers.....	20,416,277	250,261	661,104	3,494,034	1,091,999	937,577	13,981,302	90,734
Repairs.....	1,759,277	298,854	129,958	356,020	324,886	279,932	369,627	5,648
Bad debts.....	542,016	40,654	41,696	160,068	52,724	32,972	213,902	4,493
Rent paid on business property.....	6,261,973	633,408	390,929	1,421,663	602,794	726,303	2,486,875	50,053
Taxes paid.....	6,439,297	674,875	389,762	1,742,096	629,588	715,851	2,287,125	70,581
Interest paid.....	4,071,201	581,896	163,201	1,047,329	789,244	608,452	881,078	27,181
Contributions or gifts.....	105,443	7,544	7,348	28,903	5,871	24,601	31,176	816
Amortization.....	119,322	4,909	5,494	19,376	2,134	71,377	16,032	*47
Depreciation.....	8,533,590	650,945	425,379	2,404,201	2,101,169	1,549,640	1,402,256	44,530
Depletion.....	5,902	*608	*1	1,316	*93	827	3,057	—
Advertising.....	2,028,510	240,842	199,349	509,877	173,021	634,663	270,757	5,428
Pension, profit-sharing, stock bonus, and annuity plans.....	4,148,381	42,974	85,830	683,326	77,900	233,970	3,024,382	13,863
Employee benefit programs.....	1,413,286	95,628	62,888	396,925	96,259	105,563	656,022	7,609
Net loss, noncapital assets.....	48,707	3,991	3,929	17,762	4,604	5,203	13,218	*36
Other deductions.....	33,586,543	2,199,576	2,123,635	9,785,384	2,654,549	4,004,084	12,819,335	428,859
Total receipts less total deductions.....	12,037,922	1,278,503	665,761	3,636,586	920,297	1,874,568	3,662,206	155,321
Constructive taxable income from related foreign corporations.....	91,383	46	5,510	51,471	122	22,640	11,596	—
Net income.....	12,109,401	1,277,599	668,716	3,677,498	919,796	1,894,527	3,671,266	154,651
Income subject to tax.....	9,554,446	999,047	532,155	3,094,120	710,797	1,476,733	2,741,594	129,477
Income tax, total.....	3,315,934	404,780	182,917	1,122,675	217,663	605,045	782,854	38,293
Normal tax, surtax, and alternative tax.....	3,278,825	401,534	180,423	1,107,571	212,462	602,985	773,850	38,268
Tax from recomputing prior-year investment credit.....	34,977	2,752	2,393	14,541	5,193	1,532	8,564	*7
Tax from recomputing prior-year work incentive (WIN) credit.....	*359	—	*44	*52	(¹)	—	*263	—
Additional tax for tax preferences.....	1,773	494	*57	511	*7	528	176	18
Foreign tax credit.....	142,072	5,539	5,406	61,646	*204	47,969	21,308	—
U.S. possessions tax credit.....	6,234	730	—	3,242	64	1,278	920	1,236
Investment credit.....	561,508	43,697	25,268	160,517	64,732	134,700	132,594	3,547
Work incentive (WIN) credit.....	4,811	192	701	2,372	*50	*197	1,289	*756
Jobs credit.....	186,234	12,601	6,370	65,096	13,615	9,098	79,455	*1,309
Distributions to stockholders:								
Cash and property except in own stock.....	1,708,192	199,764	138,154	434,867	85,258	276,041	574,107	*11,547
Corporation's own stock.....	94,427	—	1,145	33,997	15	*31,306	27,963	—

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

**Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

*Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.4. — Balance Sheets and Income Statements, by Size of Total Assets

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

Item	Total returns of active corporations	Size of total assets				
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns.....	2,556,794	70,249	1,332,977	484,444	277,781	178,100
Total assets.....	6,835,056,963	—	46,407,354	78,146,722	98,006,851	124,432,798
Cash.....	461,750,680	—	8,027,045	10,302,350	11,100,979	12,212,121
Notes and accounts receivable.....	1,814,195,947	—	6,373,645	13,778,635	19,101,158	26,853,114
Less: Allowance for bad debts.....	42,800,472	—	127,252	161,660	260,691	442,641
Inventories.....	503,033,064	—	6,521,499	13,155,654	18,794,144	26,300,986
Investments in Government obligations:						
United States.....	224,260,009	—	57,721	262,729	349,771	520,085
State and local.....	196,705,649	—	23,602	77,172	110,326	137,134
Other current assets.....	259,684,140	—	2,314,674	3,844,696	4,711,487	6,296,298
Loans to stockholders.....	25,429,489	—	1,983,725	2,394,619	1,931,526	1,689,641
Mortgage and real estate loans.....	840,876,064	—	456,345	955,341	1,412,589	1,670,415
Other investments.....	1,027,900,380	—	1,506,611	3,464,518	5,552,780	6,727,573
Depreciable assets.....	1,896,559,882	—	29,346,727	40,403,565	47,059,403	56,895,763
Less: Accumulated depreciation.....	697,645,652	—	14,826,444	19,033,681	21,750,053	26,154,406
Depletable assets.....	57,655,398	—	82,859	99,275	149,092	219,930
Less: Accumulated depletion.....	16,005,905	—	31,361	27,559	43,377	52,878
Land.....	85,080,153	—	2,264,520	5,169,191	6,467,836	8,343,209
Intangible assets (amortizable).....	37,394,782	—	642,692	713,834	770,902	775,616
Less: Accumulated amortization.....	15,126,876	—	302,578	313,200	310,149	255,962
Other assets.....	176,110,231	—	2,093,324	3,061,244	2,859,127	2,696,801
Total liabilities.....	6,835,056,963	—	46,407,354	78,146,722	98,006,851	124,432,798
Accounts payable.....	481,133,527	—	6,960,899	11,679,138	14,927,486	20,168,100
Mortgages, notes, and bonds payable in less than one year.....	452,181,682	—	5,234,499	8,863,994	11,833,588	18,167,519
Other current liabilities.....	2,582,916,809	—	4,832,274	6,091,580	7,100,394	9,657,729
Loans from stockholders.....	67,343,182	—	8,527,615	7,577,595	7,077,139	6,259,221
Mortgages, notes, and bonds payable in one year or more.....	884,636,968	—	8,683,513	15,418,344	19,704,711	25,327,068
Other liabilities.....	651,059,724	—	1,690,693	2,305,184	2,417,934	3,346,399
Capital stock.....	352,811,534	—	10,720,929	10,728,746	10,704,674	11,570,998
Paid-in or capital surplus.....	447,596,758	—	3,039,029	3,112,207	4,036,684	5,797,247
Retained earnings, appropriated.....	48,745,435	—	289,458	304,933	416,205	587,690
Retained earnings, unappropriated.....	910,521,567	—	-2,025,715	13,808,606	21,775,944	25,854,981
Less: Cost of treasury stock.....	43,890,224	—	1,545,841	1,743,605	1,989,907	2,304,153
Total receipts.....	5,598,689,129	45,952,258	186,677,431	199,241,753	229,887,975	281,975,657
Business receipts.....	5,136,075,461	34,069,319	182,775,054	194,236,878	223,199,093	274,137,380
Interest on Government obligations:						
United States.....	19,508,285	367,341	42,706	28,192	38,065	72,540
State and local.....	10,872,462	60,635	1,923	4,462	5,490	14,702
Other interest.....	258,924,285	9,425,970	406,544	660,116	862,684	1,277,833
Rents.....	31,864,870	375,629	923,434	1,608,358	1,904,049	1,873,243
Royalties.....	8,437,908	37,540	69,200	46,594	116,499	52,440
Net short-term capital gain reduced by net long-term capital loss.....	1,207,729	12,044	20,833	38,437	59,856	47,929
Net long-term capital gain reduced by net short-term capital loss.....	19,958,447	217,644	438,817	370,014	548,160	579,878
Net gain, noncapital assets.....	15,378,796	310,782	442,300	391,192	769,059	865,535
Dividends received from domestic corporations.....	16,824,708	98,369	24,527	85,712	144,101	152,223
Dividends received from foreign corporations.....	12,713,087	83,965	*150	*219	2,401	3,711
Other receipts.....	66,923,091	893,022	1,531,943	1,771,581	2,237,517	2,898,244
Total deductions.....	5,315,725,012	45,873,703	185,234,671	194,443,622	223,556,732	275,258,421
Cost of sales and operations.....	3,709,672,825	24,622,759	99,750,891	123,305,071	159,134,082	204,740,395
Compensation of officers.....	97,221,581	548,255	23,462,532	14,672,956	10,774,967	9,922,517
Repairs.....	38,712,313	224,979	1,262,696	1,497,983	1,475,162	1,563,913
Bad debts.....	17,432,363	295,784	269,018	431,702	660,345	728,463
Rent paid on business property.....	63,517,369	909,501	6,393,086	4,768,452	3,864,863	3,618,379
Taxes paid.....	127,751,719	919,163	5,167,355	5,322,749	5,171,726	5,898,883
Interest paid.....	261,277,331	10,130,814	1,510,333	2,344,116	3,091,159	4,288,163
Contributions or gifts.....	2,288,334	8,515	32,140	47,242	58,805	73,595
Amortization.....	1,408,016	20,547	49,056	43,959	33,989	28,734
Depreciation.....	138,061,915	958,403	3,361,593	4,036,500	4,339,114	5,109,245
Depletion.....	7,817,359	66,136	10,897	20,940	28,452	46,479
Advertising.....	46,321,658	322,350	1,851,357	1,585,351	1,672,410	1,760,632
Pension, profit-sharing, stock bonus, and annuity plans.....	46,506,098	193,208	2,959,137	1,530,531	1,162,439	1,334,927
Employee benefit programs.....	33,620,835	199,086	845,261	766,327	817,641	1,031,712
Net loss, noncapital assets.....	4,072,020	112,106	114,785	78,846	80,348	106,330
Other deductions.....	720,043,275	6,342,096	38,194,533	33,990,895	31,191,232	35,006,052
Total receipts less total deductions.....	282,964,117	78,555	1,442,760	4,798,131	6,331,244	6,717,236
Constructive taxable income from related foreign corporations.....	12,524,077	34,722	—	—	*253	*3,621
Net income (less deficit).....	284,615,731	52,642	1,440,837	4,793,669	6,325,006	6,706,156
Net income.....	321,649,761	2,160,990	6,424,909	7,662,963	8,841,112	9,885,041
Deficit.....	37,034,030	2,108,348	4,984,072	2,869,294	2,516,106	3,178,885
Income subject to tax.....	279,376,063	1,643,992	3,378,362	5,495,023	6,653,246	7,754,455
Income tax, total.....	120,047,034	705,719	642,249	1,117,301	1,623,607	2,269,393
Normal tax, surtax, and alternative tax.....	118,860,300	680,432	628,451	1,099,169	1,594,384	2,239,619
Tax from recomputing prior-year investment credit.....	744,915	16,432	13,336	17,569	23,794	26,424
Tax from recomputing prior-year work incentive (WIN) credit.....	9,171	*2,442	—	*11	*3,714	*70
Additional tax for tax preferences.....	432,649	6,413	*462	*552	1,714	3,280
Foreign tax credit.....	36,827,331	44,587	*2,206	*457	*526	3,028
U.S. possessions tax credit.....	1,376,124	9,757	365	115	1,525	5,035
Investment credit.....	14,634,672	50,587	123,419	218,220	275,302	348,803
Work incentive (WIN) credit.....	27,934	76	*1,876	*1,166	1,352	3,040
Jobs credit.....	1,293,215	4,738	89,358	160,373	156,209	182,591
Travel, entertainment and gift expense.....	20,389,975	184,287	950,552	741,917	685,493	786,176
Distributions to stockholders:						
Cash and property except in own stock.....	86,613,794	1,713,035	1,361,301	753,522	935,134	948,051
Corporation's own stock.....	3,132,795	29,748	*5,570	30,795	23,216	27,757

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.4. — Balance Sheets and Income Statements, by Size of Total Assets — Continued

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

Item	Size of total assets—Continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns	159,833	20,686	15,279	7,323	4,436	3,006	2,680
Total assets	323,465,726	144,147,198	241,328,163	258,255,679	310,782,886	462,157,605	4,747,925,980
Cash.....	25,360,594	9,601,143	16,420,969	15,744,804	16,508,739	20,867,107	315,504,829
Notes and accounts receivable.....	75,837,138	39,016,763	77,539,886	86,804,895	89,367,027	102,686,721	1,274,626,965
Less: Allowance for bad debts.....	1,544,250	843,413	1,590,432	2,290,256	3,300,573	5,221,212	26,918,093
Inventories.....	73,795,866	26,682,287	29,716,046	20,138,394	22,003,615	32,079,255	233,845,319
Investments in Government obligations:							
United States.....	2,590,764	4,371,722	13,688,055	17,443,223	17,516,310	22,778,706	144,680,923
State and local.....	931,529	1,498,351	8,271,115	13,826,877	14,522,873	18,748,106	138,458,565
Other current assets.....	17,670,668	7,867,613	10,505,733	8,920,690	10,692,832	16,871,350	169,988,098
Loans to stockholders.....	2,481,126	683,351	624,558	647,790	614,475	995,957	11,372,721
Mortgage and real estate loans.....	4,859,648	5,785,817	16,860,442	34,540,033	65,495,940	119,640,738	589,198,754
Other investments.....	20,075,645	11,472,052	21,770,112	23,592,817	34,032,408	62,596,477	837,109,389
Depreciable assets.....	135,705,160	51,728,193	60,584,283	45,025,231	50,256,981	83,863,128	1,295,691,447
Less: Accumulated depreciation.....	59,355,105	22,314,963	24,543,395	17,656,321	18,858,977	31,880,793	441,271,516
Depletable assets.....	1,134,005	696,420	1,214,314	1,266,888	1,833,969	2,664,788	48,293,860
Less: Accumulated depletion.....	294,412	191,110	320,350	384,156	474,027	640,379	13,546,296
Land.....	15,761,530	4,682,058	5,015,895	3,477,543	3,699,560	4,792,617	25,406,195
Intangible assets (amortizable).....	2,064,301	845,415	1,210,645	1,052,841	1,280,193	2,052,098	25,986,245
Less: Accumulated amortization.....	870,604	303,571	354,207	332,951	334,617	524,894	11,224,144
Other assets.....	7,252,123	2,969,070	4,714,496	4,337,336	5,926,158	9,477,835	130,722,717
Total liabilities	323,465,726	144,147,198	241,328,163	258,255,679	310,782,886	462,157,605	4,747,925,980
Accounts payable.....	54,180,330	20,089,860	22,440,788	15,002,176	16,339,905	24,160,086	275,184,757
Mortgages, notes, and bonds payable in less than one year.....	51,772,876	19,346,828	22,510,539	18,373,477	21,025,732	23,197,821	251,854,808
Other current liabilities.....	30,954,580	28,837,001	90,584,431	131,349,170	158,065,957	229,067,367	1,886,376,627
Loans from stockholders.....	9,240,095	2,134,820	1,747,849	1,388,247	1,737,952	1,725,019	19,827,630
Mortgages, notes, and bonds payable in one year or more.....	63,237,759	23,935,280	30,040,049	24,605,860	31,504,851	46,983,958	595,195,575
Other liabilities.....	10,131,554	5,853,404	9,298,531	10,324,130	15,181,696	29,948,929	560,561,271
Capital stock.....	22,254,032	8,069,455	13,846,756	10,795,110	11,080,299	17,925,599	225,114,935
Paid-in or capital surplus.....	15,037,487	8,012,934	13,252,497	15,637,009	22,007,809	37,153,731	320,508,124
Retained earnings, appropriated.....	1,672,790	590,176	1,249,321	1,300,545	1,798,938	3,013,659	37,361,720
Retained earnings, unappropriated.....	70,401,914	28,712,596	38,227,653	30,833,729	33,414,830	52,135,627	597,361,301
Less: Cost of treasury stock.....	5,417,891	1,595,156	1,870,251	1,353,776	1,374,883	1,354,191	21,540,769
Total receipts	701,469,862	244,933,885	264,086,039	191,026,457	211,200,889	299,038,115	2,743,198,825
Business receipts.....	681,843,941	236,062,764	247,958,101	172,307,667	188,578,629	266,141,582	2,434,765,051
Interest on Government obligations:							
United States.....	249,954	386,875	1,155,905	1,446,997	1,470,137	1,907,813	12,341,762
State and local.....	88,337	89,829	412,669	656,987	727,937	927,486	7,881,007
Other interest.....	3,733,376	2,552,085	7,661,250	11,289,988	14,175,453	21,009,173	185,869,814
Rents.....	4,039,331	1,489,886	1,539,721	1,061,953	1,005,547	1,314,809	14,718,911
Royalties.....	447,521	225,460	217,835	171,031	212,765	465,833	6,375,171
Net short-term capital gain reduced by net long-term capital loss.....	133,392	46,361	77,287	53,938	97,333	112,809	507,530
Net long-term capital gain reduced by net short-term capital loss.....	1,809,011	640,804	983,276	710,425	921,454	1,391,619	11,347,346
Net gain, noncapital assets.....	1,949,745	710,217	891,543	640,190	701,132	928,479	6,778,623
Dividends received from domestic corporations.....	516,309	292,616	524,682	481,163	836,518	1,157,539	12,510,948
Dividends received from foreign corporations.....	38,591	49,045	80,862	113,894	164,197	500,665	1,675,387
Other receipts.....	6,820,354	2,377,904	2,582,928	2,092,224	2,309,788	3,180,909	38,427,277
Total deductions	681,662,701	236,723,495	252,831,371	181,771,742	200,440,834	283,183,599	2,554,734,122
Cost of sales and operations.....	526,534,538	183,119,256	190,538,620	127,913,439	142,490,937	196,428,220	1,731,094,617
Compensation of officers.....	16,335,637	3,698,124	3,460,442	2,047,837	1,809,208	2,080,528	8,408,378
Repairs.....	3,308,933	1,117,625	1,190,881	896,479	1,073,757	1,832,944	23,266,861
Bad debts.....	1,777,956	817,122	839,560	1,040,610	961,752	1,124,640	6,885,412
Rent paid on business property.....	6,656,496	2,235,385	2,498,443	1,837,889	1,953,538	3,173,245	25,608,091
Taxes paid.....	13,031,337	4,513,561	4,824,708	3,788,299	4,229,107	5,946,475	68,938,355
Interest paid.....	11,734,059	5,115,783	8,772,720	10,219,078	13,015,573	18,873,501	172,182,032
Contributions or gifts.....	209,807	91,648	114,736	98,464	92,079	138,506	1,322,796
Amortization.....	127,440	115,050	50,581	44,114	58,793	117,699	718,044
Depreciation.....	12,169,575	4,505,755	5,191,947	3,561,646	3,881,559	6,058,632	84,887,945
Depletion.....	249,574	120,483	206,375	172,015	215,309	458,769	6,221,930
Advertising.....	4,488,276	1,642,601	1,900,988	1,544,099	1,883,310	3,002,395	24,667,889
Pension, profit-sharing, stock bonus, and annuity plans.....	3,281,386	1,096,864	1,296,345	949,128	1,147,990	1,988,860	29,565,284
Employee benefit programs.....	2,782,132	1,076,810	1,272,957	1,005,335	1,208,037	1,834,266	20,781,251
Net loss, noncapital assets.....	378,132	99,143	198,720	166,833	590,021	933,982	1,216,772
Other deductions.....	78,599,223	27,558,283	30,475,238	26,486,476	25,829,866	39,200,917	347,158,463
Total receipts less total deductions	19,807,162	8,210,370	11,254,669	9,254,715	10,760,055	15,844,516	188,464,704
Constructive taxable income from related foreign corporations.....	12,114	20,431	49,452	96,435	122,483	376,981	11,807,586
Net income (less deficit)	19,795,048	8,190,939	10,891,452	8,694,163	10,154,601	15,294,011	192,391,283
Net income.....	25,283,686	10,244,270	13,159,537	10,471,421	11,502,226	17,298,581	198,715,027
Deficit.....	5,552,748	2,103,298	2,268,085	1,777,258	1,347,625	2,004,570	6,323,744
Income subject to tax	20,875,372	8,450,816	10,732,944	8,516,885	9,003,240	14,039,972	182,831,755
Income tax, total.....	8,077,274	3,643,590	4,711,477	3,793,656	4,033,753	6,343,707	83,085,308
Normal tax, surtax, and alternative tax.....	7,976,483	3,607,616	4,661,507	3,752,202	3,989,377	6,275,890	82,354,169
Tax from recomputing prior-year investment credit.....	78,457	27,229	31,780	22,307	20,129	30,949	436,510
Tax from recomputing prior-year work incentive (WIN) credit.....	1,934	*18	50	71	11	411	438
Additional tax for tax preferences.....	20,400	8,727	18,141	18,075	24,236	36,457	294,191
Foreign tax credit.....	18,175	29,728	84,790	103,487	208,918	446,626	35,884,803
U.S. possessions tax credit.....	56,963	66,263	199,591	217,135	189,508	411,591	218,276
Investment credit.....	902,854	348,918	409,297	311,571	351,584	567,349	10,726,768
Work incentive (WIN) credit.....	5,139	1,411	1,356	1,070	1,093	1,057	9,297
Jobs credit.....	376,212	94,667	85,952	34,621	24,263	27,689	56,543
Travel, entertainment and gift expense.....	1,858,096	785,991	975,680	681,322	837,272	1,231,427	10,671,762
Distributions to stockholders:							
Cash and property except in own stock.....	2,504,487	1,335,950	2,262,302	2,373,039	2,626,575	5,102,092	64,698,307
Corporation's own stock.....	174,428	71,608	199,180	238,311	220,629	453,645	1,657,908

*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. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 2.5 — Balance Sheets and Income Statements, by Size of Total Assets

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

Item	Total returns with net income	Size of total assets				
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns	1,586,485	23,936	709,898	339,977	209,487	134,873
Total assets	6,048,581,263	—	28,077,172	55,180,371	73,979,865	94,141,041
Cash.....	425,233,964	—	5,909,105	8,513,711	9,701,025	10,382,388
Notes and accounts receivable.....	1,647,209,506	—	3,813,599	10,372,525	15,622,516	21,891,739
Less: Allowance for bad debts.....	37,924,097	—	30,952	126,333	208,053	315,048
Inventories.....	427,610,698	—	3,619,542	9,213,230	14,191,823	19,990,741
Investments in Government obligations:						
United States.....	199,101,374	—	51,752	244,469	279,595	484,543
State and local.....	178,594,391	—	18,437	57,050	99,387	120,687
Other current assets.....	220,558,220	—	1,365,458	2,403,782	3,295,128	4,352,823
Loans to stockholders.....	21,338,041	—	1,320,992	1,636,453	1,479,446	1,250,784
Mortgage and real estate loans.....	728,547,569	—	327,976	690,061	1,030,844	1,287,702
Other investments.....	942,911,133	—	1,010,487	2,692,574	4,060,229	5,232,855
Depreciable assets.....	1,625,541,671	—	16,827,414	27,809,990	34,611,951	41,365,760
Less: Accumulated depreciation.....	604,034,092	—	8,787,002	13,794,310	17,006,246	19,854,691
Depletable assets.....	50,809,866	—	46,567	57,116	79,215	87,122
Less: Accumulated depletion.....	14,453,244	—	19,134	17,715	38,954	23,356
Land.....	63,402,821	—	1,211,701	3,137,013	4,519,641	5,561,780
Intangible assets (amortizable).....	32,769,248	—	273,970	451,470	468,718	564,430
Less: Accumulated amortization.....	13,649,918	—	123,679	197,766	204,907	197,337
Other assets.....	155,013,913	—	1,240,939	2,037,049	1,998,508	1,958,121
Total liabilities	6,048,581,263	—	28,077,172	55,180,371	73,979,865	94,141,041
Accounts payable.....	409,866,594	—	3,279,673	7,591,478	10,811,387	15,311,421
Mortgages, notes, and bonds payable in less than one year.....	360,537,705	—	2,428,779	4,539,681	7,183,858	11,066,853
Other current liabilities.....	2,319,530,905	—	2,794,388	4,591,859	5,632,575	7,621,592
Loans from stockholders.....	42,818,047	—	3,110,591	3,925,827	3,841,253	3,452,973
Mortgages, notes, and bonds payable in one year or more.....	714,847,151	—	3,665,203	8,715,790	12,109,679	15,353,400
Other liabilities.....	608,456,367	—	740,121	1,451,900	1,639,398	2,324,791
Capital stock.....	291,463,830	—	4,888,750	7,224,002	7,490,887	8,217,015
Paid-in or capital surplus.....	386,195,726	—	1,126,779	1,724,772	2,137,748	3,141,759
Retained earnings, appropriated.....	44,814,700	—	143,612	291,338	383,458	475,650
Retained earnings, unappropriated.....	909,247,170	—	6,740,766	16,544,818	24,324,858	29,056,765
Less: Cost of treasury stock.....	39,196,931	—	841,492	1,421,095	1,575,236	1,881,268
Total receipts	4,890,972,248	26,123,263	124,892,739	152,018,630	189,723,775	231,676,359
Business receipts.....	4,480,995,505	21,467,996	122,112,794	148,014,399	184,278,569	225,463,672
Interest on Government obligations:						
United States.....	17,233,966	156,176	35,292	25,610	31,984	66,950
State and local.....	9,781,990	22,511	1,750	2,922	5,244	13,485
Other interest.....	228,102,667	3,139,190	287,698	534,943	739,863	1,024,029
Rents.....	26,384,319	157,055	557,344	1,315,803	1,443,134	1,498,055
Royalties.....	7,856,765	28,815	53,089	21,530	106,052	43,554
Net short-term capital gain reduced by net long-term capital loss.....	1,082,003	10,433	15,798	33,872	54,309	39,760
Net long-term capital gain reduced by net short-term capital loss.....	18,647,325	193,563	333,306	324,620	484,172	481,786
Net gain, noncapital assets.....	13,050,392	244,559	375,802	308,441	689,053	709,348
Dividends received from domestic corporations.....	16,078,682	93,506	22,045	76,627	131,087	147,717
Dividends received from foreign corporations.....	12,529,263	76,011	*150	*219	*2,401	*3,079
Other receipts.....	59,229,371	533,447	1,097,670	1,359,643	1,757,907	2,184,924
Total deductions	4,571,891,480	23,974,386	118,468,080	144,352,746	180,877,425	221,781,454
Cost of sales and operations.....	3,211,792,067	14,879,105	64,785,441	92,291,420	130,655,163	166,298,299
Compensation of officers.....	79,862,905	346,511	16,432,899	11,897,849	9,223,624	8,720,145
Repairs.....	33,794,845	124,400	744,316	967,297	1,139,204	1,215,449
Bad debts.....	13,992,871	102,558	117,589	286,707	425,885	556,770
Rent paid on business property.....	51,356,143	351,724	3,874,421	3,403,836	2,993,303	2,777,926
Taxes paid.....	111,723,511	558,059	3,256,458	3,943,461	4,176,510	4,771,086
Interest paid.....	215,849,695	3,062,052	745,084	1,344,811	1,981,248	2,694,552
Contributions or gifts.....	2,271,470	7,021	31,114	46,535	58,551	73,352
Amortization.....	1,110,356	14,842	25,549	18,862	15,485	16,734
Depreciation.....	118,587,277	525,574	1,970,684	2,794,715	3,262,472	3,806,906
Depletion.....	7,265,919	37,738	9,441	17,704	26,719	39,807
Advertising.....	39,598,080	181,011	951,631	1,132,760	1,241,238	1,348,498
Pension, profit-sharing, stock bonus, and annuity plans.....	42,449,899	138,763	2,289,868	1,360,064	1,028,002	1,243,747
Employee benefit programs.....	28,980,096	130,509	592,848	579,436	663,886	852,863
Net loss, noncapital assets.....	1,967,452	15,053	16,546	29,091	21,883	27,491
Other deductions.....	611,288,895	3,499,467	22,622,192	24,238,196	23,964,252	27,337,828
Total receipts less total deductions	319,080,768	2,148,877	6,426,659	7,665,884	8,846,350	9,894,905
Constructive taxable income from related foreign corporations.....	12,350,983	34,624	—	—	*6	*3,621
Net income	321,649,761	2,160,990	6,426,659	7,662,963	8,841,112	9,885,041
Income subject to tax.....	279,372,960	1,643,992	3,378,362	5,495,022	6,653,246	7,754,455
Income tax, total.....	119,962,125	700,164	637,489	1,112,505	1,618,950	2,265,119
Normal tax, surtax, and alternative tax.....	118,859,135	680,432	628,451	1,099,169	1,594,384	2,239,619
Tax from recomputing prior-year investment credit.....	684,129	12,755	8,576	12,773	19,137	22,913
Tax from recomputing prior-year work incentive (WIN) credit.....	9,151	*2,442	—	*11	*3,714	*70
Additional tax for tax preferences.....	409,710	4,535	*462	*552	1,714	3,237
Foreign tax credit.....	36,827,303	44,587	*2,206	*457	*526	3,028
U.S. possessions tax credit.....	1,376,124	9,757	365	115	1,525	5,035
Investment credit.....	14,634,207	50,587	123,419	218,220	275,302	348,803
Work incentive (WIN) credit.....	27,934	76	*1,876	*1,166	1,352	3,040
Jobs credit.....	1,293,144	4,738	89,358	160,373	156,209	182,591
Travel, entertainment and gift expense.....	17,608,472	125,486	569,541	541,788	529,157	618,139
Distributions to stockholders:						
Cash and property except in own stock.....	82,395,698	1,531,125	1,291,933	719,955	912,958	929,513
Corporation's own stock.....	2,913,306	16,244	*5,570	30,775	23,181	23,132

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 2.5 — Balance Sheets and Income Statements, by Size of Total Assets — Continued

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

Item	Size of total assets — Continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns	124,927	15,972	12,509	6,268	3,776	2,554	2,308
Total assets	252,458,421	111,829,169	198,424,801	221,174,639	263,534,360	393,120,975	4,356,660,450
Cash.....	22,270,026	8,131,098	14,398,017	14,093,945	14,441,611	18,037,750	299,355,288
Notes and accounts receivable.....	63,823,015	32,294,131	67,569,258	78,945,884	77,546,475	86,940,885	1,188,389,480
Less: Allowance for bad debts.....	1,209,232	628,971	1,321,698	1,981,308	2,943,853	4,681,108	24,467,541
Inventories.....	58,565,983	21,495,070	23,233,259	16,245,105	18,017,269	26,508,331	216,530,345
Investments in Government obligations:							
United States.....	2,362,522	3,921,579	12,743,501	15,914,758	15,555,522	19,448,297	128,094,835
State and local.....	800,837	1,353,060	7,788,191	12,712,272	12,778,720	15,701,164	127,164,586
Other current assets.....	12,348,827	5,627,832	7,844,902	6,599,958	8,461,279	13,408,486	154,849,746
Loans to stockholders.....	1,974,226	489,953	442,581	498,933	402,371	799,144	11,043,158
Mortgage and real estate loans.....	3,309,597	3,614,337	14,490,407	31,229,472	58,765,569	106,524,322	507,277,283
Other investments.....	15,587,032	8,495,505	17,059,501	19,154,576	27,563,791	53,747,801	788,306,782
Depreciable assets.....	102,755,538	38,823,568	45,867,799	35,487,485	40,018,506	69,487,050	1,172,486,812
Less: Accumulated depreciation.....	47,112,654	17,528,046	19,403,633	14,416,480	15,549,268	26,868,004	403,713,758
Depletable assets.....	756,160	336,788	698,261	885,163	1,126,729	1,949,885	44,786,861
Less: Accumulated depletion.....	259,544	82,298	232,908	292,164	365,980	464,730	12,656,462
Land.....	10,390,046	3,122,465	3,415,458	2,576,652	2,636,900	3,940,473	22,890,693
Intangible assets (amortizable).....	1,283,397	559,725	763,301	644,220	901,583	1,677,932	25,180,501
Less: Accumulated amortization.....	589,522	227,448	210,834	186,071	223,807	423,902	11,064,643
Other assets.....	5,402,169	2,030,821	3,279,438	3,062,240	4,400,945	7,397,199	122,206,483
Total liabilities	252,458,421	111,829,169	198,424,801	221,174,639	263,534,360	393,120,975	4,356,660,450
Accounts payable.....	43,580,715	15,537,318	17,043,739	11,817,993	13,073,460	19,143,729	252,675,681
Mortgages, notes, and bonds payable in less than one year.....	34,700,484	12,831,384	14,622,093	12,871,376	15,243,456	17,133,539	227,916,101
Other current liabilities.....	25,271,953	23,132,135	82,327,278	119,690,780	141,079,468	198,485,828	1,708,903,058
Loans from stockholders.....	5,287,872	949,551	876,082	801,287	882,240	1,185,129	18,525,242
Mortgages, notes, and bonds payable in one year or more.....	40,086,721	15,483,300	19,137,204	16,727,132	22,213,539	34,756,011	526,599,172
Other liabilities.....	7,252,821	3,923,218	6,846,217	8,000,063	11,751,103	26,244,976	538,281,759
Capital stock.....	16,585,539	6,098,936	10,566,997	8,747,363	8,870,106	15,511,451	197,262,783
Paid-in or capital surplus.....	8,578,586	5,178,676	9,236,608	11,838,649	17,138,928	29,316,407	296,776,814
Retained earnings, appropriated.....	1,467,374	639,240	1,141,959	1,181,570	1,591,440	2,711,832	34,786,826
Retained earnings, unappropriated.....	74,155,899	29,328,182	38,224,267	30,686,968	32,850,911	51,366,569	575,967,167
Less: Cost of treasury stock.....	4,509,544	1,272,770	1,597,643	1,188,943	1,600,291	2,714,497	21,034,153
Total receipts	591,970,094	200,665,455	217,668,784	159,050,249	174,597,787	257,739,252	2,564,845,861
Business receipts.....	576,034,234	193,432,678	203,932,856	142,792,322	154,991,479	228,987,047	2,279,487,458
Interest on Government obligations:							
United States.....	224,305	352,527	1,074,844	1,318,627	1,308,779	1,641,520	10,997,352
State and local.....	78,230	73,955	384,725	594,602	614,682	749,816	7,240,069
Other interest.....	3,023,530	2,136,884	6,789,351	10,197,586	12,531,795	18,485,147	169,212,650
Rents.....	2,994,957	1,126,511	1,135,974	766,379	721,664	1,030,933	13,636,511
Royalties.....	362,381	190,680	178,988	123,497	175,858	419,521	6,152,799
Net short-term capital gain reduced by net long-term capital loss.....	101,551	38,971	62,485	46,094	85,027	106,177	487,524
Net long-term capital gain reduced by net short-term capital loss.....	1,630,403	575,460	872,968	624,095	814,334	1,282,509	11,030,107
Net gain, noncapital assets.....	1,580,894	544,348	715,063	469,290	570,250	757,304	6,086,040
Dividends received from domestic corporations.....	491,119	270,779	465,503	432,550	759,753	1,070,763	12,117,235
Dividends received from foreign corporations.....	38,069	32,354	74,437	91,213	145,170	490,543	11,575,618
Other receipts.....	5,410,422	1,890,308	1,981,590	1,593,993	1,878,996	2,717,973	36,822,498
Total deductions	566,620,292	190,367,662	204,170,752	148,074,663	162,590,855	240,063,808	2,370,551,358
Cost of sales and operations.....	442,513,599	148,122,056	154,958,382	104,133,665	115,295,119	167,209,039	1,610,650,779
Compensation of officers.....	14,394,752	3,148,477	2,923,382	1,753,668	1,526,866	1,778,944	7,715,787
Repairs.....	2,667,757	872,498	962,500	743,629	896,793	1,596,136	21,864,867
Bad debts.....	1,312,570	423,861	580,408	555,632	690,190	897,194	8,043,507
Rent paid on business property.....	5,143,778	1,730,917	1,890,667	1,412,411	1,601,022	2,726,247	23,449,890
Taxes paid.....	10,895,753	3,768,382	3,960,600	3,247,594	3,600,540	5,177,737	64,367,352
Interest paid.....	7,861,979	3,565,152	6,698,797	8,378,770	10,673,671	15,585,239	153,258,341
Contributions or gifts.....	207,618	89,352	114,284	95,131	91,901	137,991	1,318,620
Amortization.....	80,559	94,679	31,616	26,177	45,679	70,123	670,050
Depreciation.....	9,281,848	3,447,947	3,908,798	2,768,512	3,069,095	5,040,019	78,710,706
Depletion.....	228,763	100,076	179,780	145,785	165,633	413,016	5,901,459
Advertising.....	3,422,476	1,216,705	1,545,575	1,242,439	1,617,767	2,558,957	23,139,022
Pension, profit-sharing, stock bonus, and annuity plans.....	3,026,751	995,212	1,119,167	833,120	992,348	1,750,538	27,672,318
Employee benefit programs.....	2,245,569	877,306	1,021,267	808,860	986,768	1,478,320	18,742,463
Net loss, noncapital assets.....	198,285	43,231	87,113	94,306	462,223	138,106	834,122
Other deductions.....	63,138,235	21,871,830	24,188,416	21,834,964	20,875,240	33,506,202	324,212,075
Total receipts less total deductions	25,349,802	10,297,793	13,498,032	10,975,586	12,006,933	17,675,444	194,294,503
Constructive taxable income from related foreign corporations.....	12,113	20,431	46,229	90,438	109,976	372,953	11,660,593
Net income	25,283,686	10,244,270	13,159,537	10,471,421	11,502,226	17,298,581	198,715,027
Income subject to tax.....	20,874,982	8,450,816	10,732,740	8,516,885	9,002,945	14,039,923	182,829,590
Income tax, total.....	8,064,091	3,637,205	4,704,431	3,790,203	4,030,207	6,337,601	83,064,160
Normal tax, surtax, and alternative tax.....	7,976,344	3,607,616	4,661,433	3,753,202	3,989,279	6,275,868	82,353,336
Tax from recomputing prior-year investment credit.....	66,084	21,717	25,716	19,681	17,751	26,377	431,366
Tax from recomputing prior-year work incentive (WIN) credit.....	1,934	*16	49	56	11	411	438
Additional tax for tax preferences.....	19,728	7,855	17,233	17,263	23,165	34,945	279,021
Foreign tax credit.....	18,175	29,728	84,790	103,487	208,918	446,626	35,884,776
U.S. possessions tax credit.....	56,963	66,263	199,591	217,135	189,508	411,591	218,276
Investment credit.....	902,853	348,918	409,293	311,571	351,514	567,326	10,726,401
Work incentive (WIN) credit.....	5,139	1,411	1,356	1,070	1,093	1,057	9,297
Jobs credit.....	376,211	94,667	85,952	34,621	24,263	27,689	56,474
Travel, entertainment and gift expense.....	1,497,876	630,650	760,993	542,774	699,982	1,070,105	10,021,983
Distributions to stockholders:							
Cash and property except in own stock.....	2,378,285	1,293,559	2,107,328	2,239,038	2,430,249	4,695,059	61,866,696
Corporation's own stock.....	156,859	66,544	188,465	227,062	207,812	412,624	1,555,037

*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. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.6 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
All Industrial Divisions													
Number of returns.....	2,556,794	70,249	1,332,977	484,444	277,781	178,100	159,833	20,686	15,279	7,323	4,436	3,006	2,680
Total assets.....	6,835,056,963	—	48,407,354	78,148,722	98,006,851	124,432,798	323,465,726	144,147,198	241,328,183	258,255,679	310,782,886	462,157,605	4,747,925,980
Notes and accounts receivable, net.....	1,771,395,475	—	6,246,393	13,616,975	18,840,467	26,410,473	74,292,888	38,073,350	75,949,454	86,514,640	86,068,454	97,875,509	1,247,708,873
Inventories.....	503,033,064	—	6,521,499	13,155,654	18,794,144	26,300,986	73,795,866	26,682,287	29,718,046	20,138,394	22,003,815	32,079,255	233,845,319
Cash, Government obligations, and other current assets.....	1,142,400,477	—	10,423,042	14,486,946	16,272,563	19,165,638	46,553,555	23,338,829	48,965,872	56,035,594	59,240,754	79,365,266	768,832,415
Other investments and loans.....	1,894,205,933	—	3,946,681	6,814,478	8,896,896	10,087,829	27,426,418	17,941,220	39,255,111	58,780,640	100,142,823	183,233,173	1,437,680,864
Depreciable assets.....	1,896,559,882	—	29,348,727	40,403,565	47,059,403	56,895,763	135,705,160	51,728,193	60,584,283	45,025,231	50,256,981	83,883,128	1,295,691,447
Less: Accumulated depreciation.....	697,645,652	—	14,826,444	19,033,681	21,750,053	26,514,406	59,355,105	22,314,963	24,543,395	17,658,321	18,858,977	31,880,793	441,271,516
Other capital assets less reserves.....	148,997,551	—	2,656,131	5,641,541	7,034,303	9,029,914	17,784,819	5,729,212	6,766,297	5,080,166	6,005,078	8,344,230	74,915,880
Accounts and notes payable.....	933,315,209	—	12,195,399	20,543,132	26,761,074	38,335,619	105,953,206	39,436,689	44,951,327	33,375,654	37,365,637	47,357,907	527,039,568
Other current liabilities.....	2,582,916,808	—	4,832,274	6,091,580	7,100,394	9,657,729	30,954,580	28,837,001	90,584,431	131,349,170	158,065,657	229,067,367	1,886,378,627
Mortgages, notes, and bonds payable in one year or more.....	884,636,969	—	8,683,513	15,418,344	19,704,711	25,327,068	63,237,759	23,935,280	30,040,049	24,605,860	31,504,851	46,983,958	595,195,575
Net worth.....	1,715,785,070	—	10,477,860	26,210,887	34,945,800	41,506,782	103,948,532	43,950,005	64,705,976	57,212,618	66,927,093	107,074,425	1,158,825,312
Cost of property used for investment credit.....	226,995,307	1,001,875	4,632,960	5,439,113	6,084,759	7,428,570	16,266,419	6,057,303	7,149,720	4,895,885	5,399,118	8,227,391	154,412,194
Total receipts.....	5,598,689,129	45,952,258	186,677,431	199,241,753	229,887,975	281,975,657	701,469,862	244,933,865	264,086,039	191,026,457	211,200,889	299,038,115	2,743,198,825
Business receipts.....	5,136,075,461	34,069,319	182,775,051	194,236,878	223,199,093	274,137,380	681,843,941	236,062,764	247,958,101	172,307,667	188,578,629	266,141,582	2,434,785,051
Cost of sales and operations.....	3,709,672,825	24,622,759	99,750,891	123,305,071	159,134,082	204,740,395	526,534,758	183,119,256	190,536,620	127,913,439	142,490,937	196,428,220	1,731,094,617
Taxes paid.....	127,751,719	919,163	5,167,355	5,322,749	5,171,726	5,898,883	13,031,337	4,513,561	4,824,708	3,788,299	4,229,107	5,946,475	68,938,355
Interest paid.....	261,277,331	10,130,814	1,510,333	2,344,116	3,091,159	4,288,163	11,734,059	5,115,783	8,772,720	10,219,078	13,015,573	18,873,501	172,182,032
Depreciation.....	138,061,915	958,403	3,361,593	4,036,500	4,339,114	5,109,245	12,169,575	4,505,755	5,191,947	3,561,646	3,881,558	6,058,632	84,887,945
Pension, profit-sharing, stock bonus, and annuity plans.....	46,506,098	193,208	2,959,137	1,530,531	1,162,439	1,334,927	3,281,368	1,096,884	1,296,345	949,128	1,147,990	1,988,860	29,565,284
Employee benefit programs.....	33,620,835	199,086	845,261	766,327	817,641	1,031,712	2,782,132	1,076,810	1,272,957	1,005,335	1,208,037	1,834,286	20,781,251
Net income (less deficit).....	284,615,731	52,642	1,440,837	4,793,669	6,325,006	6,706,156	19,730,938	8,140,972	10,891,452	8,694,163	10,154,601	15,294,011	192,391,293
Net income.....	321,649,761	2,160,990	7,682,963	8,841,112	9,885,041	11,258,668	30,954,580	10,244,270	13,159,537	10,471,421	11,502,226	17,298,521	188,715,027
Income subject to tax.....	279,376,063	1,643,992	3,378,362	5,495,023	6,653,246	7,754,455	20,875,372	8,450,816	10,732,944	8,516,885	9,003,240	14,039,972	182,831,755
Income tax, total.....	120,047,034	705,719	642,249	1,117,301	1,623,607	2,269,393	8,077,274	3,643,590	4,711,477	3,793,656	4,033,753	6,343,707	83,085,308
Additional tax for tax preferences.....	432,649	6,413	*462	*552	1,714	3,260	20,400	8,727	18,141	18,075	24,236	36,457	294,191
Foreign tax credit.....	36,827,331	44,587	*2,206	*457	*526	3,028	18,175	29,728	84,790	103,487	208,918	446,626	35,884,803
Investment credit.....	14,634,672	50,587	123,419	218,220	275,302	348,803	902,854	348,918	409,297	311,571	351,584	567,349	10,726,768
Nonrefundable business energy credit after limitation.....	242,539	172	—	*1,270	736	736	7,621	3,813	5,533	3,769	7,290	6,864	20,402
Work incentive (WIN) credit.....	27,934	76	*1,876	1,166	1,352	3,040	5,139	1,411	1,356	1,070	1,093	1,057	9,297
Jobs credit.....	1,293,215	4,738	89,358	160,373	156,209	182,591	376,212	94,667	85,952	34,621	24,623	27,689	56,543
Distributions to stockholders except in own stock.....	86,613,794	1,713,035	1,361,301	753,522	935,134	948,051	2,504,487	1,335,950	2,262,302	2,373,039	2,626,575	5,102,092	64,698,307
Agriculture, Forestry, and Fishing													
Number of returns.....	83,489	2,670	29,470	18,604	15,759	10,587	5,851	353	173	12	6	4	—
Total assets.....	37,976,331	—	1,210,820	3,311,093	5,688,677	7,424,607	10,601,738	2,408,494	3,329,666	910,270	1,052,885	2,038,079	—
Notes and accounts receivable, net.....	3,180,499	—	81,356	159,682	275,111	466,678	864,183	249,204	495,928	174,784	212,230	201,344	—
Inventories.....	4,309,825	—	120,976	169,250	432,164	634,576	1,265,461	507,555	566,665	119,826	78,286	415,064	—
Cash, Government obligations, and other current assets.....	3,697,486	—	196,310	394,346	587,804	732,592	904,431	190,212	340,737	73,932	164,021	113,101	—
Other investments and loans.....	4,171,478	—	48,725	185,797	433,791	590,426	934,259	379,825	466,665	207,914	298,510	625,567	—
Depreciable assets.....	21,739,493	—	1,187,693	2,627,245	4,039,225	4,460,258	5,576,677	906,227	1,456,814	439,318	354,706	691,327	—
Less: Accumulated depreciation.....	9,609,688	—	648,614	1,187,901	1,770,648	2,017,664	2,364,222	343,690	579,250	191,242	150,761	355,695	—
Other capital assets less reserves.....	9,025,560	—	203,148	892,718	1,480,048	2,305,923	2,963,719	484,860	490,686	65,826	57,551	81,078	—
Accounts and notes payable.....	8,656,222	—	299,256	655,638	1,046,371	1,503,098	2,795,317	778,592	1,110,285	282,138	99,830	285,697	—
Other current liabilities.....	1,894,499	—	71,550	62,562	153,552	186,451	413,749	126,413	233,895	90,338	266,591	289,398	—
Mortgages, notes, and bonds payable in one year or more.....	11,632,659	—	249,872	824,056	1,622,420	2,406,570	3,781,082	890,757	971,828	322,175	249,964	313,936	—
Net worth.....	11,994,545	—	315,840	1,345,214	2,215,391	2,594,756	2,805,051	456,178	818,790	168,735	359,230	915,359	—
Cost of property used for investment credit.....	3,170,442	93,542	182,548	354,280	710,315	638,925	720,738	136,224	187,415	70,675	36,912	38,669	—
Total receipts.....	53,345,996	529,366	3,038,048	4,130,106	6,698,999	10,443,335	12,120,049	3,621,986	5,218,092	1,767,477	905,522	4,873,015	—
Business receipts.....	50,590,436	476,156	2,912,781	3,831,894	6,319,879	9,847,286	11,514,441	3,436,538	4,958,157	1,694,364	765,447	4,833,492	—
Cost of sales and operations.....	37,795,256	332,547	1,562,423	2,265,937	4,243,905	7,726,744	9,040,911	2,922,408	4,172,088	1,383,253	546,854	3,578,185	—
Taxes paid.....	1,072,612	12,602	107,441	130,174	185,667	191,736	202,529	41,931	62,219	20,774	20,281	97,260	—
Interest paid.....	1,670,591	40,800	50,797	124,376	217,653	304,659	486,478	130,722	170,822	46,847	42,218	55,230	—
Depreciation.....	1,983,571	38,882	127,966	273,797	382,973	400,710	451,469	79,596	104,667	54,221	25,263	44,026	—
Pension, profit-sharing, stock bonus, and annuity plans.....	148,173	*1,863	9,338	10,217	13,616	29,195	30,701	4,260	11,971	9,737	4,853	22,422	—
Employee benefit programs.....	129,344	1,697	10,345	9,758	29,017	12,276	18,558	4,284	10,863	5,031	2,691	24,822	—
Net income (less deficit).....	1,299,975	—	44,987	187,944	312,922	278,561	117,813						

RETURNS OF ACTIVE CORPORATIONS

Table 2.6 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets — Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Mining													
Number of returns.....	23,919	961	8,465	4,854	2,619	2,608	3,352	472	296	107	81	53	51
Total assets.....	115,128,696	—	290,086	767,312	950,077	1,798,562	7,052,626	3,181,350	4,652,330	3,754,381	5,686,540	8,179,401	78,816,031
Notes and accounts receivable, net.....	25,096,527	—	*35,629	81,760	127,607	259,206	1,379,992	603,096	770,600	581,683	1,032,327	897,521	19,327,106
Inventories.....	5,134,691	—	*16,678	8,765	38,828	99,487	273,872	134,200	207,602	172,039	220,381	372,978	3,589,862
Cash, Government obligations, and other current assets.....	10,562,338	—	80,651	191,267	249,499	374,300	1,205,803	667,038	723,411	520,337	642,087	838,167	5,069,778
Other investments and loans.....	25,453,419	—	*24,948	92,518	96,287	126,526	597,896	321,397	524,468	505,116	674,014	1,542,043	20,948,207
Depreciable assets.....	54,233,992	—	171,573	531,923	579,926	1,465,959	4,795,124	1,768,448	2,586,700	1,984,351	2,702,761	4,279,234	33,367,993
Less: Accumulated depreciation.....	20,068,162	—	105,650	210,110	268,616	775,314	2,221,660	758,946	1,116,592	874,029	940,306	1,634,262	11,162,678
Other capital assets less reserves.....	10,676,227	—	16,104	49,718	103,381	189,185	812,825	379,839	792,922	712,055	1,123,588	1,334,324	5,162,286
Accounts and notes payable.....	15,992,390	—	81,216	362,346	218,947	604,115	1,916,444	865,376	1,086,932	605,451	933,896	1,436,820	7,580,846
Other current liabilities.....	19,241,956	—	28,070	32,450	48,665	123,987	544,546	496,253	363,063	382,012	566,894	813,616	15,842,602
Mortgages, notes, and bonds payable in one year or more.....	21,932,654	—	*54,048	136,107	130,460	339,226	1,283,977	530,591	1,058,469	899,080	1,354,468	2,148,022	13,998,207
Net worth.....	51,123,353	—	57,718	24,197	436,653	488,505	2,593,120	984,841	1,876,963	1,811,762	2,349,053	3,146,236	37,602,678
Cost of property used for investment credit.....	6,127,038	176,413	31,236	129,699	143,696	250,554	864,132	389,812	473,922	291,050	437,943	659,937	2,279,072
Total receipts.....	132,542,644	1,478,775	1,115,519	1,899,326	1,156,574	2,446,016	7,818,082	2,889,425	3,826,656	2,837,753	4,766,333	4,463,087	97,845,098
Business receipts.....	127,454,324	1,287,148	1,087,258	1,864,465	1,126,230	2,286,493	7,226,918	2,730,768	3,521,403	2,571,570	4,352,348	4,078,890	95,320,835
Cost of sales and operations.....	60,225,465	691,806	815,067	1,052,350	590,340	1,374,341	4,576,483	1,796,883	2,300,463	1,578,376	2,989,545	2,585,381	39,864,429
Taxes paid.....	2,349,166	59,338	28,612	75,901	50,165	93,394	230,609	82,719	109,922	104,948	121,258	1,217,253	1,217,253
Interest paid.....	2,759,171	98,168	7,930	40,573	21,376	70,602	254,456	98,389	164,204	121,889	194,145	295,285	1,331,155
Depreciation.....	4,077,060	116,096	26,942	72,128	75,366	174,523	547,422	180,130	274,977	157,745	218,344	311,171	1,922,216
Pension, profit-sharing, stock bonus, and annuity plans.....	518,579	14,768	—	*652	*976	14,512	39,704	14,271	16,885	27,064	22,693	29,169	337,478
Employee benefit programs.....	484,616	8,868	—	420	3,252	10,874	39,317	15,186	20,016	26,016	26,016	26,016	236,607
Net income (less deficit).....	43,058,598	106,826	-31,092	-20,590	84,713	25,293	261,574	60,276	178,939	199,049	375,233	112,359	41,708,059
Net income.....	44,889,763	276,945	57,299	58,266	131,691	142,170	615,741	215,857	298,205	304,295	514,819	306,368	41,967,087
Income subject to tax.....	44,043,753	241,354	*30,861	38,983	65,219	94,172	451,740	187,422	248,586	281,660	486,726	274,139	41,642,890
Income tax, total.....	20,210,019	113,924	*10,582	8,752	17,180	30,004	189,966	85,284	113,667	131,500	212,969	127,079	19,169,113
Additional tax for tax preferences.....	98,979	*2,949	—	*415	*926	*2,073	12,107	4,343	7,691	6,199	7,491	7,541	47,244
Foreign tax credit.....	18,718,612	17,590	—	(1)	—	—	*1,769	*1,309	13,733	17,213	62,508	41,142	18,563,348
Investment credit.....	270,126	10,909	*670	3,478	3,618	4,942	36,603	19,187	17,594	16,394	20,403	21,394	114,936
Nonrefundable business energy credit after limitation.....	3,130	—	—	—	—	—	—	—	—	201	18	59	2,537
Work incentive (WIN) credit.....	84	2	—	—	—	—	—	—	—	—	—	—	77
Jobs credit.....	14,744	*387	*275	*594	*1,190	*1,164	4,526	3,754	1,141	653	503	144	413
Distributions to stockholders except in own stock.....	3,239,424	289,243	*113,338	*9,533	*46,098	*13,748	64,321	22,238	34,751	180,458	135,025	83,193	2,247,480
Construction													
Number of returns.....	249,887	3,663	131,304	46,758	28,971	20,004	16,505	1,603	755	188	82	32	22
Total assets.....	123,261,127	—	4,457,656	7,684,512	10,200,232	13,881,225	32,720,227	10,987,626	11,285,972	6,367,593	5,807,745	4,973,985	14,894,354
Notes and accounts receivable, net.....	34,243,201	—	994,816	2,075,138	2,835,968	4,179,906	9,929,959	3,498,462	3,294,265	1,589,441	1,480,294	1,254,001	3,111,020
Inventories.....	21,078,815	—	491,472	1,229,592	1,959,227	2,473,143	6,193,018	1,822,057	2,294,531	1,292,332	1,053,172	790,119	1,480,152
Cash, Government obligations, and other current assets.....	26,642,003	—	982,473	1,826,939	2,035,261	2,935,816	7,125,223	2,482,421	2,445,589	1,234,096	1,064,300	859,835	3,650,049
Other investments and loans.....	10,863,666	—	439,883	467,730	636,773	864,623	1,983,586	867,959	792,083	657,890	795,021	661,201	2,696,916
Depreciable assets.....	43,468,036	—	2,649,176	3,132,168	4,091,743	5,183,278	11,564,573	3,758,152	3,478,703	1,920,093	1,500,554	1,616,189	4,573,406
Less: Accumulated depreciation.....	20,989,687	—	1,327,336	1,573,616	1,991,547	2,566,413	5,944,128	2,058,324	1,747,828	864,552	686,692	676,579	1,552,670
Other capital assets less reserves.....	4,786,075	—	120,509	309,935	480,968	572,848	1,287,031	392,143	346,988	298,886	170,034	255,376	551,357
Accounts and notes payable.....	43,406,397	—	1,698,417	2,970,166	3,807,604	5,729,050	12,660,069	4,113,533	3,927,454	1,858,973	1,787,579	1,185,874	3,667,678
Other current liabilities.....	19,043,010	—	671,646	685,861	1,084,853	1,541,800	4,825,735	1,779,636	2,085,402	1,183,969	1,190,434	694,258	3,299,416
Mortgages, notes, and bonds payable in one year or more.....	19,032,360	—	661,763	1,120,740	1,428,464	1,939,409	4,571,922	1,647,176	1,585,420	1,295,549	1,079,687	894,121	2,808,468
Net worth.....	29,439,188	—	539,269	2,054,297	3,078,852	3,684,039	8,056,795	2,227,512	2,266,450	1,264,947	906,911	1,401,542	3,956,574
Cost of property used for investment credit.....	7,453,890	10,202	641,146	587,166	767,030	1,023,733	1,765,542	498,223	518,676	233,420	204,511	210,038	974,202
Total receipts.....	252,852,706	1,127,539	22,249,907	22,541,164	26,102,998	32,389,608	69,531,011	18,378,833	17,370,269	7,500,547	6,466,719	7,381,447	21,812,663
Business receipts.....	246,890,363	1,101,040	22,084,474	22,393,065	25,729,313	31,849,205	68,080,654	17,816,652	16,823,165	7,131,278	6,149,064	7,001,494	20,730,960
Cost of sales and operations.....	199,975,173	960,753	15,987,543	16,661,409	19,595,731	25,211,263	56,235,499	15,296,958	14,475,648	5,367,925	4,632,370	6,032,370	18,012,425
Taxes paid.....	5,313,422	11,536	633,925	630,714	640,099	814,162	1,404,464	329,745	316,983	122,238	97,347	148,068	528,805
Interest paid.....	3,483,176	10,768	174,413	236,860	312,973	378,673	823,594	253,277	262,984	180,866	170,957	134,868	464,957
Depreciation.....	4,552,673	12,154	386,814	390,020	489,557	582,396	1,166,286	343,472	333,690	142,253	106,208	134,868	464,957
Pension, profit-sharing, stock bonus, and annuity plans.....	1,194,796	793	36,623	51,641	149,232	169,995	386,377	88,719	92,790	35,115	21,283	33,573	128,656
Employee benefit programs.....	1,249,503	5,840	119,148	113,713	143,407	181,814	363,021	82,238	71,383	31,953	33,256	27,050	76,898
Net income (less deficit).....	5,985,390	-2,470	230,606	527,794	733,156	1,184,097	448,391	426,980	583,970	334,977	334,977	627,806	627,806
Net income.....	8,903,932	42,967	745,650	825,871	1,002,400	1,140,797	2,369,099	638,835	583,570	267,073	178,516	364,567	744,588
Income subject to tax.....	7,250,471	29,232	385,090	588,976	790,367	928,424	2,057,508	535,230	500,572	237,237	147,685	347,531	702,620
Income tax, total.....	2,545,393	9,394	71,117	121,235	194,119	268,215	777,630	228,104	220,780	105,805	66,938	158,491	323,565
Additional tax for tax preferences.....	5,589	12	—	—	*60	*175	1,143	723	699	604	80	628	1,484
Foreign tax credit.....	169,840	—	—	—	—	—	*14	*204	5,371	3,465	57,608	100,507	100,507
Investment credit.....	366,108	1,637	16,292	23,957	34,070	50,194	115,461	33,615	30,231	12,361	7,516	14,756	26,020
Nonrefundable business energy credit after limitations.....	848	—	—	—	*51	*157	*153	373	12	72	23	8	8
Work incentive (WIN) credit.....	998	—	—	—	*207	*168	*455	*112	33	5	14	1	1
Jobs credit.....	209,127	*1,291	14,214	30,309	41,230	33,351	65,282	13,125	7,312	1,688	595	537	192
Distributions to stockholders except in own stock.....	681,853	*2,837	95,496	36,930	39,903	76,650	79,664	27,001	37,055	25,065	22,679	49,084	189,490

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.6 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets — Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Manufacturing													
Number of returns.....	236,564	3,611	83,549	50,660	31,925	24,493	31,252	5,060	3,160	1,084	655	521	594
Total assets.....	1,528,575,203	—	3,201,339	8,269,740	11,472,042	17,631,737	67,271,959	34,984,001	49,006,432	37,955,621	48,133,205	82,019,141	1,170,629,984
Notes and accounts receivable, net.....	357,594,626	—	743,324	2,278,223	3,036,857	4,751,869	17,894,098	8,858,131	11,799,055	8,517,972	10,611,141	17,066,220	272,037,737
Inventories.....	256,278,072	—	499,218	1,492,626	2,522,372	4,096,266	18,427,745	10,327,254	13,682,556	9,812,982	11,485,588	18,854,041	164,977,425
Cash, Government obligations, and other current assets.....	129,052,767	—	588,272	1,329,542	1,640,314	2,526,148	7,921,028	3,788,802	5,429,337	4,078,051	4,705,285	8,217,413	88,818,575
Other investments and loans.....	272,188,364	—	157,258	392,253	607,029	821,013	3,063,773	1,972,519	3,428,848	3,834,036	4,631,718	11,355,603	241,924,315
Depreciable assets.....	742,167,734	—	2,220,979	4,868,450	6,389,258	9,615,902	33,497,423	16,842,737	22,738,232	17,334,649	20,419,233	37,632,112	570,608,759
Less: Accumulated depreciation.....	337,237,321	—	1,168,948	2,479,483	3,255,573	4,812,508	16,464,488	8,168,336	10,430,361	7,745,049	8,715,117	16,825,634	257,171,824
Other capital assets less reserves.....	59,582,509	—	40,150	127,060	240,246	401,001	1,767,266	766,159	1,319,638	1,117,444	1,392,113	2,648,727	49,762,704
Accounts and notes payable.....	323,453,474	—	1,006,697	2,394,249	3,595,257	5,318,549	20,192,207	9,695,526	12,413,976	7,690,914	9,316,184	14,104,769	237,725,146
Other current liabilities.....	162,542,923	—	393,525	1,026,676	915,361	1,765,737	6,663,712	3,450,159	4,825,142	3,923,774	4,890,326	8,133,967	125,554,544
Mortgages, notes, and bonds payable in one year or more.....	267,817,415	—	644,157	1,489,641	2,008,453	2,992,296	10,168,562	5,117,043	7,871,886	6,147,512	8,734,286	14,885,510	207,758,070
Net worth.....	675,400,534	—	504,503	2,371,394	4,103,500	6,605,589	27,443,304	15,585,850	22,381,534	18,797,766	21,630,556	40,352,020	515,624,518
Cost of property used for investment credit.....	81,501,019	243,380	321,368	811,153	1,017,998	1,392,236	4,350,298	1,890,980	2,594,830	1,865,776	2,108,163	3,800,432	61,104,403
Total receipts.....	2,152,660,164	9,862,587	11,057,893	22,448,513	28,934,682	42,109,165	153,118,874	73,338,869	92,171,047	63,332,826	71,708,580	121,860,764	1,462,716,364
Business receipts.....	2,072,665,265	9,515,936	10,897,828	22,212,633	28,621,628	41,641,224	150,993,558	72,134,891	90,317,557	61,832,146	69,689,102	117,937,072	1,396,871,690
Cost of sales and operations.....	1,522,576,016	7,019,647	6,722,842	14,940,283	20,469,575	29,824,455	112,797,070	54,482,241	68,150,332	45,746,931	50,934,757	85,252,628	1,026,232,254
Taxes paid.....	53,679,630	259,606	399,077	714,018	811,263	1,125,727	3,451,737	1,535,324	1,868,831	1,600,130	1,748,325	2,903,094	37,262,498
Interest paid.....	41,439,802	174,011	117,643	239,733	357,777	579,140	2,152,591	1,133,161	1,542,145	1,038,358	1,426,086	2,141,446	30,537,709
Depreciation.....	56,132,695	200,686	248,293	514,505	630,561	897,081	2,913,817	1,403,973	1,827,984	1,278,559	1,557,884	2,764,361	41,894,992
Pension, profit-sharing, stock bonus, and annuity plans.....	22,899,152	76,373	23,938	87,558	130,766	255,244	951,855	450,153	585,295	448,149	546,329	1,160,447	18,183,445
Employee benefit programs.....	19,484,547	69,851	62,761	137,944	154,855	256,486	975,242	533,185	629,007	490,202	672,105	1,102,650	14,400,260
Net income (less deficit).....	130,370,486	307,042	27,038	758,438	1,361,381	6,248,690	3,158,252	4,404,322	3,787,940	4,143,097	4,797,957	7,671,580	97,223,055
Net income.....	139,688,642	540,074	477,584	997,355	1,238,106	1,840,268	7,645,148	3,803,986	5,285,559	4,235,634	4,579,953	8,345,893	100,699,083
Income subject to tax.....	133,051,625	472,109	285,661	751,636	1,007,270	1,550,922	6,917,625	3,588,874	5,038,615	4,058,884	4,340,067	7,991,853	97,048,109
Income tax, total.....	58,976,752	216,435	55,495	148,921	256,152	480,848	2,805,742	1,584,980	2,270,887	1,844,063	1,968,180	3,620,587	43,724,461
Additional tax for tax preferences.....	166,305	*105	—	—	*398	—	1,972	1,041	1,868	897	3,333	4,594	152,098
Foreign tax credit.....	15,286,370	12,257	—	—	—	2,959	10,222	18,995	33,613	53,284	97,423	285,611	14,772,006
Investment credit.....	7,120,231	15,478	11,257	40,256	55,098	78,110	294,859	133,565	174,626	137,681	161,064	286,550	57,318,688
Nonrefundable business energy credit after limitation.....	209,131	136	*42	—	—	*60	3,197	2,120	3,128	2,551	5,058	5,425	187,414
Work incentive (WIN) credit.....	16,083	*61	2	*853	*498	1,934	1,484	820	833	612	791	785	7,410
Jobs credit.....	402,790	1,354	4,926	23,454	30,495	51,568	143,129	38,728	46,411	15,859	11,012	11,185	24,669
Distributions to stockholders except in own stock.....	38,121,235	464,998	49,664	63,391	103,589	151,448	552,294	312,967	689,199	716,593	630,255	1,944,803	32,442,035
Transportation and Public Utilities													
Number of returns.....	103,770	1,950	54,071	20,719	11,385	7,356	6,331	828	484	183	105	107	251
Total assets.....	674,479,897	—	1,767,816	3,404,810	3,935,787	5,152,500	12,856,398	5,737,175	7,405,727	6,461,062	7,243,607	18,727,197	603,788,020
Notes and accounts receivable, net.....	55,335,217	—	706,958	710,612	956,797	1,068,132	2,459,426	1,106,720	1,282,974	1,077,148	1,154,419	1,955,817	43,649,095
Inventories.....	25,594,576	—	56,333	81,672	133,537	268,110	111,394	196,548	233,624	250,281	290,891	669,405	23,523,479
Cash, Government obligations, and other current assets.....	38,511,419	—	425,816	671,029	639,125	798,195	1,723,385	746,012	935,381	687,311	794,955	1,136,771	29,854,439
Other investments and loans.....	57,686,409	—	89,990	197,525	220,113	216,815	794,384	243,938	563,591	662,530	691,516	1,412,866	52,593,140
Depreciable assets.....	635,045,371	—	1,553,950	2,666,947	3,443,179	4,647,320	11,582,721	4,805,535	6,075,441	5,274,737	5,903,297	14,548,177	574,544,068
Less: Accumulated depreciation.....	160,901,541	—	825,502	1,221,140	1,492,074	2,037,060	5,008,194	1,849,564	2,331,467	2,126,410	2,151,397	4,369,668	137,489,066
Other capital assets less reserves.....	10,935,813	—	30,672	134,051	171,005	218,811	452,473	200,861	354,131	278,966	314,839	542,701	6,237,205
Accounts and notes payable.....	68,043,215	—	493,956	854,892	993,714	1,428,574	3,154,132	1,418,600	1,411,587	1,106,740	1,170,998	2,141,768	53,887,254
Other current liabilities.....	76,559,481	—	150,059	270,512	261,977	310,813	1,068,525	532,703	786,095	728,705	879,552	1,673,015	89,897,525
Mortgages, notes, and bonds payable in one year or more.....	223,921,235	—	491,963	856,509	1,016,248	1,483,148	4,023,622	1,759,157	2,326,081	2,161,177	2,274,353	5,792,951	201,736,028
Net worth.....	264,142,807	—	296,295	826,210	1,263,051	1,516,728	3,882,882	1,643,442	2,418,669	2,054,538	2,554,437	5,615,295	24,071,258
Cost of property used for investment credit.....	80,804,739	71,552	226,052	478,210	690,729	897,232	1,603,791	657,663	772,833	589,025	637,275	1,251,616	79,288,760
Total receipts.....	445,978,021	2,898,299	7,856,464	8,622,880	8,767,042	9,735,885	20,127,134	7,763,470	9,622,285	7,716,815	8,865,324	14,061,921	339,940,404
Business receipts.....	432,328,292	2,823,034	7,818,921	8,525,678	8,623,465	9,503,556	19,527,752	7,497,635	9,298,838	7,431,811	8,592,242	13,506,647	328,178,712
Cost of sales and operations.....	282,924,553	2,189,365	5,712,249	5,431,110	5,703,899	5,891,744	12,732,655	4,943,530	6,339,886	4,846,946	6,145,015	9,483,263	213,504,690
Taxes paid.....	21,581,221	39,897	147,916	268,219	262,107	457,350	806,171	295,774	361,701	288,247	312,353	569,064	17,772,421
Interest paid.....	21,557,681	46,151	68,500	109,258	132,799	215,331	491,614	224,974	280,016	271,113	256,486	625,825	18,835,613
Depreciation.....	33,316,414	93,887	203,940	289,002	363,275	476,346	1,061,941	439,980	483,883	401,912	414,525	816,531	28,271,190
Pension, profit-sharing, stock bonus, and annuity plans.....	7,352,759	17,820	*20,578	42,763	25,379	63,753	184,209	48,732	110,380	59,814	103,680	175,993	6,499,559
Employee benefit programs.....	4,139,925	8,101	10,611	36,240	50,646	64,501	199,593	59,313	102,955	104,236	94,441	112,801	3,296,488
Net income (less deficit).....	18,355,601	-24,183	-34,826	134,123	333,879	270,007	703,626	336,426	442,313	324,980	407,106	548,062	15,014,089
Net income.....	td												

RETURNS OF ACTIVE CORPORATIONS

Table 2.6 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets — Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Wholesale and Retail Trade													
Number of returns.....	772,598	16,927	353,403	167,379	101,584	65,695	58,019	5,485	2,525	762	409	247	163
Total assets.....	573,306,508	—	14,248,598	26,999,385	35,948,739	45,602,515	114,014,056	38,226,980	37,873,408	26,374,310	28,391,769	37,504,128	168,122,620
Notes and accounts receivable, net.....	150,081,836	—	1,854,694	4,707,993	7,850,654	10,705,383	29,049,741	10,901,550	11,176,572	8,165,791	7,644,928	9,678,205	48,348,324
Inventories.....	177,252,484	—	4,763,244	9,444,880	12,742,793	17,913,982	45,031,721	13,118,095	12,256,275	7,729,242	8,039,950	10,514,837	35,697,464
Cash, Government obligations, and other current assets.....	56,303,246	—	2,549,215	4,088,025	5,097,481	5,386,527	11,975,809	3,719,643	3,708,656	2,522,964	2,836,951	3,583,187	10,824,789
Other investments and loans.....	58,680,713	—	576,132	1,489,867	1,884,821	2,142,275	5,649,356	2,499,143	2,569,368	2,338,063	2,890,066	4,002,449	32,639,173
Depreciable assets.....	169,822,837	—	6,600,644	10,183,443	12,097,753	13,741,534	31,048,158	10,708,836	10,295,914	6,900,379	8,193,408	11,866,841	48,185,928
Less: Accumulated depreciation.....	68,255,056	—	3,142,284	4,676,691	5,606,504	6,315,835	13,586,375	4,602,276	4,068,607	2,684,153	3,082,814	4,247,151	16,240,368
Other capital assets less reserves.....	15,092,362	—	—	337,589	782,697	1,029,371	2,881,986	1,183,393	1,046,118	684,547	830,091	1,072,905	3,992,393
Accounts and notes payable.....	206,940,862	—	4,191,724	8,369,796	11,676,057	17,269,109	48,671,371	16,069,898	15,512,016	10,189,460	10,057,732	12,185,912	52,747,786
Other current liabilities.....	49,542,011	—	1,189,851	1,931,976	2,696,914	3,491,466	8,664,116	3,027,371	3,111,745	2,223,623	2,363,916	3,976,185	16,664,848
Mortgages, notes, and bonds payable in one year or more.....	88,195,310	—	2,380,821	4,629,457	5,316,274	5,380,542	13,041,054	4,705,350	5,156,601	3,781,770	4,376,313	6,667,251	32,759,876
Net worth.....	196,573,329	—	2,813,041	9,035,348	13,318,870	16,657,038	38,890,484	13,210,361	12,984,785	9,251,836	10,339,503	13,643,749	56,428,314
Cost of property used for investment credit.....	21,952,393	118,052	1,200,715	1,368,537	1,505,908	1,951,969	4,241,979	1,545,427	1,476,361	925,989	933,086	1,192,544	5,491,826
Total receipts.....	1,752,708,933	14,300,742	69,879,662	96,145,363	126,968,114	158,901,996	386,861,259	119,788,046	109,524,516	74,950,029	82,161,234	99,528,973	413,698,998
Business receipts.....	1,713,929,230	14,006,716	68,995,653	95,010,756	125,479,308	156,703,317	381,021,510	117,753,107	107,545,568	73,519,999	80,505,754	97,666,071	395,721,470
Cost of sales and operations.....	1,364,156,032	11,048,797	47,064,354	65,270,089	94,325,091	123,011,299	307,636,817	95,638,561	88,112,390	60,459,516	66,707,863	79,619,421	325,061,833
Taxes paid.....	22,459,020	193,253	1,483,916	1,885,168	1,955,085	2,076,097	4,907,952	1,498,948	1,267,074	840,440	1,034,423	1,086,157	4,230,505
Interest paid.....	19,959,777	146,477	456,055	805,372	1,081,237	1,544,646	4,331,439	1,442,839	1,373,843	934,163	947,550	1,199,953	5,696,203
Depreciation.....	15,975,729	122,848	780,553	1,128,089	1,243,509	1,331,404	3,149,713	1,048,511	1,037,538	680,307	683,340	948,825	3,821,153
Pension, profit-sharing, stock bonus, and annuity plans.....	5,012,946	28,994	168,143	245,852	400,900	506,091	1,222,390	339,595	270,335	165,958	191,572	248,757	1,224,361
Employee benefit programs.....	4,242,380	49,799	116,224	175,939	259,875	349,651	879,642	271,207	257,003	185,414	213,606	313,107	1,170,913
Net income (less deficit).....	40,181,385	146,901	35,743	1,769,963	2,531,340	3,001,582	7,828,812	2,986,578	3,039,693	1,925,744	2,455,471	3,020,002	11,439,556
Net income.....	48,189,112	436,900	1,635,126	2,744,207	3,372,706	3,863,659	9,235,527	3,353,945	3,467,618	2,533,231	2,666,089	3,273,532	11,606,573
Income subject to tax.....	34,697,843	304,406	745,395	1,948,281	2,531,317	2,984,767	7,394,902	2,401,179	2,325,222	1,591,075	1,672,055	2,260,189	8,539,054
Income tax, total.....	13,419,871	139,205	139,144	389,210	600,180	856,820	2,817,420	1,041,440	1,039,834	721,938	756,835	1,029,400	3,888,545
Additional tax for tax preferences.....	10,474	*523	*462	—	—	*367	489	513	1,101	784	612	1,752	3,871
Foreign tax credit.....	891,394	*1,358	—	—	*64	*5	670	1,868	9,018	9,411	25,054	28,813	815,133
Investment credit.....	1,328,438	6,664	22,405	55,027	73,169	97,893	244,187	84,692	82,283	55,820	67,454	88,035	450,809
Nonrefundable business energy credit after limitation.....	17,179	23	—	—	*363	*675	3,797	1,267	1,469	975	1,277	1,144	6,168
Work incentive (WIN) credit.....	3,575	7	*671	*67	*225	*516	725	223	229	125	89	112	586
Jobs credit.....	359,373	309	16,254	59,522	35,403	58,245	108,792	24,753	17,046	8,731	5,876	10,185	14,157
Distributions to stockholders except in own stock.....	8,828,705	441,796	332,610	269,035	289,757	369,240	935,448	564,145	620,926	577,670	616,085	788,459	3,023,333
Finance, Insurance, and Real Estate													
Number of returns.....	471,222	22,402	226,809	90,190	52,596	29,816	25,401	5,508	7,240	4,748	2,977	1,987	1,548
Total assets.....	3,626,872,420	—	8,389,129	14,139,425	18,426,312	20,819,295	52,872,044	39,426,511	118,723,346	168,674,934	208,464,662	304,015,185	2,672,921,578
Notes and accounts receivable, net.....	1,120,635,991	—	892,558	1,583,799	2,180,149	3,169,664	8,398,431	11,220,290	45,414,979	64,872,427	62,337,938	65,088,869	855,476,988
Inventories.....	5,665,968	—	48,751	379,033	579,133	735,318	926,137	269,316	387,756	271,029	571,591	364,814	2,026,550
Cash, Government obligations, and other current assets.....	850,128,930	—	1,878,540	2,960,211	3,831,656	4,515,138	11,931,936	10,417,071	33,921,253	45,842,495	48,202,968	63,710,179	622,917,483
Other investments and loans.....	1,444,012,830	—	1,279,575	2,639,247	3,783,868	4,119,394	12,038,421	10,814,422	29,819,533	49,448,316	88,591,925	162,535,815	1,078,942,313
Depreciable assets.....	131,789,678	—	4,641,130	6,810,711	8,602,882	9,150,140	17,982,113	6,537,019	7,892,605	6,994,752	6,916,406	8,865,458	47,396,462
Less: Accumulated depreciation.....	41,265,731	—	2,154,855	3,171,153	3,889,522	4,152,337	6,123,304	2,139,218	2,110,409	1,750,824	1,661,858	1,925,330	12,186,921
Other capital assets less reserves.....	30,660,478	—	1,467,657	2,561,743	2,881,487	3,109,682	6,139,241	1,678,700	1,990,713	1,480,826	1,602,888	1,907,181	5,860,359
Accounts and notes payable.....	234,187,015	—	1,569,153	2,087,917	2,999,609	3,812,108	9,849,297	4,188,212	7,377,203	10,098,603	12,167,169	14,796,445	165,241,300
Other current liabilities.....	2,234,033,490	—	600,290	815,870	913,682	1,190,083	6,236,323	18,457,466	78,146,497	121,933,018	147,309,484	211,770,214	1,646,660,363
Mortgages, notes, and bonds payable in one year or more.....	208,303,187	—	1,896,232	3,291,438	5,214,274	6,786,646	17,352,675	6,167,372	8,161,156	7,429,320	10,632,307	13,673,432	127,698,333
Net worth.....	441,498,520	—	2,400,796	5,868,601	6,833,258	6,707,088	14,197,668	7,690,798	19,651,044	21,777,322	26,611,596	40,015,135	289,744,855
Cost of property used for investment credit.....	12,341,801	113,869	283,776	308,363	232,160	215,222	498,412	172,694	341,608	435,121	700,878	8,675,953	8,675,953
Total receipts.....	561,106,822	13,325,371	11,516,657	7,426,480	8,371,992	7,172,150	16,514,552	7,651,027	17,250,704	24,696,214	27,529,338	42,542,076	377,110,258
Business receipts.....	255,128,441	2,610,723	9,961,349	5,166,962	5,178,014	4,174,851	9,552,283	3,886,405	6,977,184	10,442,261	10,133,179	17,345,122	169,500,108
Cost of sales and operations.....	123,513,417	1,070,508	1,747,415	1,098,631	1,634,729	1,039,780	3,612,617	1,574,802	2,797,029	3,120,414	4,636,655	8,006,109	93,174,728
Taxes paid.....	12,959,113	247,475	435,055	438,456	477,876	449,671	837,610	299,199	497,528	513,888	513,888	859,388	7,321,898
Interest paid.....	164,244,136	9,519,536	245,722	378,167	588,781	700,120	2,019,616	1,404,673	4,597,008	7,302,755	9,626,305	14,155,860	113,705,592
Depreciation.....	10,250,006	221,533	313,790	344,792	407,727	396,713	774,786	295,226	392,414	373,699	419,895	567,922	5,741,508
Pension, profit-sharing, stock bonus, and annuity plans.....	4,352,266	24,705	85,249	86,128	139,746	98,122	138,365	47,264	110,055	152,047	171,899	269,646	3,029,040
Employee benefit programs.....	2,120,801	28,864	53,739	40,183	37,322	44,448	70,704	34,552	100,418	95,311			

RETURNS OF ACTIVE CORPORATIONS

Table 2.6 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Total Assets — Continued

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

Industrial division, item	Total returns of active corporations	Size of total assets											
		Zero assets	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Services													
Number of returns.....	603,445	16,548	438,477	83,889	31,677	17,409	12,983	1,358	673	216	115	53	47
Total assets.....	154,038,119	—	12,660,337	13,372,983	10,931,054	12,046,632	25,824,384	9,089,649	10,066,366	7,480,630	8,145,088	7,685,683	38,735,314
Notes and accounts receivable, net.....	24,931,245	—	1,331,479	2,009,187	1,712,750	1,899,179	4,278,095	1,614,145	1,869,779	1,504,004	1,630,722	1,522,647	5,559,260
Inventories.....	7,575,358	—	493,580	595,326	589,685	672,534	1,367,533	376,276	358,651	388,847	282,829	334,775	2,135,322
Cash, Government obligations, and other current assets.....	27,210,936	—	3,680,358	2,930,113	2,135,375	1,877,577	3,708,904	1,308,193	1,468,953	1,041,290	920,277	855,694	7,284,202
Other investments and loans.....	20,797,473	—	1,325,609	1,313,757	1,086,334	1,185,138	2,291,686	833,885	1,220,297	1,144,198	1,660,650	1,424,685	7,311,233
Depreciable assets.....	97,653,470	—	10,219,384	9,549,432	7,469,872	8,614,476	19,595,410	6,334,187	6,492,967	4,171,822	4,182,003	4,700,412	16,323,505
Less: Accumulated depreciation.....	38,895,170	—	5,393,867	4,498,743	3,196,273	3,466,031	7,610,444	2,371,788	2,327,423	1,437,749	1,429,550	2,051,409	5,112,293
Other capital assets less reserves.....	8,170,309	—	428,024	762,611	631,295	957,306	1,486,484	658,154	564,182	382,614	505,697	525,464	1,268,478
Accounts and notes payable.....	32,269,134	—	2,796,626	2,689,724	2,276,694	2,651,811	6,660,303	2,289,961	2,436,334	1,487,393	1,649,942	1,406,488	5,923,858
Other current liabilities.....	19,862,072	—	1,701,661	1,248,641	1,003,233	1,045,099	2,302,696	961,732	1,115,288	801,354	774,914	739,522	8,167,932
Mortgages, notes, and bonds payable in one year or more.....	43,496,104	—	2,291,954	3,039,508	2,834,161	3,983,988	8,988,300	3,072,449	3,201,821	2,557,293	2,731,266	2,672,707	8,122,657
Net worth.....	45,262,060	—	3,497,982	4,749,883	3,545,536	3,252,539	5,951,241	2,119,792	2,602,512	2,155,300	2,366,302	2,541,217	12,479,756
Cost of property used for investment credit.....	13,572,620	134,718	1,736,003	1,396,636	987,432	1,058,284	2,219,758	763,146	845,048	565,112	572,342	375,034	2,919,108
Total receipts.....	245,107,695	2,295,079	59,560,017	35,802,208	21,976,692	18,740,483	34,874,435	11,384,923	11,021,395	8,020,229	7,935,883	8,294,325	25,202,026
Business receipts.....	235,009,878	2,119,674	58,621,329	35,029,133	21,444,106	18,097,508	33,245,739	10,691,412	10,351,150	7,498,623	7,462,580	7,840,839	22,607,784
Cost of sales and operations.....	117,180,747	1,250,035	19,937,273	16,483,388	12,057,874	10,638,667	19,350,786	6,396,708	5,763,663	4,421,362	4,325,925	4,889,193	11,665,875
Taxes paid.....	8,253,806	85,274	1,911,495	1,170,048	763,134	689,522	1,179,233	427,430	355,957	300,401	313,548	253,528	804,237
Interest paid.....	6,128,683	86,861	387,118	408,586	370,491	493,597	1,171,999	420,933	438,930	307,396	347,197	263,846	1,431,725
Depreciation.....	11,720,749	138,447	1,263,165	1,020,474	736,132	849,351	2,099,724	765,290	498,170	498,170	489,692	2,727,902	7,227,902
Pension, profit-sharing, stock bonus, and annuity plans.....	4,998,103	26,425	2,612,086	991,184	301,270	198,016	320,215	101,608	102,298	57,056	80,798	66,822	140,326
Employee benefit programs.....	1,778,877	25,928	468,789	237,842	138,329	111,663	231,886	76,789	82,440	75,053	55,694	52,235	222,227
Net income (less deficit).....	8,306,989	10,056	1,000,996	989,514	715,812	501,136	1,123,842	408,501	489,552	477,151	397,109	523,426	1,669,893
Net income.....	12,109,401	184,858	2,269,638	1,480,676	1,023,149	877,748	1,683,250	610,839	644,507	571,389	459,031	547,036	1,757,280
Income subject to tax.....	9,554,446	149,450	1,359,863	1,118,258	789,523	686,596	1,295,805	511,368	568,507	452,563	401,791	514,019	1,706,704
Income tax, total.....	3,323,418	56,475	254,181	235,872	202,162	205,794	500,977	218,067	253,240	203,627	182,178	232,088	778,756
Additional tax for tax preferences.....	2,005	20	—	—	—	—	—	—	—	—	—	—	—
Foreign tax credit.....	142,072	3,496	2,197	—	—	—	—	—	—	—	—	—	—
Investment credit.....	561,508	4,453	60,326	56,332	39,281	40,210	78,273	26,145	31,494	21,566	23,615	19,795	160,016
Nonrefundable business energy credit after limitation.....	1,452	10	—	215	—	—	—	—	—	—	—	—	—
Work incentive (WIN) credit.....	4,811	—	448	246	122	421	2,434	248	202	293	132	59	207
Jobs credit.....	186,234	331	46,475	37,486	29,192	23,071	29,508	6,861	5,959	2,619	2,046	793	1,893
Distributions to stockholders except in own stock.....	1,822,529	92,782	370,721	99,454	104,586	80,839	239,149	83,899	88,738	91,895	69,920	106,672	393,874
Nature of Business not Allocable													
Number of returns.....	11,900	1,517	7,429	1,391	1,265	132	139	19	8	—	—	—	—
Total assets.....	1,418,661	—	161,773	197,462	453,931	75,725	252,294	105,413	172,062	—	—	—	—
Notes and accounts receivable, net.....	296,333	—	37,286	14,236	110,819	21,791	38,972	21,752	51,477	—	—	—	—
Inventories.....	143,275	—	17,386	13,211	48,369	2,142	42,268	16,140	3,759	—	—	—	—
Cash, Government obligations, and other current assets.....	291,353	—	41,408	85,473	57,049	19,345	57,038	9,438	21,602	—	—	—	—
Other investments and loans.....	351,580	—	4,560	35,785	147,879	21,419	73,056	8,132	60,750	—	—	—	—
Depreciable assets.....	639,270	—	102,198	33,246	345,563	16,895	62,961	67,051	11,355	—	—	—	—
Less: Accumulated depreciation.....	423,296	—	59,389	14,845	279,295	11,244	30,691	22,821	5,012	—	—	—	—
Other capital assets less reserves.....	68,200	—	12,277	21,008	16,502	3,868	3,794	5,004	5,748	—	—	—	—
Accounts and notes payable.....	466,499	—	58,355	158,404	146,820	19,205	54,066	15,991	13,658	—	—	—	—
Other current liabilities.....	197,366	—	25,622	17,033	21,955	2,292	35,178	5,268	90,018	—	—	—	—
Mortgages, notes, and bonds payable in one year or more.....	306,045	—	12,703	30,887	133,958	15,603	26,564	45,385	40,946	—	—	—	—
Net worth.....	350,735	—	52,416	15,862	150,489	480	127,986	31,231	3,996	—	—	—	—
Cost of property used for investment credit.....	71,365	40,148	10,116	5,497	9,490	415	1,770	3,133	795	—	—	—	—
Total receipts.....	2,386,149	134,499	403,265	225,713	910,883	37,021	504,465	117,284	53,020	—	—	—	—
Business receipts.....	2,079,231	128,892	395,459	202,292	677,149	33,940	481,086	115,356	45,058	—	—	—	—
Cost of sales and operations.....	1,326,167	59,301	201,724	81,873	512,937	22,102	351,701	67,163	29,386	—	—	—	—
Taxes paid.....	83,729	10,182	19,918	10,051	26,330	1,224	11,033	2,491	2,501	—	—	—	—
Interest paid.....	34,314	8,104	2,165	1,190	8,070	1,396	2,271	5,814	5,304	—	—	—	—
Depreciation.....	53,018	13,868	10,131	3,692	10,013	724	4,418	9,668	505	—	—	—	—
Pension, profit-sharing, stock bonus, and annuity plans.....	29,323	1,367	2,772	14,535	555	—	7,570	2,263	261	—	—	—	—
Employee benefit programs.....	10,845	338	3,353	1,894	937	—	4,168	55	100	—	—	—	—
Net income (less deficit).....	98,037	-2,312	-8,227	1,189	67,527	1,642	32,897	6,843	-1,522	—	—	—	—
Net income.....	154,651	9,270	16,300	13,039	67,735	2,629	35,768	6,847	3,063	—	—	—	—
Income subject to tax.....	129,477	7,931	14,378	5,641	56,225	1,911	33,540	6,816	3,034	—	—	—	—
Income tax, total.....	38,294	1,485	4,196	959	14,174	344	12,836	2,942	1,359	—	—	—	—
Additional tax for tax preferences.....	18	—	—	—	—	—	—	—	18	—	—	—	—
Foreign tax credit.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Investment credit.....	3,547	998	959	588	525	8	142	298	29	—	—	—	—
Nonrefundable business energy credit after limitation.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Work incentive (WIN) credit.....	756	—	756	—	—	—	—	—	—	—	—	—	—
Jobs credit.....	1,309	105	—	—	994	116	—	94	—	—	—	—	—
Distributions to stockholders except in own stock.....	11,547	—	2,366	—	259	—	8,818	—	104	—	—	—	—

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

*Identifies (a) size classes for which data were deleted to avoid disclosure of information for specific corporations and (b) combined frequencies or amounts which include the data thus deleted from another size class.

*Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.7 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
All Industrial Divisions ²													
Number of returns.....	2,556,794	1,016,854	522,069	198,320	296,465	380,405	497,205	262,866	175,318	132,889	49,528	34,328	7,401
Total assets.....	6,835,056,963	90,580,741	42,139,643	18,053,261	30,387,837	49,678,278	104,244,685	125,535,109	188,158,067	364,924,030	325,160,787	766,854,444	4,819,920,823
Notes and accounts receivable, net.....	1,771,395,475	8,997,936	3,848,505	1,745,633	3,403,797	6,053,518	17,458,479	31,343,412	58,361,400	121,151,202	89,806,412	171,516,669	1,266,706,447
Inventories.....	503,033,064	3,825,611	1,264,466	672,181	1,888,964	4,289,138	12,461,641	16,281,218	23,547,111	39,456,218	34,362,461	65,063,646	303,746,020
Cash, Government obligations, and other current assets.....	1,142,400,477	16,680,343	7,868,269	3,521,242	5,290,832	9,146,864	20,153,552	25,472,439	40,843,543	78,107,159	59,078,717	132,763,007	760,154,854
Other investments and loans.....	1,894,205,933	19,723,962	11,314,608	3,433,126	4,976,228	7,414,514	13,718,271	15,881,712	26,721,958	71,388,096	99,140,767	300,833,921	1,339,382,734
Depreciable assets.....	1,896,559,882	37,101,156	12,719,686	8,187,715	16,193,755	26,038,933	50,813,318	49,164,382	53,375,104	76,301,167	57,133,126	124,070,004	1,422,563,132
Less: Accumulated depreciation.....	697,645,652	14,190,912	4,141,144	2,285,713	6,764,056	10,970,480	22,094,566	21,724,467	23,368,348	33,737,061	24,801,519	51,177,022	495,581,277
Other capital assets less reserves.....	148,997,551	14,315,709	6,904,399	3,034,414	4,376,896	5,804,685	8,076,451	6,101,094	5,451,309	7,489,793	5,716,187	12,651,422	83,390,901
Accounts and notes payable.....	933,315,209	15,940,959	7,946,925	2,734,167	5,259,867	10,108,746	23,554,063	27,360,724	36,480,681	63,797,995	56,196,032	106,980,537	592,895,473
Other current liabilities.....	2,582,916,809	6,371,131	3,917,268	833,698	1,620,165	3,376,974	12,841,327	30,911,145	70,532,532	171,601,008	159,883,122	390,895,201	1,736,504,370
Mortgages, notes, and bonds payable in one year or more.....	884,636,968	26,239,458	11,847,011	5,233,469	9,158,978	13,650,077	25,868,184	24,715,966	24,715,307	34,397,504	29,323,599	66,564,844	640,123,028
Net worth.....	1,715,785,070	25,294,985	9,584,734	5,978,533	9,731,718	15,628,896	30,250,606	33,980,871	47,084,724	80,542,694	67,468,243	163,889,200	1,251,644,851
Cost of property used for investment credit.....	226,995,307	3,441,117	1,301,864	688,996	1,450,258	2,941,168	6,590,291	5,861,233	6,831,568	10,044,930	7,401,140	14,940,125	168,943,735
Total receipts.....	5,598,689,129	56,828,903	5,804,260	7,796,479	22,828,163	57,345,049	161,508,384	189,543,178	249,655,541	417,856,161	349,931,311	671,861,111	3,464,759,493
Business receipts.....	5,136,075,461	28,099,113	2,522,727	5,883,832	19,892,555	52,583,352	153,116,933	181,027,533	236,939,537	392,356,784	326,867,463	614,109,418	3,150,975,667
Cost of sales and operations.....	3,709,672,825	11,831,923	1,048,464	2,179,311	8,604,148	23,445,285	81,843,875	113,005,774	161,768,164	291,838,799	253,057,519	476,065,853	2,296,815,634
Taxes paid.....	127,751,719	2,004,681	459,411	462,073	1,083,197	2,130,689	5,146,729	5,212,558	5,789,482	8,140,605	6,276,796	11,985,928	81,064,251
Interest paid.....	261,277,331	2,343,184	841,264	525,794	976,126	1,671,348	3,694,077	4,519,817	6,910,944	14,997,298	14,731,726	36,997,071	176,311,866
Depreciation.....	138,061,915	2,454,795	665,114	577,860	1,211,821	2,181,200	4,738,052	4,656,841	5,097,913	7,231,692	5,305,036	10,887,738	95,508,648
Pension, profit-sharing, stock bonus, and annuity plans.....	46,506,098	208,104	53,174	27,759	127,171	874,333	2,203,570	1,567,594	1,545,322	2,264,294	1,591,042	3,143,403	33,108,437
Employee benefit programs.....	33,620,835	163,277	36,303	29,616	97,359	269,550	673,194	817,293	1,111,165	1,763,161	1,415,995	2,975,909	24,431,290
Net income (less deficit).....	284,615,731	-1,756,570	-2,178,430	-25,915	447,596	1,626,006	5,112,301	4,932,175	8,152,499	13,325,367	11,291,925	25,788,328	216,143,880
Net income.....	321,649,761	4,171,391	1,167,956	983,591	2,019,844	3,651,854	8,583,713	8,209,821	10,727,626	16,631,268	13,790,471	30,385,701	225,497,970
Income subject to tax.....	279,376,063	2,458,374	698,672	597,363	1,162,339	2,247,825	5,745,251	5,856,070	8,021,759	12,943,380	10,935,114	23,341,698	207,826,590
Income tax, total.....	120,047,034	536,823	177,417	115,434	243,972	484,294	1,303,011	1,460,062	2,402,775	4,693,241	4,463,022	10,264,421	94,439,388
Additional tax for tax preferences.....	432,649	1,203	*984	*12	207	1,519	5,157	3,845	10,581	23,032	24,169	52,294	310,850
Foreign tax credit.....	36,827,331	*14,239	*13,592	*503	*144	*126	2,352	1,090	6,187	16,734	42,518	183,568	36,560,516
Investment credit.....	14,634,672	52,344	14,253	10,834	27,257	84,804	244,076	259,784	341,029	560,611	431,558	893,155	11,767,312
Nonrefundable business energy credit after limitation.....	242,539	*58	*25	—	*33	—	*270	1,283	511	1,911	4,616	11,184	222,706
Work incentive (WIN) credit.....	27,934	*448	(³)	*448	—	—	*62	1,784	1,862	3,597	1,332	3,954	12,114
Jobs credit.....	1,293,215	11,137	1,953	1,042	8,141	27,005	103,365	155,306	198,032	271,372	176,677	217,594	132,727
Distributions to stockholders except in own stock.....	86,613,794	1,280,637	433,712	243,568	603,357	688,517	1,145,955	1,250,146	1,843,298	2,765,416	2,070,393	6,902,576	68,666,856
Agriculture, Forestry, and Fishing													
Number of returns.....	83,489	33,873	16,008	6,092	11,773	16,979	18,540	8,103	2,902	1,920	673	413	86
Total assets.....	37,976,331	5,264,874	1,799,954	1,159,486	2,305,434	4,514,175	7,017,119	5,029,809	3,383,569	3,529,844	1,893,768	3,127,397	4,215,777
Notes and accounts receivable, net.....	3,180,499	169,962	42,912	34,726	92,325	209,111	266,878	341,489	313,588	460,066	295,944	503,678	619,783
Inventories.....	4,309,825	187,875	76,645	23,335	87,895	194,677	565,931	467,190	466,547	573,309	340,335	681,038	832,923
Cash, Government obligations, and other current assets.....	3,697,486	444,742	119,491	127,880	197,372	381,471	696,198	486,658	376,059	408,191	330,923	306,089	267,155
Other investments and loans.....	4,171,478	363,878	143,919	68,996	150,963	386,580	528,101	458,992	333,954	440,536	154,113	472,697	1,032,628
Depreciable assets.....	21,739,493	2,352,457	662,957	409,919	1,279,581	2,854,808	4,680,599	3,501,623	2,063,573	2,177,701	974,319	1,384,244	1,750,170
Less: Accumulated depreciation.....	9,609,688	982,662	253,249	127,934	601,480	1,165,446	2,026,899	1,572,207	925,598	1,033,595	466,983	603,855	832,084
Other capital assets less reserves.....	9,025,560	2,530,198	943,166	588,216	998,815	1,439,272	2,058,990	1,169,125	623,129	443,389	235,362	312,756	213,319
Accounts and notes payable.....	8,856,222	603,605	214,172	107,226	282,207	651,237	1,334,584	1,215,911	1,106,937	1,098,302	622,187	1,288,486	934,972
Other current liabilities.....	1,894,499	78,043	28,192	18,344	31,507	70,882	177,341	170,826	187,089	229,647	180,081	197,363	603,227
Mortgages, notes, and bonds payable in one year or more.....	11,632,659	1,433,292	439,132	367,776	626,385	1,543,803	2,427,412	1,817,952	1,174,603	1,047,223	592,495	796,883	798,996
Net worth.....	11,984,545	2,323,013	659,205	549,449	1,114,359	1,769,188	2,182,825	1,462,482	732,635	855,971	419,732	696,880	1,551,808
Cost of property used for investment credit.....	3,170,442	352,330	111,659	79,865	160,706	469,849	819,072	483,897	289,404	297,023	94,169	193,495	171,202
Total receipts.....	53,345,996	1,696,259	317,082	304,245	1,074,933	2,687,437	6,483,187	5,884,287	4,254,532	6,143,843	4,885,785	8,716,291	12,594,375
Business receipts.....	50,590,436	1,249,114	145,602	243,653	859,859	2,429,964	5,893,252	5,501,013	4,042,244	5,896,508	4,774,492	8,441,921	12,361,929
Cost of sales and operations.....	37,785,256	659,872	102,624	110,544	446,804	1,141,820	3,353,785	3,501,609	2,704,498	4,495,640	4,156,884	7,481,161	10,299,886
Taxes paid.....	1,072,612	88,934	20,761	20,525	47,648	94,262	208,272	155,679	110,356	137,377	55,164	65,965	156,604
Interest paid.....	1,670,591	157,202	41,083	37,499	76,620	169,384	316,595	261,782	150,459	167,470	107,568	181,561	158,750
Depreciation.....	1,983,571	195,225	48,865	35,078	111,283	275,186	460,469	351,186	186,222	182,153	73,247	115,639	144,230
Pension, profit-sharing, stock bonus, and annuity plans.....	148,173	3,131	*792	*2,066	*273	4,910	20,417	19,779					

RETURNS OF ACTIVE CORPORATIONS

Table 2.7 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts — Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Mining													
Number of returns.....	23,919	8,385	6,380	956	1,049	3,084	4,661	2,780	2,338	1,587	583	378	123
Total assets.....	115,126,696	2,748,924	2,360,721	*127,772	260,431	947,961	2,354,402	1,791,749	2,873,088	4,421,891	4,096,148	10,657,828	85,236,705
Notes and accounts receivable, net.....	25,096,527	172,018	122,017	*6,002	44,000	124,402	321,839	273,142	471,392	809,635	723,433	1,858,795	20,341,871
Inventories.....	5,134,691	11,503	10,989	22	*491	38,130	50,280	98,867	90,876	157,347	154,539	497,646	4,035,704
Cash, Government obligations, and other current assets.....	10,562,338	512,976	427,646	*36,048	49,282	173,430	654,505	366,942	568,562	782,757	532,812	1,242,567	5,727,786
Other investments and loans.....	25,453,419	848,843	759,588	*16,610	*72,645	143,491	371,111	117,217	330,833	400,404	490,129	1,054,958	21,696,434
Depreciable assets.....	54,233,992	412,166	294,639	*46,596	70,930	341,090	946,641	1,379,519	1,884,126	2,842,434	2,454,412	6,387,173	37,588,432
Less: Accumulated depreciation.....	20,068,162	106,450	56,936	*13,030	36,483	123,643	348,289	681,698	931,699	1,304,790	1,046,820	2,549,142	12,975,651
Other capital assets less reserves.....	10,676,227	575,967	494,276	*33,317	48,374	205,918	287,800	198,058	381,770	614,940	638,193	1,833,319	5,940,281
Accounts and notes payable.....	15,692,390	656,114	573,842	*60,424	21,848	302,171	677,949	514,074	945,737	1,064,575	1,058,595	2,084,308	8,388,867
Other current liabilities.....	19,241,956	67,907	51,607	*785	15,515	49,731	329,067	113,912	268,039	353,145	336,264	1,050,383	16,673,507
Mortgages, notes, and bonds payable in one year or more.....	21,932,654	576,755	503,712	*23,260	*49,783	135,469	496,501	367,261	512,362	869,923	917,254	2,430,344	15,626,785
Net worth.....	51,123,353	418,921	333,743	*260	84,918	329,205	707,506	612,435	859,245	1,730,231	1,612,354	4,496,244	40,357,211
Cost of property used for investment credit.....	6,127,038	142,967	120,972	*12,882	9,114	70,763	242,218	260,819	339,310	495,856	506,545	1,005,145	3,063,414
Total receipts.....	132,542,644	298,006	149,838	44,403	103,765	549,793	1,619,951	2,091,127	3,538,394	4,984,394	4,414,462	8,725,247	106,321,270
Business receipts.....	127,454,324	120,514	14,845	36,063	69,606	456,860	1,415,686	1,920,590	3,273,754	4,688,180	4,112,490	8,015,435	103,450,815
Cost of sales and operations.....	60,225,465	43,705	9,807	13,038	20,859	239,185	813,969	1,086,684	1,886,273	2,889,322	2,709,167	5,154,776	45,402,385
Taxes paid.....	2,349,166	9,639	3,387	1,211	5,040	12,982	57,430	79,717	130,396	164,014	130,993	258,163	1,505,834
Interest paid.....	2,759,171	91,137	77,840	7,103	6,194	28,370	72,794	68,954	108,100	169,697	161,038	385,875	1,673,208
Depreciation.....	4,077,060	26,968	12,204	5,748	9,016	31,911	103,225	160,076	217,964	321,161	265,534	554,245	2,395,976
Pension, profit-sharing, stock bonus, and annuity plans.....	518,579	20	20	—	—	—	5,082	3,654	17,074	29,412	15,888	42,598	404,852
Employee benefit programs.....	464,616	*331	*75	*21	*234	*1,187	2,982	9,346	9,064	42,765	20,219	48,875	329,946
Net income (less deficit).....	43,058,598	-184,250	-187,525	-18,651	21,925	-39,052	-3,062	76,244	95,168	141,198	178,458	555,761	42,238,133
Net income.....	44,889,763	99,111	47,063	*14,434	37,614	58,356	137,152	161,699	252,389	355,202	337,396	679,550	42,608,929
Income subject to tax.....	44,043,753	85,339	46,051	*8,167	31,121	27,507	90,699	87,759	177,543	288,660	248,122	781,175	42,256,948
Income tax, total.....	20,210,019	31,173	17,116	*1,433	12,624	8,262	27,918	28,784	66,756	125,295	114,341	342,219	19,465,272
Additional tax for tax preferences.....	98,979	*56	—	*11	*45	*446	2,183	2,475	4,993	8,584	6,219	12,397	61,625
Foreign tax credit.....	18,718,612	11,314	11,314	—	—	—	*16	—	*142	2,001	7,791	63,439	18,633,909
Investment credit.....	270,126	773	498	*213	*61	1,495	4,265	8,163	13,861	20,316	21,509	43,832	155,911
Nonrefundable business energy credit after limitation.....	3,130	—	—	—	—	—	—	—	—	—	135	84	2,911
Work incentive (WIN) credit.....	84	—	—	—	—	—	—	—	—	—	—	—	84
Jobs credit.....	14,744	*60	—	—	*60	*382	*540	*1,307	1,152	3,516	3,426	3,437	925
Distributions to stockholders except in own stock.....	3,239,424	*146,379	*53,690	*68	*92,621	*18,743	19,543	251,572	56,774	25,006	44,546	226,369	2,450,493
Construction													
Number of returns.....	249,887	72,821	24,202	14,676	33,943	39,312	58,746	34,262	21,734	15,749	4,655	2,389	219
Total assets.....	123,261,127	4,120,140	1,982,371	550,477	1,587,291	3,254,585	9,006,050	10,625,217	14,256,179	20,359,622	14,547,571	21,361,429	25,730,333
Notes and accounts receivable, net.....	34,243,201	635,711	282,977	80,906	271,828	533,614	1,689,258	2,940,185	3,847,964	6,410,650	4,670,263	6,809,315	6,706,240
Inventories.....	21,078,815	856,744	269,780	84,751	302,213	572,804	1,852,629	2,125,722	3,026,148	3,785,991	2,529,583	3,493,383	3,035,810
Cash, Government obligations, and other current assets.....	26,642,003	1,167,388	643,298	112,267	411,822	783,697	2,103,818	2,119,637	3,032,486	4,466,112	3,136,128	4,334,015	5,498,723
Other investments and loans.....	10,863,666	575,386	321,466	80,185	173,736	317,656	726,375	647,229	841,328	1,226,229	1,041,627	1,723,541	3,764,295
Depreciable assets.....	43,468,036	1,198,319	312,414	229,573	656,332	1,415,827	3,455,420	4,194,665	5,242,905	6,783,608	4,977,556	7,857,532	8,342,204
Less: Accumulated depreciation.....	20,989,687	532,235	87,968	103,938	340,329	693,810	1,595,088	2,020,719	2,560,827	3,409,118	2,646,769	4,154,861	3,376,460
Other capital assets less reserves.....	4,786,075	258,026	135,884	29,867	92,274	241,138	520,631	446,144	523,465	715,080	430,591	677,811	973,190
Accounts and notes payable.....	43,406,397	1,493,778	793,907	121,258	578,614	1,031,248	3,539,204	4,391,382	5,198,640	7,788,144	5,351,509	7,617,224	6,895,266
Other current liabilities.....	19,043,010	471,995	315,154	35,018	121,823	351,105	866,603	1,154,435	1,885,140	3,317,582	2,478,367	3,577,481	4,940,301
Mortgages, notes, and bonds payable in one year or more.....	19,032,360	1,031,611	574,243	154,245	303,122	642,815	1,711,871	1,537,260	2,271,111	2,347,297	1,990,912	2,996,709	4,500,775
Net worth.....	29,439,188	259,946	-102,461	104,623	257,783	682,734	1,721,749	2,634,603	3,716,088	5,091,508	3,342,650	5,158,002	6,831,908
Cost of property used for investment credit.....	7,453,890	175,193	35,837	39,988	99,368	277,675	825,331	768,039	890,097	1,236,532	745,150	1,057,818	1,498,056
Total receipts.....	252,852,706	3,372,358	240,181	563,965	2,568,211	5,904,581	19,537,289	24,457,609	30,508,577	48,265,961	32,387,953	44,582,138	43,836,240
Business receipts.....	246,890,363	3,149,047	124,194	541,619	2,483,234	5,825,134	19,221,486	24,019,436	29,968,926	47,423,358	31,795,217	43,454,394	42,033,366
Cost of sales and operations.....	199,975,173	2,016,417	73,433	285,367	1,657,617	3,666,919	13,763,992	17,897,077	23,020,909	38,499,591	26,763,864	37,443,348	36,903,056
Taxes paid.....	5,313,422	124,630	15,498	20,896	88,238	203,254	551,557	730,720	752,825	1,017,595	618,656	813,238	500,947
Interest paid.....	3,483,176	104,855	30,698	15,795	58,363	92,991	289,295	322,435	397,175	501,031	385,333	561,998	829,061
Depreciation.....	4,552,673	113,034	14,181	22,076	76,777	185,361	427,484	493,577	591,190	740,501	497,788	727,902	775,836
Pension, profit-sharing, stock bonus, and annuity plans.....	1,194,796	*4,937	*1,390	*483	*3,064	7,342	51,215	106,771	162,998	285,243	156,461	201,589	118,240
Employee benefit programs.....	1,249,503	15,558	1,223	*1,737	12,598	33,241	65,211	132,157	194,430	275,882	152,481	229,200	151,342
Net income (less deficit).....	5,985,390	-104,275	-76,875	-21,628	-5,772	113,666	443,201	21,137	952,872	1,293,716	825,586	1,053,096	1,191,390
Net income.....	8,903,932	238,723	48,237	31,113	161,373	288,364	780,734	926,741	1,193,292	1,621,659	1,040,125	1,374,278	1,440,018
Income subject to tax.....	7,250,471	114,276	19,845	17,571	76,861	150,389	528,330	704,126	970,703	1,385,112	865,704	1,184,743	1,347,087
Income tax, total.....	2,545,393	27,339	7,096	3,716	16,527	28,804	104,958	162,943	273,399	475,566	344,662	511,006	616,716
Additional tax for tax preferences.....	5,589	—	—	—	—	—	—	*66	*1,143	542	294	1,236	2,308
Foreign tax credit.....	169,840	—	—	—	—	—	167	*52	*53	119	*20	8,668	160,761
Investment credit.....	366,108	2,522	344	*538	1,640	8,199	24,185	34,804	48,505	73,912	46,372	70,159	57,449
Nonrefundable business energy credit after limitation.....	848	—	—	—	—	—	—	—	—	—	—	—	—
Work incentive (WIN) credit.....	998	—	—</										

Footnotes at end of table. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.7 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts — Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000 ¹	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Manufacturing													
Number of returns.....	236,564	51,949	28,080	8,134	15,735	25,414	52,141	32,916	27,174	24,901	10,441	9,006	2,622
Total assets.....	1,528,575,203	3,222,161	1,859,262	376,206	986,693	2,195,729	8,406,118	10,855,979	18,637,099	36,485,097	35,208,859	97,177,098	1,316,387,063
Notes and accounts receivable, net.....	357,594,626	518,410	288,736	53,993	175,681	368,536	2,026,323	2,724,870	4,593,960	9,458,183	9,225,163	23,547,993	305,131,189
Inventories.....	256,278,072	361,534	123,239	65,575	172,720	396,713	1,489,716	2,186,122	4,324,676	9,338,901	9,995,903	26,431,974	201,752,533
Cash, Government obligations, and other current assets.....	129,052,767	634,887	411,890	73,212	149,785	413,153	1,350,019	1,595,900	2,686,789	4,789,556	3,999,150	10,439,072	103,144,242
Other investments and loans.....	272,188,364	281,326	174,849	*5,777	100,700	189,532	523,489	556,468	1,064,171	1,881,391	2,303,320	8,574,535	256,814,135
Depreciable assets.....	742,167,734	1,709,015	874,266	233,860	600,889	1,175,692	4,865,912	6,228,577	10,129,653	18,607,338	16,213,004	43,827,062	639,411,481
Less: Accumulated depreciation.....	337,237,321	608,611	226,822	90,568	291,221	481,690	2,311,942	2,941,875	5,106,010	9,275,538	7,984,145	20,321,303	288,206,208
Other capital assets less reserves.....	59,582,509	92,820	36,798	16,824	39,198	63,097	190,300	286,660	631,219	975,461	879,141	2,497,303	53,966,507
Accounts and notes payable.....	323,453,474	691,630	369,612	78,303	243,715	582,371	2,439,752	3,123,904	5,397,617	10,460,260	10,430,733	24,472,024	265,855,184
Other current liabilities.....	162,542,923	259,007	128,886	44,269	85,852	272,946	841,597	861,274	1,950,982	3,640,826	3,492,338	9,652,793	141,571,158
Mortgages, notes, and bonds payable in one year or more.....	267,817,415	1,226,039	780,949	98,474	346,616	386,108	1,772,336	2,045,785	3,249,100	5,553,290	4,960,605	15,384,824	233,239,326
Net worth.....	675,400,534	552,801	272,275	91,988	188,537	661,651	2,164,816	3,885,481	6,966,953	15,068,053	15,201,152	44,545,300	586,354,327
Cost of property used for investment credit.....	81,501,019	273,782	131,535	38,635	103,612	243,780	849,182	1,003,006	1,393,661	2,403,775	1,964,185	5,021,932	68,347,716
Total receipts.....	2,152,660,164	2,079,530	496,337	320,903	1,262,291	4,014,206	17,224,356	23,873,876	39,059,611	78,421,163	74,319,210	181,885,360	1,731,782,851
Business receipts.....	2,072,665,265	1,724,681	210,509	298,243	1,215,929	3,887,373	16,928,441	23,552,970	38,517,935	77,287,869	73,071,254	178,137,924	1,659,556,819
Cost of sales and operations.....	1,522,576,016	1,094,569	148,820	194,666	751,083	2,282,007	10,463,286	15,756,289	26,858,219	55,620,279	54,068,549	132,671,939	1,223,760,880
Taxes paid.....	53,679,630	93,129	25,677	13,854	53,597	139,617	609,513	756,354	1,139,747	2,051,458	1,655,854	3,857,028	43,376,931
Interest paid.....	41,439,802	68,999	26,169	9,685	33,145	63,631	293,963	346,242	560,754	1,136,085	1,106,387	3,130,826	34,732,914
Depreciation.....	56,132,695	127,287	55,809	16,820	54,658	124,463	497,665	611,442	918,803	1,852,212	1,398,306	3,631,280	47,171,237
Pension, profit-sharing, stock bonus, and annuity plans.....	22,899,152	4,724	*3,655	*440	*630	*7,076	60,766	130,257	264,264	514,047	514,656	1,165,486	20,300,876
Employee benefit programs.....	19,484,547	19,372	8,347	2,319	8,706	21,566	106,454	143,705	267,256	527,610	482,136	1,332,240	16,584,206
Net income (less deficit).....	130,370,486	-288,548	-124,351	-59,977	-104,220	106,917	383,563	757,776	1,314,485	3,206,629	3,517,245	9,104,140	112,268,278
Net income.....	139,688,642	216,697	142,094	8,933	65,670	258,371	961,708	1,134,364	1,907,950	4,005,783	4,153,101	10,657,651	116,393,019
Income subject to tax.....	133,051,625	134,052	95,704	*4,306	34,043	185,133	697,621	905,269	1,604,917	3,584,318	3,811,422	10,067,585	112,061,307
Income tax, total.....	58,976,752	41,535	33,708	*847	6,981	37,434	149,575	216,551	490,432	1,375,219	1,616,492	4,500,966	50,549,418
Additional tax for tax preferences.....	166,305	410	410	—	—	—	*398	*234	1	592	2,272	3,771	158,627
Foreign tax credit.....	15,286,370	320	*320	—	—	—	—	*299	*717	6,337	19,874	70,109	15,188,714
Investment credit.....	7,120,231	1,669	520	*384	765	9,290	36,440	50,602	81,559	161,136	146,988	344,886	6,287,661
Nonrefundable business energy credit after limitation.....	209,131	—	—	—	—	—	*11	*30	*69	1,387	1,508	6,626	199,500
Work incentive (WIN) credit.....	16,083	—	—	—	—	2	*671	*742	1,497	1,253	672	1,763	9,484
Jobs credit.....	402,790	*245	*238	—	*7	5,051	14,749	23,187	50,429	83,783	67,860	97,947	59,539
Distributions to stockholders except in own stock.....	38,121,235	34,161	27,597	*1,077	*5,487	21,369	48,481	78,309	383,507	303,420	320,497	1,406,552	35,524,939
Transportation and Public Utilities													
Number of returns.....	103,770	45,723	23,117	10,505	12,101	11,683	17,497	12,979	8,012	4,940	1,477	980	479
Total assets.....	674,479,897	3,757,854	1,985,021	692,384	1,080,449	1,997,435	3,792,916	5,197,370	6,020,901	8,772,600	6,287,648	16,367,391	622,285,783
Notes and accounts receivable, net.....	55,335,217	277,968	148,126	37,718	96,124	167,431	559,700	868,995	1,007,955	1,639,877	1,173,887	2,542,608	47,096,795
Inventories.....	25,594,576	44,416	6,876	*28,039	9,501	19,489	111,309	78,420	111,432	203,092	158,596	435,533	24,432,289
Cash, Government obligations, and other current assets.....	38,511,419	711,845	411,232	143,425	157,188	290,045	635,527	800,307	861,177	1,115,496	740,580	1,798,637	31,557,805
Other investments and loans.....	57,686,409	281,652	163,542	41,504	76,605	127,106	278,617	228,128	378,797	530,795	503,813	1,745,657	53,611,843
Depreciable assets.....	635,045,371	2,801,361	1,375,792	434,740	990,829	1,792,782	3,248,677	4,974,436	5,177,887	8,020,567	4,835,387	13,529,958	590,664,315
Less: Accumulated depreciation.....	160,901,541	841,261	359,368	152,173	329,720	664,975	1,296,335	2,218,967	2,025,345	3,356,237	1,966,089	5,006,268	143,526,064
Other capital assets less reserves.....	10,935,813	148,811	60,108	48,752	39,952	108,690	128,003	210,667	190,261	257,149	271,182	608,643	9,012,408
Accounts and notes payable.....	68,043,215	600,252	272,390	101,472	226,390	424,193	828,253	1,072,434	1,305,800	2,080,299	1,546,036	2,932,494	57,253,453
Other current liabilities.....	76,559,481	185,095	104,316	37,977	42,802	107,209	215,922	367,275	405,927	719,403	565,097	1,908,916	72,084,636
Mortgages, notes, and bonds payable in one year or more.....	223,921,235	1,572,482	856,162	298,269	418,051	639,931	1,292,380	1,615,550	1,987,047	2,496,286	1,876,322	5,359,808	207,081,429
Net worth.....	264,142,807	489,411	199,732	101,595	188,084	529,200	1,060,432	1,722,975	1,822,132	3,022,736	2,850,950	5,367,504	24,277,466
Cost of property used for investment credit.....	80,804,739	364,344	145,961	107,023	111,360	272,759	482,966	708,042	802,051	1,178,989	734,405	1,662,514	74,599,140
Total receipts.....	445,978,021	1,667,006	342,588	405,772	918,645	1,644,360	5,697,866	9,345,048	11,181,727	16,123,945	10,435,103	20,459,358	369,423,608
Business receipts.....	432,328,292	1,447,670	186,000	385,948	875,722	1,622,001	5,581,603	9,152,538	10,949,554	15,498,946	10,138,600	19,832,987	358,104,394
Cost of sales and operations.....	282,924,553	596,103	64,690	154,744	376,668	800,122	3,151,881	5,349,813	7,549,540	10,507,986	6,801,363	13,508,869	234,658,876
Taxes paid.....	21,581,221	84,970	22,732	19,718	42,520	76,555	210,826	325,222	337,690	506,837	500,295	792,590	18,746,237
Interest paid.....	21,557,681	123,265	63,000	22,999	37,266	64,970	134,183	192,734	223,285	352,929	251,186	675,339	19,539,790
Depreciation.....	33,316,414	185,222	58,578	53,253	73,391	141,827	319,613	471,769	463,619	759,515	450,003	1,052,209	29,472,637
Pension, profit-sharing, stock bonus, and annuity plans.....	7,352,759	*20,622	*591	*20,031	7,702	18,856	45,020	68,215	88,893	84,744	88,893	195,942	6,822,765
Employee benefit programs.....	4,139,925	10,320	6,387	*497	3,436	4,692	27,538	59,074	61,385	98,171	98,638	200,281	3,579,826
Net income (less deficit).....	18,355,601	-195,324	-149,809	-18,965	-26,550	32,839	168,702	293,806	344,904	621,557	334,509	867,562	15,887,046
Net income.....	21,907,705	128,415	38,323	32,297	57,796	121,595	32						

RETURNS OF ACTIVE CORPORATIONS

Table 2.7 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts — Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Wholesale and Retail Trade													
Number of returns.....	772,598	181,593	66,947	37,000	77,646	114,626	169,849	112,585	83,111	65,732	26,023	16,602	2,477
Total assets.....	573,306,508	7,507,158	2,296,395	1,566,877	3,643,885	8,188,580	22,633,716	29,130,602	39,067,156	62,500,738	52,160,017	90,741,290	261,377,252
Notes and accounts receivable, net.....	150,081,836	1,112,070	416,999	228,339	466,732	1,115,117	3,918,380	5,819,935	9,546,060	15,804,166	13,447,403	25,874,497	73,444,205
Inventories.....	177,252,484	1,650,484	311,371	356,440	982,673	2,550,624	7,456,705	10,378,474	14,446,350	24,018,274	20,331,804	31,792,180	64,627,609
Cash, Government obligations, and other current assets.....	56,303,246	1,240,201	435,582	280,082	524,538	1,199,942	3,389,793	3,961,947	5,130,072	7,144,901	5,326,770	8,623,837	20,285,783
Other investments and loans.....	58,680,713	902,750	418,217	169,874	314,659	587,045	1,450,665	1,907,064	2,057,167	3,310,127	2,839,550	5,604,968	40,021,377
Depreciable assets.....	169,822,837	2,600,789	601,000	523,922	1,475,867	3,245,719	8,352,590	9,858,792	11,876,296	17,618,778	14,402,252	24,916,414	76,951,206
Less: Accumulated depreciation.....	68,255,056	813,481	170,017	163,314	480,151	1,278,503	3,661,889	4,569,023	5,677,347	8,089,775	6,407,612	10,977,772	27,259,655
Other capital assets less reserves.....	15,092,382	390,274	126,827	90,852	172,596	368,726	877,215	930,728	1,439,057	1,326,194	2,291,737	6,603,625	17,950,635
Accounts and notes payable.....	206,940,862	2,081,018	954,824	355,356	770,837	2,204,909	6,403,986	9,149,688	13,808,696	24,579,618	22,290,667	38,112,398	88,309,883
Other current liabilities.....	49,542,011	443,840	197,390	69,912	176,538	526,359	1,519,193	2,055,041	3,046,431	4,841,762	4,063,029	7,572,474	25,473,882
Mortgages, notes, and bonds payable in one year or more.....	88,195,310	1,660,222	396,807	401,045	862,371	1,600,220	4,278,724	4,548,072	4,850,697	7,237,662	6,022,616	10,916,199	47,080,897
Net worth.....	196,573,329	1,393,220	143,441	361,110	888,668	2,126,903	7,297,410	10,493,711	14,809,122	23,024,784	17,865,505	31,463,988	88,098,686
Cost of property used for investment credit.....	21,952,393	513,132	106,996	109,811	296,326	501,873	1,129,223	1,219,802	1,490,287	2,622,903	1,984,224	3,604,436	8,886,512
Total receipts.....	1,752,708,933	8,323,293	723,873	1,590,543	6,008,876	17,330,340	56,585,007	82,194,079	118,972,453	208,393,302	183,139,431	314,002,845	763,768,083
Business receipts.....	1,713,929,230	7,629,589	501,556	1,415,874	5,712,159	16,797,454	55,457,791	81,038,654	117,096,398	205,498,759	180,566,719	308,862,919	740,980,947
Cost of sales and operations.....	1,364,156,032	4,114,115	334,255	715,345	3,064,514	9,089,485	33,842,373	54,188,549	84,526,556	161,340,381	145,696,869	253,737,486	617,880,237
Taxes paid.....	22,459,020	312,390	38,817	50,441	223,132	521,069	1,403,924	1,641,727	1,980,790	2,640,385	2,224,302	3,943,555	7,790,879
Interest paid.....	19,959,777	157,454	36,574	28,096	92,785	236,539	678,028	868,833	1,170,820	2,162,586	2,096,539	3,673,231	8,915,946
Depreciation.....	15,975,729	248,763	41,055	56,179	151,530	355,541	892,106	1,028,644	1,241,617	1,756,042	1,436,702	2,624,326	6,391,896
Pension, profit-sharing, stock bonus, and annuity plans.....	5,012,946	36,905	19,782	2,216	14,907	60,138	154,711	248,797	453,345	701,872	557,284	831,019	1,968,775
Employee benefit programs.....	4,242,380	25,252	3,020	5,186	17,046	39,595	101,757	177,493	289,595	477,215	416,454	680,193	2,034,827
Net income (less deficit).....	40,181,385	-766,450	-610,754	-42,682	-113,014	148,338	1,151,186	1,952,596	2,967,296	4,996,396	3,830,699	7,569,699	18,631,885
Net income.....	48,189,112	503,892	97,046	131,288	275,558	670,372	2,177,071	2,794,758	3,768,065	5,657,702	4,520,400	8,517,119	19,579,732
Income subject to tax.....	34,697,843	174,984	32,189	38,851	103,944	289,235	1,320,703	1,849,531	2,728,129	4,042,156	3,458,847	5,874,637	14,959,622
Income tax, total.....	13,419,871	35,278	9,263	6,811	19,204	54,892	269,845	406,088	721,280	1,297,518	1,321,111	2,512,013	6,801,846
Additional tax for tax preferences.....	10,474	*462	*462	—	—	*613	—	*33	*6	576	358	1,520	6,907
Foreign tax credit.....	891,394	*69	*5	—	*64	—	*2	*8	—	538	1,811	15,370	873,597
Investment credit.....	1,328,438	5,232	262	1,521	3,449	8,980	37,132	50,531	83,845	132,446	114,597	199,715	695,961
Nonrefundable business energy credit after limitation.....	17,179	—	—	—	—	—	—	—	*408	445	2,590	3,449	10,287
Work incentive (WIN) credit.....	3,575	—	—	—	—	—	*137	*602	*550	419	380	518	969
Jobs credit.....	359,373	*919	*9	*25	*885	3,797	25,036	43,576	54,123	67,846	53,624	62,039	48,413
Distributions to stockholders except in own stock.....	8,828,705	112,822	66,323	25,190	21,309	142,404	337,139	394,219	440,111	1,036,825	554,558	1,500,706	4,309,920
Finance, Insurance, and Real Estate ²													
Number of returns.....	471,222	333,096	212,254	64,824	56,018	53,642	41,940	15,828	10,285	8,800	3,245	3,205	1,181
Total assets.....	3,626,872,420	50,645,175	23,937,817	11,074,693	15,632,665	19,704,810	34,504,020	49,122,812	90,918,037	213,953,274	201,243,131	509,849,206	2,456,931,955
Notes and accounts receivable, net.....	1,120,635,991	4,810,268	1,811,503	1,015,708	1,783,057	2,523,032	6,698,457	16,382,505	36,219,541	83,776,847	58,399,588	106,826,526	805,199,327
Inventories.....	5,665,968	528,998	378,788	47,310	102,900	207,878	321,018	360,436	418,597	381,550	290,475	860,169	2,296,845
Cash, Government obligations, and other current assets.....	850,128,930	9,883,745	4,347,964	2,347,865	2,987,916	4,083,886	7,807,808	13,619,933	26,065,453	56,883,065	43,707,002	103,413,448	584,864,789
Other investments and loans.....	1,444,012,830	14,192,853	7,936,951	2,664,089	3,591,813	4,538,015	8,171,317	10,117,543	20,713,966	62,201,786	90,663,694	279,241,114	954,172,543
Depreciable assets.....	131,789,678	17,508,117	5,711,493	4,769,969	7,026,655	8,689,094	12,535,576	8,743,015	7,335,980	9,751,239	6,965,692	15,934,282	44,326,684
Less: Accumulated depreciation.....	41,265,731	6,733,422	1,888,080	2,033,043	2,812,299	3,709,652	5,117,682	3,129,869	2,355,670	2,871,938	1,976,343	4,103,404	11,267,751
Other capital assets less reserves.....	30,660,478	9,201,842	4,642,673	1,974,245	2,584,925	2,791,492	3,029,024	2,167,617	1,527,950	2,354,741	1,441,201	3,354,926	4,791,684
Accounts and notes payable.....	234,187,015	7,046,623	3,393,494	1,461,872	2,191,257	3,402,564	5,059,345	4,850,123	5,242,223	12,671,361	12,347,014	26,900,500	156,667,261
Other current liabilities.....	2,234,033,490	3,931,488	2,684,623	480,408	766,458	1,289,528	7,248,029	24,943,385	61,552,451	156,781,468	147,897,805	364,910,676	1,465,498,660
Mortgages, notes, and bonds payable in one year or more.....	208,303,187	15,086,685	8,667,577	3,028,620	5,190,487	9,988,834	9,451,679	7,844,901	6,376,559	10,441,418	9,668,836	22,622,166	120,822,109
Net worth.....	441,498,520	16,868,772	6,998,652	4,325,084	5,543,036	6,883,327	9,814,386	8,780,709	15,034,700	28,092,590	24,805,704	67,091,044	264,129,287
Cost of property used for investment credit.....	12,341,801	395,814	149,682	100,367	145,764	286,521	391,198	342,621	290,891	602,385	373,757	1,073,881	8,584,735
Total receipts.....	561,106,822	8,020,056	1,634,390	2,386,194	3,998,932	7,640,239	12,877,416	11,088,017	14,623,296	27,097,731	22,677,700	66,195,167	390,887,199
Business receipts.....	255,128,441	3,217,774	381,055	946,970	1,889,970	4,639,741	8,171,407	6,000,763	6,288,129	8,533,558	5,388,077	21,319,613	191,569,378
Cost of sales and operations.....	123,513,417	316,132	27,290	115,387	173,455	751,189	1,593,426	1,653,110	1,582,259	2,765,623	1,830,815	9,653,741	103,367,122
Taxes paid.....	12,959,113	815,912	250,864	238,640	326,409	444,551	659,559	494,195	443,034	706,552	524,025	1,385,042	7,486,243
Interest paid.....	164,244,136	1,275,325	450,035	321,264	504,026	705,086	1,311,688	1,917,215	3,689,697	9,815,991	10,158,420	26,747,008	108,623,705
Depreciation.....	10,250,006	760,399	221,522	214,955	323,921	414,918	596,202	432,672	385,992	586,143	414,631	1,019,915	5,639,134
Pension, profit-sharing, stock bonus, and annuity plans.....	4,352,266	12,972	*504	6,408	6,060	99,289	163,647	147,899	117,229	212,558	152,382	435,758	3,010,734
Employee benefit programs.....	2,120,801	25,285	7,338	6,500	11,447	27,432	65,549	66,999	88,371	132,281	96,550		

RETURNS OF ACTIVE CORPORATIONS

Table 2.7 — Selected Balance Sheet, Income Statement, and Tax Items, and Distributions to Stockholders, by Industrial Division, by Size of Business Receipts — Continued

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

Industrial division, item	Total returns of active corporations	Size of business receipts											
		Under \$100,000 ¹	Under \$25,000 ¹	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 under \$200,000	\$200,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,000,000	\$2,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Services													
Number of returns.....	603,445	281,034	138,055	55,122	87,857	114,470	132,111	43,354	19,372	9,143	2,405	1,342	214
Total assets.....	154,038,119	12,737,242	5,413,685	2,489,764	4,833,793	8,743,981	16,293,682	13,756,070	12,858,348	14,769,835	9,607,209	17,515,797	47,755,955
Notes and accounts receivable, net.....	24,931,245	1,477,014	727,396	291,400	458,217	948,330	1,893,190	1,986,883	2,312,495	2,756,599	1,844,488	3,545,212	8,167,034
Inventories.....	7,575,358	302,502	86,189	65,750	230,563	305,950	587,107	579,441	625,729	974,792	524,716	862,814	2,732,307
Cash, Government obligations, and other current assets.....	27,210,936	2,108,968	911,179	394,543	803,247	1,806,024	3,458,629	2,515,539	2,113,302	2,508,268	1,286,735	2,597,899	8,808,572
Other investments and loans.....	20,797,473	2,031,745	1,178,678	386,084	466,983	1,085,390	1,647,722	1,847,257	993,019	1,383,562	1,143,301	2,395,997	8,269,480
Depreciable assets.....	97,653,470	8,157,089	2,538,122	1,530,827	4,088,120	6,498,988	12,662,138	10,278,272	9,619,724	10,434,243	6,259,858	10,212,537	23,530,641
Less: Accumulated depreciation.....	38,895,170	3,279,127	807,708	600,988	1,870,430	2,837,549	5,696,845	4,588,178	3,772,220	4,369,737	2,284,323	3,929,787	8,137,404
Other capital assets less reserves.....	8,170,309	1,085,369	432,474	252,200	400,695	596,344	981,717	744,946	683,518	488,694	1,073,274	1,889,908	4,890,587
Accounts and notes payable.....	32,269,134	2,599,603	1,208,654	447,228	943,722	1,471,135	3,192,874	3,037,267	3,385,130	4,002,058	2,526,628	3,563,852	9,658,998
Other current liabilities.....	19,862,072	825,838	349,076	146,473	330,289	708,878	1,585,815	1,243,807	1,232,936	1,728,090	859,654	2,020,257	5,890,587
Mortgages, notes, and bonds payable in one year or more.....	43,496,104	3,607,469	1,383,526	861,780	1,362,163	2,614,895	4,405,372	3,970,629	4,253,793	4,374,156	3,260,161	6,036,919	10,972,711
Net worth.....	45,262,060	2,810,703	919,646	430,583	1,460,473	2,655,310	5,243,551	4,378,902	3,137,544	3,621,486	2,321,857	5,048,550	16,044,157
Cost of property used for investment credit.....	13,572,620	1,215,216	499,003	192,278	523,935	816,980	1,802,494	1,094,811	1,328,572	1,206,719	994,844	1,320,024	3,792,960
Total receipts.....	245,107,695	10,616,413	1,612,087	2,146,116	6,858,210	17,222,480	40,886,632	30,556,843	27,086,281	28,053,810	17,479,757	27,059,612	46,145,868
Business receipts.....	235,009,878	9,487,080	949,026	1,981,607	6,556,448	16,764,093	39,875,320	29,789,435	26,372,720	27,164,370	16,831,143	25,810,097	42,918,019
Cost of sales and operations.....	117,180,747	2,977,721	280,262	584,370	2,113,089	5,423,089	14,563,376	13,545,104	13,293,265	15,436,656	10,903,213	16,235,132	24,803,191
Taxes paid.....	8,253,806	462,446	173,023	82,354	164,588	306,201	588,049	540,877	606,558	686,933	459,822	740,033	1,838,677
Interest paid.....	6,128,693	381,435	113,492	83,354	170,727	410,773	1,420,804	1,107,052	1,088,624	1,227,895	760,554	1,160,678	3,517,613
Depreciation.....	11,720,749	788,125	206,624	16,147	82,159	686,355	1,710,782	865,618	434,326	411,556	557,772	257,020	339,930
Pension, profit-sharing, stock bonus, and annuity plans.....	1,778,877	60,186	8,543	12,903	38,741	133,375	282,742	221,709	182,176	188,889	139,800	191,815	378,184
Employee benefit programs.....	8,306,989	-205,544	-296,191	-101,217	191,864	345,778	1,408,378	727,935	874,392	815,524	561,029	1,040,348	2,739,148
Net income (less deficit).....	12,109,401	972,897	294,279	158,233	520,385	810,732	1,977,356	1,134,486	1,143,275	1,165,382	713,086	1,311,545	2,880,643
Income subject to tax.....	9,554,446	544,569	145,336	109,842	289,591	574,492	1,372,729	866,394	855,621	909,260	557,877	1,108,563	2,764,940
Income tax, total.....	3,323,418	112,192	35,026	20,776	56,390	117,443	292,986	214,787	260,883	343,934	228,383	492,780	1,260,029
Additional tax for tax preferences.....	2,005	7	—	—	7	32	97	100	199	187	445	375	562
Foreign tax credit.....	142,072	2,008	1,943	—	65	—	1,703	12	788	1,369	4,470	10,247	121,474
Investment credit.....	561,508	23,973	7,255	3,893	12,825	28,841	75,656	42,194	43,806	48,215	33,964	62,865	201,995
Nonrefundable business energy credit after limitation.....	1,452	11	—	—	—	—	215	372	22	3	75	401	354
Work incentive (WIN) credit.....	4,811	448	—	448	—	—	29	407	480	1,779	1,193	1,009	467
Jobs credit.....	186,234	3,266	*110	*425	2,731	11,950	34,755	36,618	35,764	33,140	11,116	13,887	5,739
Distributions to stockholders except in own stock.....	1,822,529	181,654	59,263	21,220	101,171	158,427	216,112	138,511	80,329	205,502	93,062	167,468	580,764
Nature of Business not Allocable													
Number of returns.....	11,900	8,380	7,026	*1,011	*343	*1,195	1,720	*59	*390	*117	*26	*13	—
Total assets.....	1,418,661	577,213	504,417	*15,601	*57,195	*131,023	236,661	*25,502	*143,690	*131,128	*116,436	*57,009	—
Notes and accounts receivable, net.....	296,333	24,514	7,840	*841	15,833	*63,943	84,454	*5,309	*48,445	*35,379	*26,243	*8,045	—
Inventories.....	143,275	1,556	*590	*959	7	*2,873	*26,945	*6,544	*36,956	*22,962	*36,509	*8,929	—
Cash, Government obligations, and other current assets.....	291,353	175,590	159,987	*5,921	*9,682	*15,217	50,456	*5,577	*9,644	*8,812	*18,617	*7,442	—
Other investments and loans.....	351,580	245,529	217,399	*7	28,123	*39,700	*20,875	*1,814	*8,723	*13,265	*1,221	*20,454	—
Depreciable assets.....	639,270	361,863	348,003	*8,309	*4,551	*24,494	65,755	*5,483	*44,959	*65,280	*50,646	*20,802	—
Less: Accumulated depreciation.....	423,296	293,664	290,985	*7,265	*1,942	*15,213	39,616	*1,930	*13,273	*28,333	*22,436	*10,831	—
Other capital assets less reserves.....	68,200	32,403	*32,193	*141	69	10	15,158	*661	*6,248	*6,458	*5,610	*1,654	—
Accounts and notes payable.....	466,499	168,335	166,029	*1,029	1,277	*38,917	78,117	*5,941	*89,899	*53,377	*22,661	*9,252	—
Other current liabilities.....	197,366	107,916	58,024	*511	*49,382	*2,336	57,961	*1,189	*3,536	*9,085	*10,486	*4,858	—
Mortgages, notes, and bonds payable in one year or more.....	306,045	*44,902	*44,902	—	—	*98,001	*31,910	*7,556	*40,035	*30,250	*34,398	*18,992	—
Net worth.....	350,735	180,198	160,500	*13,840	*5,858	*8,622	57,931	*9,563	*6,304	*35,334	*48,340	*21,688	—
Cost of property used for investment credit.....	71,365	*8,340	*219	*8,047	75	*967	49,078	197	*7,295	*747	*3,860	*880	—
Total receipts.....	2,386,149	155,981	87,344	*34,337	*34,301	*351,612	596,679	*52,292	*430,670	*372,014	*191,909	*234,992	—
Business receipts.....	2,079,231	73,643	9,940	*33,854	*29,849	*160,732	571,008	*52,136	*429,877	*368,237	*189,470	*234,128	—
Cost of sales and operations.....	1,328,167	13,189	*7,282	*5,649	2,513	*51,468	*297,787	*27,541	*346,644	*283,341	*126,795	*179,402	—
Taxes paid.....	83,729	12,632	8,654	*1,765	58	*9,204	29,434	*1,607	*14,554	*6,652	*4,965	*4,681	—
Interest paid.....	34,314	3,511	2,372	—	*1,139	*4,175	10,483	*744	*4,295	*4,576	*5,332	*1,199	—
Depreciation.....	53,018	9,772	6,276	*3,024	*472	*2,598	20,485	*412	*3,882	*6,070	*8,260	*1,541	—
Pension, profit-sharing, stock bonus, and annuity plans.....	29,323	46	—	—	46	*1,520	*18,093	—	3	*477	*6,331	*2,852	—
Employee benefit programs.....	10,845	*1,518	*267	—	*1,252	*949	*3,915	23	—	*547	*1,877	*2,015	—
Net income (less deficit).....	98,037	20,860	16,265	*3,169	*1,426	*6,115	23,624	*998	*19,147	*9,846	*10,725	*6,723	—
Income subject to tax.....	154,651	64,766	56,338	*6,979	*1,449	*7,125	*27,365	*998	*19,147	*13,310	*14,239	*7,701	—
Income tax, total.....	129,477	61,050	52,623	*6,979	*1,449	*770	*18,652	*711	*16,014	*10,369	*14,239	*7,671	—
Additional tax for tax preferences.....	38,294	16,125	14,543	*1,186	*396	*131	*5,025	*140	*2,934	*4,212	*6,409	*3,319	—
Foreign tax credit.....	18	11	—	—	11	—	7	—	—	—	—	—	—
Investment credit.....	3,547	*716	—	*710	6	*14	*1,832	8	*525	*47	*364	*42	—
Nonrefundable business energy credit after limitation.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Work incentive (WIN) credit.....	*756	—	—	—	—	—	*756	—	—	—	—	—	—
Jobs credit.....	*1,309	—	—	—	—	*105	—	*116	*994	—	*94	—	—
Distributions to stockholders except in own stock.....	*11,547	*1,900	*1,867	—	33	—	*2,437	—	—	*1,610	*5,600	—	—

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

¹Includes returns with zero receipts and receipts not reported.

²Size of total receipts was used in lieu of business receipts to classify statistics for the "Finance, insurance, and real estate" industrial division.

³Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.8 — Total Receipts, Net Income, Statutory Special Deductions, Income Tax, Credits, and Taxpayments, by Accounting Period Ended

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

Item	Total returns of active corporations		Accounting period ended ¹											
	Number of returns	Amount	July 1979	August 1979	September 1979	October 1979	November 1979	December 1979	January 1980	February 1980	March 1980	April 1980	May 1980	June 1980
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Returns With and Without Net Income														
Number of returns	2,556,794	—	100,274	115,091	228,768	134,669	84,945	978,264	101,103	85,294	192,259	101,043	115,452	319,682
Total receipts	2,454,222	5,598,689,129	135,761,397	138,318,204	326,367,554	185,070,893	95,377,025	3,334,180,351	243,785,596	115,262,939	307,400,995	133,305,351	160,552,936	423,305,888
Net income (less deficit)	2,540,477	284,615,731	4,544,268	4,857,701	12,491,676	6,997,027	3,942,548	208,268,866	10,016,106	3,810,326	7,562,676	3,845,041	4,668,189	13,611,310
Total income tax	1,162,947	120,047,034	1,761,841	1,880,149	5,070,142	2,611,178	1,729,475	90,813,935	2,741,377	1,480,699	3,090,429	1,495,382	1,677,438	5,694,990
Returns With and Without Net Income, Other Than Forms 1120S and 1120 — DISC														
Number of returns	2,033,821	—	83,092	95,225	186,471	111,572	68,426	746,222	75,068	67,647	156,061	85,975	92,527	265,535
Total receipts	1,964,337	5,342,373,107	122,093,607	130,433,697	307,570,162	173,598,510	88,837,034	3,237,550,403	219,086,929	105,233,782	289,659,638	125,149,563	148,040,376	395,119,408
Net income (less deficit)	2,021,686	272,374,737	4,017,250	4,524,913	11,913,566	6,410,674	4,066,362	205,020,526	6,300,932	3,104,263	6,755,790	3,391,053	4,088,279	12,781,130
Statutory special deductions, total	362,027	18,292,283	310,561	321,928	842,054	528,166	245,546	12,712,828	673,530	298,587	625,522	354,804	338,954	1,039,803
Net operating loss deduction	266,862	9,454,825	262,849	275,699	710,369	403,596	165,949	5,249,518	336,188	257,749	515,778	300,874	288,835	687,421
Total special deductions	105,982	8,837,458	47,712	46,229	131,685	124,570	79,597	7,463,310	337,342	40,839	109,744	53,929	50,118	352,382
Western Hemisphere Trade Corporation deduction	947	133,554	*357	*4,660	4,172	2,335	*186	116,522	*178	*346	2,009	*65	*825	1,899
Income subject to tax, total	1,132,930	279,373,011	4,398,926	4,752,514	12,692,190	6,545,903	4,305,324	205,474,425	6,564,255	3,822,176	7,996,427	3,937,909	4,354,425	14,528,537
Net long-term capital gain taxed at alternative rates	36,711	13,578,633	182,147	197,419	1,176,818	189,963	146,558	9,902,929	314,228	269,562	313,957	221,387	198,179	465,485
Income taxed at normal tax and surtax rates	1,131,448	265,794,378	4,216,779	4,555,094	11,515,372	6,355,940	4,158,766	195,571,496	6,250,027	3,552,614	7,682,470	3,716,522	4,156,246	14,063,052
Income tax, total	1,162,940	120,046,002	1,761,841	1,880,149	5,070,142	2,611,178	1,729,438	90,812,939	2,741,377	1,480,699	3,090,429	1,495,382	1,677,438	5,694,990
Normal tax, surtax, and alternative tax	1,132,930	118,859,446	1,743,160	1,855,036	4,995,554	2,579,747	1,711,958	89,984,272	2,719,965	1,463,437	3,043,159	1,478,514	1,660,730	5,623,914
Tax from recomputing prior-year investment credit	178,508	744,915	12,825	18,810	49,221	26,227	12,229	479,607	17,177	14,970	33,934	11,855	14,529	53,531
Tax from recomputing prior-year work incentive (WIN) credit	1,217	9,171	—	*2,699	3,208	*45	*2	2,760	*55	*7	*(*)	*28	—	*367
Additional tax for tax preferences	10,661	432,471	5,856	3,605	22,159	5,159	5,249	346,301	4,180	2,285	13,336	4,985	2,179	17,178
Foreign tax credit	6,044	36,827,331	97,954	50,098	393,181	231,288	67,382	35,203,712	109,823	59,821	146,085	50,300	37,527	380,158
U.S. possessions tax credit	586	1,376,124	15,427	8,034	28,638	14,427	105,398	1,031,135	11,600	8,948	18,284	35,786	11,337	87,108
Investment credit	791,487	14,634,672	199,315	256,880	606,338	271,033	158,380	11,166,332	295,895	161,321	417,626	174,097	225,883	701,572
Work incentive (WIN) credit	6,210	27,934	447	672	1,792	542	480	14,858	520	349	2,619	1,335	659	3,660
Jobs credit	209,468	1,293,215	132,257	115,431	279,198	168,335	93,555	247,920	24,414	15,822	59,861	24,168	32,008	100,247
Total income tax after credits ²	962,132	65,886,726	1,316,441	1,449,033	3,760,995	1,925,552	1,304,243	43,148,982	2,299,124	1,234,438	2,445,953	1,209,697	1,370,025	4,422,244
Returns With Net Income, Other Than Forms 1120S and 1120 — DISC														
Number of returns	1,296,646	—	52,878	62,753	128,869	71,353	42,764	459,623	44,258	45,808	99,657	52,511	58,409	177,763
Total receipts	1,296,646	4,689,189,059	105,561,259	114,910,885	266,671,784	149,978,206	75,895,336	2,886,925,785	194,517,907	82,661,799	243,369,870	103,995,029	131,553,787	333,147,411
Net income	1,296,646	304,576,161	4,945,392	5,344,618	13,922,581	7,783,768	5,136,506	221,542,498	7,356,006	4,135,346	9,042,161	4,447,182	4,951,539	15,966,564
Statutory special deductions, total	347,536	18,012,862	308,291	320,116	837,777	516,278	236,766	12,518,377	660,996	295,473	615,739	339,482	335,515	1,028,053
Net operating loss deduction	266,862	9,454,825	262,849	275,699	710,369	403,596	165,949	5,249,518	336,188	257,749	515,778	300,874	288,835	687,421
Total special deductions	91,491	8,558,037	45,442	44,417	127,407	112,682	70,817	7,268,859	324,808	37,725	99,961	38,608	46,680	340,632
Western Hemisphere Trade Corporation deduction	947	133,554	*357	*4,660	4,172	2,335	*186	116,522	*178	*346	2,009	*65	*825	1,899
Income subject to tax, total	1,132,904	279,369,908	4,398,926	4,752,514	12,692,190	6,545,141	4,305,265	205,472,144	6,564,255	3,822,176	7,996,427	3,937,909	4,354,425	14,528,537
Net long-term capital gain taxed at alternative rates	36,710	13,578,609	182,147	197,419	1,176,818	189,963	146,535	9,902,929	314,228	269,562	313,957	221,387	198,179	465,485
Income taxed at normal tax and surtax rates	1,131,422	265,791,298	4,216,779	4,555,094	11,515,372	6,355,178	4,158,730	195,569,215	6,250,027	3,552,614	7,682,470	3,716,522	4,156,246	14,063,052
Income tax, total	1,135,470	119,961,092	1,759,714	1,878,274	5,066,219	2,607,840	1,727,714	90,768,277	2,735,150	1,479,485	3,081,297	1,494,114	1,676,149	5,686,860
Normal tax, surtax, and alternative tax	1,132,904	118,858,280	1,743,160	1,855,036	4,995,554	2,579,448	1,711,952	89,983,412	2,719,965	1,463,437	3,043,159	1,478,514	1,660,730	5,623,914
Tax from recomputing prior-year investment credit	151,402	684,129	10,787	17,063	45,333	23,274	10,757	452,577	12,410	13,853	27,274	10,783	13,305	46,713
Tax from recomputing prior-year work incentive (WIN) credit	1,192	9,151	—	*2,699	3,207	*45	*(*)	2,745	*55	*7	*(*)	*28	—	*366
Additional tax for tax preferences	10,022	409,532	5,768	3,476	22,125	5,072	5,005	329,543	2,720	2,187	10,864	4,789	2,114	15,867
Foreign tax credit	6,043	36,827,303	97,954	50,098	393,181	231,288	67,382	35,203,685	109,823	59,821	146,085	50,300	37,527	380,158
U.S. possessions tax credit	586	1,376,124	15,427	8,034	28,638	14,427	105,398	1,031,135	11,600	8,948	18,284	35,786	11,337	87,108
Investment credit	791,468	14,634,207	199,315	256,880	606,338	270,952	158,373	11,165,954	295,895	161,321	417,626	174,097	225,883	701,572
Work incentive (WIN) credit	6,210	27,934	447	672	1,792	542	480	14,858	520	349	2,619	1,335	659	3,660
Jobs credit	209,462	1,293,144	132,257	115,431	279,198	168,278	93,555	247,907	24,414	15,822	59,861	24,168	32,008	100,247
Total income tax after credits ²	934,668	65,802,380	1,314,314	1,447,158	3,757,072	1,922,352	1,302,526	43,104,738	2,292,897	1,233,223	2,436,821	1,208,428	1,368,736	4,414,114
Estimated tax payments:														
1978 overpayments claimed as a credit	242,014	2,822,498	74,963	104,360	191,218	93,043	59,173	1,661,682	82,396	55,277	130,817	76,111	70,811	222,647
1979 estimated tax payments	455,281	47,073,035	936,755	993,464	2,543,079	1,425,066	906,594	31,459,048	1,446,206	833,292	1,714,633	801,583	908,131	3,105,182
Less: Refund of estimated tax payments	8,054	1,373,520	23,927	20,874	98,483	51,896	20,185	853,253	105,044	11,091	54,422	21,622	22,926	89,796
Payments with applications for—														
First extension of filing time	143,410	9,445,235	170,850	194,527	615,008	252,858	168,252	6,127,462	456,484	166,619	317,761	175,961	213,172	586,280
Second extension of filing time	25,091	6,138,241	75,810	95,441	397,372	111,500	99,726	4,456,256	294,010	69,177	140,124	61,423	85,058	252,344
Other credits and payments, total ³	26,124	56,566	811	1,031	3,452	3,809	633	40,851	557	583	1,567	507	492	2,173
Refundable energy credit	410	7,315	*12	*3	*220	*46	—	6,837	*41	*2	*11	—	*12	*131
Tax due at time of filing	621,259	6,693,469	212,659	250,347	478,099	303,850	191,444	3,087,953	253,374	212,501	467,081	255,315	242,258	738,587
Tax overpayment, total	343,958	5,048,286	133,589	170,285	372,512	215,958	103,094	2,872,226	135,070	93,107	280,745	140,148	128,262	403,291

¹ Estimate should be used with caution because of the small number of sample returns on which it is based.

² Includes full and part-year returns.

³ Credits include foreign tax, U.S. possessions tax, investment, work incentive (WIN), and jobs credits.

⁴ Includes credit for tax paid by regulated investment companies; credit for tax on special fuels, nonhighway gasoline, and lubricating oil; and refundable energy credit.

⁵ Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE SMALL BUSINESS CORPORATIONS, FORM 1120S

Table 2.9 — Balance Sheets and Income Statements, by Industrial Division

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

Item	All industrial divisions	Industrial division								Nature of business not allocable
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade	Finance, insurance, and real estate	Services	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Number of returns, total.....	514,907	30,280	6,212	54,321	34,240	24,195	180,298	61,735	122,240	*1,386
With net income.....	282,843	16,336	2,120	32,252	19,765	13,985	100,783	33,626	63,070	*704
Total assets.....	85,777,842	8,666,479	2,346,115	9,973,354	8,751,938	4,078,617	29,161,701	9,450,361	13,254,866	*94,412
Cash.....	7,798,782	496,683	319,591	904,704	856,858	318,392	2,729,288	920,515	1,239,043	*13,708
Notes and accounts receivable.....	14,514,030	439,368	486,406	2,444,981	2,191,647	586,294	5,357,112	1,579,817	1,412,383	*16,022
Less: Allowance for bad debts.....	201,132	1,811	*1,480	17,352	38,149	5,490	103,565	10,497	22,784	*5
Inventories.....	17,465,476	959,947	65,105	2,242,293	2,071,363	98,902	11,012,067	361,844	648,646	*5,308
Investments in Government obligations:										
United States.....	261,170	*7,014	*2,499	*56,337	*27,918	*10,864	85,458	*61,329	*9,750	—
State and local.....	94,086	—	—	*8,505	*21,467	*7,955	*21,467	*11,382	*145	—
Other current assets.....	5,687,069	248,729	125,310	1,183,437	241,812	229,374	894,322	2,125,361	637,788	*935
Loans to stockholders.....	1,433,513	199,691	64,430	83,421	48,288	311,617	209,088	304,645	304,645	*2,132
Mortgage and real estate loans.....	1,299,666	168,556	*5,692	192,299	16,367	*7,782	236,777	542,771	127,767	*1,654
Other investments.....	2,995,114	337,964	70,886	260,875	269,693	95,922	707,998	766,302	483,383	*2,091
Depreciable assets.....	42,071,144	5,057,083	1,561,325	3,424,489	5,040,709	3,624,792	10,842,939	1,602,676	10,875,957	*41,173
Less: Accumulated depreciation.....	17,301,813	2,053,605	668,319	1,643,236	2,413,236	1,266,927	4,696,773	449,950	4,093,636	*16,112
Depletable assets.....	278,615	*83,321	152,559	*843	*17,233	1	8,552	*5,656	*10,451	—
Less: Accumulated depletion.....	34,141	*7,854	17,763	—	*197	—	*3,320	*2,494	*2,512	—
Land.....	6,053,671	2,488,353	92,255	380,103	126,888	78,652	732,048	1,347,590	802,249	*4,863
Intangible assets (amortizable).....	828,522	8,826	7,560	20,423	109,892	61,627	287,968	51,616	262,338	*18,272
Less: Accumulated amortization.....	308,307	3,346	962	7,341	38,491	29,325	101,997	17,097	106,296	*3,452
Other assets.....	2,842,377	237,361	80,350	312,010	143,597	211,513	839,723	344,453	665,549	*7,821
Total liabilities.....	85,777,842	8,666,479	2,346,115	9,973,354	8,751,938	4,078,617	29,161,701	9,450,361	13,254,866	*94,412
Accounts payable.....	13,475,108	304,589	496,665	2,138,833	1,636,669	440,497	5,867,024	1,238,216	1,339,337	*13,279
Mortgages, notes, and bonds payable in less than one year.....	14,189,915	1,532,042	392,885	2,318,276	1,033,986	495,162	5,271,845	1,794,736	1,349,602	*1,381
Other current liabilities.....	6,332,133	174,658	192,277	1,171,658	854,961	282,010	1,951,512	684,125	1,013,241	*7,690
Loans from stockholders.....	10,997,769	934,428	393,852	796,221	907,934	539,782	3,797,224	1,448,570	2,172,605	*7,152
Mortgages, notes, and bonds payable in one year or more.....	20,430,300	2,818,640	382,717	1,497,809	1,684,345	1,547,320	4,851,520	2,355,459	5,247,344	*45,347
Other liabilities.....	2,944,337	297,978	111,631	444,840	173,252	145,035	642,976	605,994	519,857	*2,774
Capital stock.....	10,161,402	1,940,020	102,445	533,393	892,276	418,599	3,587,048	1,135,629	1,547,769	*4,223
Paid-in or capital surplus.....	4,530,191	842,927	355,416	327,514	276,107	279,483	929,731	658,111	856,777	*4,125
Retained earnings, appropriated.....	375,413	69,081	*31,175	40,779	35,365	12,475	88,976	57,484	40,069	*7
Retained earnings, unappropriated.....	3,176,082	-27,734	180,897	405,232	894,588	151,700	1,688,244	-11,952	-110,588	*5,695
Stockholders' undistributed taxable income previously taxed ¹	339,139	-194,159	-256,329	379,244	490,868	-193,998	941,700	-408,748	-422,177	*2,740
Less: Cost of treasury stock.....	1,173,947	25,991	*37,517	80,246	128,414	39,448	456,098	107,263	298,971	—
Total receipts.....	212,706,226	8,481,959	4,221,304	23,030,957	24,741,787	7,742,175	113,721,648	6,027,879	24,529,375	*209,141
Business receipts.....	208,205,344	7,891,364	4,072,980	22,764,787	24,436,027	7,659,587	112,406,039	4,833,009	23,933,098	*208,455
Interest on Government obligations:										
United States.....	39,454	4,609	*505	3,124	3,794	*1,210	11,888	12,646	1,677	—
State and local.....	6,305	*73	*909	*521	*2,463	*765	1,277	*7	*289	—
Other interest.....	655,312	63,828	16,257	58,788	58,850	12,927	251,897	121,452	71,175	*137
Rents.....	489,434	33,559	15,101	32,832	19,157	10,811	173,184	107,274	97,515	—
Royalties.....	38,348	6,485	5,297	—	2,073	—	*2,495	*21,815	*184	—
Net short-term capital gain reduced by net long-term capital loss.....	38,503	13,144	*174	*2,632	*620	*111	2,625	15,875	*3,322	—
Net long-term capital gain reduced by net short-term capital loss.....	721,842	197,713	45,317	20,484	85,705	12,441	142,706	135,695	81,634	*147
Net gain, noncapital assets.....	875,002	56,320	33,136	49,240	33,855	22,902	74,557	551,903	53,089	—
Dividends received from domestic corporations.....	20,583	4,798	*379	445	2,658	*201	8,943	1,765	1,396	—
Dividends received from foreign corporations.....	*378	*18	—	—	—	—	*47	*181	*139	—
Other receipts.....	1,615,722	210,050	31,247	98,103	96,585	21,219	645,992	226,259	285,863	*403
Total deductions.....	208,904,343	8,183,784	4,183,294	22,907,292	23,965,665	7,697,598	112,154,483	5,530,645	24,079,902	*201,680
Cost of sales and operations.....	150,357,861	5,203,254	2,566,015	17,781,312	18,459,962	5,244,056	86,566,332	1,215,673	13,120,181	*101,075
Compensation of officers.....	8,773,515	245,335	116,251	1,019,981	1,091,539	343,001	3,199,542	657,490	2,090,231	*10,146
Repairs.....	1,466,059	215,471	160,826	164,033	135,274	*2,643	431,546	32,728	322,332	*1,206
Bad debts.....	390,179	3,029	36,695	43,407	13,544	174,066	48,760	46,426	46,426	*156
Rent paid on business property.....	3,923,446	263,657	31,295	176,611	279,844	246,616	1,806,095	148,459	961,567	*9,303
Taxes paid.....	4,391,520	187,766	122,338	587,011	534,309	201,348	1,681,435	170,191	898,017	*9,087
Interest paid.....	3,301,141	383,629	98,279	312,014	277,080	175,627	1,108,449	286,329	656,870	*2,865
Contributions or gifts.....	51,254	2,766	1,425	7,574	8,114	1,531	19,802	3,261	6,764	*17
Amortization.....	51,221	1,238	348	2,112	2,994	1,529	14,075	4,176	24,484	*287
Depreciation.....	4,342,964	497,174	209,416	411,288	503,251	376,652	1,145,315	143,317	1,052,259	*4,292
Depletion.....	58,212	*789	47,174	*3,744	*25	66	*2,867	*3,300	*247	—
Advertising.....	1,644,546	*20,985	4,043	62,834	123,317	35,359	942,777	155,735	298,651	*844
Pension, profit-sharing, stock bonus, and annuity plans.....	370,672	7,305	11,940	40,125	71,535	11,628	132,024	13,794	82,322	—
Employee benefit programs.....	654,177	13,861	21,045	92,712	110,468	29,970	212,289	33,953	139,244	*635
Net loss, noncapital assets.....	101,065	9,331	286	12,409	13,148	5,904	26,247	6,393	27,347	—
Other deductions.....	29,026,510	1,028,176	768,518	2,196,838	2,311,397	1,008,125	14,691,620	2,607,088	4,352,982	*61,767
Total receipts less total deductions.....	3,801,883	298,175	38,010	123,665	776,122	44,577	1,567,166	497,235	449,473	*7,461
Net income (less deficit).....	3,795,578	298,101	37,101	123,144	773,659	43,812	1,565,889	497,228	449,184	*7,461
Net income.....	8,591,205	662,007	277,455	816,865	1,239,736	333,201	2,918,194	895,151	1,439,389	*9,207
Distributions to stockholders:										
Cash and property except in own stock.....	3,180,183	231,258	139,464	260,980	505,695	98,904	957,174	370,386	613,956	*2,366
Corporation's own stock.....	*5,184	—	—	—	*1,384	—	*3,800	—	—	—

¹ Estimate should be used with caution because of the small number of sample returns on which it is based.² This item is reflected in the statistics for "Retained earnings, unappropriated" and "Net worth" in other tables which show these items.

NOTE: Active Small Business Corporations filing Form 1120S returns reported "Income subject to tax" of \$3,052,000 and "Income tax" of \$1,033,000, including "Additional tax for tax preferences" of \$178,000. Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE DOMESTIC INTERNATIONAL SALES CORPORATIONS, FORM 1120 — DISC

Table 2.10 — Number of Returns, Selected Balance Sheet and Income Statement Items, and Distributions to Stockholders, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions				
		Wholesale and retail trade			Finance, insurance, and real estate	Services
		Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total.....	8,068	7,673	7,648	*25	156	112
With net income.....	7,196	6,962	6,943	*19	139	84
Total assets	24,263,916	23,513,411	23,498,548	*14,863	481,860	264,545
Notes and accounts receivable, net.....	14,962,928	14,531,968	14,527,303	*4,666	258,816	169,661
Inventories.....	1,601,471	1,595,000	1,594,564	*437	*3,858	*2,582
Cash, Government obligations, and other current assets.....	550,371	535,663	533,121	*2,542	2,584	11,668
Other investments and loans.....	4,794,035	4,523,386	4,516,540	*6,846	199,115	*71,534
Depreciable assets.....	83,676	82,956	82,925	*32	*28	*685
Less: Accumulated depreciation.....	26,490	26,177	26,154	*23	*23	*288
Accounts and notes payable.....	2,343,230	2,327,510	2,324,255	*3,255	1,895	12,568
Other current liabilities.....	975,177	969,766	969,678	*88	*2,169	3,004
Mortgages, notes, and bonds payable in one year or more.....	212,873	211,927	211,927	—	—	*664
Net worth.....	20,337,142	19,624,564	19,613,045	*11,520	477,266	232,991
Total receipts	43,609,794	43,414,621	43,386,451	*28,170	42,566	150,666
Business receipts.....	42,432,315	42,292,634	42,265,058	*27,577	*2,009	137,671
Total deductions	35,190,600	35,137,599	35,112,904	*24,694	1,781	49,112
Cost of sales and operations.....	32,960,792	32,931,831	32,908,047	*23,785	*60	27,589
Taxes paid.....	50,546	48,155	48,097	*58	879	1,475
Interest paid.....	87,336	87,269	87,261	*9	*35	*13
Depreciation.....	7,848	6,821	6,818	*2	—	*1,026
Pension, profit-sharing, stock bonus, and annuity plans.....	10,612	10,263	10,263	—	—	*350
Employee benefit programs.....	7,516	7,362	7,362	—	—	*154
Net income (less deficit).....	8,445,416	8,285,205	8,281,730	*3,475	58,823	101,554
Net income.....	8,482,395	8,321,797	8,318,321	*3,476	58,923	101,563
Total statutory special deductions.....	1,923	1,904	1,904	—	*15	—
Tax deferred income and income taxable to stockholders.....	8,222,021	8,061,445	8,057,969	*3,476	58,908	101,561
Distributions to stockholders in cash.....	4,046,684	3,978,409	3,975,601	*2,808	30,664	37,353

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

¹Includes "Nature of business not allocable" which is not shown separately.²Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF MEMBERS OF CONTROLLED GROUPS, OTHER THAN FORM 1120 — DISC

Table 2.11 — Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), and Total Income Tax, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total returns of members of controlled groups, other than Form 1120-DISC:											
Number of returns.....	333,778	5,244	4,541	24,361	42,040	16,101	97,880	42,876	54,931	85,911	55,813
Total assets.....	5,241,640,950	10,621,031	101,349,292	61,188,647	1,405,325,588	616,834,240	340,249,502	173,326,480	166,639,965	2,615,888,772	89,595,887
Total receipts.....	3,971,467,988	17,984,664	116,955,697	106,675,273	1,881,457,595	385,311,610	978,237,547	538,033,234	437,004,277	386,327,729	99,885,027
Intragroup domestic dividends received qualifying for 100 percent deduction under Code section 1561:											
Number of returns.....	2,143	—	7	61	394	24	522	275	247	842	293
Amount.....	2,718,700	—	66,448	2,698	483,896	18,497	513,603	265,517	248,086	1,600,224	33,335
Net income (less deficit).....	225,784,788	326,117	42,604,617	2,635,052	118,793,591	16,717,300	20,037,175	10,176,344	9,859,160	19,907,738	4,692,000
Net income.....	243,771,271	692,796	43,655,021	3,651,715	124,938,536	19,199,298	22,926,854	11,890,639	11,026,003	22,799,921	5,834,452
Total income tax.....	102,986,913	229,022	19,850,427	1,356,138	53,941,751	8,400,146	9,195,581	4,752,173	4,438,776	7,774,286	2,216,856
Distributions to stockholders except in own stock.....	66,559,273	66,754	2,838,684	361,947	36,566,574	14,237,863	3,056,121	881,294	2,194,759	8,493,211	932,414
Consolidated returns:											
Number of returns.....	53,197	709	1,387	3,922	11,591	2,518	15,099	7,273	7,797	11,429	6,520
Number of subsidiary corporations.....	135,807	1,285	3,271	7,778	34,133	9,345	36,140	14,296	21,795	26,313	17,519
Total assets.....	4,534,727,355	6,702,034	91,229,522	40,430,106	1,294,877,013	589,457,841	224,697,143	109,842,391	114,644,607	2,217,252,860	69,934,197
Total receipts.....	3,216,665,380	12,624,469	105,399,170	61,677,987	1,701,229,445	357,035,299	627,273,210	349,319,607	276,884,521	280,582,461	70,715,115
Net income (less deficit).....	194,862,651	270,103	41,692,928	1,484,392	107,339,691	15,576,816	11,563,907	5,047,278	6,514,927	13,253,538	3,676,344
Net income.....	207,710,547	423,731	42,455,161	2,052,758	112,468,386	17,769,793	13,145,300	5,965,110	7,171,017	15,108,212	4,282,274
Total income tax.....	89,295,537	155,393	19,362,941	788,647	48,716,829	7,833,904	5,510,898	2,441,709	3,065,037	5,193,461	1,731,480
Distributions to stockholders except in own stock.....	58,771,967	51,875	2,389,143	239,949	33,565,820	13,573,297	1,901,234	488,749	1,412,444	6,310,228	740,316

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

²Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORM 1120-DISC

Table 2.12 — Investment Credit and Selected Items, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns of active corporations, other than Form 1120-DISC.....	2,548,728	83,489	23,919	249,887	236,564	103,770	764,925	258,098	505,415	471,066	603,333
Returns with investment credit items, other than Forms 1120S and 1120-DISC:											
Cost of property used for investment credit:											
Number of returns.....	1,067,470	38,055	11,061	119,043	139,363	45,715	346,968	133,125	213,526	105,674	259,151
Amount.....	220,263,870	2,368,031	5,763,099	6,807,455	80,682,858	80,115,429	20,005,518	9,069,111	10,915,325	12,169,876	12,260,238
Investment qualified for credit:											
Number of returns.....	1,067,287	38,055	11,061	119,043	139,363	45,715	346,785	133,125	213,343	105,674	259,151
Amount.....	180,610,117	2,125,934	5,148,534	5,296,021	70,776,048	61,734,892	16,445,313	7,318,223	9,108,190	10,073,591	8,956,878
Tentative investment credit, total:											
Number of returns.....	1,067,543	38,055	11,061	119,043	139,363	45,715	347,041	133,162	213,562	105,674	259,151
Amount.....	19,020,435	212,660	529,707	532,636	7,452,359	6,709,775	1,666,674	735,305	929,479	1,008,424	901,909
10 percent tentative investment credit:											
Number of returns.....	1,067,369	38,055	11,061	119,043	139,348	45,561	347,041	133,162	213,562	105,669	259,151
Amount.....	18,026,113	212,543	514,765	528,946	7,073,149	6,168,437	1,643,350	731,161	910,299	986,333	893,299
7 percent tentative investment credit:											
Number of returns.....	379	**	—	**	50	230	*37	*29	*8	44	**
Amount.....	7,586	**	—	**	1,376	5,268	*830	*829	(*)	74	**
Additional tentative credit for Employee Stock Ownership Plans:											
1 percent additional tentative investment credit for qualifying stock ownership plans:											
Number of returns.....	1,438	*58	37	53	342	226	493	442	51	162	67
Amount.....	806,461	*99	13,959	3,562	308,513	437,550	17,942	2,772	15,170	17,316	7,530
.5 percent additional tentative investment credit for qualifying stock ownership plans:											
Number of returns.....	324	—	10	**	63	119	27	*15	12	100	**
Amount.....	180,275	—	983	**	69,320	98,520	4,552	*543	4,009	5,700	**
Patron's regular investment credit:											
Number of returns.....	8,294	2,542	*21	540	145	200	4,307	1,566	2,741	223	*316
Amount.....	20,141	1,714	*95	1,584	1,958	1,293	10,521	6,745	3,776	1,525	*1,450
Tentative investment credit:											
Number of returns.....	1,059,795	38,407	11,061	118,547	137,471	45,642	345,050	132,505	212,228	104,828	256,349
Amount.....	19,039,819	214,352	529,802	534,207	7,454,158	6,711,063	1,677,028	742,003	933,135	1,010,851	903,067
Carryback or carryover of unused credit:											
Number of returns.....	326,891	16,441	4,135	32,791	42,945	21,607	88,827	25,864	62,880	31,479	87,609
Amount.....	9,933,768	183,359	661,940	267,363	3,626,989	3,391,212	591,933	289,727	300,058	452,831	756,748
Investment credit.....	14,634,672	121,407	270,126	366,108	7,120,231	4,055,857	1,328,438	594,219	732,893	807,447	561,508

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

**Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

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

²Includes "Wholesale and retail trade not allocable" which is not shown separately.

³Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 2.13 — Tax Items: Number of Returns by Selected Types of Tax, Dividend Items, Net Income or Deficit, Statutory Special Deductions, Income Subject to Tax, Income Tax, Credits, Payments, and Small Business Corporations (Form 1120S), by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									Services
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of Returns With Income Tax											
Number of returns with —											
Income tax, total	1,162,947	32,676	9,207	111,591	128,981	39,606	357,235	143,189	213,506	209,353	270,899
Form 1120S	..	..	..	..	..	..	..	..	..	..	..
Normal tax, surtax, and alternative tax before credits	1,132,937	31,339	8,039	108,173	124,883	38,581	348,547	140,024	208,020	205,318	264,679
Tax from recomputing prior-year investment credit	178,508	8,831	3,690	21,483	30,881	8,325	59,335	30,629	28,636	17,186	26,746
Tax from recomputing prior-year work incentive (WIN) credit	1,217	*69	*21	*83	36	*115	682	*466	216	58	*153
Total income tax after —											
Investment, work incentive (WIN) and jobs credits	962,832	25,168	7,564	89,557	108,003	29,019	307,358	127,219	179,600	193,444	199,687
Foreign tax, U.S. possessions tax, investment, work incentive (WIN), and jobs credits	962,139	25,167	7,547	89,547	107,584	29,010	307,245	127,123	179,583	193,387	199,623
Returns With and Without Net Income											
Number of returns	2,556,794	83,489	23,919	249,887	236,564	103,770	772,598	265,746	505,440	471,222	603,445
Dividends received from domestic corporations, total	16,824,708	30,389	181,051	96,158	7,069,605	314,885	1,128,074	751,594	376,472	7,792,150	210,053
Amount qualifying for 85 percent deduction	9,368,873	18,016	87,448	64,341	2,436,594	269,316	237,275	129,468	107,799	6,138,229	115,319
Amount on certain public utility stock qualifying for 60.208 percent deduction	17,205	—	—	*4	226	14	273	*179	*84	16,623	*65
Intragroup dividends qualifying for 100 percent deduction	2,740,823	—	*66,448	2,698	489,082	18,497	514,341	266,117	248,223	1,616,140	33,619
Amounts received from DISCS or former DISCS	4,677,224	7,576	26,776	28,671	4,141,045	26,858	367,242	352,464	14,778	19,394	59,655
Domestic dividends received (1120S)	20,583	4,798	379	445	2,658	*201	8,943	3,365	5,578	1,765	1,396
Dividends received from foreign corporations, total	12,713,087	12,283	205,955	212,301	11,161,924	153,920	367,448	240,949	126,499	486,780	112,475
Amount qualifying for 85 percent deduction	1,770	2	(³)	70	281	*29	213	58	154	791	385
Intragroup dividends qualifying for 100 percent deduction	230,110	—	*25	—	196,053	*820	13,847	1,877	11,970	15,462	3,904
Other foreign dividends	12,480,828	12,264	205,929	212,231	10,965,590	153,071	353,342	239,007	114,334	470,346	108,054
Foreign dividends received (1120S)	378	*18	—	—	—	—	*47	*6	*41	*181	*133
Constructive taxable income from related foreign corporations, total	12,524,077	*6,383	150,953	157,227	10,331,725	193,283	1,286,643	1,171,382	115,280	304,030	83,833
Includable income of Controlled Foreign Corporations	2,224,402	*1,644	45,730	21,061	1,844,072	82,410	145,524	119,667	25,657	62,272	21,688
Foreign dividend income resulting from foreign taxes deemed paid	10,299,675	4,739	105,222	136,166	8,487,653	110,874	1,141,118	1,051,515	89,603	241,758	72,145
Net income (less deficit)	284,615,731	1,299,975	43,058,598	5,985,390	130,370,486	18,355,601	40,181,385	25,753,036	14,418,291	36,859,270	8,306,989
Statutory special deductions, total	18,294,206	263,765	583,303	845,148	5,551,706	869,477	2,287,158	1,159,312	1,127,736	6,840,295	1,036,304
Net operating loss deduction	9,456,748	247,942	428,743	787,547	2,681,707	587,080	1,555,153	777,702	777,348	2,254,214	899,295
Dividends received deduction	8,672,076	15,312	140,804	57,436	2,758,729	248,263	728,539	378,189	350,344	4,585,129	135,877
Deduction for dividends paid on certain public utility stock	31,828	—	*237	—	*140	—	31,449	—	—	*2	—
Western Hemisphere Trade Corporation deduction	133,554	*510	13,519	*164	111,129	2,685	3,465	3,421	*44	*950	1,131
Income subject to tax	279,376,063	1,675,005	44,043,753	7,250,471	133,051,625	20,734,781	34,697,843	18,620,507	16,061,028	28,238,662	9,554,446
Income tax, total	120,047,034	530,849	20,210,019	2,545,393	58,976,752	9,252,511	13,419,871	7,298,553	6,114,457	11,749,927	3,323,418
Normal tax, surtax, and alternative tax	118,860,300	518,736	20,089,901	2,509,913	58,474,675	9,070,880	13,293,128	7,235,232	6,051,119	11,585,974	3,278,825
Tax from recomputing prior-year investment credit	744,915	10,897	21,108	29,814	335,371	150,233	108,708	52,578	56,046	46,548	42,229
Tax from recomputing prior-year work incentive (WIN) credit	9,171	*5	*32	*78	401	*126	7,561	*3,174	4,387	609	*359
Additional tax for tax preferences	432,649	1,212	98,979	5,589	166,305	31,272	10,474	7,569	2,904	116,796	2,005
Foreign tax credit	36,827,331	14,223	18,718,612	169,840	15,286,370	315,096	891,394	763,182	128,212	1,289,724	142,072
U.S. possessions tax credit	1,376,124	—	*872	*1,132	1,252,346	*3,377	78,141	73,370	4,772	2,785	6,234
Investment credit	14,634,672	121,407	270,126	386,108	7,120,231	4,055,857	1,328,438	594,219	732,893	807,449	561,508
Work incentive (WIN) credit	27,934	*53	*84	*998	16,083	851	3,575	924	2,652	723	4,811
Jobs credit	1,293,215	19,098	14,744	209,127	402,790	43,203	359,373	137,896	221,346	57,336	186,234
Total income tax after —											
Investment, work incentive (WIN), and jobs credits	104,091,213	390,291	19,925,065	1,969,160	51,437,648	5,152,599	11,728,484	6,565,515	5,157,565	10,884,419	2,570,865
Foreign tax, U.S. possessions tax, investment, work incentive (WIN) and jobs credits	65,887,759	376,068	1,205,582	1,798,188	34,898,932	4,804,126	10,758,948	5,728,963	5,024,581	9,591,910	2,422,559
Personal Holding Company tax	5,189	—	*81	*248	*680	*410	258	*156	*102	3,330	*181
Estimated tax payments, net total	48,904,317	208,866	734,601	1,121,690	26,281,677	3,355,769	7,998,340	4,129,730	3,866,566	7,446,430	1,739,142
1978 overpayments claimed as a credit	2,981,709	24,907	47,729	114,028	1,344,877	222,845	614,921	335,175	279,688	445,909	165,799
1979 estimated tax payments	47,648,540	193,319	701,724	1,060,954	25,720,645	3,242,174	7,709,766	3,941,835	3,765,946	7,372,929	1,629,625
Less: Refund of estimated tax payments	1,725,847	9,360	14,852	53,293	783,848	109,250	326,358	147,283	179,074	372,307	56,284
Payments with applications for —											
First extension of filing time	9,502,381	63,802	258,298	282,703	5,140,838	794,730	1,463,133	771,125	691,338	1,102,133	390,956
Second extension of filing time	6,155,575	13,197	187,791	75,790	3,730,266	606,449	670,005	293,738	376,267	682,361	189,579
Credit for tax paid by regulated investment companies	5,583	*18	*1,015	—	*42	*1,022	*101	*67	*4	3,348	*37
Credit for tax on special fuels, nonhighway gasoline, and lubricating oil	53,012	6,732	2,710	3,832	21,166	11,911	3,587	1,699	1,888	620	2,440
Refundable energy credit	10,265	*16	*36	*9	1,001	*2,967	*58	*18	*40	6,116	*61
Tax due at time of filing	6,726,381	146,162	162,651	591,858	1,972,844	381,108	1,826,783	1,151,952	671,956	1,181,337	452,841
Tax overpayment	5,464,865	62,726	141,439	277,451	2,248,227	349,419	1,202,807	619,237	583,385	827,206	352,496
Returns of Small Business Corporations, Form 1120S											
Number of returns	514,907	30,280	6,212	54,321	34,240	24,195	180,298	49,594	130,553	61,735	122,240
Net income:											
Number of returns	282,643	16,338	2,120	32,252	19,765	13,985	100,783	31,970	68,662	33,626	63,070
Amount	8,591,205	662,007	277,455	816,865	1,239,736	333,201	2,918,194	1,366,803	1,541,575	895,151	1,439,389
Deficit	4,795,627	363,906	240,355	693,722	466,077	289,389	1,352,305	286,116	1,066,189	397,924	890,205
Income subject to corporation tax	..	..	..	..	..	..	..	..	..	..	..
Income tax, total	..	..	..	..	..	..	..	..	..	..	..
Normal tax, surtax, and alternative tax	..	..	..	..	..	..	..	..	..	..	..

¹Estimate should be used with caution because of the small number of sample returns on which it is based.

²Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

³Includes "Nature of business not allocable" which is not shown separately.

⁴Includes "Wholesale and retail trade not allocable" which is not shown separately.

⁵Less than \$500 per return.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORM 1120-DISC

Table 2.14 — Selected Business Energy Investment Credit Items, by Selected Industrial Divisions

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

Item	All industrial divisions ¹	Selected industrial divisions									
		Agriculture, forestry, and fishing	Mining	Construction	Manufacturing	Transportation and public utilities	Wholesale and retail trade			Finance, insurance, and real estate	Services
							Total ²	Wholesale trade	Retail trade		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Number of returns other than Form 1120-DISC.....	2,548,728	83,489	23,919	249,887	236,564	103,770	764,925	258,098	505,415	471,066	603,333
Returns with business energy investment credit items, other than Forms 1120S and 1120-DISC:											
Number of returns.....	5,534	148	23	140	2,456	237	1,543	822	721	577	410
Cost of property usable for nonrefundable energy credit, total:											
Number of returns.....	5,111	112	33	143	2,327	175	1,557	822	735	376	388
Amount.....	2,816,597	5,073	38,213	29,144	2,397,411	97,560	203,740	161,432	42,308	23,182	22,273
Alternative energy property:											
Number of returns.....	978	**	12	**	643	**	160	125	35	84	37
Amount.....	1,228,855	**	22,629	**	1,111,187	**	38,469	30,998	7,471	5,985	4,239
Specially defined energy property:											
Number of returns.....	2,458	*107	12	22	1,109	68	649	177	472	243	248
Amount.....	833,777	*3,495	5,990	2,657	737,449	32,114	34,822	10,187	24,635	9,524	7,725
Recycling equipment:											
Number of returns.....	1,643	**	**	97	560	90	734	506	228	49	*103
Amount.....	687,705	**	**	18,946	494,015	26,340	123,543	113,340	10,202	7,674	*10,309
Shale oil equipment:											
Number of returns.....	11	—	**	—	**	**	3	3	—	—	—
Amount.....	9,443	—	**	—	**	**	1,103	1,103	—	—	—
Equipment for producing natural gas from geopressured brine											
Number of returns.....	21	—	—	**	**	—	*11	*11	—	—	—
Amount.....	56,817	—	—	**	**	—	*5,805	*5,805	—	—	—
Cost of property usable for refundable energy credit, solar and wind:											
Number of returns.....	544	*37	**	—	317	*75	28	*17	*11	53	**
Amount.....	41,868	*159	**	—	8,842	*29,672	553	*140	*413	1,703	**
Patron's nonrefundable business energy investment credit:											
Number of returns.....	31	**	—	—	8	**	7	**	**	**	**
Amount.....	864	**	—	—	189	**	445	**	**	**	**
Current year nonrefundable business energy investment credit:											
Number of returns.....	4,860	*110	22	140	2,182	166	1,491	793	698	369	380
Amount.....	263,550	*507	3,747	2,841	222,109	9,742	19,996	15,922	4,074	2,264	2,343
Carryover and carryback of unused credits:											
Number of returns.....	130	**	**	—	29	*15	37	*19	*18	*43	**
Amount.....	6,128	**	**	—	4,497	*336	232	*135	*97	*213	**
Nonrefundable energy credit:											
Number of returns.....	5,061	*111	22	140	2,192	166	1,522	808	714	528	380
Amount.....	269,692	*520	4,552	2,841	226,606	10,078	20,229	16,057	4,171	2,491	2,375
Refundable energy credit:											
Number of returns.....	524	*37	**	**	298	*75	*26	*17	*9	54	**
Amount.....	10,265	*16	**	**	1,001	*2,967	*58	*18	*40	6,116	**
Returns of small business corporations, Forms 1120S, with business energy investment credit items:											
Number of returns.....	*393	*36	—	*11	**	—	**	—	**	—	*337
Cost of property usable for nonrefundable energy credit by stockholders.....	*2,367	*40	—	*1,320	**	—	**	—	**	—	*809

¹Estimate should be used with caution because of the small number of sample returns on which it is based.

²Data deleted to avoid disclosure of information for specific corporations. Deleted data are included in the appropriate totals.

³Includes "Nature of business not allocable" which is not shown separately.

⁴Includes "Wholesale and retail trade not allocable" which is not shown separately.

NOTE: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

The following explanations include definitions and limitations of terms used, and adjustments made in preparing the statistics. These explanations are designed to aid the user in interpreting the statistical content of this report and should not be construed as interpretations of the Internal Revenue Code or policies. Code sections cited were those in effect for the Income Years of the report. Whenever a year is cited, it refers to the calendar year, unless otherwise stated.

The instructions for the tax forms in section 6 will provide additional information about many items. Finally, definitions marked with the symbol (#) have been modified from prior reports to reflect processing or tax law changes.

Accounting Periods

Among the several classifications used in this report, tax return data are classified according to the accounting periods used by corporations. For a detailed discussion of this classification, see "Time Period Employed" in section 1.

Accounts and Notes Payable

This item consisted of accounts payable and mortgages, notes, and bonds payable in less than one year. Each is described separately under its own heading below.

Accounts Payable

Relatively short-term liabilities arising from the conduct of trade or business which were not secured by notes of indebtedness were generally included under this heading. Nontrade payables, on the other hand, were generally includable in the estimates for "Other Current Liabilities."

Banks and savings institutions may have reported deposits and withdrawable shares in accounts payable. When these amounts could be identified, they were transferred to "Other Current Liabilities."

Additional Tax for Tax Preferences (#)

Additional tax for tax preferences, the so-called "minimum tax," was intended to make possible the taxation, to some extent, of selected income and deduction items (described by law as "tax preferences") afforded special tax treatment in the computation of taxable income.

For the most part, the 15 percent tax was levied on the sum of a corporation's tax preferences which exceeded \$10,000 or the current-year income tax reduced by foreign tax credit, investment credit, U.S. possessions tax credit, work incentive (WIN) credit and jobs credit. The carryover of regular taxes as an offset to preference income was discontinued (except for taxes due to income from timber) for tax years beginning after June 30, 1976.

Tax preference items were: (1) accelerated depreciation (depreciation in excess of the amount computed under the straight-line method allowed on

personal property subject to a lease, low-income rental housing, and other real property); (2) amortization (special rapid write-offs in excess of what otherwise would have been a depreciation deduction under Code section 167 for certified pollution control facilities, railroad rolling stock, on-the-job training facilities, and child care facilities); (3) reserves for losses on bad debts of financial institutions (additions to reserves for bad debts in excess of actual bad debt losses, based on prescribed rules); (4) depletion (depletion deduction in excess of the cost or other basis of the property, reduced by depletion taken in prior years); (5) capital gains (net long-term capital gain in excess of net short-term capital loss when this amount was taxed at the special lower capital gains rate; the preference item was the excess net long-term gain multiplied by a ratio of the regular tax rate of 46 percent less the rate applicable to capital gains, generally 28 percent for taxable years ending after December 31, 1978, (see the discussion under Changes in Law in section 2) to the regular corporate rate of 46 percent); and (6) intangible drilling costs. Tax preferences for "accelerated depreciation subject to a lease" and "intangible drilling costs" were not applicable to corporations other than Small Business Corporations electing to be taxed through their stockholders and Personal Holding Companies.

There were also special rules in effect for timber income, including both gains from the cutting of timber and the long-term gains from the sale of timber. These rules provided that the items of tax preference for timber gains be reduced by one-third and then further reduced by \$20,000. Then the regular tax deduction was reduced by the lesser of one-third, or the preference reduction described above. These adjustments compensated for the general minimum tax rate increase brought about by the Tax Reform Act of 1976 by scaling down the entire minimum tax base, as it related to timber, by one-third, and then subjecting that lower base to the new 15 percent tax rate (one-third more than the old 10 percent rate). The reduction in timber preference by the additional \$20,000 effectively increased the exemption to \$30,000.

Also, the regular tax deduction carryover remained in effect for that portion of the corporation's prior-year income tax attributable to timber income. If for any taxable year the taxes imposed on a corporation that were attributable to income from timber exceeded the items of tax preference for that year, then the amount of the excess could be used to offset tax preferences over the next 7 years.

In general, all corporations were liable for the additional tax. However, regulated investment companies and real estate investment trusts were subject to the tax only on amounts attributable to tax preferences not passed through to their stockholders for taxation. Small Business Corporations electing to be taxed through their stockholders were liable for the

additional tax only on certain capital gains, on accelerated depreciation subject to a lease, and on intangible drilling costs. All other items of tax preference for these corporations were passed on to the stockholders for taxation. However, members that were Domestic International Sales Corporations (DISC's) were not subject to the additional tax for tax preferences.

In addition, members of a controlled group of corporations filing separate returns were required to apportion a single \$10,000 statutory exclusion among the members of the group either equally or based on a plan adopted for all members. The Revenue Act of 1978 revised the method of computing the exemption from the additional tax for tax preferences for members of controlled groups of corporations. The \$10,000 exemption was allocated to each of the component members of the group in proportion to each member's regular tax deduction.

Advertising (#)

Advertising expenses were allowable as a deduction under Code section 162, if they were ordinary and necessary and bore a reasonable relation to the trade or business of the corporation. The amount shown in the statistics includes advertising identified as a cost of sales and operations as well as advertising reported separately as a business deduction.

The types of expenditures covered by the advertising deduction may have varied somewhat from company to company and a few companies did not separately identify advertising when it was included in the cost of sales and operations. In addition, certain kinds of advertising expenditures, such as for billboards, were capitalized and recovered only as part of depreciation.

Allowance for Bad Debts

Most corporations identified on their balance sheet the allowance or reserve set aside to cover uncollectible or doubtful notes, accounts, and loans as an adjustment to notes and accounts receivable. A few corporations, however, reported only net receivables and, thus, did not show their allowance for bad debts. In addition, tax return balance sheets used by life and certain mutual insurance companies did not require the allowance to be reported. Both the statistics for the allowance and for the gross amount of "Notes and Accounts Receivable" are understated by these unidentified amounts.

Since corporation tax return balance sheets did not provide for the separate reporting of reserves for uncollectible mortgage and real estate loans, many banks and savings and loan associations may have included the item in the allowance for bad debts. If, on the other hand, these reserves were reported in supporting schedules, they were later added to the allowance for bad debts during statistical processing.

Alternative Tax

See "Income Tax."

Amortization (#)

Amortization was a deduction for recovery of certain expenditures over a certain period of time in a manner similar to straight-line depreciation. Typically, the period of time over which the expenditure was written off was much shorter than if depreciation had been used; often, depending on the specific provision of the law, the period of time was only 60 months. The following types of amortization, applicable to the statistics in this report, were specifically mentioned in the Code as allowable deductions:

- bond premiums (section 171)
- child care facilities (section 188)
- coal mine safety equipment (section 187)
- lessee's improvements to leased property (section 178)
- on-the-job training facilities (section 188)
- organizational expenditures of corporations (section 248)
- pollution control facilities (section 169)
- railroad rolling stock (section 184)
- railroad tunnel bores and grading (section 185)
- research and experimental expenditures (section 174)
- trademark and trade name expenditures (section 177).

Of these, amortization of leasehold improvements was frequently reportable as depreciation and amortization of bond premiums (as well as of such other financial items as loan or mortgage costs) was often reported as part of "other deductions." Write-offs of patents, copyrights, and other intangibles were usually included in depreciation. None of these amounts involved rapid write-offs of the assets concerned. Therefore, in order to confine the statistics insofar as possible to rapid write-offs, identifiable amounts reported as amortization that related to leasehold improvements, bond premiums (or other financial items), and intangible assets, and, in addition, to depreciable assets other than those eligible for rapid amortization, were transferred to "depreciation" or "other deductions," as appropriate. (See also "Depreciation" and "Other Deductions.")

The Tax Reduction and Simplification Act of 1977 extended the expiration date of the election to amortize costs of construction of child care facilities from December 31, 1976, to December 31, 1981.

The amounts shown in the statistics include any identifiable amortization (as described above) reported as part of the cost of sales and operations.

See also "Additional Tax for Tax Preferences."

Annual Returns

Annual or calendar year returns were those filed for the 12-month period beginning in January and ending in December. Most of the larger corporations filed for this period. Figure C in section 1 shows the percentage of returns filed for each of the accounting periods covered in this report.

Bad Debts (#)

Bad debts occurring during the year, or a reasonable addition to an allowance or reserve for bad debts, were allowable as a deduction under Code section 166.

Commercial banks, mutual savings banks, savings and loan associations, small business investment companies and other financial institutions were permitted to take a deduction for a reasonable addition to their bad debt balance which was far greater than that allowed other businesses. Unlike other businesses, which could deduct additions to their reserves only to the extent justified by their actual loss experience, these financial institutions could elect to increase their reserves based on percentages of outstanding loans. However, certain restrictions were introduced in 1969 to begin to bring these institutions in line with other businesses.

For commercial banks, beginning with 1969, deductible additions to the reserves were to decrease in three transitional steps. These steps were to be completed by 1988, at which time the deduction would have to be based on actual losses for the current and

5 preceding years, the same as for other businesses. For taxable years beginning after 1975, but before 1982, the percentage for eligible loans outstanding used as the basis for the deduction was 1.2 percent.

For small business investment companies, deductions for additions to the reserves, using an industry average as the norm, were permitted during the first 10 years of a company's existence. Thereafter, additions to the reserves had to be based on its own experience.

For mutual savings banks, savings and loan associations, and cooperative banks, the deduction was based on a percentage of an adjusted taxable income figure before reduction by the bad debts deduction, provided it did not increase the reserve beyond 6 percent of qualifying loans. The percentage was to decrease from 60 to 40 over a 10-year period, in general, starting with 1970. For 1978, the percentage was 41; for 1979, the percentage was 40.

For banks and other financial institutions, corporate or government debts evidenced by certain bonds which became worthless during the year were chargeable as bad debts under Code section 582. For other corporations, such losses were subject to the special capital gain or loss provisions of the law. See the explanation for "Net Capital Gains" in this section.

Recoveries of bad debts previously deducted by corporations which used the reserve method were netted against the year's bad debts deduction. However, amounts of recovered bad debts reported by corporations which deducted actual bad debts were included in "Other Receipts."

See also "Additional Tax for Tax Preferences."

Book Net Income (or Deficit) (#)

This was the after-tax profits as reported in tax return schedules reconciling income per books of account with income per Internal Revenue Code (see Schedule M-1, "Reconciliation of income per books with income per return," on the Form 1120 return facsimile in section 6 of this report), or in the case of most insurance companies, from the annual statements filed with the return.

For the most part, tax law provisions agree with accepted accounting practices and recognize the application of general accounting principles to the conditions and practices of a particular trade or business. However, for certain kinds of income, deductions, or transactions, the law allowed or required special accounting that digressed from generally accepted accounting methods.

Three fundamental reasons account for most of the disparity between tax and book profits: (1) different methods of depreciation or amortization; (2) accounting differences in timing the receipt of income and the expensing of deductions, e.g., installment sales, income from construction contracts, prepaid income or anticipated future losses or expenses, income from foreign subsidiaries and expenses typically capitalized on the books but expensed on the tax return (e.g., intangible drilling costs), or vice versa; and (3) recognition of certain income and deductions for tax purposes only, e.g., the foreign dividend income resulting from foreign taxes deemed paid, or for book purposes only, e.g., interest on State and local Government obligations, lobbying expenses, and certain undistributed profits of foreign subsidiaries.

The data shown are subject to certain limitations. Although all corporations were required to provide data for a reconciliation of profits, some did not include them in their tax returns as originally filed, while others provided them in schedules of their own design from which total book net income could not always be determined. This last group included those consolidated returns in which book net

income was shown separately for each affiliated corporation, but the consolidated net income after reduction by intercompany transactions was not shown. (See "Consolidated Returns" in this section.) Also, net income for tax purposes is likely to be more uniformly determined than net income for book purposes because of the necessity to conform to provisions of the Internal Revenue Code, although complete uniformity is lacking because of the various elections, special treatments, and other provisions in the law.

In addition, book net income was calculated after taxes were deducted. The income tax liability reported on the tax return often differs from the book amount because of the several methods of accounting for taxes on the books. The statistics may be slightly overstated depending on how parent corporations accounted for the earnings of their nonconsolidated subsidiaries. Duplication resulted when the parent reported its equity in subsidiaries in its book net income and the subsidiaries then also reported their individual book net incomes on their own returns.

On an historical basis, both book income and net income are affected by changes in accounting practices by particular companies, in generally accepted accounting principles, and in tax law. Moreover, because more definitive measures of the differences between tax and book profits are not available, there is no way of knowing how much of the difference is permanent (because of different definitions) or only temporary (timing differences would be expected to "wash out" over a number of years).

Business Energy Investment Credit (#)

The Energy Act of 1978 created a new business energy investment credit. See the discussion of this credit under Changes in Law in section 2. Tables 1.18 and 2.14 provide data regarding this credit.

Business Receipts (#)

Business receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances.

Business receipts included rents reported as a principal business income by real estate operators and by certain types of manufacturing, public utility, and service corporations. The latter corporations included manufacturers that frequently rented products rather than sold them, such as automatic data processing equipment; lessors of public utility facilities, such as docks, warehouses, and pipelines; and companies engaged in rental services, such as the rental of automobiles or clothing.

Some corporations treated sales taxes and excise and related taxes which were included in the sales price of their products as part of their gross receipts from sales; others reported their receipts after adjustment for these taxes. When treated as receipts, sales taxes and excise and related taxes were deducted on the tax return as part of the cost of sales and operations or were included in the separately itemized deduction for taxes paid. In any case, the receipts as reported by the taxpayer were included in the statistics. See also "Cost of Sales and Operations" and "Taxes Paid."

In the finance, insurance, and real estate industries, business receipts included such banking items as fees, commissions, trust department earnings, exchange collections, discounts, and service charges, when identified in schedules attached to the return. Business receipts also included interest which could not be separately identified as such. (Interest, the principal operating income of banking and savings institutions, is shown separately in the statistics

under "Other Interest" and is, therefore, excluded from business receipts.) Special statistical treatment was required for the few banking institutions which reported the purchase and sale of Federal funds as part of cost of sales and operations and business receipts, respectively. For the statistics, the amount paid by the banking institutions for these funds was excluded from the "Cost of Sales and Operations" and a corresponding amount was excluded from business receipts.

Also in the finance, insurance, and real estate industries, premium income of most insurance companies was included in business receipts. However, certain mutual insurance companies with total receipts of less than \$500,000 were not required to report premium income. Therefore, total business receipts for insurance carriers are slightly understated.

Business receipts included amounts reported as gross receipts on returns of captive finance subsidiaries of certain large manufacturers.

Generally, in the finance, insurance, and real estate industries, income from investments, when identified in schedules attached to the return, was allocated to one of the specific types of investment income for which statistics are shown separately. Rent reported by real estate operators, however, was accepted as business receipts.

Business receipts reported by stock and commodity brokers, dealers, and exchanges, and by real estate subdividers, developers, and operative builders required special statistical treatment. For these operations, net profit or loss from the sale of stocks, commodities, or real estate, when identifiable, was allocated to the statistics for net gain or loss from sales or exchanges of noncapital assets. If the corporation reported both business receipts and cost of sales and operations without identifying the source, and the cost of sales and operations was 50 percent or more of the business receipts, the items were considered to include stock, commodity, or real estate transactions and only the net gain or loss was used for the statistics. Otherwise, business receipts for these companies were used as reported and included commissions and service fees.

Because of a processing error involving a few 1979 returns in the commodity contracts brokers and dealers; security and commodity exchanges; and allied services minor industry group, business receipts are overstated by \$823,041,348, because the adjustment described above was not performed. Net loss, noncapital assets, is overstated by \$806,479,256. Net gain, noncapital assets, is understated by \$16,562,092. While "Total receipts" and "Total deductions" are similarly misstated, "Total Receipts Less Total Deductions" is unchanged.

For Domestic International Sales Corporations (DISC's), business receipts included only "qualified" export receipts, i.e., the sum of (1) gross receipts from noncommission sales of export property, leasing or renting of export property, services related and subsidiary to a qualified export sale or lease, engineering and architectural services, and export management services, and (2) commissions earned by DISC's acting as commission agents for someone else (rather than the gross receipts on which the commissions were earned). In other words, "qualified" receipts were those which were considered to be export-related and as such were the only receipts included in the statistics for business receipts. Receipts not considered to be export-related (i.e., "nonqualified" receipts) were included in "Other Receipts."

In addition to the income types described above which were uniquely treated by law, by the tax return, or for the statistics, there were certain other kinds of income from sales and operations that are not reflected in business receipts. In general, this income was included as part of the much broader category, sales of property used in trade or business.

For additional information about this income, see "Net Capital Gains" and "Net Gain (or Loss), Non-capital Assets."

Capital Stock

This end-of-year balance sheet equity item included amounts shown for outstanding shares of both common and preferred stock.

Cash

This balance sheet asset item included the amount of actual money or instruments and claims which were usable and acceptable as money on hand at the end of the taxable year.

For Domestic International Sales Corporations (DISC's), this item was the sum of the following accounts shown separately on the tax return: working capital (i.e., cash and necessary temporary investments) and funds awaiting investment (i.e., cash in U.S. banks in excess of working capital needed to acquire other qualified assets).

Compensation of Officers

Salaries, wages, stock bonuses, bonds, and other forms of compensation were included in this deduction item if they were identified as having been paid to officers for personal services rendered. Understatement was possible to the extent compensation was reported as part of another deduction item (such as an overall employee compensation figure) and, if not clearly identified, was included in the statistics for "Cost of Sales and Operations" or "Other Deductions."

Consolidated Returns (#)

Consolidated returns were income tax returns which contained the combined financial data of two or more corporations meeting the following requirements: (1) a common parent corporation owned at least 80 percent of the voting power of all classes of stock and at least 80 percent of each class of nonvoting stock (except stock which was limited and preferred as to dividends) of at least one member of the group, and (2) these same proportions of stock of each other member of the group were owned within the group.

Corporations electing to file consolidated returns in one year had to file consolidated returns in subsequent years, with certain exceptions. The consolidated filing privilege could be granted to all affiliated domestic corporations connected through stock ownership with a common parent corporation except: (1) regulated investment companies; (2) real estate investment trusts; (3) corporations deriving a large percentage of their gross income from sources within a U.S. possession; (4) corporations designated tax-exempt under Code section 501; and (5) Domestic International Sales Corporations (DISC's). Affiliated insurance companies were allowed to file a consolidated return if they were taxable under the same provisions of the Code; however, noninsurance companies with which they also may have been affiliated could not be included in the same return.

A consolidated return, filed by the common parent company, was treated as a unit, each statistical classification being determined on the basis of the combined data of the affiliated group. Therefore, filing changes to or from a consolidated return basis affect year-to-year comparability of certain statistics (such as data classified by industry and size of total assets).

Constructive Taxable Income from Related Foreign Corporations

This represented the sum of (1) "Includable Income from Controlled Foreign Corporations" and (2) "Foreign Dividend Income Resulting from Foreign Taxes Deemed Paid."

Includable income from Controlled Foreign Corporations represented amounts, not actually received, which a domestic corporation owning at least 10 percent of a Controlled Foreign Corporation was required by Code section 951 to include in its gross income. For most purposes, the foreign corporation was considered controlled if more than 50 percent of its voting stock was controlled by U.S. persons, including domestic corporations, each of whom owned at least 10 percent of its voting stock.

The includable income consisted of:

- (1) subpart F income, defined below;
- (2) any previously excluded subpart F income which had been invested in qualified assets in "less developed countries," but which was now either withdrawn from these countries or remitted to the U.S. stockholders and was thereupon taxable; and
- (3) any increase in Controlled Foreign Corporation earnings due to investment in U.S. property.

Subpart F income, defined in Code section 952, included:

- (1) income attributable to premiums received by foreign insurance companies that were Controlled Foreign Corporations (here defined in terms of 25 percent voting stock ownership), 75 percent or more of whose insurance business was on U.S. risks; and
- (2) "foreign base company income," which included:
 - (a) "foreign personal holding company income" (income derived from portfolio investments or from "passive" investments);
 - (b) "foreign base company sales income" (generally from the sale of property produced in the United States or a foreign country by one corporation and sold by a related corporation, generally a trading company, organized in another country having a low rate of taxation, for use outside that country); and
 - (c) "foreign base company services income" (in general, income from services performed or furnished for a related person, which included corporations, outside the country of incorporation of the Controlled Foreign Corporation, but with certain exceptions).

Foreign base company income excluded income from qualified investments in less developed countries or from sales of U.S. exports as well as income derived from use of aircraft or vessels in foreign commerce and related services.

Foreign dividend income resulting from foreign taxes deemed paid related to certain foreign taxes on profits of companies which were 10 percent or more owned by domestic corporations. If dividends were distributed to a domestic corporation (from these foreign profits), the domestic corporation was required to increase (or "gross-up") such dividends by a proportionate amount of the foreign taxes deemed paid on the foreign profits for which the domestic corporation claimed a foreign tax credit. See also "Foreign Tax Credit."

The Tax Reform Act of 1976 provided that dividends from less developed country corporations (as formerly defined in Code section 955) be treated the same as dividends from other foreign corporations. Thus, the amount of the dividend was grossed-up by the amount of foreign taxes deemed paid on that dividend. The gross-up treatment for distributions of current income was generally effective for taxable years beginning after December 31, 1975. However, distributions made in taxable years beginning after December 31, 1975, and received by domestic corporations before January 1, 1978, were to be grossed-up

only to the extent that the distributions were made from earnings and profits of the foreign corporation accumulated in taxable years beginning after December 31, 1975. Prior to the 1976 Act, only those dividends received from "developed country" corporations were required to be grossed-up.

Analysis of returns of some of the larger corporations revealed instances where amounts reported as foreign dividend income resulting from foreign taxes deemed paid were actually dividends received from foreign corporations, and instances where amounts reported as dividends received from foreign corporations were actually the gross-up of foreign taxes deemed paid. (Both of these items were reportable on the dividends received schedule of the income tax return.) If these amounts were so identified on supporting schedules they were transferred to the correct item for the statistics.

In tables 1.17 and 2.13 foreign dividend income resulting from foreign taxes deemed paid and includable income from controlled foreign corporations are shown separately. In all other tables these two items are combined and shown under the statistics for constructive taxable income from related foreign corporations.

Contributions or Gifts (#)

Contributions or gifts to charitable, religious, educational, and similar organizations were deductible under Code sections 170, 809, and 882. In general, the deduction was limited to 5 percent of net income computed without regard to this deduction; certain additional adjustments were required in the case of life insurance companies. Amounts contributed in excess of this limitation during the 5 preceding years could be carried forward and included in the current-year's deduction as long as the sum of the current-year contributions and the amounts carried forward did not exceed the limitation based on current-year income. The excess was again carried forward until the 5-year carryover period expired. The amounts shown, therefore, include some contributions actually made in previous years, and exclude some contributions made in the current year which exceeded the current-year 5-percent limitation.

Cost of Property Used for Investment Credit

Amounts included under this heading are estimates for the total cost or basis of depreciable property (defined in Code section 48 and described under "Investment Credit" in this section) reported in connection with the computation of the investment credit. Only property with a useful life of 3 years or more was eligible for investment credit treatment.

Although corporations generally reported their investments at cost, most corporations claiming the investment credit for leased property used the fair market value instead.

The statistics include amounts reported but not used for the computation of the investment credit. A limitation, for instance, was placed on the amount of used property which could be taken into account in the computation of the credit. (See "Investment Credit.") Also included were amounts which were ultimately used in the computation of the credit by end-of-the-year stockholders of Small Business Corporations electing to be taxed through those stockholders.

Cost of Sales and Operations

Cost of sales and operations generally consisted of the direct costs incurred by the corporation in producing goods or providing services. Included were costs of materials used in manufacturing; costs of

goods purchased for resale; direct labor; and certain overhead expenses, such as rent, utilities, supplies, maintenance, and repairs.

Corporations with manufacturing or production operations were required to compute taxable income in accordance with the "full absorption" method of inventory costing as prescribed by the income tax regulations. In general, under full absorption costing, certain indirect production costs as well as direct production costs were allocated to goods produced during the taxable year, whether included as costs of the taxable year or as inventory at the close of the year determined in accordance with the corporation's method of identifying goods in inventory. In determining inventory costs, indirect production costs were: (1) always included, such as for repairs, indirect labor, and indirect materials and supplies; (2) not required to be included, such as for marketing expenses, selling or other distribution expenses, and interest; or (3) included or excluded from the cost of sales and operations dependent upon how such costs were treated in the corporation's books of account. These costs included insurance costs, taxes paid, and depletion expenses. Thus, the statistics also include certain indirect production costs reported by corporations as a cost of sales.

Corporations not using the full absorption method before September 19, 1973, had to change to that method. Corporations which made the election during the first 180 days of any taxable year beginning after September 18, 1973, and before November 29, 1975, could prorate any inventoriable costing adjustments over a period designated by the corporation at the time of the election, starting with the year of the transition. The transition period could not exceed the lesser of 10 taxable years or the number of years for which the prior inventory costing method was used. Corporations which switched after the transition period were not eligible to use the transitional rules. These inventory costing adjustments were included in the statistics for the income or deduction items in which they were reported by the corporation.

Included in cost of sales were costs incurred by Domestic International Sales Corporations (DISC's) for warehousing (which could include rental warehouse facilities, labor, heat and power) of export-related articles.

Sales taxes and excise and related taxes may have been reported in cost of goods sold schedules when corporations treated these taxes as part of the sales price of products. When taxes were identified in cost of goods sold schedules, they were added to the statistics shown for the separate deduction for "Taxes Paid." Similarly, expenses for depreciation, depletion, amortization, rent of buildings or real estate, advertising, contributions to pension plans, and contributions to employee benefit programs, whether direct or indirect costs in the case of corporations with manufacturing or production operations, were transferred to their respective deduction categories when identified in cost of goods sold schedules.

The income or loss from sales of securities, commodities, or real estate by stock and commodity brokers, dealers, and exchanges, and by real estate subdividers, developers, and operative builders was transferred from business receipts, and the net profit or loss from these transactions included in net gain or loss from sales or exchanges of noncapital assets. Special statistical treatment was also required for the few banking institutions which traded certain securities "on their own account" and which reported the purchase and sale of the securities as part of cost of sales and operations and business receipts, respectively. For the statistics, the amount paid for these securities was excluded from cost of sales

and operations and a corresponding amount was excluded from business receipts. Therefore, the cost of such sales was excluded from the statistics. (See also "Business Receipts.")

Cost of Treasury Stock

This item was the total value of issued common or preferred stock which had been reacquired and was held at the end of the accounting year by the issuing corporations. The stock, which was available again for resale or cancellation, may have been purchased by the corporation or acquired through donation or as settlement of a debt. Treasury stock was not a part of capital stock outstanding and did not include unissued capital stock.

The amounts shown may be somewhat understated. Treasury stock intended for resale may have been reported as an asset on some tax returns and, if not clearly identified as for resale, would have been included in the statistics for "Other Investments." When identified, though, such stock was transferred to the statistics for "Cost of Treasury Stock."

Credit for Tax on Special Fuels, Nonhighway Gasoline and Lubricating Oil

Section 39 of the Code allowed a credit in full or in stated amounts for excise taxes on:

- (1) gasoline used on farms for farming purposes,
- (2) gasoline used for nonhighway purposes or by local transit systems,
- (3) lubricating oil used for nonhighway purposes, and
- (4) noncommercial aviation fuels used for nontaxable purposes or fuels which were resold during the taxable year.

These taxes could be applied as a credit against income tax liability as an alternative to having the taxes refunded directly. These items also included amounts refunded through Domestic International Sales Corporations (DISC's) although these corporations were nontaxable.

Credit for Tax Paid by Regulated Investment Companies

Regulated investment companies were required to pay a tax (at capital gains rates) on amounts of undistributed net long-term capital gain less net short-term capital loss. Stockholder corporations, for their part, were required to include in the computation of their long-term capital gains any such gains designated by the parent as undistributed dividends. The stockholder corporations were then deemed to have paid the tax on the undistributed long-term capital gain dividends and were allowed a credit (or a refund) for the tax they were deemed to have paid. It is this credit which comprises this item.

Depletable Assets

Depletable assets represented, in general, the gross end-of-year value of mineral property, oil and gas wells, other natural deposits, standing timber, intangible development and drilling costs capitalized, and leases and leaseholds, each subject to depletion. Accumulated depletion represented the cumulative adjustment to these assets shown on the corporation's books of account. In some instances, depletable assets may have been included with "Depreciable Assets," or may have been reported as land or as "other investments" by the taxpayer, and could not be identified for this report.

The value of depletable assets and accumulated depletion may not be closely related to the current-year depletion deduction. The depletable assets and accumulated depletion balance sheet accounts reflected book values; the depletion reflected the amount claimed for tax purposes.

Depletion (#)

This deduction was allowed for the exhaustion of natural deposits and timber. For standing timber, depletion was computed on the basis of cost. In the case of natural deposits, the depletion could be computed either on the basis of cost or upon a fixed percentage of the gross income, less rents and royalties, from the depletable property. Generally, for gas and oil wells the gross income was the actual sales price, or representative market or field price if the gas or oil was later converted or manufactured prior to sale. For other natural deposits, gross income was the gross income from mining, defined to include extractive and certain treatment processes. Also included as gross income were exploration expenditures, previously deducted, that were required under provisions of Code section 617 to be recaptured when the mine reached the production stage.

Under elective provisions of the Code, exploration and development expenditures connected with certain domestic natural deposits (except gas and oil) could be deducted currently, treated as deferred expenses, or capitalized. The write-offs of amounts deferred or capitalized were not included as part of depletion.

Percentage depletion, though based on percentages of gross income from depletable property, was limited. Generally, it could not exceed 50 percent of the net income from the property computed without the depletion deduction. Percentage rates of gross income for each type of natural deposit were listed in Code section 613 and ranged from 5 to 22 percent.

The 22 percent depletion rate for oil and gas wells applied only to domestic crude oil and domestic natural gas. Specifically covered were: (1) regulated natural gas, (2) natural gas sold under a fixed contract, (3) any geothermal steam deposit in the United States or a U.S. possession which was determined to be a gas well according to Code section 613, and (4) small (independent) producers and royalty owners. The depletion rate applicable under the first three exceptions was 22 percent of gross income from the property, less rents and royalties paid, limited to 50 percent of the net income from the property before the depletion deduction. The limitation in the case of small (independent) producers and royalty owners was 65 percent of net income from all sources. If the 65 percent limitation caused an amount to be disallowed for a taxable year, the disallowed portion could be carried over to the next year for inclusion in the depletion deduction, provided it was within the limitation for that year.

Crude oil refiners and retailers that processed daily more than 50,000 barrels of crude oil and certain retailers of oil, natural gas or any of their derivative products were specifically denied the use of the percentage depletion allowance. Retailers were defined for this purpose as those that sold such products through retail outlets they operated, or to any person who was obligated to sell under the taxpayer's trademark or permitted to operate one of the retailer's outlets. The Tax Reform Act of 1976 made several changes in the definition of retailers by excluding the following types of retail sales for which percentage depletion was otherwise denied: (1) direct bulk sales of oil or natural gas to industrial or commercial users, (2) sales of oil, natural gas or any of their derivative products when gross receipts for a taxable year were less than \$5 million, and (3) sales by retail outlets of oil, natural gas or any of

their derivative products, made outside the United States, if none of corporation's domestic production was exported during the taxable year or the immediately preceding taxable year.

For 1978, the depletion rate for oil and gas covered under the small (independent) producer and royalty owners exemption provisions was 22 percent of the maximum daily average of 1,400 barrels. In 1979, the maximum daily average was reduced to 1,200 barrels. For 1980 and later years the maximum daily average was lowered to 1,000 barrels. The depletion rate was to be reduced for 1981 and subsequent years.

The amounts shown in the statistics include any identifiable depletion reported as part of the cost of sales and operations.

See also "Additional Tax for Tax Preferences."

Depreciable Assets

Depreciable assets, reported on the corporation's end-of-year balance sheet, consisted of tangible property (such as buildings and equipment) which was used in the trade or business or held for the production of income and which had a useful life of 1 year or more. The statistics for this item could include fully depreciated assets still in use and partially completed assets for which no deduction was allowed, when the corporation reported them as depreciable in its balance sheet. The statistics for depreciable assets exclude those intangible assets which were depreciable or amortizable only for tax purposes. Such assets, patents and copyrights for example, were includable in "Intangible Assets." The amounts shown as accumulated depreciation represent the portion of the assets that were written off in the current year, as well as in prior years.

The amounts shown for depreciable assets are, in general, the gross amounts before adjustments for depreciation or amortization charged in current and prior years. Some corporations, however, reported only the net amount of depreciable assets after adjusting for these depreciation or amortization charges. Among the corporations reporting only a net amount of depreciable assets were many insurance carriers reporting balance sheet information in the format required by State insurance regulations. This format usually provided for the reporting of only net depreciable assets and only the home and branch office buildings and equipment were included. Other real estate holdings of these corporations were reported as "other investments."

The value of depreciable assets and accumulated depreciation may not be closely related to the current-year depreciation deduction. The depreciable assets and accumulated depreciation balance sheet accounts reflected book values; the depreciation deduction reflected the amount claimed for tax purposes.

Depreciation (#)

Depreciation deducted as a reasonable allowance for the exhaustion, wear and tear, and obsolescence of business property was allowable under Code section 167. A deduction for depreciation was not allowable on inventories, or land apart from the physical improvements or developments added to it.

Several methods of computation could have been used in determining the deduction for the year. A common method was straight-line, whereby an equal amount of depreciation is deducted (after salvage value is taken) in each year of the useful life of the asset. The declining balance and the sum-of-the-years-digits methods, whereby a larger portion of the asset's cost is written off during the earlier years of its life than during its later years, were also commonly used. Accelerated methods of depreciation were restricted for public utilities and certain kinds of real property.

A corporation operating a railroad and using the retirement-replacement method was allowed a current depreciation deduction for the replacement of an existing railroad cross-tie regardless of the quality or kind of material used.

Property lives could be based either on the corporation's own experience, asset-by-asset, or on the Class Life Asset Depreciation Range (CLADR) system which provided for generally shorter than average lives. For a detailed description of the CLADR system, see Statistics of Income-1976, Corporation Income Tax Returns.

Amounts shown as depreciation include any identifiable depreciation reported in schedules in support of the cost of sales and operations. Also included as depreciation were amounts deducted on leasehold improvements, patents, and copyrights, small amounts of additional first-year depreciation allowed under Code section 179, and amounts deducted for prepublication expenditures by corporations in the printing and publishing industries.

To comply with the definition of depreciation under the Internal Revenue Code, so-called amortization on station connections in the communications industry and of capitalized film production costs in the motion picture industry reported elsewhere in the return were also included in the statistics.

See also "Additional Tax for Tax Preferences."

Distributions to Stockholders

Distributions to stockholders consisted of the corporation's own stock, and of cash and other property, generally reported as part of the analysis of unappropriated retained earnings. Liquidating dividends, when identified, were excluded.

In those instances where a corporation reported only a single total for distributions to stockholders and did not identify these distributions as cash or stock or other property, that total was treated as a distribution to stockholders in cash and property other than in the company's own stock.

Regulated investment companies and real estate investment trusts could treat certain dividends paid after the close of their taxable year as distributions during the current taxable year. In a similar manner, for Small Business Corporations electing to be taxed through stockholders, distributions of money made within 2-1/2 months after the close of the taxable year were considered to be distributions of the corporation's undistributed taxable income of the preceding taxable year. Otherwise, the statistics do not include amounts taxed to stockholders in the current year, but which would not actually be distributed to them until a future year. Conversely, the statistics do include amounts taxed through stockholders in previous years, but which were not actually distributed until the current year.

For Domestic International Sales Corporations (DISC's), only amounts actually distributed (i.e., distributions that were made to meet the DISC qualification requirement under Code section 992, including "deficiency distributions" made after the close of the taxable year to avoid disqualification as a DISC, or other actual distributions) were included in the statistics. Dividends which were not actually distributed, but rather deemed distributed under section 995, were excluded.

Dividends Received from Domestic Corporations

Dividends received from domestic corporations represented most distributions from current as well as accumulated earnings and profits of companies incorporated in the United States. (For a discussion of other distributions of domestic corporations, see "Other Receipts" in this section.) For the most part,

dividends received from domestic corporations represented those recognized in computing the special deduction from net income for domestic intercorporate dividends received. (See also "Statutory Special Deductions.")

Certain domestic dividends, although not deductible, were nevertheless included in dividends received from domestic corporations. These were dividends received by regulated investment companies, real estate investment trusts, and Small Business Corporations electing to be taxed through stockholders. Dividends from Domestic International Sales Corporations (DISC's) were also included as domestic dividends received, but were not deductible. Certain other dividends, not deductible, were treated for the statistics as "Other Receipts."

For most of the domestic dividends received, the deductible portion was equal to 85 percent (about 60 percent for dividends received on certain preferred stock of public utilities). However, a 100-percent deduction was allowed for dividends received by members of a controlled group from other members of the same controlled group when a consolidated return was not used to report for the group as a whole. This deduction was allowed when the group did not elect to file a consolidated return and agreed instead to apportion a single surtax exemption among the group members in computing income tax.

Dividend distributions among member corporations electing to file a consolidated return were eliminated from the statistics as part of the consolidated reporting of tax accounts. For tax purposes, dividends reported on these returns represented amounts received from corporations that were outside the tax-defined affiliated group.

For a discussion of the dividends received from a DISC see "Domestic International Sales Corporation Returns."

Dividends Received from Foreign Corporations

These dividends were paid from current as well as accumulated earnings and profits of companies incorporated in foreign countries.

Dividends received from foreign corporations consisted of:

(1) dividends, subject to the 85-percent deduction, received by U.S. corporations from those foreign corporations at least 50 percent or more of whose gross income was "effectively connected" with business conducted in the United States;

(2) dividends, subject to the 100-percent deduction, received by U.S. corporations from wholly-owned foreign subsidiaries all of whose gross income was "effectively connected" with the conduct of a U.S. trade or business; and

(3) any other foreign dividends, not subject to a deduction, which included: certain gains from the sale, exchange, or redemption of Controlled Foreign Corporation stock and foreign dividends received by Small Business Corporations electing to be taxed through stockholders.

Excluded from the dividend statistics was the "gross-up" of foreign taxes deemed paid on the profits from which the dividends of foreign subsidiaries were distributed. This was done even though "foreign dividend income resulting from foreign taxes deemed paid" (gross-up) was considered by law to be part of the dividends received. Dividends only constructively received from foreign subsidiaries, reported on the tax returns as "includable income from Controlled Foreign Corporations," were also excluded. If these amounts were actually distributed at a later date, they were neither retaxed nor reported. For the statistics, both items were combined and shown under "Constructive Taxable Income from Related Foreign Corporations."

The foreign dividend statistics presented in this report are subject to certain limitations. Some corporations reported certain foreign dividends as "includable income from Controlled Foreign Corporations," while others did the reverse, since both were reported in the schedule for dividends received. Also, some corporations included as foreign dividends the gross-up of dividends by foreign taxes paid or deemed paid ("foreign dividend income resulting from foreign taxes deemed paid"), while others did the reverse. Where these variations in taxpayer reporting were identified, the amounts were transferred to the correct item for the statistics.

Domestic International Sales Corporation Returns (#)

Form 1120-DISC, Domestic International Sales Corporation Return, was filed by corporations which were established under the Revenue Act of 1971 in order to provide a system of tax deferral on profits derived from exports of U.S. goods and services.

The profits of DISC's were not taxed to the DISC's, but were instead taxed to the stockholders (mainly parent corporations) when distributed or deemed to be distributed to them. A stockholder of a DISC was treated as having received a distribution taxable as a dividend equal to the stockholder's pro rata share of the sum of: (1) the gross interest derived during the taxable year from producer's loans; (2) the gain recognized by the DISC during the taxable year on the sale or exchange of property, other than property which in the hands of the DISC is a qualified export asset, previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized; (3) the gain (other than the gain described in (2)) recognized by the DISC during the taxable year on the sale or exchange of property (other than property which in the hands of the DISC is stock in trade or other property described in Code section 1221(1)) previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized and would have been treated as ordinary income if the property had been sold or exchanged rather than transferred to the DISC; (4) 50 percent of the taxable income of the DISC for the year attributable to "military property" (i.e., property which is an arm, ammunition, or implement of war designated pursuant to the Military Security Act of 1954); (5) the taxable income for the taxable year attributable to "base period export gross receipts" (base period was 1972 through 1975); (6) the sum of: (a) one-half of the excess of the taxable income of the DISC for the taxable year, before reduction for any distributions during the year, over the sum of the amounts deemed distributed for the year under Code section 995; (b) an amount equal to (a) multiplied by the "international boycott factor;" and (c) any illegal bribe, kickback, or other payment paid by or for the DISC to a representative of a foreign government; and (7) the amount of foreign investment attributable to producer's loans of a DISC for the taxable year. For this purpose, taxable income was the DISC's net income minus statutory special deductions. See "Tax Deferred Income and Income Taxable to Stockholders."

The amount deemed distributed was fully taxable to the stockholders. Income taxation was deferred on the remainder of the DISC's taxable income which was not deemed distributed until one of the following events occurred: (1) the income was actually distributed to the DISC's stockholders; (2) a stockholder disposed of the DISC stock; (3) the DISC was liquidated; or (4) the election to be treated as a DISC was terminated or revoked.

Corporate stockholders receiving DISC dividends were not permitted the intercorporate dividends received deduction. The dividends received deduction was designed to prevent multiple taxation of corporate earnings; consequently, as a DISC itself was not subject to taxation the dividends received deduction was not applicable.

Dividends (deemed or actual) paid by a DISC were treated as dividends from a foreign corporation to the extent the dividends were attributable to certain export receipts of the DISC. Thus, all stockholders could claim a foreign tax credit for any foreign taxes imposed on a DISC dividend. Stockholders that were corporations could also claim an indirect credit for foreign taxes paid by a DISC.

To qualify as a DISC, a corporation must have been organized under the laws of any State or the District of Columbia, have only one class of stock, issued outstanding capital stock with a par or stated value of at least \$2,500, and satisfied the "gross receipts" and "gross assets" tests.

The gross receipts test required that at least 95 percent of the corporation's gross receipts consist of "qualified export receipts." Qualified export receipts were: gross receipts from the sale, exchange, or other disposition of "export property" (described below); gross receipts from the lease or rental of export property, which were used by the lessee of such property outside the United States; gross receipts from the sale, exchange, or other disposition of "qualified export assets" (other than export property); gross receipts from services which were related and subsidiary to any qualified sale, exchange, lease, rental, or other disposition of export property; dividends with respect to stock of a related foreign export corporation; interest on any obligation which was a qualified export asset; gross receipts from engineering or architectural services for construction projects located (or proposed for location) outside the United States; and gross receipts from the performance of managerial services in furtherance of the production of other qualified export receipts of a DISC.

The gross assets test required that at least 95 percent of the corporation's assets be "qualified export assets." In general, qualified export assets were inventories of "export property" (i.e., property which: (1) had been manufactured, produced, grown or extracted in the United States by other than a DISC; (2) was held primarily for sale or lease in the ordinary course of business for direct use, consumption, or disposition outside the United States; and (3) had at the time of sale or lease by the DISC not more than one-half of its fair market value attributable to imported articles); necessary operational equipment and supplies; trade receivables from export sales (including commissions receivable); producer's loans (i.e., loans of the DISC's profits to a U.S. export producer whether or not related to the DISC); working capital (i.e., cash and necessary temporary investments); investments in related foreign export corporations (including real property holding companies and associated foreign corporations); obligations issued, guaranteed, or insured by the Export-Import Bank or the Foreign Credit Insurance Association; and, obligations of the Private Export Funding Corporation.

A DISC which, for a taxable year, failed to satisfy the gross receipts test or the gross assets test, thereby failing to qualify as a DISC, could nevertheless satisfy these qualification requirements by making a "deficiency distribution" for such a year, whereby the DISC made a distribution to its stockholders after the close of the taxable year. The DISC, at this time, had to demonstrate that the failure to make these distributions prior to the close of the year was due to reasonable cause.

To qualify as a DISC, a new or previously existing corporation had to file an election requesting to be treated as a DISC. For the election to be valid, all stockholders of the corporation on the first day of the election year must have consented in writing. The election remained valid unless the corporation revoked it or failed to qualify as a DISC for 5 consecutive years.

A DISC usually acquired export property from its parent or an affiliated corporation ("related suppliers") and then sold the property abroad; however, it could act simply as a commission agent on export sales of related suppliers. The method used for allocating income between a DISC and its related suppliers was achieved through special intercompany pricing rules. This allocation of income was affected to the extent that the DISC itself incurred "export promotion expenses" (i.e., the ordinary and necessary expenses incurred to obtain qualified export receipts).

The types of corporate organizations not eligible to be treated as a DISC were: (1) tax-exempt corporations; (2) Personal Holding Companies; (3) banks and trust companies; (4) mutual and savings banks, domestic building and loan associations, and cooperative banks; (5) insurance companies; (6) regulated investment companies; and (7) Small Business Corporations electing to be taxed through their stockholders.

For any taxable year in which a corporation was a DISC or in which at any time it owned, directly or indirectly, stock in a DISC or a former DISC, the corporation was not allowed to take the Western Hemisphere Trade Corporation deduction.

For additional information regarding DISC's see Annual Reports, The Operation and Effect of the Domestic International Sales Corporation Legislation issued by the Department of the Treasury as required by the Revenue Act of 1971.

Employee Benefit Programs

Contributions made by employers to such plans as death benefit plans, health plans, accident and sickness plans, and other welfare plans were deductible under Code section 162. The statistics for this item include amounts identified in the cost of sales and operations schedules.

Estimated Tax Payments (#)

Estimated tax payments were quarterly installments required if a corporation's income tax (including tax from recomputing prior-year investment and work incentive (WIN) credits and additional tax for tax preferences) after foreign tax, investment, work incentive (WIN), possessions tax and jobs credits was reasonably expected to exceed the sum of the exemption from estimated tax under Code section 6154 and any payment credits such as for the Federal excise tax paid on special fuels, nonhighway gasoline, and lubricating oil. Estimated tax was the excess of the expected tax over the exemption. The statutory exemption from estimated tax was \$40.

Estimated tax payments shown in this report may be somewhat less than the legal maximum percentages of tax due because, under the provisions of Code section 6655, certain tolerances were allowed in the relationship of the installments payments to the tax (for example, a corporation was not required to pay an estimated tax greater than the amount of tax liability for the previous year provided that the corporation had a tax liability for the previous year). Besides the limitations based on law, payments shown in the statistics may be slightly understated because of taxpayer reporting variations and the inability to identify all of the amounts from the tax returns.

Separate statistics are presented for estimated tax payments, credit for overpayment of prior-year tax, quick refunds of estimated tax payments, and net payments after refunds.

Foreign Tax Credit (#)

Code section 901 allowed a credit against the U.S. income tax for income, war profits and excess profits taxes paid or accrued to foreign countries or U.S. possessions including Puerto Rico. Credit was also allowed against the U.S. tax under sections 902 and 960 for foreign taxes "deemed paid." Foreign taxes included amounts paid by partnerships that were allocated directly to the partners (including those that were corporations) for their use as a credit (or a deduction, as described below).

The credit could be claimed by domestic corporations, and also by foreign corporations engaged in trade or business in the United States for foreign taxes on income "effectively connected" with the U.S. business.

However, the credit was not allowed for Small Business Corporations electing to be taxed through stockholders even when these corporations were taxed on certain capital gain income. These corporations had to deduct from gross income any foreign taxes they paid and could not pass them on to their stockholders for their use as a foreign tax credit. The credit was not allowed either, for regulated investment companies which elected under Code section 853 to allow their stockholders to claim the credit for the foreign taxes paid by these companies. Since Domestic International Sales Corporations (DISC's) themselves were not taxable, foreign tax credit was not applicable; however, DISC stockholders could claim an indirect credit for foreign taxes paid by a DISC.

A corporation that claimed the foreign tax credit could not also claim a business deduction for foreign taxes paid. The U.S. income tax which could be reduced by the credit excluded the tax from recomputing prior-year investment credit, the tax from recomputing prior-year work incentive (WIN) credit, the additional tax for tax preferences (minimum tax), and the Personal Holding Company tax.

Under Code section 902, credit was allowed for foreign taxes deemed paid when a domestic corporation received a dividend from a foreign corporation in which it owned a 10-percent-or-more voting stock interest, for the taxes paid on the foreign corporation's profits out of which the dividends were paid. A portion of the taxes paid or accrued by the "first-tier" foreign corporation was deemed to have been paid by the domestic corporation. The taxes eligible for credit were determined based on the relationship between the foreign corporation's profits and the amount paid to the domestic corporation as dividends.

In addition, if the first-tier foreign corporation owned 10 percent or more of the voting stock of a "second-tier" foreign corporation from which it received a dividend, the first-tier foreign corporation was deemed to have paid a proportionate amount of the foreign taxes of the second-tier foreign corporation. In turn, the domestic corporation was deemed to have paid a portion of these same taxes. However, a foreign tax credit was not allowed unless the percentage of voting stock owned by the domestic corporation in the first-tier foreign corporation and the percentage of voting stock owned by the first-tier foreign corporation in the second-tier foreign corporation equalled at least 5 percent when multiplied together.

The second-tier foreign corporation was deemed to have paid a proportionate amount of the foreign taxes paid or accrued by a "third-tier" foreign corporation whenever it owned 10 percent or more of the voting

stock of a third-tier foreign corporation from which it received a dividend, and the product of the following equalled at least 5 percent: the percentage of voting stock owned by the domestic corporation in the first-tier foreign corporation, the percentage of voting stock owned by the first-tier foreign corporation in the second-tier foreign corporation, and the percentage of voting stock owned by the second-tier foreign corporation in the third-tier foreign corporation. In turn, the first-tier foreign corporation and the domestic corporation were deemed to have paid a portion of these same taxes.

Credit computed the same way as that described above under Code section 902 was also allowed for taxes deemed paid on distributions constructively received from Controlled Foreign Corporations under section 951. The credit was allowed for these distributions if the domestic corporation owned 10 percent or more of the voting stock of the first-tier Controlled Foreign Corporation.

Domestic corporations were allowed to claim a credit on foreign taxes deemed paid by a third-tier foreign corporation whose undistributed subpart F income was taxed to its stockholders.

In the case of taxes paid on "foreign mineral income," the foreign tax credit was reduced to the extent that (1) the foreign tax exceeded the U.S. income tax payable on such income and (2) the excess was due to the lower profits recognized for U.S. tax purposes because of the deduction for percentage depletion. (See "Depletion.")

A special reduction of the foreign taxes available for credit was prescribed for foreign taxes paid on "foreign oil and gas extraction income" (i.e., taxable income derived from sources without the United States and its possessions from the extraction of minerals from oil or gas wells, or the sale or exchange of assets used by the taxpayer in the trade or business of such extraction) and otherwise eligible for the credit. The foreign oil and gas extraction taxes which could be used to compute the credit could not exceed 100 percent of the regular tax rate which applied to that corporation. Foreign taxes in excess of these rates were lost to the taxpayer for foreign tax credit purposes. They also could not be claimed as a business deduction.

These special reductions were in addition to the general limitation on the credit. The Tax Reform Act of 1976 repealed the per-country limitation on the foreign tax credit and required corporations to compute the limitation using the overall method. This mandatory use of the overall method was generally effective for taxable years beginning after December 31, 1975, but a later effective date applied to income from U.S. possessions and certain mining companies. The separate limitation for certain interest income that was previously computed using the per-country method was required to be computed using the overall method.

Generally, five types of income from foreign sources were specified for purposes of computing the foreign tax credit. For taxes paid in connection with certain interest income, the credit was computed separately. Also, for dividends received from DISC's that were attributed to certain export receipts (and were thereby regarded as foreign dividends), the foreign tax credit limitation was computed separately with respect to aggregate dividends received from all DISC's, and then to other foreign source income. Additionally, corporations had to compute their foreign tax credit separately for foreign oil-related income, which included foreign oil and gas extraction income. Further, foreign oil-related losses were to be "recaptured" by treating future foreign oil-related income (to the extent of such losses) as U.S. source income, and by correspondingly reducing foreign taxes available for credit. Also, corporations had to

compute their foreign tax credit separately for possessions income. Finally, all other sources of income were treated, in the aggregate, separately.

Foreign taxes in excess of the limitation for any one year could be carried back, chronologically, to the 2 preceding years and then carried over to the 5 succeeding years to reduce income tax, subject to the foreign tax credit limitation of the years to which they were carried. (Excess taxes carried back or carried over were applied against the amount by which a limitation exceeded the creditable foreign taxes in a given year.)

Income Subject to Tax

The 1954 Code provided different tax bases upon which tax was levied for different types of corporations. These were the "taxable income" base defined by Code section 63, used by the majority of corporations, and to which the normal tax and surtax rates applied; a variation of this base in combination with long-term capital gain when the lower capital gains rate was applicable; the special capital gains tax base of Small Business Corporations electing to be taxed through their stockholders; the several tax bases applicable to insurance companies; and the amounts taxable to regulated investment companies and real estate investment trusts. All of these tax bases are under the heading, Income Subject to Tax. However, small amounts of regulated investment company undistributed long-term capital gains (described below) were excluded. Since Domestic International Sales Corporations (DISC's) themselves were not taxable, income subject to tax for these corporations was not applicable (see "Domestic International Sales Corporation Returns").

For most corporations, income subject to tax consisted of net income minus certain "statutory special deductions" (described in this report under a separate heading). However, there were certain exceptions. In some cases, the statutory special deductions for dividends received and for dividends paid on certain preferred stock of public utilities exceeded net income. For these returns, income subject to tax was reduced to zero and the excess of the two special deductions became the statutory loss for the year, available for net operating loss deduction purposes over the prescribed carryback and carryover periods.

Also, the tax bases applicable to Small Business Corporations electing to be taxed through their stockholders, life insurance companies, regulated investment companies, and real estate investment trusts were not defined as net income less statutory special deductions.

Depending on which resulted in the lowest tax, the tax base for Small Business Corporations electing to be taxed through their stockholders was: (1) net income; (2) net long-term capital gain in excess of \$25,000, when net long-term capital gain was more than 50 percent of a net income that was over \$25,000; or (3) the amount attributed to gain from the disposition of property using a "substituted basis" (i.e., the basis that was transferred from another corporation which was not a Small Business Corporation electing to be taxed through its stockholders). No net operating loss or "special deductions" were available.

For the life insurance company statistics, net income was derived from gain or loss from operations to which statutory special deductions were added back; income subject to tax was the smaller of gain from operations (which included statutory special deductions) or taxable investment income. To this amount the following were added: (1) when taxable investment income was smaller than gain from operations, 50 percent of the difference between these two amounts, and (2) amounts subtracted from the policyholders'

surplus account (which contained income nontaxable in the year earned, but taxable later on when withdrawn from this reserve account, even if the company had no current-year net income).

In addition, the life insurance company provisions applied to life insurance departments of mutual savings banks, where the departments were separately taxed from the remainder of the banks. However, data for the banking and life insurance departments were combined in the statistics.

In the case of regulated investment companies and real estate investment trusts, any net long-term capital gain (reduced by net short-term capital loss) which was not distributed to stockholders was taxed to the companies at the capital gains rate, even though the alternative tax method was not allowed. The balance of undistributed income was taxed at the normal tax and surtax rates. Undistributed net long-term capital gain taxed at the capital gains rate was not available from the income tax computation schedule of the return form and no attempt was made to obtain it from attached schedules for the statistics.

See also "Income Tax."

Income Tax (§)

Income tax was the gross amount of income tax liability before deducting the foreign tax, U.S. possessions tax, investment, work incentive (WIN) and new jobs credits. (This item did not apply to DISC's, which are taxable through their stockholders; see "Domestic International Sales Corporation Returns" in this section.)

The Revenue Act of 1978 changed the corporate tax rate structure. See the discussion under Changes in Law in section 2.

For corporations with net long-term capital gain, an alternative method of tax computation was required if using the alternative method resulted in a lower tax liability than the regular method. For these corporations the excess of net long-term capital gain over net short-term capital loss was taxed at the capital gains rate while the balance of income was taxed at the regular tax rate. This method of computing income tax was not available to regulated investment companies and real estate investment trusts. The alternative capital gains rate was 28 percent. (See "Net Capital Gains" in this section.)

In addition to the normal and alternative taxes, the statistics for income tax also include:

- (1) an additional tax for tax preferences ("minimum tax") (described under a separate heading);
- (2) the tax from recomputing a prior-year investment credit (described under a separate heading);
- (3) the tax from recomputing a prior-year work incentive (WIN) credit (described under a separate heading);
- (4) the 28-percent tax on certain long-term capital gains of Small Business Corporations electing to be taxed through their stockholders; and
- (5) the 28-percent tax on undistributed net long-term capital gain (reduced by net short-term capital loss), and the normal tax and surtax on the balance of undistributed income of regulated investment companies and real estate investment trusts.

Income tax shown in this report for returns without net income was attributable to the small number of returns showing:

- (1) income tax under special provisions of the Internal Revenue Code applicable to life insurance businesses;
- (2) tax from recomputing a prior-year investment credit;
- (3) tax from recomputing a prior-year work incentive (WIN) credit; and
- (4) additional tax for tax preferences ("minimum tax").

Statistics for income tax do not reflect the Personal Holding Company tax, nor do they reflect any adjustments to the tax liability such as those resulting from:

- (1) recomputation of the current year taxable income to reflect the carryback of net operating losses and certain capital losses for future years;
- (2) reduction of income tax by foreign tax, investment, U.S. possessions tax, work incentive (WIN) and jobs credits recomputed to take account of the carryback of unused investment and WIN credits and of unused foreign taxes, of certain future years;
- (3) audit examinations and other enforcement activities; and
- (4) uncollectible taxes.

The statistics, therefore, differ somewhat from the actual income tax collections and the final income tax liability of corporations for the Tax Year. Publication 55, Annual Report of the Commissioner of Internal Revenue, contains income tax collection data on a fiscal year basis as opposed to the income year basis in SOI publications. Publication 55 is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC, 20402.

Intangible Assets

The total gross value (before the reduction by amounts of accumulated amortization) of contracts, copyrights, formulas, licenses, patents, registered trademarks, research or experimental expenditures and similar assets were included in this category only if amortization (or depreciation) was actually being taken. These assets could be amortized only if they had a definite life and value. Other intangible assets which were not amortizable were included in the statistics with "Other Assets."

Accumulated amortization represented the cumulative adjustment to these intangible assets as shown on the corporation's books of account. Amounts of accumulated depreciation shown as adjustments to intangible assets are included in the statistics with "Accumulated Amortization."

Interest on State and Local Government Obligations

The interest on obligations issued by States, municipalities and other local Governments, the District of Columbia, and U.S. possessions, including Puerto Rico, was exempt from the income tax. The amounts shown for this item are reduced by the amortizable bond premium.

For statistical presentation, this interest is shown as part of the income statement and is included in "Total Receipts." Most corporations reported this tax-exempt interest in the "Reconciliation of income per books with income per returns" (see Schedule M-1 on the Form 1120 tax return facsimile in section 6 of this report).

Interest on U.S. Government Obligations

This taxable interest, a component of total receipts, was received from obligations issued by the United States, its agencies, or its instrumentalities. The amounts shown for this item are reduced by the amortizable bond premium.

Interest Paid

These amounts include interest paid by corporations on business indebtedness including amounts paid on installment purchases if they were stated in the contract, as well as certain "unstated" amounts under Code section 483. For banking and savings institutions the amounts also included interest paid on deposits and withdrawable shares.

Inventories (#)

Based on amounts reported on the balance sheet, inventories included such items as raw materials, finished and partially finished goods (work in progress), merchandise on hand or in transit, and growing crops reported as assets by agricultural concerns. Inventories were generally valued at cost or at the lower of cost or market price. When valued at cost, inventories were generally identified by first-in, first-out (FIFO) or last-in, first-out (LIFO) methods.

Amounts reported by investment and holding companies (other than operating holding companies), security and commodity brokers, dealers and exchanges, and real estate developers and operative builders, were excluded from inventories and included in the statistics for "Other Current Assets." However, for consolidated returns which included these types of companies, amounts which could not specifically be identified on a company-by-company basis were accepted as reported and included in the statistics for inventories.

See also "Cost of Sales and Operations" and "LIFO Inventory Method under Code Section 472."

Investment Credit (#)

Investment credit was the reduction of income tax allowed corporations for investment in qualifying depreciable (or amortizable) property with a useful life of at least 3 years. Such property could not be disposed of or cease to be qualifying property prior to the end of the useful life used as the basis of the credit; otherwise, the credit already taken had to be repaid as an additional tax for the year in which the disposition or disqualification occurred. (See "Tax from Recomputing Prior-Year Investment Credit.")

The Tax Reduction Act of 1975 broadened the definition of property eligible for investment credit to include "qualified progress expenditures" (described below) and temporarily increased the investment credit (before limitations) from 7 percent of "investment qualified for credit" (4 percent in the case of public utility property) to 10 percent for all corporate taxpayers and to 11 percent for corporations that contributed 1 percent of their qualified investment to an "employee stock ownership plan" (ESOP). As described below, the credit could be as much as 11.5 percent of the qualified investment if it were derived in connection with an ESOP. The Revenue Act of 1978 made the 10-percent rate permanent.

The Energy Tax Act of 1978 created a new 10 percent business energy investment tax credit. See the discussion under Changes in Law in section 2.

Special rules required that the ESOP (also referred to as a TRASOP or Tax Reduction Act Stock Ownership Plan) be established in writing, designed to invest primarily in securities, and funded by transfers of the corporation's securities (cash could be transferred if it were used to purchase the corporation's securities). Further, the ESOP qualifying rules required the total amount transferred to be allocated to the participants' account, and the participants had to be able to direct the plan as to how the allocation should be voted.

The Tax Reform Act of 1976 extended the period of the temporary increase for 4 more years through 1980 (i.e., from January 22, 1975, through December 31, 1980, instead of through December 31, 1976) and permitted corporations that claimed the 1 percent ESOP credit still another additional credit. Under this provision, for taxable years that began after December 31, 1976, such corporations could claim up to a maximum of 0.5 percent additional credit if their employees matched the amount the corporation contri-

buted to a qualified ESOP. Thus, the investment credit for these corporations could be up to 11.5 percent. The additional 0.5 percent credit was not allowed for public utilities which were required to pass through benefits of the investment credit to their consumers in the form of lower rates, instead of using the credit to offset the cost of capital investment.

For property acquired and placed in service during the 1975-1976 period, the 10 (or 11) percent rate generally applied. The 10 (or 11) percent rate was also applicable to the extent of the cost (or other basis) incurred for property constructed, reconstructed, or erected during this period. However, for property ordered during this period, but not placed in service until 1981, and property acquired after December 31, 1980, the credit was to be figured at 7 percent (or 4 percent of public utility property).

While a corporation could only claim one-half the regular investment credit, i.e., 5 percent, for such transactions, this restriction did not deny a larger credit if the property qualified under other investment credit provisions. Thus, corporations that did not use qualified withdrawals to purchase, construct, or reconstruct qualified vessels could claim the full investment credit. However, if borrowed funds were used, any amount that was repaid with qualified withdrawals had to be recaptured as tax from recomputing prior-year investment credit. Moreover, the amount of indebtedness being liquidated with the qualified withdrawals and subject to recapture could not exceed one-half of the full investment credit taken on the purchase price of the qualified vessel.

The income tax available for investment credit did not include the tax from recomputing prior-year investment credit, the tax from recomputing prior-year work incentive (WIN) credit, the additional tax for tax preferences, the Personal Holding Company tax, and the special capital gains tax on Small Business Corporations electing to be taxed through their stockholders. (Since these corporations were not eligible to claim the investment credit, their investment was allocated among the stockholders who then claimed the credit.) In addition, the tax available for credit was after reduction by the foreign tax credit and the U.S. possessions tax credit, but before reduction by the work incentive (WIN) credit and the jobs credit. Under prior law, the investment credit could equal the income tax available for the credit, unless the available tax was in excess of \$25,000 plus 50 percent of the excess over \$25,000. The \$25,000 limitation was uniquely applied to members of controlled groups (as defined by Code section 1563) in that it was applied to the group as a whole and, thus, had to be apportioned among the component members of the group when separate tax returns were filed for each member.

The Revenue Act of 1978 provided that for taxable years ending after December 31, 1978, the 50-percent limitation be increased over a transitional period to 90 percent, to be phased in at 10 additional percentage points a year. Thus for taxable years ending in 1979 the percentage was 60 and for taxable years ending in 1980 the percentage was 70.

Under the Tax Reduction Act of 1975, for public utility companies that were adversely affected by increasing energy costs and whose total qualified investment was 75 percent or more "public utility property," the percentage limitation was increased from 50 percent to 100 percent. This increased limitation was to be reduced gradually to 50 percent over the 5-year period, 1977 through 1981, by 10 percent annual decrements. Thus, in 1978 the percentage limitation was to be 80 percent, and in 1979 the percentage limitation was to be 70 percent. However, the Revenue Act of 1978 permitted these

selected public utilities to apply whichever limitation entitled them to use the greater amount of investment credits—the alternative decreasing limitation under the 1975 Act or the general increasing limitation under the 1978 Act.

Tentative investment credit represented the earned credit before taking into account the statutory limitations based on the presence and size of income tax.

Certain limitations on the credit were applicable to special classes or kinds of corporations. Code section 46 limited the applicability of the credit for mutual savings banks, building and loan associations, and cooperative banks by reducing the qualified investment and \$25,000 tax liability limitation by 50 percent. In the case of regulated investment companies and real estate investment trusts, the qualified investment and \$25,000 tax liability limitation were reduced in the same proportion in which the organization's taxable income was reduced by dividends paid to stockholders. Similarly in the case of cooperatives, the qualified investment and \$25,000 tax liability limitation were reduced in the same proportion as that by which the organization's taxable income was reduced by patronage dividends and nonpatronage distributions. Section 48 reduced the tax and used property limitations for members of "controlled groups" so that the group as a whole was subject to the same dollar limitations as an individual corporation not part of a group. For this purpose, the controlled group was somewhat more broadly defined than it was for ordinary tax computation purposes.

Generally, the investment credit that could not be claimed due to the preceding limitations became the unused investment credit for the current taxable year and could be used to reduce the income tax liability in other years.

Other than for qualified progress expenditures (described below), credit was allowed for the first year that the property was placed in service. Property qualifying for the credit was defined as tangible personal property, tangible real property (except buildings and their structural components), elevators and escalators, and single-purpose agricultural and horticultural structures.

"Tangible personal property" comprised all property which was contained in or attached to a building, such as machinery or equipment. Certain types of property, even though physically located outside a building or accessory to a building, were also considered to be tangible personal property. Tangible personal property also included livestock other than horses, and certain motion picture and television film.

"Tangible real property" was property used as an integral part of manufacturing, production, or extraction; or, used in furnishing transportation, communication, electrical energy, gas, water or sewage disposal services; or, used as a research or bulk storage facility in connection with any of these activities.

"Single-purpose agricultural structures" were structures used to house particular types of livestock (including poultry) and the equipment necessary to raise and feed that livestock. "Single-purpose horticultural structures" were greenhouses used for the commercial production of plants.

Corporations could elect to claim advance credits for taxable years before qualified property was placed in service under the progress payment rules enacted under the Tax Reduction Act of 1975. The election was for "qualified progress expenditures," defined as investment in property with a normal construction period of at least 2 years and an expected useful life of at least 7 years, for which construction was not yet completed.

Effective with payments made after January 21, 1975, the qualified progress expenditures provision

was to be phased in over a 5-year period, i.e., taxable years which ended in 1975 through 1979. During this 5-year phase-in period, the percent of qualified progress expenditures included in investment qualified for credit was gradually increased 20 percent each year. Thus, 80 percent of the 1978 expenditures would be included for 1978; and finally, 100 percent of the 1979 expenditures would be included for 1979. In addition, the expenditures not included in investment qualified for credit for a given year, based on these percentage limitations, were nevertheless included in subsequent years through 1979. Increments of 20 percent of the expenditures would be included in investment qualified for credit for each subsequent year.

For the taxable year in which progress expenditure property was placed in service, investment qualified for credit was the full cost or basis of the property reduced by that portion of qualified progress expenditures on which credits were previously taken.

"Public utility property," which was generally eligible for the credit, was property used predominantly in the business of selling or furnishing: (1) electrical energy, water, or sewage disposal services; (2) gas through local distribution systems; (3) telephone services, and telegraph services by means of domestic telegraph operations; and (4) other communication services except international telegraph services. However, the rates for any of these services had to be established or approved by certain types of government regulatory bodies. When acquired by nonregulated companies, the type of communication property (or property used for communication purposes) normally used by regulated utilities was also included in public utility property subject to the credit.

Investment credit could not be claimed for "short-lived" property, and the eligibility of used property was limited in that the total cost recognized could not exceed \$100,000. The \$100,000 limitation represented a temporary increase for taxable years beginning in 1976 (under the Tax Reduction Act of 1975). Under prior law, the limitation was \$50,000. The Revenue Act of 1978 made the \$100,000 limitation permanent.

Also ineligible for the investment credit was: (1) property used for lodging, except for coin-operated machines in apartment buildings, (2) property used predominantly outside the United States, except for commercial communication satellites, submarine telephone cable used exclusively in communication links between the United States and foreign countries, and drilling equipment used in international or territorial waters; (3) property used by certain tax-exempt organizations; (4) property used by governmental units, or international organizations; (5) property consisting of horses, or of other livestock if sold and replaced by substantially identical animals during a relatively short specified period of time; (6) pollution control facilities, railroad rolling stock, coal mine safety equipment, on-the-job training and child care facilities, and expenditures for the rehabilitation of low-income rental housing, for which the special 5-year amortization was elected in lieu of ordinary depreciation; and (7) certain foreign-produced property (especially defined) that was stated under executive order of the President.

Investment Credit Carryover

See "Investment Credit."

Investment Qualified for Credit

See "Investment Credit."

Investments in Government Obligations

This balance sheet asset item comprised (1) bonds or other obligations of a State or U.S. possession (including Puerto Rico), including obligations of political subdivisions and of the District of Columbia, and (2) U.S. obligations, including those of instrumentalities of the Federal Government. In those instances where a corporation reported only one total for investments in Government obligations and did not indicate whether the obligations represented those of the United States or of State and local Governments, the total was treated as investments in U.S. obligations.

Jobs Credit (#)

The Revenue Act of 1978 substantially changed the new jobs credit (which was created by the Tax Reduction and Simplification Act of 1977). See the discussion of this credit under Changes in Law in Section 2. In table 1.14 the amounts shown for jobs credit claimed exceed the amounts shown for jobs credit limitation. This occurred because some taxpayers claimed the jobs credit without filing Form 5884 and consequently did not calculate the limitation on the credit. These figures, as well as all other figures in this report, are based on pre-audit information and therefore do not reflect any changes in tax liability resulting from examination of returns after filing.

Land

Land, which was reported as a separate capital asset on the balance sheet, may be understated in this report because it could not always be identified. Some corporations may have included land as part of depreciable or depletable assets or included it in "other investments." Some corporations may have included land as part of depreciable assets; if so, the amount was statistically reclassified as land. If land had previously been certified as an emergency facility for the national defense, it could be amortized. If so, only the net land value (i.e., the value of land after the adjustment for amortization) was reported.

LIFO Inventory Method under Code Section 472

Table 1.15 includes statistics on corporations which elected to account for their inventories using the last-in, first-out (LIFO) method authorized under Code section 472. Corporations electing to do so were required to attach Form 970, Application to Use LIFO Inventory Method, to their return. The Form 970 or equivalent statement must have been attached to the return form and such application had to be for the year at the close of which the LIFO method was first used. Additionally, an analysis of the inventory to which the method applied to must have been furnished in detail. Once this inventory method was adopted, permission was required from the local District Director of Internal Revenue to change to another method.

LIFO could be adopted for tax purposes only if it was also used in accounting for inventories in the corporation's books and, in general, the election to use it applied to the entire inventory. (The LIFO method could be adopted only if inventories were valued at cost.) However, there were situations under which it could be used in combination with other methods.

One of these situations allowed corporations operating more than one distinctly different type of business to use different methods for each business.

Thus, LIFO could be elected separately for each business. Moreover, corporations could further elect to apply LIFO only to the raw materials in their manufacturing or processing operation. This election could apply to all or only part of the raw materials inventoried. In a consolidated return LIFO could be separately elected for each group member.

The taxpayer generally indicated the method of inventory valuation in answer to the question in the Cost of Goods Sold Schedule (Schedule A) on the return; sometimes this was indicated in schedules attached to the return. (See the facsimile of the return form in section 6.)

The use of LIFO was based on the proposition that the most recently purchased or produced items in inventory were those that were sold first and that income was most clearly reflected by relating current costs to sales. Thus, in a period of rising prices, older less costly items in inventory were deemed unsold at the end of the year so that the cost of closing inventory was reduced. In turn, the smaller closing inventory resulted in a larger deduction for cost of goods sold and, consequently, a lower taxable income.

Under LIFO, goods and materials remaining on hand at the close of the year were treated, first, as those included in opening inventory to the extent thereof, and, second, as those added during the year. Items treated as having been in opening inventory were valued in order of acquisition except for the first LIFO year, when they were valued at average cost. Additions to inventory during the year were valued, at the corporation's option, on the basis of the most recent purchases, at an average cost for the year, in the order in which they were acquired, or by any other method that reflected income most clearly.

LIFO could be applied to each item in inventory, or it could be applied to the dollar value of pools of items set up along product or business activity lines. In order to determine whether or not closing inventory of a pool had increased over opening inventory, the change in dollar value was first converted to cost at the beginning of the first LIFO year. An increase in value was converted to current-year cost for LIFO by applying to the base-year cost a ratio that related current-year cost to base-year cost. The result was added to the base-year cost and became the closing LIFO inventory. (Current-year cost was determined using the same optional rules described above to determine the cost of additions to inventory during a LIFO year.) A decrease in value was applied against the most recent prior-year additions to the pool (expressed in terms of base-year cost), working backward chronologically from the current year. Any of the additions that remained for these earlier years were reconverted to a LIFO basis by using the ratio that was in effect for each year. The result was added to the base-year cost and became the closing LIFO inventory.

In addition, corporations with retail trade operations could use LIFO in conjunction with the retail valuation method in establishing the value of their retail stock. But, when the retail method was used in combination with LIFO, an adjustment, similar in effect to that required for nonretail operations when "dollar value LIFO" was used, had to be made for changes in price level that occurred during the year. Thus, closing inventories valued at retail were first converted to the price level of opening inventory at the beginning of the first LIFO year by use of index numbers such as those issued by the Bureau of Labor Statistics. The current-year closing retail value was then compared with the value of the original inventory to determine if there had been an increase or a decrease during the current year. An increase was converted to current-year cost by taking account of markups and markdowns. A decrease was

applied against prior-year increases, adjusting each prior year for price level by reference to the appropriate index numbers for the year.

Loans from Stockholders

This balance sheet liability item was regarded as long-term in duration and may have included loans from affiliated corporations as well as from other stockholders.

Loans to Stockholders

This balance sheet asset item was regarded as long-term in duration and included loans to affiliated corporations as well as to other stockholders.

Members of Controlled Groups

Members of controlled groups were those corporations which were related to one another generally through 80 percent or more common stock ownership and which could file separate tax returns, under special provisions of the Code.

These provisions also effectively covered the filing prerequisites for most consolidated returns since the stock ownership requirement used to define an affiliated group eligible to file a consolidated return was similar to the controlled group ownership requirements. In computing income tax, Code section 1561 limited the surtax exemption to one per group, whether or not the group was included in a consolidated return. (See "Consolidated Returns.")

The controlled group provisions applied when (1) a common parent corporation had 80 percent or more control of one or more chains of subsidiaries (parent-subsidiary group), or when (2) five or fewer persons (individuals, estates, or trusts), individually or in combination, had 80 percent or more control of each of two or more corporations, but where the sum of each person's "identical" ownership in the group totaled more than 50 percent (brother-sister group). "Identical" ownership was considered to be the lowest common percent of ownership of an individual owner in each of the corporations comprising the group. Thus, if a person had ownership in each corporation in a given group and the smallest percent ownership was, for example, 5 percent of corporation A, that person's identical ownership in the entire group was considered to be 5 percent. Combination groups were possible when a person or persons controlled two or more corporations, one of which was the parent of one or more subsidiary corporations.

Two or more related life insurance companies were required to be treated as a controlled group separate from any other corporation to which they may have been related. Domestic International Sales Corporations (DISC's) were by their nature members of controlled groups. However, control was defined in terms of 50 percent stock ownership.

Control was based on the total combined voting power or total value of all classes of outstanding shares. Certain stock was disregarded altogether and special constructive stock ownership rules applied depending on the type of controlled group involved. Certain corporations were not considered as members of controlled groups. Included in this category were franchised corporations, tax-exempt organizations, foreign corporations with income not effectively connected with a U.S. trade or business, and corporations which were members of the controlled group for less than one-half the days in their taxable year that preceded December 31.

Mortgage and Real Estate Loans

Mortgage and real estate loans were, in general, the total amount which a corporation loaned on a long-term basis, accepting mortgages, deeds of trust, land contracts, or other liens on real estate as security.

Because the return form did not provide a separate place for reporting any reserve for uncollectible mortgage and real estate loan accounts, such reserves may have been included in the "Allowance for Bad Debts," shown in this report as an adjustment to "Notes and Accounts Receivable." If a separate reserve was indicated in supporting schedules, statistics for it were, therefore, added to the "Allowance for Bad Debts."

Mortgages, Notes, and Bonds Payable

These liabilities were separated on the balance sheet according to the length of time to maturity of the obligations. The length of time to maturity was based on the date of the balance sheet rather than on the date of issue of the obligations. Accordingly, long-term obligations, maturing within the coming year were included together with short-term obligations in the statistics for mortgages, notes, and bonds payable in less than one year.

Deposits and withdrawable shares may have been reported in mortgages, notes, and bonds payable by banks and savings institutions. When identified, such amounts were transferred to "Other Current Liabilities."

Net Capital Gains (Net long-term capital gain reduced by net short-term capital loss) (Net short-term capital gain reduced by net long-term capital loss) (#)

Net capital gains represented the excess of gains over losses from the sales or exchanges of capital assets subject to the limitations described below. Gains and losses were short-term if the asset was held for 9 months or less (12 months for taxable years beginning after December 31, 1977) or long-term if the asset was held for more than 9 months (12 months for taxable years beginning after December 31, 1977).

Net short-term gains (reduced by net long-term losses) were taxed as ordinary income. However, net long-term gains (reduced by net short-term losses) were taxed at a rate of 30 percent for taxable years ending before December 31, 1978. The Revenue Act of 1978 reduced the capital gains tax rate to 28 for taxable years ending after December 31, 1978. (See the discussion under Changes in Law in section 2.)

Excess net losses could be carried back as short-term losses to be applied against the net capital gains of the 3 preceding years; any losses remaining after carryback were carried over the 5 succeeding years. Use of the carryback for excess net losses was limited; it was not allowed to increase or cause a deductible "net operating loss" for prior years and was not allowed for foreign expropriation capital losses (although a special carryover period of 10 years for such losses was allowed instead) or for capital losses of Small Business Corporations electing to be taxed through their stockholders. If the unused capital loss carryover was not eliminated within the prescribed span of years, it could not be taken.

In general, "capital assets" for tax purposes meant property regarded or treated as an investment, such as stocks and bonds. Code section 1221 defined the capital assets (or transactions) to which special treatment applied as all property held by the corporation except:

(1) stock in trade, or property of a kind includable in inventories;

- (2) property held for sale to customers in the ordinary course of business;
- (3) notes and accounts receivable acquired in the ordinary course of business;
- (4) certain short-term Government obligations sold at a discount;
- (5) depreciable property used in the trade or business;
- (6) real property used in the trade or business; and
- (7) certain copyrights, literary, musical, or artistic compositions or similar properties.

Net gains from dispositions of some of the property types excluded from the definition of capital assets under Code section 1221 could receive capital gain treatment under special conditions set forth in other sections, while net gains from some of the property types included under the definition could be denied capital gain treatment under still other sections. The latter are referred to under the heading, "Net Gain (or Loss), Noncapital Assets."

Property used in trade or business, excluded from the tax definition of capital assets, received special treatment under Code section 1231. Gains and losses from sales or other dispositions of this property had to be aggregated first. If the overall result was a net gain, it was included in the computation of net long-term capital gain or loss. If the overall result was a net loss, it was included in the computation of net gain or loss from sales of property other than capital assets. Thus, a net gain under section 1231 could receive the more beneficial treatment of a long-term capital gain taxable at the alternative tax rate, while a net loss under section 1231 could receive the more beneficial treatment as an ordinary loss fully deductible against all types of income and not just against capital gain income.

The types of property (or transactions) to which Code section 1231 applied were:

- (1) real and depreciable property used in the trade or business, held for more than 9 months (12 months for taxable years beginning after December 31, 1977), and not includable in inventory or not held for sale in the ordinary course of business;
- (2) timber cut by the taxpayer during the year, if owned, or held under contract to cut, for more than 9 months (12 months for taxable years beginning after December 31, 1977) and if an election was made under Code section 631 to treat the cutting as a sale or exchange of property used in trade or business (the holding period was measured up to the time of cutting);
- (3) domestic iron ore, timber, or coal, held for more than 9 months (12 months for taxable years beginning after December 31, 1977), if disposed of under a royalty contract whereby the owner retained an economic interest in the property, so that under Code section 631, the net gain or loss on the royalty income was treated as a net gain or loss on a sale or exchange of property used in trade or business;
- (4) unharvested crops disposed of with the land on which they were growing and used in the business of farming if the land was held for more than 9 months (12 months for taxable years beginning after December 31, 1977); and
- (5) livestock (including fur-bearing animals such as chinchillas, minks, and foxes), except poultry, held for drafting, breeding, dairying, or sporting purposes, and, except for cattle and horses, acquired after 1969, held for 12 months or more. The holding period for cattle and horses acquired after 1969 was 24 months or more.

The amounts of gain eligible for capital gains treatment under Code section 1231 was reduced in the case of certain real and depreciable property by sections 1245, 1250, 1251, 1252, and 1254, and in the case of certain mining property, by section 617.

Code section 1245 provided that eligible gain for most depreciable property, except certain kinds of real property, be based on the amount of depreciation allowed on it prior to 1962. Section 1250 provided that eligible gain for certain depreciable realty be based on a percentage of the excess of accelerated depreciation over straight-line depreciation allowed prior to 1963 and on the length of time the property was held. However, with certain exceptions for sales of housing, no gain based on excess depreciation taken after 1969 was eligible for capital gains treatment.

Section 1251 further limited the eligible gain for certain types of real or depreciable property to the amount in excess of farm net losses accumulated after 1969 or, in the case of farmland, to an amount in excess of certain agricultural deductions accumulated during the most recent 5-year period. Section 1252 went further, by then limiting the gain treatment of farmland depending on the length of time the property was held. Section 1254 limited the gain treatment on sales of residential real property and on the disposal or sale of productive oil and gas wells.

Section 617 limited eligible gain on certain mining property to an amount in excess of the sum of current- and recent-prior year deductions for exploration and development expenditures.

None of these Code provisions had any effect on the treatment under Code section 1231 of losses resulting from the disposition of such property. For a description of the property to which sections 1245, 1250, 1251, 1252, 1254, and 617 applied, see the explanation of "Net Gain (or Loss), Noncapital Assets."

Net gains and certain net losses under Code section 1231 also resulted from "involuntary conversions," not only of the property types or transactions otherwise covered by section 1231, but also of the capital assets defined in section 1221, if they were held for more than 6 months. Gain or loss from involuntary conversions such as by condemnation were included in the regular consolidation of section 1231 gains and losses previously described. However, a separate netting of gains and losses was required for involuntary conversions by theft, or from fire, storm, shipwreck or other casualty, whether insured or uninsured. If the result was a net loss, it was treated as a fully deductible loss (without regard to other section 1231 transactions) and was excluded from the capital gain statistics. If, on the other hand, the result was a net gain, then it was consolidated with other gains and losses under section 1231. See the discussions of "Net Gain (or Loss), Noncapital Assets" and "Other Deductions."

See also, "Additional Tax for Tax Preferences."

Net Gain (or Loss), Noncapital Assets (#)

In general, "noncapital assets" related to property of a business nature. The computation of net gain or loss, noncapital assets, resulted mostly from the sale or exchange of: (1) certain depreciable, depletable, and real property (described below); (2) notes and accounts receivable acquired in the ordinary course of business for services rendered or from the sale of property includable in inventory, or ordinarily held for sale; (3) certain copyrights, literary, musical, or artistic compositions or similar properties; (4) securities by dealers; (5) securities, including Government obligations, and other evidence of indebtedness, such as convertible debentures, by banking, savings, and certain other financial institutions; (6) certain patents, inventions or designs, secret formulas or processes, and similar property rights by domestic corporations to their more-than-50-percent owned foreign subsidiaries; and (7) qualified export assets by Domestic International Sales Corporations (DISC's). Also included in the computation were amounts resulting from certain

"involuntary conversions" including net losses from casualty and theft, and amounts resulting from certain sales, exchanges, or redemptions of Controlled Foreign Corporation stock (see "Dividends Received from Foreign Corporations").

With respect to the statistics for net gain or loss, noncapital assets, an assumption was made in the case of sales of stocks and commodities by stock and commodity dealers; and sales of real estate by real estate subdividers, developers, and operative builders. If these transactions were included in gross receipts and cost of goods sold on the tax return, instead of in net gain or loss from noncapital assets, the resulting profit or loss from the transactions (representing the difference between the receipts and the cost of sales) was transferred to the statistics for net gain or loss, noncapital assets, but only if the cost of sales was 50 percent or more of the receipts (if less than 50 percent, the receipts were regarded as commission income). The tax return data for receipts and cost of sales were accordingly adjusted for the statistics.

Because of a processing error involving a few 1979 returns in the commodity contracts brokers and dealers; security and commodity exchanges; and allied services minor industry group, business receipts are overstated by \$823,041,348, because the adjustment described above was not performed. Net loss, noncapital assets, is overstated by \$806,479,256. Net gain, noncapital assets, is understated by \$16,562,092. While "Total receipts" and "Total deductions" are similarly misstated, "Total Receipts less Total Deductions" is unchanged.

As explained under the definition of "Net Capital Gains," a net gain from dispositions of (or certain transactions involving) specified types of business assets that were considered noncapital assets based on Code section 1221 could receive capital gains treatment under section 1231. Gains and losses from these dispositions or transactions first had to be aggregated. If the overall result was a net gain, it was included in the computation of net long-term capital gain, but if the overall result was a net loss, it was included in the computation of net gain or loss, noncapital assets. The special treatment in this computation of gains and losses resulting from involuntary conversions, due mostly to casualty and theft, is described under "Net Capital Gains." Form 4797, Supplemental Schedule of Gains and Losses, called for net losses from casualty and theft to be included in the computation of "net gain or loss, noncapital assets" (although some corporations reported them in "other deductions").

The amount of gains (but not losses) on dispositions of property includable in the computation of net gain or loss under Code section 1231, was limited as a result of sections 1245, 1250, 1251, 1252, 1254 (described below), and 617. To the extent the amount eligible for capital gains treatment was thereby reduced, the amount included in the statistics for net gain or loss, noncapital assets, was increased.

Code sections 1245 and 1250 applied to certain depreciable property. Sections 1251 and 1252 prescribed additional rules for much of this same property if it was used in the business of farming, as well as for certain other types of property used in farming and covered under section 1231. Section 617 applied to certain depletable property.

Code sections 1245 and 1250:

The depreciable property to which Code section 1245 applied was: (1) personal property other than livestock, whether tangible (such as machinery and equipment) or intangible (such as patents and copyrights); and (2) other tangible property including certain realty other than buildings and their struc-

tural components, if it was an integral part of specified business activities, or which constituted research or storage facilities used in connection with such activities. The business activities qualifying were manufacturing, production, or the providing of transportation, communications, electrical energy, gas, water, or sewage disposal services.

Gain from the sale of residential rental property that was equal to the excess of accelerated depreciation over straight-line depreciation was recaptured as ordinary income.

The depreciable property to which Code section 1250 applied was real property not already covered by section 1245. In general, this property consisted of buildings and their structural components, in the case of tangible property; or leaseholds of land, in the case of intangible property.

The amount of gain on dispositions of depreciable property under Code sections 1245 and 1250, treated as ordinary income and included in the statistics for net gain or loss, noncapital assets, generally depended upon the amount of depreciation claimed on the asset after a certain date prior to its disposition, although other factors were also considered in the case of section 1250 dispositions.

Under Code section 1245, the amount of gain treated as ordinary income was based on the depreciation (or amortization in the case of defense "emergency facilities") allowed or allowable after 1961 (after 1963 for elevators and escalators and after 1969 for livestock (including fur-bearing animals such as chinchillas, minks, and foxes)). This "depreciation recapture" applied to dispositions of property made during taxable years beginning after 1962 (after 1963 for elevators and escalators and after 1969 for livestock).

Under Code section 1250, the amount of gain treated as ordinary income was based, in general, on the excess of accelerated over straight-line depreciation allowed or allowable after 1963. However, this "depreciation recapture" was further qualified in the case of depreciation taken during 1963-69 so that if the property was held for more than 20 months, the "recapture" was further reduced to a proportion of this difference until, when the property was held for 10 years, the "recapture" as ordinary gain was not applicable at all. For depreciation taken after 1969, these qualifications were rescinded (with certain exceptions for residential rental housing, housing rehabilitation expenditures, and Government-subsidized housing), so that the entire amount of post-1969 excess depreciation was "recaptured" as ordinary income.

Code sections 1251 and 1252:

Under Code section 1251, net gain or loss from noncapital assets included ordinary gains from the sale or other disposition of certain types of farm business property which would otherwise have been eligible for long-term capital gain treatment under section 1231. Dispositions already regarded as ordinary gain or loss using section 1250 rules were excluded.

Amounts treated as ordinary gain were based on farm net losses accumulated after 1969. These net losses were before consideration of the gain or loss under Code section 1231 and, over the years, were first offset against any farm net income. The resulting accumulated loss was then applied against the gain on farm property. If the gain exceeded the accumulated loss, it was treated as ordinary gain to the extent of the loss and only the excess gain was eligible for capital gains treatment. If the reverse was the case, the gain was similarly treated and the excess loss was carried over for use in connection with

future gains. For electing Small Business Corporations, this recapture of farm losses was less restrictive and was applicable only if farm net loss exceeded \$25,000, nonfarm net income exceeded \$50,000, and none of the stockholders had a farm net loss of their own. Section 1251 was not applicable if farming operations were accounted for on an accrual basis, inventories used, and deductible amounts capitalized and recovered over the years through depreciation, even though the law permitted expensing of the full amount currently on an elective basis.

Code section 1231 property subjected to these recapture rules included depreciable personal property; livestock (including fur-bearing animals such as chinchillas, minks, and foxes), except poultry; unharvested crops sold with the land on which they were growing; and land. For land, there was a limitation under section 1251 on the amount of gain treated as ordinary income: the amount recaptured could not exceed accumulated deductions for soil and water conservation and land clearance expenditures in the current and 4 preceding taxable years. However, there was an additional recapture for land, under section 1252. This recapture was based on a declining annual percentage of total post-1969 deductions for these same expenditures. The percentage was reduced to zero when land was held for 10 years or more, at which time the additional recapture did not apply.

Code section 1254:

Code section 1254 required recapture of amounts deducted for intangible drilling expenses on productive wells to the extent that those amounts deducted exceeded the amounts which were allowable had the intangible drilling expenses been capitalized and amortized over the useful life of the well. This was in addition to the requirement that the gain on the sale of oil and gas property be recognized as ordinary income to the extent of depreciation of tangible personal property.

Code section 617:

Under Code section 617, corporations engaged in domestic mining operations that elected to claim unlimited deductions for exploration and development expenses (except for oil and gas) had to "repay" their post-1969 deductions when the mine reached the producing stage or when it was sold. If the mine was sold, the profit was treated as an ordinary net gain from a noncapital asset to the extent that the gain was equal to or less than any post-1969 deductions not already "recaptured" prior to the sale. Such gains are reflected in the statistics for net gain (or loss), noncapital assets. Any net gain in excess of the deductions was a net gain under section 1231, and eligible for capital gains treatment.

Net Income (or Deficit) (#)

This is the difference between gross taxable receipts and the ordinary and necessary business deductions allowed by the Code, and reflects not only actual receipts but "constructive" receipts (i.e., certain income from Controlled Foreign Corporations and foreign dividend income resulting from foreign taxes deemed paid) as well. Interest from State and local government obligations was excluded from these items.

Because certain statutory special deductions from net income were allowed most corporations in computing their income subject to tax, the statistics for net income are generally larger than the amounts shown for "Income subject to tax." Included in the net income statistics are amounts for Small Business Corporations (only certain long-term capital gains were taxable to these corporations). Also, the net

income statistics include amounts for Domestic International Sales Corporations (DISC's); these corporations were not taxable.

For mutual insurance companies other than life or marine and other than certain fire or flood insurance companies, the net income (or deficit) in this report is the sum of the net investment income or loss, the statutory underwriting income or loss, and the subtractions from the Protection Against Loss (PAL) account before reduction by the statutory special deductions allowed corporations in general. Consequently, net income (or deficit) reflects not only the ordinary business deductions, but the statutory deductions from underwriting income allowed only to these mutual insurance companies. Net income (or deficit) also reflects the additions (if any) to taxable income of amounts in the PAL account previously deferred from taxation. Further, for some small mutual insurance companies electing to report under Code section 821(c), net income was net investment income only. (Electing companies were not required to report underwriting income.) The section 821(c) provisions were applicable only to companies with income from investments (other than capital gains), with premiums of less than \$500,000, and with no reserve in the PAL account.

For life insurance companies, the net income (or deficit) used for statistical purposes comprised the gain or loss from operations adjusted by adding back the dividends received and the operations loss deductions. Gain or loss from operations (which included both underwriting and investment income) represented gross taxable receipts reduced by ordinary and necessary business deductions and by additions to required reserves, certain other statutory deductions pertinent only to these companies, and by the dividends received and operations loss deductions.

Net Long-Term Capital Gain Taxed at Alternative Rate (#)

This was the part of the tax base used for the tax computation for those returns using the alternative tax rate. The alternative method, allowed under Code section 1201, was used if it provided a lower tax liability than did the use of the normal tax and surtax rates on total taxable income. See the discussions of "Income Subject to Tax" and "Income Tax."

Income subject to tax for returns with alternative tax was the sum of (1) net long-term capital gain (reduced by net short-term capital loss), and (2) income taxed at regular rates (the balance of taxable income).

For most corporations, use of the alternative tax did not affect the amount shown as "Income Subject to Tax." However, when net long-term capital gain (reduced by net short-term capital loss) was greater than taxable income (net income minus statutory special deductions) but the alternative rate applied to the capital gains was less than the regular rates applied to taxable income, the capital gains, rather than taxable income, became the tax base and was used for the "Income Subject to Tax" statistics. The Revenue Act of 1978 reduced the alternative rate from 30 to 28 percent for taxable years ending after December 31, 1978. See the discussion under Changes in Law in section 2.

Net Worth (#)

Net worth represented the stockholders' equity in the corporation (total assets minus the claims of creditors). In the statistics, net worth comprises the net sum of the following items:

- (1) capital stock;
- (2) paid-in or capital surplus;
- (3) retained earnings, appropriated;
- (4) retained earnings, unappropriated; and
- (5) less: cost of treasury stock.

Each of these items is explained under its own heading in this section. Tables 1.2, 1.3, 1.4, 1.5, 2.2, 2.3, 2.4, and 2.5 show these items separately; tables 1.1, 1.6, 1.7, 2.1, 2.6 and 2.7 combine these items and show them under the statistics for net worth.

Noncalendar Year Returns (#)

Returns filed for a 12-month accounting period ending other than in December were included in this classification. Figure C in section 1 shows the percentage of returns filed for each of the accounting periods covered in this report.

Notes and Accounts Receivable

Notes and accounts receivable were, in general, the gross amounts arising from business sales or services to customers on credit during the ordinary course of trade or business which would normally be converted to cash within 1 year. Current nontrade receivables were generally included in "Other Current Assets."

The balance sheets on most corporation income tax forms called for the reporting of both "gross" receivables and the "allowance for bad debts." However, some corporations reported only the net amount. In the case of insurance companies filing balance sheets in the form required under State law, only the net amount was reported.

Loans and mortgages may have been reported in notes and accounts receivable by savings and loan associations. When identified, such mortgage loans were transferred to "Mortgage and Real Estate Loans."

The "Allowance for Bad Debts," shown as an adjustment, may also include the reserves for the separate account "Mortgage and Real Estate Loans." As a result, it was possible for the "Allowance for Bad Debts" to exceed the amount of notes and accounts receivable.

In those tables where the item "Notes and Accounts Receivable, Net" appears, the amount shown includes a deduction of "Allowance for Bad Debts."

Number of Returns

Returns of inactive corporations were excluded from the statistics. (See "Returns of Inactive Corporations.") The number of Form 1120-DISC and Form 1120S returns filed, respectively, by Domestic International Sales Corporations and Small Business Corporations for which an election was made to be taxed through stockholders are included in each total number (except for those tables which specifically exclude these returns) and are also shown separately in some of the tables.

See also "Consolidated Returns" and "Returns of Active Corporations."

Number of Subsidiary Corporations

This was the number of subsidiary corporations of the parent corporation included in a consolidated return. It excluded subsidiaries identified as Domestic International Sales Corporations or as subsidiaries of subsidiaries. See also "Consolidated Returns."

Other Assets

Other assets comprised, in general, noncurrent assets which were not allocable to a specific account on the balance sheet, and certain accounts for which no distinction could be made between current and non-current status.

Includable were such items as deferred charges reported as noncurrent by the corporations, interest discounts, guaranty deposits, and intangible assets not subject to amortization. Other assets of banks included property held in trust if included in the banks' assets. Other assets of life insurance companies included the market value of real estate, and that portion of stock and bond holdings in excess of book value. For Domestic International Sales Corporation (DISC's), this item also included "nonqualified assets" (i.e., assets that were not export-related or that failed to meet the requirements indicated for "qualified export assets" in Code section 993).

Other Capital Assets Less Reserves

This item consisted of depletable assets less accumulated depletion, land and intangible assets less accumulated amortization. Each is described separately under its own heading in this section.

Other Current Assets

Assets not allocable to a specific current account in the return form balance sheet, and assets specifically reported as short-term by the corporation, as well as marketable securities other than Government obligations, comprised this account.

Includable were prepaid expenses, nontrade receivables, coupons and dividends receivable, claims and judgments, and similar items. For construction corporations, amounts reported as current for contract work in progress in excess of billings were includable.

Also includable in other current assets were amounts reported as inventories on nonconsolidated returns of holding and other investment companies (except operating holding companies); security and commodity brokers, dealers, and exchanges; and real estate subdividers, developers, and operative builders.

Other Current Liabilities

Other current liabilities included, for the most part, certain amounts due and payable within the coming year. The account comprised accrued expenses, as well as current payables not arising from the purchase of goods and services and not evidenced by bonds, notes, or mortgages. Examples of other current liabilities were taxes accrued or payable, accrued employee accounts such as for payrolls and contributions to benefit plans, dividends payable, overdrafts, accrued interest or rent, and deposits and withdrawable shares of banking and savings institutions.

For construction corporations, amounts of advances of deposits on uncompleted contracts or jobs in progress were included in this item, if reported as current.

Other Deductions (#)

Other deductions comprised (1) business expenses which were not allocable to a specific deduction item on the return form, or which were not included elsewhere on the return form, and (2) certain amounts which were given special treatment in the course of statistical processing.

The first category included such items as administrative, general, and selling expenses; bonuses and commissions; delivery, freight, and shipping expenses; sales discounts; travel and entertainment expenses; utility expenses not reported as part of the cost of goods sold; and similar items. Included in this category are any amounts deducted for the removal of architectural and transportation barriers to the handicapped and elderly under Code section 190.

The second category included salaries and wages not reported as a cost of sales and operations and not reported as a part of another deduction item; amortization of bond premiums, loan and mortgage costs, and other financial items reported as amortization rather than as part of other deductions; unrealized profit on current-year installment sales; reported amounts of negative income; and certain "involuntary conversions" (described below). Also included were itemized business deductions and other deductions unique to Domestic International Sales Corporations (DISC's), life and most mutual insurance companies. In the case of DISC's, the statistics include deductions such as those for market studies, sales commissions, and freight and other expenses (whether or not they were considered export promotion expenses).

The statistics for other deductions may include losses resulting from involuntary conversions by theft, or from fire, storm, shipwreck, or other casualty, if these losses were reported in the taxpayer's own schedule for other deductions. For the statistics, no attempt was made to transfer the data to the ordinary gains or losses computation. Losses from involuntary conversions which were reported as ordinary losses derived from Form 4797, Supplemental Schedule of Gains and Losses, were included in the estimates for "Net Gain (or Loss), Noncapital Assets." See also the discussion under "Net Capital Gains" in this section.

Other Interest

Included in this item were amounts received on loans, notes, mortgages, bonds, bank deposits, and corporate bonds less amortizable bond premiums. For installment sales, interest received included amounts stated in the contract and certain unstated amounts of interest, as provided in Code section 483.

For Domestic International Sales Corporations (DISC's), this item included "Interest on Producer's Loans." See the explanation of "Domestic International Sales Corporation Returns" in this section.

Other Investments

This category generally included long-term non-Government investments and certain investments for which no distinction could be made as to their current or long-term nature. Non-Government investments generally not held for conversion to another form within the coming year included stocks, bonds, loans on notes or bonds, loans to subsidiaries, and other types of financial securities. Also included in this category were investments unique to Domestic International Sales Corporations (DISC's), such as investments in related foreign export corporations, Export-Import Bank obligations, and producer's loans.

Real estate not reported as a fixed asset could also be included. In certain instances, land and buildings owned by real estate operators (except lessors of real property other than buildings), and real holdings of insurance carriers (other than their home office and branch office buildings and equipment), were reported as "other investments."

In one respect the statistics may be somewhat overstated. Treasury stock held for resale or for future distribution may have been reported as an asset on some tax returns and, if not clearly identified as Treasury stock, would have been included in the statistics for "Other Investments." When these amounts could be identified, they were transferred to the liability side of the balance sheet statistics under "Cost of Treasury Stock."

Other Investments and Loans

This item consisted of loans to stockholders, mortgage and real estate loans, and other investments. Each is described separately under its own heading in this section.

Other Liabilities

Other liabilities were obligations which were not allocable to a specific account on the balance sheet and which were either noncurrent accounts, in general not due within 1 year, or accounts which could not be identified as either current or long-term.

Examples of other liabilities were deferred or unearned income not reported as part of a current account, provisions for future taxes based on the effects of either accelerated depreciation or possible income tax adjustments such as for the investment credit, and principal amounts of employee and similar funds.

Other Receipts (#)

Other receipts included amounts not elsewhere reported on the return form, such as: profits from sales of commodities other than the principal commodity in which the corporation dealt; income from minor operations; cash discounts; income from claims, license rights, judgments, and joint ventures; net amount earned under operating agreements; profit from commissaries; profit on prior-years' collections (installment basis); profit on the purchase of a corporation's own bonds; recoveries of losses and bad debts previously claimed for tax purposes; refunds for the cancellation of contracts; and income from sales of scrap, salvage, or waste. Also regarded as other receipts were certain dividends received, such as from Federal Reserve and Federal Home Loan Banks, and from the following special classes of corporations: corporations deriving a large percent of their gross income from sources within a U.S. possession; and tax-exempt charitable, educational, religious, scientific and literary organizations, and mutual and cooperative societies including farmers' cooperatives.

For Domestic International Sales Corporations (DISC's), other receipts comprised all "nonqualified" gross receipts reported on the return except nonqualified dividends. In addition, in the case of DISC's acting as commission agents for someone else, only the commissions earned and not the underlying gross receipts on which the commissions were earned were included in the statistics. Nonqualified gross receipts thus took into account: (1) sales of goods and services for ultimate use or consumption in the United States; (2) exports subsidized by the U.S. Government; (3) certain direct or indirect sales or leases for use by the U.S. Government; and (4) sales to other DISC's in the same controlled group of corporations. (See also "Business Receipts.")

Overpayments Claimed as a Credit

This was the amount of overpayment the corporation specifically requested to be credited to the current year's estimated tax, in lieu of requesting a refund in the prior year. The credit is reflected in the amount shown as estimated tax payments.

Paid-In or Capital Surplus

This balance sheet item comprised additions to the corporation's capital from sources other than earnings. These sources included amounts of surplus occasioned by donation, appreciation of assets,

receipts from the sale of capital stock in excess of stated value, stock redemptions or conversions, and similar transactions. The amounts shown are after deducting any negative amounts.

Part-Year Returns (#)

Part-year returns were those filed for accounting periods of less than 12 months. Such returns were filed as a result of business liquidations, reorganizations, mergers, and changes to new accounting periods. Figure C in section 1 shows the percentage of returns filed for each of the accounting periods covered in this report. Data from part-year returns are included in the statistics.

Payments With Applications for Extension of Filing Time (Forms 7004 and 7005)

These statistics were derived from the income tax returns rather than from the application for extension of time to file, Form 7004, and the application for additional extension of time to file, Form 7005, or their equivalents. Corporations which filed Form 7004 on time and paid the required amount of tax liability (tentatively determined) were granted an automatic extension of 3 months in which to file returns. A second extension (requested on Form 7005) of 3 months could be granted under certain conditions.

Requesting the extension of time to file the return did not postpone the payment of tax. When an extension was requested on Form 7004, at least half of the unpaid balance of the tax liability tentatively determined (taking into account any credits against tax, as well as any estimated tax payments) was due. If the option of paying the tentatively determined tax liability on an installment basis (with the balance due on or before 3 months after the regular filing date) was not used, the entire amount was due with the application. If a second extension of time to file was applied for, the balance of any unpaid tax liability was due at the time of the application.

The statistics may be slightly understated because of taxpayer reporting variations and because of the inability to identify the total amount from the tax returns.

Pension, Profit-Sharing, Stock Bonus, and Annuity Plans

Contributions made by employers to these plans were deductible under Code section 404. The Code imposed limitations on the amounts deductible for the taxable year and provided a carryover feature for certain amounts paid in excess of these limitations. Deductions were also allowed for employer contributions made to benefit plans established for certain U.S. citizens employed for foreign subsidiaries and branches of domestic corporations. The statistics for this item include such amounts identified in the cost of sales and operations schedules.

The Employee Retirement Income Security Act of 1974 (ERISA), revised the requirements relating to the participating, vesting, and funding of private pension and employee benefit plans and to the deductibility of employer contributions to these plans. New rules under ERISA were effective at varying times, but generally applied to plan years beginning after September 2, 1974. Under ERISA, employee benefit plans generally had to meet certain compulsory standards before the related trusts set up by the employer to administer them could be exempted from income taxation and before employers could deduct their contributions to these trusts.

There were limitations on the deductions claimed by employers for certain of their contributions to qualified pension plans. For example, regular corpo-

rate plans based on a combination of the earnings of the individual employee and the aggregate compensation paid by the employer were subject to limitations. Limitations were also prescribed for deductible contributions to defined contribution plans (i.e., plans which provided for an individual account for each participant employee and for benefits based solely on the amount contributed to the participant's account, and any income and expenses, gains and losses, and forfeitures of accounts of other participants which could be allocated to such participant's account).

Contributions deductible for a given year were limited. However, limitations were not the same for employer contributions to defined pension plans as they were for profit-sharing plans or stock bonus trusts. For defined pension plans, the limitation was an amount equal to the greater of the minimum funding requirements or a maximum annual deduction. The maximum annual deduction, which formerly included normal costs plus 10 percent of past service costs, was changed to include normal costs plus amounts needed to amortize past service costs in 10 equal annual payments (including interest and principal). The maximum annual deduction limitation applied unless it was less than the amount needed to meet the minimum funding requirements. If this was the case, the amount needed to satisfy the minimum funding requirements took precedence and was deducted in full, so that, in effect, this amount became the maximum annual deduction.

For profit-sharing plans or stock bonus trusts, the amount deducted in a given year could not exceed 15 percent of the aggregate compensation paid by the employer in that year. For combination profit-sharing and pension plans, the limitation was 25 percent of the aggregate compensation paid by the employer in the given year.

Employer contributions in excess of the limitations were carried over to future years, in order of time, until they were fully deducted. The amount carried over, when combined with the current year's allowable amount, could not exceed either the maximum annual deduction, minimum funding requirements, or 25 percent of the aggregate compensation paid by the employer. The total amount (i.e., the current deduction plus the carryover amount) deductible in a carryover year could not exceed 25 percent in the case of a combination profit-sharing and pension plan. For profit-sharing plans alone, the limit was also 25 percent for carryover years.

Excluded were deductions claimed for employer contributions to pension plans and certain other deferred compensation plans within the scope of Code section 404.

Personal Holding Company Tax

In addition to being subject to regular income tax and additional tax for tax preferences, corporations classified as Personal Holding Companies were subject to another tax equal to 70 percent of their "undistributed Personal Holding Company income."

Briefly, the term Personal Holding Company was applied to certain closely-held corporations whose income was from passive sources (generally investments and personal service contracts) rather than from the actual active conduct of a trade or business. The 70 percent tax was imposed on the taxable income (especially defined) from passive sources reduced by amounts distributed to owners.

Since most Personal Holding Companies distributed all of their Personal Holding Company income, only a small number were actually subject to the tax. In addition, the tax is slightly understated because the Personal Holding Company tax was not always reported separately from the regular income tax.

The tax appears in the statistics for industries other than "Holding and other investment companies." This is because a Personal Holding company could be a subsidiary included in a consolidated return classified in some other industry.

Provision for Federal Income Tax

In general, this was the net amount of Federal income tax accrued, or the provision for such tax, for the taxable year as reported in corporations' books of account and in tax return schedules reconciling book and tax profits (see Schedule M-1, "Reconciliation of income per books with income per return," on the Form 1120 return facsimile in section 6 of this report), or in the case of most insurance companies, from the annual statements filed with the returns.

When corporations identified the amount of Federal income tax which was current and the amount which was deferred, only the amount reported as current was used for the statistics. Deferred Federal income tax as shown on the books of account represented the tax consequence resulting from differences between book and tax accounting in the recognition of various items of income and expenses. (See "Book Net Income (or Deficit).")

Corporations occasionally reported foreign and State taxes together with Federal taxes and the components were not separately identified. The resulting effect on the statistics was to overstate the provision for Federal income tax. This had no effect, of course, on the after-tax profit amount shown in the statistics as "Book Net Income (or Deficit)."

Refunds of Estimated Tax Payments (#)

A corporation which had determined that it had overpaid its estimated tax could have filed for a quick refund or adjustment of the overpayment even before it had filed its return. To have done so, the estimated tax overpayment had to be at least \$500 and be at least 10 percent of the expected "final" income tax liability reported on the tax return.

The application for refund had to be made within 2-1/2 months after the close of the taxable year and before the corporation had filed its income tax return. If the refund (or credit against another tax owed, in lieu of a refund) was subsequently determined to be excessive, the tax on the excess included an amount determined at a rate of 90 percent of the adjusted prime rate (as determined under section 6621) per year of the excess.

Rent Paid on Business Property

This deduction consisted of rents paid for the use of land or structures, and rents paid for leased roads, rolling stock, and work equipment for railroad companies. Identifiable amounts of taxes paid and other expenses of lessees in connection with rent paid were included in their respective deduction headings.

Rents

These were the gross amounts received for the use or occupancy of property. Expenses related to rental property, such as depreciation, repairs, interest paid, and taxes paid, were not deducted directly from the rental income, but were reported as business deductions from total receipts. The rental income of manufacturing, public utility, and service corporations, which frequently leased rather than sold their products, was included in the "Business Receipts" rather than in rents.

Repairs

Repairs reported as an ordinary and necessary business expense were the costs of maintenance and incidental repairs and could include the cost of labor, supplies and other items which did not add to the value or appreciably prolong the life of the property. Expenditures for new buildings, machinery or equipment, or for permanent improvements which increased the cost or basis of the property were not deductible currently and were charged to capital expenditures, which were generally depreciable.

For taxpayers using the Class Life Asset Depreciation Range (CLADR) system (see Statistics of Income--1976, Corporation Income Tax Returns), a relatively few elected an alternative method of computing the deduction for repairs. This method was available when ambiguity existed as to whether expenditures for repairs, maintenance, rehabilitation, or improvement of depreciable property could be deducted in the year paid or incurred, or had to be capitalized and depreciated over the useful life of the property.

Under the rules prescribed, all qualifying expenditures within a given asset guideline class were treated as currently deductible repairs provided they did not exceed the "repair allowance." The repair allowance for an asset guideline class was based on the percentage prescribed for that class applied to the "average" cost or unadjusted basis of "repair allowance property" in that class. Amounts in excess of the percentage had to be capitalized and recovered as depreciation.

Retained Earnings, Appropriated

Earnings set aside for specific purposes and not available for distribution to stockholders were included under this heading. Included were guaranty funds and reserves for plant expansion, bond retirements, and contingencies for extraordinary losses. Specifically excluded were the reserves for bad debts, for depreciation, for depletion, and for amortization, which were shown separately; and, the reserves for taxes, and unrealized profits or unearned income, which were includable in "Other Liabilities."

Retained Earnings, Unappropriated

Retained earnings, unappropriated, consisted of the retained earnings and profits of the corporation less any reserves (shown in the statistics as "Retained Earnings, Appropriated"). The statistics shown are net figures after deduction of any negative amounts.

For Domestic International Sales Corporations (DISC's), this item included previously taxed income, accumulated DISC income, and other earnings and profits.

Similarly, for Small Business Corporations electing to be taxed through their stockholders, this item included earnings from before the corporation's election as well as earnings since the election, to the extent that they had not yet been distributed to the stockholders. (See "Stockholders' Undistributed Taxable Income Previously Taxed.")

Returns of Active Corporations

These returns were the basis for all financial statistics presented in the report. They comprised the vast majority of the returns filed, and were defined for the statistics as returns of corporations reporting any income or deduction items.

Returns of Inactive Corporations

Corporations in existence during any portion of the taxable year were required to file a return even though they may have been inactive. Inactive corporations are defined for this report as returns showing no item of income or deduction. Financial data from these returns were excluded from the statistics.

Returns With Net Income

Returns with net income were those showing gross taxable receipts exceeding the ordinary and necessary business deductions allowed by the Code. (See "Net Income (or Deficit).")

Returns Without Net Income

Returns without net income were those for which ordinary and necessary business deductions allowed by the Code exceeded gross taxable receipts. In addition to deficit returns, this classification also included returns where gross taxable receipts and business deductions were equal. (See "Net Income (or Deficit).")

Royalties

Royalties were payments received, generally on an agreed percentage basis, for the use of property rights. Included were amounts received from such properties as copyrights, patents, and trademarks; and from natural resources such as timber, mineral mines, and oil wells. The amount reported was the gross amount received. Expenses relating to royalties, depletion or taxes, for example, were not deducted directly from this income, but were reported among the various business deductions from total gross income.

Excluded from the statistics were certain royalties received under a lease agreement on timber, coal deposits, and domestic iron ore deposits, which were allowed special tax treatment. Under elective provisions of Code section 631, the net gain or loss on such royalties was included in the computation of net gain or loss on sales or exchanges of certain business property under section 1231. If the overall result of this computation was a net gain, it was eligible for treatment as a long-term capital gain, taxable at the capital gains rates. If the overall result was a net loss, it was fully deductible in the current year as an ordinary noncapital loss. See the discussions of "Net Capital Gains" and "Net Gain (or Loss), Non-capital Assets."

Size of Business Receipts

Size of business receipts was based on the gross amounts from sales and operations for industries except those in the finance, insurance, and real estate divisions. For these industries, total receipts, which is the sum of business receipts and investment income, were used as the basis for classification. See the discussions of "Business Receipts" and "Total Receipts."

Size of Income Tax After Credits (#)

Income tax after credits was the net amount of income tax liability after deducting the foreign tax, investment, possessions, jobs and work incentive (WIN) credits. It included the normal tax, surtax, and alternative tax. As such, it excluded the tax from recomputing prior-year investment credit, tax from recomputing prior-year WIN credit, and additional tax for tax preferences.

Size of Total Assets

Size of total assets was based on the amount reported in the end-of-year balance sheet. Returns with zero assets were used as a classification for returns of: (1) liquidating or dissolving corporations which had disposed of all their assets and whose income tax returns were final returns; (2) merging corporations whose assets and liabilities were included in the returns of the acquiring corporations; (3) corporations filing a part-year tax return because of a change in accounting period; and (4) foreign corporations with income effectively connected with the conduct of a trade or business within the United States (except foreign insurance companies providing balance sheet information for U.S. branches). See also "Total Assets and Total Liabilities."

Small Business Corporation Returns (#)

Form 1120S, U.S. Small Business Corporation Income Tax Return, was filed by corporations electing to be taxed through stockholders under section 1372 of the Code.

To qualify as a Small Business Corporation, a firm had to be a domestic corporation, with no more than ten stockholders, each of which was an individual (or an estate) and no one of which was a nonresident alien. For taxable years beginning after December 31, 1976, a Small Business Corporation which had been an electing Small Business Corporation for 5 consecutive taxable years could have as many as fifteen stockholders (see "Number of Stockholders"). The Revenue Act of 1978 permitted the number of stockholders to be 15 even if the five-year rule was not met. This provision was effective for taxable years beginning after December 31, 1978. This 1978 Act also provided that a husband and a wife were to be treated as one stockholder for purposes of determining the number of stockholders in a corporation to determine eligibility to qualify as a Small Business Corporation. The corporation could have only one class of stock and could not be a member of an affiliated group eligible to file a consolidated return. Moreover, the corporation could not receive more than 80 percent of its gross receipts from sources outside the United States nor more than 20 percent from passive investments (interest, rents, royalties, annuities, and gains from the sale or exchange of stock and securities). The 20 percent passive-income limitation did not apply during the first 2 years of business unless such income, for the year in question, was \$3,000 or more.

Net income of Small Business Corporations was computed in the same manner as for most corporations. The net operating loss deduction and other statutory special deductions allowed most corporations, such as for dividends received, could not be taken.

An electing Small Business Corporation was generally not taxed. However, an existing corporation that elected (under Code section 1372) to become a Small Business Corporation was subject to a special tax for the first 3 taxable years of the election. On the other hand, a new corporation which was an electing Small Business Corporation for each year of its existence was not subject to the special tax at all. Section 1378 of the Code provided that the amount of the tax was the lower of the following: (1) 30 percent of the excess of net long-term capital gain (reduced by net short-term capital loss) over \$25,000 when net long-term capital gain was more than 50 percent of a net income that was over \$25,000; (2) 30 percent of the gain from the disposition of property

using a "substituted basis" (i.e., the basis that was transferred from another corporation which was not also an electing Small Business Corporation); or (3) the normal tax and surtax rates applied to net income. Foreign tax credit, investment credit, U.S. possessions tax credit, work incentive (WIN) credit and new jobs credit were not available to the corporation to reduce this tax (although the cost of investment credit property and WIN Program salaries and wages were allocated to stockholders for their use in computing the credits).

Generally, the income of the Small Business Corporation was taxable to its stockholders as ordinary income. Net long-term capital gains (reduced by any tax paid on them by the corporation) were not taxable as ordinary income, but instead retained their character in the hands of the stockholders. Also, stockholders were allowed to deduct their share of the corporation's deficit from other forms of individual (or fiduciary) income as part of their net operating loss deduction. Undistributed income earned in previous years was taxable to stockholders in the year it was earned, and could be distributed during the current year without any further tax.

Statutory Special Deductions (#)

Statutory special deductions is the term used for the statistics to describe the deductions for: (1) net operating losses of prior years, and (2) total "special deductions" as defined by the Code, i.e., the sum of deductions for intercorporate dividends received, for dividends paid on certain preferred stock of public utilities, and for Western Hemisphere Trade Corporations. Since these deductions were allowed by law, in addition to ordinary and necessary business deductions, they are shown as deductions from net income.

In general, net income less statutory special deductions equalled income subject to tax. However, the two dividend deductions were not restricted to returns with net income, nor, in general, to the amount of net income and thus became part of the statutory "net operating loss" for some corporations. Statutory special deductions were not allowed to Small Business Corporations for which an election was made to be taxed through stockholders, nor to regulated investment companies and real estate investment trusts.

Although Domestic International Sales Corporations (DISC's) were not taxable, in order to compute "tax deferred income and income taxable to stockholders," two of the statutory special deductions, i.e., net operating loss deduction and intercorporate dividends received deduction, discussed below, were allowed.

Definitions for the statutory special deductions contained in the statistics are as follows:

(1) Net operating loss deduction.—The total net operating loss deduction was based on statutory net operating losses of prior or subsequent years which could be used to reduce taxable income for a specified number of years. The amount shown in this report, however, consists only of losses from prior years actually used to reduce taxable income for the current year. Losses incurred after the current year and carried back to that year at a later date could not be reported on the returns used for this report. In general, losses were carried back over a 3-year period, chronologically, and any amount not offset against income during that time could then be carried forward against income for a period not exceeding 5 years. Longer carryover periods were allowed for certain foreign expropriation losses, and for corporations applying for tax assistance under the Trade Expansion Act of 1962, for regulated transportation corporations, and for new life insurance companies.

Net operating losses on which the current-year deduction was based included: (a) the excess of ordinary and necessary business expenses over income in the previous loss years, and (b) statutory special deductions claimed in the loss year for dividends received and for dividends paid on certain preferred stock of public utilities (or any excess of such deductions over net income).

The net operating loss deducted for the current year was limited to net income reduced, first, by the deductions for dividends received and, second, for dividends paid on certain preferred stock of public utilities.

Net operating losses incurred by Domestic International Sales Corporations (DISC's) were deductible from net income only if the DISC had been a corporation prior to its election to become a DISC and only for losses incurred prior to the election. The statistics are overstated to the extent small amounts of net operating loss deductions were reported by DISC's without net income; no attempt was made to suppress these amounts for the statistics.

For a "parent-subsidiary" controlled group that had elected separate surtax exemptions for each group member under prior law, but which had shifted to a single group exemption and filed a consolidated return under subsequent law, special provisions for the treatment of net operating losses of the individual group members applied. The net operating losses of such individual group members sustained in years during which the election of multiple surtax exemptions was in effect could be carried over and deducted from consolidated net income.

(2) Total special deductions.—The total special deductions contained in this report was the sum of the following deductions:

(a) Intercorporate dividends received deduction.—The intercorporate dividends received deduction, under Code sections 243-246, was the sum of the following components:

(1) A deduction equal to 85 percent of dividends received from domestic corporations which were themselves subject to the income tax. This particular deduction accounted for the major portion of the intercorporate dividends received deduction. Since DISC's were not subject to tax, the intercorporate dividends received deduction was not allowed for dividends received by their stockholders. However, if the dividends were paid out of earnings and profits from a year before the election was made to become a DISC, the stockholders were entitled to the deduction for such dividends.

(2) A deduction equal to 85 percent of certain dividends received from foreign corporations (a) which had been engaged in a trade or business within the United States for at least 3 years, and (b) which also had at least 50 percent of their gross income "effectively connected" with the U.S. trade or business.

(3) A deduction equal to 100 percent of certain intragroup dividends allowed members of controlled groups not electing to file consolidated returns, but sharing instead, a single surtax exemption under Code section 1561.

(4) A deduction equal to 100 percent of dividends received from wholly-owned foreign subsidiaries whose entire gross income was "effectively connected" with the conduct of a trade or business within the United States.

(5) A deduction equal to about 60.2 percent of dividends received on certain preferred stock of public utilities for which a dividends paid deduction, described below, was also allowed the distributing corporation. The applicable percentage was based on the income tax rate.

(6) A deduction equal to 100 percent of dividends received by small business investment companies. For tax returns with net income for the taxable year, there was a limitation on the deduction, based on net income, for dividends received not subject to the 100 percent deduction (Code section 246). For these returns the deduction could not exceed 85 percent of net income less any Western Hemisphere Trade Corporation deduction (described below) and less any 100 percent deduction for domestic intragroup dividends. This limitation was not applicable if the corporation had no net income for the year. In this case, the deduction became part of the statutory net operating loss previously described. In the case of life insurance companies, the above percentage deductions were further reduced by the ratio of investment yield less total exclusions (operations) to investment yield.

(b) Deduction for dividends paid on certain preferred stock of public utilities.—For public utility companies, as defined by law, a special deduction was allowable under Code section 247 for dividends if paid on certain preferred cumulative stock deemed issued prior to October 1, 1942. This deduction, based on the income tax rate, amounted to about 30.4 percent of the dividends paid on such stock.

If the dividends paid were greater than net income reduced (in general) by all other statutory special deductions for the year, the deduction could not exceed the above-described percentage of net income after this adjustment.

(c) Western Hemisphere Trade Corporation deduction.—This deduction was allowed certain domestic companies which qualified under section 921 of the Code. These companies conducted almost all of their business outside the United States, but within the Western Hemisphere. The deduction was equal to taxable income (computed without regard to the deduction, i.e., net income minus the statutory special deductions for net operating losses and for intercorporate dividends received and for dividends paid on certain public utility stock) multiplied by a fraction having a numerator of 14 percent and a denominator equal to the regular U.S. tax rate. The Tax Reform Act of 1976 provided for a phaseout of the 14 percent figure. For 1978, the numerator was 5 percent; for 1979, the numerator was 2 percent. The Act also repealed the Western Hemisphere Trade Corporation deduction for taxable years beginning after December 31, 1979.

Stockholders' Undistributed Taxable Income Previously Taxed

This end-of-year balance sheet item was the accumulated taxable income, i.e., net income (or deficit), earned by Small Business Corporations since they had first elected to be taxed through their stockholders, to the extent that it had not yet been distributed to the stockholders. Taxable income, whether distributed or not to the stockholders, was

taxable to the stockholders in the year earned so that later distributions from this account were nontaxable. (See "Small Business Corporation Returns.") This item is reflected in the statistics for "Retained Earnings, Unappropriated" and "Net Worth" in those tables which show these items.

Tax Deferred Income and Income Taxable to Stockholders

This amount represented the net income (less deficit) of a Domestic International Sales Corporation (DISC) minus statutory special deductions (described under a separate heading). This "taxable income" was used in determining the amount of the DISC's earnings and profits that were considered to be "amounts deemed distributed" to stockholders of the DISC. Generally, taxation on a portion of this amount could be deferred indefinitely and the remainder was taxable to stockholders in the year earned.

See also "Domestic International Sales Corporation Returns."

Tax Due at Time of Filing

Tax due was the amount of income tax liability reported as due at the time the return was filed. To show a tax due the return had to have income tax after foreign tax, investment, work incentive (WIN), possessions tax and jobs credits. For this purpose, the income tax included tax from recomputing prior-year investment credit, tax from recomputing prior-year work incentive (WIN) credit, additional tax for tax preferences, and tax on undistributed Personal Holding Company income. Tax due based on this total tax was the amount payable after taking into account (a) credit for taxes deemed paid by regulated investment companies on undistributed capital gain dividends; (b) payments with applications for extension of time in which to file; (c) payments on estimated tax; and (d) credit for taxes on special fuels, nonhighway gasoline, and lubricating oil.

The entire tax due could be paid with the return at the time of filing, or the corporation could elect to pay the tax due in two equal installments. One installment had to be paid at the prescribed time of filing. The balance was due on or before 3 months after that date.

The amounts shown do not reflect adjustments made after the return was filed. The results of tax audit, the carryback of net operating losses, the carryback of foreign taxes paid or accrued in future years, the carryback of unused investment credit, or the carryback of certain capital losses, may affect the final tax liability and the tax due.

Taxes Paid

Taxes paid included the amounts reported as an ordinary and necessary business deduction as well as identifiable amounts reported in the cost of goods sold and operations schedules. Included among the deductible taxes were ordinary State and local taxes paid or accrued during the year; social security and payroll taxes; unemployment insurance taxes; import and tariff duties; and business, license and privilege taxes. Income and profits taxes paid to foreign countries or U.S. possessions were also deductible unless claimed as a credit against income tax. However, Small Business Corporations electing to be taxed through their stockholders had to deduct from gross income any foreign taxes they paid. They could not claim a foreign tax credit, nor could they pass these taxes on to their stockholders for their use as a foreign tax credit. (See "Foreign Tax Credit.")

Taxes not deductible included Federal income and excess profits taxes, gift taxes and taxes assessed against local benefits.

Some corporations included sales taxes and excise and related taxes, which were part of the sales price of their products, as receipts. When this occurred, an equal and offsetting amount was usually included in the cost of sales and operations or as part of the separate deduction for taxes paid. When included in the cost of sales and operations, these taxes often were not identifiable and, therefore, could not be included in the statistics for taxes paid.

Tax from Recomputing Prior Year Investment Credit (#)

This tax, a recapture of investment credit, was required when depreciable (or amortizable) property used in computing the investment credit of a prior year was either disposed of or ceased to be qualifying property before the end of its useful life assumed at the time the credit was originally computed.

The tax was payable for the year in which the property was disposed of or became disqualified. It amounted to the difference between the credit originally claimed based on the intended life in the year of acquisition and the credit that would have been allowed based on the actual life in the year of disposition or disqualification. Useful life classes for investment credit purposes were shortened for property acquired after August 15, 1971. The revised useful life classes applied to investment credit property disposed of or disqualified after this date, even if the property was acquired (and the credit claimed) using the longer useful life classes specified under prior law.

Recapture of investment credit was required after August 15, 1971, when investment credit property was effectively disposed of prematurely by reason of casualty or theft. Recapture was also required when the following subsequent elections caused property for which credit had been claimed earlier to cease to be qualifying property: (1) 5-year accelerated depreciation elected for expenditures to rehabilitate low-income rental housing, and (2) 5-year rapid amortization elected for certain expenditures for child care facilities and certain railroad rolling stock.

Transferor railroad companies were exempted from additional tax on the transfer of their rail properties to the Consolidated Rail Corporation (ConRail), i.e., such railroad companies were not liable for tax from recomputing prior-year investment credit.

Unless otherwise indicated, tax from recomputing prior-year investment credit is included in the statistics for "Income Tax" in this report.

See also "Investment Credit."

Tax from Recomputing Prior Year Work Incentive (WIN) Credit (#)

A "recapture" of the work incentive (WIN) program credit was required whenever an employer that had claimed the credit in a prior year (1) terminated without cause the employment of an employee hired under the WIN program, or (2) failed to pay a WIN employee wages comparable with non-WIN employees for the same services. Generally, if the WIN employee's employment did not last at least 24 months, the WIN credit had to be paid back, even though a WIN credit could be taken for only the first 12 months of employment.

The Tax Reduction Act of 1975 included a temporary credit for Aid to Families with Dependent Children (AFDC) program recipients hired under the Social Security Act provisions. (The original WIN credit provisions applied only to AFDC program recipients

hired under the WIN program.) The temporary credit, which was first slated to expire July 1, 1976, was extended by the Tax Reform Act of 1976 until January 1, 1980. The Tax Reform Act of 1976 liberalized the recapture provisions for termination of employees hired under the WIN program. See "Work Incentive (WIN) Credit."

The Revenue Act of 1978 repealed the recapture rules for WIN program expenses paid or incurred after December 31, 1978. See the discussion under Changes in Law in section 2.

Unless otherwise indicated, tax from recomputing prior year work incentive (WIN) credit is included in the statistics for "Income tax" in this report.

Tax Net Income (or Deficit) (#)

In order to facilitate comparison between after-tax book and tax profits in table 1.16, an effort was made to adjust the net income computed under the Internal Revenue Code (and described under a separate heading) in order to recognize taxes in a consistent manner under the two profit concepts, insofar as possible.

Corporations were asked to report book net income as after income tax. Because the net income under the Code was reported before taxes, net income (less deficit) after tax, net, was the term used for the statistics to describe the net income after it was reduced by the income tax. For this purpose, the taxes subtracted from net income were defined to include the sum of the regular income tax, the additional tax for tax preferences, and the taxes from recomputing prior-year investment and work incentive (WIN) credits, reduced by the current year's investment, WIN and jobs credits, but not by the foreign tax credit nor U.S. possessions tax credit.

Thus, an "economic" or "accounting" approach was used to compute tax net income in regard to the treatment of foreign income and taxes to the extent that foreign income was included in the income statistics. The U.S. possessions tax credit was also excluded for this purpose.

It was felt that the corresponding income tax, whether domestic or foreign, should be uniformly reflected to the extent possible in the taxes used in this computation. By disregarding the foreign tax credit, foreign income taxes in effect were recognized as a deduction in arriving at tax net income, just as they were in arriving at book net income. To have done otherwise, by treating these taxes as a credit against U.S. tax, would have meant disregarding the effect of foreign income taxes on tax net income altogether. This was because corporations with a foreign tax credit could be thought of as having satisfied their U.S. income tax liabilities by paying taxes (to the extent of the credit) to foreign governments instead of the U.S. Government. The foreign tax credit was, after all, merely a device to prevent double taxation of foreign income.

This approach to foreign taxes for the statistics has drawbacks. The foreign tax credit, because of the limitations required in its computation, was not synonymous with total foreign income taxes. Because of the carryover provisions, some of the taxes credited for the current year were actually paid in other years while other amounts, paid on the current year income, had to be carried to other years for crediting. In addition, most foreign dividends had to be "grossed up" by the foreign taxes deemed paid on this income (see "Constructive Taxable Income from Related Foreign Corporations"). To the extent that such taxes were included as income, tax net income, conceptually, is overstated in comparison to book net income.

The user of the statistics can derive another estimate of tax net income (or deficit) by taking into account only the income tax payable to the United States. Under this approach, the before-tax net income (or deficit) shown in the statistics should be reduced by income tax after the investment, WIN and new jobs credits, and after the foreign tax credit as well.

Aside from conceptual problems associated with the treatment of foreign income and taxes, it should be noted that Domestic International Sales Corporations (DISC's) and, for the most part, Small Business Corporations electing to be taxed through stockholders, were not subject to the corporation income tax. Therefore, "Tax Net Income (or Deficit)" (the after-tax concept) for these companies is the same as "Net Income (or Deficit)" (the before-tax concept).

See also "Book Net Income (or Deficit)" for some of the other reasons for differences between book and tax profits.

Tax Overpayment (#)

This was the amount reported as the excess of payments and credits for the tax already paid over total income tax liability at the time the return was filed. For this purpose, the income tax liability included tax from recomputing prior-year investment credit, tax from recomputing prior-year work incentive (WIN) credit, additional tax for tax preferences, and tax on undistributed Personal Holding Company income and was after reduction by the foreign tax, investment, work incentive (WIN) and jobs credits. Overpayment then, was the excess of payments and credits over total tax liability after taking into account (a) credit for taxes deemed paid by regulated investment companies on undistributed capital gain dividends; (b) payments with applications for extension of time in which to file; (c) payments on estimated tax; and (d) credit for taxes on special fuels, nonhighway gasoline, and lubricating oil.

The overpayment could be credited toward the following year's estimated tax, refunded, or partially refunded and partially credited.

The amounts shown do not reflect adjustments made after the return was filed. The results of audit, the carryback of net operating losses incurred in future years, the carryback of certain foreign taxes paid or accrued in future years used to increase the current year foreign tax credit, the carryback of unused investment credit or unused WIN credit, or the carryback of certain capital losses, may affect the final tax liability and the tax overpayment.

Since Domestic International Sales Corporations (DISC's) had no tax, tax overpayment reported on Form 1120-DISC consisted solely of the refund of U.S. excise tax on special fuels, nonhighway gasoline, and lubricating oil.

Tax Preference Items (#)

These items constituted the basis (after adjustments described under "Additional Tax for Tax Preferences") upon which the 15 percent additional tax for tax preferences (or "minimum tax") was levied. They comprised various kinds of tax-favored income and deductions, which, in effect, provided corporations with nontaxable "economic" income.

In general, the tax preference items were attributable to U.S. sources. However, the capital gain preference (described below) included amounts from foreign sources if they were not subject to foreign taxation, or if the foreign tax was a preferential one. Other items attributable to foreign sources were treated as preferences only to the extent they reduced U.S. taxable income.

For Small Business Corporations electing to be taxed through their stockholders, all of the tax preference items described below were reported, but only the capital gain preference and the intangible drilling cost preference were taxable to the corporations themselves. The other items were taxable only to the stockholders of such corporations.

The items of tax preference were:

(1) Accelerated depreciation (depreciation in excess of the amount computed under the straight-line method) allowed on: (a) low-income rental housing; (b) other real property (defined in Code section 1250); and (c) personal property (defined by section 1245) subject to a lease. The tax preference in connection with personal property subject to a lease did not apply to corporations other than Personal Holding Companies and Small Business Corporations electing to be taxed through their stockholders.

(2) Amortization of (a) certified pollution control facilities, (b) railroad rolling stock, (c) on-the-job training facilities, and (d) child care facilities. The tax preference was the excess of these special rapid write-offs over what otherwise would have been a depreciation deduction under section 167.

(3) Reserves for losses on bad debts of financial institutions. Financial institutions (mostly banks and savings and loan associations) were allowed deductions for additions to a reserve for bad debts under prescribed rules. When these deductions exceeded amounts based on the actual bad debt loss experience of the institution (or in the case of a new company, industry experience), the excess was considered a tax preference. (The appearance of this preference for other than finance division corporations was caused chiefly by the filing of consolidated returns that included finance subsidiaries.)

(4) Depletion. The excess of the depletion deduction over the cost or other basis of the property (reduced by depletion taken in prior years) was a tax preference.

(5) Capital gains. This tax preference was based on the excess of net long-term capital gain over the net short-term capital loss, when these net gains were taxed at the special lower capital gain rate. The amount treated as a preference was this amount multiplied by a ratio of the regular tax rate less the rate applicable to capital gains (generally 28 percent) to the regular corporate tax rate.

(6) Intangible drilling costs. This was the excess of deductible intangible drilling and development costs incurred in connection with oil and gas wells (other than costs incurred in drilling a nonproductive well) over the amount that would have been deductible if such costs had been capitalized and depreciated under the straight line method.

Items (5) and (6) above were the only tax preferences for which Small Business Corporations electing to be taxed through their stockholders (Form 1120S) would be liable (see the discussion under "Small Business Corporation Returns" in this section). Tax preferences for these corporations were ordinarily passed on to the stockholders for taxation. Regulated investment companies and real estate investment trusts also included capital gains as a tax preference but only to the extent that such gains were not passed on to their stockholders.

Tentative Investment Credit

See "Investment Credit."

Total Assets and Total Liabilities

Total assets and total liabilities were those reported in the end-of-year balance sheet in the corporations' books of account. Total assets were net amounts after reduction by accumulated depreciation, accumulated amortization, accumulated depletion, and the reserve for bad debts. When reserves for bad debts were reported as liabilities, they were treated as reductions from the asset accounts to which they related and the totals of assets and liabilities were adjusted accordingly. When used in this report, the term total liabilities includes both the claims of creditors and stockholders' equity (see "Net Worth"). In addition, total liabilities were net amounts after reduction by the cost of Treasury stock. Moreover, when Treasury stock intended for resale was identified in "Other investments" on the asset side of the balance sheet, it was moved to the liability side for the statistics, and the totals of assets and liabilities were also adjusted.

Asset and liability estimates for returns of corporations that failed to provide complete balance sheet information were imputed from data in other schedules on the return form or by using either reference books or relationships between income statement and balance sheet items on similar returns in the same industrial group.

Because Forms 1120L and 1120M used by life insurance companies and certain mutual insurance companies did not provide for the complete reporting of balance sheet information, asset and liability data for these companies were obtained from reference books or from balance sheets filed with the returns in the form required by State law. These sources were also used for any other insurance companies, not filing returns on Forms 1120L or 1120M, which filed balance sheets in the form required by State law in lieu of the income tax return schedule. (See also "Size of Total Assets.")

Total Deductions

As presented in the tables of this publication, total deductions comprised (1) the cost of sales and operations, (2) the ordinary and necessary business deductions from gross income, and (3) net loss from sales of noncapital assets. Components of total deductions are shown in the income statement segment of various tables throughout this report.

For certain mutual insurance companies, with total receipts under \$500,000, total deductions represents only investment expenses; business expenses were excluded by law.

Total Receipts

The components of total receipts are shown in the income statement segment of various tables throughout this report. This amount was derived as follows:

Included items—(1) Gross taxable receipts (before deduction of cost of sales and operations, ordinary and necessary business expenses, and net loss from sales of noncapital assets), and (2) Nontaxable interest received from State and local Government obligations.

Excluded items—(1) Other nontaxable income recognized by the corporation, and (2) Certain taxable income from related foreign corporations only constructively received.

For certain mutual insurance companies, with total receipts under \$500,000, the gross taxable receipts included in the statistics represent only the receipts from investments; operating income was excluded by law.

Total Receipts Less Total Deductions

This item differed from net income (less deficit) for tax purposes in that it included nontaxable "Interest on State and Local Government Obligations" and excluded "Constructive Taxable Income from Related Foreign Corporations." As such, it included all of the income "actually" (as opposed to "constructively") received by the corporation and reported on the income tax return.

Unused Investment Credit (#)

This was the portion of the tentative investment credit (plus the carryover of unused credit from prior years) which was in excess of the actual investment credit claimed for the current year. Subject to limitations, the unused credit could be carried back or carried over for use in other years as described under "Investment Credit."

The amounts shown in the statistics were computed on a return-by-return basis by taking the difference between the credit claimed and the sum of the tentative credit and the credit carryover.

U.S. Possessions Tax Credit

In order to provide a tax incentive for domestic corporations to invest in Puerto Rico and U.S. possessions (including American Samoa, Guam, Johnston Island, Midway Islands, the Panama Canal Zone, and Wake Island, but not the Virgin Islands), the Tax Reform Act of 1976 added, under Code section 936, a new tax credit—the U.S. possessions tax credit. Under the new provisions in Code section 936, the U.S. possessions tax credit was equal to the U.S. tax on domestic corporations' income from sources within a possession in which the corporations actively conducted a trade or business. Formerly, under Code section 931, qualified possessions income was exempted from U.S. income tax.

The amount of the credit was equal to that portion of the U.S. tax of the domestic corporation attributable to taxable income from sources outside the United States from the active conduct of a trade or business within a U.S. possession and from qualified possession source investment income. In determining the amount of tax attributable to the income from the active conduct of a possession trade or business or from qualified possessions investment income, losses from other sources were taken into account.

Qualified possessions source investment income included only income from sources within a possession in which the possessions corporation actively conducted a trade or business (whether or not such business produced taxable income). The corporation had to establish that the funds invested were obtained from the active conduct of a trade or business within that same possession and were actually invested in assets in that possession. Funds placed with an intermediary (such as a bank located in the possession) were to be treated as invested in that possession only if it could be shown that the intermediary did not reinvest the funds outside the possession.

The U.S. possessions tax credit provisions called for possessions corporations to be taxed on worldwide income just like any other U.S. corporation; however, the possessions corporations could receive a full tax credit attributable to qualified possessions source income even if no tax was paid to the Governments of the possessions. Thus, the effect of the U.S. possessions tax credit provisions was: (a) to exempt qualified possessions source income from U.S. income tax, (b) to allow a dividends-received deduction for dividends repatriated by the possessions corporations to their U.S. parent corporations; and (c) to tax currently foreign source income (which was not taxable

under prior law), subject to the foreign tax credit with allowances for foreign taxes paid with respect to such income. Foreign source income continued to be exempt from U.S. taxes for investment income that was earned before October 31, 1976, whether or not the investment income was initially derived from the possessions' business.

Before the U.S. possessions tax credit could be claimed, a domestic corporation had to make an election and satisfy two tests: (1) receive for the "applicable" period immediately preceding the close of the taxable year at least 80 percent of its gross income from sources within a U.S. possession, and (2) receive for the "applicable" period at least 50 percent of its gross income from the active trade or business within a U.S. possession. "Applicable" period was the lesser of 3 years or the period during which the corporation was engaged in the active conduct of a trade or business within a U.S. possession. Once in effect, the election was to remain in force for 9 years after the first year for which the election was effective and for which the domestic corporation met the 80 percent source of income and 50 percent active trade or business income requirements. The election could be revoked during this 10-year period only with the consent of the Secretary of the Treasury, based on cases of substantial hardship where no tax avoidance could result from the revocation. After revocation during the 10-year period, a domestic corporation could make the election for the 10-year period again, provided the two conditions were met. After the 10-year period, no consent was needed to revoke the election.

Additionally, possessions corporations were prohibited by the election from filing or joining in the filing of consolidated returns, as they had been able to do under the prior law, in years in which they incurred losses. The new law permitted possessions corporations to be included in consolidated returns only in the case where their losses resulted from initial start-up expenses incurred at the time their possessions operations were just beginning. Even these losses would be subject to recapture if the possessions corporations derived foreign source income in later years.

The U.S. possessions tax credit could not be taken by corporations that were Domestic International Sales Corporations (DISC's), former DISC's, or owned stock in a DISC or former DISC. The credit could be taken however, by those stockholders who no longer held stock in the DISC's or former DISC's.

While the U.S. possessions tax credit could be taken against corporate income taxes, it could not be taken against:

- (1) additional tax for tax preferences (minimum tax);
- (2) tax on accumulated earnings;
- (3) taxes relating to recoveries of foreign expropriation losses, previously deducted as part of a net operating loss deduction; or
- (4) Personal Holding Company tax.

None of these taxes could be taken into account in the determination of the amount of U.S. tax paid by the corporation which was attributable to the possessions' active trade or business and investment income.

Since the U.S. possessions tax credit was separate from the foreign tax credit, the income (and associated taxes) used in the computation of the possessions tax credit could not be used for foreign tax credit purposes. Similarly, possessions income included in the foreign tax credit computation could not be used for possessions tax credit purposes.

The 1976 Act also provided a dividends-received deduction for dividends from corporations eligible for the U.S. possessions tax credit. Corporations which would otherwise qualify for the 100-percent dividends-received deduction, if an election were not in effect, could still receive that deduction for dividends from another possessions corporation. Likewise, corporations eligible for the 85-percent dividends-received deduction were to receive the deduction with respect to dividends from possessions corporations. The amount of the dividend income received from a possessions corporation was treated as domestic or foreign source income according to the existing Code section 861 rules. This same amount was also used to compute the Code section 904 limitation on the Code section 901 foreign tax credit. The new rules on the dividends-received deduction applied to dividends paid in taxable years of possessions corporations beginning after December 31, 1975, regardless of when the income, out of which the dividends were distributed, was earned.

Work Incentive (WIN) Credit (#)

This credit was intended to expand job opportunities for Aid to Families with Dependent Children (AFDC) program recipients. Taxpayers were allowed a credit against their income tax liability if they were engaged in a trade or business and hired AFDC recipients under the Work Incentive (WIN) program of the Social Security Act (as authorized by the Revenue Act of 1971) or if they hired AFDC recipients under the Social Security Act, regardless of whether or not they were covered by the WIN program (as authorized by the Tax Reduction Act of 1975). The Revenue Act of 1978 modified the WIN credit. See the discussion under Changes in Law in section 2.

Zero Assets

In general, returns in this total assets-size class were:

- (1) final returns of liquidating or dissolving corporations which had disposed of all assets;
- (2) final returns of merging corporations whose assets and liabilities were reported in the returns of the acquiring corporations;
- (3) part-year returns of corporations (except initial returns of newly incorporated businesses); and
- (4) returns of foreign corporations with income "effectively connected" with the conduct of a trade or business in the United States (however, balance sheet data for U.S. branches of foreign insurance companies are included in the statistics and are classified by the size of total assets of these branches).

Part 1

Forms and Instructions for 1978

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U.S. Corporation Income Tax Return

For calendar year 1978 or other taxable year beginning

1978

Check if—
A Consolidated return ☐
B Personal Holding Co. ☐
C Business Code No. (See Page 8 of Instructions)

Use label: Other-wise please print or type.

Name _____
Number and street _____
City or town, State, and ZIP code _____

D Employer identification number (see instruction 10)
E Date incorporated _____
F Enter total assets (see instruction 10)
\$ _____

Gross Income

1	Gross receipts or gross sales	Less: Returns and allowances	1
2	Less: Cost of goods sold (Schedule A) and/or operations (attach schedule)		2
3	Gross profit		3
4	Dividends (Schedule C)		4
5	Interest on obligations of the United States and U.S. instrumentalities		5
6	Other interest		6
7	Gross rents		7
8	Gross royalties		8
9	(a) Capital gain net income (attach separate Schedule D)		9(a)
	(b) Net gain or (loss) from Form 4797, line 11, Part II (attach Form 4797)		9(b)
10	Other income (see instructions—attach schedule)		10
11	TOTAL income—Add lines 3 through 10		11

Deductions

12	Compensation of officers (Schedule E)		12
13	(a) Salaries and wages	13(b) Less new jobs credit	13(c)
14	Repairs (see instructions)		14
15	Bad debts (Schedule F if reserve method is used)		15
16	Rents		16
17	Taxes		17
18	Interest		18
19	Contributions (not over 5% of line 30 adjusted per instructions—attach schedule)		19
20	Amortization (attach schedule)		20
21	Depreciation from Form 4562 (attach Form 4562)	less depreciation claimed in Schedule A and elsewhere on return	21
22	Depletion		22
23	Advertising		23
24	Pension, profit-sharing, etc. plans (see instructions) (enter number of plans)		24
25	Employee benefit programs (see instructions)		25
26	Other deductions (attach schedule)		26
27	TOTAL deductions—Add lines 12 through 26		27
28	Taxable income before net operating loss deduction and special deductions (subtract line 27 from line 11)		28
29	Less: (a) Net operating loss deduction (see instructions—attach schedule)	29(a)	29
	(b) Special deductions (Schedule I)	29(b)	
30	Taxable income (subtract line 29 from line 28)		30
31	TOTAL TAX (Schedule J)		31

Tax

32	Credits: (a) Overpayment from 1977 allowed as a credit		32
	(b) 1978 estimated tax payments		
	(c) Less refund of 1978 estimated tax applied for on Form 4466		
	(d) Tax deposited: Form 7004	Form 7005 (attach)	Total
	(e) Credit from regulated investment companies (attach Form 2439)		
	(f) U.S. tax on special fuels, nonhighway gas and lubricating oil (attach Form 4136)		
33	TAX DUE (subtract line 32 from line 31). See instruction G for depositary method of payment.		33
	(Check <input type="checkbox"/> if Form 2220 is attached. See page 3 of instructions.)	\$	
34	OVERPAYMENT (subtract line 31 from line 32)		34
35	Enter amount of line 34 you want: Credited to 1979 estimated tax	Refunded	35

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____
Preparer's signature _____ Preparer's social security no. _____ Check if self-employed ☐
Firm's name (or yours, if self-employed), address and ZIP code _____ E.I. No. _____ Date _____

Schedule A Cost of Goods Sold (See instruction 2)

1	Inventory at beginning of year	
2	Merchandise bought for manufacture or sale	
3	Salaries and wages	
4	Other costs (attach schedule)	
5	Total	
6	Less: Inventory at end of year	
7	Cost of goods sold—Enter here and on line 2, page 1	

8 (a) Check valuation method(s) used for total closing inventory:
☐ Cost ☐ Lower of cost or market ☐ Other (if "other," attach explanation)
(b) Check if this is the first year LIFO inventory method was adopted and used. (If checked, attach Form 970.) ☐
(c) If the LIFO inventory method was used for this taxable year, enter percentage (or amounts) of closing inventory computed under LIFO _____
(d) Is the corporation engaged in manufacturing activities? ☐ Yes ☐ No
If "Yes," are inventories valued under Regulations section 1.471-11 (full absorption accounting method)? ☐ Yes ☐ No
(e) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If "Yes," attach explanation.

Schedule C Dividends (See instruction 4)

1	Domestic corporations subject to 85% deduction	
2	Certain preferred stock of public utilities	
3	Foreign corporations subject to 85% deduction	
4	Dividends from wholly-owned foreign subsidiaries subject to 100% deduction (section 245(b))	
5	Other dividends from foreign corporations	
6	Includable income from controlled foreign corporations under subpart F (attach Forms 3646)	
7	Foreign dividend gross-up (section 78)	
8	Qualifying dividends received from affiliated groups and subject to the 100% deduction (section 243(e)(3))	
9	Taxable dividends from a DISC or former DISC not included in line 1 (section 246(d))	
10	Other dividends	
11	Total—Enter here and on line 4, page 1	

Schedule E Compensation of Officers (See instruction 12)

1. Name of officer	2. Social security number	3. Time devoted to business	Percent of corporation stock owned		6. Amount of compensation	7. Expense account allowances
4. Common	5. Preferred					

Total compensation of officers—Enter here and on line 12, page 1 _____

Schedule F Bad Debts—Reserve Method (See instruction 15)

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve		6. Amount charged against reserve	7. Reserve for bad debts at end of year
4. Current year's provision	5. Recoveries					
1973						
1974						
1975						
1976						
1977						
1978						

Schedule I Special Deductions

1	(a) 85% of Schedule C, line 1	
	(b) 60.208% of Schedule C, line 2	
	(c) 85% of Schedule C, line 3	
	(d) 100% of Schedule C, line 4	
2	Total—See instructions for limitation	
3	100% of Schedule C, line 8	
4	Dividends paid on certain preferred stock of public utilities (see instructions)	
5	Western Hemisphere trade corporations (see instructions)	
6	Total special deductions—Add lines 2 through 5. Enter here and on line 29(b), page 1	

Form 1120 (1978) **Schedule J Tax Computation**Page **3**

(Fiscal year corporations, omit lines 1 through 8 and enter on line 9, the amount from Form 1120-FY (1978-79), line 5, Part III)

1	Taxable income (line 30, page 1)	
2	Enter line 1 or \$25,000, whichever is less. (Members of a controlled group enter one-half of surtax allocation, see instructions)	
3	Subtract line 2 from line 1	
4	Enter line 3 or \$25,000, whichever is less. (Members of a controlled group enter one-half of surtax allocation, see instructions)	
5	Subtract line 4 from line 3	
6	20% of line 2	
7	22% of line 4	
8	48% of line 5	
9	Income tax (Sum of lines 6, 7 and 8 or alternative tax from separate Schedule D, whichever is less)	
10	(a) Foreign tax credit (attach Form 1118)	
	(b) Investment credit (attach Form 3468)	
	(c) Work incentive (WIN) credit (attach Form 4874)	
	(d) New jobs credit (attach Form 5884)	
11	Total of lines 10(a), (b), (c), and (d)	
12	Subtract line 11 from line 9	
13	Personal holding company tax (attach Schedule PH (Form 1120))	
14	Tax from recomputing a prior year investment credit (attach Form 4255)	
15	Tax from recomputing a prior year WIN credit (see instructions—attach computation)	
16	Minimum tax on tax preference items (see instructions—attach Form 4626)	
17	Total tax—Add lines 12 through 16. Enter here and on line 31, page 1	

Schedule K Record of Federal Tax Deposits Tax Class Number 503
(List deposits in order of date made—See instruction G)

Date of deposit	Amount	Date of deposit	Amount

Yes		No	
G (1) Did you claim a deduction for expenses connected with:			
(a) Entertainment facility (boat, resort, ranch, etc.)			
(b) Living accommodations (except for employees on business)			
(c) Employee's families at conventions or meetings?			
If "Yes," were any of these conventions or meetings outside the United States or its possessions?			
(d) Employee or family vacations not reported on Form W-2?			
(2) Enter total amount claimed on Form 1120 for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d). (See instruction Y.)			
H (1) Did you at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)			
If "Yes," attach a schedule showing: (a) name, address, and identifying number; (b) percentage owned; (c) taxable income or (loss) (e.g., if a Form 1120 from Form 1120, line 28, page 1) of such corporation for the taxable year ending with or within your taxable year; (d) highest amount owed by you to such corporation during the year; and (e) highest amount owed to you by such corporation during the year.			
(2) Did any individual, partnership, corporation, estate or trust at the end of the taxable year own, directly or indirectly, 50% or more of your voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete (a) through (e).			
(a) Attach a schedule showing name, address, and identifying number; (b) Enter percentage owned			
(c) Was the owner of such voting stock a person other than a U.S. person? (See instruction S.)			
If "Yes," enter owner's country			
(d) Enter highest amount owed by you to such owner during the year			
(e) Enter highest amount owed to you by such owner during the year			
(Notes: For purposes of H(1) and H(2), "highest amount owed" includes loans and accounts receivable/payable.)			
I Did you ever declare a stock dividend?			
J Taxable income or (loss) from Form 1120, line 28, page 1, for your taxable year beginning in:			
1975 1976 1977			
K Were you a member of a controlled group subject to the provisions of section 1561? If "Yes," check the type of relationship.			
(1) <input type="checkbox"/> parent-subsidiary (2) <input type="checkbox"/> brother-sister			
(3) <input type="checkbox"/> combination of (1) and (2) (See section 1563.)			
L Refer to page 8 of instructions and state the principal:			
Business activity			
Product or service			
M Did you file all required Forms 1087, 1095 and 1099?			
N Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 3645 for each such corporation			
O Did you, at any time during the taxable year, have an interest in or signature or other authority over a bank, securities or other financial account in a foreign country (see instruction V)?			
P Were you the grantor of, or transferor to, a foreign trust during any taxable year, which foreign trust was in being during the current taxable year, whether or not you have any beneficial interest in such trust? If "Yes," you may be required to file Forms 3520, 3520-A, or 928			
Q During this taxable year, did you pay dividends (other than stock dividends and distributions in exchange for stock) in excess of your current and accumulated earnings and profits? (See sections 301 and 316.)			
If "Yes," file Form 5452. If this is a consolidated return, answer here for parent corporation and on Form 851, Affiliation Schedule, for each subsidiary.			

Form 1120 (1978)

Page **4****Schedule L Balance Sheets**

ASSETS	Beginning of taxable year		End of taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
1 Cash				
2 Trade notes and accounts receivable				
3 Inventories				
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets				
(a) Less accumulated depreciation				
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets				
LIABILITIES AND STOCKHOLDERS' EQUITY				
15 Accounts payable				
16 Mises, notes, bonds payable in less than 1 yr.				
17 Other current liabilities (attach schedule)				
18 Loans from stockholders				
19 Mises, notes, bonds payable in 1 yr. or more				
20 Other liabilities (attach schedule)				
21 Capital stock: (a) Preferred stock				
(b) Common stock				
22 Paid-in or capital surplus				
23 Retained earnings—Appropriated (attach sch.)				
24 Retained earnings—Unappropriated				
25 Less cost of treasury stock				
26 Total liabilities and stockholders' equity				

Schedule M-1 Reconciliation of Income Per Books With Income Per Return

1 Net income per books	7 Income recorded on books this year not included in this return (itemize)
2 Federal income tax	(a) Tax-exempt interest \$
3 Excess of capital losses over capital gains	
4 Income subject to tax not recorded on books this year (itemize)	8 Deductions in this tax return not charged against book income this year (itemize)
	(a) Depreciation \$
5 Expenses recorded on books this year not deducted in this return (itemize)	(b) Depletion \$
(a) Depreciation \$	
(b) Depletion \$	
6 Total of lines 1 through 5	9 Total of lines 7 and 8
	10 Income (line 28, page 1)—line 6 less 9

Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above)

1 Balance at beginning of year	5 Distributions: (a) Cash
2 Net income per books	(b) Stock
3 Other increases (itemize)	(c) Property
	6 Other decreases (itemize)
4 Total of lines 1, 2, and 3	7 Total of lines 5 and 6
	8 Balance at end of year (line 4 less 7)

1978 Department of the Treasury Internal Revenue Service Instructions for Form 1120 U.S. Corporation Income Tax Return

Fiscal year taxpayers must also consider the instructions reflected in Form 1120-FY (1978-79).
(References are to the Internal Revenue Code.)

General Instructions

A. Who must file Form 1120.—

1. Domestic corporations, whether or not having any taxable income, unless exempt under section 801.

2. Real estate investment trusts defined in section 856.

3. Regulated investment companies defined in section 851.

4. Insurance companies described in section 851.

If an organization more nearly resembles a corporation than a partnership or trust, it will be an association taxed as a corporation.

B. Returns required of certain organizations.—

1. Foreign corporations other than life and mutual insurance companies filing Forms 1120-L and 1120-M—file Form 1120-F.

2. Life insurance companies (section 802)—file Form 1120-L.

3. Mutual insurance companies (section 821)—file Form 1120-M.

4. Exempt farmers' cooperatives (section 1381)—file Form 990-C.

5. Exempt organizations with unrelated trade or business income—file Form 990-T.

6. Small business corporations (section 1372(a))—file Form 1120S.

7. Domestic International Sales Corporations (section 992)—file Form 1120-DISC.

8. Political organizations (section 527)—file Form 1120-POL.

9. Homeowners Association (section 528)—file Form 1120-H.

C. Where to file.—

If the corporation's principal business, office, or place of operation is located in:

Use the following Internal Revenue Service Center address:

New Jersey, New York City and vicinity of Kansas, Oklahoma, South Dakota, and Westchester
Holtsville, NY 05501

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
Andover, MA 05501

Alabama, Florida, Georgia, Mississippi, North Carolina
Atlanta, GA 31101

Michigan, Ohio
Cincinnati, OH 45299

Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas
Austin, TX 73301

Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming
Ogden, UT 84201

Illinois, Iowa, Missouri, Wisconsin
Kansas City, MO 64999

California, Hawaii
Pasadena, CA 92355

Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia
Memphis, TN 37201

Delaware, District of Columbia, Maryland, Pennsylvania
Philadelphia, PA 19185

Corporations having their principal place of business outside the United States or claiming a possessions tax credit (section 930) must file with the Internal Revenue Service Center, Philadelphia, PA 19185.

The separate income tax returns of a group of corporations located in several Service Center regions may be filed with the Service Center for the area in which the principal office of the managing corporation that keeps all the books and records is located.

D. When to file.—In general, Form 1120 must be filed on or before the 15th day of the 3d month after the end of the taxable year.

File Form 7004 to request an automatic 3-month extension of time to file Form 1120.

File Form 7005 to request an additional extension after obtaining an automatic 3-month extension by filing Form 7004.

E. Information returns and forms that may be required.—

1. Forms W-2 and W-3.—Employee's wage and tax statement; and transmittal of income and tax statements.

2. Form W-2P.—Statement for recipients of annuities, pensions or retired pay and periodic payments from retirement plans.

3. Forms 1087-DIV, INT, MED, MISC, and OI-D.—Nominees' information returns for reporting dividends, interest, medical and health care payments, miscellaneous income, and original issue discount that were received as a nominee on behalf of another person.

4. Form 1096.—Annual summary and transmittal of U.S. information returns.

5. Form 5452.—Corporate report of nontaxable dividends.

6. Forms 966 and 1099L.—Information returns regarding dissolution or liquidation, and distributions in liquidation.

7. Forms 1099-DIV, INT, MED, MISC, OI-D, PATR, and R.—Information returns for reporting certain dividends, interest income, medical and health care payments, miscellaneous income payments,

original issue discount, patronage dividends, and total distributions from profit-sharing and retirement plans.

8. Form 3921.—Information return concerning exercise of a qualified or restricted stock option.

9. Form 5713.—International boycott report for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott, may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, and DISC benefits.

F. Period to be covered by 1978 return.—File the 1978 return for calendar year 1978 and fiscal years beginning in 1978 and ending in 1979. If the return is for a fiscal year, fill in the taxable year space on the form.

FINAL RETURNS.—If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

G. Depositary method of tax payment.—The balance of the tax due (line 33) must be paid in full when the return is filed or in two installments, 50% by the 15th day of the 3d month and 50% by the 15th day of the 6th month after the end of the taxable year.

All corporation income tax payments and estimated income tax payments must be deposited at an authorized financial institution or Federal Reserve Bank or Branch (FRB), with a Federal Tax Deposit Form preinscribed with a Tax Class Number 503. In accordance with instructions appearing on the reverse of that form. Deposits made at a FRB must be made with the FRB servicing the geographic area where a taxpayer is located. The deposit must be made in a form of payment that the receiving FRB considers to be an immediate credit item. Additional information can be obtained from an authorized depositary or FRB. Each deposit must be accompanied by a Federal Tax Deposit Form preinscribed with a Tax Class Number 503. Do not remit directly to Internal Revenue. Records of deposits will be sent to Internal Revenue for crediting to the corporation's account.

In Schedule K, list all Tax Class Number 503 deposits that relate to the taxable year for which this return is filed and which were made before or simultaneously with the filing of this return.

The timeliness of deposits will be determined by date received by the financial institution or FRB. If a tax payment is made by mail, a deposit received after the due date will be considered timely if the taxpayer establishes that it was mailed on or before the second day before the prescribed due date as provided by section 7502. Tax deposits made

at FRBs which are not in compliance with deposit requirements will nevertheless be processed by the receiving FRB rather than returned to the taxpayer. Furthermore, such tax payments received by an FRB will be dated as paid based upon the date when the proceeds of the accompanying payment instrument are collected by the FRB, and if made by mail section 7502 will not apply.

Federal Tax Deposit Forms preinscribed with a Tax Class Number 503 will be mailed to corporations on a cyclical basis depending on the taxable year of the corporation. Corporations needing such deposit forms may obtain them from the Internal Revenue Service Center where they will file their returns. The application should include the corporation's name, identification number, address, and the taxable year to which the deposits relate.

H. Change in accounting period.—To change an accounting period, see section 1.442-1 of the regulations and Form 1128, Application for Change in Accounting Period.

I. Accounting methods.—Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Corporations engaged in farming operations may be required to use the accrual method of accounting. See section 447 for exceptions to the general rule.

Unless the law specifically permits, the method of accounting used to report income in prior years (for income as a whole or for any material item) may not be changed without first obtaining consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

J. Estimated tax.—A corporation must make estimated tax payments if it can expect its estimated tax (income tax less credits) to be \$40 or more.

See Form 1120-W which may be used as a worksheet to compute estimated tax.

If there was an overpayment of estimated tax, file Form 4466 for a "quick refund" if the overpayment is (1) at least 10% of expected income tax liability AND (2) at least \$500. This application must be made within 2½ months after the end of the taxable year and before Form 1120 is filed.

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K. Consolidated returns.—The parent corporation must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach Form 1122.

File supporting schedules for each corporation included in the consolidated return. The schedules must be in columnar form and show, both before and after adjustments, the items of gross income and deductions, a computation of taxable income, balance sheets as of the beginning and end of the taxable year, and a reconciliation of retained earnings. Also attach consolidated balance sheets and a reconciliation of consolidated retained earnings.

L. Stock ownership in foreign corporations.—See section 551(c), and attach the required statement if there was an ownership of 5% or more in value of the outstanding stock of a foreign personal holding company.

A taxpayer who controls a foreign corporation, or who is a 10% or more shareholder of a controlled foreign corporation, may be required to file Forms 2952 and 3646.

M. Financial statements.—The balance sheets must agree with your books and records. Any differences must be reconciled. Copies of balance sheets required by Federal, State, etc., authorities may be used in place of Schedule L. Certificates of deposit should be included as cash on line 1 of the balance sheet.

Banks, insurance companies, and other corporations required to submit substantially similar statements of income and expense to any Federal, State, etc., authority may submit copies of such statements in place of the information required on lines 1 through 30, page 1. Railroads may substitute Form 1090. In such cases, taxable income must be reconciled in Schedule M-1 with the net profit shown on the statement and entered as line 30, page 1.

Financial statements to be completed in accordance with the method of accounting used in computing taxable income.

N. Attachments.—If more space is needed on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

O. Amended return.—Use Form 1120X to correct any error in a previously filed income tax return.

P. Transfers to corporation controlled by transferor.—If a person acquires stock or securities of a corporation in

exchange for property, and no gain or loss is recognized under section 351, the transferor and transferee must attach the information required by section 1.351-3 of the regulations.

Q. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If your corporate officer filled in Form 1120, the space under the signature of officer should remain blank. If someone prepares Form 1120 and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120 should not sign. For example, a regular, full time employee of the corporation such as clerk, secretary, etc. does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120 must sign the return and fill in the other blanks in the Paid Preparer's Information area of the return.

When more than one person prepares Form 1120, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "SE" box.

If you have questions about whether a preparer is required to sign Form 1120, please contact an IRS office.

The person required to sign the return MUST:

—Sign it, by hand, in the space provided for the preparer's signature (Signature stamps or labels are not acceptable);

—Give a copy of Form 1120 to the taxpayer in addition to the copy filed with IRS.

Publication 1054 is a guide listing some of the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work. Tax return preparers should be familiar with their responsibilities. This publication is available at IRS offices.

R. Corporations that liquidate within one calendar month under section 333.—Such corporations should attach a computation (following the format in Rev. Proc. 75-17, 1975-1 C.B. 677) of accumulated earnings and profits including all items of income and expense accrued up to the date the transfer of all property is completed.

S. U.S. person.—(See question H (2)(c), page 3, Form 1120.)—The term "U.S. person" means: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, or (4) any estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

Owner's country, for individuals, is their country of residence. For all others, it is the country where incorporated, organized, created, or administered.

T. Penalties.

Avoid penalties and interest by correctly filing and paying the tax when due.

1. A corporation that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed (the penalty is imposed on the net amount due—section 6651(a)(1)).

2. A corporation that fails to pay the tax when due may be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid (the penalty is imposed on the net amount due—section 6651(a)(2)).

The above penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate pursuant to section 6621.

3. A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment (section 6655) at a rate pursuant to section 6621.

If estimated tax was underpaid, attach Form 2220 to show how you figured the penalty or which exceptions you believe you meet.

If you attach Form 2220, be sure you check the box below line 33. If you owe a penalty, show the amount in the space below line 33.

If you owe tax on line 33, include the penalty amount in with your total. Or, if you are due a refund, subtract the penalty amount from the overpayment on line 34.

U. Real estate investment trusts.—Real Estate Investment Trusts see sections 856–860 for special rules. Attach schedules where applicable.

V. Foreign Financial Accounts and Foreign Trusts.—If at any time during the year, you had an interest in or signature or other authority over a bank account, securities account or other financial account in a foreign country, check the Yes box for question O. However, you

should check the No box if the combined assets in the account(s) were \$1,000 or less during the entire year, or were with a U.S. military banking facility operated by a U.S. financial institution.

If you own more than 50 percent of the stock in any corporation that owns one or more foreign bank accounts, you must check the Yes box for question O.

Get Form 90–22.1 to see if you are considered to have an interest in, or signature or other authority over a bank, security, or other financial account in a foreign country.

If you checked Yes for question O, file Form 90–22.1. You can get this form from many IRS offices. File the completed form by June 30, 1979, with the Department of the Treasury, P.O. Box 28309, Central Station, Washington, DC 20005. Do not file it with the IRS, it is not a tax return.

If you were a grantor of, or transferor to a foreign trust, which trust was in being during the tax year, check the Yes box for question P.

W. Employer identification number.—If the employer identification number (EIN) is wrong on the label or if a label was not received, show the correct number on the return.

Corporations that do not have an EIN should apply for one on Form SS–4, available from any IRS or Social Security Administration office. Send Form SS–4 to the same Internal Revenue Service Center to which Form 1120 is sent.

X. Total assets.—If there are no assets at the end of the taxable year, show the total assets as of the beginning of the taxable year.

Y. Travel and entertainment expenses (section 274(d)).—(See Form 1120, question G(2), page 3.) The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in years prior to taxable years beginning in 1978 but not deducted in those years are not required to be included in the total (i.e., expenditures reflected in beginning inventories, capitalized expenditures subject to depreciation, etc.). However, expenditures paid or incurred in tax years beginning in 1978 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W–2.

See regulations section 1.274–5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item G(2).

Specific Instructions

(Numbered to correspond with the line items on page 1 of the return.)

Gross Income

1. **Gross receipts.**—Enter gross receipts or sales from all business operations except those required to be reported in lines 4 through 10. For reporting advance payments and long-term contracts, see section 1.451–5 of the regulations.

If the installment method is used, enter on line 1 the gross profit on collections from installment sales and carry the same amount to line 3. Attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profits, (d) percentage of gross profits to gross sales, (e) amount collected, and (f) gross profit on amount collected.

2. **Cost of goods sold.**—See Instructions for Schedule A.

4. **Dividends.**—(Numbered to correspond with line numbers in Schedule C.)

[1.] Enter dividends received from domestic corporations subject to income tax and which are subject to the 85% deduction under section 243(a)(1). Include on this line taxable distributions from a DISC or former DISC that are designated as being eligible for the 85% deduction.

Small business investment companies must enter dividends received from domestic corporations subject to income tax even though a deduction is allowed for the entire amount of such dividends in line 1 of Schedule I. For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest and should not be treated as dividends.

[2.] Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

[3.] Enter dividends received from foreign corporations and which qualify for the 85% deduction provided in section 245(a).

[4.] Enter dividends received from wholly-owned foreign subsidiaries and which are eligible for the 100% deduction provided in section 245(b).

In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a taxable year during which (1) all of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividends and (2) all of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S.

[5.] Enter foreign dividends (including minimum distributions under subpart F) not reportable on lines 3 and 4. Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F.

[6.] Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported in Schedule A, Form(s) 3646.

[7.] Include gross-up for taxes deemed paid under sections 902 and 960.

[8.] Enter only those dividends subject to the elective provisions of section 243(b) and are entitled to the 100% dividends-received deduction under section 243(a)(3). Corporations making this election are subject to the provisions of section 1561.

[9.] Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85% deduction.

[10.] Include dividends (other than capital gain dividends and exempt interest dividends) received from regulated investment companies and which are not subject to the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends) received from a real estate investment trust which, for the taxable year of the trust in which the dividends are paid, qualifies under sections 856–860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above. If patronage dividends or per unit return allocations are included in Schedule C, line 10, identify the total of these amounts in a schedule attached to Form 1120.

6. **Other interest.**—Enter interest on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest income against interest expense.

7. **Gross rents.**—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation in the proper lines for deductions.

9(a). **Capital gain net income.**—Every sale or exchange of a capital asset must be reported in detail in Schedule D even though no gain or loss is indicated.

If the net long-term capital gain exceeds the net short-term capital loss, or in case of only a net long-term capital gain, compute the alternative tax on separate Schedule D to see if it produces a lesser tax.

9(b). **Gain or (loss).**—Enter the net gain or loss from Form 4797, line 11, Part II.

10. **Other income.**—Enter any other taxable income not listed above and explain its nature on an attached schedule. Examples of other income would be recoveries of bad debts deducted in prior years under the specific charge-off method and refunds of taxes deducted in prior years. Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, identify it by showing the account caption in parentheses on line 10.

Deductions

12. **Compensation of officers.**—Complete Schedule E, columns 1 through 6 for all officers. Complete Schedule E, column 7 for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 7 does not have to be completed for any officer for whom the combined amount is less than \$30,000.

This information is to be submitted by each member of an affiliated group included in a consolidated return.

13. **Salaries and wages.**—Enter on line 13a the amount of total salaries and wages (other than salaries and wages deducted elsewhere on your return) paid or incurred for the taxable year.

Enter on line 13b the amount of new jobs credit from Form 5884, line 13. See instruction G of the instructions for Form 5884 for additional information.

14. **Repairs.**—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value or appreciably prolong the life of the property. Include in this line the total amount of repairs figured under the Class Life Asset Depreciation Range (CLADR) System.

Expenditures to remove architectural and transportation barriers to handicapped and elderly.—For new rules for expenses in taxable years beginning after December 31, 1975 and before January 1, 1980 to remove architectural and transportation barriers to handicapped and elderly persons, see section 190 and Temporary Internal Revenue Regulations section 7.190.

15. **Bad debts.**—Bad debts may be treated in either of two ways—(1) as a deduction for debts that become worthless in whole or in part, or (2) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.)

Application to change the method of computing bad debts must be made on Form 3115.

17. **Taxes.**—Enter taxes paid or accrued during the taxable year.

Do not include Federal income taxes, foreign or U.S. possession income taxes if a foreign/possession tax credit is claimed, or taxes not imposed on the corporation. See section 164(d) for apportionment of taxes on real property between seller and purchaser.

18. **Interest.**—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (For exceptions see section 265(2).)

Mutual savings banks, building and loan associations, and cooperative banks should enter amounts paid or credited to the accounts of depositors as dividends, interest, or earnings.

See section 267 for limitation on deductions for unpaid expenses and interest in transactions between related taxpayers.

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years subsequent to the current taxable year. A cash basis taxpayer, who in 1978 prepaid interest allocable to any period after 1978, can only deduct the amount allocable to 1978. Please see Publication 845, Income Tax Deduction for Interest Expense.

19. **Contributions.**—Enter contributions or gifts actually paid within the taxable year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not exceed 8% of taxable income (line 30) computed without regard to (1) any deduction for contributions, (2) the special deductions in line 29(b), (3) deductions allowed under sections 249 and 280, (4) any net operating loss carryback to the taxable year under section 172, and (5) any capital loss carryback to the taxable year under section 1212(a)(1).

Charitable contributions in excess of the 5% limitation may not be deducted for the taxable year but may be carried over to the next 5 taxable years.

A contribution carryover is not allowed, however, to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3d month after the end of the taxable year if the contributions are authorized by the board of directors during the taxable year. A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the taxable year, and a copy of the resolution, must both be attached to the return.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property.—If a charitable contribution of property is made, the contribution must be reduced by the sum of

- (1) the ordinary income, short-term capital gain and
- (2) for certain contributions, 62½% of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. The reduction for 62½% of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of any property to or for the use of certain private foundations. (Section 170(e).) For special rules regarding the contribution of inventory, and other ordinary income property (described in section 1221(1) or (2)), to an exempt organization described in section 501(c)(3), for use in the care of the ill, needy, or infants, see section 170(e)(3).

Bargain sale to a charitable organization.—If a charitable contribution deduction is taken for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

20. Amortization.—If a deduction is claimed for amortization, attach a schedule showing: (1) a description of the expenditures being amortized; (2) date acquired, completed, or expended;

(3) amount being amortized; (4) amortization deducted in prior years; (5) amortization period (number of months); (6) amortization for this year; and (7) the total amount of amortization less the amount claimed in Schedule A and elsewhere on the return.

See section 169 and related regulations for conditions under which the cost of certified pollution control facilities may be amortized over 60 months.

See section 188 for amortization of certain expenditures made before January 1, 1977 for on-the-job training and before January 1, 1982 for child care facilities over a period of 60 months.

See section 191 (and Temporary Internal Revenue Regulations section 7.191) under which the cost incurred in a certified rehabilitation of a historic structure may be amortized over a 60-month period.

21. Depreciation.—See Instructions for Form 4562, Depreciation. If you elect Class Life Asset Depreciation Range (CLADR) System, get Form 4832.

22. Depletion.—See section 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T if a deduction is claimed for depletion of timber.

24. Pension, profit-sharing, etc., plans.—The number of plans to be entered refers to all plans for which all assets have not been distributed. Also include any plans in which assets were distributed in the current year. The number of plans must be indicated whether or not a deduction is claimed.

Complete Form 5500 for each plan and file as a separate return. Complete Form 5500-C in lieu of Form 5500 if there were fewer than 100 participants at the beginning of the plan year. See instructions for above forms for computation of allowable deduction on line 24. File these forms on or before the last day of the 7th month following the close of the plan year. ERISA imposes penalties for failure to furnish complete information and failure to file statements and return/reports.

25. Employee benefit programs.—Enter the amount of contributions to employee benefit programs (e.g., insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 24. Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

26. Other deductions.—No deduction is allowable for the amount of any item or part of it allocable to a class of

exempt income except certain portions of interest incurred by face amount certificate companies registered under the Investment Act of 1940. (See section 265 (2).) Items directly attributable to wholly exempt income must be allocated to such income, and items directly attributable to any class of taxable income must be allocated to such taxable income.

If an item is indirectly attributable both to taxable income and exempt income, a reasonable proportion of the item, determined in the light of all the facts and circumstances in each case, must be allocated to each.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expense items allocated to each such class. Show the amount allocated by apportionment separately.

If patronage dividends are included in line 26, page 1, Form 1120, identify this deduction and the total amount in the schedule "Other deductions" to be attached to Form 1120.

29(a). Net operating loss deduction.—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the taxable year. (Section 172(a).)

Generally, a net operating loss may be carried back to each of the 3 years preceding the year of such loss and carried over to each of the 7 years following the year of such loss; or, an election may be made whereby a net operating loss may just be carried over to each of the 7 years following the year of such loss. The election is made by attaching a statement to a timely filed return, including extensions, and is irrevocable. After applying the net operating loss to the first taxable year to which it may be carried, the portion of the loss that may be carried to each of the remaining taxable years is the excess, if any, of the loss over the sum of the taxable income for each of the prior taxable years to which the loss may be carried. (Section 172(b).)

If there is a net operating loss carryback, file Form 1139 within 12 months after the close of the taxable year in which the net operating loss occurred for a "quick refund" of taxes. (Section 6411.)

If a net operating loss carryback creates an unused investment credit or an unused work incentive (WIN) credit, in a preceding year, the unused credit may be carried back to the 3 preceding years (however, the WIN credit cannot be carried back to years beginning before 1972), and under the provisions of section 6411, a quick refund of the taxes affected may be obtained by filing Form 1139.

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See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers.

29(b). Special deductions.—See Instructions for Schedule I.

Schedule A—Cost of Goods Sold

The method of valuing inventories may not be changed without permission. Application for permission to change must be made on Form 3115. Check method(s) used for valuing closing inventories in line 8(a).

If this is the first year the "Last-in First-out" (LIFO) inventory method provided in Section 472 was adopted and used, attach Form 970 or a statement with the information required by Form 970 to Form 1120 and check the LIFO box in line 8(b). Enter the amount or percent (estimates may be used) of total closing inventories covered under Section 472 in line 8(c).

Full absorption method of inventory costing.—Taxpayers engaged in manufacturing or production operations must use the full absorption method of inventory costing. If they are not using the full absorption method of inventory costing, they must change to this method under which both direct and certain indirect production costs are included for inventory value purposes. The change to full absorption may be made by filing Form 3115. For further details, see Rev. Proc. 75-40, 1975-2 C.B. 571 and section 1.471-11 of the regulations.

Cost of operations (where inventories are not an income-determining factor).—If the amount entered on line 2 includes an amount applicable to cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

If per unit retain allocations are included on line 4, Schedule A, identify this cost and the total amount in the Schedule "Other costs" to be attached to Form 1120.

Schedule I—Special Deductions

(Numbered to correspond with line numbers in Schedule I.)

1. A small business investment company operating under the Small Business Investment Act of 1958 may deduct 100% of dividends received from domestic corporations subject to income tax. (Section 243(a)(2).)

No deduction is allowed under section 243 for a dividend from a DISC or former DISC (as defined in section 992(a)).

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to the extent such dividend is paid out of the corporation's accumulated DISC income or previously taxed income, or is a deemed distribution under section 995(b)(1).

In general, no dividends-received deduction will be allowed on any share of stock (a) that is disposed of if the corporation held it 15 days or less, or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or securities.

2. Limitation on dividends-received deduction.—Line 2 may not exceed 85% of (line 28, page 1, less the sum of lines 3 and 5 of Schedule I). For this purpose, line 28, page 1, is to be computed without regard to any capital loss carryback to the taxable year under section 1212 (a)(1).

In a year in which a net operating loss occurs, sections 172(d) and 246(b) provide that this 85% limitation does not apply even if the loss is created by the dividends-received deduction.

In the case of a small business investment company, the dividends-received deduction of 100% included in line 2 is not subject to the overall 85% limitation. Financial institutions should see section 596 for special limitation on dividends-received deduction.

5. Deduction for dividends paid on certain preferred stock of public utilities.—Section 247 allows public utilities a deduction of 29.167% of the lesser of (1) dividends paid on their preferred stock during the taxable year, or (2) taxable income computed without regard to this deduction. In a year in which a net operating loss occurs, section 172(d) provides that the deduction is to be computed without regard to section 247(a)(1)(B).

6. Deduction for Western Hemisphere Trade Corporations.—Section 922 allows Western Hemisphere Trade Corporations a deduction of 10.417% of taxable income computed without regard to this deduction.

However, no deduction is allowed to a corporation for a taxable year for which it is a DISC or during which it owns directly or indirectly at any time stock in a DISC or former DISC as defined in section 992(a).

Schedule J—Tax Computation

The Tax Reduction and Simplification Act of 1977 extends through 1978 the lower tax rates and higher surtax exemption.

(Personal holding companies—see Schedule PH (Form 1120) before completing Schedule J.)

1. Surtax Exemption.—In general, corporations are entitled to a surtax exemption of \$50,000. However, members of a controlled group are entitled to one \$50,000 surtax exemption which is to be divided equally unless the group consents to split up the exemption in accordance with an apportionment plan. For purposes of lines 2 and 4, all members of a controlled group will enter one-half of their surtax exemption allocation on line 2 and the remaining one-half on line 4.

When an apportionment plan is adopted or later amended, each member of the controlled group must attach to its tax return a copy of its consent to this plan. The copy should show or have attached the amount of the surtax exemption apportioned to that member, as well as other data. See section 1561 and regulation section 1.1561-3(b) for the time and manner of making the consent.

2. Tax installment payments under the Bank Holding Company Tax Act of 1976.—Section 6158 provides that a bank holding company may elect to pay in installments the tax attributable to the sale of certain assets, the divestiture of which is certified by the Board of Governors of the Federal Reserve System. If this election is exercised, the Bank Holding Company must attach a statement showing the tax computation and the amount of the installment paid with this return. Also, in the right-hand margin next to line 9, Schedule J (Form 1120), enter the amount of the installment payment followed by the words "computed under section 6158." If an election under section 1103 (g) or (h) applies, enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be.

Distributions pursuant to Bank Holding Company Act.—If an election under section 1103 (g) or (h) applies to a section 1101 distribution, the bank holding company making the distribution must enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be, in the right-hand margin next to line 5, Schedule M-2 (Form 1120).

3. Mutual savings banks conducting life insurance business.—The tax under section 594 consists of the sum of (1) a partial tax computed on Form 1120 on the taxable income of the bank determined without regard to income or deductions allocable to the life insurance department; and (2) a partial tax on the taxable income computed on Form 1120L of the life insurance department. Enter the combined tax on line 9 of Schedule J, Form 1120. Attach Form 1120L as a schedule and identify as such.

4. Possession tax credit.—See Form 5712 for rules on how to elect to claim

the possession tax credit (section 936). Compute the credit on Form 5735 and include the amount of the credit in the total for line 11, Schedule J (Form 1120). Write in the margin next to the entry on line 11, the amount of the credit and identify it as being a section 936 credit.

5. Credit for wages paid or incurred in work incentive (WIN) program.—Employers may claim a credit of 20% of the salaries and wages paid or incurred to employees hired under a WIN program. The credit is allowed for the salaries and wages paid or incurred for the first 12 months of employment.

For special rules and limitations, see Form 4874 and sections 50A and 50B.

6. Tax from recomputing a prior year WIN credit.—If a WIN program employee is dismissed before completing a certain period of employment, the WIN credit previously taken on such employee may be subject to recapture. If so, repay (with certain exceptions) any tax credit previously taken on the salaries and wages paid or incurred to that employee. (See Form 4874.)

The tax from recomputing a prior year work incentive credit may not be offset against the current year's work incentive credit.

7. Investment credit.—In most cases, the investment credit rate is 10% for property acquired and placed in service during the taxable year. Corporations may elect an 11% credit for such property if the corporation contributes 1% of the qualified investment to an employee stock ownership plan (ESOP). Beginning in 1977, in lieu of the 11% credit, a corporation may elect up to an 11.5% credit for qualifying 10% prop-

erty if (1) the corporation increases its ESOP contribution from 1% up to 1.5% of the qualified investment in 10% property and (2) corporate employees make an ESOP contribution of up to one-half percent in similar type property. Complete Form 5500 for each employee stock ownership plan and file it on or before the last day of the 7th month following the close of the plan year.

The limit on the amount of used property eligible for the investment credit is \$100,000.

The investment credit also applies to progress payments made during the construction of property that requires at least two years to construct and that has an expected useful life of at least seven years.

See Form 3456 for special rules and limitations.

8. Tax from recomputing a prior year investment credit.—If property is disposed of prior to the life-years category used in computing the investment credit, the credit must be recomputed using as the useful life the period the property was actually held. (For recomputation of the investment credit for qualified progress expenditures, see section 47(a)(3).) If the credit taken, including carrybacks and carryovers, exceeds the recomputed credit, the tax in the year of disposition must be increased by the excess. Form 4255 may be used to compute the tax.

The tax from recomputing a prior year investment credit may not be offset against the current year's investment credit.

9. New jobs credit.—In general, for a taxable year beginning in 1978, the credit

shall be an amount equal to 50 percent of the excess of the aggregate unemployment insurance wages paid during 1978 (limited to \$4,200 for each employee) over 102 percent of the aggregate unemployment insurance wages paid during 1977. An additional 10 percent credit may be claimed for certain vocational rehabilitation referrals during the calendar year 1978. See Form 5884 for definitions, special rules, and limitations. Also see Publication 902, Tax Information on Jobs Tax Credit.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the amount of the new jobs credit (determined without regard to the limitation based on tax (section 53)). Members of a controlled group or a trade or business under common control with other trades or businesses, see section 280C.

10. Minimum tax.—In general, the corporate minimum tax rate is 15 percent and the minimum tax exemption is the greater of \$10,000 or the regular income taxes for the year.

The tax preference items for corporations are accelerated depreciation on real property; accelerated depreciation on leased personal property (applicable only to personal holding companies); amortization of certified pollution control facilities; railroad rolling stock, on-the-job training facilities and child care facilities; reserve for losses on bad debts of financial institutions; depletion; intangible drilling costs (applicable only to personal holding companies); and, capital gains.

Attach Form 4626 if tax preference items exceed \$10,000 even if there is no minimum tax, OR if there is any minimum tax liability deferred from a prior taxable year to this year.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Enterprise, Standard Industrial Classification system developed by the Office of Management and Budget, Executive Office of the President, to classify enterprises by type of activity in which they are engaged. The system follows closely the Standard Industrial Classification used to classify establishments.

Using the list below, enter on page 1, under C, the code number for the

AGRICULTURE, FORESTRY, AND FISHING

0000 Agricultural production,
0000 Agricultural services, (except veterinary
land), forestry, fishing, hunting, and
trapping.

MINING

1000 Metal mining;
1010 Iron ores;
1070 Copper, lead and zinc, gold and silver
ores;
1098 Other metal mining;
1150 Coal mining;
Oil and gas extraction;
1330 Crude petroleum, natural gas, and natural
gas liquids;
1380 Oil and gas field services;
Nonmetallic minerals (except fuels) mining;
1430 Dimension, crushed and broken stone;
sand and gravel;
1498 Other nonmetallic minerals, except fuels.

1500 General building contractors and operative
builders;
1510 General building contractors;
1531 Operative builders;
1600 Heavy construction contractors;
Special trade contractors;
1711 Plumbing, heating, and air conditioning;
1731 Electrical work;
1798 Other special trade contractors.

MANUFACTURING

Food and kindred products;
2010 Meat products;
2020 Dairy products;
2030 Preserved fruits and vegetables;
2040 Grain mill products;
2050 Bakery products;
2060 Sugar and confectionery products;
2091 Malt liquors and malt;
2098 Alcoholic beverages, except malt liquors
and malt;
2098 Bottled soft drinks, and flavorings;
2098 Other food and kindred products;
2100 Tobacco manufactures;
Textile mill products;
2228 Weaving mills and textile finishing;
2250 Knitting mills;
2798 Other textile mill products;
Apparel and other textile products;
2315 Men's and boy's clothing;
2345 Women's and children's clothing;
2388 Hats, caps, millinery, fur goods, and other
apparel and accessories;
2390 Misc. fabricated textile products;
Lumber and wood products, except furniture;
2415 Logging camps and logging contractors,
sawmills and planing mills;
2430 Millwork, plywood, and related products;
2498 Other wood products, including wood
buildings and mobile homes;
2500 Furniture and fixtures;
Paper and allied products;
2625 Pulp, paper, and board mills;
2699 Other paper products;
Printing, publishing, and allied industries;
2710 Newspapers;
2720 Periodicals;
2735 Books, greeting cards, and misc.
publishing;
2799 Commercial and other printing, and print-
ing trade services;
Chemicals and allied products;
2815 Industrial chemicals, plastics materials
and synthetics;
2830 Drugs;
2840 Soap, cleaners, and toilet goods;
2850 Paints and allied products;
2898 Agricultural and other chemical products;
Petroleum refining and related industries
(including those integrated with extraction);
2910 Petroleum refining (including those inte-
grated with extraction);
2998 Other petroleum and coal products;
Rubber and misc. plastics products;
3050 Rubber products; plastics footwear, hose
and belting;
3070 Misc. plastics products;
Leather and leather products;
3140 Footwear, except rubber;
3198 Other leather and leather products;
Stone, clay, glass, and related products;
3225 Glass products;
3240 Cement, hydraulic.

specific industry group from which the largest percentage of "total re-
ceipts" is derived. "Total receipts" means gross receipts (line 1, page 1)
plus all other income (lines 4 through 10, page 1). On page 3, under L, state
the principal business activity and principal product or service that account
for the largest percentage of total receipts. For example, if the principal
business activity is "Grain mill products," the principal product or service
may be "Cereal preparations."

Code

3270 Concrete, gypsum, and plaster products;
3298 Other nonmetallic mineral products.

3370 Ferrous metal industries; misc. primary
metal products;
3380 Nonferrous metal industries;
Fabricated metal products, except machinery
and transportation equipment;
3410 Metal cans and shipping containers;
3428 Cutlery, hand tools, and hardware; screw
machine products, bolts, and similar
products;
3430 Plumbing and heating, except electric and
warm air;
3440 Fabricated structural metal products;
3460 Metal forgings and stampings;
3470 Coating, engraving, and allied services;
3480 Ordnance and accessories, except vehicles
and guided missiles;
3490 Misc. fabricated metal products.

3520 Farm machinery;
3530 Construction, mining, and materials
handling machinery and equipment;
3540 Metalworking machinery;
3550 Special industry machinery, except
metalworking machinery;
3560 General industrial machinery;
3570 Office, computer, and accounting
machines;
3598 Engines and turbines, service industry
machinery, and other machinery, except
electrical.

Electrical and electronic machinery, equipment,
and supplies;
3630 Household appliances;
3665 Radio, television, and communication
equipment;
3670 Electronic components and accessories;
3698 Other electronic equipment;
Transportation equipment;
3710 Motor vehicles and equipment;
3725 Aircraft, guided missiles and parts;
3730 Ship and boat building and repairing;
3798 Other transportation equipment;
Measuring and controlling instruments; photo-
graphic and medical goods, watches and clocks;
3815 Scientific instruments and measuring de-
vices; watches and clocks;
3845 Optical, medical, and ophthalmic goods;
3860 Photographic equipment and supplies;
3998 Other manufacturing products.

TRANSPORTATION, COMMUNICATION,
ELECTRIC, GAS, AND SANITARY SERVICES
Transportation;
4000 Railroad transportation;
4100 Local and interurban passenger transit;
4200 Trucking and warehousing;
4400 Water transportation;
4500 Transportation by air;
4600 Pipe lines, except natural gas;
4700 Other transportation services;
Communication;
4825 Telephone, telegraph, and other com-
munication services;
4830 Radio and television broadcasting;

Electric, gas, and sanitary services;
5910 Electric services;
4920 Gas production and distribution;
4930 Combination utility services;
4990 Water supply and other sanitary services.

WHOLESALE TRADE

Durable
5008 Machinery, equipment, and supplies;
5010 Motor vehicles and automotive equipment;
5020 Furniture and home furnishings;
5030 Lumber and construction materials;
5040 Sporting, recreational, photographic, and
hobby goods, toys, and supplies;
5050 Metals and minerals, except petroleum
and scrap;
5060 Electrical goods;
5070 Hardware, plumbing and heating
equipment;
5098 Other durable goods.

Non-durable
5110 Paper and paper products;
5129 Drugs, drug proprietaries, and druggists'
sundries;
5130 Apparel, piece goods, and notions;
5140 Groceries and related products;
5150 Farm-product raw materials;
5160 Chemicals and allied products;
5170 Petroleum and petroleum products.

Code

5180 Alcoholic beverages;
5190 Misc. nondurable goods.

RETAIL TRADE

Building materials, hardware, garden supply,
and mobile home dealers;
5220 Building materials dealers;
5251 Hardware dealers;
5265 Garden supplies and mobile home dealers;
5300 General merchandise stores;
5410 Grocery stores;
5490 Other food stores;
Automotive dealers and service stations;
5510 Motor vehicle dealers;
5541 Gasoline service stations;
5598 Other automotive dealers;
5600 Apparel and accessory stores;
5700 Furniture and home furnishings stores;
5800 Eating and drinking places;
Misc. retail stores;
5912 Drug stores and proprietary stores;
5921 Liquor stores;
5995 Other misc. retail stores.

FINANCE, INSURANCE, AND REAL ESTATE

Banking;
6010 Mutual savings banks;
6050 Bank holding companies;
6070 Banks, except mutual savings banks and
bank holding companies;
Credit agencies other than banks;
6120 Savings and loan associations;
6140 Personal credit institutions;
6150 Business credit institutions;
6199 Other credit agencies;
Security, commodity brokers, dealers,
exchange, and services;
6210 Security brokers, dealers, and flotation
companies;
6299 Commodity contracts brokers and dea-
lers; security and commodity exchanges;
and allied services.

Insurance;
6355 Life insurance;
6360 Mutual insurance, except life or marine
and certain fire or flood insurance com-
panies;
6359 Other insurance companies;
6411 Insurance agents, brokers, and services;
Real Estate;
6511 Real estate operators (except developers)
and lessors of buildings;
6516 Lessors of mining, oil, and similar
property;
6518 Lessors of railroad property and other real
property;
6530 Condominium management and coopera-
tive housing associations;
6550 Subdividers and developers;
6599 Other real estate;
Holding and other investment companies;
6742 Regulated investment companies;
6743 Real estate investment trusts;
6744 Small business investment companies;
6749 Holding and other investment companies,
except bank holding companies.

SERVICES

7000 Hotels and other lodging places;
7200 Personal services;
Business services;
7310 Advertising;
7389 Business services, except advertising;
Auto repair and services; misc. repair services;
7500 Auto repair and services;
7600 Misc. repair services;
Amusement and recreational services;
7812 Motion picture production, distribution,
and services;
7910 Motion picture theaters;
7900 Amusement and recreation services, ex-
cept motion pictures;
Other Services;
8015 Offices of physicians, including osteo-
pathic physicians;
8021 Offices of dentists;
8040 Offices of other health practitioners;
8050 Nursing and personal care facilities;
8060 Hospitals;
8071 Medical laboratories;
8099 Other medical services;
8101 Legal services;
8200 Educational services;
8300 Social Services;
8399 Membership Organizations;
8911 Architectural and engineering services;
8912 Accounting, auditing, and bookkeeping;
8990 Miscellaneous services (including veteri-
narians).

Department of the Treasury
Internal Revenue Service

▶ **Attach to your income tax return.**

1978

Name: _____

Employer Identification Number

[illegible][illegible]

7 Enter excess of net short-term capital gain (line 3) over net long-term capital loss (line 6)		
8 Enter excess of net long-term capital gain (line 6) over net short-term capital loss (line 3)		
9 Total of lines 7 and 8. Enter here and on Form 1120, line 9(a), page 1		

(Fiscal year corporations, do not complete Schedule D (Form 1120), Part IV but instead complete Form 1120-FY (1978-79))

- | | | |
|----|--|--|
| 10 | Taxable income (Form 1120, line 30, page 1) | |
| 11 | Excess of net long-term capital gain over net short-term capital loss | |
| 12 | Subtract line 11 from line 10 | |
| 13 | Enter line 12 or \$25,000, whichever is less. (Members of a controlled group enter one-half of surtax allocation, see instructions) | |
| 14 | Subtract line 13 from line 12 | |
| 15 | Enter line 14 or \$25,000, whichever is less. (Members of a controlled group enter one-half of surtax allocation, see instructions) | |
| 16 | Subtract line 15 from line 14 | |
| 17 | 20% of line 13 | |
| 18 | 22% of line 15 | |
| 19 | 48% of line 16 | |
| 20 | 30% of line 11 | |
| 21 | Alternative tax—total of lines 17 through 20. If applicable, enter here and on Form 1120, line 9, Schedule J, and write "ALT." in the margin to the right of the entry | |

(References are to the Internal Revenue Code.)

This schedule provides for the reporting of sales or exchanges of capital assets. Every sale or exchange of property must be reported even though no gain or loss is indicated.

See Form 4797 and related instructions for reporting sales or exchanges of property other than capital assets including the sale or exchange of property used in the trade or business and involuntary conversions (section 1231); also, gain from the disposition of interest in oil or gas property (section 1254).

Note: The Tax Reform Act of 1976 increased the holding period for long-term capital gains and losses to more than one year for taxable years beginning in 1978 and after.

For amounts received from any installment sale, the holding period rule in effect in the year of sale will determine the treatment of the amounts received as long-term or short-term gain.

Gains and losses on futures transactions (but not options on futures transactions) in any commodity subject to the rules of a board of trade or commodity exchange will retain the more than 6-month holding period rule for long-term treatment. See section 1222.

Instructions for Column g.—Fiscal year taxpayers will enter in column g that portion of column f which relates to sales and exchanges after December 31, 1978.

Capital Assets.—Each item of property held by a corporation (whether or not connected with its trade or business) is a capital asset except: (1) inventoriable assets or property held primarily for sale to customers; (2) depreciable or real property used in the trade or business; (3) certain copyrights, literary, musical, or artistic compositions, letters or memorandums, or similar property; (4) accounts or notes receivable

acquired in the ordinary course of trade or business for services rendered or from the sale of property described in (1) above; (5) certain short-term Federal, State, and municipal obli-

gations; and (6) a publication of the United States Government (including the Congressional Record) which is received from the United States Government or any agency thereof, other than by purchase at the price at which it is

offered for sale to the public, and which is held by (a) a taxpayer who so received such publication, or (b) a taxpayer in whose hands the basis of such publication is determined, for purposes of determining gain from a sale or exchange, in whole or in part by reference to the

Exchange of "Like Kind" Property.—Although no gain or loss is recognized when property held for productive use in a trade or business or for

for productive use in a trade or business or for investment is exchanged solely for property of a "like kind" to be held either for productive use in a trade or business or for investment, you must report the transaction on Schedule D (Form 1120) or Form 4797, whichever is applicable. This does not include property that is stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest in any entity, or any other financial instrument.

est, or other securities or evidence of indebtedness or interest. If Schedule D is applicable, identify the property disposed of in column (a). Enter the date of acquisition in column (b) and write the date of exchange in column (c). Write "like kind exchange" in column (d) and enter the adjusted basis in column (e). Enter zero in column (f). (See section 1031.)

Gain from Sale of Depreciable Property Between Certain Related Taxpayers.—Gain from the sale or exchange of depreciable property between related persons is ordinary income if such person is, in turn, an individual who is subject to depreciation. "Related persons" includes: (1) an individual and a corporation 80 percent or more in value of the outstanding stock of which is owned, directly or indirectly, by or for such individual; or (2) two or more corporations 80 percent or more in value of the outstanding stock of each of which is owned, directly or indirectly, by or for the same individual. In general, section 318 shall apply with respect to the constructive ownership of stock. Item (2) only applies to sales made on or after January 1, 1976, unless the sale or exchange was made pursuant to a binding contract entered into or before that date. (See Section 1239.)

Capital Losses.—Capital losses are allowed only to the extent of capital gains. A net capital loss, however, may be carried back three years and forward five as a short-term capital loss. The capital loss may be carried back only to the extent it does not increase or produce a net operating loss in the taxable year to which it is being carried. Foreign expropriation capital losses may not be carried back but may be carried forward ten years instead of five. A net capital loss for a regulated investment company may be carried forward eight years instead of five.

Under the provisions of section 6411, a quick refund of the tax overpayment created by the capital loss carryback may be obtained by filing Form 1139. If a net capital loss carryback creates an unused investment credit or an unused work incentive (WIN) credit in a preceding year, the unused credit may be carried back to the three preceding years (however, the WIN credit cannot be carried back to years beginning before 1972), and under the provisions of section 6411, a quick refund of the tax overpayment may likewise be obtained by filing Form 1139.

Short Sales of Capital Assets.—For rules relating to certain short sales of stock or other securities, and transactions in commodity futures, see section 1233.

Worthless Securities.—Except for banks, if securities which are capital assets become wholly worthless during the taxable year, the loss is to be treated as a capital loss as of the last day of the taxable year.

Losses Not Allowable.—No loss is allowed for wash sales of stock or securities. (See section 1091.) No loss is allowed (distributions in liquidation excepted) on transactions between related persons. (See section 267.)

Options to Buy or Sell.—See section 1234 for rules pertaining to the treatment of gain or loss in the case of a purchaser or that of a grantor of an option in the case of stock, securities, or commodities granted after September 1, 1976.

Cost or Other Basis, As Adjusted.—In determining gain or loss, the basis of property will generally be its cost. If property was acquired by bequest, gift, tax-free exchange, involuntary conversion, or wash sale of stock, see sections 1014 (and 1023), 1015, 1031, 1033, and 1091, respectively. Attach an explanation if the basis used is other than actual cash cost of the property.

If a charitable contribution deduction is allowed by reason of a sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value.

Insurance Companies.—Companies taxable under section 831 having losses from capital assets sold or exchanged to obtain funds to meet abnormal insurance losses, etc., shall attach a schedule corresponding to Schedule A-3 of Form 1120M. For companies taxable under section 821, all references to line numbers on Form 1120 are to be considered as references to the appropriate line on Form 1120M.

Alternative Tax Computation.—If you have an excess of net long-term capital gain over net short-term capital loss compute the tax using the alternative method (section 1201) to determine if the resulting tax is less than the tax computed using the regular method.

The alternative tax is the sum of (1) a partial tax computed at the normal tax and surtax rates on the taxable income decreased by the excess of net long-term capital gain over net short-term capital loss, plus (2) 30% of such excess.

In computing the alternative tax, deductions subject to a limitation based upon taxable income (such as contributions and the special deductions in Schedule I) do not have to be recomputed.

Members of a Controlled Group.—For members of a controlled group, the \$50,000 surtax exemption is to be divided equally unless the group consents to split up the exemption in accordance with an apportionment plan. For purposes of lines 13 and 15, all members of a controlled group will enter one-half of their surtax exemption allocation on line 13 and the remaining one-half on line 15.

When an apportionment plan is adopted or later amended, each member of the controlled group must attach to its tax return a copy of its consent to this plan. The copy should show or have attached the amount of the surtax exemption apportioned to that member, as well as other data. See section 1561 and regulation section 1.1561-3(b) for the time and manner of making the consent.

Minimum Tax on Tax Preference Items.—If the net long-term capital gain exceeds the net short-term capital loss, you may be liable for minimum tax. See Form 4626.

If you sold personal property for more than \$1,000 or real property regardless of amount, you may be eligible to report any gain under the installment method if (1) there are no payments in the year of sale or (2) the payments in the year of sale do not exceed 30% of the selling price. (See section 453.) Such sales must provide for two or more payments, with at least one payment being made in each of two taxable years.

For treatment of a portion of payments as "unstated interest" on deferred payment sales, see section 483.

If you elect the installment method, attach computation. For additional information, get Publication 537, Tax Information on Installment and Deferred-Payment Sales.

Form 1120-DISCDepartment of the Treasury
Internal Revenue Service**Domestic International Sales
Corporation Return**

(PLEASE TYPE OR PRINT)

1978

For calendar year 1978 or other taxable year beginning 1978, ending 19

A Date of DISC election		C Employer identification number	
Name		D Date incorporated	
Number and street		E Enter total assets from line 3, column (B), Schedule L (see instruction L)	
City or town, State, and ZIP code			
B Business code number (See page 8 of instructions)			

F Did any corporation, individual, partnership, trust or estate at the end of your taxable year own, directly or indirectly, 50% or more of your voting stock? Yes No

If "Yes," enter below the owner's name, address, identifying number, percentage of voting stock owned and, if a corporation, total assets. (See General Instruction Q)

Name	Identifying number	Address	Percentage of voting stock owned	Total assets (Corporations only)	Foreign owner
					Yes No

G Indicate by placing an "X" in the appropriate box(es) the inter-company pricing rule or rules which were applied to 25% or more of total receipts (line 4, page 1).

☐ 50-50 combined taxable income method, ☐ 4% gross receipts method, ☐ Section 482 method ("arm's length pricing")

All Computations Must Reflect Inter-Company Pricing Rules
Under Section 994 If Used (See Schedule P (Form 1120-DISC))

Gross Income	
1	Qualified export receipts from the sale of export property (line 1(c) column E, Schedule B)
2	Other qualified export receipts: (line 2(j) column E, Schedule B)
3	Nonqualified gross receipts: (line 3(g) column E, Schedule B)
4	Total of lines 1, 2, and 3
5	Subtract: Cost of goods sold (line 7, Schedule A) and/or operations (attach schedule)
6	Total income

Deductions	
7	Export promotion expenses: (line 1(o), Schedule E)
8	Other expenses not deducted above: (line 2(h), Schedule E)
9	Total deductions (add lines 7 and 8)

Computation of Taxable Income	
10	Taxable income before net operating loss deduction and dividends-received deduction (subtract line 9 from line 6)
11	Subtract: (a) Net operating loss deduction (see instructions—attach schedule)
	(b) Dividends-received deduction (line 2, Schedule I)
12	Taxable income (subtract line 11 from line 10)

13 Refund of U.S. tax on special fuel, nonhighway gas, and lubricating oil (attach Form 4136)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer		Date	Title
Preparer's signature		Preparer's social security no.	Check if self-employed <input type="checkbox"/>
Firm's name (or yours, if self-employed), address and ZIP code		E.I. No.	Date

Form 1120-DISC (1978)

Page 2

Schedule A Cost of Goods Sold (See instructions for Schedule A)
Reflect ACTUAL purchases from a related supplier at the transfer price determined under the inter-company pricing rules of section 994, if used. See Schedule P (Form 1120-DISC).

1	Inventory at the beginning of the year	
2	Purchases	
3	Salaries and wages	
4	Other costs (attach schedule)	
5	Total	
6	Less: Inventory at the end of the year	
7	Cost of goods sold—Enter here and on line 5, page 1	
8	(a) Check valuation method(s) used for total closing inventory:	
	<input type="checkbox"/> Cost	
	<input type="checkbox"/> Lower of cost or market	
	<input type="checkbox"/> Other (attach explanation)	
	(b) Check if this is the first year LIFO inventory method was adopted and used Yes No	
	If checked, attach Form 970.	
	(c) If the LIFO inventory method was used for this taxable year, enter percentage (or amounts) of closing inventory computed under LIFO Yes No	
	(d) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? Yes No	
	If "Yes," attach explanation.	

Schedule B Gross Income (See instructions for Schedule B)

A. Type of receipt	Commission sales		D. Other receipts	E. Total (add columns C and D)
	B. Gross receipts	C. Commission		
1	Qualified export receipts from the sale of export property:			
	(a) To unrelated purchasers:			
	(i) Direct foreign sales			
	(ii) Foreign sales through a related foreign entity			
	(iii) To persons in the U.S. (other than an unrelated DISC)			
	(iv) To an unrelated DISC			
	(b) To related purchasers:			
	(i) Direct foreign sales			
	(ii) To persons in the U.S.			
	(c) Total—Enter amount in column E on line 1, page 1			
2	Other qualified export receipts:			
	(a) Leasing or renting of export property			
	(b) Services related and subsidiary to a qualified export sale or lease			
	(c) Engineering and architectural services			
	(d) Export management services			
	(e) Qualified dividends (line 10, Schedule C)			
	(f) Interest on producer's loans			
	(g) Other interest (attach schedule)			
	(h) Capital gain net income (Attach Schedule D (Form 1120))			
	(i) Ordinary gain or (loss) from Part II, Form 4797 (attach Form 4797, see instructions)			
	(j) Total—Enter amount in column E on line 2, page 1			
3	Nonqualified gross receipts:			
	(a) Ultimate use in U.S.			
	(b) Exports subsidized by the U.S. Government (see instructions)			
	(c) Certain direct or indirect sales or leases for use by the U.S. Government			
	(d) Sales to other DISCs in the same controlled group			
	(e) Nonqualified dividends (line 11, Schedule C)			
	(f) Other (see instructions—attach schedule)			
	(g) Total—Enter amount in column E on line 3, page 1			
4	Total—Enter amount in column E on line 4, page 1			

Schedule C Dividends (See instructions for Schedule C)

- 1 Domestic corporations subject to the 85% deduction
- 2 Certain preferred stock of public utilities
- 3 Foreign corporations subject to the 85% deduction
- 4 Dividends from wholly-owned foreign subsidiaries subject to the 100% deduction (section 245(b))
- 5 Other dividends from foreign corporations
- 6 Includable income from controlled foreign corporations under subpart F (attach Forms 3646)
- 7 Taxable dividends from a DISC or former DISC not included in line 1 (section 246(d))
- 8 Other dividends
- 9 Total (add lines 1 through 8)
- 10 Subtract: Qualified dividends—Enter the qualified dividends here and on line 2(e), column D, Schedule B.

11 Nonqualified dividends—Enter here and on line 3(e), column D, Schedule B.

Schedule E Deductions (See instructions for Schedule E)

- 1 Export promotion expenses:
 - (a) Market studies
 - (b) Advertising
 - (c) Depreciation (attach Form 4562)
 - (d) Salaries and wages
 - (e) Rents
 - (f) Sales commissions
 - (g) Warehousing
 - (h) Freight (excluding insurance—see instructions)
 - (i) Compensation of officers
 - (j) Repairs (see instructions)
 - (k) Amortization (attach schedule)
 - (l) Pension, profit-sharing, etc. plans (see instructions) (enter number of plans)
 - (m) Employee benefit programs
 - (n) Other (list):

(a) Total (add lines 1(a) through 1(n))—Enter here and on line 7, page 1.

- 2 Other expenses not deducted above:
 - (a) Bad debts (Schedule F if reserve method is used)
 - (b) Taxes
 - (c) Interest
 - (d) Contributions (not over 5% of line 12, page 1 adjusted per instructions—attach schedule)
 - (e) Freight
 - (f) Freight insurance
 - (g) Other (attach schedule)

(h) Total (add lines 2(a) through 2(g))—Enter here and on line 8, page 1.

Schedule F Bad Debts—Reserve Method

1. Year	2. Trade notes and accounts receivable outstanding at the end of the year	3. Sales on account	Amount added to the reserve		5. Amount charged against the reserve	7. Reserve for bad debts at the end of the year
			4. Current year's provision	5. Recoveries		
1973						
1974						
1975						
1976						
1977						
1978						

Schedule I Dividends—received Deduction (See instructions for Schedule I)

- 1 (a) 85% of line 1, Schedule C
- (b) 60.208% of line 2, Schedule C
- (c) 85% of line 3, Schedule C
- (d) 100% of line 4, Schedule C

2 Total—See instructions for limitation. Enter here and on line 11(b), page 1.

Schedule J Deemed and Actual Distributions to Shareholders for the Taxable Year (See instructions for Schedule J)**PART I—Deemed Distributions Under Section 995(b)(1)**

- 1 Gross interest derived during the year from producer's loans (section 995(b)(1)(A))
- 2 Gain recognized on the sale or exchange of property (section 995(b)(1)(B)) (see instructions—attach schedule)
- 3 Gain recognized on the sale or exchange of property (section 995(b)(1)(C)) (see instructions—attach schedule)
- 4 50% of taxable income attributable to military property (section 995(b)(1)(D)) (see instructions—attach schedule)
- 5 Total of lines 1, 2, 3, and 4
- 6 Taxable income (line 12, page 1)
- 7 Adjusted taxable income (subtract line 5 from line 6) (enter here and on line 1, Part II)
- 8 Taxable income attributable to base period export gross receipts (section 995(b)(1)(E)) (from line 22, Part II)
- 9 Subtract line 8 from line 7 (enter zero if less than zero)
- 10 50% of line 9 (section 995(b)(1)(F)(i))
- 11 International boycott income (section 995(b)(1)(F)(ii)) (see instructions)
- 12 Amount of illegal bribes and other payments (section 995(b)(1)(F)(iii)) (see instructions)
- 13 Total of lines 5, 8, 10, 11, and 12
- 14 Earnings and profits for year (see instructions—attach schedule)
- 15 Enter the smaller of line 13 or line 14 (but not less than zero)
- 16 Foreign investment attributable to producer's loans (section 995(b)(1)(G)) (see instructions—attach schedule)
- 17 Total deemed distributions under section 995(b)(1) (add lines 15 and 16)

PART II—Computation of Taxable Income Attributable to Base Period Export Gross Receipts

- 1 Adjusted taxable income (from line 7, Part I)
- 2 Enter the larger of (a) 365 divided by the number of days in your taxable year or (b) 1 (one)
- 3 Annualized adjusted taxable income (line 1 times line 2)
- 4 Annualized adjusted taxable income of all other DISCs in your controlled group (see instructions for exceptions)
- 5 Line 3 plus line 4 (if \$100,000 or less see instructions)

6 Taxable years beginning in 1972, 1973, 1974, and 1975 (use a separate line for each full or part year, starting with the earliest):		C. Qualified export receipts as described in Sections 995(a)(1) (A), (B), (C), (G), and (H) (see instructions for certain exclusions)	D. 50 percent of qualified export receipts in column C attributable to military property
A. Beginning of year (month, day, year)	B. End of year (month, day, year)		
(a)			
(b)			
(c)			
(d)			
(e)			

(f) Totals (add lines (a) through (e))

(g) Base period export gross receipts (subtract Column 6D, line (f) from Column 6C, line (f))

7 Enter the smaller of (a) 1,461 divided by the number of days in your base period or (b) 1 (one)

8 Line 6(g) times line 7

9 Adjustment factor

10 Adjusted base period export gross receipts (line 8 times line 9)

11 Additions to adjusted base period export gross receipts:

(a) Adjusted base period export gross receipts of all other DISCs in your controlled group

(b) Other additions (attach schedule—see instructions)

(c) Total additions (line 11(a) plus line 11(b))

12 Line 10 plus line 11(c)

13 (a) Qualified export receipts as described in sections 995(a)(1)(A), (B), (C), (G), and (H). (Add the amounts from Schedule B, Columns B and D, lines 1(c), 2(a), 2(b), 2(c), and 2(d))

(b) 50 percent of qualified export receipts on line 13(a) attributable to military property

(c) Export gross receipts (subtract line 13(b) from line 13(a))

14 Annualized export gross receipts (line 2 times line 13(c))

15 Annualized export gross receipts of all other DISCs in your controlled group

16 Line 14 plus line 15

17 Enter the smaller of (a) line 12 divided by line 16 or (b) 1 (one)

18 Line 5 times line 17

19 Small DISC phaseout:

(a) Enter the greater of (a) \$150,000 less line 5 (but not more than \$50,000) or (b) zero

(b) Line 19(a) times 2 (two)

20 Subtract line 19(b) from line 18 (enter zero if less than zero)

21 Line 1 divided by line 5

22 Taxable income attributable to base period export gross receipts (line 20 times line 21) (enter here and on line 8, Part I)

PART III.—Deemed Distributions Under Section 995(b)(2)

- 1 Annual installment of distribution attributable to revocation of election in a prior year
- 2 Annual installment of distribution attributable to a failure to qualify as a DISC in a prior year
- 3 Total deemed distributions under section 995(b)(2) (add line 1 and line 2)

PART IV.—Actual Distributions

- 1 Distributions to meet qualification requirements under section 992(c) (attach computation)
- 2 Other actual distributions
- 3 Total of line 1 and line 2
- 4 Amount on line 3 treated as distributed out of:
- (a) Previously taxed income
- (b) Accumulated DISC income (including DISC income of the current year)
- (c) Other earnings and profits
- (d) Other

Schedule K—Shareholder's Statement of DISC Distribution
 (Attach a separate Copy A, Schedule K (Form 1120-DISC) for each shareholder receiving a deemed or actual distribution. Give Copy B to the shareholder. See instructions on the back of Copy C.)

Additional Information Required**H** Did you claim a deduction for expenses connected with:

- (1) Entertainment facility (boat, resort, ranch, etc.)?
- (2) Living accommodations (except employees on business)?
- (3) Employees' families at conventions or meetings?
- If "Yes," were any of these conventions or meetings outside the United States or its possessions?
- (4) Employee or family vacations not reported on Form W-2?

I Enter total amount claimed on Form 1120-DISC for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d) of the Internal Revenue Code. (See instruction S.)

J Refer to page B of the instructions and state the principal:

- Business activity ▶
- Product or service ▶

K Were you a U.S. shareholder of any controlled foreign corporation?

(See sections 951 and 957.) If "Yes," attach Form 3646 (and Form 2952 where appropriate) for each corporation.

L Did you file all required Forms 1087, 1096, and 1099?

M (1) Did 95% or more of your gross receipts for the taxable year consist of qualified export receipts (as defined in section 993(a))?

(2) Did the adjusted basis of your qualified export assets (as defined in section 993(b)) at the close of the taxable year equal or exceed 95% of the sum of the adjusted basis of all your assets at the close of the taxable year?

(3) If the answer to (1) or (2) is "No," did you make a pro rata distribution of property as defined in section 992(c)?

N (1) Did you have more than one class of stock at any time during the taxable year?

(2) Was the par or stated value of your stock at least \$2,500 on each day (for a new corporation, on the last day for making an election and for each succeeding day) of the taxable year?

O Are you a member of a controlled group that includes other DISCs?

If "Yes,"

- (1) Report in Part II, Section B of Schedule N the names, addresses, and employer identification numbers of the DISCs.
- (2) State the name and employer identification number of the DISC in your controlled group completing Columns 3 and 4 of Part I, Sections A and B of Schedule N. See specific instruction B, Schedule N (Form 1120-DISC).

Name ▶

Employer identification number ▶

P Did you have your own bank account?**Q** Did you maintain separate books and records?

R Did you, at any time during the taxable year, have an interest in or signature or other authority over a bank, securities, or other financial account in a foreign country?

If "Yes," see instruction R.

S Were you the grantor of, or transferor to, a foreign trust during any taxable year, which foreign trust was in being during the current taxable year, whether or not you have any beneficial interest in such trust?

If "Yes," you may be required to file Forms 3520, 3520-A, or 926.

	(A) Beginning of the taxable year	(B) End of the taxable year
1 Qualified assets:		
(a) Working capital (cash and necessary temporary investments)		
(b) Funds awaiting investment (cash in U.S. banks in excess of working capital needs to acquire other qualified export assets)		
(c) Export-Import Bank obligations		
(d) Trade receivables (accounts and notes receivable)		
(i) Subtract allowance for bad debts		
(e) Export property (net) (including inventory and qualified property held for lease)		
(f) Producer's loans		
(g) Investment in related foreign export corporations		
(h) Depreciable assets		
(i) Subtract accumulated depreciation		
(i) Other (attach schedule)		
2 Nonqualified assets (net) (list):		
3 Total assets		
4 Accounts payable		
5 Other current liabilities (attach schedule)		
6 Mortgages, notes, bonds payable in 1 year or more		
7 Other liabilities (attach schedule)		
8 Capital stock		
9 Paid-in or capital surplus		
10 Other earnings and profits		
11 Previously taxed income (sec. 996(f)(2))		
12 Accumulated DISC income		
13 Less cost of treasury stock		
14 Total liabilities and stockholders' equity		

Schedule M-1—Reconciliation of Income per Books With Income per Return

1 Net income per books	6 Income recorded on books this year not included in this return (itemize)
2 Excess of capital losses over capital gains	7 Deductions in this return not charged against book income this year (itemize)
3 Taxable income not recorded on books this year (itemize)	8 Total of lines 6 and 7
4 Expenses recorded on books this year not deducted in this return (itemize)	9 Income (line 10, page 1) (line 5 less line 8)
5 Total of lines 1 through 4	

Schedule M-2—Analysis of Other Earnings and Profits (Line 10 above)

1 Balance at the beginning of the year	5 Distributions to qualify under sec. 992(c)
2 Increases (itemize)	6 Other decreases (itemize)
3 Total of lines 1 and 2	7 Total of lines 4, 5, and 6
4 Deficit in earnings and profits	8 Balance at end of year (line 3 less line 7)

Schedule M-3—Analysis of Previously Taxed Income (Line 11 above)

1 Balance at the beginning of the year	5 Deficit in earnings and profits
2 Deemed distributions under section 995(b)	6 Distributions to qualify under sec. 992(c)
3 Other increases (itemize)	7 Other decreases (itemize)
4 Total of lines 1, 2, and 3	8 Total of lines 5, 6, and 7
	9 Balance at end of year (line 4 less line 8)

Schedule M-4—Analysis of Accumulated DISC Income (Line 12 above)

1 Balance at the beginning of the year	6 Distributions to qualify under sec. 992(c)
2 Increases (itemize)	7 Distributions upon disqualification (sec. 995(b)(2))
3 Total of lines 1 and 2	8 Other decreases (itemize)
4 Deficit in earnings and profits	9 Total of lines 4 through 8
5 Redemptions under section 996(d)	10 Balance at end of year (line 3 less line 9)

Schedule N—Export Gross Receipts of the DISC and Related U.S. Persons (Attach separate Schedule N (Form 1120-DISC))**Schedule P—Computation of Inter-company Transfer Price or Commission (Attach separate Schedule P (Form 1120-DISC))**

1978 Department of the Treasury Internal Revenue Service

Instructions for Form 1120-DISC Domestic International Sales Corporation Return

(References are to the Internal Revenue Code)

Sec. 992. Requirements of a DISC

(a). **General rule.**—A DISC is a corporation that is incorporated under the laws of any State or the District of Columbia and satisfies the following conditions for the taxable year:

(1) 95% or more of its gross receipts (as defined in section 993(b)) consists of qualified export receipts (as defined in section 993(a));

(2) the adjusted basis of its qualified export assets (as defined in section 993(b)) at the end of the taxable year equals or exceeds 95% of the sum of the adjusted basis of all its assets at the end of the taxable year;

(3) it does not have more than one class of stock and the par or stated value of its outstanding stock is at least \$2,500 on each day (for a new corporation, on the last day for making an election and for each succeeding day) of the taxable year;

(4) it has made an election to be treated as a DISC and the election is in effect for the taxable year;

(5) it has its own bank account on each day of the taxable year (for exceptions see section 1.992-1(f) of the regulations) and maintains separate books and records; and

(6) it is not an ineligible corporation.

(b). **Election.**—An election by an existing corporation to be treated as a DISC for a taxable year must be made at any time during the 90-day period immediately preceding the beginning of the taxable year and by a new corporation within 90 days after the beginning of the first taxable year.

In general, the election will be valid only if all persons who are shareholders in the corporation on the first day of the first taxable year for which the election is effective consent to the election. (See Form 4876, Election to be Treated as a DISC.)

An election may be terminated by a revocation of the election for any taxable year after the first taxable year for which the election is effective if made at any time during the first 90 days of the taxable year (or for the taxable year following the taxable year in which made, if made after the close of such 90 days).

The election will be terminated by the continued failure of the corporation to be a DISC for each of any 5 consecutive taxable years for which an election is effective.

(c). **Distributions to meet qualification requirements.**—A corporation

that for a taxable year does not satisfy the gross receipts or qualified export assets conditions will be deemed to satisfy the conditions for the taxable year if it makes a pro rata distribution of property after the close of the taxable year to its shareholders (designated at the time of the distribution as a distribution to meet qualification requirements) with respect to their stock in an amount which is equal to (1) the portion of its taxable income attributable to its gross receipts that are not qualified export receipts if it fails the gross receipts condition, (2) the fair market value of those assets that are not qualified export assets on the last day of the taxable year if the qualified export assets condition is not met, and (3) the sum of (1) and (2) if neither condition is met.

See section 992(c)(2) for reasonable cause for failure to make distributions to meet qualification requirements and section 992(c)(3) for distributions made within 8½ months after the close of the taxable year.

For computation of deficiency distributions to meet qualification requirements, see section 1.992-3 of the regulations.

A DISC that makes a deficiency distribution after the 15th day of the ninth month following the close of its taxable year must pay an "interest" charge for the amount to qualify as a deficiency distribution. The "interest" charge is 4½% per each taxable year of the DISC beginning after the taxable year to which the deficiency distribution relates until the date of the distribution times the amount of the deficiency distribution.

The DISC must pay this "interest" charge within 30 days of the distribution to the Internal Revenue Service Center where it filed its Form 1120-DISC. When submitting payment, the DISC should give its name, address, employer identification number, the taxable year to which the distribution relates, and state that the amount submitted is the "interest" charge imposed by regulation section 1.992-3(c)(4).

(d). **Ineligible corporations.**—The following corporations are not eligible for DISC treatment:

(1) a corporation exempt from tax under section 501.

(2) a personal holding company as defined in section 542.

(3) a financial institution to which section 581 or 593 applies.

(4) an insurance company subject to the tax imposed by subchapter L.

(5) a regulated investment company as defined in section 851(a), or

(6) an electing small business corporation as defined in section 1371(b).

(e). **Restrictions on DISCs and DISC corporate stockholders.**—For any taxable year in which a corporation is a DISC or in which at any time it owns, directly or indirectly, stock in a DISC or former DISC, such corporation is not allowed to take the Western Hemisphere Trade Corporation deduction (section 922), and is not entitled to the benefits of section 936.

Sec. 993. Definitions

(a). **Qualified export receipts.**—Except as provided by regulations under section 993(a)(2), qualified export receipts of a corporation are:

(1) gross receipts from the sale, exchange, or other disposition of export property;

(2) gross receipts from the lease or rental of export property that is used by the lessee of the property outside the U.S.;

(3) gross receipts for services that are related and subsidiary to any qualified sale, exchange, lease, rental, or other disposition of export property by the corporation;

(4) gain from the sale, exchange, or other disposition of qualified export assets (other than export property);

(5) dividends (or amounts includible in gross income under section 951) with respect to stock of a related foreign export corporation;

(6) interest on any obligation that is a qualified export asset;

(7) gross receipts for engineering or architectural services for construction projects located (or proposed for location) outside the U.S.; and

(8) gross receipts for the performance of managerial services in furtherance of the production of other qualified export receipts of a DISC.

(b). **Qualified export assets.**—Qualified export assets of a corporation are:

(1) export property;

(2) assets used primarily in connection with the sale, lease, rental, storage, handling, transportation, packaging, assembly, or servicing of export property, or the performance of engineering or architectural services as described in section 993(a)(1)(C) or managerial services in the furtherance of the production of qualified export receipts as described in section 993(a)(8);

(3) accounts receivable and evidences of indebtedness that arise by reason of transactions described in section 993(a)(1)(A), (B), (C), (D), (G), or (H);

(4) money, bank deposits, and other similar temporary investments that are reasonably necessary to meet the working capital requirements of the corporation;

(5) obligations arising in connection with a producer's loan;

(6) stock or securities of a related foreign export corporation;

(7) certain obligations issued, guaranteed, or insured, in whole or in part, by the Export-Import Bank of the U.S. or the Foreign Credit Insurance Association in those cases where the obligations are acquired from the bank or association or from the seller or purchaser of the goods or services from which the obligations arose;

(8) certain obligations issued by a domestic corporation organized solely for the purpose of financing sales of export property pursuant to an agreement with the Export-Import Bank of the U.S. under which the corporation makes export loans guaranteed by the bank; and

(9) amounts (other than reasonable working capital) on deposit in the U.S. that are utilized during the period provided by regulations to acquire other qualified export assets.

(c). **Export property.**—Export property is property (except property excluded under section 993(c)(2) and property in short supply):

(1) manufactured, produced, grown, or extracted in the U.S. by a person other than a DISC;

(2) held primarily for sale, lease, or rental in the ordinary course of trade or business, by or to, a DISC, for direct use, consumption, or disposition outside the U.S.;

(3) whose fair market value is not more than 50% attributable to articles imported into the U.S.; and

(4) not sold or leased (i) by a DISC, or with a DISC as commission agent, to another DISC that is a member of the same controlled group (as defined in section 993(a)(3)) as the DISC or (ii) by any person to a Western Hemisphere trade corporation (as defined in section 921) that is a related person (a member of the same controlled group as defined in section 993(a)(3) or a relationship that would result in a disallowance of losses under section 267 or section 707(b)) immediately before or after a transaction with respect to the seller, lessor, or commission agent.

(d). **Producer's loans.**—An obligation subject to the rules provided in section 993(d)(2) and (3) will be treated as arising out of a producer's loan if:

(1) the loan, when added to the unpaid balance of all other producer's loans made by the DISC, does not exceed the accumulated DISC income at the beginning of the month in which the loan was made;

(2) the obligation is evidenced by a note (or other evidence of indebtedness) with a stated maturity date not more than 5 years from the date of the loan;

(3) the loan is made to a person engaged in the U.S. in the manufacturing, production, growing, or extraction of export property; and

(4) it is designated as a producer's loan at the time of the loan.

(e). **Related foreign export corporation.**—A DISC may acquire and receive income in the form of dividends and interest from the following investments that are related to exports from the U.S.

Foreign international sales corporation (FISC).—A foreign corporation is a related foreign export corporation if:

(1) stock possessing more than 50% of the total combined voting power of all classes of stock entitled to vote is owned directly by the DISC;

(2) 95% or more of the foreign corporation's gross receipts for its taxable year ending with or within the taxable year of the DISC consists of qualified export receipts described in section 993(a)(1)(A) through (D) and interest on any obligation described in section 993(b)(3) and (4); and

(3) the adjusted basis of the qualified export assets held by the foreign corporation at the close of the taxable year equals or exceeds 95% of the sum of the adjusted basis of all assets held by it at the close of the taxable year.

Real property holding company.—A foreign corporation is a related foreign export corporation if:

(1) stock possessing more than 50% of the total combined voting power of all classes of stock entitled to vote is owned directly by the DISC, and

(2) its exclusive function is to hold title to real property for the exclusive use (under a lease or otherwise) of the DISC because of a requirement of applicable foreign law that the DISC cannot hold title.

Associated foreign corporation.—A foreign corporation is a related foreign export corporation if:

(1) less than 10% of the total combined voting power of all classes of the foreign corporation's stock entitled to vote is owned (within the meaning of section 1563(d) and (e)) by the DISC or by a controlled group of corporations (within the meaning of section 1563) of which the DISC is a member, and

(2) the ownership of stock and securities in the foreign corporation by the DISC is determined to be reasonably in furtherance of a transaction or transactions giving rise to qualified export receipts of the DISC.

(f). **Gross receipts.**—The term gross receipts means the total receipts from the sale, lease, or rental of property held primarily for sale, lease, or rental in the ordinary course of a trade or business and gross income from all other sources.

In the case of commissions on the sale, lease, or rental of property, the amount taken into account will be the gross receipts on the sale, lease, or rental of the property on which the commissions arose.

(g). **United States.**—U.S. includes the Commonwealth of Puerto Rico and the possessions of the U.S.

Sec. 994. Inter-Company Pricing Rules

In the case of a sale of export property to a DISC by a person described in section 482, the taxable income of the DISC and the other person may be based upon a transfer price which would allow the DISC to derive taxable income attributable to the sale (regardless of the sales price actually charged) in an amount which does not exceed the greatest of:

(1) 4% of the qualified export receipts on the sale of the property by the DISC plus 10% of the export promotion expenses of the DISC attributable to the receipts;

(2) 50% of the combined taxable income of the DISC and the person which is attributable to the qualified export receipts on the property derived as the result of a sale by the DISC plus 10% of the export promotion expenses of the DISC attributable to the receipts, or

(3) taxable income based upon the sale price actually charged (subject to the rules provided in section 482).

Note: Generally, inter-company pricing rules (1) and (2) above will not permit the related person to price at a loss. See Schedule P (Form 1120-DISC).

Export promotion expenses are those expenses incurred to advance the distribution or sale of export property for use, consumption, or distribution outside the U.S. but do not include income tax. They include freight expenses to the extent of 50% of the cost of shipping export property aboard airplanes owned and operated by U.S. persons or ships documented under the laws of the U.S. in those cases where law or regulations do not require that the property be shipped aboard such airplanes or ships.

General Instructions

A. Corporations required to file Form 1120-DISC.—Form 1120-DISC must be filed by a domestic corporation that has elected to be treated as a DISC and has satisfied the requirements under section 992 for treatment as a DISC for the taxable year.

A "former DISC" (as defined in section 992(a)(3)), in addition to filing any other return required, must file Form 1120-DISC, and clearly mark that it is filing as a former DISC. The former DISC need not complete those items pertaining to the computation of taxable income, but must complete Schedules J, K, L, and M (Form 1120-DISC).

B. Where to file.

If the principal business, office, or agency is located in:

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Moltville, NY 00501
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c59-263-109-1

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45279
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Freese, CA 93894
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19255

The separate income tax returns of a group of corporations located in several Service Center regions may be filed with the Service Center for the area in which the principal office of the managing corporation that keeps all the books and records is located.

C. When to file.—Form 1120-DISC must be filed on or before the 15th day of the 9th month following the close of the taxable year.

No extension of time to file will be granted.

D. Period to be covered by the 1978 return.—The 1978 return is to be filed for calendar year 1978 and fiscal years beginning in 1978 and ending in 1979. If the return is for a fiscal year, fill in the taxable year space on the form.

Final return.—If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

E. Change in accounting period.—To change an accounting period, see section 1.442-1 of the regulations and Form 1128, Application for Change in Accounting Period.

F. Accounting methods.—A DISC may, generally, choose any method of accounting permissible under section 446(c) and the regulations thereunder. However, if a DISC is a member of a controlled group (as defined in section 993(a)(3)), the DISC may not choose a method of accounting that, when applied to transactions between the DISC and other members of the controlled group, will result in a material distortion of the income of the DISC or any other member of the controlled group. A material distortion would occur, for example, if a DISC chooses to use the cash method of accounting where the DISC acts as a commission agent in a substantial volume of sales of property by a related corporation that uses the accrual method of accounting and customarily pays commissions to the DISC more than 2 months after the sales.

Unless the law specifically permits, you may not change the method of accounting used to report income in prior years (for income as a whole or for any material item) without first obtaining consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by dropping any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

G. Stock ownership in foreign corporations.—If you owned 5% or more in value of the outstanding stock of a foreign personal holding company, attach the statement required by section 551(c).

If you control a foreign corporation or were a 10% or more shareholder of a controlled foreign corporation, you may be required to file Forms 2952 and 3646.

H. Financial statements.—The balance sheets must agree with your books and records. Any differences must be reconciled.

I. Attachments.—If more space is needed on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120-DISC. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

J. Amended return.—Correct any error in a previously filed return by filing an amended Form 1120-DISC.

K. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as tax officer) authorized to sign.

A receiver, trustee, or assignee must sign any return that he is required to file on behalf of a corporation.

If your corporate officer filed in Form 1120-DISC, the space under the signature of officer should remain blank. If someone prepares Form 1120-DISC and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120-DISC should not sign. For example, a regular full-time employee of the corporation such as clerk, secretary, etc., does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120-DISC must sign the return and fill in the other blanks in the Paid Preparer's Information area of the return.

When more than one person prepares Form 1120-DISC, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "SE" box.

If you have questions about whether a preparer is required to sign Form 1120-DISC, please contact an IRS office.

The person required to sign the return MUST:

—Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable);

—Give a copy of Form 1120-DISC to the taxpayer in addition to the copy filed with IRS.

Publication 1054 is a guide listing some of the preparer's responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work. Tax return preparers should be familiar with their responsibilities. This publication is available at IRS offices.

L. Total assets.—If there are no assets at the end of the taxable year, enter the total assets at the beginning of the taxable year.

M. Penalty for failure to file returns and provide information.—A penalty is imposed by section 6686 (in addition to the penalty imposed by section 7203) on any person required to supply information or file a return who fails to supply information or file a return at the time prescribed or who files a return that does not show the information required.

Unless it is shown that the failure is due to reasonable cause, the penalty is: (1) \$100 for each failure to supply information (the total amount imposed for all failures during any calendar year will not exceed \$25,000) or (2) \$1,000 for each failure to file a return.

N. Taxation of a DISC.—A DISC is not subject to any tax imposed by sections 1 through 1564 except for the tax imposed by sections 1491 through 1494 on certain transfers to avoid tax.

A DISC is not subject to the corporate income tax, the minimum tax on tax preferences, or the accumulated earnings tax.

A DISC is subject to the provisions of sections 1441 through 1461 relating to withholding of tax on nonresident aliens and foreign corporations.

O. Investment credit and work incentive (WIN) credit.—The investment credit and the work incentive (WIN) credit do not apply to a DISC and they do not pass through to any shareholder in a DISC.

P. Nonresident alien individuals and foreign corporations, trusts, and estates.—Treat all gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, as actively connected with the conduct of a trade or business conducted through a permanent establishment within the U.S.

Q. Stock ownership.—For rules of stock attribution, see section 267(c). If the owner of the voting stock of the DISC was an alien individual or a foreign entity (corporation, partnership, trust, or estate), so indicate by placing an X in the "Yes" box in the "Foreign Owner" column and enter the name of the owner's country in parentheses in the address column. "Owner's country" for individuals is their country of residence; for other foreign entities, it is the country in which organized or otherwise created, or in which administered.

R. Foreign financial accounts and foreign trusts.—If at any time during the taxable year, you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country, check the Yes box for question R. However, you should check the No box if the combined assets in the account(s) were \$1,000 or less during the entire year, or were with a U.S. military banking facility operated by a U.S. financial institution.

If you own more than 50 percent of the stock in any corporation that owns one or more foreign bank accounts, you must check the Yes box for question R. Get Forms 90-22.1 to see if you are considered to have an interest in, or signature or other authority over a bank, security, or other financial account in a foreign country.

If you checked Yes for question R, file Form 90-22.1. You can get this form from many IRS offices. File the completed form by June 30, 1979, with the Department of the Treasury, P.O. Box 28309, Central Station, Washington, DC 20005. Do not file it with the IRS, it is not a tax return.

If you were a grantor of, or transferor to a foreign trust, which was in being during the tax year, check the Yes box for question S.

S. Travel and entertainment (section 274(d)).—(See Form 1120-DISC question 1, page 5.) The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in years prior to taxable years beginning in 1978 but not deducted in those years are not required to be included in the total (i.e., expenditures reflected in beginning inventories, capitalized expenditures subject to depreciation, etc.). However, expenditures paid or incurred in tax years beginning in 1978 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W-2.

See regulations section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in question 1.

See Form 1120-FY (1978-79) for rules regarding the deduction of travel and entertainment expenses for fiscal year DISCs.

Specific Instructions

(Numbered to correspond with the line numbers on page 1 of the return.)

5. Cost of goods sold.—Enter the amount shown on line 7, Schedule A.

Cost of operations (where inventories are not an income-determining factor).—If the amount entered on line 5 includes an amount applicable to cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

Computation of Taxable Income

11(a). Net operating loss deduction.—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the taxable year. (Section 172(a).)

A net operating loss may be carried back to each of the 3 years preceding the year of each loss and carried over to each of the 7 years following the year of such loss; or, an election may be made whereby a net operating loss may be carried over to each of the 7 years following the year of such loss. After applying the net operating loss to the initial year, the portion of the loss that may be carried to each of the remaining taxable years is the excess, if any, of the loss over the sum of the taxable income for each of the prior taxable years to which the loss may be carried. (Section 172(b).)

The term "net operating loss" means the excess of allowable deductions over gross income, computed with the following modifications under section 172(d):

- (1) No net operating loss deduction is allowed.
- (2) The dividends-received deduction in line 1 of Schedule I is computed without regard to the 85% limitation provided in section 246(b). See section 1.172-2 of the regulations.

A deficit in earnings and profits is chargeable in the following order:

- (1) first, to other earnings and profits, to the extent thereof;
- (2) second, to accumulated DISC income, to the extent thereof; and
- (3) finally, to previously taxed income.

except that a deficit in earnings and profits will not be applied against accumulated DISC income which has been determined to be deemed distributed to the shareholders (pursuant to section 995(b)(2)(A)) as a result of a revocation of election or other disqualification.

In determining the taxable income that must be subtracted from a net operating loss to determine the portion of the loss that will be available to carry to a subsequent year, the net operating loss deduction is determined without regard to the net operating loss for the loss year or any taxable year thereafter, and, under certain circumstances, without regard to any portion of a net operating loss attributable to a foreign expropriation loss.

12. Taxable income.—If either the gross receipts method or combined taxable income method is chosen for com-

puting the taxable income of the DISC attributable to a transaction or group of transactions consisting of products or product lines, attach a Schedule P (Form 1120-DISC) showing, in detail, the computation of the DISC's taxable income attributable to each such transaction or group of transactions.

Schedule A.—Cost of goods sold

If inter-company pricing rules are used, reflect in Schedule A actual purchases from a related supplier at the transfer price determined under the inter-company pricing rules of section 994. See Schedule P (Form 1120-DISC).

Where the DISC acts as a commission agent on a sale for any person, do not enter any amount in Schedule A for such sale. See Schedule P (Form 1120-DISC).

The method of valuing inventories may not be changed without permission. Application for permission to change must be made on Form 3115. Check method(s) used for valuing closing inventories on line 8(b).

If this is the first year the "Last-In First-Out" (LIFO) inventory method provided in section 472 was adopted and used, attach Form 970 or a statement with the information required by Form 970 to Form 1120-DISC and check the LIFO box in line 8(b). Enter the amount or percent (estimates may be used) of total closing inventories covered under section 472 in line 8(c).

Schedule B.—Gross Income

(Numbered to correspond with the line numbers in Schedule B.)

Enter gross income in lines 1 through 3 categorized as either (1) qualified export receipts from the sale of export property, (2) other qualified export receipts, or (3) nonqualified gross receipts. If an income item consists of two or more categories, report each on the applicable line. For example, if interest income consists of qualified interest from a foreign international sales corporation and nonqualified interest from a domestic obligation, enter the qualified interest on an attached schedule for line 2(g) and the nonqualified interest on an attached schedule for line 3(f).

Special rule when the DISC acts as a commission agent.—For commissions on the sale, lease, or rental of property, or the furnishing of services, list in column B the gross receipts on the sale, lease, or rental of property, or the furnishing of services on which the commissions arose and in column C the commissions earned. Receipts from non-commission sales, leases, rentals, or the furnishing of services and all other receipts should be reported on the appropriate lines in column D. Column E is the sum of commissions reported in Column C and receipts from

non-commission sales, leases, or rentals and all other receipts reported in column D.

See instructions for lines 2(h) and 2(i) for details regarding the reporting of gains from sale of qualified export assets.

If you use the installment method of reporting, attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount collected, and (f) gross profit on the amount collected.

1. Qualified export receipts from the sale of export property.—These are receipts from the sale of property, such as inventory, produced in the U.S. for direct use, consumption, or disposition outside the U.S.

For a sale to meet the export requirement, it must meet (1) a destination test and (2) a requirement that the sale not be for ultimate use in the U.S.

The destination test will be considered satisfied if the property is delivered (regardless of the F.O.B. point or the place at which title passes or risk of loss shifts from the seller or lessor):

(a) Within the U.S. to a carrier or freight forwarder for ultimate delivery outside the U.S. to a purchaser or lessee (or to a subsequent purchaser or sublessee);

(b) Within the U.S. to a purchaser or lessee, if the property is ultimately delivered outside the U.S. (including delivery to a carrier or freight forwarder for delivery outside the U.S.) by the purchaser or lessee (or a subsequent purchaser or sublessee) within one year after the sale or lease;

(c) Within or outside the U.S. to a purchaser or lessee that, at the time of the sale or lease, is a DISC and is not a member of the same controlled group (as defined in section 993(a)(3)) as the seller or lessor;

(d) From the U.S. to the purchaser or lessee (or a subsequent purchaser or sublessee) at a point outside the U.S. by means of the seller's or lessor's own ship, aircraft, or other delivery vehicle; or

(e) Outside the U.S. to a purchaser or lessee (or a subsequent purchaser or sublessee) at a point outside the U.S. by means of the seller's or lessor's own ship, aircraft, or other delivery vehicle; or

(f) Outside the U.S. to a purchaser or lessee if the property was previously shipped by the seller or lessor from the U.S. and if the property is located outside the U.S. pursuant to a prior lease by the seller or lessor, and either (a) the prior lease terminated at the expiration of its term (or by the action of the prior lessee acting alone), (b) the sale occurred or the term of the subsequent lease began after the time at which the term of the prior lease would have expired, or (3) the lessee under the subsequent lease is not a related person (a member of the same controlled group as defined in section 993(a)(3)) or a relationship that would result in a dis-

allowance of losses under section 267 or section 707(b)) immediately before or after the lease with respect to the lessor and the prior lease was terminated by the action of the lessor (acting alone or together with the lessee).

The second part of the export requirement for sales is that the sale must not be for ultimate use in the U.S. This test is applied at the time of the sale. If the property is to be used predominantly outside the U.S., the sale is not for ultimate use in the U.S.

Property sold to an unrelated person is considered sold for ultimate use in the U.S. if it is sold pursuant to an agreement or understanding that it will be used in the U.S. or if a reasonable person would have believed that it will be used in the U.S.

For example, if property is sold to a foreign wholesaler and it is known in trade circles that the wholesaler, to a substantial extent, supplies the U.S. retail market, the sale would not be a qualified export sale.

Special rules apply in the case of certain exported components incorporated into products imported into the U.S.

In general, related purchasers are purchasing corporations that are members of the same controlled group (as defined in section 993(a)(3)) as the DISC. Unrelated purchasers are all other purchasers.

1(a).—Enter the DISC's qualified export receipts (other than those entered on line 1(b)) from sales of export property to foreign unrelated purchasers for delivery outside the U.S.

1(b).—Enter the DISC's qualified export receipts from sales of export property for delivery outside the U.S. to (i) a related foreign entity for resale (directly or indirectly) to a foreign unrelated purchaser, or (ii) an unrelated purchaser where a related foreign entity acts as commission agent. A related foreign entity is a foreign corporation that is a member of the same controlled group (as defined in section 993(a)(3)) as the DISC.

2(a). Leasing of export property.—Enter the gross amount received from the leasing (including subleasing) of export property to unrelated persons for use outside the U.S.

Whether the leased property satisfies the usage test is to be determined on a year-by-year basis. The receipts from a lease of export property may qualify in some years and not in other years depending upon the place where the lessee uses the property in the years involved.

Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for such deductions.

2(b). Services related and subsidiary to a qualified export sale or lease.—A service is related to a sale or lease if it is of a kind customarily and usually furnished with that type of transaction in a trade or business in which the transaction arose and if the agreement to fur-

nish the services is connected with the sale or lease. A service is subsidiary if it is of less importance and value as compared to the sale or lease.

2(c). Engineering and architectural services.—Receipts from engineering or architectural services on foreign construction projects which are either located abroad or proposed for location abroad are qualified receipts. They include feasibility studies, design and engineering, and general supervision of construction but do not include services connected with exploration for minerals.

2(d). Export management services.—Include receipts for export management services provided to unrelated DISCs.

2(f). Interest on producer's loans.—A producer's loan must be evidenced by a note or other evidence of indebtedness, be designated as a producer's loan, have a stated maturity not to exceed 5 years, and be attributable to the borrower's assets used in exporting and research and development.

2(g). Other interest.—Enter interest on any qualified export asset other than interest on producer's loans.

Include, for example, interest on accounts receivable arising out of sales in which the DISC acted as a principal or agent and interest on certain obligations issued, guaranteed, or insured by the Export-Import Bank or the Foreign Credit Insurance Association.

2(h). Capital gain net income.—Every sale or exchange of a capital asset must be reported in detail on a separate Schedule D (Form 1120) even though no gain or loss is indicated.

In addition to completing Schedule D (Form 1120), attach a separate schedule computing the gain from the sale of qualified export assets.

2(i). Ordinary gain or (loss).—Enter the total ordinary gain or loss from line 11, Part II, Form 4797.

In addition to completing Form 4797, attach a separate schedule computing the gain from the sale of qualified export assets.

3(b). Exports subsidized by the U.S. Government.—Enter receipts from the sale of products subsidized under a program of the U.S. Government, or any instrumentality thereof, that have been designated as excluded receipts.

3(c). Certain direct or indirect sales or leases for use by the U.S. Government.—Enter receipts from direct or indirect sales or leases of property or services for use by the U.S. Government, or any instrumentality thereof, where the use of U.S. products or services is required by statute or regulations.

3(d). Sales to another DISC in the same controlled group.—Enter receipts from a DISC that is a member of the same controlled group of corporations.

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See section 993(a)(3) for the definition of controlled group.

3(f). Other.—Include in an attached schedule any nonqualified gross receipts not reported on lines 3(a) through 3(e). Do not offset an item of income against a similar item of expense.

Schedule C.—Dividends

(Numbered to correspond with the line numbers in Schedule C.)

1. Enter dividends received from domestic corporations subject to income tax and the 85% deduction under section 243(a)(1).

Include on this line taxable distributions received from a DISC or former DISC that are designated as being eligible for the 85% dividends-received deduction.

For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest and should not be treated as dividends.

2. Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

3. Enter dividends received from foreign corporations that qualify for the 85% deduction provided in section 245(a).

4. Enter dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b).

5. Enter foreign dividends (including minimum distributions under subpart F) that are not reportable on lines 3 and 4. Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F.

6. Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported in Schedule A, line 5 of Form(s) 3646.

7. Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85% dividends-received deduction. (See sections 246(d), 995(b), and 996(a)(3).)

8. Include dividends (other than capital gain dividends) received from regulated investment companies that are not subject to the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends) received from a real estate investment trust which, for the taxable year of the trust in which the dividends are paid, qualifies under sections 856 through 858; dividends not eligible for

a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above.

10. Enter dividends (and income constructively received from controlled foreign corporations under subpart F) from a qualified foreign investment of a DISC in a related foreign export corporation which constitute qualified dividends. Generally, the investment will be in stock or securities of a foreign selling subsidiary of the DISC which qualifies as a foreign international sales corporation (FISC).

Schedule E.—Deductions

(Numbered to correspond with the line numbers in Schedule E.)

Enter export promotion expenses in line 1. Export promotion expenses are a DISC's ordinary and necessary expenses paid or incurred to obtain qualified export receipts (but do not include income taxes). Any expense (or any part of an expense) not incurred to obtain qualified export receipts should be entered in line 2.

1(c). Depreciation.—Attach Form 4562 if you claim a deduction for depreciation. Enter on this line the depreciation not claimed in Schedule A and elsewhere on the return.

1(h). Freight.—Enter one-half of the freight expenses (not including insurance) for shipping export property aboard U.S. flag vessels and U.S. owned and operated aircraft (unless required by law).

1(i). Compensation of officers.—Attach a schedule showing the name, social security number, amount of compensation, and expense account allowance for your 6 highest paid officers.

To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. The expense account allowance does not have to be shown for any officer for whom the combined compensation and expense account allowance is less than \$30,000.

For this purpose, an officer is a person, such as regular officer, chairman of the board, etc., who is elected or appointed to office or who is designated as an officer in the corporation's charter or bylaws.

1(j). Repairs.—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value or appreciably prolong the life of the property. Include on this line the total amount of repairs figured under the Class Life Asset Depreciation Range (CLADR) System.

1(k). Amortization.—If a deduction for amortization is claimed, attach a schedule showing: (1) a description of the expenditures being amortized; (2) date acquired, completed, or expended; (3) amount being amortized; (4) amortization deducted in prior years; (5) amortization period (number of months); (6) amortization for this year; and (7) the total amount of amortization less the amount claimed in Schedule A and elsewhere on the return.

1(l). Pension, profit-sharing, etc. plans.—The number of plans to be entered refers to all plans for which all assets have not been distributed. Also include any plans in which assets were distributed in the current year. The number of plans must be indicated whether or not a deduction is claimed. Complete Form 5500 for each plan and file each as a separate return. Complete Form 5500-C in lieu of Form 5500 if there were fewer than 100 participants at the beginning of the plan year. See instructions for above forms for computation of the amount of allowable deduction. File these forms on or before the last day of the 7th month following the close of the plan year.

Caution: ERISA imposes penalties for failure to furnish complete information and failure to file statements, returns and reports.

1(m). Employee benefit programs.—Enter the amount of your contributions to employee benefit programs (e.g., insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 1(i). Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

2(a). Bad debts.—Bad debts may be treated in either of two ways:—(i) as a deduction for debts that become worthless in whole or in part, or (ii) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.) Application to change the method of computing bad debts must be made on Form 3116.

2(b). Taxes.—Enter taxes paid or accrued during the taxable year.

See section 164(d) for apportionment of tax on real property between seller and purchaser.

2(c). Interest.—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (Section 265.)

See section 267 for the limitation on deductions for unpaid expenses and interest in transactions between related taxpayers.

See section 461(g) for limitation on deduction for prepaid interest by a cash basis taxpayer.

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2(d). Contributions.—Enter contributions or gifts actually paid within the taxable year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not exceed 5% of taxable income (line 12 of page 1) computed without regard to (1) any deduction for contributions, (2) the dividends-received deduction on line 11(b) of page 1, (3) deductions allowed under sections 249 and 250, (4) any net operating loss carryback to the taxable year under section 172, and (5) any capital loss carryback to the taxable year under section 1212(a)(1).

Charitable contributions in excess of the 5% limitation may not be deducted for the taxable year but may be carried over to the next 5 taxable years.

A contribution carryover is not allowed to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3d month following the close of the taxable year if the contributions are authorized by the board of directors during the taxable year. A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the taxable year, and a copy of the resolution, must both be attached to the return.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property.—If a charitable contribution of property is made, the contribution must be reduced by the sum of

- (1) the ordinary income and
- (2) for certain contributions, 62½% (60.870% for gifts made after December 31, 1978) of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. The reduction for 62½% (60.870% for gifts made after December 31, 1978) of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of any property to or for the use of certain private foundations. (See section 170(e).) However, a charitable contribution of inventory and property described in section 1221(1) and (2), to an exempt organization described in section 501(c)(3) for use in the care of the ill, needy, or children may be deducted to the extent of basis plus one-half of appreciation of such property, but in no event may the deduction exceed—263-109-1

ceed twice the basis for such property. (Section 170(e).)

Bargain sale to a charitable organization.—If a charitable contribution deduction for property sold to a charitable organization is claimed, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

2(e). Freight.—Enter the freight expense not deducted on line 1(h) as an export promotion expense.

2(g). Other.—No deduction is allowable for any amount allocable to a class of exempt income. Items directly attributable to wholly exempt income must be allocated to such income, and items directly attributable to any class of taxable income must be allocated to such taxable income.

If an item is indirectly attributable both to taxable income and exempt income, a reasonable proportion of the item, determined in the light of all the facts and circumstances in each case, must be allocated to each.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expense items allocated to each class. Show the amount allocated by apportionment separately.

Schedule I.—Dividends-received deduction

1. In general, no dividends-received deduction will be allowed on any share of stock (a) that is disposed of before the corporation has held it 15 days or less or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or securities.

No deduction is allowed under section 243 for a dividend from a DISC or former DISC (as defined in section 992(a)) to the extent it is paid out of accumulated DISC income or previously taxed income or is a deemed distribution pursuant to section 995(b)(1).

2. Limitation on dividends-received deduction.—Line 2 may not exceed 85% of line 10, page 1.

For this purpose, line 10 is to be computed without regard to any capital loss carryback to the taxable year under section 1212(a)(1).

In a year in which a net operating loss occurs, sections 172(d) and 246(b) provide that this 85% limitation does not apply even if the loss is created by the dividends-received deduction.

3. Fiscal year DISCs that have received dividends on certain preferred stock of public utilities must use Form 1120-FY (1978-79) to compute their dividends-received deduction.

Schedule J.—Deemed and Actual Distributions to Shareholders for the Taxable Year

Part I.—Deemed distributions under section 995(b)(1) (Numbered to correspond with the line numbers in Part I of Schedule J.)

2. Attach a computation showing the gain recognized by the DISC during the taxable year on the sale or exchange of property other than property which in the hands of the DISC is a qualified export asset, previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized.

3. Attach a computation showing the gain (other than the gain entered on line 2) recognized by the DISC during the taxable year on the sale or exchange of property (other than property which in the hands of the DISC is stock in trade or other property described in section 1221(1)) previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized and would have been treated as ordinary income if the property had been sold or exchanged rather than transferred to the DISC.

4. For purposes of computing the portion of taxable income attributable to military property use the gross income for the year attributable to military property and the deductions which are properly apportioned or allocated to such income. See section 38 of the Internal Security Assistance and Arms Export Control Act of 1976 (22 USC 2778) and regulations thereunder (22 CFR 21.01) for definition of "military property."

11. Under section 995(b)(1)(F)(ii), a DISC is deemed to distribute the entire amount of its income attributable to participation in or cooperation with an international boycott. See Form 5713 for computation of this deemed distribution and reporting requirements of any DISC with operations in or related to a "boycotting" country.

12. Under section 995(b)(1)(F)(iii), a DISC is deemed to distribute the amount of any illegal bribe, kickback or other payment paid by or on behalf of the DISC, directly or indirectly, to an official, employee or agent of any government.

14. Attach a computation showing the earnings and profits for the taxable year.

For purposes of computing the earnings and profits for taxable years beginning after June 30, 1972, the allowance for depreciation (and amortization, if any) is the amount which would be allowable for such year if the straight line method of depreciation had been used for each taxable year beginning after June 30, 1972. See section 312(k)(2) for exception.

16. Attach a computation showing the amount of (1) foreign investment attributable to producer's loans (as defined in section 995(d)) of the DISC for the taxable year; (2) all accumulated earnings and profits including earnings and profits for the taxable year less the amount on line 15, Part I; and (3) accumulated DISC income. Enter the smaller of these 3 amounts (but not less than zero) on line 16.

Foreign investment attributable to producer's loans will be the smallest of these 3:

- (1) the net increase in foreign assets by members of the controlled group (as defined in section 993(a)(3)) that includes the DISC,
- (2) the actual foreign investment by domestic members of the group, or
- (3) the amount of the DISC's outstanding producer's loans to members of the controlled group.

For the definitions of "net increase in foreign assets" and "actual foreign investment," see sections 995(d)(2) and 995(d)(3).

Part II.—Computation of Taxable Income Attributable to Base Period Export Gross Receipts

(Numbered to correspond with the line numbers in Part II of Schedule J.)

4. Include the annualized taxable income but no taxable losses incurred by any DISC which is a member of your controlled group (as defined in section 993(a)(3)) for the latest taxable year ending with or within your taxable year.

5. If this amount is \$100,000 or less, omit lines 6 through 21 and enter zero on line 22 and on line 8, Part I.

6. Column C.—Generally. If export property does not qualify in the current year under 993(c)(2) as giving rise to export gross receipts, then the gross receipts from such property should be excluded in computing the export gross receipts for the base period.

However, if, by virtue of section 603(b)(2) of the Tax Reduction Act of 1975, export property qualifies in the current year as giving rise to export gross receipts, then the DISC must increase its export gross receipts for the base period. See section 1101(g)(5) of the Tax Reform Act of 1976 for computation to be used.

Note: Enter gross receipts, not just commissions, in the case of transactions made on a commission basis.

11b. Additions must be made to base period export gross receipts in certain cases where there has been a separation in ownership of the stock in the DISC from ownership in the underlying trade or business which produced the export gross receipts during the base period, and in cases where any 5% or more shareholder owned 5% or more of the stock of another DISC in any base period year. (See sections 995(a)(9) and 995(a)(10).)

15. Include on this line the annualized export gross receipts of all DISCs which are members of your controlled group (as defined in section 993(a)(3)) for their latest taxable year ending with or within your taxable year.

Part III.—Deemed distribution under section 995(b)(2)

A shareholder of a corporation that ranked its election to be treated as a DISC or failed to qualify as a DISC for

a taxable year will be deemed to have received a distribution taxable as a dividend equal to his pro rata share of the DISC income of the corporation accumulated during the immediately preceding consecutive taxable years for which the corporation was a DISC. The distributions will be deemed to be received in equal installments on the last day of each of the 10 taxable years of the corporation following the year of the termination or disqualification (but in no case over more than twice the number of immediately preceding consecutive taxable years during which the corporation was a DISC).

Schedule K.—Shareholder's Statement of DISC Distribution

Attach a separate Copy A, Schedule K (Form 1120-DISC) to Form 1120-DISC for each shareholder who had an actual or deemed distribution during the DISC's taxable year.

Schedule N.—Export Gross Receipts of the DISC and Related U.S. Persons

Complete and attach Schedule N (Form 1120-DISC) to Form 1120-DISC.

Schedule P.—Computation of Inter-company Transfer Price or Commission

Attach a separate Schedule P (Form 1120-DISC) for each transaction or group of transactions to which the inter-company pricing rules of section 994(a)(1) and (2) are applied.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification system developed by the Office of Management and Budget, Executive Office of the President, to classify enterprises by type of activity in which they are engaged. The system follows closely the Standard Industrial Classification used to classify establishments. However, certain activities such as manufacturing, do not apply to a DISC. Using the list below, enter on page 1, under B, the code

number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means all income (line 4, page 1). On page 5, question J, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Wholesale trade: Machinery, equipment, and supplies," the principal product or service may be "Engines and turbines."

TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES

Code
5110 Paper and paper products
5129 Drugs, drug proprietaries, and druggists' sundries
5130 Apparel, piece goods, and notions
5140 Groceries and related products
5150 Farm-product raw materials
5160 Chemicals and allied products
5170 Petroleum and petroleum products
5180 Alcoholic beverages
5190 Miscellaneous nondurable goods

WHOLESALE TRADE

Durable:
5008 Machinery, equipment, and supplies
5010 Motor vehicles and automotive equipment
5020 Furniture and home furnishings
5030 Rubber and construction materials
5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies
5050 Metals and minerals, except petroleum and scrap
5060 Electrical goods
5070 Hardware, plumbing and heating equipment
5098 Other durable goods

RETAIL TRADE

Building materials, hardware, garden supply, and mobile home dealers:
5220 Building materials dealers
5231 Hardware stores
5265 Garden supplies and mobile home dealers
5300 General merchandise stores
5410 Grocery stores
5490 Other food stores
Automotive dealers and service stations:
5515 Motor vehicle dealers
5541 Gasoline service stations
5598 Other automotive dealers

Code

5600 Apparel and accessory stores
5700 Furniture and home furnishings stores
5800 Eating and drinking places
Miscellaneous retail stores:
5912 Drug stores and proprietary stores
5921 Liquor stores
5995 Other miscellaneous retail stores

FINANCE, INSURANCE, AND REAL ESTATE

Credit agencies other than banks:
6199 Other credit agencies

SERVICES

Business services:
7389 Export management services
Auto repair and services; miscellaneous repair services:
7500 Lease or rental of motor vehicles
Amusement and recreation services:
7812 Motion picture production, distribution, and services

Other services:
8911 Architectural and engineering services
8930 Accounting, auditing, and bookkeeping
8980 Miscellaneous services

IMPORTANT—Fill in all applicable lines and schedules. If the lines on the schedules are not sufficient, see instruction U.

GROSS INCOME	
1	Gross receipts or gross sales Less: Returns and allowances
2	Subtract: Cost of goods sold (Schedule A) and/or operations (attach schedule)
3	Gross profit
4	Dividends (Schedule C)
5	Interest on obligations of the U.S. and its instrumentalities
6	Other interest
7	Gross rents
8	Gross royalties
9	(a) Capital Gain Net Income (attach Schedule D (Form 1120))
	(b) Net gain or (loss) from line 11, Part II, Form 4797 (attach Form 4797)
10	Other income (see instructions—attach schedule)
11	TOTAL income—Add lines 3 through 10
12 Compensation of officers (Schedule E)	
13	(a) Salaries and wages 13(b) Less new jobs credit 13(c) Balance ▶
14	Repairs (see instructions)
15	Bad debts (Schedule F if reserve method is used)
16	Rents
17	Taxes
18	Interest
19	Contributions (not over 5% of line 30 adjusted per instructions—attach schedule)
20	Amortization (attach schedule)
21	(a) Depreciation (from line 4, column (g), Form 4562 (attach Form 4562))
	(b) Less: Depreciation claimed in Schedule A and elsewhere on return
	(c) Balance (subtract line 21(b) from line 21(a))
22	Depletion
23	Advertising
24	Pension, profit-sharing, etc. plans (see instructions) (enter number of plans ▶)
25	Employee benefit programs (see instructions)
26	Other deductions (total from page 5)
27	TOTAL deductions—Add lines 12 through 26
28	Taxable income before net operating loss deduction and special deductions (subtract line 27 from line 11)
29	Subtract: (a) Net operating loss deduction (see instructions—attach schedule)
	(b) Special deductions (Schedule I)
30	Taxable income (subtract line 29 from line 28)

Schedule A Cost of Goods Sold (See instructions for Schedule A)

1 Inventory at beginning of year

2 Merchandise bought for manufacture or sale

3 Salaries and wages

4 Other costs (attach schedule)

5 Total

6 Subtract: Inventory at end of year

7 Cost of goods sold—Enter here and on line 2 (GROSS INCOME)

8 (a) Check valuation method(s) used for total closing inventory:

☐ Cost ☐ Lower of cost or market ☐ Other (if "Other," attach explanation)

(b) Check if this is the first year LIFO inventory method was adopted and used ☐

If checked, attach Form 970.

(c) If the LIFO inventory method was used for this taxable year, enter percentage (or amounts) of closing inventory computed under LIFO

(d) Is the corporation engaged in manufacturing activities? ☐ Yes ☐ No

If "Yes," are inventories valued under Regulations section 1.471-11 (full absorption accounting method)? ☐ Yes ☐ No

(e) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation.

Schedule C Dividends (See instruction 4)

1 Domestic corporations subject to the 85% deduction	
2 Certain preferred stock of public utilities	
3 Foreign corporations subject to the 85% deduction	
4 Other dividends from foreign corporations	
5 Foreign dividend gross-up (section 78)	
6 Taxable dividends from a DISC or a former DISC not included in line 1 (section 246(d))	
7 Other	
8 Total—Enter here and on line 4, page 3 (GROSS INCOME)	

Schedule E Compensation of Officers (See instruction 12)[illegible]**Schedule F** **Bad Debts—Reserve Method (See instruction 15)**

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve		6. Amount charged against reserve	7. Reserve for bad debts at end of year
			4. Current year's provision	5. Recoveries		
1973						
1974						
1975						
1976						
1977						
1978						

Schedule I Special Deductions (See instructions for Schedule I)

1 Dividends received: (a) 85% of line 1, Schedule C	
(b) 60.208% of line 2, Schedule C	
(c) 85% of line 3, Schedule C	
2 Total—May not exceed 85% of line 28, page 3. The 85% limitation does not apply to a year in which a net operating loss occurs	
3 Dividends paid on certain preferred stock of public utilities (see instructions)	
4 Total special deductions—Add lines 2 and 3. Enter here and on line 29(b), page 3 (DEDUCTIONS)	

Schedule J Tax Computation (Fiscal year corporations, omit lines 1 through 8 and enter on line 9, the amount from Form 1120—FY 1978–79)

1	Taxable income (line 30, page 3)	
2	Enter line 1 or \$25,000, whichever is less. (Members of a controlled group enter one-half of surtax allocation, see instructions)	
3	Subtract line 2 from line 1	
4	Enter line 3 or \$25,000, whichever is less. (Members of a controlled group enter one-half of surtax allocation, see instructions)	
5	Subtract line 4 from line 3	
6	20% of line 2	
7	22% of line 4	
8	48% of line 5	
9	Income tax. (Total of lines 6, 7 and 8 or alternative tax from separate Schedule D (Form 1120), whichever is less)	
10	(a) Foreign tax credit (attach Form 1118)	
	(b) Investment credit (attach Form 3468)	
	(c) Work Incentive (WIN) credit (attach Form 4874)	
	(d) New Jobs credit (attach Form 5884)	
11	Total of lines 10(a), (b), (c) and (d)	
12	Subtract line 11 from line 9	
13	Tax from recomputing a prior year investment credit (attach Form 4255)	
14	Tax from recomputing a prior year WIN credit (see instructions—attach computation)	
15	Total of lines 12, 13 and 14. Enter here and on line 2, page 1	

Schedule K Record of Form 503 Federal Tax Deposits (List deposits in order made—See instruction C)

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount

Other Deductions

[illegible]

Additional Information Required

M Business description (see page 8 of instructions)

(1) Business code number.....

(2) Principal business activity.....

(3) Principal product or service.....

N Taxable income or (loss) from line 28, page 3 for your taxable year beginning in:

1975

1976

1977

O Were you a member of a controlled group subject to the provisions of section 1561?

If "Yes," check type of relationship:

(1) ☐ Parent-subsidiary

(2) ☐ Brother-sister

(3) ☐ Combination of (1) and (2) (see section 1563)

	Yes	No
(1) Parent-subsidiary		
(2) Brother-sister		
(3) Combination of (1) and (2)		

P	Did you file all required Forms 1042, 1087, 1096, and 1099?	Yes	No
Q	Did you claim a deduction for expenses connected with:		
	(1) Entertainment facility (boat, resort, ranch, etc.)?		
	(2) Living accommodations (except for employees on business)?		
	(3) Employees' families at conventions or meetings?		
	If "Yes," were any of these conventions or meetings held outside the U.S. or its possessions?		
	(4) Employee or family vacations not reported on Form W-2?		
R	Enter total amount claimed on Form 1120F for entertainment, entertainment facilities, gifts, travel, and conventions, of the type for which substantiation is required under section 274(d) of the Internal Revenue Code		

Schedule I	Balance Sheets
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Schedule C	(A) Amount	(B) Total	(C) Amount	(D) Total
ASSETS				
1 Cash				
2 Trade notes and accounts receivable				
(a) Less allowance for bad debts				
3 Inventories				
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets				
(a) Less accumulated depreciation				
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets				
LIABILITIES AND STOCKHOLDERS' EQUITY				
15 Accounts payable				
16 Mtes., notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 Loans from stockholders				
19 Mtes., notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Capital stock: (a) Preferred stock				
(b) Common stock				
22 Paid-in or capital surplus				
23 Retained earnings—Appropriated (attach schedule)				
24 Retained earnings—Unappropriated				
25 Less cost of treasury stock				
26 Total liabilities and stockholders' equity				

Schedule M-1 Reconciliation of Income Per Books With Income Per Return

Schedule M-2 1 Net income per books 2 Federal income tax 3 Excess of capital losses over capital gains 4 Income subject to tax not recorded on books this year (itemize) 5 Expenses recorded on books this year not deducted in this return (itemize) (a) Depreciation . . \$ (b) Depletion . . \$ 6 Total of lines 1 through 5		7 Income recorded on books this year not included in this return (itemize) (a) Tax-exempt interest \$ 8 Deductions in this tax return not charged against book income this year (itemize) (a) Depreciation . . . \$ (b) Depletion . . . \$ 9 Total of lines 7 and 8 10 Income (line 28, page 3)—line 6 less line 9	
Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above) 1 Balance at beginning of year 2 Net income per books 3 Other increases (itemize) 4 Total of lines 1, 2, and 3		5 Distributions: (a) Cash (b) Stock (c) Property 6 Other decreases (itemize) 7 Total of lines 5 and 6 8 Balance at end of year (line 4 less line 7)	

Department of the Treasury
Internal Revenue Service

1978 Instructions for Form 1120F

U.S. Income Tax Return of a Foreign Corporation

Fiscal year taxpayers must also consider the instructions in Form 1120-FY (1978-79).

(References are to the Internal Revenue Code)

General Instructions

A. Who must file.—Except as otherwise provided, Form 1120F must be filed by every foreign corporation that (1) is engaged in a trade or business in the U.S. at any time during the taxable year, (2) has income from U.S. sources that is not effectively connected with the conduct of a trade or business within the U.S. (section 881), (3) has income that is effectively connected with the conduct of a trade or business within the U.S. (section 882), or (4) has items of tax preference (described in section 57) which enter into the computation of unrelated business income.

For example, a foreign corporation engaged in a trade or business in the U.S. at any time during the taxable year must file Form 1120F even though (a) it has no income effectively connected with the conduct of a trade or business in the U.S., (b) it has no income from sources within the U.S., or (c) its income is exempt from income tax by reason of an income tax convention or any section of the Code. However, if the foreign corporation has no gross income for the taxable year, it is not required to complete the return schedules but must attach a statement to the return showing the nature of any amounts excluded from gross income and the amounts of such exclusions to the extent they are readily determinable.

Under section 819A, a domestic mutual life insurance company may elect to exclude from the computation of its taxable income all income and expense of its contiguous country (Canada and Mexico) branches. If this election is made, the contiguous country branch is treated as a foreign corporation for the purposes of the tax imposed by sections 881, 882, and 1442 on U.S. sourced income. Form 1120F must be used to report these types of income.

If a receiver, trustee in dissolution, trustee in bankruptcy, or assignee has possession of or holds title to all, or substantially all, the property or business of a corporation, whether or not the property or business is being operated, he must file a return for the corporation in the same manner and form

required of other corporations. (Section 6012.)

If a foreign corporation has no office or place of business in the U.S. at the time a return is due, but has an agent in the U.S., the agent must file the return. (Section 882(f).)

Exceptions.—(1) A foreign corporation which at no time during the taxable year is engaged in a trade or business in the U.S. is not required to file if its tax liability for the taxable year is fully satisfied by the withholding of tax at the source.

This exception does not apply to: (a) a foreign corporation which has income for the taxable year which is treated under section 882(d) or (e) as income which is effectively connected with the conduct of a trade or business in the U.S. by that corporation for the taxable year.

(b) a foreign corporation making a claim for the refund of an overpayment of tax for the taxable year, or

(c) to a foreign corporation described in section 1.532-1(c) of the regulations whose accumulated taxable income for the taxable year is determined under section 1.535-1(b) of the regulations.

(2) A foreign corporation that is a beneficiary of an estate or trust which is engaged in a trade or business in the U.S. is not required to make a return for the taxable year merely because it is deemed to be engaged in a trade or business within the U.S. under section 875(2). However, the foreign corporation will be required to make a return if it otherwise satisfies the filing requirements.

(3) Foreign insurance companies described in section 1.6012-2(c)(1) and (2) of the regulations must file Form 1120L or Form 1120M. All other foreign insurance companies must file Form 1120F.

B. Where and when to file.—All foreign corporations (whether or not engaged in a trade or business within the U.S.) must file their return with the Internal Revenue Service Center, Philadelphia, PA 19255.

Foreign corporations having an office or place of business within the U.S. must file on or before the 15th day of the 3d month following the end of their taxable year.

Foreign corporations NOT having an office or place of business within the U.S. must file on or before the 15th day of the 6th month following the end of their taxable year.

File Form 7004 to request an automatic 3-month extension of time to file Form 1120F.

Form 7005 may be used to request an additional extension but only by those corporations that previously obtained an automatic 3-month extension by filing Form 7004.

C. Payment of tax.

(1) Foreign corporations having an office or place of business within the U.S.—The balance of tax due (line 7, page 1) must be paid in full when the return is filed or in two installments—50% by the 15th day of the 3d month and 50% by the 15th day of the 6th month after the close of the taxable year.

All corporation income tax payments and estimated income tax payments must be deposited at an authorized financial institution or Federal Reserve Bank or Branch (FRB), with a Federal Tax Deposit Form prescribed with a Tax Class Number 503, in accordance with instructions appearing on the reverse of that form. Deposits made at an FRB must be made with the FRB servicing the geographic area where the corporation's place of business is located. The deposit must be made in a form of payment that FRB considers to be an immediate credit item. Additional information can be obtained from an authorized depository or FRB. Each deposit must be accompanied by a Federal Tax Deposit Form prescribed with a Tax Class Number 503. Do not remit directly to Internal Revenue. Records of deposits will be sent to Internal Revenue for crediting to the corporation's account. In Schedule K, list all Tax Class Number 503 deposits that relate to the taxable year for which this return is filed and which were made before or simultaneously with the filing of this return.

The timeliness of deposits will be determined by the date received by the financial institution or FRB. If a tax payment is made by mail, a deposit received after the due date will be considered timely if the taxpayer establishes that it was mailed on or before the second day before the prescribed due date as provided by section 7502. Tax deposits made at FRBs which are not in compliance with deposit requirements will nevertheless be processed by the receiving FRB rather than returned to the taxpayer. Furthermore, such tax payments received by an FRB will be dated as paid based upon the date when the proceeds of the accompanying payment instruments are collected by the FRB, and, if made by mail, section 7502 will not apply.

Foreign corporations needing Federal Tax Deposit Forms may obtain them from the Philadelphia Service Center. The application should include the corporation's name, identification number, address, taxable year to which the deposits relate, and a statement identifying the corporation as a foreign corporation.

(2) Foreign corporations not having an office or place of business within the U.S.—The balance of tax due (line 7, page 1) must be paid in full when the re-

turn is filed or in two installments—50% on or before the 15th day of the 6th month and 50% on or before the 15th day of the 9th month following the close of the taxable year.

The tax may be paid by check or money order drawn to the order of "Internal Revenue Service" and remitted to the Internal Revenue Service Center, Philadelphia, PA 19255.

Enter the employer identification number on all remittances.

D. Taxation of foreign corporations.—Foreign corporations are taxed at regular corporate tax rates on income that is effectively connected with the conduct of a trade or business within the U.S. (see instruction E), and at a 30% or lower treaty rate on income from U.S. sources that is not effectively connected with the conduct of a trade or business within the U.S. (see instruction F).

E. Income effectively connected with the conduct of a trade or business within the U.S.—Foreign corporations engaged in a trade or business within the U.S. are taxed at regular corporate tax rates on the following income:

1. All income, gain, or loss from U.S. sources derived in the conduct of the trade or business.
2. Certain fixed or determinable annual or periodical income from U.S. sources and gain or loss from U.S. sources from the sale or exchange of capital assets if (a) the income, gain, or loss is derived from assets used in, or held for use in, the conduct of the corporation's trade or business, or (b) the activities of the corporation's trade or business were a material factor in the realization of the income, gain, or loss.
3. Under certain circumstances, limited categories of income from foreign sources will be treated as effectively connected income.

A foreign corporation not engaged in a trade or business within the U.S. will not have any effectively connected income unless (1) it elects under section 882(d) to treat real property income as effectively connected income (see instruction G), or (2) it is a corporation created or organized in a U.S. possession and conducts a banking business in a U.S. possession and receives interest on U.S. obligations (in such case the interest will be treated as effectively connected income).

All gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, are treated as effectively connected with the conduct of a trade or business conducted through a permanent establishment within the U.S.

For further details relating to effectively connected income, see section 864(c).

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Complete Section II of the form to compute the tax on such income.

F. Income from U.S. sources not effectively connected with the conduct of a trade or business within the U.S.—In general, whether or not a foreign corporation is engaged in a trade or business, the gross amount of this type of income is subject to tax at a 30% or lower treaty rate. No deductions are allowed against income that is not effectively connected with the conduct of a trade or business within the U.S.

A corporation created or organized in Guam or under the law of Guam is not considered a foreign corporation for purposes of the tax imposed by section 881.

In general, the income consists of the following types of income described in section 881 (to the extent not effectively connected with the conduct of a trade or business within the U.S.):

1. Interest (other than original issue discount as defined in section 1232(b)), dividends, rents and royalties, salaries, wages, premiums; annuities, compensation, remunerations, emoluments, and other fixed or determinable annual or periodical gains, profits, and income;
2. Gains described in section 631(b) or (c) from disposal of timber, coal, or domestic iron ore with a retained economic interest;
3. In the case of:

(a) bonds or other evidences of indebtedness issued after September 28, 1965 and before April 1, 1972, amounts which under section 1232(b) (2)(B) are considered as gain from the sale or exchange of property which is not a capital asset and, in the case of corporate obligations issued after May 27, 1969 and before April 1, 1972, amounts which would be so considered but for the fact that the obligations were issued after May 27, 1969,

(b) bonds or other evidences of indebtedness issued after March 31, 1972 and payable more than 6 months from the date of original issue (without regard to the period held by the taxpayer), amounts which under section 1232(a)(2)(B) would be considered as gain from the sale or exchange of property which is not a capital asset but for the fact that the obligations were issued after May 27, 1969, and

(c) the payment of interest on an obligation described in (b) above, an amount equal to the original issue discount (but not in excess of the interest less the tax imposed at a 30% or lower treaty rate) accrued on the obligation since the last payment of interest; and

4. Certain gains from the sale or exchange of patents, copyrights, and other intangible property, as described in section 881(a)(4).

Complete Section I of the form to compute the tax on such income.

G. Election to treat real property

income as effectively connected income.—A foreign corporation having income from real property located in the U.S., or from any interest in such real property, including (1) gains from the sale or exchange of real property or interest in real property, (2) rents or royalties from mines, wells, or other natural deposits, and (3) gains described in section 631(b) or (c), may elect to treat the income as being effectively connected with the conduct of a trade or business within the U.S. (See section 882(d).)

The election may be made by attaching to the return for the year to which the election is to apply (1) a statement making the election, (2) a complete schedule of all real property, or any interest in real property, of which the taxpayer is titular or beneficial owner, which is located in the U.S., (3) a statement indicating the extent to which the taxpayer has direct or beneficial ownership in each item of real property, or interest in real property, (4) the legal identification and location of the real property or interest in the real property, (5) a description of any substantial improvements on the property, and (6) any other information required by regulations.

If you make this election, complete Section II to compute the tax on such income.

H. Source of income.—Gross income of a foreign corporation includes only (1) gross income that is derived from sources within the U.S. and that is not effectively connected with the conduct of a trade or business within the U.S. and (2) gross income (regardless of source) that is effectively connected with the conduct of a trade or business within the U.S.

Except as otherwise provided by tax convention, determine the source of income under sections 861 through 864 and the regulations thereunder.

I. Trade or business within the U.S.—A foreign corporation that is a member of a partnership or is a beneficiary of an estate or trust will be considered to be engaged in a trade or business within the U.S. if the partnership, estate, or trust is so engaged.

Under some circumstances, the term "trade or business within the U.S." does not include the trading of stocks, securities, or commodities through a resident broker, commission agent, custodian, or other independent agent. Special rules apply when the corporation is trading for its own account.

For details concerning trading in stocks, securities, or commodities, see section 864(b)(2).

J. Period to be covered by the 1978 return.—File the 1978 return for calendar year 1978 and fiscal years be-

beginning in 1978 and ending in 1979. If the return is for a fiscal year, fill in the taxable year space on the form.

Final return.—If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

Amended return.—Correct any error in a previously filed income tax return by filing an amended Form 1120F.

Change in accounting period.—To change an accounting period, see section 1.442-1 of the regulations and Form 1128, Application for Change in Accounting Period.

K. Personal holding companies.—A foreign corporation that is a personal holding company as defined in section 542, but not a foreign personal holding company as defined in section 552, is subject to the tax imposed by section 541. Section 541 imposes a tax upon undistributed personal holding company income (as defined in section 545) of personal holding companies. Every foreign corporation that is a personal holding company under section 542 must file a Schedule PH (Form 1120) with its Form 1120F. See Schedule PH (Form 1120) before completing Schedule J, Form 1120F.

L. Foreign personal holding companies.—Section 551(a) requires that the undistributed foreign personal holding company income of a foreign personal holding company, as defined in section 552, must be included as a dividend in the gross income of its U.S. shareholders in the amount provided by section 551(b). Schedule PH (Form 1120) is not required, but Form 957 must be filed by certain officers, directors, or U.S. shareholders. (Section 6035 and regulations thereunder.)

M. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as tax officer) authorized to sign.

A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If your corporate officer filled in your Form 1120F, the space under the signature of officer should remain blank. If someone fills out Form 1120F and does not charge you, that person should not sign. Certain others who prepare Form 1120F should not sign. For example, a regular, full-time employee such as a clerk, secretary, etc., of the corporation does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120F must sign the return and fill in the other blanks in the Paid Preparer's Information area of the return.

When more than one person prepares Form 1120F, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "SE" box.

If you have questions about whether a preparer is required to sign Form 1120F, please contact an IRS office.

The person required to sign the return MUST:

- Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable);
- Give a copy of Form 1120F to the taxpayer in addition to the copy filed with IRS.

Publication 1054 is a guide listing some of the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work. Tax return preparers should be familiar with their responsibilities. This publication is available at IRS offices.

N. Claim for refund.—If a foreign corporation has only income that is not effectively connected with the conduct of a trade or business within the U.S. and this form is being used as a claim for refund, include all income from sources within the U.S., even though the tax on it has been fully satisfied at the source. If the refund results from the withholding of tax at the source, a statement must be attached to the claim for refund declaring that the person making the claim is the beneficial owner of the income and showing (1) the amounts of tax withheld, with the names and post office addresses of withholding agents, (2) the name in which the tax was withheld if other than that of the taxpayer, and, if applicable, (3) facts sufficient to show that, at the time the income was derived, the taxpayer was entitled to the benefit of a reduced rate of, or exemption from, tax with respect to that income under the provisions of an income tax convention to which the United States is a party.

O. Tax treaties.—Section 881 imposes a tax of 30% on U.S. source income described in that section. However, if you are a corporation created under the laws of any country that has a treaty with the U.S. is a party, refer to the applicable income tax convention to determine if you are entitled to an exemption from, or reduced rates of, U.S. income tax.

If the gross income of a foreign corporation includes income, the tax on which is limited by a tax convention, a statement must be attached to the return showing with respect to that income:

- (a) the amounts of tax withheld,
- (b) the names and post office addresses of withholding agents, and
- (c) information sufficient to show

the taxpayer's entitlement to the reduced rate of tax under the tax convention.

For purposes of applying an exemption from, or a reduction of, any U.S. tax provided by any treaty with respect to income not effectively connected with the conduct of a trade or business within the U.S., a foreign corporation will be deemed not to have a permanent establishment in the U.S. at any time during the taxable year. (See section 894(b).)

P. Accounting methods.—Taxable income must be computed using the method of accounting regularly used in maintaining the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits, a taxpayer may not change the method of accounting used to report income in prior years (for income as a whole or for any material item) without first securing consent on Form 3115 Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by dropping any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

Q. Estimated tax.—A corporation must make estimated tax payments if it can expect its estimated tax (income tax less credits) to be \$40 or more.

Form 1120-W may be used as a worksheet to compute estimated tax.

If there was an overpayment of estimated tax, file Form 4466 for a "quick refund" if the overpayment is (1) at least 10% of the expected income tax liability AND (2) at least \$500.

This application for a quick refund must be made within 2½ months after the end of the taxable year and before Form 1120F is filed.

R. Information returns.—Various forms 1099 must be filed to report certain dividends, interest income, miscellaneous income, etc. See Form 1096 and instructions for details.

Form 1096 must be filed to summarize and transmit information returns. Form 5452 must be filed by corporations paying non-taxable dividends.

S. Consolidated returns.—Except for certain subsidiary corporations organized under the laws of Canada or Mexico and maintained solely for the purpose of complying with the laws of such country as to title and operation of property, a foreign corporation may not be included as a member of an affiliated group of corporations for purposes of filing a consolidated return.

T. Financial statements.—Financial statements are to be completed in accordance with the method of accounting used in computing taxable income on page 3 of this return. Any differences must be reconciled. Copies of balance sheets required by Federal, State, etc., authorities may be used in place of Schedule L.

Certificates of deposit should be included as cash in line 1 of the balance sheet.

You may elect to limit the balance sheets and reconciliation of income per books with income per return to:

- (1) the corporation's assets located in the U.S. and its other assets used in the trade or business conducted in the U.S. and
- (2) its income effectively connected with the conduct of a trade or business in the U.S. and its other income from sources within the U.S.

Banks, insurance companies, and other corporations required to submit substantially similar statements of income and expense to any Federal, State, etc., authority may submit copies of such statements in place of the information required on lines 1 through 30, page 3. In such cases, taxable income must be reconciled in Schedule M-1 with the net profit shown on the statement and entered as line 30, page 3.

U. Attachments.—If more space is needed on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120F. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

V. Minimum tax.—In general, the minimum tax rate is 15 percent and the minimum tax exemption is the greater of \$10,000 or the regular income taxes for the year.

The tax preference items for corporations are accelerated depreciation on real property; accelerated depreciation on leased personal property (applicable only to personal holding companies); amortization of certified pollution control facilities; railroad rolling stock, on-the-job training facilities and child care facilities; reserve for losses on bad debts of financial institutions; depletion; intangible drilling costs (applicable only to personal holding companies); and capital gains.

Attach Form 4626 if items of tax preference exceed \$10,000, even if there is no minimum tax OR if there is any minimum tax liability deferred from a prior taxable year until this year.

W. Transfers to corporation controlled by transferor.—If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferor and transferee

must attach the information required by section 1.351-3 of the regulations.

X. Penalties.—

1. A corporation that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed (the penalty is imposed on the net amount due—section 6651(a)(1)).

2. A corporation that fails to pay the tax when due may be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid (the penalty is imposed on the net amount due—section 6651(a)(2)).

The above penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate established pursuant to section 6621.

3. A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment (section 6655) at a rate established pursuant to section 6621.

If estimated tax was underpaid and a penalty charge should not be assessed, attach Form 2220.

Y. Reporting international boycott operations.—Any corporation, or a member of a controlled group which includes that corporation, which has operations in, or related to, a country (or with the government, a company, or a national of a country) which requires participation in or cooperation with an international boycott as a condition of doing business within such country or with the government, company, or national of such country, may be required to file Form 5713 (section 999(a)).

Further, if that corporation or member participates in or cooperates with an international boycott (as defined in section 999(b)(3)) during the taxable year, a portion of the foreign tax credit and DISC benefits will be denied. Any corporation subject to the reporting requirements of section 999(a), as outlined above, is required to file Form 5713 in duplicate. The original copy is to be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. The duplicate copy of Form 5713 is to be attached to the corporation's income tax return.

Z. Travel and entertainment expenses (Section 274(d)).—(See Form 1120F, question R, page 5)—The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and conventions for

which substantiation would be required under section 274(d).

Expenditures paid or incurred in years prior to taxable years beginning in 1978 but not deducted in those years are not required to be included in the total (i.e., expenditures reflected in beginning inventories; capitalized expenditures subject to depreciation, etc.). However, expenditures paid or incurred in tax years beginning in 1978 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W-2.

See regulations section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in question R, page 5.

Specific Instructions for Section II

(Numbered to correspond with the line numbers on page 3 of the return.)

Gross Income

Enter in lines 1 through 10 gross income (regardless of source) which is effectively connected with the conduct of a trade or business within the U.S.

1. **Gross receipts.**—Enter gross receipts or sales from all business operations except those required to be reported in lines 4 through 10. For reporting advance payments and long-term contracts, see section 1.451-5 of the regulations.

If the installment method of reporting is used, enter on line 1 the gross profit on collections from installment sales and carry the same amount to line 3. Attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount collected, and (f) gross profit on amount collected.

2. **Cost of goods sold.**—See instructions for Schedule A.

4. **Dividends.**—(Numbered to correspond with line numbers in Schedule C.)

(1) Enter dividends received from domestic corporations subject to income tax and the 85% deduction under section 243(a)(1). For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction. Include on this line taxable distributions received from a DISC or former DISC that are designated as being eligible for the 85% dividends-received deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest and should not be treated as dividends.

(2) Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

(3) Enter dividends received from foreign corporations that qualify for the 85% deduction provided in section 245(b).

(5) If the corporation claims the foreign tax credit, the amount of tax deemed paid under section 902(a) (relating to credit for corporate stockholder in foreign corporation) must be treated as a dividend received from the foreign corporation. (See section 906(b)(4).)

(6) Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85% dividends-received deduction. (See sections 246(d), 995(b), and 996(a)(3).)

(7) Include dividends (other than capital gain dividends and exempt interest dividends) received from regulated investment companies that do not qualify for the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends) received from a real estate investment trust that, for the taxable year of the trust in which the dividends are paid, qualifies under sections 856-858; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above.

6. Other interest.—Enter interest on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest income against interest expense.

7. Gross rents.—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for deductions.

9(a). Capital Gain Net Income.—Every sale or exchange of a capital asset must be reported in detail in Schedule D (Form 1120) even though no gain or loss is indicated.

If the net long-term capital gain exceeds the net short-term capital loss, or in case of only a net long-term capital gain, compute the alternative tax on separate Schedule D to see if it produces a lesser tax.

9(b). Gain or (loss).—Enter the net ordinary gain or loss from line 11, Part II, Form 4797.

10. Other income.—Enter any other taxable income not listed above and ex-

plain its nature on an attached schedule. Examples of other income would be recoveries of bad debts deducted in prior years, under the specific charge-off method and refunds of taxes deducted in prior years. Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, identify it by showing the account caption in parentheses on line 10.

Deductions

In computing the taxable income of a foreign corporation engaged in a trade or business within the U.S., deductions are allowed only to the extent that they are connected with income that is effectively connected with the conduct of a trade or business within the U.S. Charitable contributions, however, may be deducted whether or not they are so connected. See section 882(c)(1) for allocation of deductions.

12. Compensation of officers.—Complete columns 1 through 6, Schedule E, for all officers. Complete column 7, Schedule E, for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 7 does not have to be completed for any officer for whom the combined amount is less than \$30,000.

13. Salaries and Wages.—Enter on line 13(a) the amount of total salaries and wages (other than salaries and wages deducted elsewhere on your return) paid or incurred for the taxable year.

Enter on line 13(b) applicable new jobs credit from line 13 of Form 5884. See Instruction G of the Instructions for Form 5884 for additional information to determine the amount of new jobs credit to be entered on line 13b.

14. Repairs.—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value or appreciably prolong the life of the property. Include on this line the total amount of repairs as figured under the Class Life Asset Depreciation Range (CLADR) System.

15. Bad debts.—Bad debts may be treated in either of two ways—(1) as a deduction for debts that become worthless in whole or in part, or (2) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.)

Application to change the method of computing bad debts must be made on Form 3115.

17. Taxes.—Enter taxes paid or accrued during the taxable year.

Do not include Federal income tax; foreign or U.S. possession income tax if a foreign tax credit is claimed; or taxes not imposed upon the corporation.

See section 164(d) for apportionment of tax on real property between seller and purchaser.

Section 906(b)(1) provides that certain foreign taxes imposed on income from U.S. sources may not be taken as a deduction.

18. Interest.—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (Section 265.)

See section 267 for limitation on deductions for unpaid expenses and interest on transactions between related taxpayers.

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years subsequent to the current taxable year. A cash basis taxpayer, who in 1978 prepaid interest allocable to any period after 1978, can only deduct the amount allocable to 1978. Please see Publication 545, Income Tax Deduction for Interest Expense.

19. Contributions.—Enter contributions or gifts actually paid within the taxable year to, or for the use of, charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not exceed 5% of taxable income (line 30) computed without regard to (1) any deduction for contributions, (2) the special deductions in line 29(b), (3) deductions allowed under sections 249 and 250, (4) any net operating loss carryback to the taxable year under section 172, and (5) any capital loss carryback to the taxable year under section 1212(a)(1).

Charitable contributions in excess of the 5% limitation may not be deducted for the taxable year but may be carried over to the next 5 taxable years.

A contribution carryover is not allowed, however, to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3d month following the close of the taxable year if the contributions are authorized by the board of directors during the taxable year. A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the taxable year, and a copy of the resolution, must both be attached to the return.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how the carryover was determined.

Special rule for contributions of certain property.—In the case of a charitable contribution of property, the contribution must be reduced by the sum of:

- (1) the ordinary income, short-term capital gain and
- (2) for certain contributions, 62½% of the long-term capital gain, that would have resulted if the property were sold at its fair market value. The reduction for 62½% of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) the contributions of any property to or for the use of certain private foundations. (Section 170(e).) For special rules regarding the contribution of inventory, and other ordinary income property (described in section 1221(1) or (2)) to an exempt organization described in section 501(c)(1) for use in the care of the ill, needy, or children, see section 170(e)(3).

Bargain sale to a charitable organization.—If a charitable contribution deduction for property sold to a charitable organization is taken, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

20. Amortization.—If a deduction for amortization is claimed, attach a schedule showing: (1) a description of the expenditures being amortized; (2) date acquired, completed, or expended; (3) amount being amortized; (4) amortization deducted in prior years; (5) amortization period (number of months); (6) amortization for this year; and (7) the total amount of amortization less the amount claimed in Schedule A and elsewhere on the return.

See section 169 and related regulations for conditions under which the cost of certified pollution control facilities may be amortized over 60 months.

See section 188 for amortization of certain expenditures made before January 1, 1977, for on-the-job training facilities, and before January 1, 1982, for child care facilities over a period of 60 months.

21. Depreciation.—See instructions for Form 4562, Depreciation. If you

elect the Class Life Asset Depreciation Range (CLADR) System, get form 4832.

22. Depletion.—See sections 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T if a deduction is claimed for depletion of timber.

24. Pension, profit-sharing, etc. plans.—The number of plans to be entered refers to all plans for which all assets have not been distributed. Also include any plans in which assets were distributed in the current year. The number of plans must be indicated whether or not a deduction is claimed.

Complete Form 5500 for each plan and file as a separate return. Complete Form 5500-C in lieu of Form 5500 if there were fewer than 100 participants at the beginning of the plan year. See instructions for the above Forms for computation of the allowable deductions. File these Forms on or before the last day of the 7th month following the close of the plan year.

Caution: ERISA imposes penalties for failure to furnish complete information and failure to file statements, returns and reports.

25. Employee benefit programs.—Enter the amount of your contributions to employee benefit programs (e.g. insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 24. Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses, and dependents) to exclude from income employer contributions to a qualified group legal services plan.

26. Other deductions.—No deduction is allowable for any amount allocable to a class of exempt income including income exempt by tax convention. Items directly attributable to wholly exempt income must be allocated to such income, and items directly attributable to any class of taxable income must be allocated to such taxable income.

If an item is indirectly attributable both to taxable income and exempt income, a reasonable proportion of the item, determined in the light of all the facts and circumstances in each case, shall be allocated to each.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expense items allocated to each class. Show separately the amount allocated by apportionment.

29(a). Net operating loss deduction.—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the taxable year. (Section 172(a).)

Generally, a net operating loss may

be carried back to each of the 3 years preceding the year of such loss and carried over to each of the 7 years following the year of such loss; or, an election may be made whereby a net operating loss may be carried over to each of the 7 years following the year of such loss (the election is made by attaching a statement to a timely filed return, including extensions, and is irrevocable). After applying the net operating loss to the first taxable year to which it may be carried, the portion of the loss to be carried to each of the remaining taxable years is the excess, if any, of the amount of the loss over the sum of the taxable income for each of the prior taxable years to which the loss may be carried. (Section 172(b).)

If there is a net operating loss carryback, file Form 1139 within 12 months after the close of the taxable year in which the net operating loss occurred for a "quick refund" of tax. (Section 6411.)

If a net operating loss carryback creates an unused investment credit or an unused work incentive (WIN) credit in a preceding year, the unused credit may be carried back to the 3 preceding years (however, the WIN credit cannot be carried back to years beginning before 1972), and, under the provisions of section 6411, a quick refund of the taxes affected may be obtained by filing Form 1139.

See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers.

29(b). Special deductions.—See instructions for Schedule I.

Schedule A—Cost of Goods Sold

The method of valuing inventories may not be changed without permission. Application for permission to change must be made on Form 3115. Check method(s) used for valuing closing inventories in line 8(c).

If this is the first year the "Last-in First-out" (LIFO) inventory method provided in Section 472 was adopted and used, attach Form 970 or a statement with the information required by Form 970 to Form 1120F and check the LIFO box in line 8(b). Enter the amount or percent (estimates may be used) of total closing inventories covered under Section 472 in line 8(c).

Full absorption method of inventory costing.—Taxpayers engaged in manufacturing or production operations must use the full absorption method of inventory costing. If they are not using the full absorption method of inventory costing, they must change to this method under which both direct and certain indirect production costs are included for inventory value purposes.

The change to full absorption may be made by filing Form 3115. For further details, see Rev. Proc. 75-40, 1975-2 C.B. 571 and section 1.471-11 of the regulations.

Cost of operations (where inventories are not an income-determining factor).—If the amount entered on line 2 includes an amount applicable to cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

If per unit retain allocations are included on line 4, Schedule A, identify this cost and the total amount in the Schedule "Other costs" to be attached to Form 1120F.

Schedule I—Special Deductions

(Numbered to correspond with line numbers in Schedule I)

1. Exclusion of certain dividends.—In general, no dividends-received deduction will be allowed on any share of stock (a) that is disposed of before the corporation has held it 15 days or less, or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or other securities.

No dividends-received deduction is allowed under section 243 for a dividend from a DISC or former DISC (as defined in section 992(a)) to the extent the dividend is paid out of the corporation's accumulated DISC income, previously taxed income, or is a deemed distribution under section 995(b)(1).

2. Limitation on dividends-received deduction.—Line 2 may not exceed 85% of line 28, page 3. For this purpose, line 28, page 3, is to be computed without regard to any capital loss carry-back to the taxable year under section 1212(e)(1).

In a year in which a net operating loss occurs, sections 172(d) and 246(b) provide that this 85% limitation does not apply even if the loss is created by the dividends-received deduction.

3. Deduction for dividends paid on certain preferred stock of public utilities.—Section 247 allows public utilities a deduction of 29.167% of the lesser of (1) dividends paid on their preferred stock during the taxable year, or (2) taxable income computed without regard to this deduction. In a year in which a net operating loss occurs, section 172(d) provides that the deduction shall be computed without regard to section 247(e)(1)(B).

Schedule J—Tax Computation

1. Surtax exemption and tax rates.—In general, corporations are entitled to a surtax exemption of \$50,000. However, members of a controlled group are entitled to one \$50,000 surtax exemption which is to be divided equally unless the group consents to split up the

exemption in accordance with an apportionment plan.

The tax rates for 1978 calendar year foreign corporations are 20% of the first \$25,000 of taxable income; 22% of the next \$25,000; and 48% of taxable income in excess of \$50,000.

Foreign corporations with fiscal years beginning in 1978 must use Form 1120FY (1978-79) to compute their correct tax liability. Fiscal year corporations should enter the amount from Form 1120FY (1978-79), on line 9, Schedule J, page 5, Form 1120F and complete the rest of Schedule J.

Members of a controlled group under section 1561.—For members of a controlled group, the \$50,000 surtax exemption is to be divided equally unless the group consents to split up the exemption in accordance with an apportionment plan. Accordingly, for purposes of lines 2 and 4, members of a controlled group will enter one-half of their surtax exemption on line 2 and the remaining one-half on line 4. See section 1561 and the regulations thereunder for the time and manner of making the consent.

2. Foreign tax credit.—A foreign corporation engaged in a trade or business within the U.S. is allowed a credit under section 901 for income, war profits, and excess profits tax paid (or deemed paid under section 902) or accrued during the taxable year to any foreign country or U.S. possession with respect to income effectively connected with the conduct of a trade or business within the U.S. In general, the per country limitation cannot be used in computing the foreign tax credit. For further details and exceptions, see section 906 and Form 1118.

3. Investment credit.—In most cases, the investment credit rate is 10% for property acquired and placed in service during the taxable year. Corporations may elect an 11% credit for such property if the corporation contributes 1% of the qualified investment to an employee stock ownership plan (ESOP). Beginning in 1977, in lieu of the 11% credit, a corporation may elect up to an 11.5% credit for qualifying 10% property if (1) the corporation increases its ESOP contribution from 1% up to 1.5% of the qualified investment in 10% property and (2) corporate employees make an ESOP contribution of up to 5%.

Complete Form 5500 for each employee stock ownership plan and file it on or before the last day of the 7th month following the close of the plan year.

The limit on the amount of used property eligible for the investment credit is \$100,000.

The investment credit also applies to qualified progress expenditure payments made during the construction of

property that requires at least two years to construct and that has an expected useful life of at least seven years.

See Form 3468 for special rules and limitations. Also, see Form 3468 (Schedule B) for rules regarding refundable business energy credits.

4. Tax from recomputing a prior year investment credit.—If property is disposed of prior to the life-years category used in computing the investment credit, the investment credit must be recomputed using as the useful life the period the property was actually held. (For recomputation of the investment credit for qualified progress expenditures, see section 47(a)(3).) If the credit taken (including carrybacks and carryovers) exceeds the recomputed credit, the tax for the year of disposition must be increased by the excess. Form 4255 may be used to compute the tax.

The tax from recomputing a prior year investment credit may not be offset against the current year's investment credit.

5. Credit for wages paid or incurred in a work incentive (WIN) program.—Employers may claim a credit of 20% of the salaries and wages paid or incurred for employees hired under a WIN program.

For special rules and limitations, see Form 4874 and sections 50A and 50B.

6. Tax from recomputing a prior year WIN credit.—If a WIN program employee is dismissed before completing a certain period of employment, the WIN credit previously taken on such employee may be subject to recapture. (See Form 4874.)

The tax from recomputing a prior year work incentive credit may not be offset against the current year's work incentive credit.

7. New jobs credit.—In general, for a taxable year beginning in 1978, the credit shall be an amount equal to 50% of the excess of the aggregate unemployment insurance wages (limited to \$4,200 for each employee) paid during 1978 over 102% of the aggregate unemployment insurance wages paid during 1977. An additional 10% credit may be claimed for certain vocational rehabilitation referrals during the calendar year 1978. See Form 5884 for definitions, special rules, and limitations. Also see Publication 902, Tax Information on Jobs Tax Credit.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the amount of the new jobs credit (determined without regard to the limitation based on tax (section 53)). Members of a controlled group or a trade or business under common control with other trades or businesses, see section 280C.

7

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification system developed by the Office of Management and Budget, Executive Office of the President, to classify enterprises by type of activity in which they are engaged. The system follows closely the Standard Industrial Classification used to classify establishments.

Using the list below, enter on page 5, under M, the code number for

the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1, page 3) plus all other income (lines 4 through 10, page 3). On page 5, under M, state the principal business activity and principal product or service that accounts for the largest percentage of total receipts. For example, if the principal business activity is "grain mill products," the principal product or service may be "cereal preparations."

AGRICULTURE, FORESTRY, AND FISHING

Code
0400 Agricultural production.
0600 Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping.

MINING

Code
1010 Iron ores.
1020 Copper, lead, and zinc, gold and silver ores.
1090 Other metal mining.
1150 Coal mining.
Oil and gas extraction:
1330 Crude petroleum, natural gas, and natural gas liquids.
1390 Oil and gas field services.
Nonmetallic minerals (except fuels) mining:
1430 Dimensional, crushed and broken stone: sand and gravel.
1490 Other nonmetallic minerals, except fuels.

CONSTRUCTION

General building contractors and operative builders:
1510 General building contractors.
1531 Operative builders.
1600 Heavy construction contractors.
Special trade contractors:
1711 Plumbing, heating, and air conditioning.
1731 Electrical wiring.
1798 Other special trade contractors.

MANUFACTURING

Food and kindred products:
2010 Meat products.
2020 Dairy products.
2030 Preserved fruits and vegetables.
2040 Grain mill products.
2050 Bakery products.
2060 Sugar and confectionery products.
2081 Malt liquors and malt.
2088 Alcoholic beverages, except malt liquors and malt.
2090 Bottled soft drinks, and flavorings.
2098 Other food and kindred products.
2100 Tobacco manufactures.
Textile mill products:
2228 Weaving mills and textile finishing.
2238 Knitting mills.
2298 Other textile mill products.
Apparel and other textile products:
2315 Men's and boys' clothing.
2343 Women's and children's clothing.
2388 Hats, caps, millinery, fur goods, and other apparel and accessories.
2390 Misc. fabricated textile products.

Lumber and wood products, except furniture:
2415 Logging camps and logging contractors, sawmills and planing mills.
2430 Millwork, plywood, and related products.
2498 Other wood products, including wood buildings and mobile homes.
2500 Furniture and fixtures.
Paper and allied products:
2625 Pulp, paper, and board mills.
2698 Other paper products.
Printing, publishing and allied industries:
2710 Newspapers.
2725 Periodicals.
2735 Books, greeting cards, and misc. publishing.
2798 Commercial and other printing, and printing trade services.

Chemicals and allied products:
2815 Industrial chemicals, plastics materials and synthetics.
2830 Drugs.
2840 Soaps, cleaners, and toilet goods.
2850 Paints and allied products.
2898 Agricultural and other chemical products.
Petroleum refining and related industries (including those integrated with extraction):
2910 Petroleum refining (including those integrated with extraction).
2998 Other petroleum and coal products.
Rubber and miscellaneous plastic products:
3050 Rubber products; plastics footwear, hose and belting.
3070 Misc. plastics products.

Leather and leather products:
3140 Footwear, except rubber.
3198 Other leather and leather products.
Stone, clay, glass, and concrete products:
3225 Glass products.
3240 Cement, hydraulic.
3270 Concrete, gypsum, and plaster products.
3298 Other nonmetallic mineral products.

Codes for Principal Business Activity

Code
3370 Ferrous metal industries: misc. primary metal products.
3380 Nonferrous metal industries.
Fabricated metal products, except machinery and transportation equipment:
3410 Metal cans and shipping containers.
3428 Cutlery, hand tools, and hardware: screw machine products, bolts, and similar products.
3430 Plumbing and heating, except electric and warm air.
3440 Fabricated structural metal products.
3450 Metal forgings and stampings.
3470 Coating, engraving, and allied services.
3480 Ordnance and accessories, except vehicles and guided missiles.
3490 Misc. fabricated metal products.

Machinery, except electrical:
3520 Farm machinery.
3530 Construction, mining, and materials handling machinery and equipment.
3540 Metalworking machinery.
3590 Special industry machinery, except metalworking machinery.
3560 General industrial machinery.
3570 Office, computing, and accounting machines.
3598 Engines and turbines, service industry machinery, and other machinery, except electrical.

Electrical and electronic machinery, equipment, and supplies:
3630 Household appliances.
3665 Radio, television, and communication equipment.
3670 Electronic components and accessories.
3698 Other electric equipment.
Transportation equipment:
3710 Motor vehicles and equipment.
3725 Aircraft, guided missiles and parts.
3730 Ship and boat building and repairing.
3798 Other transportation equipment.

Measuring and controlling instruments; photographic and medical goods, watches and clocks:
3815 Scientific instruments and measuring devices; watches and clocks.
3845 Optical, medical, and ophthalmic goods.
3860 Photographic equipment and supplies.
3998 Other manufacturing products.

TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES
Transportation:
4000 Railroad transportation.
4100 Local and interurban passenger transit.
4200 Trucking and warehousing.
4400 Water transportation.
4500 Transportation by air.
4600 Pipe lines, except natural gas.
4700 Other transportation services.

Communications:
4825 Telephone, telegraph, and other communication services.
4830 Radio and television broadcasting.
Electric, gas, and sanitary services:
4910 Electric services.
4920 Gas production and distribution.
4930 Combination utility services.
4990 Water supply and other sanitary services.

WHOLESALE TRADE
Durable:
5008 Machinery, equipment, and supplies.
5010 Motor vehicles and automotive equipment.
5020 Furniture and home furnishings.
5030 Lumber and construction materials.
5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies.
5050 Metals and minerals, except petroleum and coal.
5060 Electrical goods.
5070 Hardware, plumbing and heating equipment.
5098 Other durable goods.

Nondurable:
5110 Paper and paper products.
5129 Drugs, drug preparations, and druggists' sundries.
5130 Apparel, place goods, and notions.
5140 Groceries and related products.
5150 Farm-product raw materials.
5170 Chemicals and allied products.
5170 Petroleum and petroleum products.
5180 Alcoholic beverages.
5190 Misc. nondurable goods.

RETAIL TRADE

Building materials, hardware, garden supply, and mobile home dealers:
5220 Building materials dealers.
5251 Hardware stores.
5255 Garden supplies and mobile home dealers.
5300 General merchandise stores.
5410 Grocery stores.
5490 Other food stores.
Automotive dealers and service stations:
5515 Motor vehicle dealers.
5541 Gasoline service stations.
5598 Other automotive dealers.
5600 Apparel and accessory stores.
5700 Furniture and home furnishings stores.
5800 Eating and drinking places.
Misc. retail stores:
5912 Drug stores and proprietary stores.
5921 Liquor stores.
5995 Other misc. retail stores.

FINANCE, INSURANCE, AND REAL ESTATE

Banking:
6030 Mutual savings banks.
6060 Bank holding companies.
6090 Banks, except mutual savings banks and bank holding companies.
Credit agencies other than banks:
6120 Savings and loan associations.
6140 Personal credit institutions.
6150 Business credit institutions.
6199 Other credit agencies.

Security, commodity brokers, dealers, exchanges, and services:
6210 Security brokers, dealers, and flotation
6299 Commodity contracts brokers and dealers: security and commodity exchanges; and allied services.

Insurance:
6335 Life insurance.
6365 Personal insurance, except life or marine and certain fire or flood insurance companies.
6399 Other insurance companies.

Real estate:
6411 Insurance agents, brokers, and services.
6511 Real estate operators (except developers) and lessors of buildings.
6516 Lessors of mining, oil, and similar property.
6518 Lessors of railroad property and other real property.
6530 Condominium management and cooperative housing associations.
6550 Subdividers and developers.
6599 Other real estate.

Holding and other investment companies:
6742 Regulated investment companies.
6743 Real estate investment trusts.
6744 Small business investment companies.
6749 Holding and other investment companies.

SERVICES
7000 Hotels and other lodging places.
7200 Personal services.
Business services:
7310 Advertising.
7389 Business services, except advertising.
Auto repair and services: misc. repair services:
7600 Auto repair and services.
7600 Misc. repair services.

Amusement and recreational services:
7812 Motion picture production, distribution, and services.
7830 Motion picture theaters.
7900 Amusement and recreation services, except motion pictures.

Other services:
8015 Offices of physicians, including osteopathic physicians.
8021 Offices of dentists.
8040 Offices of other health practitioners.
8050 Nursing and personal care facilities.
8060 Hospitals.
8071 Medical laboratories.
8099 Other medical services.
8111 Legal services.
8200 Educational services.
8300 Religious and related products.
8600 Membership organizations.
8911 Architectural and engineering services.
8920 Accounting, auditing, and bookkeeping.
8980 Miscellaneous services (including veterinarians).

Form **1120L**Department of the Treasury
Internal Revenue Service**U.S. Life Insurance Company
Income Tax Return**

FOR CALENDAR YEAR

1978

Name _____ **A Employer identification number** _____

Number and street _____ **B Date and place incorporated** _____

City or town, State, and ZIP code _____

C Check if a—☐ Legal reserve company—If so, check
 Type of company— ☐ Stock ☐ Mutual
 Principal business— ☐ Life insurance
☐ Health and accident insurance
☐ Fraternal or assessment association
☐ Burial or other insurance company

D Were you a member of a controlled group subject to the provisions of Section 1561? ☐ Yes ☐ No
 If answer was "Yes," check type of relationship:
 (a) Parent-subsidiary ☐
 (b) Brother-sister ☐
 (c) Combination of (a) and (b) ☐
 (See section 1563)

E Enter the percentage that the total of your life insurance reserves (sec. 801 (b)) plus unearned premiums and unpaid losses (whether or not ascertained) on noncancellable life, health or accident policies not included in life insurance reserves is to your total reserves (sec. 801(c)). Attach schedule. _____ %

TAXABLE INCOME

1 (a) Taxable investment income (Schedule C) **1(a)** _____
 (b) Gain from operations (Schedule E) (If a loss, enter zero) **1(b)** _____
 (c) The smaller of (a) or (b) **1(c)** _____
 2 50% of any excess of 1(b) over 1(a) **2** _____
 3 Amount subtracted from policyholders' surplus account (Schedule G, line 5) **3** _____
 4 Life insurance company taxable income (total of lines 1(c), 2, and 3) **4** _____

TAX COMPUTATION

5 Enter line 4 or \$25,000, whichever is less (members of a controlled group, see instructions) **5** _____
 6 Line 4 less line 5 **6** _____
 7 Enter line 6 or \$25,000, whichever is less (members of a controlled group, see instructions) **7** _____
 8 Line 6 less line 7 **8** _____
 9 20% of line 5 **9** _____
 10 22% of line 7 **10** _____
 11 48% of line 8 **11** _____
 12 Total of lines 9, 10, and 11 **12** _____

TAX

13 Income tax—the lesser of line 12 (above) or line 26 of Schedule D (Form 1120L) **13** _____
 14 Less: (a) Foreign tax credit (attach Form 1118) **14(a)** _____
 (b) Investment credit (attach Form 3468) **14(b)** _____
 (c) Work incentive (WIN) credit (attach Form 4874) **14(c)** _____
 (d) New jobs credit (attach Form 5884) **14(d)** _____
 15 Total of lines 14(a), (b), (c), and (d) **15** _____
 16 Balance of tax (line 13 less line 15) **16** _____
 17 Foreign corporations—tax on income not connected with U.S. business (see Tax Computation Instructions) **17** _____
 18 Tax from recomputing a prior year investment credit (attach Form 4255) **18** _____
 19 Tax from recomputing a prior year WIN credit (see instructions—attach computation) **19** _____
 20 Minimum tax on tax preference items (see instructions—attach Form 4626) **20** _____
 21 Total tax (add lines 16 through 20) **21** _____

22 Credits: (a) Overpayment from 1977 allowed as a credit **22(a)** _____
 (b) 1978 estimated tax payments **22(b)** _____
 (c) Less refund of 1978 estimated tax applied for on Form 4466 **22(c)** _____
 (d) Tax deposited with Form 7004 **22(d)** _____
 (e) Tax deposited with Form 7005 (attach copy) **22(e)** _____
 (f) Credit from regulated investment companies (attach Form 2439) **22(f)** _____
 (g) U.S. tax on special fuels, nonhighway gas and lubricating oil (attach Form 4136) **22(g)** _____
 (h) U.S. income tax paid or withheld at source **22(h)** _____

23 TAX DUE (line 21 less line 22). See instruction F for depository method of payment. **23** _____

24 OVERPAYMENT (line 22 less line 21) **24** _____

25 Enter amount of line 24 you want: Credited to 1979 estimated tax **25** _____ **Refunded** _____

Signature of officer _____ **Date** _____ **Title** _____

Preparer's signature _____ **Preparer's social security no.** _____ **Check if self-employed** ☐

Firm's name (or yours, if self-employed), address and ZIP code _____ **E.I. No.** _____ **Date** _____

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Form 1120L (1978)

Page **2****Schedule A INVESTMENT YIELD (See instructions)**

	1. Interest	2. Accrual of discount	3. Amortization of premium	4. Total (for line 1: column 1 plus column 2 less column 3)
1 Interest:				
(a) Wholly exempt obligations (attach schedule)				
(b) U.S. obligations and U.S. instrumentalities				
(c) Loans, notes, mortgages, bank deposits, bonds, debentures, etc.				
(d) Totals				
2 Dividends (see instructions):				
(a) Domestic corporations subject to 85% deduction				
(b) Certain preferred stock of public utilities				
(c) Foreign corporations subject to 85% deduction				
(d) Qualifying dividends received from affiliated groups and subject to the 100% deduction (section 243(a)(3))				
(e) Other (attach schedule)				
3 Gross rents (attach schedule)				
4 Gross royalties (attach schedule)				
5 Leases, terminations, etc.				
6 Net short-term capital gain reduced by any net long-term capital loss (Schedule D (Form 1120L), line 10)				
7 Gross income from trade or business other than insurance business (attach schedule). (Also include amount from Schedule D (Form 1120L), line 30(b))				
8 GROSS INVESTMENT INCOME (add lines 1(d) through 7)				
9 Investment expenses (attach schedule) (see Schedule H)				
10 Real estate expenses (attach schedule)				
11 Depreciation (attach Form 4562)				
12 Depletion (attach schedule)				
13 Trade or business deductions as provided in section 804(c)(5) (attach schedule)				
14 Total deductions (add lines 9 through 13)				
15 INVESTMENT YIELD (line 8 less line 14)				

Schedule B PART I—POLICY AND OTHER CONTRACT LIABILITY REQUIREMENTS (Section 805(a)) (See instructions)

1 Adjusted life insurance reserves (from Part VI)		
2 Multiplied by the adjusted reserves rate (lesser of lines 1 or 7, Part III)		%
3 Pension plan reserves (Part V, line 6, column 7)		
4 Multiplied by the current earnings rate (Part III, line 1)		%
5 Interest paid (from Part VII)		
6 Policy and other contract liability requirements (add lines 2, 4 and 5)		

PART II—ASSETS (Section 805(b)(4))

	1. Beginning of taxable year	2. End of taxable year	3. Mean of column 1 and column 2
1 Real estate			
2 Mortgages: (a) Without service fees			
(b) With service fees			
3 Collateral loans			
4 Policy loans, including premium notes			
5 Corporate bonds			
6 Stocks			
7 Government obligations, etc. (attach schedule)			
8 Bank deposits, cash, etc.			
9 Other assets (attach schedule)			
10 Totals			

*Adjusted under section 806(a) (see instructions—attach schedule)

PART III—EARNINGS RATES (Section 805(b))

1 Current earnings rate (Schedule A, line 15 divided by Part II, line 10, column 3)		%
2 Earnings rate for first preceding year (attach schedule)		%
3 Earnings rate for second preceding year (attach schedule)		%
4 Earnings rate for third preceding year (attach schedule)		%
5 Earnings rate for fourth preceding year (attach schedule)		%
6 Total (add lines 1 through 5)		%
7 Average earnings rate (see instructions)		%

PART IV—AVERAGE INTEREST RATE ASSUMED (Section 805(c)(2))

1. Nature of reserve (life, annuity, etc.)	2. Assumed morbidity or mortality table	3. Assumed interest rate	4. Method of computation (Illinois Standards, etc.)	5. Amount of reserve at beginning of taxable year*	6. Amount of reserve at end of taxable year*	7. Mean of column 5 and 6**	8. Column 3 times column 7
1							
2							
3							
4							
5 Totals							

6 Average rate of interest assumed in computing life insurance reserves (total of column 8 divided by total of column 7) %

*See instructions for section 806(b) and section 818(c) adjustments. **Adjusted under section 806(a) (attach schedule).

PART V—PENSION PLAN RESERVES (Section 805(d))

1 Section 805(d)(1) reserves							
2 Section 805(d)(2) reserves							
3 Section 805(d)(3) reserves							
4 Section 805(d)(4) reserves							
5 Section 805(d)(5) reserves							
6 Totals							

PART VI—ADJUSTED LIFE INSURANCE RESERVES (Section 805(c)(1))

1 Mean of the reserves (Part IV, line 5, column 7)	100%	
2 (a)		
(b) Plus 10 times the average rate of interest assumed (Part IV, line 6)		
(c) Total (add lines 2(a) and 2(b))		
(d) 10 times the adjusted reserves rate (Part I, line 2)		
(e) Line (c) less line (d)		%
3 Adjusted life insurance reserves (line 1 multiplied by line 2(e)). Enter here and on Schedule B, Part I, line 1		

PART VII—INTEREST PAID (Section 805(e))

1 Interest on indebtedness		
2 Amounts in the nature of interest		
3 Discount on prepaid premiums		
4 Interest on certain special contingency reserves		
5 Total interest paid (add lines 1 through 4). Enter here and on Schedule B, Part I, line 5		

Schedule C TAXABLE INVESTMENT INCOME (See instructions)

1 Policyholder's share (section 804) (Schedule B, Part I, line 6 divided by Schedule A, line 15) but not to exceed 100%	%
2 Company's share	%
3 Total	100%

	1. Total	2. Exclusion—policyholder's share (line 1 times col. 1)	3. Company's share (col. 1 less col. 2)
4 Interest wholly tax-exempt (Schedule A, line 1(a), column 4—see instructions)			
5 (a) Dividends from Schedule A, line 2(a)			
(b) Dividends from Schedule A, line 2(b)			
(c) Dividends from Schedule A, line 2(c)			
(d) Dividends from Schedule A, line 2(d)			
(e) Dividends from Schedule A, line 2(e)			
6 Other items of investment yield (Schedule A, line 15 less lines 4 and 5 above)			
7 Net capital gain (Schedule D (Form 1120L), line 11)			
8 Totals (add lines 4 through 7)			

REDUCTIONS

9 Interest wholly tax-exempt (line 4, column 3)	
10 Dividends-received deduction (affiliated groups—see instructions):	
(a) 85% of line 5(a), column 3	
(b) 60.208% of line 5(b), column 3	
(c) 85% of line 5(c), column 3	
(d) Total, but not to exceed 85% of taxable investment income (line 13) computed without regard to this deduction	
11 Small business deduction (10% of line 15, Schedule A, not to exceed \$25,000; members of a controlled group, see instructions)	
12 Total (add lines 9, 10(d), and 11)	
13 Taxable investment income (line 8 less line 12, but not less than zero). Enter here and on line 1(a), page 1	

1 Policyholder's share (section 809) (Schedule E-1, line 6 divided by Schedule A, line 15), but not to exceed 100%	%
2 Company's share	%
3 Total	100%

	1. Total	2. Exclusion—policyholder's share (line 1 times column 1)	3. Company's share (column 1 less column 2)
4 Interest wholly tax-exempt (Schedule A, line 1(a), column 4—see instructions)			
5 (a) Dividends from Schedule A, line 2(a)			
(b) Dividends from Schedule A, line 2(b)			
(c) Dividends from Schedule A, line 2(c)			
(d) Dividends from Schedule A, line 2(d)			
(e) Dividends from Schedule A, line 2(e)			
6 Other items of investment yield (Schedule A, line 15 less 4 and 5 above)			
7 Totals (add lines 4 through 6)			
8 Net capital gain (Schedule D (Form 1120L), line 11)			
9 Gross premiums			
Less: Return premiums, etc.			
10 (a) Decrease in reserves (after adjustment under section 810(a)) (attach schedule)			
(b) Decrease in section 811(b)(2) reserves (see Schedule E-2, Part II, line 3)			
11 Other amounts (attach schedule). (Also include amount from Schedule D (Form 1120L), line 30 (c))			
12 Total (add lines 7 through 11)			

DEDUCTIONS

13 Death benefits, etc.	
14 Increase in reserves (after reduction for investment yield under section 810(b)) (attach schedule)	
15 Assumption by another person of liabilities under insurance, etc., contracts	
16 Interest wholly tax-exempt (line 4, column 3)	
17 Investment expenses, etc., not deducted on Schedule A (attach schedule)	
18 Small business deduction (Schedule C, line 11)	
19 Other deductions not deducted on Schedule A (attach schedule)	
20 Total (add lines 13 through 19)	
21 Dividends-received deduction (affiliated groups, see instructions): (a) 85% of line 5(a), column 3	
(b) 60.208% of line 5(b), column 3	
(c) 85% of line 5(c), column 3	
(d) Total, but not to exceed 85% of any excess of line 12 over line 20	
22 Operations loss deduction (attach schedule)	
23 Tentative deduction (add lines 20 through 22)	
24 Plus: (a) Dividends to policyholders (Schedule E-2, Part I, line 7)	
(b) Accident and health, and group life insurance (Schedule E-2, Part I, line 9)	
(c) Certain nonparticipating contracts (Schedule E-2, Part I, line 11)	
25 Total deductions (line 23 plus line 24)	
26 Gain or (loss) from operations (line 12 less line 25). Enter here and on page 1, line 1(b)	

Schedule E-1 REQUIRED INTEREST (Section 809(a)(2))

	1. Rate	2. Beginning of taxable year	3. End of taxable year	4. Mean of columns 2 and 3	5. Column 1 times column 4
1 Sec. 810(c)(1) reserves (from Schedule B, Part IV, line 5, column 8 and Schedule B, Part V, line 6, column 8)					
2 Sec. 810(c)(3) reserves					
3 Sec. 810(c)(4) reserves					
4 Sec. 810(c)(5) reserves					
5 Sec. 810(c)(6) reserves					
6 Required interest (add lines 1 through 5)					

Schedule E-2 PART I—LIMITATION ON DEDUCTION (SCHEDULE E, LINE 24) (Section 809(f))

1 Statutory amount	250,000
2 (a) Schedule E, line 12	
(b) Less: Tentative deduction (Schedule E, line 23)	
3 Gain from operations without regard to Schedule E, line 24 (line 2(a) minus line 2(b))	
4 Less: Taxable investment income (Schedule C, line 13)	
5 Excess of line 3 over line 4 (but not less than zero)	
6 Maximum possible deduction for Schedule E, line 24 (line 1 plus line 5)	
7 Deduction for dividends to policyholders (Schedule E-2, Part II) (not in excess of line 6)	
8 Maximum deduction for accident and health, and group life insurance (line 6 less line 7)	
9 Deduction for accident and health, and group life insurance (Schedule E-2, Part III) (not in excess of line 8)	
10 Maximum deduction for certain nonparticipating contracts (line 8 less line 9)	
11 Deduction for certain nonparticipating contracts (Schedule E-2, Part IV, line 3) (not in excess of line 10)	

PART II—DIVIDENDS TO POLICYHOLDERS (Section 809(d)(3))

1 Dividends paid to policyholders

2 (a) Increased by the excess of (i) over (ii):

(i) Reserve at the end of the taxable year

(ii) Reserve at the end of the preceding taxable year

OR

(b) Decreased by the excess of (i) over (ii):

(i) Reserve at the end of the preceding taxable year

(ii) Reserve at the end of the taxable year

3 If greater than zero, enter on Schedule E-2, line 7; if less than zero, enter on Schedule E, line 10(b)

PART III—CERTAIN ACCIDENT AND HEALTH INSURANCE AND GROUP LIFE INSURANCE (Section 809(d)(6))

1 Amount of deductions allowed or allowable in prior years under section 809(d)(6)

2 Net premiums

3 Line 2 multiplied by 2%

4 Tentative deduction—the lesser of line 3 or (50% of line 2, less amount on line 1)

PART IV—CERTAIN NONPARTICIPATING CONTRACTS (Section 809(d)(5))

1 (a) Reserve at the end of the taxable year

(b) Less: Reserve at the beginning of the taxable year

(c) Increase (if the difference is less than zero, enter zero)

(d) Multiplied by

10%

2 (a) Net premiums

(b) Multiplied by

3%

3 Tentative deduction—the greater of line 1 or line 2

Schedule F SHAREHOLDER'S SURPLUS ACCOUNT (Section 815(b))

1 (a) Balance at the end of the preceding year

(b) Transfers under section 815(d)(1) and (4) for preceding year

(c) Balance at the beginning of the taxable year (line 1(a) plus line 1(b))

2 Life insurance company taxable income computed without regard to section 802(b)(3) (line 1(c), page 1, plus line 2, page 1)

3 Net capital gain income reduced by any income on line 2

4 Dividends-received deduction (affiliated groups—see instructions):

(a) 85% of Schedule A, line 2(a)

(b) 60.208% of Schedule A, line 2(b)

(c) 85% of Schedule A, line 2(c)

(d) Total, but not more than 85% of line 20 subtracted from Schedule E, line 12

5 Interest wholly exempt from tax (Schedule A, line 1(a), column 4)

6 Small business deduction (Schedule C, line 11)

7 Total (add lines 1 through 6)

8 Less: Tax liability for 1978 under section 802(a) (computed without regard to section 802(b)(3)) (income tax computed on line 2 as if line 2 was total life insurance company taxable income)

9 Excess of line 7 over line 8

10 Less: Distributions in 1978 (not greater than line 9)

11 Balance as of the end of the taxable year

Schedule G POLICYHOLDER'S SURPLUS ACCOUNT (Section 815(c))

1 Balance as of the beginning of the taxable year

2 Add: (a) 50% of any excess of the gain from operations over the taxable investment income (page 1, line 2)

(b) The deduction for certain nonparticipating contracts (Schedule E, line 24(c))

(c) The deduction for accident and health, and group life insurance (Schedule E, line 24(b))

3 Total (line 1 plus line 2)

4 (a) Actual distributions only in excess of Schedule F, line 9

(b) Tax increase on line 4(a) by reason of section 802(b)(3)

(c) Subtractions under section 815(d)(1) and (4) (see instructions)

(d) Tax increase on line 4(c) by reason of section 802(b)(3)

(e) Subtraction required under section 815(d)(2) due to termination

5 Total of lines 4(a) through (e) (not to exceed line 3). Enter here and on page 1, line 3

6 Balance at the end of the year (line 3 less line 5)

Schedule H LIMITATION OF INVESTMENT EXPENSE DEDUCTION

(You need not fill in Schedule H unless you claim a deduction for general expenses allocated to investment income.)

1 Mean of the assets for the taxable year (Schedule B, Part II, line 10, column 3)

2 One-fourth of 1% of the mean of the assets (line 1)

3 Mortgage service fees

4 (a) (i) Investment yield computed without regard to investment expenses

(ii) Three and three-fourths percent of line 1

(iii) Line (i) less line (ii)

(iv) One-fourth of line (iii)

(v) Mortgage service fees (line 3)

(vi) Line (iv) less line (v)

(b) One-fourth of 1% of the amount on Schedule B, Part II, line 2(a), column 3

(c) The greater of (a)(vi) or (b)

5 Limit on deduction for investment expenses (add lines 2 through 4)

Schedule J COMPENSATION OF OFFICERS (See instructions, page 7)

1. Name of officer	2. Social security number	3. Time devoted to business	Percent of corporation stock owned		6. Amount of compensation	7. Expense account allowance
			4. Common	5. Preferred		

Additional Information Required

F Do you have any variable annuity contracts outstanding?

G Do you have any segregated asset accounts?

If "Yes," see instruction P.

H Amount of total insurance-liabilities (see Schedule K)

I (1) Did you at the end of the taxable year own, directly or indirectly 50% or more of the voting stock of a domestic corporation (for rules of attribution, see section 267(c))?

If "Yes," attach a schedule showing:

(a) name, address, and identifying number;

(b) percentage owned; and

(c) taxable income or (loss) from line 28, page 1, Form 1120 of such corporation for the taxable year ending with or within your taxable year.

(2) Did any individual, partnership, corporation, estate, or trust at the end of the taxable year own, directly or indirectly, 50% or more of your voting stock (for rules of attribution, see section 267(c))?

If "Yes," attach a schedule showing name, address, and identifying number.

(a) Attach a schedule showing name, address, and identifying number.

(b) Enter percentage owned

(c) Was the owner of such voting stock a person other than a U.S. person?

If "Yes," enter owner's country (see instruction R)

J Did you previously file a copy of the annual statement for the preceding years as required by General Instruction K7?

If "Yes," name the Internal Revenue Service Center in which filed

K Does a copy of the 1978 annual statement accompany this return? If "No," explain why the statement is not attached.

L (1) Did you claim a deduction for expenses connected with:

(a) Entertainment facility (boat, resort, ranch, etc.)?

(b) Living accommodation (except for employees on business)?

(c) Employee's families at conventions or meetings?

If "Yes," were any of these conventions or meetings outside the United States or its possessions?

(d) Employee or family vacations not reported on Form W-2?

(2) Enter total amount claimed on Form 1120L for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d). (see instruction W)

M Did you file all required Forms 1087, 1098, and 1099?

N Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957)

If "Yes," attach Form 3646 for each such corporation.

O Enter the number of defined benefit and defined contribution plans you have for your employees (see instruction I)

P Did you, at any time during the taxable year, have an interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (see instruction T)?

Q Were you the grantor of, or transferor to, a foreign trust during any taxable year, which foreign trust was in being during the current taxable year, whether or not you have any beneficial interest in such trust? If "Yes," you may be required to file Forms 3520, 3520A, or 926

	General account	Separate account
1. Assets		
2. Liabilities		
3. Equity		
4. Income		
5. Expenses		
6. Net income		
7. Retained earnings		
8. Dividends		
9. Other		
10. Total		

Source: National Association of Insurance Commissioners. References in column 2 apply to the general account only.

☆ U.S. GOVERNMENT PRINTING OFFICE : 1978-O-263-117 15-0515-950

Department of the Treasury
Internal Revenue Service
**1978 Instructions for
Form 1120L
U.S. Life Insurance
Company Income Tax
Return**

(References are to the Internal Revenue Code.)

General Instructions

A. Who must file Form 1120L.—Every domestic life insurance company and every foreign corporation carrying on an insurance business within the U.S. (if with respect to its U.S. business it would qualify as a life insurance company) which is engaged in the business of issuing life insurance and annuity contracts (either separately or combined with health and accident insurance) or noncancellable contracts of health and accident insurance and of which the life insurance reserves, plus unearned premiums and unpaid losses (whether or not ascertained), on noncancellable life, health, or accident policies not included in life insurance reserves, comprise more than 50% of its total reserves, adjusted in each case for policy loans as required by section 801(d), must file a return on Form 1120L.

For this purpose, the term "noncancellable" includes guaranteed renewable life, health, and accident insurance which is not cancellable by the company but under which the company reserves the right to adjust premium rates by classes, in accordance with experience under the type of policy involved. The terms "life insurance reserves" and "total reserves" do not include deficiency reserves.

A burial or funeral benefit insurance company engaged directly in the manufacture of funeral supplies or the performance of funeral services is taxable under section 821 or section 831 and should file Form 1120M; U.S. Mutual Insurance Company Income Tax Return, or Form 1120, U.S. Corporation Income Tax Return. (Section 801(f).)

If a receiver, trustee in bankruptcy, or assignee has possession of, or holds title to, all or substantially all the property or business of a corporation, whether or not the property or business is being operated, the must make a return in the same manner and form as would be required were such corporation required to make its own return. (Section 6012.)

If a life insurance company disposes of its life insurance business and life insurance reserves under a reinsurance agreement with another company, but continues its corporate existence for the purpose of winding up and liquidating its affairs, it will not be taxable as a life insurance company after the effective date of such agreement.

B. Period covered.—The return is to be filed for calendar year 1978. (Section 843.) If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

C. Accounting methods.—The return must be filed using the accrual method of accounting or, to the extent permitted under regulations, a combination of the accrual method with any other method, other than the cash receipts and disbursements method.

Unless the law specifically permits, the method of accounting used to report income in prior years (for income as a whole or for any material item) may not be changed without first obtaining IRS consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

D. Where to file.

If the corporation's principal business, office, or agency is located in

Use the following Internal Revenue Service Center address	
New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Holtville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 00501
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93889
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19255

Foreign corporations carrying on an insurance business within the U.S. must file their return with the Internal Revenue Service Center, Philadelphia, PA 19255.

The separate income tax returns of a group of corporations located in several Service Center regions may be filed with the Service Center for the area in which the principal office of the managing corporation that keeps all the books and records is located.

E. When to file.—In general, Form 1120L must be filed on or before March 15, 1979.

File Form 7004 to request an automatic 3-month extension of time to file Form 1120L.

File Form 7005 to request an additional extension after obtaining an automatic 3-month extension by filing Form 7004.

F. Depositary method of payment of tax.—The balance of tax due (line 23) must be paid in full when the return is filed or in two installments, 50% by March 15, 1979 and 50% by June 15, 1979.

All corporation income tax payments and estimated income tax payments must be deposited at an authorized financial institution or Federal Reserve Bank or Branch (FRB), with a Federal Tax Deposit Form preinscribed with a Tax Class Number 503, in accordance with instructions appearing on the reverse of that form. Deposits made at an FRB must be made with the FRB servicing the geographic area where a taxpayer is located. The deposit must be made in a form of payment that the receiving FRB considers to be an immediate credit item. Additional information can be obtained from an authorized depository or FRB. Each deposit must be accompanied by a Federal Tax Deposit Form preinscribed with a Tax Class Number 503. Do not remit directly to Internal Revenue. Records of deposits will be sent to Internal Revenue for crediting to the corporation's account.

The timeliness of deposits will be determined by date received by the financial institution or FRB. If a tax payment is made by mail, a deposit received after the due date will be considered timely if the taxpayer establishes that it was mailed on or before the second day before the prescribed due date as provided by section 7502. Tax deposits made at FRB which are not in compliance with deposit requirements will nevertheless be processed by the receiving FRB rather than returned to the taxpayer. Furthermore, such tax payments received by an FRB will be dated as paid based upon the date when the proceeds of the accompanying payment instrument are collected by the FRB, and if made by mail section 7502 will not apply.

Federal Tax Deposit Forms preinscribed with a Tax Class Number 503 will be mailed to corporations on a cyclical basis depending on the taxable year of the corporation. Corporations needing such deposit forms may obtain them from the Internal Revenue Service Center where they will file their returns. The application should include the corporation's name, identification number, address, and the taxable year to which the deposits relate.

Estimated tax.—A corporation must make estimated tax payments if it can expect its estimated tax (income tax less credits) to be \$40 or more.

Form 1120-W may be used as a worksheet to compute estimated tax.

If there was an overpayment of estimated tax, file Form 4466 for a "quick refund" if the overpayment is (1) at least 10% of expected income tax liability AND (2) at least \$500. This application must be made within 2½ months after the end of the taxable year and before Form 1120L is filed.

G. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If you, corporate officer, filed in Form 1120L, the space under the signature of officer should remain blank. If someone prepares Form 1120L and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120L should not sign. For example, a regular, full-time employee of the corporation such as clerk, secretary, etc., does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120L must sign the return and fill in the other blanks in the Paid Preparer's Information area of the return.

When more than one person prepares Form 1120L, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "SE" box.

If you have questions about whether a preparer is required to sign Form 1120L, please contact an IRS office.

The person required to sign the return must:

- Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable);
- Give a copy of Form 1120L to the taxpayer in addition to the copy filed with IRS.

Publication 1054 is a guide listing some of the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work. Tax return preparers should be familiar with their responsibilities. This publication is available at IRS offices.

H. Information returns and forms that may be required.

1. Forms W-2 and W-3.—Employee's wage and tax statement; and transmittal of income and tax statements.
2. Form W-2P.—Statement for recipients of annuities, pensions or retired pay, and periodic payments from retirement plans.
3. Forms 1087-DIV, INT, MED, MISC, and OID.—Nonvoting information returns for reporting dividends, interest, medical and health care payments, miscellaneous income, and original issue discount that were received as a nominee on behalf of another person.
4. Form 1095.—Annual summary and transmittal of U.S. information returns.
5. Form 5452.—Corporate report of nontaxable dividends.
6. Forms 966 and 1099L.—Information returns regarding dissolution or liquidation, and distributions in liquidation.
7. Forms 1099-DIV, INT, MED, MISC, OID, PATR, and R.—Information returns for reporting certain dividends, interest income, medical and health care payments, miscellaneous income payments, original issue discount, patronage dividends, and total distributions from profit-sharing and retirement plans.
8. Form 5713.—International boycott report for persons having operations in or related to "boycotting countries."

In addition, persons who participate in or cooperate with an international boycott, may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, and DISC benefits.

1. Pension, profit-sharing, etc. plans.—The number of plans to be entered refers to all plans for which all assets have not been distributed. Also include any plans in which assets were distributed in the

current year. The number of plans must be indicated whether or not a deduction is claimed.

Complete Form 5500 for each plan and file as a separate return. Complete Form 5500-C in lieu of Form 5500 if there were fewer than 100 participants at the beginning of the plan year. See instructions for above forms for computation of allowable deduction. File these forms on or before the last day of the 7th month following the close of the plan year. ERISA imposes penalties for failure to furnish complete information and failure to file statements and return/reports.

Employee benefit programs.—Enter the amount of contributions to employee benefit programs (e.g., insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan. Also deduct contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

J. Stock ownership in foreign corporations.—See section 551(c) and attach the required statement if there was an ownership of 5% or more in value of the outstanding stock of a foreign personal holding company.

A taxpayer who controls a foreign corporation or who is a 10% or more shareholder of a controlled foreign corporation, may be required to file Forms 2952 and 3646.

K. Annual statement.—A copy of the annual statement for life insurance companies adopted by the National Association of Insurance Commissioners for the year 1978, as filed with the insurance Department of the State, or District of Columbia, which shows the reserves used in computing the taxable income reported on the return, together with copies of Schedule A (real estate) and Schedule D (bonds and stocks), must accompany the return (see section 1.6012-2(c) of the regulations).

Similar copies for the 4 preceding years must also be furnished if not already filed for such years. In the case of a foreign life insurance company carrying on a life insurance business within the U.S., the copies submitted must relate to the U.S. business of the company.

If you use miniature statements, they may be filed instead of larger statements.

L. Attachments.—If more space is needed on forms or schedules, attach separate sheets and use the same arrangement as the printed forms, but show the totals on the printed forms. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

M. Consolidated returns.—Subject to the provisions of sections 1501 through 1504, section 1552, and the regulations thereunder, an affiliated group of corporations, each qualifying as a life insurance company, may make a consolidated income tax return instead of separate returns. The parent corporation must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach Form 1122.

N. Percentage computations.—In computing earning rates, assumed rates, and policyholders' and company's share

of investment yield, the computation should be carried out to a sufficient number of decimal places to insure substantial accuracy and to eliminate any significant error in the resulting tax liability.

O. Total insurance liabilities.—Domestic company.—The term "total insurance liabilities" means the sum of the total reserves (as defined in section 801(c)) as of the end of the taxable year plus (to the extent not included in total reserves) the items referred to in paragraphs (3), (4), (5), and (6) of section 810(c) as of the end of the taxable year. See section 819(a)(2) and instruction P below.

Foreign company.—The term "total insurance liabilities" relates only to U.S. business.

P. Segregated asset accounts.—All companies with segregated asset accounts must attach a schedule showing separately for the regular accounts and for the segregated asset accounts, section 819(b)(2) total insurance liabilities and section 805(b)(4) assets. See section 1.801-8(h) of the regulations.

Q. Transfers to corporation controlled by transferee.—If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferee and transferee must attach the information required by section 1.351-3 of the regulations.

R. U.S. person.—The term "U.S. person" means: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, or (4) any estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

Owner's country, for individuals, is their country of residence. For all others, it is the country where incorporated, organized, created, or administered.

S. Penalties.

Avoid penalties and interest by correctly filing and paying the tax when due.

1. A corporation that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed (the penalty is imposed on the net amount due—section 6651(a)(1)).

2. A corporation that fails to pay the tax when due may be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid (the penalty is imposed on the net amount due—section 6651(a)(2)).

The above penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate pursuant to section 6621.

3. A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment (section 6655) at a rate pursuant to section 6621.

If estimated tax was underpaid, attach Form 2220 to show how you figured the penalty or which exceptions you believe you meet.

T. Foreign financial accounts and foreign trusts.—If at any time during the year, you had an interest in or signature or other authority over a bank account, securities account or other financial account in a foreign country, check the Yes box for question P. However, you should check the No box if the combined assets in the account(s) were \$1,000 or less during the entire year, or were with a U.S. military banking facility operated by a U.S. financial institution.

If you own more than 50 percent of the stock in any corporation that owns one or more foreign bank accounts, you must check the Yes box for question P.

Get Form 90-22.1 to see if you are considered to have an interest in, or signature or other authority over a bank, security, or other financial account in a foreign country.

If you checked Yes for question P, file Form 90-22.1. You can get this form from many IRS offices. File the completed form by June 30, 1979, with the Department of the Treasury, P.O. Box 26309, Central Station, Washington, DC 20005. Do not file it with the IRS. It is not a tax return.

If you were a grantor of, or transferor to a foreign trust, which trust was in being during the taxable year, check the Yes box for question Q.

U. Employer identification number.—Enter the employer identification number (EIN) assigned to the corporation.

Corporations who do not have an EIN should apply for one on Form SS-4, available from any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120L is sent.

W. Travel and entertainment expenses (Section 274(d)).—(See Form 1120L, question L(2), page 6.)—The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in years prior to taxable years beginning in 1978 but not deducted in those years are not required to be included in the total (i.e., expenditures reflected in beginning inventories, capitalized expenditures subject to depreciation, etc.). However, expenditures paid or incurred in tax years beginning in 1978 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W-2.

See regulations section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item L(2).

Specific Instructions

(Numbered to correspond with the line numbers on the return.)

SCHEDULE A—Investment Yield

The term "investment yield" means gross investment income, as defined in section 804(b), less the deductions al-

lowed in section 804(c). The entire amount of the items of income and allowable deductions are to be reported in Schedule A. The purpose of including the entire amount of these items is to provide the basis for the exclusion of the policyholders' share of the investment yield from the life insurance company's taxable income.

1. Interest.—Enter interest from all sources during the taxable year. The gross amount of interest reported as gross income shall be decreased by the amortization of premium and increased by the accrual of discount (except market discount) attributable to the taxable year on bonds, notes, debentures, or other evidences of indebtedness, determined in accordance with: (1) the method regularly employed, if reasonable, or (2) regulations prescribed by the Secretary or his delegate. See section 818(b). (Attach a statement showing method and computation.)

2. Dividends.

(a) Enter dividends received from domestic corporations subject to income tax and which are subject to the 85% deduction under section 243(a)(1).

So-called dividends or earnings received from mutual savings banks, etc., are really interest and should not be treated as dividends.

For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

(b) Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

(c) Enter dividends received from foreign corporations and which qualify for the 85% deduction provided in section 245(a).

Also include in line 2(c) dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b). In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a taxable year during which (1) all of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving such dividends and (2) all of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S.

If dividends received from wholly-owned foreign subsidiaries are included in line 2(c), attach a schedule showing the amount of these dividends included.

(d) Enter dividends entitled to the 100% dividends received deduction under section 243(a)(3) and which are subject to the elective provisions of section 243(b).

(e) Attach a schedule showing separately:

(1) Foreign dividends (including minimum distributions under subpart F) not reportable on line 2(c). Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F.

(2) Incl. 1e income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported in Schedule A, of Form(s) 3646.

(3) Include gross-up for taxes deemed paid under sections 902 and 960.

(4) Include dividends (other than capital gain dividends and exempt interest dividends) received from regulated investment companies and which are not subject to the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends) received from a real estate investment trust which, for the taxable year of the trust in which the dividends are paid, qualifies under sections 856-858; dividends not eligible for the dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above.

3. Gross rents.—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, taxes, and depreciation in the proper lines for deductions.

4. Gross royalties.—Enter the gross amount of royalties. If a deduction is claimed for depletion, report it on line 12.

5. Leases, terminations, etc.—Enter the gross amount of income from the entering into (or the alteration or termination) of any lease, mortgage, or other instrument or agreement from which the life insurance company derives interest, rents, or royalties.

6. Net short-term capital gain.—Enter the amount (if any) by which the net short-term capital gain exceeds the net long-term capital loss. See separate Schedule D (Form 1120L).

7. Gross income from trade or business (other than insurance business).—Enter the gross income from any trade or business (other than an insurance business) carried on by the life insurance company, or by a partnership of which the life insurance company is a member.

Include section 1245 and section 1250 etc., gains from Form 4797 with respect only to investment assets.

Deductions

9. Investment expenses.—Enter expenses which are properly chargeable as investment expenses. If you allocate general expenses to investment expenses, the total deduction cannot exceed line 5, Schedule H. Attach a schedule showing the nature and amount of items included and group the minor items into one amount.

10. Real estate expenses.—Enter the amount of taxes (section 164); all ordinary and necessary building expenses, such as fire insurance, heat, light, labor; and the cost of incidental repairs which neither materially add to the value of the property nor appreciably prolong its life, but keep it in an ordinary efficient operating condition, exclusively on or with respect to the real estate owned by the company. Do not include any amount paid for new buildings or for permanent improvements or betterments made to increase the value of any property or any amount expended on foreclosed property before such property is held for rental purposes. These taxes and other expenses should be itemized in an attached schedule.

11. Depreciation.—See Instructions for Form 4562.

Limitation on deductions relating to real estate owned and occupied.—The deductions included on lines 10 and 11

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for real estate owned and occupied for insurance purposes in whole or in part by the company is limited to an amount which bears the same ratio to those deductions (computed without regard to the second sentence of section 804(c)(3)) as the rental value of the space not so occupied bears to the rental value of the entire property. Attach a detailed schedule.

12. Depletion.—See section 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T if a deduction is claimed for depletion of timber.

13. Trade or business deductions.—Enter the total deductions attributable to any trade or business (other than an insurance business) income that is included in the life insurance company's gross investment income under section 804(b)(3). Do not include losses (a) from (or considered as from) sales or exchanges of capital assets, (b) from sales or exchanges of property used in the trade or business (as defined in section 1231(b)), or (c) from the compulsory or involuntary conversion of property used in the trade or business.

The deduction for net operating losses (section 172) and the special deductions (sections 241 through 250) are not allowed.

SCHEDULE B—

Part I—Policy and Other Contract Liability Requirements (Section 805(a))

Purpose.—The next step after determining investment yield (Schedule A) is to determine the policy and other contract liability requirements. This computation furnishes the numerator, with the total of the investment yield as the denominator, to determine the policyholders' share of investment yield which is not included in computing taxable investment income (Schedule C).

Definition.—The term "policy and other contract liability requirements" means the sum of (1) the adjusted life insurance reserves (from Part VI), multiplied by the adjusted reserves rate (from Part III); (2) the mean of the pension plan reserves at the beginning and end of the taxable year (from Part V), multiplied by the current earnings rate (from Part III); and (3) the interest paid (from Part VII).

Part II—Assets (Section 805(b)(4))

Purpose.—This computation is necessary in order to determine the earnings rates in Part III.

Definition.—The term "assets" for this purpose means all assets of the company (including nonadmitted assets) and includes all moneys but does not include real and personal property (other than money) used by the company in carrying on an insurance trade or business.

Valuation.—The amount attributable to real property and to stocks is their fair market value. The amount attributable to other assets is the adjusted basis of such assets for purposes of determining gain on sale or other disposition. This adjusted basis is determined under section 1011, and related sections, without regard to section 817(b).

Section 805(a) adjustment.—If, during the taxable year, there is a change in life insurance reserves (either in-

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creases or decreases) attributable to the transfer between the taxpayer and another person of liabilities under contracts taken into account in computing such reserves, the mean of the assets must be appropriately adjusted on a daily basis to reflect the amounts involved in such transfer. See section 806 of the regulations. Attach a schedule showing the adjustment.

Part III—Earnings Rates (Section 805(b))

The term "current earnings rate" means the percentage determined by dividing the investment yield for the taxable year (Schedule A), by the mean of the assets at the beginning and end of the taxable year (Part II—Assets).

The term "average earnings rate" means the sum of the current earnings rate for the taxable year and the earnings rate for each of the 4 taxable years immediately preceding the taxable year, divided by 5. If, in computing the 5-year average earnings rate for any taxable year, the company was an insurance company (but not a life insurance company) in any of the 4 years preceding the taxable year, the computation shall be made as if the company were a life insurance company for such year. Where the company was not in existence for one or more of the 4 preceding years or was not an insurance company for one or more of such years, no entry shall be made for such year or years. The average earnings rate (line 2) is determined by adding the percentages entered and dividing this sum by the number of applicable years. For example, if entries are made on three lines, divide the sum by 3. See General Instruction N.

Part IV—Average Interest Rate Assumed (Section 805(c)(2))

The purpose of this schedule is to determine a rate which is used in the computation of adjusted life insurance reserves (Part VI). See General Instruction N. Exclude pension plan reserves from life insurance reserves for the purpose of determining the taxpayer's assumed rate under this part. See Part V.

Columns 5 and 6.—Adjustment under section 806(b).—If the basis for determining the amount of any item referred to in section 810(c) (life insurance reserves, etc.) as of the close of the taxable year differs from the basis for such determination as of the beginning of the taxable year, then the amount of the item as of the close of the taxable year must be the amount computed on the old basis, and the amount of the item as of the beginning of the next taxable year must be the amount computed on the new basis.

Adjustment under section 818(c).—This adjustment is required where the company actually computes its life insurance reserves on one of the recognized preliminary term bases but elects to convert them to a net level premium basis in the computation of the reserves for tax purposes.

If elected, the conversion may be made by one of two methods:

Method 1. Exact revaluation: Under this method, the company must compute the reserves for all contracts (with respect to which reserves are computed on a preliminary term basis) on a net level premium basis using the same mortality assumptions and interest rates for both the preliminary term basis and the net level premium basis.

Method 2. Approximate revaluation: Under this method, with respect to con-

tracts for which reserves are computed under the preliminary term basis, the reserves are increased by the sum of (1) \$21 per \$1,000 of insurance in force (other than term insurance), less 2.1% of reserves under such contracts; and (2) \$5 per \$1,000 of term insurance in force under contracts which at the time of insurance cover a period of more than 15 years, less 0.5% of reserves under such contracts.

A life insurance company may elect, under section 818(c), the approximate revaluation method for all its life insurance reserves, other than noncancellable accident and health reserves, and use the exact revaluation method for all its noncancellable accident and health reserves. (Revenue Ruling 60-61, 1960-1 C.B. 268.)

Column 7.—Adjustment under section 806(a).—If, during the taxable year, there is a change in life insurance reserves attributable to the transfer between the company and another person of liabilities under contracts taken into account in computing such reserves, the means of such reserves must be appropriately adjusted on a daily basis to reflect the amounts involved in such transfer. (See section 1.806-3 of the regulations.) This adjustment is applicable whether or not the transfer of the liabilities was the original insurer. However, this adjustment is not applicable to reinsurance ceded by another person to the taxpayer or by the taxpayer to another person. For the definition of "life insurance reserves," see section 801(b).

Part V—Pension Plan Reserves (Section 805(d))

These reserves must be adjusted under sections 806 and 818(c) as described in Part IV above.

Part VI—Adjusted Life Insurance Reserves (Section 805(c)(1))

This term constitutes the mean of the life insurance reserves (as defined in section 801(b)), computed under Part IV (excluding pension plan reserves taken into account under Part V), adjusted as set forth in Part VI, Schedule B.

Part VII—Interest Paid (Section 805(e))

1.—Enter all interest for the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from tax.

2.—Enter all amounts in the nature of interest, whether or not guaranteed, for the taxable year on insurance or annuity contracts (including contracts supplementary thereto) which do not involve, at the time of accrual, life, health, or accident contingencies.

3.—Enter all amounts accrued for the taxable year for or on behalf of the insured, whether or not guaranteed, on premiums or other consideration paid in advance on insurance or annuity contracts.

4.—Enter all interest for the taxable year on special contingency reserves under contracts of group term life insurance or group health and accident insurance which are established and maintained for the provision of insurance on retired lives, for premium stabilization, or for a combination thereof.

SCHEDULE C.—Taxable Investment Income

General.—The policyholders' share of each item of investment yield (including tax-exempt interest) and dividends received of any life insurance company cannot be included in taxable investment income.

1.—Enter the percentage that represents the policyholders' share of each item of investment yield. This percentage is determined by dividing the policy and other contract liability requirements (Schedule B) by the investment yield (Schedule A), except that if the amount of the policy and other contract liability requirements exceeds the investment yield, the policyholders' share of any items must be 100%. See General instruction N.

2.—Enter the percentage that represents the life insurance company's share of any item of investment yield. This percentage is equal to the difference between 100% and the percentage on line 1.

4.—Enter on line 4, column 1, the amount of interest which is wholly exempt from tax under section 103 (where securities of a municipality are originally issued at a price not less than par value and are subsequently acquired by a purchaser at a discount, such discount is not in the nature of tax-exempt interest within the meaning of section 103). Multiply the amount on each line in column 1 by the percentage from line 1 and enter the product for each line in column 2. The amounts entered in column 2 represent the policyholders' share of these items which is not included in taxable investment income. Enter in column 3 the difference obtained by subtracting column 2 from column 1. The amounts entered in column 3 represent the company's share of these items of investment yield.

Reductions

9. **Interest wholly tax-exempt.**—Enter the amount from line 4, column 3. This amount is the company's share of wholly tax-exempt interest which, like the policyholders' share of such interest (from line 4, column 2), is not included in taxable investment income.

10. **Dividends-received deduction.**—(a) **Dividends received from domestic corporations.**—Enter 85% of the company's share (line 5(a), column 3) of the amount received as dividends (except dividends on certain preferred stock of public utilities) from domestic corporations subject to income tax. Members of certain affiliated groups may elect to deduct 100% of the qualifying dividends received from other members of the same group. Include the company's share of the 100% deduction on line 10(a). See section 243.

(b) **Dividends received on certain preferred stock of public utilities.**—Enter 60.208% of the company's share (line 5(b), column 3) of the amount received as dividends on the preferred stock of a public utility which is subject to income tax and which is allowed a deduction for dividends paid under section 247. See section 244.

(c) **Dividends received from foreign corporations subject to the 85% deduction.**—Enter 85% of the company's share (line 5(c), column 3) of dividends received from foreign corporations subject to the 85% deduction.

Also enter on this line 100% of the company's share of dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b).

See section 245 for qualifications and limitations on the amount of these deductions.

(d) **Total dividends-received deduction.**—The total of the dividends-received deduction cannot exceed 85% of taxable investment income computed without regard to this deduction.

The limitation for a member of an electing affiliated group is 85% of taxable investment income computed without regard to this deduction. However, this deduction must be reduced by the deduction for 100% (as described in 10(a) above) of the qualifying dividends received from the same group since these dividends are not subject to the 85% limitation.

In general, no dividends-received deduction will be allowed on any share of deduction (a) that is disposed of if the corporation held it 15 days or less, or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or securities.

11. **Small business deduction.**—Enter 10% of the investment yield (Schedule A) but not to exceed \$25,000. Members of certain affiliated groups are limited to one \$25,000 limitation. (Section 243.)

Members of a controlled corporate group are limited to one \$25,000 small business deduction. See section 1561(a).

SCHEDULE E.—Gain and Loss From Operations

General.—The share of each item of investment yield (including tax-exempt interest and dividends received) of any life insurance company set aside for policyholders cannot be included in gain and loss from operations.

1.—Enter the percentage which represents the share of any item of investment yield which is set aside for policyholders. This percentage is determined by dividing the required interest (Schedule E-1) by the investment yield (Schedule A), except that if the amount of the required interest exceeds the investment yield, then the share of any item set aside for policyholders must be 100%. See General instruction N.

2.—Enter the percentage which represents the life insurance company's share of any item of investment yield. This percentage is equal to the difference between 100% and the percentage on line 1.

4.—Enter on line 4, column 1, the amount of interest which is wholly exempt from tax under section 103. (Where securities of a municipality are originally issued at a price not less than par value and are subsequently acquired by a purchaser at a discount, such discount is not in the nature of tax-exempt interest within the meaning of section 103.) Multiply the amount on each line in column 1 by the percentage from line 1 and enter the product for each line in column 2. The amounts entered in column 2 represent the policyholders' share of these items which are not included in gain and loss from operations. Enter in column 3 the difference obtained by subtracting column 2 from column 1. The amounts entered in column 3 represent the company's share of these items of investment yield.

9.—Enter the gross amount of premiums and other consideration (including advance premiums, deposits, fees, assessments, and consideration from assuming liabilities under contracts not issued by the company) on insurance and annuity contracts (including contracts supplementary thereto); less return premiums, and premiums and other consideration arising out of reinsurance ceded. Except in the case of premiums or other consideration returned to another life insurance company from reinsurance ceded, amounts returned where the amount is not fixed in the contract but depends on the experience of the company or the discretion of the management cannot be included. However, amounts rebated or refunded due to policy cancellations or to erroneously computed premiums are treated as return premiums.

10(a). **Decrease in reserves.**—Enter the excess of the sum of the items described in section 810(c) as of the beginning of the taxable year over the sum of such items as of the close of the taxable year (reduced by the policyholders' share of investment yield not included in gain and loss from operations—from line 7, column 2).

10(b). **Decrease in section 811(b)(2) reserves.**—Enter the amount from line 3, Part II, Schedule E-2) by which the decrease for the taxable year in the reserves for policyholder dividends exceeds the amount of dividends paid to policyholders during such year. Enter also one-tenth of any net decrease in reserves attributable to the operation of section 810(d).

11. **Other amounts.**—Enter the total amount of other income not included in computing investment yield and not otherwise included above to the extent that such items are includible in gross income. However, exclude all gains from the sale or exchange of capital assets and gains considered as gains from the sale or exchange of a capital asset.

Deductions

13. **Death benefits, etc.**—Enter the amount of all claims and benefits accrued (including matured endowments and amounts allowed on surrender) and losses incurred (whether or not ascertained) during the year on insurance, annuity, and supplementary contracts. The term "losses incurred (whether or not ascertained)" refers to a reasonable estimate of the amount of the losses incurred but not reported, as well as losses reported but where the amount cannot be ascertained by the end of the year.

14. **Increase in reserves.**—Enter the excess of the sum of the items described in section 810(c) as of the close of the taxable year (reduced by the policyholders' share of investment yield not included in gain and loss from operations—from line 7, column 2) over the sum of such items as of the beginning of the taxable year. Enter also one-tenth of any net increase in reserves attributable to the operation of section 810(d).

15. **Assumption by another person of liabilities under insurance, etc., contracts.**—Enter the amount of the consideration (other than consideration arising from reinsurance ceded) from the assumption by another person of liabilities under insurance and annuity contracts (including contracts supplementary thereto).

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16. **Interest wholly tax-exempt.**—Enter the amount from line 4, column 3. This amount is the company's share of wholly tax-exempt interest which, like the policyholders' share of such interest (from line 4, column 2), is not included in gain and loss from operations.

17. **Investment expenses.**—Enter the excess of the total investment expenses over the amount allowed in computing investment yield (Schedule A), and the amount (if any) by which the sum of the deductions allowable (line 14, Schedule A) exceeds the gross investment income (Schedule A, line 8). Attach a schedule showing computations.

18. **Small business deduction.**—Enter 10% of the investment yield (Schedule A) but not to exceed \$25,000. Members of certain affiliated groups are limited to one \$25,000 limitation. (Section 243.)

Members of a controlled group are limited to one \$25,000 small business deduction. See section 1561(a).

19. **Other deductions.**—Enter the total amount of all other deductions, not included in computing investment yield and not included in lines 21 through 24, to the extent allowable as deductions in computing taxable income except as modified below:

(a) **Interest.**—No deduction is allowed under section 163 for interest on the items described in section 810(c).

(b) **Bad debts.**—No deduction is allowed for an addition to reserves for bad debts under section 166(c), but a deduction for specific bad debts is permitted to the extent that the other provisions of that section are applicable.

(c) **Contributions.**—Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carry-over is included, show the amount and how it was determined. For limitation and the application of a charitable contribution carryover, see section 1.809-6(c) of the regulations.

In applying section 170, the 5% limitation on total deductions must be computed under section 809(e)(3). See section 1.809-6(c) of the regulations.

Charitable contributions in excess of the 5% limitation may not be deducted for the taxable year but may be carried over to the next 5 taxable years.

Companies on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3d month following the end of the taxable year if the contributions are authorized by the board of directors during the taxable year. A declaration, signed by an officer, stating that the resolution authorizing the contribution was adopted by the board of directors during the taxable year, and a copy of the resolution, must both be attached to the return.

Special rule for contributions of certain property.—If a charitable contribution of property is made, the contribution must be reduced by the sum of

- (1) the ordinary income, short-term capital gain, and
- (2) for certain contributions, 62½% of the long-term capital gain.

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that would have resulted if the property were sold at its fair market value. The reduction for 62½% of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of any property to or for the use of certain private foundations. (Section 170(e).) For special rules regarding a contribution of inventory, and other ordinary income property described in section 1221(1) or (2), to an exempt organization described in section 501(c)(3), for use in the care of the ill, needy, or infants, see section 170(e)(3).

Bargain sale to a charitable organization.—If a charitable contribution deduction is taken for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

(d) **Amortizable bond premiums.**—No deduction is allowed under section 171 since a deduction for such premiums has already been taken into account in Schedule A.

(e) **Net operating loss deduction.**—The deduction under section 172 is not allowed since in lieu thereof an "operations loss deduction" is allowed. See line 22.

(f) **Dividends received.**—No deduction is allowed under sections 243, 244, or 245 in view of the deduction allowed under section 809(d)(8). See line 21.

Attach a schedule showing the nature and amount of items included and group the minor items into one amount. If a deduction is claimed for depreciation, attach Form 4562, Depreciation.

21. **Dividends-received deduction.**—(a) **Dividends received from domestic corporations.**—Enter 85% of the company's share (line 5(a), column 3) of the amount received as dividends (except dividends on certain preferred stock of public utilities) from domestic corporations subject to income tax. Members of certain affiliated groups may elect to deduct 100% of the qualifying dividends received from other members of the same group. Include the company's share of the 100% deduction on line 21(a). See section 243.

(b) **Dividends received on certain preferred stock of public utilities.**—Enter 60.208% of the company's share (line 5(b), column 3) of the amount received as dividends on the preferred stock of a public utility which is subject to income tax and which is allowed a deduction for dividends paid under section 247. See section 244.

(c) **Dividends received from foreign corporations subject to the 85% deduction.**—Enter 85% of the company's share (line 5(c), column 3) of dividends received from foreign corporations subject to the 85% deduction.

Also enter on this line 100% of the company's share of dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b).

See section 245 for qualifications and limitations on the amount of these deductions.

(d) **Section 245(b) limitation.**—In applying this 85% limitation to the total dividends-received deduction, the gain from operations is computed without regard to the deductions for certain non-participating contracts (line 24(c)); accident and health insurance, and group life insurance (line 24(b)); dividends to policyholders (line 24(a)); the operations loss deduction (line 22); and the dividends-received deduction. Since these items have not been deducted, the 85% limitation is applicable to the excess, if any, of line 12 over line 20.

For a member of an electing affiliated group, the 85% limitation is applicable to the excess, if any, of line 12 over line 20. Line 20, however, must first be reduced by the deduction for 100% (as described in 21(a) above) of qualifying dividends received from the same group, since these dividends are not subject to the 85% limitation.

Exception.—The 85% limitation does not apply to any year for which there is a loss from operations.

22. **Operations loss deduction.**—This deduction allowed under section 809(d) (4) and determined under section 812 is, in substance, the same as the net operating loss deduction provided by section 171.

The "operations loss deduction" is the sum of the operations loss carryovers and carrybacks to the taxable year (sec. 812 (a)).

Generally a net operating loss may be carried back to each of the 3 years preceding the year of each loss and carried over to each of the 7 years following the year of such loss; or, an irrevocable election may be made whereby a net operating loss may be carried over to each of the 7 years following the year of such loss. See section 812(b)(3). If the company is a new company for the taxable year, the carryover is for 10 years. For the definition of a new company and for the limitations on the 10 year carryover, see section 812(e) and the related regulations. After applying the net operating loss to the first taxable year to which it may be carried, the portion of the loss that may be carried to each of the remaining taxable years is the excess, if any, of the loss over the sum of the taxable income for each of the prior taxable years to which the loss may be carried.

See section 844 for special loss carryover rules that pertain to an insurance company that has changed its form of organization or has had a change in the nature of its insurance business.

For tax treatment of recoveries of foreign expatriation losses, see section 1351.

The term "offset" (for any taxable year) means an amount equal to the increase in the operations loss deduction for the taxable year that reduces the life insurance company taxable income (computed without regard to section 802(b) (3)) for the year to zero.

The term "loss from operations" means the excess of allowable deductions (computed with the modifications in (a) and (b) below) over the amount on line 12.

(a) **No operations loss deduction is allowed.**

(b) **The deductions allowed by section 243 (dividends received by corporations), section 244 (dividends received on certain preferred stock of public utilities), and section 245 (dividends received from certain foreign corporations) must be computed without regard to section 246 (b), as modified by section 809(d)(8)(B).**

24.—The deduction for certain nonparticipating contracts, accident and health insurance and group life insurance, and dividends to policyholders cannot exceed \$250,000 plus the amount, if any, by which (a) the gain from operations for the taxable year, computed without regard to these deductions, exceeds (b) the taxable investment income for the taxable year. The limitation in the foregoing sentence will apply to the amount of the deduction for: first, dividends to policyholders; then, accident and health insurance and group life insurance; and finally, certain nonparticipating contracts. See Schedule E-2, Part I.

SCHEDULE E-1.—Required Interest (Section 809(a)(2))

The term "required interest" for any taxable year means the sum of the products obtained by multiplying (A) each rate of interest required, or assumed by the taxpayer, in calculating the reserves described in section 810(c), by (B) the means of the amount of such reserves computed at such rate at the beginning and end of the taxable year. See General Instruction N.

SCHEDULE E-2.—Part I.—Limitation on Deduction (Schedule E, line 24) (Section 809(f))

Parts II, III, and IV should be completed before making entries in this schedule. By completing this schedule, the limitation provided in section 809(f) and explained in connection with Schedule E, line 24 automatically applies.

Part II.—Dividends to Policyholders (Section 809(d)(3))

The term "dividends to policyholders" means dividends and similar distributions made to policyholders in their capacity as such. In general, amounts returned which the amount is not fixed in the contract but depends on the experience of the company or the discretion of the management are to be treated as dividends to policyholders. The term does not include interest paid (as defined in section 805(e)), or, for example, so-called excess interest payments made with respect to supplementary contracts not involving life, accident, or health contingencies merely because such interest payments exceed the amounts guaranteed under such contracts.

The deduction is an amount equal to the dividends paid to policyholders during the taxable year plus (or minus) any increase (or decrease) in the reserves for policyholder dividends payable during the following taxable year. For the above, reserves for policyholder dividends at the end of any taxable year includes all amounts set aside before the 16th day of the third month of the year following such taxable year.

If the amount of the decrease for the taxable year in the reserves for policyholder dividends exceeds the amount of dividends paid to policyholders during the year, the amount of the excess shall be taken into account as an income item (Schedule E, line 10(b)).

Part III.—Certain Accident and Health Insurance and Group Life Insurance (Section 809(d)(6))

This deduction is an amount equal to 2% of the premiums for the taxable year attributable to accident and health insurance contracts (other than those to which Schedule E-2, Part IV applies) and group life insurance contracts. The term

"premiums" means the net amount of the premiums and other consideration taken into account in Schedule E. However, the deduction allowed for the taxable year and all preceding taxable years cannot exceed an amount equal to 50% of the premiums for the taxable year attributable to the contracts.

Part IV.—Certain Nonparticipating Contracts (Section 809(d)(5))

This deduction is an amount equal to 10% of the increase for the taxable year in the reserves for nonparticipating contracts (excluding group contracts) or, if greater, an amount equal to 3% of the premiums for the taxable year (excluding that portion of the premiums which is allocable to annuity features) attributable to nonparticipating contracts (other than group contracts) which are issued or renewed for periods of 5 years or more. The term "reserves for nonparticipating contracts" means such part of the life insurance reserves (excluding that portion of the reserves which is allocable to annuity features) as relates to nonparticipating contracts (other than group contracts). The term "premiums" means the net amount of the premiums and other consideration taken into account in Schedule E.

The premiums referred to include only premiums attributable to nonparticipating contracts (other than group contracts) which are issued or renewed for periods of 5 years or more, but do not include that portion of the premiums which is allocable to annuity features. The determination of whether a contract meets the 5-year requirement will be made as of the date it was issued or renewed, whichever is applicable. Thus, a 20-year nonparticipating endowment policy will qualify under section 809(d)(5) even though the individual insured subsequently dies at the end of the second year, since the policy was issued for a period of 5 years or more. However, a 1-year renewable term contract will not qualify, in that, as of the date it was issued (or of any renewal date), it was not for a period of 5 years or more. Also, a policy originally issued for a 3-year period and subsequently renewed for an additional 3-year period will not qualify. However, if this policy was renewed for a period of 5 years or more, the policy would qualify under section 809(d)(5) from the date it was renewed.

SCHEDULE F.—Shareholders' Surplus Account (Section 815(b))

Section 815(b)(1) provides that each stock life insurance company (both domestic and foreign) must establish and maintain a shareholders' surplus account. The balance remaining in this account as of January 1, 1978 must be increased by the net additions thereto as provided in section 815(b)(2) (lines 2-8 of the schedule). In determining the amount to be entered on line 3, the amount, if any, of the net capital gain must be reduced by the taxable income (computed without regard to section 802(b)(3)). For instructions on the limitation of the dividends received deduction on line 4 when the 100% dividends-received deduction under section 243(b) is applicable, see instructions for Schedule E, line 21(d). Subtract from this account any amount that is treated under section 815 as a distribution to shareholders. Any distribution to shareholders must be treated as made first out of this account, to the extent thereof.

SCHEDULE G.—Policyholders' Surplus Account (Section 815(c))

Section 815(c)(1) provides that every stock life insurance company (both domestic and foreign) shall establish and maintain a policyholders' surplus account. The balance remaining in this account as of January 1, 1978 must be increased by the additions as provided in section 815(c)(2) (line 2 of the schedule) and must be decreased by the subtractions as provided in section 815(c)(3) (line 4 of the schedule).

Enter on line 4(a) the actual distributions to shareholders in excess of the amount reported on Schedule F, line 9. The amount to be entered on line 4(b) is the tax attributable to the amount (which is treated as a subtraction from this account) which after deducting the tax is the amount reflected on line 4(a). This amount can be determined by applying to the amount on line 4(a), a ratio the numerator of which is 100% and the denominator of which is 100% minus the taxpayer's tax rate (the sum of the normal tax rate plus, if applicable, the surtax rate). The subtractions to be entered on line 4(c) must be treated as made only after the subtractions have been made on lines 4(a) and (b).

Section 815(d)(5) provides that if any amount added to the policyholders' surplus account increases or creates a loss from operations and part or all of the loss cannot be used in any other year to reduce the company's taxable income, then the loss will reduce (as of the time the addition to the policyholders' surplus account was made) the policyholders' surplus account. The reduction from the account must be made after any addition and before any amounts are subtracted from the account. If the policyholders' surplus account has been adjusted under section 815(d)(5) and the balance at the end of the preceding year is different from the balance as of the beginning of the current year, attach a schedule showing adjustments to reconcile the preceding balance and current balance.

SCHEDULE J.—Compensation of Officers

Complete Schedule J, columns 1 through 6 for all officers. Complete Schedule J, column 7 for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements, and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 7 does not have to be completed for any officer for whom the combined amount is less than \$30,000.

The information is to be submitted by each member of an affiliated group included in a consolidated return.

SCHEDULE K.—Assets (Section 805(b)(4)) and Total Insurance Liabilities (Section 819(a))

General Instructions

Schedule K provides information needed to determine a figure to be used in the computation of the U.S. income tax liability of foreign corporations carrying on life insurance business within the

United States (see section 819(a)). All insurance companies required to file Form 1120L should submit this schedule, even though the determined figure has no effect on the tax liability of domestic companies and may not affect the tax liability of certain foreign companies.

Companies with general accounts only should complete column 4 of the schedule. Companies with separate asset accounts should include separate information for their general accounts (column 4) and for the total of all their separate accounts (column 5). This will also satisfy the requirement contained in instruction P on the Form 1120L, General Instructions, that a schedule be attached.

Specific Instructions

The term "total insurance liabilities" means the sum of the total reserves (as defined in section 801(c)) plus the items referred to in paragraphs (3), (4), (5), and (6) of section 810(c), to the extent not included in total reserves, as of the end of the taxable year.

A. Enter section 805(b)(4) assets from Schedule B, Part II, line 10, column 2 of Form 1120L.

B. Enter each item of total insurance liabilities on the appropriate line. Enter on line 14 any other liabilities included in the definition of "total insurance liabilities," but not described on this schedule.

C. Companies with separate asset accounts, enter in question H total insurance liabilities for the general account (column 4) only.

D. Foreign insurance companies should report total insurance liabilities and section 805(b)(4) assets relating to their U.S. business only.

Tax Computation Instructions

General.—Section 802(a)(1) provides a normal tax and surtax on the life insurance company taxable income computed at the rates provided in section 11.

1. Surtax exemption.—In general, corporations are entitled to a surtax exemption of \$50,000. However, members of a controlled group are entitled to an \$50,000 surtax exemption which is to be divided equally unless the group consents to split up the exemption in accordance with an apportionment plan. For purposes of lines 5 and 7, members of a controlled group will enter one-half of their surtax exemption allocation on line 5 and the remaining one-half on line 7.

When an apportionment plan is adopted or later amended, each member of the controlled group must attach to its tax return a copy of its consent to this plan. The copy should show or have attached the amount of the surtax exemption apportioned to each member, as well as other data. See section 1361 and regulation section 1.1561-3(b) for the time and manner of making the consent.

2. Credit for wages paid or incurred in Work Incentive (WIN) program.—Employers may claim a credit of 20% of the salaries and wages paid or incurred for employees hired under a WIN program. The credit is allowed for the salaries and wages paid or incurred for the first 12 months of employment.

For special rules and limitations, see Form 4874 and sections 50A and 50B.

3. Tax from recomputing a prior year WIN credit.—If a WIN program employee is dismissed before completing a certain period of employment, the WIN credit previously taken on such employee may be subject to recapture. If so, you must repay (with certain exceptions) any tax credit previously taken on the salaries and wages paid or incurred for that employee. (See Form 4874.)

The tax from recomputing a prior year work incentive credit may not be offset against the current year's work incentive credit.

4. Investment credit.—In most cases, the investment credit rate is 10% for property acquired and placed in service during the taxable year. Corporations may elect an 11% credit for such property if the corporation contributes 1% of the qualified investment to an employee stock ownership plan (ESOP). A corporation may elect up to an 11.5% credit for qualifying 10% property if (1) the corporation increases its ESOP contribution from 1% up to 1.5% of the qualified investment in qualifying 10% property and (2) corporate employees make an ESOP contribution of up to .5% in similar type property. Complete Form 5500 for each employee stock ownership plan and file it on or before the last day of the 7th month following the close of the plan year.

The limit on the amount of used property eligible for the investment credit is \$100,000.

The investment credit also applies to progress payments made during the construction of property that requires at least two years to construct and has an expected useful life of at least seven years. See Form 3468 for special rules and limitations.

The Energy Tax Act of 1978 provides for additional investment credits for certain energy properties (see Form 3468, Schedule B).

5. Tax from recomputing a prior year investment credit.—If property is disposed of prior to the life-years category used in computing the investment credit, the credit must be recomputed using as the useful life the period the property was actually held. (For recomputation of the investment credit for qualified progress expenditures, see section 47(a)(3).) If the credit taken, including carrybacks and carryovers, exceeds the recomputed credit, the tax in the year of disposition must be increased by the excess. Form 4255 may be used to compute the tax.

The tax from recomputing a prior year investment credit may not be offset against the current year's investment credit.

6. New Jobs Credit.—In general, for a taxable year beginning in 1978, the credit shall be an amount equal to 50 percent of the excess of the aggregate unemployment insurance wages (limited to \$4,200 for each employee) paid during 1978 over 102% of the aggregate unemployment insurance wages paid during 1977. An additional 10% credit may be claimed for certain vocational rehabilitation referrals during the calendar year 1978. See Form 5884 for definitions, special rules, and limitations. Also see Publication 902, Tax Information on Jobs Tax Credit.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the appli-

cable new jobs credit on line 13 of Form 5884. See instruction G of the Instructions for Form 5884 for additional information.

Attach a schedule to Form 5884 or use the blank table of Form 5884 to show how and where the reduction of the salary and wage deduction(s) was made. Show in this schedule the amount of the otherwise allowable deduction(s) before the reduction and the net amount actually deducted. Identify the line number, schedule, and page number of Form 1120L for which a reduction is made. If the reduction of salaries and wages is less than the new jobs credit on line 13 of Form 5884, explain the difference.

7. Foreign corporations.—A foreign corporation carrying on an insurance business within the U.S. is taxable in the same manner as a domestic insurance company with respect to its income effectively connected with the conduct of a trade or business within the U.S. See section 842. Income from sources without the U.S. which is attributable to U.S. business is treated as effectively connected with the conduct of a trade or business within the U.S. For further definition of effectively connected income, see section 864(c).

Any other U.S. source income received by a foreign corporation not effectively connected with the conduct of a trade or business within the U.S. is taxed at a 30% (or lower treaty) rate. See section 881. If you have any such income, attach a schedule showing the nature of income, amount of income, rate of tax (30% or lower treaty rate), and amount of tax.

Where the surplus of a foreign life insurance company held in the U.S. is less than a specified minimum, an adjustment is required under section 819. When this minimum surplus adjustment is applicable, a reduction of tax imposed by section 881 is provided in section 819(a)(3). Attach a statement showing the computation of reduction of section 881 tax and enter the net amount of the tax imposed by section 881 on line 17, page 1.

8. Minimum tax items.—In general, the corporate minimum tax rate is 15 percent and the minimum tax exemption is the greater of \$10,000 or the regular income taxes for the year.

The tax preference items are accelerated depreciation on real property; amortization of certified pollution control facilities; railroad rolling stock, on-the-job training facilities and child care facilities; reserve for losses on bad debts of financial institutions; depletion; and capital gains.

Attach Form 4626 if tax preference items exceed \$10,000 even if there is no minimum tax. OR if there is any minimum tax (after the deferred from a prior taxable year to this year).

9. Foreign tax credit.—See Form 1118 for rules on how to compute the foreign tax credit.

10. Possession tax credit.—See Form 5712 for rules on how to elect to claim the possession tax credit (section 936). Compute the credit on Form 5735 and include the amount of the credit in the total for line 15, page 1, Form 1120L. Write in the margin next to the entry on line 15, the amount of the credit and identify it as being a section 936 credit.

Instructions

(References are to the Internal Revenue Code.)

Every sale or exchange of property must be reported in detail even though no gain or loss results.

In general, all or part of the gain on a disposition of property may be required to be reported as ordinary income under the provisions of sections 1245, 1250 (see Parts V and VI), 1251, 1252, and 1254. The remainder of the gain may or may not be subject to capital gain treatment depending on the circumstances.

Rules for Dispositions of Farm Property, Oil and Gas Property, Certain Involuntary Conversions, Options to Buy or Sell, and Gain from Sale of Depreciable Property Between Certain Related Taxpayers.

(1) **Farm property.**—Refer to sections 1251 and 1252 for the treatment of gains on disposition of certain farm property.

(2) **Oil and gas property.**—Refer to section 1254 for treatment of gains on disposition of oil and gas property.

(3) **Involuntary conversions.**—

(a) If gains from involuntary conversions arising from casualty or theft of property used in a trade or business or of any capital asset held more than one year equal or exceed the losses, the gains and losses are to be entered in Part VII and treated as section 1231 gains and losses along with gains and losses on dispositions of other section 1231 property. If the losses from such involuntary conversions exceed the gains, the gains and losses are to be entered in Part IV and treated as ordinary gains and losses. This applies to both insured and uninsured property.

(b) Gains from such involuntary conversions of property which is also section 1245 or 1250 property must first be reported in Part VI to determine how much gain is ordinary income. Any remaining gain (line 33, Part V, or line 36, Part VI) is included in the separate computation described in the above paragraph.

(4) **Options to buy or sell.**—For rules pertaining to the treatment of gain or loss in the case of a purchaser or that of a grantor of an option in the case of stock, securities, or commodities, see section 1234.

(5) **Gain from sale of depreciable property.**—Between certain related taxpayers may be subject to ordinary income. See section 1239.

PART I

Capital assets.—Each item of property held by a corporation (whether or not connected with its trade or business) is a capital asset except as provided in section 1221. However, see section 817(a)(2) which provides that the gains or losses from the sale or exchange of depreciable assets attributable to any trade or business (other than an insurance business) carried on by the life insurance company, such as renting various pieces of real estate or operating a radio station, a housing development, or a farm, will be treated as gains or losses from the sale or exchange of capital assets.

Exchange of "Like Kind" Property.—Although no gain or loss is recognized when property held for productive use in a trade or business or for investment (not including stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest) is exchanged solely for property of a "like kind" to be held either for productive use in a trade or business or for investment, you must report the transaction in the appropriate part and identify

the property disposed of in column (a). Enter the date of acquisition in column (b) and write the date of exchange in column (c). Write "like kind exchange" in column (d) and enter the adjusted basis in column (f). Enter zero in column (g). (See section 1031.)

Investment assets.—Gains or losses from the sale or exchange of investment assets are treated as gains or losses from the sale or exchange of capital assets. (See above.) All sales of investment assets subject to sections 1245 and 1250 should be reported in Parts V and VI respectively, regardless of the length of time held. If held one year or less, the other gain reported in column k, Part V and column r, Part VI, should be entered on line 1, Part I and identified as gain from Part V or Part VI. If held more than one year, the other gain reported in column k, Part V and column r, Part VI, should be entered on line 4, Part I, and identified as gain from Part V or Part VI. Any amount included in column j, Part V and column q, Part VI as ordinary income from the sale of investment assets should be included in line 7, Schedule A.

Column g.—Except where section 817 is applicable, the gain or loss is the result of column d plus column e, less column f. Where section 817 is applicable, complete columns a through f and attach a schedule showing the method of computing the gain reported in column g. See instructions for "Basis."

Columns h-k.—These columns are to be used only in the event of gains on disposition of property. If the F.M.V. of such property held on December 31, 1958 exceeded the adjusted basis for determining gain as of such date.

Line 4.—(A) Cols. a-g: Enter the total of applicable items from Part VII and other long-term capital gains and losses (excluding the gains from those assets whose F.M.V. on 12/31/58 exceeded the adjusted basis on that date).

(B) Cols. a-k: Enter only the long-term capital gains of those assets whose F.M.V. on 12/31/58 exceeded the adjusted basis on that date.

Capital losses.—Capital losses are allowed only to the extent of capital gains. A net capital loss may be carried back 3 years and forward 5 as a short-term capital loss. However, the amount allowable as a capital loss carryback is subject to the limitations of section 1212(b)(1).

Under the provisions of section 6411, a quick refund of the tax overpayment created by the capital loss carryback may be obtained by filing Form 1139. If a net capital loss carryback creates an unused investment credit or an unused credit may be carried back to the 3 preceding years, and, under the provisions of section 6411, a quick refund of the tax overpayment may likewise be obtained by filing Form 1139.

Worthless securities.—Except for banks, if securities which are capital assets become wholly worthless during the taxable year, the loss is to be treated as a capital loss as of the last day of the taxable year.

Losses not allowable.—No loss is allowed for wash sales of stock or securities. (See section 1091.) No loss is allowed (distributions in liquidation excepted) on transactions between related persons. (See section 267.)

Long-term capital gains from regulated investment companies.—Include in income as a long-term capital gain the amount the corporation is entitled to receive as its share of the undistributed capital gains of a regulated investment company.

Short sales of capital assets.—See section 1233 for rules relating to certain short sales of stock or other securities and transactions in commodity futures.

Basis.—The "basis" for certain property is not subject to the same rule for reporting gains as for losses.

(a) Gain on property held on December 31, 1958.—Section 817(b)(1), in effect, limits the amount of gain that is to be recognized on the sale or other disposition of certain property held by the company on December 31, 1958. This is accomplished by treating the gain on the sale or other disposition of such property as an amount (but not less than zero) equal to the amount by which the gain (determined without regard to section 817(b)(1)) exceeds the difference between the fair market value on December 31, 1958, and the adjusted basis (as provided in section 1016(a)) for determining gain as of such date. This limitation on the amount of gain recognized applies only if (1) the property was held by a life insurance company on December 31, 1958; (2) the fair market value of the property on December 31, 1958, is greater than the adjusted basis for determining gain as of that date; and (3) the taxpayer has been a life insurance company at all times on and after December 31, 1958, until the date of sale or other disposition of the property.

(b) Certain substituted property acquired after December 31, 1958.—See section 817(b)(2)(A) through (E) for certain rules for such property.

Section 817(b)(3) provides that the term "property" (for purposes of (a) and (b), above) does not include insurance and annuity contracts (and contracts supplementary thereto) and property described in section 1221(1) (relating to stock in trade or inventory-type property).

(c) Property held on December 31, 1958, and certain substituted property acquired after December 31, 1958.—In determining loss for such property (described in (a) and (b), above) the basis is cost adjusted as provided by section 1016.

(d) Other property acquired after December 31, 1958.—Where property, other than property described in (b) above, was purchased after December 31, 1958, the basis is cost, adjusted as provided in section 1016. Where property was acquired by bequest, gift, involuntary conversion, or wash sale of stock, see sections 1014, 1015, 1033, and 1091, respectively.

(e) If a charitable contribution deduction is allowed by reason of the sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

PART III

Alternative tax.—If the net long-term capital gain exceeds the net short-term capital loss, then, in place of the normal tax and surtax imposed upon taxable income, there is imposed an alternative tax (if the tax is less than the normal tax and surtax).

The alternative tax is the sum of (1) a partial tax computed at the normal tax and surtax rates on the taxable income determined by reducing the taxable investment income, and the gain from operations, by the amount of the excess of the net long-term capital gain over the net short-term capital loss, and (2) 30% of such excess.

PART IV

Ordinary gains and losses.—For investment assets, see instructions for Part I. Include gains and losses from disposition or involuntary conversion of land and depreciable property held one year or less and gains and losses from compulsory or involuntary conversion of capital assets held one year or less.

If after grouping all section 1231 transactions the losses exceed the gains, report the net loss in Part IV as an ordinary loss.

If losses from involuntary conversions arising from casualty or theft of property used in a trade or business (as defined in section 1231) or of any capital asset held more than one year exceed the gains, enter the gains and losses in Part IV as ordinary gains and losses.

PART V

Gain from disposition of depreciable property and certain real property held more than one year. (Section 1245).—(Report any gain from property held not more than one year in Part IV. For investment assets, see instructions for Part I.)

In general, when section 1245 property (as defined below) is disposed of, gain will be treated as ordinary income to the extent of depreciation allowed (or allowable) after 1961. Except for certain involuntary conversions referred to in section 1231, the balance of the gain, if any, is to be combined in Part VII with gains and losses from section 1231 property.

Section 1245 property is property which is depreciable (or subject to amortization under section 169 or section 185) and is either—

- Personal property,
- Elevators and escalators,
- Real property (other than property described in (d)) subject to amortization under section 169, 185, 188, 190, or 191, or
- Tangible real property (except buildings and their structural components) if used as an integral part of certain business activities or as a facility for research or as a facility for the bulk storage of fungible commodities (including commodities in a liquid or gaseous state) in connection with such activities. These business activities are manufacturing, production, extraction, or furnishing transportation, communications or certain other public utility services.

See section 1245(b) for exceptions and limitations involving: (a) disposition by gift, (b) certain tax-free transactions, (c) like kind exchanges, involuntary conversions, (d) sales or exchanges to effectuate FCC policies and exchanges to comply with SEC orders, and (e) transfers to tax-exempt organizations where property will be used in an unrelated business.

Column l.—Enter depreciation allowed (or allowable) after December 31, 1961. However, use June 30, 1963 for elevators and escalators and December 31, 1969 for livestock.

PART VI

Gain from disposition of depreciable real property held more than one year. (Section 1250).—(Report any gain from such property held not more than one year in Part IV. For investment assets, see instructions in Part I.)

In general, when section 1250 property (as defined below) is disposed of, all or a portion of the "additional depreciation" will be treated as ordinary income. Except for certain involuntary conversions referred to in section 1231, the balance of gain, if any, is to be combined in Part VII with gains and losses from section 1231 property.

Section 1250 property is depreciable real property other than section 1245 property.

See section 1250(d) for exceptions and limitations involving: (a) disposition by gift, (b) certain tax-free transactions, (c) like kind exchanges, involuntary conversions, (d) sales or exchanges to effectuate FCC policies and exchanges to comply with SEC orders, (e) disposition of qualified low-income housing, (f) transfers to tax-exempt organizations where property will be used in an unrelated business, and (g) property disposed of pursuant to foreclosure proceedings.

Columns l, m, and n.—Additional depreciation.—In the case of section 1250 property held 1 year or less, additional depreciation is the total amount of depreciation claimed. In such case, omit columns l thru p and enter in column q the lesser of the amount of gain (column h) or the total amount of depreciation claimed (column l).

For property held more than 1 year, additional depreciation is the excess of actual depreciation after December 31, 1963, over depreciation computed for the same period

using the straight line method. Enter in column i the additional depreciation for the period after December 31, 1975, in column l the additional depreciation for the period after December 31, 1969, and before January 1, 1976, and in column m the additional depreciation for the period after December 31, 1963, and before January 1, 1970.

For additional depreciation attributable to rehabilitation expenditures, see section 1250 (b)(4).

Column j, applicable percentage.—Enter 100% of column l in column j, except as follows:

(a) For section 1250 property on which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act, or housing financed or assisted by direct loan or tax abatement under similar provisions of State or local laws with respect to which the owner is subject to the restrictions in section 1039(b)(1)(B), the applicable percentage is 100% minus 1% for each full month the property was held over 100 full months;

(b) For dwelling units which, on the average, were held for occupancy by families or individuals eligible to receive subsidies under section 8 of the U.S. Housing Act of 1937, as amended, or under the provisions of State or local law authorizing similar levels of subsidy for lower income families, the applicable percentage is 100% minus 1% for each full month the property was held over 100 full months;

(c) For section 1250 property on which a loan is made or insured under title V of the Housing Act of 1949, the applicable percentage is 100% minus 1% for each full month the property was held over 100 full months; and

(d) For section 1250 property for which a depreciation deduction for rehabilitation expenditures was allowed under section 167(k), the applicable percentage is 100% minus 1% for each full month the property was held over 100 full months after the date the property was placed in service.

In the case of a building (or a portion of a building devoted to dwelling units), if on the average, 85% or more of the dwelling units contained in such building (or portion thereof) are units described in paragraph (b), such building (or portion thereof) shall be treated as property described in paragraph (b).

Items (a), (b), and (c) shall not apply with respect to the additional depreciation described in section 1250(b)(4).

Column m, applicable percentage.—Enter 100% of column l in column m, except as follows:

(a) For section 1250 property disposed of under a written contract that was, on July 24, 1969, and thereafter, binding on the property owner, the applicable percentage is 100% minus 1% for each full month the property was held over 20 full months;

(b) For section 1250 property on which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act, or housing financed or assisted by direct loan or tax abatement under similar State or local laws, and on which the owner is subject to the restrictions described in section 1039(b)(1)(B), the applicable percentage is 100% minus 1% for each full month the property was held over 20 full months;

(c) For residential rental property (as defined in section 167(j)(2)(B)) other than that covered by (a) and (b) above, the applicable percentage is 100% minus 1% for each full month the property was held over 100 full months;

(d) For section 1250 property for which a depreciation deduction for rehabilitation expenditures was allowed under section 167(k),

the applicable percentage is 100% minus 1% for each full month the property was held over the date the property was placed in service.

Items (a), (b), and (c) shall not apply with respect to the additional depreciation described in section 1250(b)(4).

Column p, applicable percentage.—The applicable percentage is 100% minus 1 percentage point for each full month the property was held after the date it was held over 20 full months.

PART VII

Sale or exchange of property used in trade or business and involuntary conversion. (Section 1231).—Section 1231 provides special treatment for the recognized gains and losses on the sale or exchange of "property used in the trade or business" and upon the compulsory or involuntary conversion of (1) such property and (2) capital assets held more than one year.

Note: Refer to page 3 for rules for involuntary conversions resulting from casualty or theft.

After determining in Parts V and VI how much of the total gain from disposition of depreciable property is ordinary gain, combine the total other gain with other gains and losses from section 1231 property to determine if there is a net gain or net loss. The total shown on line 38 determines whether the items reflected therein represent a long-term capital gain or an ordinary loss. This total must be entered on line 4 or line 27, whichever is applicable.

In determining whether gains exceed losses, include the gains and losses to the extent they would be included if they were all ordinary gains and losses. The limitation of section 1211 on the deductibility of capital losses does not apply.

Section 817(a) provides that in applying section 1231(a), the term "property used in the trade or business" shall be treated as including only (1) property used in carrying on an insurance business, which is subject to depreciation provided in section 167 and held for more than one year (including real property but excluding (a) inventorial property or property held primarily for sale to customers, and (b) certain copyrights; literary, musical or artistic compositions; letters or memorandums; or similar property); and (2) timber, coal, and domestic iron ore to which section 631 applies.

The total shown on line 38, page 2, determines whether the items reflected therein represent a long-term capital gain or an ordinary loss. In either case, after the initial determination, the items must be segregated into (1) assets held on December 31, 1958, where the F.M.V. exceeded the adjusted basis on that date, and (2) other. Enter the totals into the appropriate schedules of Part I or Part IV.

Line 37.—Enter each section 1231 item not carried over from line 31.

Line 38.—Enter the net gain or loss of the section 1231 items described in Part VII.

Minimum tax on tax preference items.—If the net long-term capital gain exceeds the net short-term capital loss, you may be liable for minimum tax. See Form 4626.

Members of a controlled group under section 1561.—For members of a controlled group, the \$50,000 surtax exemption is to be divided equally unless the group consents to split up the exemption in accordance with an apportionment plan. For purposes of lines 18 and 20, all members of a controlled group will enter one-half of their surtax exemption allocation on line 18 and the remaining one-half on line 20.

When an apportionment plan is adopted or later amended, each member of the controlled group must attach to its tax return a copy of its consent to this plan. The copy should show or have attached the amount of the surtax exemption apportioned to that member, as well as other data. See section 1561 and regulation section 1.1561-3(b) for the time and manner of making the consent.

Form **1120M****U.S. Mutual Insurance Company
Income Tax Return**

(For Mutual Companies Other Than Life and Certain Marine Insurance Companies and Other Than Fire or Flood Insurance Companies That Operate on a Basis of Perpetual Policies or Premium Deposits)

FOR CALENDAR
YEAR**1978**

Name	A Employer identification number
Number and street	B Date incorporated
City or town, State, and ZIP code	C Place incorporated

D Did you previously submit a copy of the National Association of Insurance Commissioners' annual statement for the preceding year as required by General Instruction I? Yes No

E Does a copy of the 1978 National Association of Insurance Commissioners' annual statement accompany this return? Yes No

F Did you at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) Yes No

If "Yes," attach a schedule showing: (a) name, address, and identifying number; and (b) percentage owned.

TAXABLE INCOME	1 Taxable investment income or (loss) (Schedule A)	1
	2 Statutory underwriting income or (loss) (Schedule B)	2
	3 Amounts subtracted from the Protection Against Loss Account (Schedule C, line 9(d))	3
	4 Total (add lines 1 through 3)	4
	5 Less: Unused loss deduction (attach schedule)	5
	6 Mutual insurance company taxable income	6

TAX COMPUTATION	7 Enter the lesser of (a) or (b): (a) 20% of the first \$25,000 of taxable income on line 6, PLUS 22% of amount by which line 6 exceeds \$25,000; or (b) 44% of amount by which line 6 exceeds \$50,000—members of a controlled group, see instructions) and amount \$	7
	8 Surplus: 26% of [(amount by which line 6 exceeds \$50,000—members of a controlled group, see instructions) and amount \$] to be included by reciprocal—see instructions]	8
	9 Total (line 7 plus line 8)	9
	10 Alternative tax for certain small companies (Schedule A-2, line 6)	10

TAX	11 Income tax—line 9 or 10 above, or line 21 of separate Schedule D (Form 1120), whichever applies	11
	12 (a) Foreign tax credit (attach Form 1118)	12a
	(b) Investment credit (attach Form 3468)	12b
	(c) Work incentive (WIN) credit (attach Form 4874)	12c
	(d) New jobs credit (attach Form 5884)	12d
	13 Total of lines 12(a), (b), (c), and (d)	13
	14 Line 11 less line 13	14
	15 Foreign Corporations—tax on income not connected with U.S. business (see instructions)	15
	16 Tax from recomputing a prior year investment credit (attach Form 4255)	16
	17 Tax from recomputing a prior year WIN credit (see instructions—attach computation)	17
	18 Minimum tax on tax preference items (see instructions—attach Form 4626)	18
	19 Total tax (add lines 14 through 18)	19

20 Credits: (a) Overpayment from 1977 allowed as a credit	
(b) 1978 estimated tax payments	
(c) Less refund of 1978 estimated tax applied for on Form 4466	
(d) Tax deposited with Form 7004	
(e) Tax deposited with Form 7005 (attach copy)	
(f) Credit from regulated investment companies (attach Form 2439)	
(g) Credit by reciprocal for tax paid by attorney-in-fact under section 826(e)	
(h) Other tax credits (see instructions)	
21 TAX DUE (line 19 less line 20). See instruction G for depositary method of payment	21
22 OVERPAYMENT (line 20 less line 19)	22
23 Enter amount of line 22 you want: Credited to 1979 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	23

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Signature of officer	Date	Title
Paid Preparer's Information	Preparer's signature	Preparer's social security no.
Firm's name (or yours, if self-employed), address and ZIP code	E.I. No.	Check if self-employed <input type="checkbox"/>
	Date	

Form 1120M (1978)

Page 2

Schedule A Taxable Investment Income or (Loss)—Section 822		1. Interest received	2. Amortization of premium	3. Total (Column 1 less column 2)
GROSS INVESTMENT INCOME	1 Interest on:			
	(a) Wholly exempt obligations (attach schedule)			
	(b) U.S. obligations			
	(c) Loans, notes, mortgages, bank deposits, bonds, debentures, etc.			
	(d) Totals			
	2 Dividends (Schedule E, Part I)			
	3 Gross rents (attach schedule)			
	4 Gross royalties (attach schedule)			
	5 Gross income from trade or business other than insurance business and from Form 4797. (Include sections 1245 and 1250 etc. gains with respect to investment assets only.)			
	6 Leases, etc.			
7 Total (add lines 1 through 6)				
8 Gain from separate Schedule D (Form 1120)				
9 Gross investment income (add lines 7 and 8)				
DEDUCTIONS	10 Interest wholly exempt from tax (line 1(a), column 3)			
	11 Investment expenses (attach schedule)			
	12 Taxes			
	13 Real estate expenses			
	14 Depreciation (attach Form 4562—see instructions)			
	15 Depletion (attach schedule)			
	16 Trade or business deductions as provided in section 822(c)(8) (attach schedule)			
	17 Interest paid or accrued			
	18 Other capital losses (Schedule A-3)			
	19 Total deductions (add lines 10 through 18)			
20 Line 9 less line 19				
21 Less: Dividends-received deduction (Schedule E, Part II, line 6—see instructions for 85% limitation)				
22 Taxable investment income or (loss)				

Schedule A-1 Invested Assets Book Values
(Schedule need not be filled in if no deduction is claimed for any general expenses that are allocated to investment income.)

	1. Beginning of taxable year	2. End of taxable year
1 Real estate		
2 Mortgage loans		
3 Collateral loans		
4 Policy loans, including premium notes		
5 Bonds of domestic corporations		
6 Stock of domestic corporations		
7 Government obligations, etc. (attach schedule)		
8 Bank deposits bearing interest		
9 Other interest-bearing assets (attach schedule)		
10 Totals of lines 1 through 9		
11 Total of columns 1 and 2, line 10		
12 Mean of the invested assets for the taxable year (one-half of line 11)		
13 One-fourth of 1% of line 12		
14 Income base (Schedule A, line 9, less the sum of lines 12 through 18, Schedule A)		
15 3 3/4% of line 12		
16 Line 14 less line 15 (but not less than zero)		
17 One-fourth of line 16		
18 Limit on deduction for investment expenses (line 13 plus line 17)		

Schedule A-2 Alternative Tax for Certain Small Companies—Section 821(c)

1 Taxable investment income (Schedule A, line 22)	5 (a) Amount from Schedule A, line 7
2 Normal tax—the lesser of (a) or (b):	(b) Premiums (see instructions)
(a) 20% of the first \$25,000 on line 1, PLUS 22% of amount by which line 1 exceeds \$25,000; or	(c) Total of (a) plus (b) (if \$150,000 or less, enter zero. If \$250,000 or more, enter \$250,000)
(b) 44% of amount by which line 1 exceeds \$30,000	(d)
3 Surplus: 26% of (line 1 minus the lesser of \$50,000 or amount apportioned under section 1561)	(e) Excess of line (c) over (d)
4 Total (add lesser of lines 2(a) or (b) to line 3)	6 Amount on line 4 multiplied by line 5(e) divided by \$100,000

1	Dividends and similar distributions paid to policyholders	
2	Losses paid	
3	Expenses paid	
4	Total of lines 1 through 3	
5	Interest received (Schedule A, line 1, col. 3, adjusted to cash method if on accrual method)	
6	Dividends received (Part I, Schedule E, adjusted to cash method if on accrual method)	
7	Lines 3 through 6 of Schedule A (adjusted to cash method if on accrual method)	
8	Net premiums received (adjusted to cash method if on accrual method)	
9	Excess (if any) of line 4 over the sum of lines 5 through 8	

[illegible][illegible]

GROSS INCOME	1 Investment income—Section 832(b)(2): (a) Interest		
	(b) Dividends (Schedule E, Part I)		
	(c) Rents (attach schedule)		
	2 Premiums earned—Section 832(b)(4)		
	(a) Gain from sale or other disposition of capital assets—Section 832(b)(1)(B) (separate Schedule D (Form 1120))		
	(b) Ordinary gain from Form 4797 (attach Form 4797) (Include all sections 1245 and 1250 etc. gains.)		
3 Other income—Section 832(b)(1)(C) (attach schedule)			
4 Decrease in subscriber accounts—Section 823(b)(2)(B)			
5 Gross income (add lines 1 through 5)			

7 Salaries and wages—Section 832(c)(1)

8 Rents—Section 832(c)(1)

9 Interest—Section 832(c)(2)

10 Taxes—Section 832(c)(3)

11 Losses incurred on insurance contracts—Section 832(c)(4)

12 Capital losses—Section 832(c)(5) (separate Schedule D (Form 1120))

13 Other capital losses—Section 832(c)(5) (Schedule A-3)

14 Worthless agency balances and bills receivable—Section 832(c)(6)

15 Interest (excluded under section 103)—Section 832(c)(7)

16 Depreciation—Section 832(c)(8) (attach Form 4562)

17 Depletion—Section 832(c)(8) (attach schedule)

18 Contributions—Section 832(c)(9) (not over 5% of line 24 adjusted per instructions—attach schedule)

19 Dividends paid or declared to policyholders—Section 832(c)(11)

20 Increase in subscriber accounts—Section 823(b)(2)(A)

21 (a) Pension, profit-sharing, etc. plans—Section 832(c)(10) (see instructions) (enter number of plans ▶)

 (b) Employee benefit programs—Section 832(c)(10) (see instructions)

22 Other deductions—Section 832(c)(10) (attach schedule)

23 Total deductions on lines 7 through 22

Line 6 less line 23

25 Dividends-received deduction—Section 832(c)(12) (Schedule E, Part II, line 6—see instructions for 85% limitation)

26 Total deductions (line 23 plus line 25)

- | | | |
|---|---|--|
| 1 | Amount from Schedule A, line 7 | |
| 2 | Premiums (see instructions) | |
| 3 | Total (add lines 1 and 2) | |
| 4 | If line 3 is not more than \$500,000, enter \$6,000. If line 3 is less than \$1,100,000, but in excess of \$500,000, enter 1% of the difference between \$1,100,000 and the amount on line 3. | |

1	Losses incurred on insurance contracts (Schedule B-1, line 11)		
2	15% of line 1		
3	25% of underwriting gain on Schedule B, line 7		
4	Concentrated risks: (a) Amount of Schedule B-1, line 2		
	(b) Sum of line 4(a) attributable to insuring against losses arising, either in any one State or within 200 miles of any fixed point selected by the taxpayer, from windstorm, hail, flood, earthquake, or similar hazards		
(c)	Divide (b) by (a)		%
(d)	Less		40%
(e)	Premium percentage which exceeds 40%		%
(f)	Schedule B, line 7, multiplied by (e)		
5	Total (add lines 2 through 4)		

Schedule C	Protection Against Loss Account	(a) 1% of losses incurred	(b) 25% of underwriting gain	(c) Concentrated risks	(d) Total (sum of cols. (a), (b), and (c))
1	Balance at beginning of year				
2	Additions (Schedule B-3)				
3	Totals (add lines 1 and 2)				
SUBTRACTIONS:					
4	Section 824(d)(1)(A)				
5	Section 824(d)(1)(B)				
6	Section 824(d)(1)(C)				
7	Section 824(d)(1)(D)				
8	Section 824(d)(1)(E)				
9	Totals (add lines 4 through 8)				
10	Balances at end of year (line 3 less line 9)				

PART I—Income		PART II—Deductions	
1 Certain domestic corporations		1 85% of Part I, line 1	
2 Certain public utility corporations		2 60.208% of Part I, line 2	
3 Certain foreign corporations		3 85% (see instr. for 100%) of Part I, line 3	
4 Certain affiliated groups		4 Total (see instructions for 85% limitation)	
5 Other corporations (attach schedule)		5 100% of Part I, line 4	
6 Total (add lines 1 through 5)		6 Total (line 4 plus line 5)	

	Yes	No
G Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 3646 for each such corporation.		
H (1) Did you claim a deduction for expenses connected with: (a) Entertainment facility (boat, resort, ranch, etc.)? (b) Living accommodations (except for employees on business)? (c) Employees' families at conventions or meetings? If "Yes," were any of these conventions or meetings outside the United States or its possessions? (d) Employee or family vacations not reported on Form W-2?		
(2) Enter total amount claimed on Form 1120-M for entertainment, entertainment facilities, travel, and convention of the type for which substantiation is required under section 274(d) of the Internal Revenue Code. (See instruction O.) ▶		
I Are you going to prorate your surtax exemption under section 1561 because of an election under section 243(b)?		
J Did you file all required Forms 1087, 1096, and 1099?		
K Did you, at any time during the taxable year, have an interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (see instruction M)?		
L Were you the grantor of, or transferor to, a foreign trust for any taxable year, which foreign trust was in being during the current taxable year, whether or not you have any beneficial interest in such trust? If "Yes," you may be required to file Form 3520, 3520-A, or 926.		

1978 Department of the Treasury Internal Revenue Service Instructions for Form 1120M

U.S. Mutual Insurance Company Income Tax Return

(References are to the Internal Revenue Code.)

General Instructions

A. Who must file Form 1120M.—Every domestic mutual insurance company (except a life insurance company subject to tax under section 802 and other than a fire, flood, or marine insurance company subject to tax under section 831) and every foreign corporation carrying on an insurance business within the U.S. (if with respect to its U.S. business it would qualify as a mutual insurance company subject to tax under section 821) must file Form 1120M.

Exceptions.—(a) Certain mutual insurance companies exempt under section 501(c)(15). (See Form 990.)

(b) A mutual insurance company subject to tax under section 821, which disposes of its insurance business and reserves or otherwise ceases to be entitled to be taxed under section 821, but continues its corporate existence for the purpose of winding up and liquidating its affairs. (See Form 1120.)

B. Information returns and forms that may be required.—

1. Forms W-2 and W-3.—Employee's wage and tax statement; and transmittal of income and tax statements.

2. Form W-2P.—Statement for recipients of annuities, pensions or retired pay and periodic payments from retirement plans.

3. Forms 1087-DIV, INT, MED, MISC, and OID.—Nominees' information returns for reporting dividends, interest, medical and health care payments, miscellaneous income, and original issue discount that were received as a nominee on behalf of another person.

4. Form 1096.—Annual summary and transmittal of U.S. information returns.

5. Form 5452.—Corporate report of nontaxable dividends.

6. Forms 966 and 1099L.—Information returns regarding dissolution or liquidation, and distributions in liquidation.

7. Forms 1099—DIV, INT, MED, MISC, OID, PATR, and R.—Information

returns for reporting certain dividends, interest income, medical and health care payments, miscellaneous income payments, original issue discount, patronage dividends, and total distributions from profit-sharing and retirement plans.

8. Form 5713.—International boycott report for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott, may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, and DISC benefits.

C. Period covered.—This return is for calendar year 1978. (Section 843.) If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

D. Accounting methods.—Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits, the method of accounting used to report income in prior years (for income as a whole or for any material item) may not be changed without first obtaining consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

E. Where to file.

If the corporation's principal business, office, or agency is located in

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Internal Revenue Service Center Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina	Internal Revenue Service Center Atlanta, GA 31101
Michigan, Ohio	Internal Revenue Service Center Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Internal Revenue Service Center Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Internal Revenue Service Center Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Internal Revenue Service Center Kansas City, MO 64999
California, Hawaii	Internal Revenue Service Center Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Internal Revenue Service Center Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Internal Revenue Service Center Philadelphia, PA 19255

Foreign corporations carrying on an insurance business within the U.S. must file their returns with the Internal Revenue Service Center, Philadelphia, PA 19255.

The separate income tax returns of a group of corporations located in several Service Center regions may be filed with the Service Center for the area in which the principal office of the managing corporation that keeps all the books and records is located.

F. When to file.—The return must be filed on or before March 15, 1979.

File Form 7004 to request an automatic 3-month extension of time to file Form 1120M.

File Form 7005 to request an additional extension after obtaining an automatic 3-month extension by filing Form 7004.

G. Depositary method of tax payment.—The balance of tax due (line 21) must be paid in full when the return is filed or in two installments, 50% on or before March 15, 1979 and 50% on or before June 15, 1979.

All corporation income tax payments and estimated income tax payments must be deposited at an authorized financial institution or Federal Reserve Bank or Branch (FRB), with a Federal Tax Deposit Form prescribed with a Tax Class Number 503, in accordance with instructions appearing on the reverse of that form. Deposits made at an FRB must be made with the FRB servicing the geographic area where a taxpayer is located. The deposit must be made in a form of payment that the receiving FRB considers to be an immediate credit item. Additional information can be obtained from an authorized depositary or FRB. Each deposit must be accompanied by a Federal Tax Deposit Form prescribed with a Tax Class Number 503. Do not remit directly to

Internal Revenue. Records of deposits will be sent to Internal Revenue for crediting to the corporation's account.

The timeliness of deposits will be determined by the date received by the financial institution or FRB. If a tax payment is made by mail, a deposit received after the due date will be considered timely if the taxpayer establishes that it was mailed on or before the second day before the prescribed due date as provided by section 7502. Tax deposits made at FRBs which are not in compliance with deposit requirements will nevertheless be processed by the receiving FRB rather than returned to the taxpayer. Furthermore, such tax payments received by an FRB will be dated as paid based upon the date when the proceeds of the accompanying payment instrument are collected by the FRB, and if made by mail section 7502 will not apply.

Federal Tax Deposit Forms prescribed with a Tax Class Number 503 will be mailed to corporations on a cyclical basis depending on the taxable year of the corporation. Corporations needing such deposit forms may obtain them from the Internal Revenue Service Center where they will file their returns. The application should include the corporation's name, identification number, address, and the taxable year to which the deposits relate.

Estimated tax.—A corporation must make estimated tax payments if it can expect its estimated tax (income tax less credits) to be \$40 or more.

Form 1120-W may be used as a worksheet to compute estimated tax.

If there was an overpayment of estimated tax, file Form 4466 for a "quick refund" if the overpayment is (1) at least 10% of your expected income tax liability AND (2) at least \$500. This application must be made within 2½ months after the end of the taxable year and before Form 1120M is filed.

H. Stock ownership in foreign corporations.—See section 551(c) and attach the required statement if there was an ownership of 5% or more in value of the outstanding stock of a foreign personal holding company.

A taxpayer who controls a foreign corporation or is a 10% or more shareholder of a controlled foreign corporation, may be required to file Forms 2952 and 3646.

I. Annual statement.—A copy of the annual statement for mutual insurance companies adopted by the National Association of Insurance Commissioners for the year 1978, as filed with the Insurance Department of the State or District of Columbia, together with copies of Schedule A (real estate) and Schedule D (bonds and stocks) must accom-

2

pany the return (see section 1.6012-2(c) of the regulations).

Similar copies for the preceding year must also be furnished, if not already filed for such year.

If you use miniature statements, they may be filed instead of the larger statements.

J. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If your corporate officer filled in Form 1120M, the space under the signature of officer should remain blank. If someone prepares Form 1120M and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120M should not sign. For example, a regular, full time employee of the corporation such as clerk, secretary, etc., does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120M must sign the return and fill in the other blanks in the Paid Preparer's Information area of the return.

When more than one person prepares Form 1120M, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "SE" box.

If you have questions about whether a preparer is required to sign Form 1120M, please contact an IRS office. The person required to sign the return MUST:

—Sign it, by hand, in the space provided for the preparer's signature (Signature stamps or labels are not acceptable);

—Give a copy of Form 1120M to the taxpayer in addition to the copy filed with IRS.

Publication 1054 is a guide listing some of the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work. Tax return preparers should be familiar with their responsibilities. This publication is available at IRS offices.

K. Attachments.—If more space is needed on forms or schedules, attach separate sheets and use the same arrangement as the printed forms, but show the totals on the printed forms. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

L. Penalties.

Avoid penalties and interest by correctly filing and paying the tax when due.

1. A corporation that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25% (the penalty is imposed on the net amount due—section 6651(a)(1)).

2. A corporation that fails to pay the tax when due may be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid (the penalty is imposed on the net amount due—section 6651(a)(2)).

The above penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate pursuant to section 6621.

3. A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment (section 6655) at a rate pursuant to section 6621.

If estimated tax was underpaid, attach Form 2220 to show how you figured the penalty or which exceptions you believe you meet.

M. Foreign financial accounts and foreign trusts.—

If at any time during the year, you had an interest in or signature or other authority over a bank account, securities account or other financial account in a foreign country, check the Yes box for question K. However, you should check the No box if the combined assets in the account(s) were \$1,000 or less during the entire year, or were with a U.S. military banking facility operated by a U.S. financial institution.

If you own more than 50 percent of the stock in any corporation that owns one or more foreign bank accounts, you must check the Yes box for question K. Get Form 90-22.1 to see if you are considered to have an interest in, or signature or other authority over a bank, security, or other financial account in a foreign country.

If you checked Yes for question K, file Form 90-22.1. You can get this form from many IRS offices. File the completed form by June 30, 1979, with the Department of the Treasury, P.O. Box 28309, Central Station, Washington, DC 20005. Do not file it with the IRS, if it is not a tax return.

If you were a grantor of, or transferor to a foreign trust, which trust was in being during the tax year, check the Yes box for question L.

N. Employer identification number.—Enter the employer identification number (EIN) assigned to the corporation.

Corporations that do not have an EIN should apply for one on Form SS-4, available from any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120M is sent.

O. Travel and Entertainment (Section 274(d)).—(See Form 1120M, question H(2), page 4.)—The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in years prior to taxable years beginning in 1978 but not deducted in those years are not required to be included in the total (i.e., expenditures reflected in beginning inventories, capitalized expenditures subject to depreciation, etc.). However, expenditures paid or incurred in tax years beginning in 1978 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W-2.

See regulations section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item H(2).

Specific Instructions

(Numbered to correspond with the line numbers on the return.)

For Page 1 of Return

5. Unused loss deduction.—The amount of the deduction is the total of the unused loss carryovers and carrybacks to the taxable year.

Unused loss.—The term "unused loss" for any taxable year means the amount by which—

(1) the sum of the statutory underwriting loss and the investment loss, exceeds

(2) the sum of—
(a) the taxable investment income,
(b) the statutory underwriting income, and

(c) the amount required by section 824(d) to be subtracted from the protection against loss account.

The unused loss for any loss year is (1) an unused loss carryback to each of the 3 taxable years preceding

the loss year, and (2) an unused loss carryover to each of the 7 taxable years following the loss year; or an irrevocable election may be made whereby a net operating loss may only be carried over to each of the 7 years following the year of such loss thus relinquishing the carryback period. After applying the net operating loss to the initial year, the portion of the loss that may be carried to each of the remaining taxable years is the excess (if any) of the amount of the loss over the sum of the offsets (as defined in section 825(f)) for each of the prior taxable years to which the loss may be carried.

Limitations.—An unused loss may not be carried—

(1) to or from any taxable year for which the insurance company is not subject to the tax imposed by section 821(e), or

(2) to any taxable year if, between the loss year and such taxable year, there is an intervening taxable year for which the insurance company was not subject to the tax imposed by section 821(e).

See section 844 for special carryover loss rules regarding an insurance company that has changed its form of organization or has changed the nature of its insurance business.

B. Surtax.—For election and attachment required of a reciprocal to be subject to the limitation in section 826(b), see section 826(a) and the regulations thereunder.

Amount to be included by reciprocal.—If the mutual insurance company taxable income before giving effect to the election under section 826(a) is not less than \$50,000, then make no entry.

If the taxable income before giving effect to the election is not more than \$50,000, then:

(1) Where taxable income after the election is \$50,000 or less, the excess of such taxable income over taxable income before giving effect to the election must be entered as the amount required on line 8.

(2) Where taxable income after the election is over \$50,000, the excess of \$50,000 over taxable income before the election must be entered as the amount required on line 8.

Where the amount subtracted from the protection against loss account was added because of the election under section 826(e), then to the extent the amount increases mutual insurance company taxable income for the taxable year, the amount is not entitled to the \$50,000 surtax exemption. See section 1.826-2(b) of the regulations.

Where the surtax exemption is pro-rated under section 1561 because of an election under section 243(b), the pro-rated amount must be used in place of

the \$50,000 referred to in the preceding paragraphs and page 1, line 8.

10. Alternative tax for certain small companies.—See Instructions for Schedule A-2.

12(a). Foreign tax credit.—In general, the per-country limitation cannot be used in computing the foreign tax credit. See Form 1118 for rules on how to compute the foreign tax credit.

12(b). Investment credit.—In most cases, the investment credit rate is 10% for property acquired and placed in service during the taxable year. Corporations may elect an 11% credit for such property if the corporation contributes 1% of the qualified investment to an employee stock ownership plan (ESOP). A corporation may elect up to an 11.5% credit for qualifying 10% property if (1) the corporation increases its ESOP contribution from 1% up to 1.5% of the qualified investment in 10% property and (2) corporate employees make an ESOP contribution of up to 1/2% in similar type property. Complete Form 5500 for each employee stock ownership plan and file it on or before the last day of the 7th month following the close of the plan year.

The limit on the amount of used property eligible for the investment credit is \$100,000.

The investment credit also applies to qualified progress payments made during the construction of property that requires at least two years to construct and that has an expected useful life of at least 7 years. See Form 3468 for special rules and limitations.

The Energy Tax Act of 1978 provides for additional investment credits for certain energy properties (see Form 3468, Schedule B).

12(c). Credit for wages paid or incurred in a Work Incentive (WIN) Program.—Employers may claim a credit of 20% of the salaries and wages paid or incurred to employees hired under a WIN program. The credit is allowed for the salaries and wages paid or incurred for the first 12 months of employment.

For special rules and limitations, see Form 4874 and sections 50A and 50B.

12(d). New jobs credit.—In general, for a taxable year beginning in 1978, the credit shall be an amount equal to 50% of the excess of the aggregate unemployment insurance wages paid during 1978 over 102% of the aggregate unemployment insurance wages (limited to \$4,200 for each employee) paid during 1977. An additional 10% credit may be claimed for certain wages paid to certain vocational rehabilitation referrals during the calendar year 1978. See Form 5884 for definitions, special

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rules, and limitations. Also see Publication 902, Tax Information on Jobs Tax Credit.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the applicable new jobs credit on line 13 of Form 5884. See instruction G of the Instructions for Form 5884 for additional information.

Attach a schedule to Form 5884 or use the blank side of Form 5884 to show how and where the reduction of the salary and wage deduction(s) was made. Show in this schedule the amount of the otherwise allowable deduction(s) before the reduction and the net amount actually deducted. Identify the line number, schedule, and page number of Form 1120M for which a reduction is made. If the reduction of salaries and wages is less than the new jobs credit on line 13 of Form 5884, explain the difference.

13. Possession tax credit.—See Form 5712 for rules on how to elect to claim the possession tax credit (section 936). Compute the credit on Form 5735 and include the amount of the credit in the total for line 13, page 1, Form 1120M. Write in the margin next to the entry on line 13, the amount of the credit and identify it as being a section 936 credit.

15. Foreign corporations.—A foreign corporation carrying on an insurance business within the U.S. is taxable in the same manner as a domestic insurance company with respect to its income effectively connected with the conduct of a trade or business within the U.S. See section 842.

Any other U.S. source income received by a foreign corporation not effectively connected with the conduct of a trade or business within the U.S. is taxed at a 30% (or lower treaty) rate. See section 881. If you have any such income, attach a schedule showing the nature of income, amount of income, rate of tax (30% or lower treaty rate), and amount of tax. Enter the amount of tax imposed by section 881 on line 15, page 1.

16. Tax from recomputing a prior year investment credit.—If property is disposed of prior to the life-years category used in computing the investment credit, the investment credit must be recomputed using as the useful life the period the property was actually held. (For recomputations of the investment credit for qualified progress expenditures, see section 47(a)(3).) If the credit taken, including carrybacks and carryovers, exceeds the recomputed credit, the tax in the year of disposition must be increased by the excess. Form 4255 may be used to compute the tax.

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The tax from recomputing a prior year investment credit may not be offset against the current year's investment credit.

17. Tax from recomputing a prior year WIN credit.—If a WIN program employee is dismissed before completing a certain period of employment, the WIN credit previously taken on such employee may be subject to recapture. If so, you must repay (with certain exceptions) any tax credit previously taken on the salaries and wages paid or incurred to that employee. (See Form 4874.)

The tax from recomputing a prior year work incentive credit may not be offset against the current year's work incentive credit.

18. Minimum tax on tax preference items.—In general, the corporate minimum tax rate is 15% and the minimum tax exemption is the greater of \$10,000 or the regular income taxes for the year.

The tax preference items are accelerated depreciation on real property; amortization of certified pollution control facilities; railroad rolling stock, on-the-job training facilities and child care facilities; reserve for losses on bad debts of financial institutions; depletion; and capital gains.

Attach Form 4626 if items of tax preference exceed \$10,000 even if there is no minimum tax, OR if you have any minimum tax liability deferred from a prior taxable year to this year.

20(g). Credit by reciprocal for tax paid by attorney-in-fact.—See section 826(e) and the regulations thereunder.

20(h). Other tax credits.—Section 39 provides a credit for Federal excise tax on: (1) gasoline used (a) on a farm for farming use, (b) in vehicles and machines used off the highway, such as in boats and, generally, in commercial aircraft, and (c) in vehicles furnishing certain public transportation by land; (2) lubricating oil used for any purpose other than in a highway motor vehicle; and (3) special fuels used (a) on a farm for farming use, (b) in vehicles furnishing certain public transportation by land, and (c) generally in commercial aviation or under other conditions not subject to tax.

Also include on line 20(h) any of the tax included on line 15, page 1, which was withheld at the U.S. source.

SCHEDULE A—Taxable Investment Income or (Loss)

1. Interest.—Enter interest received or accrued from all sources during the taxable year. The gross amount of interest reported as gross income must be decreased by the amortization of premiums attributable to the taxable year on bonds, notes, debentures or other evidences of indebtedness, determined (1) in accordance with the method reg-

ularly employed, if reasonable, or (2) in accordance with regulations. (Attach a statement showing method and computation.)

3. Gross rents.—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation in the proper lines for deductions.

4. Gross royalties.—Enter the gross amount of royalties. If a deduction is claimed for depletion, report it on line 15.

5. Gross income from trade or business other than insurance business.—Enter the gross income from any trade or business (other than an insurance business) carried on by the mutual insurance company, or by a partnership of which the mutual insurance company is a member. Include section 1245 and section 1250 etc. gains from Form 4797 with respect to investment assets only.

6. Leases, etc.—Enter the gross amount of income received from the entering into (or the alteration or termination) of any lease, mortgage or other instrument or agreement from which the mutual insurance company derives interest, dividends, rents, or royalties.

8. Net gain from sale or exchange of capital assets.—Report sales or exchanges of capital assets in separate Schedule D (Form 1120) (but see Schedule A-3, page 3). Every sale or exchange of a capital asset, even though no gain or loss results, must be reported in detail.

Losses from sales or exchanges of capital assets (except losses from capital assets sold or exchanged to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders) are allowed to the extent of gains from such sales or exchanges with respect to companies taxable under section 821.

The net capital loss for such companies is the amount by which losses for the year from sales or exchanges of capital assets exceed the sum of the gains from sales or exchanges and the lesser of (1) the taxable investment income (computed without regard to gains or losses from sales or exchanges of capital assets) or (2) losses from the sale or exchange of capital assets sold or exchanged to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders.

However, the amount of a net capital loss sustained in a taxable year may be carried back 3 years and forward 5 years as a short-term capital loss. The amount allowable as a capital loss carryback is subject to the limitations of section 1212(a)(1).

For further information relating to gains and losses from sales or exchanges of property, see instructions for separate Schedule D (Form 1120).

Deductions

10. Interest wholly exempt from tax.—Enter the amount of interest which is wholly exempt from taxation under section 103.

11. Investment expenses.—Enter expenses which are properly chargeable as investment expenses. If you allocate general expenses to investment expenses, the total deduction cannot exceed the limitation on line 18, Schedule A-1. Attach a schedule showing the nature and amount of the items and group the minor items into one amount. See section 822(c)(2).

12. Taxes.—Enter taxes paid or accrued exclusively upon real estate owned by the company as provided in section 164. For limitation on deduction, see instruction 19(a).

13. Real estate expenses.—Enter all ordinary and necessary building expenses, paid or accrued, such as fire insurance, heat, light, labor, etc.; and the cost of incidental repairs which neither materially add to the value of the property nor appreciably prolong its life, but keep it in an ordinary efficient operating condition. Do not include any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or any amount expended on foreclosed property before such property is held for rental purposes. For limitation on this deduction, see instruction 19(a).

14. Depreciation.—The amount deductible for depreciation is an amount reasonably measuring a portion of the investment in depreciable property which, by reason of exhaustion, wear and tear, or obsolescence, is properly chargeable against the operations of the year. In any event, the deduction is limited to the depreciation on the property that is used, and to the extent used, for the purpose of producing the income specified in section 822(b). For limitation on this deduction, see instruction 19(a). Also see instructions for Form 4562, Depreciation.

15. Depletion.—See section 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T if a deduction is claimed for depletion of timber.

16. Trade or business deductions.—Enter total deductions attributable to any trade or business (other than an insurance business), the income from which is included in the mutual insurance company's gross investment income by reason of section 822(b)(2). Do not include losses (a) from sales or exchanges of capital assets, (b) from

sales or exchanges of property used in the trade or business, or (c) from the compulsory or involuntary conversion of property used in the trade or business.

17. Interest paid or accrued.—Enter the amount of interest paid or accrued during the taxable year on the company's indebtedness, except on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from taxation. (Section 265.)

18. Other capital losses.—Enter losses from capital assets sold or exchanged to provide funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders. Capital assets are considered as sold or exchanged to provide for such funds or payments to the extent that the gross receipts from their sale or exchange are not greater than the excess, if any, for the taxable year of the sum of: (a) dividends and similar distributions paid to policyholders, (b) losses paid, and (c) expenses paid, over: (1) amount on line 7, and (2) net premiums received. (See Schedule A-3.)

19. Total deductions:

(a) **Limitation on deductions relating to real estate owned and occupied.**—The deductions included on lines 12, 13, and 14 for real estate owned and occupied in whole or in part by the company are limited to an amount which bears the same ratio to those deductions (computed without regard to section 822(d)(1)) as the rental value of the space not so occupied bears to the rental value of the entire property. (Attach a schedule.)

(b) **Items not deductible.**—No deduction is allowable for any amount allocable to a class of exempt income other than exempt interest income. Items directly attributable to wholly exempt income must be allocated to such income, and items directly attributable to any class of taxable income must be allocated to taxable income.

If an item is indirectly attributable both to taxable income and exempt income, a reasonable proportion of the item, determined in the light of all the facts and circumstances in each case, must be allocated to each.

Attach a statement showing (1) the amount of each class of exempt income, and (2) the amount of expense items allocated to each such class. Show the amount allocated by apportionment separately.

21. Dividends-received deduction.—See Instructions for Schedule E, Part II.

The 85% limitation on the dividends-received deduction does not apply for any year in which there is a loss from taxable investment income.

SCHEDULE A-2.—Alternative Tax for Certain Small Companies

Section 821(c) provides an alternative tax for companies if the gross amount reported on line 7, Schedule A, plus premiums, is over \$150,000 but not over \$500,000.

The term "premiums" means the total amount of the premiums and other consideration provided in the insurance contract without any deduction for commissions, return premiums, reinsurance, dividends to policyholders, dividends left on deposit with the company, discounts on premiums paid in advance, interest applied in reduction of premiums (whether or not required to be credited in reduction of premiums under the terms of the contract), or any other item of a similar nature.

Such term includes advance premiums, premiums deferred and uncollected, and premiums due and unpaid, deposits, fees, assessments, and consideration in respect of assuming liabilities under contracts not issued by the taxpayer (such as a payment or transfer of property in an assumption reinsurance transaction), but does not include amounts received from other insurance companies for losses paid under reinsurance contracts. (See section 1.821-4(a)(1)(ii) of the regulations.)

Any mutual insurance company that is subject to the tax imposed by section 821(c) may elect to be subject to the tax imposed by section 821(a). See section 821(d) and the regulations thereunder for election to include statutory underwriting income or loss.

The alternative tax is not available to a company that has a balance in its protection against loss account at the beginning of the taxable year, or to a company that has an election in effect under section 821(d) to be taxed under section 821(a).

SCHEDULE A-3.—Other Capital Losses

Total gross receipts from sales of capital assets, line 10, column 3, should not exceed the amount shown on line 9. If necessary, gross receipts from a particular sale of a capital asset should be apportioned in the above schedule and the excess reported in separate Schedule D (Form 1120).

Except for the apportionment, sales reported in this schedule should not be reported in separate Schedule D.

Enter total other capital losses (line 10, column 7) on line 18, Schedule A and line 13, Schedule B-1.

SCHEDULE B-1.—Income and Deductions

1. Investment income.—To all interest, dividends, and rents received during the taxable year, add interest, dividends, and rents due and accrued at

the end of the taxable year and deduct all interest, dividends, and rents due and accrued at the end of the preceding taxable year.

2. Premiums earned.—From the amount of gross premiums written on insurance contracts during the taxable year, deduct return premiums and premiums paid for reinsurance. To the result so obtained, add unearned premiums on outstanding business at the end of the preceding taxable year and deduct unearned premiums on outstanding business at the end of the taxable year.

3(a). Gain from sale or other disposition of capital assets.—Enter the amount of gain (only) from the sale or other disposition of capital assets from Schedule D (Form 1120).

3(b). Ordinary gain.—For reporting sales or exchanges of property (other than capital assets) including involuntary conversions, and all section 1245 and section 1250 etc. gains, see Form 4797, Supplemental Schedule of Gains and Losses.

5. Decrease in subscriber accounts.—Enter the amount of the decrease for the taxable year in savings credited to subscriber accounts of an interinsurer or reciprocal underwriter. See instruction 20 for Schedule B-1 for savings credited to subscriber accounts.

Deductions

7. Salaries and wages.—Enter the amount of salaries and wages paid or accrued during the taxable year.

8. Rents.—Enter the amount of rent paid or accrued for business property in which the company has no equity.

9. Interest.—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (Section 265.)

See section 267 for the limitation on deductions for unpaid expenses and interest in the case of transactions between related taxpayers.

10. Taxes.—Enter taxes paid or accrued during the taxable year. Do not include Federal income tax, foreign or U.S. possession income taxes if a foreign tax credit is claimed, or taxes not imposed upon the corporation.

See section 164(d) for apportionment of taxes on real property between seller and purchaser.

11. Losses incurred on insurance contracts.—To losses paid during the taxable year, add salvage and reinsurance recoverable outstanding at the end of the preceding taxable year and deduct salvage and reinsurance recoverable outstanding at the end of the taxable year. To this result, add all unpaid losses outstanding at the end of the tax-

able year and deduct unpaid losses outstanding at the end of the preceding taxable year.

12. Capital losses.—Enter only capital losses to the extent of capital gains from separate Schedule D (Form 1120). Capital gains should be entered on line 3. (Also, see instruction 8 for Schedule A.)

13. Other capital losses.—Enter the amount of losses from capital assets sold or exchanged to provide funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders. (Also, see instruction 18 for Schedule A.)

14. Worthless agency balances and bills receivable.—Enter the amount of debts in the nature of agency balances and bills receivable that became worthless during the taxable year.

15. Interest.—Enter the amount of interest earned during the taxable year that is excluded from gross income under section 103.

16. Depreciation.—See instructions for Form 4562, Depreciation.

17. Depletion.—See instruction 15 for Schedule A.

18. Contributions.—Enter contributions or gifts paid within the taxable year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3d month after the end of the taxable year if the contributions are authorized by the board of directors during the taxable year.

A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the taxable year, and a copy of the resolution, must both be attached to the return.

The total amount claimed may not exceed 5% of line 24, Schedule B-1, computed without regard to any deduction for contributions.

Charitable contributions in excess of the 5% limitation may not be deducted for the taxable year but may be carried over to the next 5 taxable years.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property.—If a charitable contribu-

tion of property is made, the contribution must be reduced by the sum of

- (1) the ordinary income, short-term capital gain and
- (2) for certain contributions, 62½% of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. The reduction for 62½% of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of any property to or for the use of certain private foundations. (Section 170(e).) For special rules regarding a contribution of inventory, and other ordinary income property (described in section 1221(1) or (2)) to an exempt organization described in section 501(c)(3), for use in the care of the ill, needy, or infants, see section 170(e)(3).

Bargain sale to a charitable organization.—If a charitable contribution deduction is taken for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

19. Dividends paid or declared to policyholders.—Enter the amount of dividends and similar distributions paid or declared to policyholders.

20. Increase in subscriber accounts.—In the case of a mutual insurance company which is an interinsurer or reciprocal underwriter, a deduction is allowed for the increase in savings credited to subscriber accounts for the taxable year.

The term "savings credited to subscriber accounts" means such portion of the surplus credited to the individual accounts of subscribers on or before March 15, 1979. This applies only if the company would be obligated to pay such amount promptly to a subscriber if the subscriber terminated the contract at the close of the company's taxable year and only if the subscriber has been notified as required by section 1.823-6(c)(2)(v) of the regulations. For purposes of determining the taxable income, the subscriber must treat any such savings credited to the subscriber's account as a dividend paid or declared.

21(a). Pension, profit-sharing, etc. plans.—The number of plans to be entered refers to all plans for which all assets have not been distributed. Also include any plans in which assets were distributed in the current year. The number of plans MUST be indicated whether or not a deduction is claimed.

Complete Form 5500 for each plan and file as a separate return. Complete Form 5500-C in lieu of Form 5500 if there were fewer than 100 participants at the beginning of the plan year. See instructions for above forms for computation of allowable deduction on line 21(a). File these forms on or before the last day of the 7th month following the close of the plan year. ERISA imposes penalties for failure to furnish complete information and failure to file statements and return/reports.

21(b). Employee benefit programs.—Enter the amount of your contributions to employee benefit programs (e.g. insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 21(a). Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

25. Dividends-received deduction.—See instructions for Schedule E, Part II.

The 85% limitation on the dividends-received deduction does not apply to any year in which there is a loss from statutory underwriting income.

SCHEDULE B-2.—Special Deduction

In the case of a taxpayer subject to the tax imposed by section 821(a), section 823(c) provides that if the gross amount received during the taxable year from the items described in section 822(b) (other than paragraph (1) (D)) and premiums (including deposits and assessments) is less than \$1,100,000, then there is allowed an additional deduction for the purposes of determining statutory underwriting income or loss under section 823(a) for the taxable year.

For definition of "premiums" see instructions for Schedule A-2.

SCHEDULE E.—Dividends

Part I—Dividend Income

1. Certain domestic corporations.—Enter dividends received from domestic corporations subject to income tax and which are subject to the 85% deduction under section 243(a)(1).

So-called dividends or earnings from mutual savings banks, etc., are really interest and should not be treated as dividends.

For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

2. Certain public utility corporations.—Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

3. Certain foreign corporations.—Enter dividends received from foreign corporations and which qualify for the 85% deduction provided in section 245(a).

Enter dividends received from wholly-owned foreign subsidiaries and which are eligible for the 100% deduction provided in section 245(b).

In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a taxable year during which (1) all of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividends and (2) all of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S.

If dividends received from wholly-owned foreign subsidiaries are included in line 3, attach a schedule showing the amount of these dividends.

4. Certain affiliated groups.—Enter only those dividends which are subject to the elective provisions of section 243(b).

5. Other corporations.—Attach a schedule showing separately:

(a) Foreign dividends (including minimum distributions under subpart F) not reportable on line 3. Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F.

(b) Income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported in Schedule A, of Form(s) 3646.

(c) Gross-up dividends for taxes deemed paid under sections 902 and 960.

(d) Dividends (other than capital gain dividends) received from regulated investment companies and which are not subject to the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends and exempt-interest dividends) received from a real estate investment trust which, for the taxable year of the trust in which the dividends are paid, qualifies under sections 856-860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above.

Part II—Dividends-received deduction

3. Dividends received from certain foreign corporations.—Enter 85% of dividends received from certain foreign corporations.

Enter on this line 100% of the company's share of dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b).

See section 245 for qualifications and limitations on the amount of these deductions.

4. Total.—This total is subject to the 85% limitation provided by section 246(b) as follows:

(a) Schedule A.—The line 4 total may not exceed 85% of (line 20, Schedule A, less line 5, Schedule E, Part II).

(b) Schedule B-1.—The line 4 total may not exceed 85% of (line 24, Schedule B-1, less line 5, Schedule E, Part II).

5. Dividends received from certain members of affiliated groups.—Members of affiliated groups may elect under section 243(b) to deduct 100% of the qualifying dividends received from other members of the same group. Qualifying corporations which elect to take the 100% deduction are limited to one \$50,000 surtax exemption which must be apportioned under section 1561 among the members of the controlled group. See section 243(b) for qualifications and restrictions applicable to this deduction.

SCHEDULE F.—Compensation of Officers

Attach a schedule using the following format: 1. Name of officer, 2. Social security number, 3. Time devoted to business, 4. Amount of compensation, 5. Expense account allowances.

Complete columns 1 through 4, Schedule F for all officers. Complete column 5, Schedule F for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements, and (2) amounts paid by or for the corporation, for expenses incurred by or on behalf of an officer. Column 5 does not have to be completed for any officer for whom the combined amount is less than \$30,000.

This information is to be submitted by each member of an affiliated group included in a consolidated return.

Form 1120S (1978)**Schedule A** **Cost of Goods Sold (See instruction 2)**

- | | |
|---|--|
| 1 Inventory at beginning of year | |
| 2 Merchandise bought for manufacture or sale | |
| 3 Salaries and wages | |
| 4 Other costs (attach schedule) | |
| 5 Total of lines 1 through 4 | |
| 6 Less: Inventory at end of year | |
| 7 Cost of goods sold—Enter here and on line 2, page 1 | |
| 8 (a) Check valuation method(s) used for total closing inventory: | |
| <input type="checkbox"/> Cost | |
| <input type="checkbox"/> Lower of cost or market | |
| <input type="checkbox"/> Other (if "other," attach explanation) | |
| (b) Check if this is the first year LIFO inventory method was adopted and used | <input type="checkbox"/> |
| If checked, attach Form 970. | |
| (c) If the LIFO inventory method was used for this taxable year, enter percentage (or amounts) of closing inventory computed under LIFO | |
| (d) Is the corporation engaged in manufacturing activities? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| If "Yes," are inventories valued under Regulations section 1.471-11 (full absorption accounting method)? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| (e) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| If "Yes," attach explanation. | |

Schedule E Compensation of Officers (See instruction 12)[illegible]

Total compensation of officers—Enter here and on line 12, page 1

Schedule F **Bad Debts—Reserve Method (See instruction 15)**

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve		6. Amount charged against reserve	7. Reserve for bad debts at end of year
			4. Current year's provision	5. Recoveries		
1973						
1974						
1975						
1976						
1977						
1978						

Additional Information Required

- F** Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 257(c).)
- If "Yes," attach a schedule showing: (1) name, address, and employer identification number; (2) percentage owned; (3) highest amount owed by you to such corporation during the year; and (4) highest amount owed to you by such corporation during the year. (Note: For purposes of F(3) and F(4), "highest amount owed" includes loans and accounts receivable/payable.)
- G** Taxable income or (loss) from line 28, page 1, Form 1120S for your tax year beginning in:
1975 1976 1977
- H** Refer to page 7 of instructions and state the principal:
Business activity ; Product or service
- I** Were you a member of a controlled group subject to the provisions of section 1561?
- J** Is the corporation engaged in any activity involving oil or gas, movies or video tapes, leasing section 1245 property to others, or farming which resulted in a loss (see instruction for line 28)?

K (1) Did you claim a deduction for expenses connected with:

(a) Entertainment facility (boat, resort, ranch, etc.)?

(b) Living accommodations (except for employees on business)?

(c) Employee's families at conventions or meetings?

If "Yes," were any of these conventions or meetings outside the United States or its possessions?

(d) Employee or family vacations not reported on Form W-2?

(2) Enter total amount claimed on Form 1120S for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d). (See instruction U.) ▶

L Did you file all required Forms 1087, 1096, and 1099?

M Answer only if (1) this is the first 1120S return filed since your election to be treated as a small business corporation and (2) the corporation was in existence for the tax year prior to the election and had investment credit property: Was an agreement filed under section 1.47-4(b) of the regulations?

N Did you, at any time during the tax year, have an interest in or signature or other authority over a bank, securities, or other financial account in a foreign country (see instruction R)?

O Were you the grantor of, or transferor to, a foreign trust during any tax year, which foreign trust was in being during the current tax year, whether or not you have any beneficial interest in such trust? If "Yes," you may be required to file Forms 3520, 3520-A, or 926

Schedule K Computation of Undistributed Taxable Income and Summary of Distributions and Other Items**Computation of Corporation's Undistributed Taxable Income**

1 Taxable income (line 28, page 1)

2 Less: (a) Money distributed as dividends out of earnings and profits of the tax year

(b) Tax imposed on certain capital gains (line 31, page 1)

3 Corporation's undistributed taxable income

4 Actual dividend distributions taxable as ordinary income. (Do not include amounts shown on line 6)

5 Actual dividend distributions taxable as long-term capital gains (after tax)

6 Actual dividend distributions taxable as ordinary income and qualifying for dividend exclusion

7 Nondividend distributions

8 Undistributed taxable income—taxable as ordinary income or (loss)

9 (a) Undistributed taxable income—taxable as long-term capital gain (after tax)

(b) Portion of line 9(a) attributable to transactions after 10-31-78 (after tax)

10 Investment credit property

Property Qualified for Investment Credit	Basis of new investment property	Cost or basis	
		(a) 3 or more but less than 5 years	(b) 5 or more but less than 7 years
Qualified progress expenditures	(d) 7 or more years	1974, 1975, 1976, and 1977	
	(e) 7 or more years	1978	
Cost of used investment property	(f) 3 or more but less than 5 years		
	(g) 5 or more but less than 7 years		
	(h) 7 or more years		

11 Interest on investment indebtedness:

(a) (1) Interest on investment indebtedness incurred prior to December 17, 1969

(2) Interest on investment indebtedness incurred prior to September 11, 1975, but after December 16, 1969

(3) Interest on investment indebtedness incurred after September 10, 1975

(b) Net investment income or (loss)

(c) Excess expenses from "net lease property"

(d) Net capital gain attributable to investment property

12 Item of tax preference (see instructions):

(a) Accelerated depreciation on—

(1) Low income rental housing

(2) Other real property

(3) Personal property subjected to a lease

(b) Amortization: (1) (2) (3) (4)

(c) Reserve for losses on bad debts of financial institutions

(d) Depletion

(e) Intangible drilling costs

(f) Net capital gain (after tax)

13 New jobs credit or combined new jobs credit and targeted jobs credit

Schedule L Balance Sheets

	Beginning of tax year		End of tax year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
Assets				
1 Cash				
2 Trade notes and accounts receivable				
3 Inventories				
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to shareholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets				
(a) Less accumulated depreciation				
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets				
Liabilities and Shareholders' Equity				
15 Accounts payable				
16 Mises, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 Loans from shareholders				
19 Mises, notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Capital stock				
22 Paid-in or capital surplus				
23 Retained earnings—appropriated (attach schedule)				
24 Retained earnings—unappropriated				
25 Shareholders' undistributed taxable income previously taxed				
26 Less cost of treasury stock				
27 Total liabilities and shareholders' equity				

Schedule M-1 Reconciliation of Income Per Books With Income Per Return

1 Net income per books	7 Income recorded on books this year not included in this return (itemize)
2 Federal income tax	(a) Tax-exempt interest \$
3 Excess of capital losses over capital gains	8 Deductions in this tax return not charged against book income this year (itemize)
4 Income subject to tax not recorded on books this year (itemize)	(a) Depreciation . . . \$
5 Expenses recorded on books this year not deducted in this return (itemize)	9 Total of lines 7 and 8
(a) Depreciation . . . \$	10 Income (line 28, page 1)—line 6 less line 9
6 Total of lines 1 through 5	

Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above)

1 Balance at beginning of year	5 Distributions out of current or accumulated earnings and profits: (a) Cash
2 Net income per books	(b) Stock
3 Other increases (itemize)	(c) Property
	6 Current year's undistributed taxable income or net operating loss (total of lines 8 and 9(a), Schedule K)
	7 Other decreases (itemize)
	8 Total of lines 5, 6, and 7
4 Total of lines 1, 2, and 3	9 Balance at end of year (line 4 less line 8)

1978 Department of the Treasury Internal Revenue Service Instructions for Form 1120S U.S. Small Business Corporation Income Tax Return (References are to the Internal Revenue Code.)

General Instructions

A. Who must file Form 1120S.—Every small business corporation (as defined in section 1371(a)) that has filed a proper and timely election, that is Form 2553, under section 1372(a) not to be subject to the income tax imposed by chapter 1 (other than by sections 58(d)(2) and 1378), must file Form 1120S.

B. Affirmative refusal to consent.

An election by a small business corporation shall terminate if a new shareholder (any person who was not a shareholder on the first day of the first taxable year for which the election is effective, or on the day on which the election is made, whichever is later) affirmatively refuses to consent to the election on or before the 60th day after the day on which the new shareholder acquired the stock.

The new shareholder's affirmative refusal to consent to the election must be filed with the Internal Revenue Service Center having jurisdiction for the area in which the principal business, office or agency of the corporation is located.

Any termination of an election by reason of the affirmative refusal of a person to consent to such election shall be effective for the tax year of the corporation in which such person becomes a shareholder in the corporation and for all succeeding tax years of the corporation. (See section 1372(e) for additional details and section 1372(f) as to when a new election may be made.)

C. Termination or revocation.—The election by the corporation is automatically terminated: (1) if a person becoming a new shareholder affirmatively refuses to consent to the election as explained in B above; (2) if it ceases to be a small business corporation as defined in section 1371(a); (3) if it derives more than 80% of its gross receipts from sources outside the U.S.; or (4) if it has gross receipts more than 20% of which is passive investment income (defined in section 1372(e)(5)(C)), except during the first 2 taxable years of active conduct of any trade or business if passive investment in-

Section 1371(a)(1) limits an electing small business corporation to 10 shareholders or less. However, a small business corporation which has been an electing small business corporation for a period of 5 consecutive taxable years or more may have more than 10 shareholders (but not more than 15). If during this five-year period, the number of shareholders increases to an amount in excess of 10 (but not more than 15) solely by reason of additional shareholders who acquired their stock through inheritance, the corporation may have a number of additional shareholders equal to the number by which the inheriting shareholders cause the total number of shareholders of such corporation to exceed 10. (See section 1371(e).)

Also, see section 1371(f) wherein certain trusts may be permitted as shareholders and see section 1371(c) wherein a husband and wife, or the surviving spouse and the estate of the deceased spouse, or the estates of both spouses (by reason of their deaths on the same date) may be considered as one shareholder.

come is less than \$3,000. This termination is effective for the taxable year in which any one of the foregoing occurs and for all succeeding taxable years of the corporation. (See section 1372(e) for additional details and section 1372(f) as to when a new election may be made.)

The election may be revoked for any tax year after the first tax year for which the election is effective. An election to revoke may be made only if all persons who are shareholders on the day on which the revocation is made consent to the revocation. The revocation is effective (1) for the tax year in which made, if made before the close of the first month of the tax year, or (2) for the tax year following the tax year in which made, if made after the close of the first month; and for all succeeding tax years. The revocation is to be made in the manner prescribed by section 1372-4 of the regulations.

Once the election has been terminated or revoked, the corporation is not eligible to make the election again under section 1372(a) for 5 years unless the Commissioner consents. (See section 1372(f).)

D. Period to be covered by 1978 return.—File the 1978 return for calendar year 1978 and fiscal years beginning in 1978 and ending in 1979. If the return is for a fiscal year, fill in the tax year spaces on the form.

FINAL RETURNS.—If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

E. When to file.—In general, Form 1120S must be filed on or before the 15th day of the third month after the end of the tax year.

Form 7004 may be used to request an automatic 3-month extension to file Form 1120S.

Form 7005 may be used to request an additional extension after obtaining an automatic 3-month extension by filing Form 7004.

F. Where to file.—Use the following Internal Revenue Service Center address:

New Jersey, New York City and counties of Nassau, Suffolk, and Westchester	Holtzville, NY 05501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 77301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201

Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19255

G. Depositary method of payment of tax.—The balance of tax due (line 33) must be paid in full when the return is filed or in two installments: 50% by the 15th day of the third month and 50% by the 15th day of the sixth month after the end of the tax year.

All corporation income tax payments must be deposited at an authorized financial institution or Federal Reserve Bank or Branch (FRB), with a Federal Tax Deposit Form preinscribed with a Tax Class Number 503, in accordance with instructions appearing on the reverse of that form. Deposits made at an FRB must be made with the FRB servicing the geographic area where a taxpayer is located. The deposit must be made in a form of payment that the receiving FRB considers to be an immediate credit item. Additional information can be obtained from an authorized depositary or FRB. Each deposit must be accompanied by a Federal Tax Deposit Form preinscribed with a Tax Class Number 503. Do not remit directly to Internal Revenue. Records of deposits will be sent to Internal Revenue for crediting to the corporation's account.

The timeliness of deposits will be determined by date received by the financial institution or FRB. If a tax payment is made by mail, a deposit received after the due date will be considered timely if the taxpayer establishes that it was mailed on or before the second day before the prescribed due date as provided by section 7502. Tax deposits made at FRBs which are not in compliance with deposit requirements will nevertheless be processed by the receiving FRB rather than returned to the taxpayer. Furthermore, such tax payments received by an FRB will be dated as paid based upon the date when the proceeds of the accompanying payment instrument are collected by the FRB, and if made by mail, section 7502 will not apply.

Corporations needing Forms 503 may obtain them from the Internal Revenue Service Center where they will file their returns. The application should include the corporation's name, identification number, address, and the taxable year to which the deposits relate.

H. Change in accounting period.—To change an accounting period, see section 1442-1 of the regulations and Form 1128, Application for Change in Accounting Period.

I. Accounting methods.—Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.) Unless the law specifically permits, a corporation may not change the method of accounting used to report income in prior years (for income as a whole or for any material item) without first obtaining consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

J. Information returns that may be required.

Form 1096—Annual summary and transmittal of U.S. information returns.

Forms 1099-DIV, INT, MED, MISC, OID, PATR, and R.—These information returns may be required for reporting certain dividends, interest income, medical and health care payments, miscellaneous income, original issue discount, patronage dividends, and total distributions from profit-sharing and retirement plans.

Actual dividend distributions taxable as ordinary income, actual dividend distributions taxable as long-term capital gains (after tax), nondividend distributions, and dividends qualifying for the dividend exclusion must be reported on Form 1099-DIV. Constructive dividends (undistributed taxable income) do not have to be reported on Form 1099-DIV but must be reported on Schedule K-1 (Form 1120S).

Forms 966 and 1099L.—Information returns regarding dissolution or liquidation, and distributions in liquidation.

K. Stock ownership in foreign corporations.—See section 551(c) and attach the required statement if there was an ownership of 5% or more in value of the outstanding stock of a foreign personal holding company.

A taxpayer who controls a foreign corporation or is a 10% or more shareholder of a controlled foreign corporation, may be required to file Forms 2952 and 3546.

L. Balance sheets.—The balance sheets must agree with the corporation's books and records. Any differences must be reconciled. Copies of balance sheets required by Federal, State, etc., authorities may be used in place of Schedule L. Certificates of deposit should be included as cash on line 1 of the balance sheet.

Financial statements are to be completed in accordance with the method of accounting used in computing taxable income.

M. Net operating loss and other deductions.—The deduction for net operating losses provided by section 172 and the special deductions in Part VII (except section 248) of subchapter B are not allowed to an electing small business corporation. (Section 1373(d).)

The corporation's net operating loss is allowed as a deduction from gross income of the shareholders. (Section 1374.)

N. Attachments.—If more space is needed on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120S. Be sure to put the corporation's name and employee identification number on these separate sheets.

O. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign.

A receiver, trustee, or assignee must sign and date any return he or she is required to file on behalf of a corporation.

If your corporate officer filled in Form 1120S, the space under the signature of officer should remain blank. If someone prepares Form 1120S and does not charge the corporation, that person should not sign the return. Certain officers who prepare Form 1120S should not sign. For example, a regular, full-time employee of the corporation such as clerk, secretary, etc., does not have to sign. (This list is not all inclusive.)

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Generally, anyone who is paid to prepare Form 1120S must sign the return and fill in the other blanks in the Paid Preparer's information area of the return.

When more than one person prepares Form 1120S, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "SE" box.

If you have questions about whether a preparer is required to sign Form 1120S, please contact an IRS office.

The person required to sign the return must:

- sign it, by hand, in the space provided for the preparer's signature (Signature stamps or labels are not acceptable);
- give a copy of Form 1120S to the taxpayer in addition to the copy filed with IRS.

Publication 1054 is a guide listing some of the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work. Tax return preparers should be familiar with their responsibilities. This publication is available at IRS offices.

P. Transfers to corporation controlled by transferee.—If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferee and transferee must attach the information required by section 1.351-3 of the regulations.

Q. Penalties.

1. A corporation that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed (the penalty is imposed on the net amount due—section 6651(a)(1)).

2. A corporation that fails to pay the tax when due may be subject to a penalty of 1/2% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid (the penalty is imposed on the net amount due—section 6651(a)(2)).

The above penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect. These penalties are in addition to the interest charge imposed on unpaid tax at a rate pursuant to section 6621.

R. Foreign financial accounts and foreign trusts.—If at any time during the year, you had an interest in or signature or other authority over a bank account, securities account or other financial account in a foreign country, check the Yes box for question N. However, you should check the No box if the combined assets in the account(s) were \$1,000 or less during the entire year, or if with a U.S. military banking facility operated by a U.S. financial institution.

If you own more than 50 percent of the stock in any corporation that owns one or more foreign bank accounts, you must check the Yes box for question N.

Get Form 90-22.1 to see if you are considered to have an interest in, or signature or other authority over a bank, security, or other financial account in a foreign country.

If you checked Yes for question N, file Form 90-22.1. You can get this form from many IRS offices. File the completed form

by June 30, 1979, with the Department of the Treasury, P.O. Box 28309, Central Station, Washington, DC 20005. Do not file it with the IRS, it is not a tax return.

If you were a grantor of, or transferee to, a foreign trust, which trust was in being during the tax year, check the Yes box for question O.

S. Item C. Employer identification number.—If the employer identification number (EIN) is wrong on the label or if a label was not received, show the correct number on the return.

Corporations that do not have an EIN should apply for one on Form SS-4, available from any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120S is sent.

T. Item E. Total assets.—If there are no assets at the end of the tax year, show the total assets as of the beginning of the tax year.

U. Travel and entertainment expenses. (Section 274(d)).—(1) Form 1120S, question K(2), page 3. The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and expenditures for which substantiation would be required under section 274(d).

Expenditures paid or incurred in years prior to taxable years beginning in 1978 but not deducted in those years are not required to be included in the total (i.e., expenditures reflected in beginning inventories, capitalized expenditures subject to depreciation, etc.). However, expenditures paid or incurred in tax years beginning in 1978 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation as reported on Form W-2.

See regulations section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item K(2).

Generally, for taxable years ending after 1978, no deduction is allowed for any expense paid or incurred with respect to a facility which is used in conjunction with an activity which is of a type generally considered to constitute entertainment, amusement, or recreation. See section 361 of the Revenue Act of 1978 and related committee reports.

Specific Instructions

(Numbered to correspond with the line numbers on page 1 of the return.)

Gross Income

1. Gross receipts.—Enter gross receipts or sales from all business operations except those required to be reported on lines 4 through 10.

For reporting advance payments and long-term contracts, see section 1.451-5 of the regulations.

If the installment method is used, enter on line 1 the gross profit on collections from installment sales and carry the same amount to line 2. Attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount col-

lected, and (f) gross profit on amount collected.

2. Cost of goods sold.—The method of valuing inventories may not be changed without permission. Application for permission to change must be made on Form 3115. Check the applicable method(s) used for valuing closing inventories in line 8(a) of Schedule A.

If this is the first year the "Last-in First-out" (LIFO) inventory method provided in Section 472 was adopted and used, attach Form 970 or a statement with the information required by Form 970 to Form 1120S and check the LIFO box in line 8(b). Enter the amount or percent (estimates may be used) of total closing inventories covered under Section 472 in line 8(c).

Full absorption method of inventory costing.—Taxpayers engaged in manufacturing or production operations must use the full absorption method of inventory costing. If they are not using the full absorption method of inventory costing, they must change to this method under which both direct and certain indirect production costs are included for inventory value purposes.

The change to full absorption may be made by filing Form 3115. For further details, see Revenue Procedure 75-40, 1975-2 C.B. 571, and section 1.471-11 of the Regulations.

Cost of operations (where inventories are not an income-determining factor).—If the amount entered on line 2 includes an amount applicable to cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

6. Other interest.—Enter interest on loans, notes, mortgages, bonds, bank deposits, corporate bonds, etc.

Do not offset interest income against interest expense.

7. Gross rents.—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation in the proper lines for deductions.

The corporation may be limited in the amount of expense deductions attributable to the rental of a vacation home if the property is used by a shareholder for personal purposes. (See section 280A.)

9. Sales or exchanges of capital assets and other property.—See separate Schedule D (Form 1120S), and Form 4797, Supplemental Schedule of Gains and Losses. If line 9(b) exceeds \$25,000, see instructions for Part IV—Tax Computation of Schedule D (Form 1120S).

Every sale or exchange of a capital asset must be reported in detail in Schedule D (Form 1120S) even though no gain or loss is indicated.

10. Other income.—Enter any other taxable income not listed above and explain its nature on an attached schedule. Examples of other income would be recoveries of bad debts deducted in prior years under the specific charge-off method and refunds of taxes deducted in prior years. Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, identify it by showing the amount caption in parentheses on line 10.

Deductions

12. Compensation of officers.—Complete columns 1 through 5, Schedule E, for all officers. Complete column 6, Schedule E, for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 6 does not have to be completed for any officer for whom the combined amount is less than \$30,000.

13. Salaries and wages.—Enter on line 13a the amount of total salaries and wages (other than salaries and wages deducted elsewhere on your return) paid or incurred for the taxable year.

Enter on line 13b the applicable new jobs credit from line 13 of Form 5884 or line 20 of Form 5884-FY (1978-79). See instruction G of the Instructions for Form 5884 or the instructions for Form 5884-FY for additional information.

14. Repairs.—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value or appreciably prolong the life of the property.

Include in this line the total amount of repairs figured under the Class Life Asset Depreciation Range (CLADR) System.

You may elect to deduct as a current expense certain expenditures for the removal of architectural and transportation barriers to the handicapped and elderly. See section 190 and Temporary Internal Revenue Regulations section 7.190.

15. Bad debts.—Bad debts may be treated in either of two ways—(1) as a deduction for debts that become worthless in whole or in part, or (2) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.)

Application to change the method of computing bad debts must be made on Form 3115.

17. Taxes.—Enter taxes paid or accrued during the tax year.

Do not include Federal income tax or taxes not imposed on the corporation. See section 164(d) for apportionment of taxes on real property between seller and purchaser.

Generally, do not deduct amounts paid or accrued during the year for real property construction period taxes (other than for low-income housing). See section 189 for details, and the instruction for line 20 for information on amortizing these amounts.

18. Interest.—Enter interest expense, including investment interest expense, but do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. For exceptions see item (2) of section 265.

See section 267 for limitation on deductions for unpaid expenses and interest on transactions between related taxpayers.

Generally, do not deduct amounts paid or accrued during the year for real property construction period interest (other than for low-income housing). See section 189 for details, and the instruction for line 20 for information on amortizing these amounts.

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years subsequent to the current tax year. A cash basis taxpayer, who in 1978 prepaid interest allocable to any period after 1978, can only deduct the amount allocable to 1978. Please see Publication 545, Income Tax Deduction for Interest Expense.

19. Contributions.—Enter contributions or gifts actually paid within the tax year or for the use of charitable and govern-

mental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not exceed 5% of taxable income (line 28, page 1) computed without regard to this deduction.

Charitable contributions in excess of the 5% limitation may not be deducted for the tax year but may be carried over to the next 5 tax years.

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the third month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year, and a copy of the resolution, must both be attached to the return.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property.—If you make a charitable contribution of property, the contribution must be reduced by the sum of

- (1) the ordinary income, short-term capital gain and
- (2) for certain contributions, 62.50% (60.87% for gifts made after 1978) of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. The reduction for 62.50% or 60.87% of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of an property to or for the use of certain private foundations. (Section 170(e).)

Bargain sale to a charitable organization.—If you take a charitable contribution deduction for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

20. Amortization.—If a deduction is claimed for amortization, attach a schedule showing: (1) a description of the expenditures being amortized; (2) date acquired, completed, or expended; (3) amount being amortized; (4) amortization deducted in prior years; (5) amortization period (number of months); (6) amortization for this year; and (7) the total amount of amortization less the amount claimed in Schedule A.

See section 169 and related regulations for conditions under which the cost of certified pollution control facilities may be amortized over 60 months.

See section 188 for conditions under which the cost of certain expenditures for on-the-job training and child care facilities may be amortized over 60 months.

See section 189(b) for amortization of real property construction period interest and taxes, other than for low-income housing.

See new section 191 under which the costs incurred in a certified rehabilitation

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of a historic structure may be amortized over a 60 month period.

21. Depreciation.—See Instructions for Form 4562, Depreciation.

22. Depletion.—See sections 613 and 613A for rates applicable to natural deposits.

Attach Form T if a deduction is claimed for depletion of timber.

24. Pension, profit-sharing, etc. plans.—The number of plans to be entered refers to all plans for which all assets have not been distributed. Also include any plans in which assets were distributed in the current year. The number of plans must be indicated whether or not a deduction is claimed.

Complete Form 5500 for each plan and file as a separate return. Complete Form 5500-C in lieu of Form 5500 if there were fewer than 100 participants at the beginning of the plan year. See instructions for above forms for computation of allowable deduction on line 24. File these forms on or before the last day of the 7th month following the close of the plan year. ERISA imposes penalties for failure to furnish complete information and failure to file statements and return reports.

If you have a profit-sharing or stock bonus plan, it will be disqualified unless it specifically states that plan forfeitures attributable to employer contributions after 1970 tax years cannot benefit a shareholder-employee.

Taxability of shareholder-employee beneficiaries.—See section 1379(c) for inclusion of excess contributions in gross income of the shareholder-employee beneficiary. Also, see instructions for column 4 in Part VIII of Schedule K-1.

25. Employee benefit programs.—Enter the amount of contributions to employee benefit programs (e.g., insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 24.

Also include the corporation's contributions to a qualified group legal services plan established for the exclusive benefits of employees (including shareholders) or their spouses or dependents. Section 120 imposes certain rules on an employer which will permit employees (including their spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

26. Other deductions.—No deduction is allowable for the amount of any item or part of it allocable to a class of exempt income except certain portions of interest incurred by face-amortized certificate companies registered under the Investment Company Act of 1940. (See section 265 (2).) Items directly attributable to wholly exempt income must be allocated to such income, and items directly attributable to any class of taxable income must be allocated to such taxable income.

If an item is indirectly attributable both to taxable income and exempt income, a reasonable proportion of the item, determined in the light of all the facts and circumstances in each case, must be allocated to each.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expense items allocated to each such class. Show the amount allocated by apportionment separately.

In the case of a farming syndicate, a deduction for amounts paid for feed, seed,

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fertilizer, or other similar farm supplies shall only be allowed in the tax year in which such items are actually used or consumed. For definitions, exceptions to the general rule, and special rules for poultry, see section 464(b). For special rules for orchard and vineyard expenses, see section 278.

For special treatment of certain expenditures incurred in the production of films, books, records, or similar property, see section 280.

Include as a deduction that portion of any loss(es) from section 465 activities which was not allowable for distribution to shareholders for the corporation's 1977 tax year because of section 465 limitations. (See section 465 and the instruction for line 28 for details.)

28. Taxable income.—Special "at risk" rules contained in section 465 limit certain corporate losses used in computing line 28 for the following activities:

- (a) holding, producing, or distributing motion picture films or video tapes,
- (b) farming (as defined in section 464(e)),
- (c) leasing section 1245 property to others, or
- (d) exploring for, or exploiting, oil and gas resources.

The losses of these section 465 activities are limited to the total amount for which the corporation is "at risk" for each separate activity at the close of the tax year. The corporation is considered "at risk" for an activity for amounts described in section 465(b)(1) and (2). The amounts borrowed are not considered to be "at risk" if such amounts are excluded or excepted under section 465(b)(3) and (4).

Where the corporation is involved in more than one activity, and one or more of the activities is a section 465 activity with a loss for the year, then each section 465 activity profit and loss is to be computed separately. The corporation should attach a schedule reflecting the amount at risk and gross income and deductions for each section 465 activity with a loss.

If a loss from a section 465 activity exceeds the amount the corporation is at risk for the activity at the end of the tax year, the amount that would otherwise be entered on line 28 of Form 1120S is to be modified for the excess. Only the allowable loss (described above) may be passed through to the shareholders for the tax year. See Schedule K-1 instructions. Any loss from an "at risk" activity not allowed under this section for the tax year shall be treated as a deduction for such activity in the first succeeding taxable year. See instruction for line 28.

See section 204(c)(2) and (3) of the Tax Reform Act of 1976 for special transitional rules relating to movies, video tapes, and leasing activities.

30. Minimum tax on tax preference items.—Electing small business corporations are subject to the minimum tax only with respect to the capital gains item of tax preference and only to the extent that the gains are subject to the tax imposed by section 1378. Corporations having such capital gains in excess of \$10,000 must attach Form 4626, Computation of Minimum Tax—Corporations and Fiduciaries.

All other items of tax preference, excluding capital gains, must be apportioned among the shareholders in a manner consistent with the way net operating losses are apportioned under section 1374(c)(1).

The capital gains are excluded from this apportionment since these gains are (1) passed through to the shareholders, (2) in-

cluded in their income on Schedule D (Form 1040), to the extent provided under the rules in section 1375(a), and (3) included in the computation of the shareholders' capital gains tax preference.

Caution: Recently enacted legislation affects the reporting requirements on Schedule K and for items passed through to shareholders on Schedule K-1. These items are gains for sales or exchanges of capital assets, energy credit property expenditures, and a combined new jobs credit and targeted jobs credit. See instructions for lines 9, 10, and 13 of Schedule K, and instructions for Part I, line 2, Part V, and Part VII of Schedule K-1.

SCHEDULE K

Computation of Undistributed Taxable Income and Summary of Distributions and Other Items

Lines 1, 2, and 3.—Undistributed taxable income is taxable income less the sum of:

- (1) The taxes imposed by sections 58(d)(2) and 1378(a), and
- (2) The amount of money distributed as dividends out of earnings and profits of the taxable year.

Distributions of money made within 2 months and 15 days after the close of the corporation's tax year are treated as distributions of that prior year's undistributed taxable income to the extent of the shareholders' pro rata shares.

Summary of Distributions and Other Items

Actual dividend distributions entered on lines 4, 5, and 6 of Schedule K must be reported on Form 1099-DIV. The amount shown on line 7 of Schedule K (nondividend distribution) must be entered in the space provided for nontaxable distributions on Form 1099-DIV.

If a prior actual distribution reported to shareholders as ordinary income on Form 1099-DIV is determined to be capital gain at the close of the corporation's tax year, the corporation must issue corrected Forms 1099-DIV to the shareholders.

The constructive dividends, entered on lines 8, 9(a), and 9(b) of Schedule K, must be reported on Schedule K-1.

Line 4.—Enter the actual dividend distributions of money or property that are out of current earnings and profits and taxable as ordinary income. A dividend distribution of property does not reduce undistributed taxable income.

Line 5.—Enter actual dividend distributions that are to be treated by the shareholders as long-term capital gain after tax. (See section 1375 and 1.1375-1 of the regulations.)

Line 6.—Only those dividends that are not considered to be out of the earnings and profits of the tax year qualify for the dividend exclusion. For purposes of this rule, the earnings and profits of the tax year are deemed not to exceed taxable income for the year. The dividends entitled to the exclusion would include, for example, dividends paid out of accumulated earnings and profits.

Line 7.—Enter the total amount of distributions of money and property not out of earnings and profits.

For tax years after the first tax year to which the Subchapter S election applies, include any distribution of undistributed taxable income previously taxed to shareholders as allowed by section 1375(d). See section 1377(f) for purposes of determining whether a distribution is out of the corporation's undistributed taxable income previously taxed to shareholders.

Section 1375(f) provides that distributions of money made within 2 months and 15 days after the close of the tax year are treated as non-dividend distributions of such year's undistributed taxable income to the extent they do not exceed the shareholders' shares of undistributed taxable income for such year. These distributions are to be reported in the year the distributions are made. For example, if a 1978 calendar year corporation makes a section 1375(f) distribution within 2 months and 15 days after the close of its tax year, this distribution is to be reported as a non-dividend distribution on Schedule K of the 1979 Form 1120S, and also on the 1979 Form 1099-DIV. (See section 1375(f).)

Line 8.—Enter that portion of undistributed taxable income that is to be treated by the shareholders as ordinary income. The undistributed taxable income is the amount that the shareholders would have received as a dividend if such income had been distributed pro rata to them on the last day of the corporation's tax year.

A dividend distribution of property other than money may cause the corporation's undistributed taxable income (line 3) to exceed the total of lines 8 and 9(a).

If there is a net operating loss for the tax year, enter it here.

Line 9(a) and (b).—Enter on 9(a) that portion of undistributed taxable income that is to be treated by the shareholders as long-term capital gain after tax. (See section 1375 and 1.1375-1 of the regulations.)

Enter on line 9(b) that portion of line 9(a) which is attributable to transactions after October 31, 1978 (after tax). See instruction for column g of Schedule D (Form 1120S) in the instructions for Schedule D (Form 1120S).

Line 10.—Attach a separate schedule reporting the total energy property acquired or constructed after September 30, 1978. List the dollar amount for each type of energy property. See Schedule B (Form 3468), Computation of Business Energy Investment Credit, for information on types of energy property.

Line 11. Interest on investment indebtedness.—List the amounts of interest on investment indebtedness, and the applicable items of: (1) net investment income or (loss), (2) excess expenses over rental income attributable to net lease property, and (3) net capital gain (excess net long-term capital gain over net short-term capital loss) attributable to investment property which were included in the computation of the taxable income for the corporation.

The interest on investment indebtedness must be allocated to the period in which the indebtedness was incurred. The indebtedness incurred periods are: (1) prior to December 17, 1969, (2) prior to September 11, 1975 but after December 16, 1969, and (3) after September 10, 1975. For additional information see Form 4952.

Shareholders are to be notified of their pro rata share of the above information for purposes of computing their limitation

on interest on investment indebtedness at the shareholder level. (See Form 4952 and section 163(d).)

Line 12.—Enter the amount of each item of tax preference. The total amount of amortization deducted by the corporation (line 20) is to be listed in the total column of line 12(b), and the dollar amount of each specific type of amortization contained in this total is to be listed in the following order in the four spaces provided: (1) certified pollution control facilities, (2) railroad rolling stock, (3) on-the-job training facilities, and (4) child care facilities. These amounts are also taken into account in computing the taxable income of the corporation in the regular manner but are subject (with certain reductions) to a minimum tax at the shareholder level. (See instruction 30.) These amounts are to be taken into account by the shareholder along with similar items of tax preference from all other sources in preparing Form 4625, Computation of Minimum Tax—Individuals (Form 4626 for a shareholder who is an estate or trust).

Line 13.—Enter the new jobs credit (line 13 of Form 5884) or the combined new jobs credit and targeted jobs credit (line 20 of Form 5884-FY (1978-79) computed by the corporation. The credits are computed at the corporate level and then apportioned pro rata among the persons who are shareholders of the corporation's last day of the corporation's taxable year.

See Form 5884 for information concerning the new jobs credit and Form 5884-FY (1978-79) for information concerning the combined new jobs credit and targeted jobs credit.

SCHEDULE K-1

Shareholder's Share of Undistributed Taxable Income, etc.

Complete a separate Schedule K-1 (Form 1120S) for each shareholder, and file Copy A with Form 1120S.

Note: Section 6676 provides a \$5.00 penalty for failure to provide the identifying number of each shareholder.

Schedule K-1 (Form 1120S) must show complete information with respect to all persons who were shareholders of the corporation during any portion of the tax year. Shareholders generally are taxed on their distributive shares of the current taxable income of the corporation, whether or not actually distributed. In addition to the undistributed taxable income, Schedule K-1 also includes each shareholder's pro rata share of losses from section 465 activities, items of tax preference, items used to compute the limitation for interest on investment indebtedness, property eligible for investment credit, property subject to recapture of investment credit, new jobs credit (or combined new jobs credit and targeted jobs credit) and other shareholder information.

Report actual dividend distributions aggregating \$10 or more to a shareholder during the calendar year on Form 1099-DIV.

PART I.—Income

Line 1.—Enter each shareholder's pro rata share of undistributed taxable income that is taxable as ordinary income. This

amount is to be reported by the shareholder on Schedule E (Form 1040). Each shareholder's share of a net operating loss is also reported on line 1 and on Schedule E (Form 1040). (Note: The section 465 activity loss(es) included on line 28 of Form 1120S is to be included on line 1, Part I, and also entered in Part II. The entry in Part II is only for information purposes to assist the shareholder in determining how much section 465 activity loss the shareholder is allowed to deduct on his or her individual tax return. See instructions for Part II (below) for an explanation of section 465 activity loss limitations.)

A shareholder's distributive share of a net operating loss may not exceed the adjusted basis of the shareholder's stock in the corporation plus the adjusted basis of any indebtedness of the corporation to the shareholder. (See section 1374.)

Actual dividend distributions taxable as ordinary income must be reported on Schedule B (Form 1040), line 3 of Part II.

Line 2.—Enter each shareholder's pro rata share of undistributed net capital gain after tax on line 2(a). This amount is to be reported by the shareholder on Schedule D (Form 1040) as "net long-term gain from small business corporations (Subchapter S)." On line 2(b), enter each shareholder's share of that portion of line 2(a) attributable to transactions completed after October 31, 1978. If this is a net capital gain, this amount will be entered by the shareholder in column g of Schedule D (Form 1040).

Actual dividend distributions taxable as long-term capital gain must be reported on line 3, Part II, Schedule B (Form 1040).

See section 1375 and 1.1375-1 of the regulations concerning special rules applicable to distributions of electing small business corporations.

PART II.—Losses from Section 465 Activities

Special rules apply in the case of an electing small business corporation engaged in the following activities:

- holding, producing, or distributing motion picture films or video tapes.
- farming (as defined in section 464(e)).
- leasing section 1245 property to others, or
- exploring for, or exploiting, oil and gas resources.

Section 465 provides that the amount of loss which may be deducted in connection with one of the above activities cannot exceed the total amount for which the shareholder is at risk for each such activity at the close of the tax year.

A shareholder is generally considered at risk for the activity to the extent of the amount of money and the adjusted basis of the property the shareholder contributed to the activity plus any amounts borrowed for use in the activity with respect to which the shareholder has personal liability for payment from his or her personal assets or has pledged property, other than property used in such activity, as security for such borrowed amount (to the extent of the net fair market value of the taxpayer's interest in such property). (See section 465(b)(3) and (4) for exclusions and exceptions to the above general rule, and section 204(c)(2) and (3) of the Tax Reform Act of 1976 for special transitional rules

concerning movies and video tapes and leasing activities.)

If the corporation is engaged in one or more of the above section 465 activities, or is engaged in other activities in addition to the section 465 activities, and one or more of the section 465 activities has an operating loss for the year, then the section 465 activity losses are to be entered in Part II. (If more than one section 465 activity loss is to be entered in Part II, attach a supporting schedule listing each loss separately.)

Any loss disallowed under section 465 for the tax year shall be treated as a deduction allocable to such activity in the first succeeding tax year. (See section 465.)

PART III.—Interest on Investment Indebtedness

Each shareholder must be notified of his or her pro rata share of interest on investment indebtedness and the applicable items of: (1) net investment income or (loss), (2) excess expenses over rental income attributable to net lease property, and (3) net capital gain (excess net long-term capital gain over net short-term capital losses) attributable to investment property which were included in the computation of the taxable income for the corporation.

The interest on investment indebtedness must be allocated to the period in which the indebtedness was incurred. The indebtedness incurred periods are: (1) prior to December 17, 1969, (2) prior to September 11, 1975 but after December 16, 1969, and (3) after September 10, 1975. For additional information see Form 4952.

These items are combined with similar items from other sources to compute the shareholder's limitation on the deduction for interest incurred on investment indebtedness. (See Form 4952 and section 163(d).)

PART IV.—Items of Tax Preference

All items of tax preference are taken into account by the shareholders, along with similar items from other sources, in preparing Form 4625, Computation of Minimum Tax—Individuals (Form 4626 for Estates or Trusts). The items of tax preference, except capital gains, are apportioned to each shareholder on a daily basis and not as of the end of each year. This manner is consistent with the way net operating losses are apportioned under section 1374. (See section 1374 and instruction 30.)

PART V.—Property Eligible for Investment Credit

Investment Credit.—Shareholders are allowed a tax credit on their individual returns for their share of the corporation's investment in certain depreciable property.

Shareholders claiming the credit must attach Form 3468 to their returns.

The regular investment credit rate is 10 percent for property acquired and placed in service and qualified progress expenditures taken into account during the taxable year. An additional 10% energy investment credit was made available for energy property acquired after September 30, 1978.

The additional 1% or 1.5% investment credit as provided for in section 46(b)(2)(E) for amounts contributed to an employee stock ownership plan is not available in the case of an electing small business corporation.

The limit on the amount of used property eligible for the investment credit is \$100,000.

In addition to the regular investment credit property reported in Part V of Schedule K-1, attach a separate schedule showing the corporation's investment in qualified energy property. See Schedule B (Form 3468), Computation of Business Energy Investment Credit, for details concerning energy property.

PART VI.—Property Used in Recomputing a Prior Year Investment Credit

When property is disposed of prior to the "life years" assigned, each shareholder must be notified. Each shareholder must recapture the amount by which the credit taken in a prior year or years exceeds the credit as recomputed due to the early disposition of the property. See section 1.47-4 of the regulations and instructions for Form 4255. For recomputation of the investment credit for qualified progress expenditures, see section 47(a)(3).

The tax from recomputing a prior year investment credit may not be offset against the current year's investment credit.

PART VII.—New Jobs Credit

Shareholders of record on the last day of the taxable year are allowed a tax credit on their individual tax returns for their pro rata share of the new jobs credit computed by the corporation on Form 5884 (line 13) or the combined new jobs credits and targeted jobs credit computed on Form 5884-FY (1978-79) (line 20).

PART VIII.—Other Shareholder Information

Column 3.—If the number of shares owned by a shareholder changed during the year, attach a statement showing the number of shares held for each period.

Column 4.—Enter the compensation paid to each shareholder including any excess contributions to a pension, profit-sharing, etc. plan made on behalf of a shareholder-employee. Excess contributions are those deductible by the corpora-

tion under section 404(a)(1), (2), or (3) over the lesser of:

- 15% of the compensation received or accrued by the shareholder-employee from the corporation during its taxable year, or
- \$7,500.

A shareholder-employee of the corporation is an employee or officer who owns (or is considered as owning under section 318 (b)(1)) on any day of the taxable year of the corporation, more than 5% of its outstanding stock. The above excess contribution rule does not apply to contributions to a trust described in section 401(j)(6). (See section 1379(b).)

Credit for wages paid or incurred in a Work Incentive (WIN) program.—Shareholders are allowed a WIN credit on their return for their share of the WIN program expenses (wages) paid or incurred by the corporation. The credit is 20% of the total WIN program wages paid or incurred for the first 12 months of employment of each WIN program employee. For special rules and limitations, see Form 4874 and sections 50A and 50B.

Shareholders of 1978-79 fiscal year corporations are to see Form 4874-FY for special rules and limitations concerning the WIN credit.

The corporation must attach a statement showing each shareholder's share of the wages of such WIN program employee. This statement must also show each employee's name, social security number, initial date of employment, and total WIN program wages.

Shareholders claiming the WIN credit must attach Form 4874 to their returns.

Tax from recomputing a prior year WIN credit.—If a WIN employee is dismissed within the first 90 days of employment (whether or not consecutive) or before the end of the 90th calendar day after the day in which such employee completes 90 days of employment, the WIN credit previously taken may be subject to recapture. If so, each shareholder must be given a statement showing his or her share of WIN wages attributable to each such WIN employee and the employee's name, social security number, and period of employment. Each shareholder must add to his or her tax liability the prior credit taken with respect to each such WIN employee.

For exceptions and limitations, see Form 4874 and section 1.50A-5 of the regulations.

The tax from recomputing a prior year work incentive credit may not be offset against the current year's work incentive credit.

For more information obtain Publication 589, Tax Information on Subchapter S Corporations, from your local Internal Revenue office.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification system developed by the Office of Management and Budget, Executive Office of the President, to classify enterprises by type of activity in which they are engaged. The system follows closely the Standard Industrial Classification used to classify establishments.

Using the list below, enter on page 1, under B, the code number for

the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1, page 1) plus all other income (lines 4 through 10, page 1). On page 2, under M, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Grain mill products," the principal product or service may be "Cereal preparations."

AGRICULTURE, FORESTRY, AND FISHING

Code
0400 Agricultural production.
0600 Agricultural services (except veterinary), forestry, fishing, hunting, and trapping.

MINING

Code
1010 Iron ores.
1070 Copper, lead and zinc, gold and silver ores.
1098 Other metal mining.
1180 Coal mining.
Oil and gas extraction:
1330 Crude petroleum, natural gas, and natural gas liquids.
1380 Oil and gas field services.
Nonmetallic minerals (except fuels) mining:
1430 Dimensional, crushed and broken stone, sand and gravel.
1498 Other nonmetallic minerals, except fuels.

CONSTRUCTION

General building contractors and operative builders:
1510 General building contractors.
1531 Operative builders.
1600 Heavy construction contractors.
Special trade contractors:
1711 Plumbing, heating, and air conditioning.
1721 Electrical work.
1798 Other special trade contractors.

MANUFACTURING

Food and kindred products:
2010 Meat products.
2020 Dairy products.
2030 Preserved fruits and vegetables.
2040 Grain mill products.
2050 Bakery products.
2060 Sugar and confectionery products.
2081 Malt liquors and malt.
2088 Alcoholic beverages, except malt liquors and malt.
2089 Bottled soft drinks, and flavorings.
2096 Other food and kindred products.
2100 Tobacco manufactures.
Textile mill products:
2228 Wearing and textile finishing.
2250 Knitting mills.
2298 Other textile mill products.
Apparel and other textile products:
2315 Men's and boys' clothing.
2345 Women's and children's clothing.
2368 Hats, caps, millinery, fur goods, and other apparel and accessories.
2390 Misc. fabricated textile products.
Lumber and wood products, except furniture:
2415 Logging camps and logging contractors, sawmills and planing mills.
2430 Millwork, plywood, and related products.
2498 Other wood products, including wood buildings and mobile homes.
2500 Furniture and fixtures.
Paper and allied products:
2625 Pulp, paper, and board mills.
2699 Other paper products.
Printing, publishing, and allied industries:
2710 Newspapers.
2720 Periodicals.
2735 Books, greeting cards, and misc. publishing.
2799 Commercial and other printing and printing trade services.
Chemicals and allied products:
2815 Industrial chemicals, plastics materials and synthetics.
2830 Drugs.
2840 Soap, cleanser, and toilet goods.
2850 Paints and allied products.
2898 Agricultural and other chemical products.
Petroleum refining and related industries (including those integrated with extraction):
2910 Petroleum refining (including those integrated with extraction).
2998 Other petroleum and coal products.
Rubber and misc. plastics products:
3050 Rubber products; plastics footwear, hose and belting.
3070 Misc. plastics products.
Leather and leather products:
3140 Footwear, except rubber.
3198 Other leather and leather products.
Stone, clay, glass, and concrete products:
3225 Glass products.
3240 Cement, hydraulic.

Code

3270 Concrete, gypsum, and plaster products.
3298 Other nonmetallic mineral products.
Primary metal industries:
3370 Ferrous metal industries; misc. primary metal products.
3380 Nonferrous metal industries.
Fabricated metal products, except machinery and transportation equipment:
3410 Metal cans and shipping containers.
3428 Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.
3430 Plumbing and heating, except electric and warm air.
3440 Fabricated structural metal products.
3460 Metal forgings and stampings.
3470 Coating, engraving, and allied services.
3480 Ordnance and accessories, except vehicles and guided missiles.
3490 Misc. fabricated metal products.

Machinery, except electrical:

3520 Farm machinery.
3530 Construction, mining, and materials handling machinery and equipment.
3540 Metalworking machinery.
3550 Special industry machinery, except metalworking machinery.
3560 General industrial machinery.
3570 Office, computing, and accounting machines.
3598 Engines and turbines, service industry machinery, and other machinery, except electrical.

Electrical and electronic machinery, equipment, and supplies:

3630 Household appliances.
3645 Radio, television, and communication equipment.
3670 Electronic components and accessories.
3698 Other electric equipment.
Transportation equipment:
3710 Motor vehicles and equipment.
3725 Aircraft, guided missiles and parts.
3730 Ship and boat building and repairing.
3798 Other transportation equipment.
Measuring and controlling instruments; photographic and medical goods, watches and clocks:
3815 Scientific instruments and measuring devices; watches and clocks.
3845 Optical, medical, and ophthalmic goods.
3860 Photographic equipment and supplies.
3998 Other manufacturing products.

TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES

Transportation:
4000 Railroad transportation.
4100 Local and interurban passenger transit.
4200 Trucking and warehousing.
4400 Water transportation.
4500 Transportation by air.
4600 Pipe lines, except natural gas.
4700 Other transportation services.
Communication:
4825 Telephone, telegraph, and other communication services.
4830 Radio and television broadcasting.
Electric, gas, and sanitary services:
4910 Electric services.
4920 Gas production and distribution.
4930 Combination utility services.
4990 Water supply and other sanitary services.

WHOLESALE TRADE

Durable:
5008 Machinery, equipment, and supplies.
5010 Motor vehicles and automotive equipment.
5020 Furniture and home furnishings.
5030 Lumber and construction materials.
5040 Sporting, recreational, photographic, and hobby goods, toys and supplies.
5050 Metals and minerals, except petroleum and scrap.
5060 Electrical goods.
5070 Hardware, plumbing and heating equipment.
5098 Other durable goods.
Nondurable:
5110 Paper and paper products.
5125 Drugs, drug proprietaries, and drug glass sundries.
5130 Apparel, piece goods, and notions.
5140 Groceries and related products.
5150 Farm-product raw materials.
5160 Chemicals and allied products.
5170 Petroleum and petroleum products.
5180 Alcoholic beverages.
5190 Misc. nondurable goods.

Code

Building materials, hardware, garden supply, and mobile home dealers:
5220 Building materials dealers.
5231 Hardware stores.
5265 Garden supplies and mobile home dealers.
5300 General merchandise stores.
5410 Grocery stores.
5490 Other food stores.
Automotive dealers and service stations:
5515 Motor vehicle dealers.
5541 Gasoline service stations.
5598 Other automotive dealers.
5600 Apparel and accessory stores.
5700 Furniture and home furnishings stores.
5800 Eating and drinking places.
Misc. retail stores:
5912 Drug stores and proprietary stores.
5921 Liquor stores.
5998 Other misc. retail stores.

FINANCE, INSURANCE, AND REAL ESTATE

Banking:
6030 Mutual savings banks.
6060 Bank holding companies.
6090 Banks, except mutual savings banks and bank holding companies.
Credit agencies other than banks:
6120 Savings and loan associations.
6140 Personal credit institutions.
6150 Business credit institutions.
6199 Other credit agencies.
Security, commodity brokers, dealers, exchanges, and services:
6210 Security brokers, dealers, and flotation companies.
6299 Commodity contracts brokers and dealers; security and commodity exchanges; and allied services.
Insurance:
6355 Life insurance.
6356 Mutual insurance, except life or marine insurance, and certain fire or flood insurance companies.
6359 Other insurance companies.
6411 Insurance agents, brokers, and services.
Real Estate:
6511 Real estate operators (except developers) and lessors of buildings.
6516 Lessors of mining, oil, and similar property.
6518 Lessors of railroad property and other real property.
6530 Condominium management and cooperative housing associations.
6550 Subdividers and developers.
6599 Other real estate.

Holding and other investment companies:

6742 Regulated investment companies.
6743 Real estate investment trusts.
6744 Small business investment companies.
6749 Holding and other investment companies, except bank holding companies.

SERVICES

7000 Hotels and other lodging places.
7200 Personal services.
Business services:
7310 Advertising.
7389 Business services, except advertising.
Auto repair and services; misc. repair services:
7500 Auto repair and services.
7600 Misc. repair services.
Amusement and recreational services:
7812 Motion picture production, distribution, and services.
7830 Motion picture theaters.
7900 Amusement and recreation services, except motion pictures.
Other services:
8015 Offices of physicians, including osteopathic physicians.
8021 Offices of dentists.
8040 Offices of other health practitioners.
8050 Nursing and personal care facilities.
8060 Hospitals.
8071 Medical laboratories.
8099 Other medical services.
8111 Legal services.
8200 Educational services.
8300 Social services.
8600 Membership organizations.
8911 Architectural and engineering services.
8930 Accounting, auditing, and bookkeeping.
8950 Miscellaneous services (including veterinarians).

SCHEDULE D
(Form 1120S)

1978

Department of the Treasury
Internal Revenue Service**Instructions for
Schedule D (Form 1120S)
Capital Gains and Losses**

(References are to the Internal Revenue Code.)

This schedule provides for the reporting of sales or exchanges of capital assets. Every sale or exchange of property must be reported even though no gain or loss is indicated.

See Form 4797 and related instructions for reporting sales or exchanges of property other than capital assets including the sale or exchange of property used in the trade or business and involuntary conversions (section 1231), also, gain from the disposition of interest in oil and gas property (section 1254).

Note: The Tax Reform Act of 1976 increased the holding period for long-term capital gains and losses from more than 9 months to more than one year for taxable years beginning in 1978 and thereafter.

In the case of amounts received from an installment sale, the holding period rule in effect in the year of sale will determine the treatment of the amounts received as long-term or short-term gain.

Gains and losses on futures transactions (but not options on futures transactions) in any commodity subject to the rules of a board of trade or commodity exchange will retain the more than 6-month holding period rule for long-term treatment. See section 1222.

Capital Assets.—Each item of property held by the corporation (whether or not connected with its trade or business) is a capital asset except: (1) inventoriable assets or property held primarily for sale to customers; (2) depreciable or real property used in the trade or business; (3) certain copyrights, literary, musical, or artistic compositions, letters or memorandums, or similar property; (4) accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in (1) above; (5) certain short-term Federal, State, and municipal obligations; and (6) a publication of the United States Government (including the Congressional Record) which is received from the United States Government or any agency thereof, other than by purchase at the price at which it is offered for sale to the public, and which is

held by (a) a taxpayer who so received such publication, or (b) a taxpayer in whose hands the basis of such publication is determined, for purposes of determining gain from a sale or exchange, in whole or in part by reference to the basis of such publication in the hands of a taxpayer described in (5)(a).

For special rules applicable to capital gains of an electing small business corporation, see section 1.1375-7 of the regulations.

Exchange of "Like Kind" Property.—Although no gain or loss is recognized when property held for productive use in a trade or business or for investment is exchanged solely for property of a "like kind" to be held either for productive use in a trade or business or for investment, you must report the transaction on Schedule D (Form 1120S) or Form 4797, whichever is applicable. This does not include property that is stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest. If Schedule D is applicable, identify the property disposed of in column (a). Enter the date of acquisition in column (b) and write the date of exchange in column (c). Write "like kind exchange" in column (d) and enter the adjusted basis in column (e). Enter zero in column (f) and (g). (See section 1031.)

Gain from Sale of Depreciable Property Between Certain Related Taxpayers.—Gain from the sale or exchange of depreciable property between related persons is ordinary income if such property is, in the hands of the transferee, subject to depreciation. "Related persons" includes: (1) an individual and a corporation 80 percent or more in value of the outstanding stock of which is owned, directly or indirectly, by or for such individual; or (2) two or more corporations 80 percent or more in value of the outstanding stock of each of which is owned, directly or indirectly by or for the same individual. In general, section 318 applies with respect to

the constructive ownership of stock. Item (2) only applies to sales or exchanges made after October 4, 1976, unless the sale or exchange was made pursuant to a binding contract entered into on or before that date. (See section 1239.)

Capital Losses.—Capital losses are allowed only to the extent of capital gains. A net capital loss, however, may be carried forward as a short-term capital loss for 5 years (10 years to the extent the loss is attributable to a foreign expropriation loss) or until exhausted, whichever comes first.

Short Sales of Capital Assets.—For rules relating to certain short sales of stock or other securities and transactions in commodity futures, see section 1233.

Worthless Securities.—Except for banks, if securities that are capital assets become wholly worthless during the taxable year, the loss is to be treated as a capital loss as of the last day of the taxable year.

Losses Not Allowable.—No loss is allowed for wash sales of stock or securities. (See section 1091.) No loss is allowed (distributions in liquidation excepted) on transactions between related persons. (See section 267.)

Options to Buy or Sell.—See section 1234 for rules pertaining to the treatment of gain or loss in the case of a purchaser or that of a grantor of an option in the case of stock, securities, or commodities granted after September 1, 1976.

Costs or Other Basis, As Adjusted.—In determining gain or loss, the basis of property will generally be its cost. If property was acquired by bequest, gift, tax-free exchange, involuntary conversion, or wash sale of stock, see sections 1014 (and 1023), 1015, 1031, 1033, and 1091, respectively. Attach an explanation if the basis used is other than actual cash cost of the property.

If a charitable contribution deduction is allowed by reason of a sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount that

is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

Minimum Tax on Tax Preference Items.—If the net long-term capital gain exceeds the net short-term capital loss, you may be liable for minimum tax. See Form 4626.

Installment Sales.—If you sold personal property for more than \$1,000 or real property regardless of amount, you may be eligible to report any gain under the installment method if (1) there are no payments in the year of sale or (2) the payments in the year of sale do not exceed 30% of the selling price. (See section 453.) Such sales must provide for two or more payments, with at least one payment being made in each of two taxable years.

For treatment of a portion of payments as "unstated interest" on deferred payment sales, see section 483.

If you elect the installment method, attach computation. For additional information get Publication 537, Tax Information on Installment and Deferred-Payment Sales.

Column G, Parts I, II, III.—If line 8, column f, is a gain, figure the net capital gain (if any) on line 8, column g. Complete column g based on all transactions completed after October 31, 1978.

The computation in column g is for information purposes only. If there is a net capital gain on line 8, column g, enter that portion of the gain which was not distributed during the taxable year (after tax) on Form 1120S, Schedule K, line 9(b). Report each shareholder's prorata share of such gain (after tax) on Schedule K-1 (Form 1120S), Part I, line 2(b).

Part IV—Tax Computation.—Section 1378 imposes a tax on certain capital gains of an electing small business corporation.

If net capital gain (excess of net long-term capital gain over net short-

term capital loss, i.e., line 8, column f, Part III, Schedule D (Form 1120S)) exceeds \$25,000 and you are not liable for the tax, attach an explanation why this tax does not apply. (Questions A through D below may be answered and this page attached to Schedule D (Form 1120S) as an explanation.)

By answering the following questions, you can determine if you are liable for the tax.

If the answers to questions A, B, and C or questions A, B, and D are "Yes," the tax applies and you must complete Part IV of Schedule D (Form 1120S). Otherwise, you are not liable for the tax.

A. Does taxable income, line 28, page 1, exceed \$25,000? ☐ Yes ☐ No

B. Does net capital gain (line 8, column f, Part III, Schedule D (Form 1120S)) exceed \$25,000, and exceed 50% of taxable income (line 28, page 1)? ☐ Yes ☐ No

C. Have you been other than an 1120S corporation at any time during the 3 immediately preceding taxable years or since existence if less than 4 years? ☐ Yes ☐ No

D. If answer to question C is "No," does any long-term capital gain (line 6, column f, Schedule D (Form 1120S)) represent gain from property described in items 1, 2, and 3 below? ☐ Yes ☐ No

1. Property acquired during the taxable year or within 36 months preceding the taxable year;

2. Property acquired, directly or indirectly, from a corporation, that was not in existence as an 1120S corporation during the taxable year or within 36 months preceding the taxable year up to the time of the acquisition; and

3. Property having a substituted basis (basis determined by reference to its basis in the hands of the transferor corporation) to you?

If the answer to question D is "Yes," and the tax is applicable, com-

pute 30% (or a combined 30% and 28% may be applicable for fiscal year corporations) of the net capital gain (excess of the net long-term capital gain over the net short-term capital loss) attributable to property described in question D. If this amount is less than the tax on line 26 (or 46), Part IV, Schedule D (Form 1120S), attach this computation to Schedule D (Form 1120S). Enter this amount on line 26 (or 46), Part IV and note to the left of the amount, "Substituted Basis." (Section 1378(c)(3).)

Members of a Controlled Group.—If the corporation is a component member of a controlled group of corporations, see section 1561 and related regulations for rules on how to allocate the amounts on lines 10, 12, 14, and 16.

Capital Gains Tax.—The capital gains tax rate for electing small business corporations is 30% for a 1978 calendar year, and a combined 30% and 28% for 1978 fiscal year corporations.

For purposes of questions C and D above, a corporation is not considered to be in existence for any taxable year that precedes the first taxable year in which the corporation has shareholders, acquires assets, or begins business, whichever occurs first.

Lines 9 Through 46.—Calendar year corporations are to complete lines 9 through 13; omit lines 14 through 17; and complete lines 18 through 26.

Fiscal year corporations are to complete lines 9 through 21; omit lines 22 through 26; and complete lines 27 through 46.

Line 37.—Only a gain is to be reported on line 37. This gain is computed only on transactions occurring after December 31, 1978. Do not use the amounts in column g, Parts I, II, and III. Compute the capital gain for the period after December 31, 1978, on a separate schedule. The alternative tax rate for net capital gain for this period of the tax year is 28 percent.

U.S. GOVERNMENT PRINTING OFFICE: 1978-O-383-020

34-09770-35

Form **3468**
Department of the Treasury
Internal Revenue Service**Computation of Investment Credit**

▶ Attach to your tax return.

1978

Name _____ Identifying number as shown on page 1 of your tax return _____

1 Use the format below to list qualified investment in new and used property acquired or constructed and placed in service during the tax year. Also list qualified progress expenditures made during the 1978 tax year and qualified progress expenditures made in 1974, 1975, 1976, and 1977 if you made the proper election prescribed in section 46(d)(6) for those tax years. If progress expenditure property is placed in service during the tax year, do not list qualified progress expenditures for this property. See instruction for line 1.

If you are claiming 100% investment credit on certain ships, check this block ☐. See instruction K for details.

Note: Include your share of investment in property made by a partnership, estate, trust, small business corporation, or lessor.

Type of property	Line	(1) Life years	(2) Cost or basis (See instruction G)	(3) Applicable percentage	(4) Qualified investment (Column 2 x column 3)
New property	(a)	3 or more but less than 5		33 1/3%	
	(b)	5 or more but less than 7		66 2/3%	
	(c)	7 or more		100	
Qualified progress expenditures	(d)	7 or more		20	
	(e)	7 or more		80	
	(f)	3 or more but less than 5		33 1/3%	
Used property (See instructions for dollar limits)	(g)	5 or more but less than 7		66 2/3%	
	(h)	7 or more		100	

- 2 Qualified investment—Add lines 1(a) through (h) (see instruction M for special limits)
- 3 10% of line 2
- 4 7% (4% for public utility property) of certain property (see instructions M and N)
- 5 Corporations electing the additional investment credit for contributions to Employee Stock Ownership Plans—Attach election statement (see instruction I and instruction for line 5)
- (a) Additional 1% credit—Enter 1% of line 2
- (b) Additional credit (not more than 5%)—Enter allowable percentage times adjusted line 2 (attach schedule)
- 6 Carryback and carryover of unused credit(s)—Attach computation (see instruction F)
- 7 Tentative investment credit—Add lines 3 through 6
- 8 (a) Individuals—Enter amount from Form 1040, line 37, page 2
- (b) Estates and trusts—Enter amount from Form 1041, line 27 or 28, page 1
- (c) Corporations—Enter amount from Schedule J (Form 1120), line 9, page 3
- 9 (a) Credit for the elderly (individuals only)
- (b) Foreign tax credit
- (c) Tax on lump-sum distributions (see instruction for line 9(c))
- (d) Possession tax credit (corporations only)
- (e) Section 72(m)(5) penalty tax (individuals only)
- 10 Total—Add lines 9(a) through (e)
- 11 Subtract line 10 from line 8
- 12 (a) Enter smaller of line 11 or \$25,000. See instruction M for special limits. (Married persons filing separately, controlled corporate groups, estates, and trusts, see instruction for line 12.)
- (b) If line 11 is more than line 12(a) and your tax year ends in 1978, enter 50% of the excess (if your tax year ends in 1979, enter 60% of the excess). (Public utilities, railroads, and airlines, see instruction J.)
- 13 Total—Add lines 12(a) and (b)
- 14 Enter smaller of line 7 or line 13
- 15 Subtract line 14 from line 11
- 16 Enter energy property credit from line 3 of Schedule B (Form 3468)
- 17 Enter smaller of line 15 or line 16 (if there is no entry on line 16, enter zero)

18 Total Investment Credit—Add lines 14 and 17. Enter here and on Form 1040, line 41; Schedule J (Form 1120), line 10(b), page 3; or the appropriate line on other returns

Schedule A If any part of your investment in line 1 or 4 above was made by a partnership, estate, trust, small business corporation, or lessor, complete the following statement and identify property qualifying for the 7% or 10% investment credit.

Name (Partnership, estate, trust, etc.)	Address	Property			
		Progress expenditures	New	Used	Life years
		\$	\$	\$	

If property is disposed of prior to the life years used in figuring the investment credit, see instruction E.

Form **3468** (1978)

23-108-5979

U.S. GOVERNMENT PRINTING OFFICE: 1978-263-354

1978 Department of the Treasury
Internal Revenue Service**Instructions for Form 3468****Computation of Investment Credit**

(References are to the Internal Revenue Code)

New Tax Law Provisions

1. The Energy Act of 1978 provides a refundable energy investment credit of 10% for solar and wind energy property and a nonrefundable energy investment credit of 10% for other energy property. The credits are in addition to the regular 10% investment credit if the energy property also qualifies as regular investment credit property under existing law without considering the energy credit provisions. New Schedule B (Form 3468) will be made available to provide for the computation of the energy credits.

2. For tax years ending in 1979, the tax liability limitation as figured on line 12(b) was increased to 60%. Public utilities, railroads and airlines, see section 46(a)(7) and (8) concerning revised limitations.

3. The 10% credit rate and the \$100,000 limitation on used property are made permanent.

4. See new section 48(a)(1)(D) concerning certain single purpose agricultural or horticultural structures which qualify for the investment credit.

5. For tax years ending after 10/31/78, cooperative organizations described in section 1381(a) may claim the investment credit to the same extent it is available for taxpayers in general. In addition, new section 46(h) provides that any credit the cooperative cannot use because of the tax liability limitation (section 46(a)(3)) shall be allocated to the patrons of the cooperative.

6. Generally, pollution control facilities are eligible for 100% investment credit for tax years ending after 1978. See section 46(c)(5).

7. New section 48(a)(1)(E) extends the investment credit to rehabilitation expenditures for all types of business and productive buildings, except those, such as apartments, which are used for residential purposes. This provision is effective for qualified expenditures paid or incurred after 10/31/78 for buildings which have been in use for at least 20 years.

8. The investment credit is denied for certain air conditioning or heating units as well as certain boilers fueled by oil or gas which are placed in service after September 30, 1978. See sections 48(a)(1)(A) and 48(a)(10) for details.

9. Commuter highway vehicles having a useful life of 3 years or more are eligible for 100% investment credit. See section 46(c)(5).

General Instructions

A. Who Must File.—Any individual, estate, trust, or corporation claiming an

investment credit must attach this form to its income tax return.

Partnerships and small business corporations are not required to file this form because the credit is claimed by the partners and shareholders. They, however, must complete Schedule K on their returns showing the amount of investment credit property and qualified progress expenditures that is to be divided among the partners or shareholders.

This credit does not apply to a Domestic International Sales Corporation (DISC) and is not divided among DISC shareholders.

An estate or trust is allowed a credit for its share of the investment in depreciable property with an estimated useful life of 3 or more years. An estate or a trust that divides the qualified investment among itself and its beneficiaries must attach to this form a statement showing the allocation of the investment among its beneficiaries. The statement must show each beneficiary's allocable share of the basis of the new property, the cost of used property, and the life years assigned to the property. If the estate or trust has made an election under section 46(d)(6), the statement must show each beneficiary's portion of the qualified progress expenditures.

B. When Allowed.—The credit is allowed for the first year in which the qualified property is placed in service or for the year in which progress expenditures are taken into account (see section 46(d)(4)(F) for exceptions).

C. Property Defined.—(See New Tax Law Provisions above which add and delete certain properties from the listing below depending on when the item is acquired, constructed, or placed in service.) You are allowed a credit against your tax for investment in depreciable property with an estimated useful life of 3 years or more. For qualifying progress expenditures, you are allowed this credit for property with a useful life of 7 years or more. The credit is applicable to:

- (1) Tangible personal property,
- (2) Elevators and escalators,
- (3) Other tangible property, including certain real property (except buildings and their structural components and land) if used as an integral part of manufacturing, production, or extraction, etc., or used as a research facility or bulk storage facility for fungible commodities for these activities, and
- (4) Livestock (other than horses) if substantially identical livestock (not subject to recapture tax) is not disposed of or sold during the one-year period beginning 6 months before the acquisition date. Reduce the

cost of the acquired livestock by the amount realized on the disposition of the substantially identical livestock.

This credit does not apply to property:

- (1) Used mainly outside the U.S.;
- (2) Owned by or leased to a tax-exempt organization, unless the unrelated business income tax applies;
- (3) Owned by or leased to governmental unit;
- (4) Used for lodging or for furnishing lodging unless—
 - (a) The property, such as a restaurant, is used and located in commercial facilities,
 - (b) The property is used by a hotel or motel, or
 - (c) The property is a coin-operated vending machine, washing machine, or dryer; and
- (5) Amortized over a 5-year period such as railroad rolling stock, rehabilitation of low income rental housing, or child-care facilities (see sections 184, 167(k), or 188 respectively).

D. Election for Lessor Property.—A lessor may elect to treat all or part of an investment in new property as if it were made by the lessee. (See section 48(d).) For limitation on availability of the credit to certain lessors, see section 46(e)(3).

E. Recaptured Tax on Early Disposition of Property.—If you dispose of property prior to the life-years category used in figuring investment credit, recompute the credit. You may use Form 4255 to compute the tax increase.

F. Carryback and Carryover of Unused Credits.—Any part of an investment credit you cannot use because it exceeds the amount allowable (including any unused credit created by the carryback of a net capital loss or a net operating loss) may be carried back 3 years and forward 7 years and may be used to the extent permissible within the limitations applicable in those years.

Special Rule for Carryover of Unused Credits from Tax Years Ending Before 1971.—Any unused credit which originated before 1971 which can be carried over to any year after 1970 may be carried forward 10 years. Also, any credit unused because of the 20% limitation on carryover and carryback for any year after 1968 but before 1971 may be carried forward 10 years.

You may make a claim for refund based upon the carryback of an unused investment credit by filing Form 1040X (individuals) or Form 1120X (corporations) for the year to which the unused credit is carried. For a tentative (quick) refund, file Form 1045 (individuals) or Form 1139 (corporations).

Priority of Application of Credits.—The limitation is first absorbed by:

- (1) Investment credit carryovers to current year, then by
- (2) Investment credit earned in current year, and then by
- (3) Investment credit carrybacks.

G. Basis and Cost.—The credit for new property applies to the basis of the property. The credit for used property applies to the cost of the property. The cost of used property does not include the basis of any property traded in unless the trade-in resulted in the recapture of all or any portion of an investment credit previously allowed or resulted in a reduction of an investment credit carryback or carryover.

263-404-2

No adjustment for additional first-year depreciation or salvage value is required. For purposes of the investment credit, the useful life of the qualifying property must be the same as the useful life used for depreciation or amortization.

H. Qualified Progress Expenditures.—You may elect under section 46(d) to increase your qualified investment for a year by the allowable qualified investment in progress expenditures property as defined in section 46(d)(2) and (3). This election is made by attaching a statement to this form and shall apply to the tax year for which it is made and to all subsequent tax years.

The amount of qualified progress expenditures which may be taken into account in a tax year beginning in 1978 is the sum of (a) 80% of the qualified progress expenditure made in a tax year beginning in 1978 plus (b) 20% of the qualified progress expenditures made after January 21, 1975, in tax years beginning in 1974, 1975, 1976, and 1977, providing a proper election as prescribed in section 46(d)(6) was in effect for such years.

I. 11%-11.5% Investment Credit (Corporations Only).—A corporation may elect an 11% (or 11.5%) investment credit for qualified investment in property that is otherwise eligible for the 10% credit providing it meets the requirements of section 46(a)(2)(B) and section 301(d) of the Tax Reduction Act of 1975 (as amended).

A corporation may elect the additional credit by attaching a statement to this form.

J. Public Utilities, Railroads, or Airlines.—The alternative limitation under section 46(a) will apply to a public utility, a railroad or an airline, if the amount of qualified investment attributed to public utility property (or railroad property) (or airline property) is 25% or more of the total of its qualified investment for the year. For public utilities this applies to any year ending before 1981; for railroad and airlines this applies to any year ending after 1976 and before 1983. See section 46(a)(7) for public utilities and 46(a)(8) for railroads, airlines, and manufacturers who lease railroad property.

K. Ships.—An investment credit equal to 50% of the normal investment credit is allowed for certain vessels. See section 46(g)(1) through (6) for additional details.

Note: If you claim 100% instead of 50%, you are required to check the block in the instruction for line 1 on the front of this form.

L. Movies and Television Films.—See section 48(f) for special rules on the computation of investment credit for movies and television films.

M. Mutual Savings Institutions, Regulated Investment Companies, Real Estate Investment Trusts, and Cooperatives.—The qualified investment for investment

credit property and the \$25,000 amount in line 12(a) are limited for the above organizations. See section 1.46-4 of the regulations to determine these limits.

N. 7% Property (4% for Public Utilities).—Property acquired or constructed prior to January 22, 1975, and placed in service during the taxable year must be reported on line 4 of Form 3468. The investment credit rate for this property is 7% (4% for public utilities).

Specific Instructions

Lines 1(a)–(c). New Property.—Enter on the appropriate line the basis of new property placed in service during the year. (See instructions C and G.)

Lines 1(d)–(e). Qualified Progress Expenditures.—Enter on line 1(d) column (2), the amount of qualified progress expenditures made in 1974, 1975, 1976, and 1977. Enter on line 1(e), column (2), the amount of qualified progress expenditures made in 1978. (See instruction H and section 46(d)(7).)

Do not take any qualified progress expenditures for the year in which the progress expenditure property is placed in service or for the year for which recapture is required for the property. The investment credit allowed for the year in which the property is placed in service is based on the entire qualified investment in the property reduced by the progress expenditures that were included as qualified investment in previous years.

Lines 1(f)–(h). Used Property.—Enter on the appropriate line the cost (subject to the dollar limitation) of used property placed in service during the year. (See instruction G.) Property inherited, received as a gift, or acquired from certain related parties does not qualify for the investment credit.

Dollar Limitation on Used Property.—In general, the amount of used property that you may take into account may not exceed \$100,000. This amount is determined without regard to the applicable percentages based on useful life.

If a husband and wife file separate returns, each may claim up to \$50,000. If one of them has no qualifying used property, the other may claim up to \$100,000.

The amount of used property placed in service by a partnership, small business corporation, estate, or trust that may be taken into account cannot exceed \$100,000. The \$100,000 limitation also applies to each partner, shareholder, and beneficiary.

A controlled group of corporations (see section 48(c)(5)(C)) must apportion the \$100,000 limitation among the component members of the group. The apportionment is based on the total cost of used property that each member placed in service. The

\$100,000 limitation and the applicable percentages based on useful life are not considered in making the apportionment.

Estates and Trusts.—For an estate or trust the amount of qualified investment is apportioned among the estate or trust and the beneficiaries. The apportionment is based on the income of the estate or trust allocable to each.

Line 5(a).—The additional 1% credit on line 5(a) is allowable to the extent the corporation makes the required contribution of stock or cash to a qualified employee stock ownership plan (ESOP). This required contribution must equal 1% of the qualified investment (line 2) less any portion of the additional credit carried over to a later year.

Line 5(b).—The credit to be entered on line 5(b) is limited to a maximum of .5% multiplied by the qualified investment for investment credit property acquired, constructed, or erected before 1976. To determine the qualified investment to be used in the above computation, reduce line 2 by the qualified investment for property acquired, constructed, or erected before 1977. (For example, if any part of the qualified investment on line 2 is attributable to 1974, 1975 or 1976 progress expenditure property (line 1(d)), then line 2 would have to be reduced by such qualified investment.) The resulting figure is multiplied by the appropriate percentage (see instruction I) and that figure is entered on line 5(b). Do this computation on a separate sheet of paper and attach to this form. (See section 46(a)(2)(B) and (D).)

Line 9(c). Tax on Lump-sum Distributions.—Individuals, estates, or trusts which are recipients of lump-sum distributions from qualified employees' trusts or annuity plans are to enter the amount of partial tax included in line 8. This partial tax is computed on Form 4972 and Form 5544.

Line 12. Limitation.—If the tax liability (line 11) is \$25,000 or less, the investment credit may not exceed the amount of the tax liability.

If the tax liability exceeds \$25,000, the credit may not exceed \$25,000 plus 50% (60% for tax years ending in 1979) of the excess for calendar year taxpayers.

If you and your spouse file separate returns and both are entitled to an investment credit, compute the limitation by substituting \$12,500 for the \$25,000 shown in line 12(a).

Controlled corporate groups (see section 46(a)(5)) must divide the \$25,000 among all component members.

An estate or trust must reduce the \$25,000 amount to (a) \$25,000 multiplied by (b) the qualified investment apportioned to the estate or trust, divided by (c) the total qualified investment apportioned among the estate or trust and its beneficiaries.

SCHEDULE B (Form 3468) (November 1978) Department of the Treasury Internal Revenue Service

Computation of Business Energy Investment Credit

▶ Attach to your tax return.

To be Used ONLY
for Tax Years Ending
After 9/30/78

Name

Identifying number

Note: All filers are to attach a schedule showing the computation of total basis and total qualified investment for each category (lines 1(a) through 1(e) and line 4) of energy property. See instructions.

Part I Nonrefundable Energy Credit

	(a) Basis	(b) Qualified investment
1 Enter total amounts from attached schedule(s) for each category of energy property below:		
(a) Alternative energy property		
(b) Specially defined energy property		
(c) Recycling equipment		
(d) Shale oil equipment		
(e) Equipment for producing natural gas from geopressured brine		
2 Add lines 1(a) through 1(e), columns (a) and (b)		
3 Nonrefundable energy credit—Enter 10% of line 2, column (b), here and on Form 3468 (see instructions)		

Part II Refundable Energy Credit

	(a) Basis	(b) Qualified investment
4 Enter total amounts for solar and wind energy property from attached schedule		
5 Refundable energy credit—Enter 10% of line 4, column (b), here and on the appropriate line of Form 1040, Form 1120, and other returns as explained in the instruction for line 5		

Part III If Any Part of Your Investment in Parts I and II Above was Made by a Partnership, Estate, Trust, Small Business Corporation, or Lessor, Complete the Following Statement:
(Under "Category," indicate which line applies—1(a), (b), (c), (d), (e) or line 4.)

Name (Partnership, estate, trust, etc.)	Address	Property			
		Category	Life years	Progress expenditures	Basis
				\$	\$

Highlights of the Energy Act of 1978

(References are to the Internal Revenue Code)

Refundable Energy Credit

(a) The Act provides for a refundable energy credit (i.e., the credit can exceed the taxpayer's tax liability) for investment in solar and wind energy property acquired or constructed after September 30, 1978.

(b) The credit is equal to 10% of the qualified investment in solar or wind energy property as defined in section 48(l) (4). The credit is computed in Part II of Schedule B (Form 3468) and is then entered on the appropriate line of Form 1040, Form 1120, etc., as indicated in the instruction for line 5.

Nonrefundable Energy Credit

(a) The Act provides for a nonrefundable energy credit for investment in energy property (other than solar and wind energy property) acquired or constructed after September 30, 1978.

(b) The credit is equal to 10% of the qualified investment in energy property

as defined in sections 48(l)(3) and 48(l)(5) through (8).

(c) The credit is limited to 100% of tax liability as defined in section 46(a)(4) reduced by the allowable credit for regular investment credit property. The credit is computed in Part I of Schedule B (Form 3468) and is then entered on Form 3468 to determine the allowable credit for the year (see instruction for line 3).

Energy Credit is in Addition to Regular Investment Credit

(a) Generally, the refundable or nonrefundable energy credit is in addition to, and not instead of, the regular 10% investment credit to the extent that the energy property also qualifies as regular investment credit property under existing law. The property must qualify as regular investment credit property without regard to the special energy credit provision contained in section 48(l)(1). For example, solar and wind energy property which is considered under existing law to be a structural component of a building would not qualify as regular investment credit property because of the structural component rule of section 48(a)(1)(B). Accordingly, such solar or wind energy property would qualify for the refundable

energy credit, but not for the regular investment credit.

(b) If energy property qualifies for the energy credit and the regular investment credit, such property would be listed on line 1, Form 3468, and also on the appropriate line of Schedule B (Form 3468). If the property qualifies only as energy property, it would be listed only on Schedule B (Form 3468).

General Instructions

A. Who Must File.—Any individual, estate, trust, corporation, or organization (including exempt organizations) if the energy property is used predominantly in an unrelated trade or business the income of which is subject to tax under section 511 claiming the refundable or nonrefundable energy credit must attach Schedule B (Form 3468) to its income tax return.

B. Energy Property Defined.—Energy property means property which is:

- (1) alternative energy property,
- (2) solar or wind energy property,
- (3) specially defined energy property.

(Continued on page 2)

(4) recycling equipment,
(5) shale oil equipment, or
(6) equipment for producing natural gas from geopressured brine.
To qualify for the energy investment credit, energy property must:

(1) Meet the requirements of regular investment credit property except that the provisions of sections 48(a)(1) and 48(c)(3) do not apply to energy property.
(2) Be constructed after September 30, 1978, or acquired after September 30, 1978, if the original use commences with the taxpayer.

(3) Meet certain performance and quality standards which are in effect at time of acquisition (section 48(i)(9)), and

(4) Have a useful life of three years or more at the time the property is placed in service.

See sections 48(i)(1) through (12) for details.

C. Special Rules.—The following special rules apply:

(1) Alternative energy property, solar or wind energy property, and recycling equipment do not include property which is public utility property. In addition, specially defined energy property does not include property which is public utility property because specially defined energy property must be installed in connection with an existing industrial or commercial facility.

(2) The energy credit is limited to 5% in the case of property which is financed in whole or part by the proceeds of an industrial development bond (section 48(i)(11)).

(3) Solar equipment does not include "passive solar" equipment.

(4) Specially defined energy property must be installed in connection with an existing industrial or commercial facility. See section 48(i)(10) for a definition of the term "existing," and

(5) If property qualifies under more than one category of energy property, the taxpayer is limited to a single 10 percent energy credit for that property.

Specific Instructions

Lines 1(a) through 1(e) and Line 4.—Enter the total basis and total qualified investment for each category of energy property on lines 1(a) through 1(e) and line 4. See sections 46(c) and 48(b). Basis and qualified investment are com-

puted for energy property acquired or constructed after September 30, 1978, and placed in service in the tax year. Basis and qualified investment are computed for qualified progress expenditures incurred after September 30, 1978.

A separate schedule showing the computation of basis and qualified investment for each category of property must be attached. The schedule must contain all items of information as shown in the Sample Computation Schedule located at the end of these instructions. See sections 48(i)(1) through (12) for details about items within each category of property.

If any part of your investment was made by a partnership, estate, trust, small business corporation, or lessor, be sure to complete Part III of Schedule B (Form 3468).

If qualified progress expenditures are involved, see section 46(d)(1) through (7) and the instructions for Form 3468 for details concerning qualified progress expenditures.

Line 3.—
1978 Calendar and Fiscal Year Taxpayers (1978 Form 3468).—These taxpayers may claim the nonrefundable energy credit by entering the amount from line 3 of Schedule B (Form 3468) on line 16 of the 1978 Form 3468 and completing Form 3468 as applicable.

1977 Fiscal Year Taxpayers With Tax Years Ending After September 30, 1978 (1977 Form 3468).—These taxpayers should determine and claim the nonrefundable energy credit as follows:

(1) Computation to determine the credit—

(a) Enter the amount from line 11 of the 1977 Form 3468
(b) Enter the smaller of line 7 or line 13 of the 1977 Form 3468
(c) Tax liability limitation—Subtract line (b) from line (a)
(d) Allowable credit—Enter the smaller of line (c) or line 3 of Schedule B (Form 3468)

(2) Enter the amount from (d) above in the margin to the right of line 14 of the 1977 Form 3468 and identify it as "Energy Credit."

(3) Combine the energy credit with the regular investment credit (the lesser of line 7 or line 13 of the 1977 Form 3468) and enter the combined total on line 14 of the 1977 Form 3468.

Line 5.—Individuals, estates, trusts, corporations, and other organizations (including exempt organizations) if the energy property is used predominantly in an unrelated trade or business the income of which is subject to tax under section 511) are to claim the refundable energy credit (refundable if this credit is in excess of the tax liability or if there is no tax liability) on their respective returns.

The refundable energy credit is allowable only for tax years ending after September 30, 1978. If your tax year ends after this date and you have not filed your income tax return by the time you read these instructions, include the refundable credit in the total amount to be entered on the line referenced below and write in the margin next to the total amount the amount of the energy credit and the words "refundable energy credit."

(1) 1977 Form 1040, line 62, page 2;
1978 Form 1040, line 62, page 2.
(2) 1977 Form 1041, line 41, page 1;
1978 Form 1041, line 37, page 1.
(3) 1977 Form 1120, line 32, page 1;
1978 Form 1120, line 32, page 1.
(4) 1977 Form 1120F, line 6, page 1;
1978 Form 1120F, line 6, page 1.
(5) 1977 Form 990-C, line 34, page 1;
1978 Form 990-C, line 32, page 1.
(6) 1977 Form 990-T, line 21, page 1;
1978 Form 990-T, line 21, page 1.
(7) 1978 Form 1120L, line 22, page 1.
(8) 1978 Form 1120M, line 20, page 1.

If you have filed your income tax return without claiming a refundable or nonrefundable energy credit that you're entitled to, you should file Form 1040X or Form 1120X, or an amended income tax return, whichever applies.

As this schedule is printed, business energy property regulations are being prepared by the Internal Revenue Service. When these regulations are final, they will be printed in the Internal Revenue Bulletin and the Federal Register. The Service is also revising Publication 572, Tax Information on Investment Credit, to reflect the new business energy investment credit. You may want to obtain the regulations or Publication 572 when they are published for more detailed information on the business energy investment credit.

Sample Computation Schedule

Line (1)	Description Of Asset Within Each Category Of Properties (2)	Life years (3)	Basis (4)	Applicable percentage (5)	Qualified investment (Column 4 x column 5) (6)
(a)		3 or more but less than 5		33½	
(b)		5 or more but less than 7		66½	
(c)		7 or more		100	
(d)	1978 qualified progress expenditures			80	
(e)	1977 qualified progress expenditures*			60	
Total—Add lines (a) through (e), columns 4 and 6					

*Applies only to years ending 10-31-78 and 11-30-78.

Form **5884**Department of the Treasury
Internal Revenue Service**New Jobs Credit**

- ▶ See separate instructions.
▶ Attach to your tax return.

1978

Name

Identifying number as shown on page 1 of
your tax return**Important**—The employer's wage and salary deduction must be reduced by the new jobs credit on line 13. (See instruction G.)

If you are a small business corporation, partnership, estate, or trust which apportions the credit to shareholders, partners, or beneficiaries, complete only lines 1 through 13.

If you are an individual shareholder, partner, or beneficiary who receives the credit from the above entities and have no

other jobs credit, complete only lines 16 through 19, enter the apportioned credit on line 20, 21, or 22, respectively and complete the balance of the form as applicable.

If you are an individual who has more than one new jobs credit, see instruction for line 13.

Note: If you are a member of a group of trades or businesses that are under common control or if you are an estate or trust that apportions the new jobs credit between itself and its beneficiaries, please see instruction H and the instruction for line 13 before completing the form.

- 1 Enter the total unemployment insurance wages (limited to \$4,200 for each employee) paid during calendar year 1978 (see instruction for line 1)
- 2 Enter 102% of the total unemployment insurance wages (limited to \$4,200 for each employee) paid during calendar year 1977 (see instruction for line 2)
- 3 Subtract line 2 from line 1
- 4 Enter 50% of line 1
- 5 Enter the smaller of line 3 or line 4
- 6 Enter total wages paid in calendar year 1978 (see instruction for line 6)
- 7 Enter 105% of total wages paid in calendar year 1977 (see instruction for line 6)
- 8 Subtract line 7 from line 6
- 9 Enter 50% of the smaller of line 5 or line 8
- 10 Enter the smaller of line 9 or \$100,000 (married individuals filing separately, estates and trusts, see instruction for line 10)
- 11 Enter the unemployment insurance wages (limited to \$4,200 for each employee) paid to vocational rehabilitation referral employees during calendar year 1978 (see instruction E)
- 12 Enter the smaller of (a) 10% of line 11 or (b) 20% of line 9
- 13 Current year new jobs credit—Add lines 10 and 12 (see instruction I for special limits). (Members of a group of trades or business under common control, small business corporations, partnerships, estates, and trusts, see instruction for line 13)
- 14 Carryback and carryover of unused credit(s) (attach computation—see instruction F)
- 15 Tentative new jobs credit—Add lines 13 and 14

Limitation

- 16 (a) Individuals—Enter amount from Form 1040, line 37, page 2
- (b) Estates and trusts—Enter amount from Form 1041, line 27 or 28, page 1
- (c) Corporations—Enter amount from Schedule J (Form 1120), line 9, page 3
- 17 (a) Credit for the elderly (individuals only)
- (b) Foreign tax credit
- (c) Investment credit
- (d) WIN credit
- (e) Credit for political contributions (individuals only)
- (f) Credit for child and dependent care expenses (individuals only)
- (g) Possession tax credit (corporations only)
- (h) Tax on lump-sum distributions (see instruction for line 17(h))
- (i) Section 72(m)(5) penalty tax (individuals only)
- 18 Total (add lines 17(a) through (i))
- 19 Subtract line 18 from line 16. (All filers, other than shareholders, partners, or beneficiaries to which lines 20, 21, or 22 apply, are to skip lines 20 through 23; enter zero on line 24, and complete lines 25 through 27.)
- 20 Shareholder's credit from Schedule K-1 (Form 1120S) plus unused new jobs credit (see instruction for line 13)
- 21 Partner's credit from Schedule K-1 (Form 1065) plus unused new jobs credit (see instruction for line 13)
- 22 Beneficiary's credit from Schedule K-1 (Form 1041) plus unused new jobs credit (see instruction for line 13)
- 23 Line 20, 21, and 22 limits:
 - (a) Enter the smaller of line 20 or the amount figured by using the formula in the line 23 instruction
 - (b) Enter the smaller of line 21 or the amount figured by using the formula in the line 23 instruction
 - (c) Enter the smaller of line 22 or the amount figured by using the formula in the line 23 instruction
- 24 Add lines 23(a), (b), and (c)
- 25 Subtract line 24 from line 19
- 26 Enter the smaller of line 15 or line 25 (if there is no entry on line 15, enter zero)
- 27 Total allowable new jobs credit (add lines 24 and 26). Enter here and on Form 1040, line 44; Schedule J (Form 1120), line 10(d), page 3; or the appropriate line on other returns

U.S. GOVERNMENT PRINTING OFFICE: 1978-O-283-104

50-10770-6

Form **5884** (1978)**1978** Department of the Treasury
Internal Revenue Service**Instructions for Form 5884**

(1978-79 Fiscal Year Filers See Instructions for Form 5884-FY)

New Jobs Credit

(References are to the Internal Revenue Code)

General Instructions

Generally, employers who hire additional workers may claim a new jobs credit for their tax years beginning in 1978. This credit is usually based upon the employer's total unemployment insurance (FUTA) wages (limited to \$4,200 for each employee) paid during the 1978 calendar year. It is equal to 50% of the amount by which the employer's FUTA wages paid during 1978 exceeds the greater of:

- (1) 102% of total FUTA wages paid during 1977; or
- (2) 50% of total FUTA wages paid during 1978.

The credit is limited to the lesser of the following amounts:

- (1) 50% of the excess of the total wages (determined without any dollar limitation) paid during 1978 over 105% of the total wages paid during 1977;
- (2) \$100,000—married persons filing separately and estates and trusts, see instruction for line 10 of this form (the total jobs credit of a taxpayer involved in more than one business enterprise may not exceed \$100,000); or
- (3) Tax liability as defined in section 53.

To figure the credit and the limitation in item (1), fiscal year taxpayers with tax years beginning in 1978 must use the wages paid during 1977 and 1978 and not during their fiscal year. For example, if your tax year began 12/1/78 you would figure your credit and limitation in (1) above by taking into account wages paid during the calendar years 1977 and 1978.

An employer also is allowed an additional credit that is equal to 10% of the FUTA wages paid to vocational rehabilitation referral employees during the calendar year. See instruction E for definitions and limitations concerning this credit.

A. Who Must File.—Any individual estate, trust, organization, or corporation entitled to a new jobs credit; or any small business corporation, partnership, estate, or trust that apportions the credit among its shareholders, partners, or beneficiaries must attach this form to its income tax return. A Schedule K-1 showing the allocation of the credit to each

shareholder, partner, or beneficiary must also be attached to the income tax return.

For further details on allocation of the credit, see section 52(f) and (g).

B. New Employers.—Employers who started in business in 1978 can qualify for the new jobs tax credit. Generally, the new jobs credit for new employers is equal to 25% of the total FUTA wages (limited to \$4,200 for each employee) paid during 1978.

C. Credit Not Allowed.—Generally, employers who are not subject to FUTA or who are tax-exempt organizations (other than a cooperative described in section 521) do not qualify for the credit. See instruction D below for special rules regarding agricultural and railroad employers.

D. Unemployment Insurance Wages.—Generally, unemployment insurance wages are FUTA wages up to \$4,200 per employee. Agricultural employers are to use Federal Insurance Contribution Act (FICA) wages up to \$4,200. Railroad employers not covered by FUTA use 7% of the Railroad Unemployment Insurance Act (RUIA) wages up to \$4,200. See section 51(f)(1), (2) and (3).

E. Vocational Rehabilitation Referral Employees.—For 1978, employers may claim an additional credit of 10% of (1) the first \$4,200 of FUTA wages paid in 1978 to each vocational rehabilitation referral employee reduced by (2) any FUTA wages paid to such employee in 1977. This additional credit is limited to 20% of the regular new jobs credit (line 9).

The wages to be taken into account for this type of employee are only those wages that are paid to the employee during a 1-year period. This period starts with the employee's first payment of wages after the start of the employee's rehabilitation plan. The first payment must have occurred after 1976. (See section 51(e).)

A vocational rehabilitation referral employee is a handicapped employee who has been referred to the employer upon completion of (or while receiving) rehabilitation services according to a written rehabilitation plan under a State plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973, or a program of vocational rehabilitation carried out under Chapter 31 of title 38, United States Code. (See section 51(f)(4).)

F. Unused Credit.—If the amount of the credit determined under section 51 is more than the tax liability limitation of section 53, the excess (unused credit) may

be carried back to each of the 3 tax years preceding the year of the unused credit and afterwards may be carried forward to each of the 7 years following the year of the unused credit. (See section 53(c).)

G. Employer's Deduction for Salaries and Wages.—No deduction is allowed to an employer for the part of salaries and wages paid or incurred for the tax year equal to the new jobs credit on line 13 of Form 5884. The salary and wage deduction is to be reduced even though the new jobs credit is not used for the current tax year. For example, an employer would be entitled to a \$20,000 credit on line 13 but has tax liability of only \$18,000. The employer must reduce the salary and wage deduction by \$20,000 even though the allowable new jobs credit (line 27) is only \$18,000. The unused credit of \$2,000 may be used for carryback and carryforward purposes.

In most cases, employers must reduce the appropriate salary and wage deduction on their returns by the new jobs credit on line 13 of Form 5884. An employer that is a member of a group of trades or businesses under common control must reduce its salary and wage deduction by the amount of new jobs credit (line 13) apportioned to it from the group. (See instruction H(1) below.)

When salaries and wages are capitalized for depreciation, the amount subject to depreciation must be reduced by the part of the new jobs credit that applies to the salaries and wages being capitalized. For example, if the new jobs credit on line 13 of Form 5884 is \$1,000 and \$100 of this credit is attributable to salaries and wages being capitalized (which represent 10% of total wages), the amount subject to depreciation would be reduced by \$100. The \$900 balance (\$1,000 less \$100) would be entered on the appropriate salary and wage deduction line of your tax return (Form 1120, line 13; Form 1065, line 13; Schedule C (Form 1040), line 31; etc.). (See section 280C and 1.280C-1 of the regulations.)

Note: Attach a schedule to Form 5884 (or use the back of the form) to reconcile any differences for cases in which the reduction of the appropriate salary and wage deduction is less than the new jobs credit on line 13 of Form 5884.

H. Special Rules.

(1) **Trades or Businesses that are Under Common Control.**—When there is a group of trades or businesses under common control, the new jobs credit according to section 51 is figured on the basis that all the organizations under common control are one trade or business. The new jobs credit for the group must be apportioned among the members of the group on the basis of each member's proportionate contribution to the increase in FUTA wages for the entire group. See section 52 and regulation 1.52-1 for definitions and other details.

(2) **Adjustments for Certain Acquisitions and Dispositions.**—See section 52(c) and regulation 1.52-2 concerning adjustments that are to be made when a major portion of a trade or business is acquired or disposed of after 1975.

(3) **Change in Status from Self-Employed to Employee.**—If during 1977 an individual has net earnings from self-employment in a trade or business, and during any portion of 1978 the individual is an employee of that trade or business, to determine the credit allowable for the succeeding tax year the employer's aggregate FUTA wages for 1977 must be increased by an amount equal to the self-employment net earnings but not more than \$4,200.

(4) **Short Tax Year.**—If the employer has more than one tax year in 1978, the new jobs credit shall be determined from the employer's last tax year beginning in 1978.

(5) **Wages paid by an employer to an employee during any calendar year is taken into account only if more than one-half of the wages paid is for services performed in the United States in a trade or business of the employer.**

I. Mutual Savings Institutions, Regulated Investment Companies, Real Estate Investment Trusts, and Cooperatives.—These institutions are not allowed the full section 51 credit. See regulations 1.52-3 for the applicable limits.

Specific Instructions

Line 1.—Enter the total unemployment insurance wages (limited to \$4,200 for each employee) paid during 1978. Generally, these wages would be reported on line 15(b) on the 1978 Form 940. Special rules apply to agricultural and railroad employees. (See section 51(f)(2) and (3).)

Line 2.—Generally, enter 102% of the total unemployment wages (line 15, 1977 Form 940) paid during calendar year 1977. Special rules apply to agricultural and railroad employees. (See section 51(f)(2) and (3).)

Line 6.—Enter total wages (disregarding any dollar limitation) paid in 1978. An employee's wages must be taken into account only if more than one-half of the wages paid during the calendar year are for services performed in a trade or business of the employer in the United States. Total wages include salaries, wages, commissions, fees, bonuses, vacation allowances and salaries and wages paid to temporary or part-time employees, and the value of goods, lodging, food, and clothing that are subject to the FUTA tax. For agricultural and railroad employers, total wages paid include the above except that generally only cash remuneration is subject to the FICA and RUIA taxes. The special rules contained in instruction H also must be taken into account to figure these total wages.

Generally, for line 6, total wages would be reported on line 15(a) of the 1978 Form

940. For line 7, enter 105% of the sum of lines 13 and 15 of the 1977 Form 940.

Line 10.—If a husband and wife file separate returns, the \$100,000 limitation must be reduced to \$50,000 each. This does not apply if the one spouse has no interest in a trade or business for the tax year which ends within or with the other spouse's tax year.

For an estate or trust, the \$100,000 amount must be reduced to an amount that has the same ratio to \$100,000 as the portion of the new jobs credit allocable to the estate or trust has to the entire amount of such credit.

Line 13.—When a group of trades or businesses are under common control (see instruction H(1)), the member of the group that made the greater proportionate contribution to the increase in FUTA wages of the group must report the computation of the group credit on lines 1 through 13 (ignoring lines 14 through 27) of Form 5884. In order for each member to determine its allowable new jobs credit, each member (including the above member) must enter its apportioned share of the current year's new jobs credit on line 13 and any unused credit from prior or subsequent years on line 14 of a separate Form 5884 (ignoring lines 1 through 12) and complete lines 15 through 27 as applicable. Each member must attach to its Form 5884 a schedule showing the apportionment of the total group credit to the members of the group.

If the new jobs credit figured by an estate or trust is to be apportioned to the estate or trust itself as well as to the beneficiaries, the credit on line 13 is apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each. The estate or trust must attach to Form 5884 a schedule showing this apportionment and enter and identify the estate's or trust's portion and the beneficiaries' portion in the margin to the right of line 13. The estate or trust then will complete lines 14 through 27, as applicable, to determine its allowable new jobs credit to be claimed on Form 1041. The beneficiaries' shares will be apportioned to the individual beneficiaries and each beneficiary is to determine his or her allowable new jobs credit as explained below.

The credit figured on lines 1 through 13 by a small business corporation, partnership, or estate and trust is apportioned to the individual shareholders, partners, and beneficiaries, respectively. This apportioned credit and any unused credit from prior or subsequent years is entered on lines 20, 21, or 22 of a separate Form 5884 by these individuals. They must complete the limitation section of the separate Form 5884 to determine the allowable credit to be entered on Form 1040.

Note: Where an individual shareholder, partner, or beneficiary is entitled to a new jobs credit from two sources, such as from a sole proprietorship and a partnership, the new jobs credit of the proprietorship would be figured on lines 1 through 15 of Form 5884. The new jobs credit arising from the partnership would be entered on line 21 of the same form. Lines 16 through 27 would be completed to determine the total allowable credit (proprietorship credit on line 15 plus the partnership credit on line 21) to be entered on the individual taxpayer's Form 1040.

Line 17(h). Tax on lump-sum distributions.—Individuals, estates, or trusts which are recipients of lump-sum distributions from qualified employees' trusts or annuity plans are to enter the amount of partial tax included in line 16. This partial tax is computed on Form 4972 and Form 5544.

Line 23. Limits.—The new jobs credit entered on lines 20, 21, or 22 is limited to the proportionate part of the tax liability on line 19 that is attributable to the shareholder's, partner's, or beneficiary's interest in each small business corporation, partnership, estate, or trust from which the credit is derived.

The credit from each entity is limited to an amount computed in accordance with the following formula:

$$\text{Line 19} \times \frac{\text{Portion of person's taxable income attributable to the person's interest in each entity}}{\text{Person's taxable income for the year reduced by the person's zero bracket amount (section 63(d)), if any}}$$

See section 63 for a definition of taxable income and regulation 1.53-1 for further information and examples of the computation of the limitation.

Note: The carryback or carryover of an unused new jobs credit resulting from the application of any of the limitations (line 23(a), 23(b), 23(c), or 25) is subject to these respective separate limitations as applicable in prior and subsequent years. (See instruction F.)

Line 25.—Line 25 contains the tax liability limitation in excess of the separate limitation computed under section 53(b). This is the amount of the credit allowable from all sources, other than partnerships, estates and trusts, and small business corporations.

\$100,000 Limitation.—The total new jobs credit to be entered on line 23(a); 23(b); 23(c); 24; or 27 may not exceed the sum of (1) \$100,000, (2) the dollar amount of the credits earned by employers attributable to the hiring of vocational rehabilitation referral employees, and (3) any unused new jobs credit from prior or subsequent years.

Publication 902.—For more detailed information please get Publication 902, Tax Information on Jobs Tax Credit, from your local Internal Revenue office.

Part 2

Forms and Instructions for 1979

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Form 1120
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return
For calendar year 1979 or other taxable year beginning 1979, ending 1979

1979

Check if—
A Completed return ☐
B Personal Holding Co. ☐
C Business Code No. (See Page 3 of Instructions) ☐

Name _____
Number and street _____
City or town, State, and ZIP code _____

D Employer identification number (See instruction 10) _____
E Date incorporated _____
F Enter total assets (See instruction 1) \$ _____

Gross Income

1 (a) Gross receipts or sales \$ _____ (b) Less returns and allowances \$ _____ Balance **1(c)** _____
2 Less: Cost of goods sold (Schedule A) and/or operations (attach schedule) _____ **2** _____
3 Gross profit _____ **3** _____
4 Dividends (Schedule C) _____ **4** _____
5 Interest on obligations of the United States and U.S. instrumentalities _____ **5** _____
6 Other interest _____ **6** _____
7 Gross rents _____ **7** _____
8 Gross royalties _____ **8** _____
9 (a) Capital gain net income (attach separate Schedule D) _____ **9(a)** _____
(b) Net gain or (loss) from Form 4797, line 11, Part II (attach Form 4797) _____ **9(b)** _____
10 Other income (see instructions—attach schedule) _____ **10** _____
11 **TOTAL income—Add lines 3 through 10** _____ **11** _____

Deductions

12 Compensation of officers (Schedule E) _____ **12** _____
13 (a) Salaries and wages _____ 13(b) Less WII and jobs credit(s) _____ Balance **13(c)** _____
14 Repairs (see instructions) _____ **14** _____
15 Bad debts (Schedule F if reserve method is used) _____ **15** _____
16 Rents _____ **16** _____
17 Taxes _____ **17** _____
18 Interest _____ **18** _____
19 Contributions (not over 5% of line 30 adjusted per instructions—attach schedule) _____ **19** _____
20 Amortization (attach schedule) _____ **20** _____
21 Depreciation from Form 4562 (attach Form 4562) _____ less depreciation claimed in Schedule A and elsewhere on return _____ **21** _____
22 Depletion _____ **22** _____
23 Advertising _____ **23** _____
24 Pension, profit-sharing, etc. plans (see instructions) (enter number of plans) _____ **24** _____
25 Employee benefit programs (see instructions) _____ **25** _____
26 Other deductions (attach schedule) _____ **26** _____
27 **TOTAL deductions—Add lines 12 through 26** _____ **27** _____
28 Taxable income before net operating loss deduction and special deductions (subtract line 27 from line 11) _____ **28** _____
29 Less: (a) Net operating loss deduction (see instructions—attach schedule) **29(a)** _____
(b) Special deductions (Schedule I) **29(b)** _____
30 **Taxable income (subtract line 29 from line 28)** _____ **30** _____

Tax

31 **TOTAL TAX (Schedule J)** _____ **31** _____
32 Credits: (a) Overpayment from 1978 allowed as a credit _____
(b) 1979 estimated tax payments _____
(c) Less refund of 1979 estimated tax applied for on Form 4466 _____
(d) Tax deposited: Form 7004 _____ Form 7005 (attach) _____ **Total** _____
(e) Credit from regulated investment companies (attach Form 2439) _____
(f) Federal tax on special fuels and oils (attach Form 4136 or 4136-T) _____
33 **TAX DUE** (subtract line 32 from line 31). See instruction G for depositary method of payment. _____ **33** _____
(Check ☐ if Form 2220 is attached. See page 3 of instructions.) \$ _____
34 **OVERPAYMENT** (subtract line 31 from line 32) _____ **34** _____
35 Enter amount of line 34 you want: Credited to 1980 estimated tax **Refunded** _____ **35** _____

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____
Preparer's signature and date _____ Preparer's social security no. _____
Firm's name (or yours, if self-employed) and address _____ E.I. No. _____
ZIP code _____

Form 1120 (1979) Schedule A Cost of Goods Sold (See Instructions for Schedule A) Page 2

1 Inventory at beginning of year _____
2 Merchandise bought for manufacture or sale _____
3 Salaries and wages _____
4 Other costs (attach schedule) _____
5 Total _____
6 Less: Inventory at end of year _____
7 Cost of goods sold—Enter here and on line 2, page 1 _____
8 (a) Check all methods used for valuing closing inventory: (i) ☐ Cost (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4 (see instructions) (iii) ☐ Writedown of "subnormal" goods as described in Regulations section 1.471-2(c) (see instructions)
(b) Did you use any other method of inventory valuation not described above? ☐ Yes ☐ No
If "Yes," specify method used and attach explanation _____
(c) Check if this is the first year LIFO inventory method was adopted and used. (If checked, attach Form 970.) ☐
(d) If the LIFO inventory method was used for this taxable year, enter percentage (or amounts) of closing inventory computed under LIFO _____
(e) Is the corporation engaged in manufacturing activities? ☐ Yes ☐ No
If "Yes," are inventories valued under Regulations section 1.471-11 (full absorption accounting method)? ☐ Yes ☐ No
(f) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If "Yes," attach explanation _____

Schedule C Dividends (See instruction 4)

1 Domestic corporations subject to 85% deduction _____
2 Certain preferred stock of public utilities _____
3 Foreign corporations subject to 85% deduction _____
4 Dividends from wholly-owned foreign subsidiaries subject to 100% deduction (section 245(b)) _____
5 Other dividends from foreign corporations _____
6 Includible income from controlled foreign corporations under subpart F (attach Forms 3646) _____
7 Foreign dividend gross-up (section 78) _____
8 Qualifying dividends received from affiliated groups and subject to the 100% deduction (section 243(a)(3)) _____
9 Taxable dividends from a DISC or former DISC not included in line 1 (section 246(d)) _____
10 Other dividends _____
11 **Total—Enter here and on line 4, page 1** _____

Schedule E Compensation of Officers (See instruction 12)

1. Name of officer	2. Social security number	3. Time devoted to business	Percent of corporation stock owned		6. Amount of compensation	7. Expense account allowances
			4. Common	5. Preferred		

Total compensation of officers—Enter here and on line 12, page 1 _____

Schedule F Bad Debts—Reserve Method (See instruction 15)

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	Amount added to reserve		6. Amount charged against reserve	7. Reserve for bad debts at end of year
			4. Current year's provision	5. Recoveries		
1974						
1975						
1976						
1977						
1978						
1979						

Schedule I Special Deductions (See instructions for Schedule I)

1 (a) 85% of Schedule C, line 1 _____
(b) 59.13% of Schedule C, line 2 _____
(c) 85% of Schedule C, line 3 _____
(d) 100% of Schedule C, line 4 _____
2 Total—See instructions for limitation _____
3 100% of Schedule C, line 8 _____
4 Deduction for dividends paid on certain preferred stock of public utilities (see instructions) _____
5 Deduction for Western Hemisphere trade corporations (see instructions) _____
6 **Total special deductions—Add lines 2 through 5. Enter here and on line 29(b), page 1** _____

Schedule J Tax Computation

- 1 Taxable income (line 30, page 1)
- 2 (a) Are you a member of a controlled group? ☐ Yes ☐ No
- (b) If "Yes," see instructions and enter your portion of the \$25,000 amount in each taxable income bracket:
- (i) \$ (ii) \$ (iii) \$ (iv) \$
- 3 Income tax (see instructions to figure the tax; enter this tax or alternative tax from Schedule D, whichever is less). Check if from Schedule D ☐
- 4 (a) Foreign tax credit (attach Form 1118)
- (b) Investment credit (attach Form 3468)
- (c) Work incentive (WIN) credit (attach Form 4874)
- (d) Jobs credit (attach Form 5884)
- 5 Total of lines 4(a), (b), (c), and (d)
- 6 Subtract line 5 from line 3
- 7 Personal holding company tax (attach Schedule PH (Form 1120))
- 8 Tax from recomputing prior-year investment credit (attach Form 4255)
- 9 Tax from recomputing prior-year WIN credit (attach computation)
- 10 Minimum tax on tax preference items (see instructions—attach Form 4626)
- 11 Total tax—Add lines 6 through 10. Enter here and on line 31, page 1

Schedule K Record of Federal Tax Deposit Forms 503
(List deposits in order of date made—See instruction G)

Date of deposit	Amount	Date of deposit	Amount

G (1) Did you claim a deduction for expenses connected with:

- (a) Entertainment facility (boat, resort, ranch, etc.)?
- (b) Living accommodations (except employees on business)?
- (c) Employees attending conventions or meetings outside the U.S. or its possessions?

- (d) Employee's families at conventions or meetings?
- If "Yes," were any of these conventions or meetings outside the United States or its possessions?
- (e) Employee or family vacations not reported on Form W-2?

- (2) Enter total amount claimed on Form 1120 for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d). (See instruction Y.)

H (1) Did you at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)

- If "Yes," attach a schedule showing: (a) name, address, and identifying number; (b) percentage owned; (c) taxable income or (loss) (e.g., if a Form 1120: from Form 1120, line 28, page 1) of such corporation for the taxable year ending with or within your taxable year; (d) highest amount owed by you to such corporation during the year; and (e) highest amount owed to you by such corporation during the year.

- (2) Did any individual, partnership, corporation, estate or trust at the end of the taxable year own, directly or indirectly, 50% or more of your voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete (a) through (e)

- (a) Attach a schedule showing name, address, and identifying number; (b) Enter percentage owned

- (c) Was the owner of such voting stock a person other than a U.S. person? (See instruction S.)

- If "Yes," enter owner's country

- (d) Enter highest amount owed by you to such owner during the year

- (e) Enter highest amount owed to you by such owner during the year

(Note: For purposes of H(1) and H(2), "highest amount owed" includes loans and accounts receivable/payable.)

I Did you ever declare a stock dividend?

- J Taxable income or (loss) from Form 1120, line 28, page 1, for your taxable year beginning in:
- 1978 1977 1976 1975

- K If you were a member of a controlled group subject to the provisions of section 1561, check the type of relationship:

- (1) ☐ parent-subsidiary (2) ☐ brother-sister
- (3) ☐ combination of (1) and (2) (See section 1563.)

- L Refer to page 8 of instructions and state the principal:
- Business activity
- Product or service

- M Did you file all required Forms 1067, 1098 and 1099?

- N Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 964 for each such corporation

- O At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country (see instruction V)?

- P Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it?

- If "Yes" you may have to file Forms 9520, 9520-A or 926.

- Q During this taxable year, did you pay dividends (other than stock dividends and distributions in exchange for stock) in excess of your current and accumulated earnings and profits? (See sections 301 and 316.)

- If "Yes," file Form 9432. If this is a consolidated return, answer here for parent corporation and on Form 951, Affiliations Schedule, for each subsidiary.

- R During this tax year was any part of your tax accounting records maintained on a computerized system?

- S (1) Did you elect to claim amortization (under section 191) or depreciation (under section 167(d)) for a rehabilitated certified historic structure (see instructions for line 20)?

- (2) Amortizable basis (see instructions for line 20):

Schedule L Balance Sheets

	Beginning of taxable year		End of taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
ASSETS				
1 Cash				
2 Trade notes and accounts receivable				
(a) Less allowance for bad debts				
3 Inventories				
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets				
(a) Less accumulated depreciation				
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets				
LIABILITIES AND STOCKHOLDERS' EQUITY				
15 Accounts payable				
16 Mtes., notes, bonds payable in less than 1 yr.				
17 Other current liabilities (attach schedule)				
18 Loans from stockholders				
19 Mtes., notes, bonds payable in 1 yr. or more				
20 Other liabilities (attach schedule)				
21 Capital stock: (a) Preferred stock				
(b) Common stock				
22 Paid-in or capital surplus				
23 Retained earnings—Appropriated (attach sch.)				
24 Retained earnings—Unappropriated				
25 Less cost of treasury stock				
26 Total liabilities and stockholders' equity				

Schedule M-1 Reconciliation of Income Per Books With Income Per Return

1 Net income per books	7 Income recorded on books this year not included in this return (itemize)
2 Federal income tax	(a) Tax-exempt interest \$
3 Excess of capital losses over capital gains	
4 Income subject to tax not recorded on books this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)	8 Deductions in this tax return not charged against book income this year (itemize)
(a) Depreciation \$	(a) Depreciation \$
(b) Depletion \$	(b) Depletion \$
6 Total of lines 1 through 5	9 Total of lines 7 and 8
	10 Income (line 28, page 1)—line 6 less 9

Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above)

1 Balance at beginning of year	5 Distributions: (a) Cash
2 Net income per books	(b) Stock
3 Other increases (itemize)	(c) Property
	6 Other decreases (itemize)
4 Total of lines 1, 2, and 3	7 Total of lines 5 and 6
	8 Balance at end of year (line 4 less 7)

1979 Department of the Treasury Internal Revenue Service Instructions for Form 1120 U.S. Corporation Income Tax Return

(References are to the Internal Revenue Code.)

General Instructions

A. Who must file Form 1120.—

- Domestic corporations, whether or not having any taxable income, unless exempt under section 501.
 - Real estate investment trusts defined in section 856.
 - Regulated investment companies defined in section 851.
 - Insurance companies described in section 831.
- If an organization more nearly resembles a corporation than a partnership or trust, it will be an association taxed as a corporation.

B. Returns required of certain organizations.—

- Foreign corporations other than life and mutual insurance companies filing Forms 1120L and 1120M—file Form 1120F.
- Life insurance companies (section 802)—file Form 1120L.
- Mutual insurance companies (section 821)—file Form 1120M.
- Exempt farmers' cooperatives (section 1381)—file Form 990-C.
- Exempt organizations with unrelated trade or business income—file Form 990-T.
- Small business corporations (section 1372(a))—file Form 1120S.
- Domestic International Sales Corporations (section 992)—file Form 1120-DISC.
- Political organizations (section 527)—file Form 1120-POL.
- Homeowners Association (section 528)—file Form 1120-H.

C. Where to file.—

If the corporation's principal business, office, or agency is located in	Use the following Internal Revenue Service Center address
New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Holtzville, NY 05051
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45299
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Opden, UT 84201

Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19255

Corporations having their principal place of business outside the United States or claiming a possessions tax credit (section 936) must file with the Internal Revenue Service Center, Philadelphia, PA 19255.

The separate income tax returns of a group of corporations located in several Service Center regions may be filed with the Service Center for the area in which the principal office of the managing corporation that keeps all the books and records is located.

D. When to file.—In general, Form 1120 must be filed on or before the 15th day of the 3d month after the end of the taxable year. A new corporation filing a short period return, generally, must file on or before the 15th day of the 3d month after the end of the short period. Also, a corporation which has dissolved must, in general, file on or before the 15th day of the 3d month after the date of dissolution.

File Form 7004 to request an automatic 3-month extension of time to file Form 1120.

File Form 7005 to request an additional extension after obtaining an automatic 3-month extension by filing Form 7004.

E. Information returns and forms that may be required.—

- Forms W-2 and W-3.—Employee's wage and tax statement; and transmittal of income and tax statements.
- Form W-2P.—Statement for recipients of annuities, pensions or retired pay and periodic payments from retirement plans.
- Forms 1087-DIV, INT, MED, MISC, and OID.—Nominees' information returns for reporting dividends, interest, medical and health care payments, miscellaneous income, and original issue discount that were received as a nominee on behalf of another person.
- Form 1096.—Annual summary and transmittal of U.S. information returns.
- Form 5452.—Corporate report of nontaxable dividends.
- Forms 966 and 1099L.—Information returns regarding dissolution or liquidation, and distributions in liquidation.

7. Forms 1099-BCD, DIV, F, INT, MED, MISC, NEC, OID, PATR, and R.—Information returns for reporting interest on bearer certificates of deposit, certain dividends and distributions, payments for certain fishing boat crew members, interest income, medical and health care payments, miscellaneous income payments, nonemployee compensation, original issue discount, patronage dividends, and total distributions from profit-sharing plans, retirement plans, and individual retirement arrangements.

8. Form 3921.—Information return concerning exercise of a qualified or restricted stock option.

9. Form 4136-T.—For use by the ultimate purchaser to claim a credit for federal tax paid on gasoline, diesel fuel, and special fuels used after December 31, 1978, in a qualified taxi providing qualified taxi service.

10. Form 5713.—International boycott report for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott, may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of a controlled foreign corporation, and DISC benefits.

F. Period to be covered by 1979 return.—File the 1979 return for calendar year 1979 and fiscal years beginning in 1979 and ending in 1980. If the return is for a fiscal year, fill in the taxable year space on the form.

FINAL RETURNS.—If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

G. Depositary method of tax payment.—The balance of the tax due (line 33) must be paid in full when the return is filed or in two installments, 50% by the 15th day of the 3d month and 50% by the 15th day of the 6th month after the end of the taxable year.

Deposit corporation income tax payments and estimated tax payments with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualified as a Depository for Federal taxes or the Federal Reserve Bank or Branch (FRB) servicing the geographic area where the taxpayer is located. Records of deposits will be sent to the Internal Revenue Service for crediting to the corporation's account. See the instructions on the back of Form 503 for additional information and exceptions.

In Schedule K, list all FTD Forms 503 deposits that relate to the taxable year for which this return is filed and which were made before or simultaneously with the filing of this return.

Preinscribed FTD Forms 503 will be mailed to corporations on a cyclical basis depending on the taxable year of the corporation. Corporations needing such deposit forms may apply for them from the Internal Revenue Service Center where they will file their returns. The application should include the corporation's name, identification number, address, and the taxable year to which the deposits relate.

H. Change in accounting period.—To change an accounting period, see section 1.442-1 of the regulations and Form 1128, Application for Change in Accounting Period. Also see Publication 538, Accounting Periods and Methods.

I. Accounting methods.—Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Corporations engaged in farming operations may be required to use the accrual method of accounting. See section 447 for exceptions to the general rule.

Unless the law specifically permits, the method of accounting used to report income in prior years (for income as a whole or for any material item) may not be changed without first obtaining consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

J. Estimated tax.—A corporation must make estimated tax payments if it can expect its estimated tax (income tax less credits) to be \$40 or more.

See Form 1120-W which may be used as a worksheet to compute estimated tax.

If there was an overpayment of estimated tax, file Form 4466 for a "quick refund" if the overpayment is (1) at least 10% of expected income tax liability AND (2) at least \$500. This application must be made within 2½ months after the end of the taxable year and before Form 1120 is filed.

K. Consolidated returns.—The parent corporation must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, each subsidiary must attach Form 1122.

File supporting schedules for each corporation included in the consolidated return. The schedules must be in columnar form and show, both before

and after adjustments, the items of gross income and deductions, a computation of taxable income, balance sheets as of the beginning and end of the taxable year, and a reconciliation of retained earnings. Also attach consolidated balance sheets and a reconciliation of consolidated retained earnings.

L. Stock ownership in foreign corporations.—See section 551(c), and attach the required statement if there was an ownership of 5% or more in value of the outstanding stock of a foreign personal holding company.

A taxpayer who controls a foreign corporation, or who is a 10% or more shareholder of a controlled foreign corporation, may be required to file Forms 2952 and 3646.

M. Financial statements.—The balance sheets must agree with your books and records. Any differences must be reconciled. Copies of balance sheets required by Federal, State, etc., authorities may be used in place of Schedule L. Certificates of deposit and other cash equivalents should be included as cash on line 1 of the balance sheet.

Banks, insurance companies, and other corporations required to submit substantially similar statements of income and expense to any Federal, State, etc., authority may submit copies of such statements in place of the information required on lines 1 through 30, page 1. Railroads may substitute Form 1090. In such cases, taxable income must be reconciled in Schedule M-1 with the net profit shown on the statement and entered as line 30, page 1.

N. Attachments.—If more space is needed on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

O. Amended return.—Use Form 1120X to correct any error in a previously filed income tax return.

P. Transfers to corporation controlled by transferor.—If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferor and transferee must attach the information required by section 1.351-3 of the regulations.

Q. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If your corporate officer filed in Form 1120, the space under "Signature of officer" should remain blank. If someone prepares Form 1120 and does not charge the corporation, that person, should not sign the return. Certain others who prepare Form 1120 should not sign. For example, a regular, full time employee of the corporation such as clerk, secretary, etc. does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120, must sign the return and fill in the other blanks in the Paid Preparer's Information area of the return.

When more than one person prepares Form 1120, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "self-employed" box in the preparer's section of Form 1120.

If you have questions about whether a preparer is required to sign Form 1120, please contact an IRS office.

The person required to sign the return MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of Form 1120 to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. Publication 1045, Information for Preparers of Federal Income Tax Returns, lists some of the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work.

R. Corporations that liquidate within one calendar month under section 333.—Such corporations should attach a computation (following the format in Rev. Proc. 75-17, 1975-1 C.B. 677) of accumulated earnings and profits including all items of income and expense accrued up to the date the transfer of all property is completed.

S. U.S. person.—(See question H (2)(c), page 3, Form 1120.)—The term "U.S. person" means: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, or (4) any estate or trust (other than a foreign estate or trust within the meaning of section 7701(a)(31)).

Owner's country. For individuals, is their country of residence. For all others, it is the country where incorporated, organized, created, or administered.

T. Penalties.—

Avoid penalties and interest by correctly filing and paying the tax when due.

1. A corporation that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed (the penalty is imposed on the net amount due—section 6651(a)(1)).

2. A corporation that fails to pay the tax when due may be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid (the penalty is imposed on the net amount due—section 6651(a)(2)).

The above penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate pursuant to section 6621.

3. A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment (section 6655) at a rate pursuant to section 6621.

If estimated tax was underpaid, attach Form 2220 to show how you figured the penalty or which exceptions you believe you meet.

If you attach Form 2220, be sure you check the box below line 33. If you owe a penalty, show the amount in the space below line 33.

If you owe tax on line 33, include the penalty amount in with your total. Or, if you are due a refund, subtract the penalty amount from the overpayment on line 34.

U. Real estate investment trusts.—See sections 856–860 for special rules. Attach schedules where applicable.

V. Foreign financial accounts and foreign trusts.—

Question O: Check the Yes box if either (1) or (2) below applies to you.

(1) At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. Exception: Check No if any of the following apply to you:

- The combined value of the accounts was \$1,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

(2) You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90–22.1 to see if you are considered to have an interest in or signature or other authority over a bank ac-

count, securities account, or other financial account in a foreign country.

If you checked Yes for Question O, file Form 90–22.1 by June 30, 1980, with the Department of the Treasury at the address shown on the form. Form 90–22.1 is not a tax return, so do not file it with the IRS. But be sure to file your Form 1120 with the IRS.

You can get Form 90–22.1 from many IRS offices.

Question P: Check the Yes box if you were a grantor of, or a transferor to, a foreign trust that existed during the tax year.

W. Employer identification number.—If the employer identification number (EIN) is wrong on the label or if a label was not received, show the correct number on the return.

Corporations that do not have an EIN should apply for one on Form SS–4, available from any IRS or Social Security Administration office. Send Form SS–4 to the same Internal Revenue Service Center to which Form 1120 is sent. Write "applied for" in the space provided for EIN, if it is not received by the time Form 1120 is filed.

X. Total assets.—If there are no assets at the end of the taxable year, show the total assets as of the beginning of the taxable year.

Y. Travel and entertainment expenses (section 274(d)).—(See Form 1120, question G(2), page 3.) The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in tax years beginning in 1979 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W–2.

See regulations section 1.274–5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item G(2).

Note: Generally, for taxable years ending after December 31, 1978, no deduction is allowed for any expense paid or incurred with respect to a facility which is used in connection with an activity which is of a type generally considered to constitute entertainment, amusement, or recreation. See section 274(a).

Specific Instructions

(Numbered to correspond with the line items on page 1 of the return.)

Gross Income

1. Gross receipts.—Enter gross receipts or sales from all business operations except those required to be reported in lines 4 through 10. For reporting advance payments and long-term contracts, see section 1.451–5 of the regulations.

If the installment method is used, enter on line 1 the gross profit on collections from installment sales and carry the same amount to line 3. Attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profits, (d) percentage of gross profits to gross sales, (e) amount collected, and (f) gross profit on amount collected.

2. Cost of goods sold.—See instructions for Schedule A.

4. Dividends.—(Numbered to correspond with line numbers in Schedule C.)

[1.] Enter dividends received from domestic corporations subject to income tax and which are subject to the 85% deduction under section 243(a)(1). Include on this line taxable distributions from a DISC or former DISC that are designated as being eligible for the 85% deduction.

Small business investment companies must enter dividends received from domestic corporations subject to income tax even though a deduction is allowed for the entire amount of such dividends in line 1 of Schedule I. For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest and should not be treated as dividends.

[2.] Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

[3.] Enter dividends received from foreign corporations and which qualify for the 85% deduction provided in section 245(a).

[4.] Enter dividends received from wholly-owned foreign subsidiaries and which are eligible for the 100% deduction provided in section 245(b).

In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a taxable year during which (1) all of its outstanding stock is owned (directly or indirectly) by the domestic corporation

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receiving the dividends and (2) all of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S.

[5.] Enter foreign dividends (including minimum distributions under subpart F) not reportable on lines 3 and 4. Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F.

[6.] Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported in Schedule A, Form(s) 3646.

[7.] Include gross-up for taxes deemed paid under sections 902 and 960.

[8.] Enter only those dividends subject to the elective provisions of section 243(b) and are entitled to the 100% dividends-received deduction under section 243(a)(3). Corporations making this election are subject to the provisions of section 1561.

[9.] Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85% deduction.

[10.] Include dividends (other than capital gain dividends and exempt interest dividends) received from regulated investment companies and which are not subject to the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends) received from a real estate investment trust which, for the taxable year of the trust in which the dividends are paid, qualify under sections 856–860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above.

If patronage dividends or per unit retain allocations are included in Schedule C, line 10, identify the total of these amounts in a schedule attached to Form 1120.

6. Other interest.—Enter interest on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest income against interest expense.

7. Gross rents.—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation in the proper lines for deductions.

9(a). Capital gain net income.—Every sale or exchange of a capital asset must be reported in detail on Schedule D even though no gain or loss is indicated.

If the net long-term capital gain exceeds the net short-term capital loss, or in case of only a net long-term capital

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gain, compute the alternative tax on Schedule D to see if it produces a lesser tax.

9(b). Net gain or (loss).—Enter the net gain or loss from Form 4797, line 11, Part II.

10. Other income.—Enter any other taxable income not listed above and explain its nature on an attached schedule. Examples of other income would be recoveries of bad debts deducted in prior years under the specific charge-off method and refunds of taxes deducted in prior years. Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, identify it by showing the account caption in parentheses on line 10.

Deductions

12. Compensation of officers.—Complete Schedule E, columns 1 through 6 for all officers. Complete Schedule E, column 7 for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 7 does not have to be completed for any officer for whom the combined amount is less than \$30,000.

This information is to be submitted by each member of an affiliated group included in a consolidated return.

13. Salaries and wages.—Enter on line 13(a) the amount of total salaries and wages (other than salaries and wages deducted elsewhere on your return, such as contributions to a Simplified Employee Pension Plan which are deducted on line 24) paid or incurred for the taxable year.

Enter on line 13(b) the sum of (1) the amount of WIN credit from Form 4874, line 11, and (2) the amount of jobs credit from Form 5884, line 9.

14. Repairs.—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value or appreciably prolong the life of the property. Include in this line the total amount of repairs figured under the Class Life Asset Depreciation Range (CLADR) System.

Expenditures to remove architectural and transportation barriers to handicapped and elderly.—For rules for expenses in taxable years beginning after December 31, 1976 and before January 1, 1980 to remove architectural and transportation barriers to handicapped and elderly persons, see section 190 and related regulations.

15. Bad debts.—Bad debts may be treated in either of two ways—(1) as a

deduction for debts that become worthless in whole or in part, or (2) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.)

Application to change the method of computing bad debts must be made on Form 3115.

17. Taxes.—Enter taxes paid or accrued during the taxable year.

Do not include Federal income taxes, foreign or U.S. possession income taxes if a foreign/possession tax credit is claimed, or taxes not imposed on the corporation. See section 164(d) for apportionment of taxes on real property between seller and purchaser.

18. Interest.—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (For exceptions see section 265(2).)

Mutual savings banks, building and loan associations, and cooperative banks should enter amounts paid or credited to the accounts of depositors as dividends, interest, or earnings.

See section 267 for limitation on deductions for unpaid expenses and interest in transactions between related taxpayers.

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years subsequent to the current taxable year. For example, a cash basis calendar year taxpayer, who in 1979 prepaid interest allocable to any period after 1979, can only deduct the amount allocable to 1979. Please see Publication 545, Interest Expense.

19. Contributions.—Enter contributions or gifts actually paid within the taxable year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not exceed 5% of taxable income (line 30) computed without regard to (1) any deduction for contributions, (2) the special deductions in line 29(b), (3) deductions allowed under sections 249 and 250, (4) any net operating loss carryback to the taxable year under section 172, and (5) any capital loss carryback to the taxable year under section 1212(a)(1).

Charitable contributions in excess of the 5% limitation may not be deducted for the taxable year but may be carried over to the next 5 taxable years.

A contribution carryover is not allowed, however, to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3d month after the end of the taxable year if the con-

tributions are authorized by the board of directors during the taxable year. A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the taxable year, and a copy of the resolution, must both be attached to the return.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property.—If a charitable contribution of property is made, the contribution must be reduced by the sum of

- (1) the ordinary income, short-term capital gain and
- (2) for certain contributions, 60.87 percent of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. The reduction for 60.87 percent of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of any property to or for the use of certain private foundations. (Section 170(e).)

For special rules regarding the contribution of inventory, and other ordinary income property to certain organizations, see section 170(e)(3).

Bargain sale to a charitable organization.—If a charitable contribution deduction is taken for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

20. Amortization.—Generally, if a deduction is claimed for amortization, you must attach a schedule showing: (1) a description of the expenditures being amortized; (2) date acquired, completed, or expended; (3) amount being amortized; (4) amortization deducted in prior years; (5) amortization period (number of months); (6) amortization for this year; and (7) the total amount of amortization less the amount claimed in Schedule A and elsewhere on the return.

See section 169 and related regulations for conditions under which the cost of certified pollution control facilities may be amortized over 60 months.

See section 188 and related regulations for amortization over a 60-month

period of certain expenditures made before January 1, 1977 for on-the-job training and before January 1, 1982 for child care facilities.

Certified Historic Structures.—You may elect to amortize rehabilitation expenditures or take accelerated depreciation for certain certified historic structures. Section 191 allows amortization to be figured using a period of 60 months. Section 167(o) allows an accelerated method of depreciation if you substantially rehabilitate a certified historic structure.

If you elect amortization for these expenditures or elect to take an accelerated method of depreciation: (1) answer "Yes" to Questions S(1) on page 3; (2) attach to the return a copy of the final certification letter issued by the Department of the Interior approving the rehabilitation or, if no such letter has been issued; (3) attach to the return a copy of a completed first page of U.S. Department of the Interior Form FHR-8-253a, Historic Preservation Certification Application—Part 2 (as submitted to the Department of the Interior).

Under S(2), include on this line the amortizable basis of the property. This is the amount that is permitted to be deducted over the 60-month period.

21. Depreciation.—See instructions for Form 4562, Depreciation.

22. Depletion.—See section 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T if a deduction is claimed for depletion of timber.

24. Pension, profit-sharing, etc., plans.—The number of plans to be entered refers to all plans for which all assets have not been distributed. Also include any plans in which assets were distributed in the current year. The number of plans must be indicated whether or not a deduction is claimed.

Except for Simplified Employee Pension Plans, complete Form 5500 for each plan and file as a separate return. Complete Form 5500-C in lieu of Form 5500 if there were fewer than 100 participants at the beginning of the plan year. See instructions for above forms for computation of allowable deduction on line 24. File these forms on or before the last day of the 7th month following the close of the plan year. ERISA imposes penalties for failure to furnish complete information and failure to file statements and reports.

25. Employee benefit programs.—Enter the amount of contributions to employee benefit programs (e.g. insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 24.

Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

26. Other deductions.—Generally, no deduction is allowable for the amount of any item or part of it allocable to a class of exempt income. (See section 265(2) for exceptions.)

If patronage dividends are included in line 26, page 1, Form 1120, identify this deduction and the total amount in the schedule "Other deductions" to be attached to Form 1120.

28. Taxable income.—Effective for taxable years beginning after December 31, 1978, special "at risk" rules under section 465 generally apply to closely held corporations engaged in any activity as a trade or business or for the production of income. Such corporations may have to adjust the amount on line 28. See below. However, the "at risk" rules do not apply to (1) holding real property other than mineral property and (2) equipment leasing under section 465(c)(3)(D)(ii). These "at risk" rules apply to a closely held corporation which may or may not be a personal holding company.

A closely held corporation that is NOT a personal holding company.—The amount to be entered on line 28 of Form 1120 is to be adjusted for section 465(d) losses. Section 465(d) losses are limited to the aggregate amount with respect to which the closely held corporation is "at risk" for each separate activity at the close of the tax year.

Where the corporation is involved in more than one activity, and one or more of the activities incurs a loss for the year, the loss must be reported separately. The corporation should attach a schedule reflecting the amount "at risk" and gross income and deductions for the activity(ies) with the loss(es).

If a loss from an activity exceeds the amount the closely held corporation is "at risk" for the activity at the end of the tax year, the amount that would otherwise be entered on line 28 of Form 1120 is to be modified for the excess. (Attach schedule.)

If the corporation sells or otherwise disposes of an asset in, or its interest in (either total or partial), an activity to which the "at risk" rules apply, combine the gain or loss on the sale or disposition with the profit or loss from the activity to determine the net profit or loss from the activity. If the corporation has a net loss, it may be limited because of the "at risk" rules.

Any loss from an activity not allowed for the tax year is treated as a deduction allowable to the activity in the next tax year.

See section 204(c)(2) and (3) of the Tax Reform Act of 1976 concerning special transitional rules relating to movies, video tapes, and leasing activities.

A closely held corporation that is a personal holding company.—For the amount to be entered on line 28 of Form 1120, see Schedule PH (Form 1120), Specific Instructions for line 1 regarding section 465 losses.

28(b). Not operating loss deduction.—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the taxable year. (Section 172(a).)

Generally, a net operating loss may be carried back to each of the 3 years preceding the year of such loss and carried over to each of the 7 years following the year of such loss. (For taxable years beginning after September 30, 1979, the portion of the net operating loss attributable to a product liability loss may be carried back 10 years. (Section 172(b)(1)(H).)) Or, an election may be made whereby a net operating loss may just be carried over to each of the 7 years following the year of such loss. The election is made by attaching a statement to a timely filed return, including extensions, and is irrevocable. After applying the net operating loss to the first taxable year to which it may be carried, the portion of the loss that may be carried to each of the remaining taxable years is the excess, if any, of the loss over the sum of the taxable income for each of the prior taxable years to which the loss may be carried. (Section 172(b).)

If there is a carryback of a net operating loss, net capital loss, an unused investment credit, unused work incentive (WIN) credit, or unused job credit, file Form 1139 within 12 months after the close of the taxable year for a "quick refund" of taxes. (Section 6411.)

See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers.

29(b). Special deductions.—See instructions for Schedule I.

Schedule A—Cost of Goods Sold

Valuation Methods.—Your inventories can be valued at: (a) cost, (b) cost or market value (whichever is lower), or (c) any other method approved by the Commissioner of Internal Revenue, where those methods conform with the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods.—Taxpayers should request permission to change to a method permitted for Federal income tax purposes. For further information regarding the change, see Regulation section 1.446-1(a)(3).

Check the method(s) used for valuing inventories in line 8(e). Under "lower of cost or market," market generally applies to normal market conditions where there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For additional requirements, see Regulation section 1.471-4.

Inventory may be valued below cost when the merchandise is unsaleable at normal prices or unusable in the normal way because the goods are "subnormal" (that is, because of damage, imperfections, shop wear, etc.) within the meaning of Regulation section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not less than scrap value) where the taxpayer can establish such a price. See Regulation section 1.471-2(c) for additional requirements.

In line 8(b), indicate whether you used a method of inventory valuation other than those described in line 8(a) and attach a statement describing the method used.

If this is the first year the "Last-in First-out" (LIFO) inventory method provided in section 472 was adopted and used, attach Form 970 or a statement with the information required by Form 970 to Form 1120 and check the LIFO box in line 8(c). Enter the amount or percent (estimates may be used) of total closing inventories covered under section 472 in line 8(d).

Full absorption method of inventory costing.—Taxpayers engaged in manufacturing or production operations must use the full absorption method of inventory costing. If they are not using the full absorption method of inventory costing, they must change to this method under which both direct and certain indirect production costs are included for inventory valuation purposes. The change to full absorption may be made by filing Form 3115. For further details, see Rev. Proc. 75-40, 1975-2 C.B. 571 and section 1.471-11 of the regulations.

Cost of operations (where inventories are not an income-determining factor).—If the amount entered on line 2 includes an amount applicable to cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

For certain cooperatives, if per unit retain allocations are included on line 4,

Schedule A, identify this cost and the total amount in the Schedule "Other costs" to be attached to Form 1120.

Schedule I—Special Deductions

(Numbered to correspond with line numbers in Schedule I.)

1. A small business investment company operating under the Small Business Investment Act of 1958 may deduct 100% of dividends received from domestic corporations subject to income tax. (Section 243(a)(2).)

No deduction is allowed under section 243 for a dividend from a DISC or former DISC (as defined in section 992(a)) to the extent such dividend is paid out of the corporation's accumulated DISC income or previously taxed income, or is a deemed distribution under section 995(b)(1).

In general, no dividends-received deduction will be allowed on any share of stock (a) that is disposed of if the corporation held it 15 days or less, or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or securities.

2. Limitation on dividends-received deduction.—Line 2 may not exceed 85% of (line 28, page 1, less the sum of lines 3 and 5 of Schedule I). For this purpose, line 28, page 1, is to be computed without regard to any capital loss carryback to the taxable year under section 1212(a)(1).

In a year in which a net operating loss occurs, sections 172(d) and 246(b) provide that this 85% limitation does not apply even if the loss is created by the dividends-received deduction.

In the case of a small business investment company, the dividends-received deduction of 100% included in line 2 is not subject to the overall 85% limitation. Financial institutions should see section 596 for the special limitation on the dividends-received deduction.

4. Deduction for dividends paid on certain preferred stock of public utilities.—Section 247 allows public utilities a deduction of 30.435% of the lesser of (1) dividends paid on their preferred stock during the taxable year, or (2) taxable income computed without regard to this deduction. In a year in which a net operating loss occurs, section 172(d) provides that the deduction is to be computed without regard to section 247(a)(1)(B).

5. Deduction for Western Hemisphere trade corporations.—Section 922 allows Western Hemisphere trade corporations a deduction of 4.348% of taxable income computed without regard to this deduction.

However, no deduction is allowed to a corporation for a taxable year for which it is a DISC or during which it owns directly or indirectly at any time stock in a DISC or former DISC as defined in section 992(a).

Schedule J—Tax Computation

The Revenue Act of 1978 established taxable income brackets and lowered the tax rates on corporations. Thus, if a corporation is not a member of a controlled group (these members should see item 1 below), it will compute the tax on its taxable income as follows:

If the amount on Schedule J, Line 1 is:	Enter on Schedule J, Line 3:	Of the amount over—
Over—	But not over—	
0	\$25,000	17%
\$25,000	50,000	\$4,250 + 20%
50,000	75,000	9,250 + 30%
75,000	100,000	16,750 + 40%
100,000		26,750 + 46%

If the alternative tax does not apply, enter the amount computed above on line 3 of Schedule J. If the alternative tax applies, see Schedule D (Form 1120).

(Personal holding companies—see Schedule PH (Form 1120) before completing Schedule J.)

1. Members of a Controlled Group.—Members of a controlled group, as defined in section 1563, are entitled to only one \$25,000 amount in each taxable income bracket.

When an apportionment plan is adopted or later amended, each member of the controlled group must attach to its tax return a copy of its consent to this plan. The copy should show or have attached a statement showing the amount of the \$25,000 amount in each taxable income bracket apportioned to that member, as well as other data. See regulation section 1.1561-3(b) for the time and manner of making the consent.

Equal Apportionment Plan.—If no apportionment plan is adopted, the members of the controlled group must divide the \$25,000 amount in each taxable income bracket equally among themselves. For example, controlled group AB consists of corporation A and corporation B. They do not elect an unequal apportionment plan. Therefore, corporation A is entitled to \$12,500 (one-half of \$25,000) in each taxable income bracket and corporation B is entitled to \$12,500 in each taxable income bracket.

Unequal Apportionment Plan.—Members of a controlled group may elect an unequal apportionment plan and divide the \$25,000 amount in each taxable income bracket in any manner that they see fit. There is no need for consistency between taxable income brackets and any member of the controlled group may be entitled to all, some or none of the \$25,000 amount in a taxable income bracket (as

long as the total amount for all members of the controlled group does not exceed \$25,000 in any taxable income bracket).

Members of a controlled group will compute their tax as follows:

(Note: If alternative tax applies: (1) complete lines 2(a) and (b) of Schedule J; (2) On line 1 below, in lieu of entering line 30, page 1, enter amount from line 14 Schedule D; (3) Complete lines 2 through 15 below; and (4) Enter amount from line 15 below on line 15 of Schedule D and complete balance of Schedule D.)

1. Enter taxable income (line 30, page 1).
2. Enter line 1 or its share of the first \$25,000 taxable income bracket, whichever is less.
3. Subtract line 2 from line 1.
4. Enter line 3 or its share of the second \$25,000 taxable income bracket, whichever is less.
5. Subtract line 4 from line 3.
6. Enter line 5 or its share of the third \$25,000 taxable income bracket, whichever is less.
7. Subtract line 6 from line 5.
8. Enter line 7 or its share of the fourth \$25,000 taxable income bracket, whichever is less.
9. Subtract line 8 from line 7.
10. 17% of line 4.
11. 20% of line 6.
12. 30% of line 6.
13. 40% of line 8.
14. 46% of line 9.
15. Total of lines 10 through 14. Enter this amount on line 3 of Schedule J.

2. Tax installment payments under the Bank Holding Company Tax Act of 1976.—Section 6158 provides that a bank holding company may elect to pay in installments the tax attributable to the sale of certain assets, the divestiture of which is certified by the Board of Governors of the Federal Reserve System. If this election is exercised, the Bank Holding Company must attach a statement showing the tax computation and the amount of the installment paid with this return. Also, in the right-hand margin next to line 3, Schedule J (Form 1120), enter the amount of the installment payment followed by the words "computed under section 6158." If an election under section 1103 (g) or (h) applies, enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be.

Distributions pursuant to Bank Holding Company Act.—If an election under section 1103 (g) or (h) applies to a section 1101 distribution, the bank holding company making the distribution must enter the words "section 1103(g) election" or "section 1103(h) election," as the case may be, in the right-hand margin next to line 5, Schedule M-2 (Form 1120).

3. Mutual savings banks conducting life insurance business.—The tax under section 594 consists of the sum of (1) a partial tax computed on Form 1120 on the taxable income of the bank determined without regard to income or deductions allocable to the life insurance department; and (2) a partial tax on the taxable income computed on Form 1120 of the life insurance department. Enter the combined tax on line 3 of Schedule J, Form 1120. Attach Form 1120L as a schedule and identify as such.

4. Possession tax credit.—See Form 5712 for rules on how to elect to claim the possession tax credit (section 936). Compute the credit on Form 5735 and include the amount of the credit in the total for line 5, Schedule J (Form 1120). Write in the margin next to the entry on line 5, the amount of the credit and identify it as being a section 936 credit.

5. Credit for wages paid or incurred in work incentive (WIN) program.—Generally, employers may claim a credit of 50% of qualified first-year wages and 25% of qualified second-year wages. See Form 4874 for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the amount of the WIN credit (determined without regard to the limitation based on tax (section 50A)(7)(2)).

6. Investment credit.—In most cases, the investment credit is 10% of the qualified investment in regular investment credit property. The corporation may elect an 11% or 11.5% credit for regular investment credit property (in lieu of the 10%) if the corporation meets the requirements of section 48(c)(1).

The corporation is also allowed a 10% energy investment credit for investment in qualified energy property. The 10% energy credit is in addition to the 10% regular investment credit if the energy property is also regular investment credit property.

Use Form 3468 and Schedule B (Form 3468) to figure these credits.

7. Tax from recomputing a prior year investment credit.—If property is disposed of prior to the life-years category used in computing the investment credit, the credit must be recomputed. (See Form 4255.)

8. Jobs credit.—The credit, if elected, is allowed only for hiring members of seven targeted groups during the tax year. Generally, the allowable credit is equal to 50% of qualified first-year wages paid or incurred and 25% of qualified second-year wages paid or incurred. See Form 5884 for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the amount of the jobs credit (determined without regard to the limitation based on tax (section 53)).

9. Minimum tax.—Corporations having tax preference items in excess of \$10,000, OR if there is any minimum tax liability derived from a prior taxable year to this year, must attach Form 4626.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification system developed by the U.S. Department of Commerce, Executive Office of the President, to classify enterprises by type of activity in which they are engaged. The system follows closely the Standard Industrial Classification used to classify establishments.

Using the list below, enter on page 1, under C, the code number for the

AGRICULTURE, FORESTRY, AND FISHING
Code
0400 Agricultural production, except horticulture, forestry, fishing, hunting, and trapping.

MINING
Code
1010 Iron ore.
1070 Copper, lead and zinc, gold and silver ore.
1090 Other metal mining.
1180 Coal mining.
2100 Oil and gas extraction.
2130 Crude petroleum, natural gas, and natural gas liquids.
2180 Oil and gas field services.
2200 Nonmetallic minerals (except fuels) mining.
2400 Dimensional, crushed and broken stone, sand and gravel.
2490 Other nonmetallic minerals, except fuels.

CONSTRUCTION
Code
2500 General building construction and operative building.
2510 General building construction.
2520 Operative building.
2530 Heavy construction contractors.
2540 Special trade contractors.
2550 Plumbing, heating, and air conditioning.
2560 Electrical, electronic, and communications.
2570 Other special trade contractors.

MANUFACTURING
Code
2600 Food and kindred products.
2610 Meat products.
2620 Dairy products.
2630 Preserved fruits and vegetables.
2640 Grain mill products and related products.
2650 Bakery products.
2660 Sugar and confectionery products.
2670 Malt, liquors and malt.
2680 Alcoholic beverages, except malt liquors and wine.
2690 Bottled soft drinks and flavorings.
2700 Other food and kindred products.
2710 Tobacco manufactures.
2720 Textile mill products.
2730 Weaving mills and textile finishing.
2740 Knitting mills.
2750 Other textile mill products.
2760 Apparel and other textile products.
2770 Men's and boy's clothing.
2780 Women's and children's clothing.
2790 Hats, caps, millinery, fur goods, and other apparel and accessories.
2800 Misc. fabricated textile products.
2810 Lumber and wood products, except furniture.
2820 Logging camps and logging contractors.
2830 Sawmills and planing mills.
2840 Lumber, plywood, and related products.
2850 Other wood products, including wood buildings and mobile homes.
2860 Furniture and fixtures.
2870 Paper and allied products.
2880 Pulp, paper, and board mills.
2890 Other paper products.
2900 Printing, publishing, and allied industries.
2910 Newspapers.
2920 Periodicals.
2930 Books, printing, cards, and misc. publishing.
2940 Commercial and other printing, and printing trade services.

Chemicals and allied products
Code
2810 Industrial chemicals, plastics materials and synthetic rubbers.
2820 Drugs.
2830 Drugs, chemicals, and allied goods.
2840 Plastics and allied products.
2850 Agricultural and other chemical products.
2860 Petroleum refining and related industries (excluding those excluded with extraction).
2870 Petroleum refining (including those integrated with extraction).
2880 Other petroleum and coal products.
2890 Rubber and mica, plastics products, hose and belting.
2900 Misc. plastics products.
2910 Leather and leather products.
2920 Footwear, except rubber.
2930 Other leather and leather products.
2940 Stone, clay, glass, and concrete products.
2950 Glass products.
2960 Cement, hydraulic.

Code
3270 Concrete, gypsum, and plaster products.
3290 Other nonmetallic mineral products.
3300 Primary metal industries.
3370 Ferrous metal industries; misc. primary metal products.
3380 Nonferrous metal industries.
3400 Fabricated metal products, except machinery and transportation equipment.
3410 Metal cans and shipping containers.
3420 Cutlery, hand tools, and hardware screw machine products, bolts, and similar products.
3430 Plumbing and heating, except electric and warm air.
3440 Fabricated structural metal products.
3450 Metal forgings and stampings.
3470 Coasting, engraving, and allied services.
3480 Ordnance and accessories, except vehicles and guided missiles.
3490 Misc. fabricated metal products.
3500 Farm machinery.
3510 Construction, mining, and materials handling machinery and equipment.
3520 Metalworking machinery.
3530 Special industry machinery, except metalworking machinery.
3540 General industrial machinery.
3550 Office, computing, and accounting machines.
3560 Engines and turbines, service industry machinery, and other machinery, except electrical.
3570 Electrical and electronic machinery, equipment, and supplies.
3580 Household appliances.
3590 Radio, television, and communication equipment.
3600 Electronic components and accessories.
3690 Other electric equipment.
3700 Transportation equipment.
3710 Motor vehicles and equipment.
3720 Aircraft, guided missiles and parts.
3730 Ship and boat building and repairing.
3740 Other transportation equipment.
3750 Measuring and controlling instruments; photographic and medical goods, watches and clocks.
3760 Scientific instruments and measuring devices, watches and clocks.
3815 Optical, medical, and ophthalmic goods.
3860 Photographic equipment and supplies.
3900 Other manufacturing products.

TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES
Code
4000 Railroad transportation.
4100 Local and interurban passenger transit.
4200 Trucking and warehousing.
4300 Water transportation.
4400 Transportation by air.
4500 Pipeline, except natural gas.
4600 Other transportation services.
4700 Communication services.
4800 Telephone, telegraph, and other communication services.
4830 Radio and television broadcasting.
4900 Electric, gas, and sanitary services.
4910 Electric services.
4920 Gas production and distribution.
4930 Combination utility services.
4990 Water supply and other sanitary services.

WHOLESALE TRADE
Code
5000 Machinery, equipment, and supplies.
5010 Motor vehicles and automotive equipment.
5020 Furniture and home furnishings.
5030 Lumber and construction materials.
5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies.
5050 Metals and minerals, except petroleum and scrap.
5060 Electrical goods.
5070 Hardware, plumbing and heating.
5098 Other durable goods.
5100 Paper and paper products.
5129 Drugs, drug proprietaries, and druggists' sundries.
5130 Apparel, piece goods, and notions.
5140 Groceries and related products.
5150 Farm-product raw materials.
5160 Chemicals and allied products.
5170 Petroleum and petroleum products.

specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1, page 1) plus all other income (lines 4 through 10, page 1). On page 3, under L, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Grain mill products," the principal product or service may be "Cereal preparations."

RETAIL TRADE
Code
5200 Building materials, hardware, garden supply, and mobile home dealers.
5220 Building materials dealers.
5231 Hardware stores.
5265 Garden supplies and mobile home dealers.
5300 General merchandise stores.
5410 Grocery stores.
5490 Other food stores.
5500 Automotive dealers and service stations.
5515 Motor vehicle dealers.
5541 Gasoline service stations.
5548 Other automotive dealers.
5600 Apparel and accessory stores.
5600 Furniture and home furnishings stores.
5800 Eating and drinking places.
5912 Drug stores and proprietary stores.
5921 Liquor stores.
5990 Other misc. retail stores.

FINANCE, INSURANCE, AND REAL ESTATE
Code
6000 Mutual savings banks.
6090 Bank holding companies.
6090 Banks, except mutual savings banks and bank holding companies.
6090 Credit agencies other than banks.
6120 Savings and loan associations.
6130 National credit institutions.
6150 Business credit institutions.
6199 Other credit agencies.
6200 Finance, commodity brokers, dealers, exchanges, and services.
6210 Security brokers, dealers, and flotation companies.
6299 Commodity contracts brokers and dealers; security and commodity exchanges; and allied services.
6300 Insurance.
6310 Life insurance.
6310 Marine insurance, except life or marine and certain fire or flood insurance companies.
6399 Other insurance companies.
6411 Insurance agents, brokers, and services.
6411 Real estate operators (except developers) and lessors of buildings.
6510 Lessors of mining, oil, and similar property.
6510 Lessors of railroad property and other real property.
6530 Condominium management and cooperative housing associations.
6590 Subdividers and developers.
6599 Other real estate.
6600 Holding and other investment companies.
6742 Regulated investment companies.
6743 Real estate investment trusts.
6744 Small business investment companies.
6749 Holding and other investment companies, except bank holding companies.

SERVICES
Code
7000 Hotels and other lodging places.
7200 Personal services.
7310 Advertising.
7390 Business services, except advertising.
7400 Auto repair and services.
7400 Misc. repair services.
7500 Amusement and recreation services, distribution, and services.
7830 Motion picture theaters.
7900 Amusement and recreation services, except motion picture theaters.
8015 Offices of physicians, including osteopaths.
8021 Offices of dentists.
8040 Offices of other health practitioners.
8050 Nursing and personal care facilities.
8060 Hospitals.
8071 Medical laboratories.
8099 Other medical services.
8111 Legal services.
8200 Educational services.
8300 Social services.
8400 Membership organizations.
8911 Architectural and engineering services.
8910 Accounting, auditing, and bookkeeping.
8980 Miscellaneous services (including veterinarians).

SCHEDULE D
(Form 1120)
Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ Attach to your income tax return.

1979

Name _____ Employer identification number _____

Part I Short-term Capital Gains and Losses—Assets Held ONE YEAR or Less

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expenses of sale	e. Cost or other basis	f. Gain or loss (If loss, -)
1					

2 Unused capital loss carryover (attach computation)

3 Net short-term capital gain or (loss)

Part II Long-term Capital Gains and Losses—Assets Held More Than ONE YEAR

4 Enter section 1231 gain from Form 4797, line 6(e)(1)

5					

6 Net long-term capital gain or (loss)

Part III Summary of Schedule D Gains and Losses

7 Enter excess of net short-term capital gain (line 3) over net long-term capital loss (line 6)

8 Net capital gain. Enter excess of net long-term capital gain (line 6) over net short-term capital loss (line 3)

9 Total of lines 7 and 8. Enter here and on Form 1120, line 9(a), page 1

Part IV Alternative Tax Computation

10 Taxable income (Form 1120, line 30, page 1)

11 Net capital gain from line 8
Note: If Part I or Part II above includes transactions entered into by conduits (partnerships, etc.) before January 1, 1979, see instructions for line 12. If no such transactions are included, enter the amount from line 11 on line 12.

12 Enter the net capital gain from all transactions entered into after December 31, 1978, but not more than the amount entered on line 11 (see instructions)

13 Subtract line 12 from line 11

14 Subtract line 11 from line 10

15 Partial tax. Compute the tax on line 14 in accordance with the instructions for Form 1120, Schedule J

16 28% of line 12

17 30% of line 13

18 Alternative tax—total of lines 15 through 17. If applicable, enter here and on Form 1120, line 3, Schedule J, and check box for Schedule D

Instructions

(References are to the Internal Revenue Code.)

This schedule provides for the reporting of sales or exchanges of capital assets. Every sale or exchange of property must be reported even though no gain or loss is indicated.

See Form 4797 and related instructions for reporting sales or exchanges of property other than capital assets including the sale or exchange of property used in a trade or business and involuntary conversions (section 1231); also, gain from the disposition of interest in oil, gas or geothermal property (section 1254).

and write the date of exchange in column (c). Write "like kind exchange" in column (d) and enter the adjusted basis in column (e). Enter zero in column (f). (See section 1031.)

Gain from Sale of Depreciable Property Between Certain Related Taxpayers.—Gain from the sale or exchange of depreciable property between related persons is ordinary income if such property is, in the hands of the transferee, subject to depreciation. "Related persons" includes: (1) an individual and a corporation 80 percent or more in value of the outstanding stock of which is owned, directly or indirectly, by or for the same individual; in general, section 318 shall apply with respect to the constructive ownership of stock. Item (2) only applies to sales or exchanges made after October 4, 1976, unless the sale or exchange was made pursuant to a binding contract entered into on or before that date. (See section 1239.)

Capital Losses.—Capital losses are allowed only to the extent of capital gains. A net capital loss, however, may be carried back three years and forward five as a short-term capital loss. The capital loss may be carried back only to the extent it does not increase or produce a net operating loss in the taxable year to which it is being carried. Foreign expropriation capital losses may not be carried back but may be carried forward ten years instead of five. A net capital loss for a regulated investment company may be carried forward eight years instead of five.

Under the provisions of section 6411, a quick refund of the tax overpayment created by the capital loss carryback may be obtained by filing Form 1139. If a net capital loss carryback creates an unused investment credit or an unused work incentive (WIN) credit in a preceding year, the unused credit may be carried back to the three preceding years (however, the WIN credit cannot be carried back to years beginning before 1972), and, under the provisions of section 6411, a quick refund of the tax overpayment may likewise be obtained by filing Form 1139.

Short Sales of Capital Assets.—For rules relating to certain short sales of stock or other securities, and transactions in commodity futures, see section 1233.

Worthless Securities.—Except for banks, if securities which are capital assets become wholly worthless during the taxable year, the loss is to be treated as a capital loss as of the last day of the taxable year.

Losses Not Allowable.—No loss is allowed for wash sales of stock or securities. (See section 1091.) No loss is allowed (distributions in liquidation excepted) on transactions between related persons. (See section 267.)

Section 465 Asset.—If the corporation disposes of an asset used in an activity to which the "at risk" rules apply (see section 465), combine the gain or loss on the disposition with the profit or loss from the activity. If the corporation has a net loss, it may be subject to the "at risk" rules.

Options to Buy or Sell.—See section 1234 for rules pertaining to the treatment of gain or loss in the case of a purchaser or that of a grantor of an

option in the case of stock, securities, or commodities granted after September 1, 1976.

Cost or Other Basis, As Adjusted.—In determining gain or loss, the basis of property will generally be its cost. If property was acquired by bequest, gift, tax-free exchange, involuntary conversion, or wash sale of stock, see sections 1014 (and 1023), 1015, 1031, 1033, and 1091, respectively. Attach an explanation if the basis used is other than actual cash cost of the property.

If a charitable contribution deduction is allowed by reason of a sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value.

Insurance Companies.—Companies taxable under section 831 having losses from capital assets sold or exchanged to obtain funds to meet abnormal insurance losses, etc., shall attach a schedule corresponding to Schedule A-3 of Form 1120M. For companies taxable under section 821, all references to line numbers on Form 1120 are to be considered as references to the appropriate line on Form 1120M.

Part IV

Alternative Tax Computation.—If there is a net capital gain (which means an excess of net long-term capital gain over net short-term capital loss), compute the tax using the alternative method (section 1201) to determine if the resulting tax is less than the tax computed using the regular method.

The alternative tax is the sum of (1) a partial tax computed at graduated tax rates on the taxable income decreased by the net capital gain, and (2) 28% of the net capital gain from sales or exchanges after 12/31/78 (or a combined 28% and 30% if the corporation has pre-1979 transactions). (See instructions for line 12.)

In computing the alternative tax, deductions subject to a limitation based upon taxable income (such as contributions and the special deductions in Schedule I) do not have to be recomputed.

Instructions for Line 12.—Enter on line 12 the net capital gain which takes into account all gain and loss transactions entered into after December 31, 1978, including that portion of any unused capital loss carryover that is attributable to transactions entered into after December 31, 1978.

Minimum Tax on Tax Preference Items.—If there is a net capital gain, you may be liable for minimum tax. See Form 4626.

Installment Sales

If you sell property and receive payments in two or more tax years, you may be able to report the gain under the installment method. See section 453. If you elect to report a sale under the installment method, attach the computation.

For treatment of a part of each payment as "unearned interest" on deferred payment sales, see section 483. For additional information, get Publication 537, *Installment and Deferred-Payment Sales*.

1120-DISC

Department of the Treasury
Internal Revenue Service

Domestic International Sales Corporation Return

(PLEASE TYPE OR PRINT)

1979

For calendar year 1979 or other taxable year beginning

1979, ending

19

A Date of DISC election	Name	C Employer identification number
	Number and street	D Date incorporated
B Business code number (See page 8 of instructions)	City or town, State, and ZIP code	E Enter total assets from line 3, column (B), Schedule L (see instruction L)

F Did any corporation, individual, partnership, trust or estate at the end of your taxable year own, directly or indirectly, 50% or more of your voting stock?
If "Yes," enter below the owner's name, address, identifying number, percentage of voting stock owned and, if a corporation, total assets. (See General Instruction Q)

Name	Identifying number	Address	Percentage of voting stock owned	Total assets (Corporations only)	Foreign owner
					Yes No

G Indicate by placing an "X" in the appropriate box(es) the inter-company pricing rule or rules which were applied to 25% or more of total receipts (line 4, page 1).

☐ 50-50 combined taxable income method, ☐ 4% gross receipts method, ☐ Section 482 method ("arm's length pricing")

All Computations Must Reflect Inter-Company Pricing Rules
Under Section 994 If Used (See Schedule P (Form 1120-DISC))

Gross Income	
1 Qualified export receipts from the sale of export property (line 1(c), column E, Schedule B)	
2 Other qualified export receipts: (line 2(j), column E, Schedule B)	
3 Nonqualified gross receipts: (line 3(g), column E, Schedule B)	
4 Total (add lines 1, 2, and 3)	
5 Cost of goods sold (line 7, Schedule A) and/or operations (attach schedule)	
6 Total income (subtract line 5 from line 4)	

Deductions	
7 Export promotion expenses: (line 1(o), Schedule E)	
8 Other expenses not deducted above: (line 2(h), Schedule E)	
9 Total deductions (add lines 7 and 8)	

Computation of Taxable Income	
10 Taxable income before net operating loss deduction and dividends-received deduction (subtract line 9 from line 6)	
11 (a) Net operating loss deduction (see instructions—attach schedule)	
(b) Dividends-received deduction (line 2, Schedule I)	
12 Taxable income (subtract line 11 from line 10)	

13 Refund of U.S. tax on special fuels and oils (attach Form 4136)

Signature of officer	Date	Title
Preparer's signature and date		Check if self-employed <input type="checkbox"/>
Firm's name (or yours, if self-employed) and address		Preparer's social security no.
		E.I. No.
		ZIP code

Form 1120-DISC (1979)

Page 2

Schedule A Cost of Goods Sold (See instructions for Schedule A)
Reflect ACTUAL purchases from a related supplier at the transfer price determined under the inter-company pricing rules of section 994, if used. See Schedule P (Form 1120-DISC).

1 Inventory at the beginning of the year	
2 Purchases	
3 Salaries and wages	
4 Other costs (attach schedule)	
5 Total (add lines 1 through 4)	
6 Inventory at the end-of the year	
7 Cost of goods sold (subtract line 6 from line 5)—Enter here and on line 5, page 1	

- 8 (a) Check all methods used for valuing closing inventory:
☐ Cost ☐ Lower of cost or market as described in regulations section 1.471-4 (see instructions)
☐ Writedown of "subnormal" goods as described in regulations section 1.471-2(c) (see instructions)
(b) Did you use any other method of inventory valuation not described above? ☐ Yes ☐ No
If "Yes," specify method used and attach explanation
(c) Check if this is the first year LIFO inventory method was adopted and used ☐
If checked, attach Form 970.
(d) If the LIFO inventory method was used for this taxable year, enter percentage (or amounts) of closing inventory computed under LIFO
(e) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If "Yes," attach explanation.

Schedule B Gross Income (See instructions for Schedule B)

A. Type of receipt	Commission sales		D. Other receipts	E. Total (add columns C and D)
	B. Gross receipts	C. Commission		
1 Qualified export receipts from the sale of export property:				
(a) To unrelated purchasers:				
(i) Direct foreign sales				
(ii) Foreign sales through a related foreign entity				
(iii) To persons in the U.S. (other than an unrelated DISC)				
(iv) To an unrelated DISC				
(b) To related purchasers:				
(i) Direct foreign sales				
(ii) To persons in the U.S.				
(c) Total—Enter amount in column E on line 1, page 1				
2 Other qualified export receipts:				
(a) Leasing or renting of export property				
(b) Services related and subsidiary to a qualified export sale or lease				
(c) Engineering and architectural services				
(d) Export management services				
(e) Qualified dividends (line 10, Schedule C)				
(f) Interest on producer's loans				
(g) Other interest (attach schedule)				
(h) Capital gain net income (Attach Schedule D (Form 1120))				
(i) Ordinary gain or (loss) from Part II, Form 4797 (attach Form 4797, see instructions)				
(j) Total—Enter amount in column E on line 2, page 1				
3 Nonqualified gross receipts:				
(a) Ultimate use in U.S.				
(b) Exports subsidized by the U.S. Government (see instructions)				
(c) Certain direct or indirect sales or leases for use by the U.S. Government				
(d) Sales to other DISCs in the same controlled group				
(e) Nonqualified dividends (line 11, Schedule C)				
(f) Other (see instructions—attach schedule)				
(g) Total—Enter amount in column E on line 3, page 1				
4 Total—Enter amount in column E on line 4, page 1				

Form 1120-DISC (1979)

Page 3

Schedule C Dividends (See instructions for Schedule C)

1	Domestic corporations subject to the 85% deduction	
2	Certain preferred stock of public utilities	
3	Foreign corporations subject to the 85% deduction	
4	Dividends from wholly-owned foreign subsidiaries subject to the 100% deduction (section 245(b))	
5	Other dividends from foreign corporations	
6	Includable income from controlled foreign corporations under subpart F (attach Forms 3646)	
7	Taxable dividends from a DISC or former DISC not included in line 1 (section 245(d))	
8	Other dividends	
9	Total (add lines 1 through 8)	
10	Qualified dividends—Enter the qualified dividends here and on line 2(e), column D, Schedule B	
11	Nonqualified dividends (subtract line 10 from line 9)—Enter here and on line 3(e), column D, Schedule B	

Schedule E Deductions (See instructions for Schedule E)

1	Export promotion expenses:	
(a)	Market studies	
(b)	Advertising	
(c)	Depreciation (attach Form 4562)	
(d)	Salaries and wages	
(e)	Rents	
(f)	Sales commissions	
(g)	Warehousing	
(h)	Freight (excluding insurance—see instructions)	
(i)	Compensation of officers	
(j)	Repairs (see instructions)	
(k)	Amortization (attach schedule)	
(l)	Pension, profit-sharing, etc. plans (see instructions) (enter number of plans)	
(m)	Employee benefit programs	
(n)	Other (list):	
(o)	Total (add lines 1(a) through 1(n))—Enter here and on line 7, page 1	
2	Other expenses not deducted above:	
(a)	Bad debts (Schedule F if reserve method is used)	
(b)	Taxes	
(c)	Interest	
(d)	Contributions (not over 5% of line 12, page 1 adjusted per instructions—attach schedule)	
(e)	Freight	
(f)	Freight insurance	
(g)	Other (attach schedule)	
(h)	Total (add lines 2(a) through 2(g))—Enter here and on line 8, page 1	

Schedule F Bad Debts—Reserve Method

1. Year	2. Trade notes and accounts receivable outstanding at the end of the year	3. Sales on account	Amount added to the reserve		6. Amount charged against the reserve	7. Reserve for bad debts at the end of the year
			4. Current year's provision	5. Recoveries		
1974						
1975						
1976						
1977						
1978						
1979						

Schedule I Dividends-received Deduction (See instructions for Schedule I)

1	(a) 85% of line 1, Schedule C	
	(b) 59.13% of line 2, Schedule C	
	(c) 85% of line 3, Schedule C	
	(d) 100% of line 4, Schedule C	
2	Total—See instructions for limitation. Enter here and on line 11(b), page 1	

Form 1120-DISC (1979)

Page 4

Schedule J Deemed and Actual Distributions to Shareholders for the Taxable Year (See instructions for Schedule J)**PART I.—Deemed Distributions Under Section 995(b)(1)**

1	Gross interest derived during the year from producer's loans (section 995(b)(1)(A))	
2	Gain recognized on the sale or exchange of property (section 995(b)(1)(B)) (see instructions—attach schedule)	
3	Gain recognized on the sale or exchange of property (section 995(b)(1)(C)) (see instructions—attach schedule)	
4	50% of taxable income attributable to military property (section 995(b)(1)(D)) (see instructions—attach schedule)	
5	Total (add lines 1 through 4)	
6	Taxable income (line 12, page 1)	
7	Adjusted taxable income (subtract line 5 from line 6) (enter here and on line 1, Part II)	
8	Taxable income attributable to base period export gross receipts (section 995(b)(1)(E)) (from line 22, Part II)	
9	Subtract line 8 from line 7 (enter zero if less than zero)	
10	50% of line 9 (section 995(b)(1)(F)(i))	
11	International boycott income (section 995(b)(1)(F)(ii)) (see instructions)	
12	Amount of illegal bribes and other payments (section 995(b)(1)(F)(iii)) (see instructions)	
13	Total of lines 5, 8, 10, 11, and 12	
14	Earnings and profits for year (see instructions—attach schedule)	
15	Enter the smaller of line 13 or line 14 (but not less than zero)	
16	Foreign investment attributable to producer's loans (section 995(b)(1)(G)) (see instructions—attach schedule)	
17	Total deemed distributions under section 995(b)(1) (add lines 15 and 16)	

PART II.—Computation of Taxable Income Attributable to Base Period Export Gross Receipts

1	Adjusted taxable income (from line 7, Part I)		
2	Enter the larger of (a) 365 divided by the number of days in your taxable year or (b) 1 (one)		
3	Annualized adjusted taxable income (line 1 times line 2)		
4	Annualized adjusted taxable income of all other DISCs in your controlled group (see instructions for exceptions)		
5	Line 3 plus line 4 (if \$100,000 or less see instructions)		
6	Taxable years beginning in 1972, 1973, 1974, and 1975 (use a separate line for each full or part year, starting with the earliest):		
A. Beginning of year (month, day, year)	B. End of year (month, day, year)	C. Qualified export receipts as described in Sections 993(a)(1)(A), (B), (C), (G), and (H) (see instructions for certain exclusions)	D. 50 percent of qualified export receipts in column C attributable to military property
(a)			
(b)			
(c)			
(d)			
(e)			
(f)	Totals (add lines (a) through (e))		
(g)	Base period export gross receipts (subtract Column 6D, line (f) from Column 6C, line (f))		
7	Enter the smaller of (a) 1,461 divided by the number of days in your base period or (b) 1 (one)		
8	Line 6(g) times line 7		
9	Adjustment factor		.1675
10	Adjusted base period export gross receipts (line 8 times line 9)		
11	Additions to adjusted base period export gross receipts:		
(a)	Adjusted base period export gross receipts of all other DISCs in your controlled group		
(b)	Other additions (attach schedule—see instructions)		
(c)	Total additions (line 11(a) plus line 11(b))		
12	Line 10 plus line 11(c)		
13	(a) Qualified export receipts as described in sections 993(a)(1)(A), (B), (C), (G), and (H). (Add the amounts from Schedule B, Columns B and D, lines 1(c), 2(a), 2(b), 2(c), and 2(d))		
	(b) 50 percent of qualified export receipts on line 13(a) attributable to military property		
	(c) Export gross receipts (subtract line 13(b) from line 13(a))		
14	Annualized export gross receipts (line 2 times line 13(c))		
15	Annualized export gross receipts of all other DISCs in your controlled group		
16	Line 14 plus line 15		
17	Enter the smaller of (a) line 12 divided by line 16 or (b) 1 (one)		
18	Line 5 times line 17		
19	Small DISC phaseout:		
(a)	Enter the greater of (a) \$150,000 less line 5 (but not more than \$50,000) or (b) zero		
(b)	Line 19(a) times 2 (two)		
20	Subtract line 19(b) from line 18 (enter zero if less than zero)		
21	Line 1 divided by line 5		
22	Taxable income attributable to base period export gross receipts (line 20 times line 21) (enter here and on line 8, Part I)		

PART III.—Deemed Distributions Under Section 995(b)(2)

- 1 Annual installment of distribution attributable to revocation of election in a prior year
- 2 Annual installment of distribution attributable to a failure to qualify as a DISC in a prior year
- 3 Total deemed distributions under section 995(b)(2) (add line 1 and line 2)

PART IV.—Actual Distributions

- 1 Distributions to meet qualification requirements under section 992(c) (attach computation)
- 2 Other actual distributions
- 3 Total of line 1 and line 2
- 4 Amount on line 3 treated as distributed out of:
- (a) Previously taxed income
- (b) Accumulated DISC income (including DISC income of the current year)
- (c) Other earnings and profits
- (d) Other

Schedule K Shareholder's Statement of DISC Distribution
 (Attach a separate Copy A, Schedule K (Form 1120-DISC) for each shareholder receiving a deemed or actual distribution. Give Copy B to the shareholder. See instructions on the back of Copy C.)

Additional Information Required**H Did you claim a deduction for expenses connected with:**

- (1) Entertainment facility (boat, resort, ranch, etc.)?
- (2) Living accommodations (except employees on business)?
- (3) Employees attending conventions or meetings outside the U.S. or its possessions?
- (4) Employees' families at conventions or meetings?
- If "Yes," were any of these conventions or meetings outside the United States or its possessions?
- (5) Employee or family vacations not reported on Form W-2?

I Enter total amount claimed on Form 1120-DISC for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d) of the Internal Revenue Code. (See instruction S.)

J Refer to page 8 of the instructions and state the principal:

- Business activity
- Product or service

K Were you a U.S. shareholder of any controlled foreign corporation?
 (See sections 951 and 957.) If "Yes," attach Form 3546 (and Form 2952 where appropriate) for each corporation.

L Did you file all required Forms 1087, 1096, and 1099?

M (1) Did 95% or more of your gross receipts for the taxable year consist of qualified export receipts (as defined in section 993(a))?

(2) Did the adjusted basis of your qualified export assets (as defined in section 993(b)) at the close of the taxable year equal or exceed 95% of the sum of the adjusted basis of all your assets at the close of the taxable year?

(3) If the answer to (1) or (2) is "No," did you make a pro rata distribution of property as defined in section 992(c)?

N (1) Did you have more than one class of stock at any time during the taxable year?

(2) Was the par or stated value of your stock at least \$2,500 on each day (for a new corporation, on the last day for making an election and for each succeeding day) of the taxable year?

O Are you a member of a controlled group that includes other DISCs?

If "Yes,"
(1) Report in Part II, Section B of Schedule N the names, addresses, and employer identification numbers of the DISCs.
(2) State the name and employer identification number of the DISC in your controlled group completing Columns 3 and 4 of Part I, Sections A and B of Schedule N. See specific instruction B, Schedule N (Form 1120-DISC).

Name

Employer identification number

P Did you have your own bank account?

Q Did you maintain separate books and records?

R Did you, at any time during the taxable year, have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country?

If "Yes," see instruction R.

S Were you the grantor of, or transferor to, a foreign trust which existed during the current taxable year, whether or not you have any beneficial interest in it?

If "Yes," you may be required to file Forms 3520, 3520-A, or 926.

T During the tax year was any part of your tax accounting records maintained on a computerized system?

		(A) Beginning of the taxable year	(B) End of the taxable year
Assets	1 Qualified assets:		
	(a) Working capital (cash and necessary temporary investments)		
	(b) Funds awaiting investment (cash in U.S. banks in excess of working capital needs to acquire other qualified export assets)		
	(c) Export-Import Bank obligations		
	(d) Trade receivables (accounts and notes receivable)		
	(i) Subtract allowance for bad debts		
	(e) Export property (net) (including inventory and qualified property held for lease)		
	(f) Producer's loans		
	(g) Investment in related foreign export corporations		
	(h) Depreciable assets		
(i) Subtract accumulated depreciation			
(i) Other (attach schedule)			
2 Nonqualified assets (net) (list):			
3 Total assets			
Liabilities and Stockholders' Equity	4 Accounts payable		
	5 Other current liabilities (attach schedule)		
	6 Mortgages, notes, bonds payable in 1 year or more		
	7 Other liabilities (attach schedule)		
	8 Capital stock		
	9 Paid-in or capital surplus		
	10 Other earnings and profits		
	11 Previously taxed income (sec. 996(f)(2))		
	12 Accumulated DISC income		
	13 Less cost of treasury stock		
14 Total liabilities and stockholders' equity			

Schedule M-1 Reconciliation of Income per Books With Income per Return

1 Net income per books	6 Income recorded on books this year not included in this return (itemize)
2 Excess of capital losses over capital gains	7 Deductions in this return not charged against book income this year (itemize)
3 Taxable income not recorded on books this year (itemize)	8 Total of lines 6 and 7
4 Expenses recorded on books this year not deducted in this return (itemize)	9 Income (line 10, page 1) (line 5 less line 8)
5 Total of lines 1 through 4	

Schedule M-2 Analysis of Other Earnings and Profits (Line 10 above)

1 Balance at the beginning of the year	5 Distributions to qualify under sec. 992(c)
2 Increases (itemize)	6 Other decreases (itemize)
3 Total of lines 1 and 2	7 Total of lines 4, 5, and 6
4 Deficit in earnings and profits	8 Balance at end of year (line 3 less line 7)

Schedule M-3 Analysis of Previously Taxed Income (Line 11 above)

1 Balance at the beginning of the year	5 Deficit in earnings and profits
2 Deemed distributions under section 995(b)	6 Distributions to qualify under sec. 992(c)
3 Other increases (itemize)	7 Other decreases (itemize)
4 Total of lines 1, 2, and 3	8 Total of lines 5, 6, and 7
	9 Balance at end of year (line 4 less line 8)

Schedule M-4 Analysis of Accumulated DISC Income (Line 12 above)

1 Balance at the beginning of the year	6 Distributions to qualify under sec. 992(c)
2 Increases (itemize)	7 Distributions upon disqualification (sec. 995(b)(2))
3 Total of lines 1 and 2	8 Other decreases (itemize)
4 Deficit in earnings and profits	9 Total of lines 4 through 8
5 Redemptions under section 996(d)	10 Balance at end of year (line 3 less line 9)

Schedule N Export Gross Receipts of the DISC and Related U.S. Persons (Attach separate Schedule N (Form 1120-DISC))

Schedule P Computation of Inter-company Transfer Price or Commission (Attach separate Schedule P (Form 1120-DISC))

1979 Department of the Treasury Internal Revenue Service

Instructions for Form 1120-DISC Domestic International Sales Corporation Return

(References are to the Internal Revenue Code)

Sec. 992. Requirements of a DISC

(a). **General rule.**—A DISC is a corporation that is incorporated under the laws of any State or the District of Columbia and satisfies the following conditions for the taxable year:

(1) 95% or more of its gross receipts (as defined in section 993(f)) consists of qualified export receipts (as defined in section 993(a));

(2) the adjusted basis of its qualified export assets (as defined in section 993(b)) at the end of the taxable year equals or exceeds 95% of the sum of the adjusted basis of all its assets at the end of the taxable year;

(3) it does not have more than one class of stock and the paid or stated value of its outstanding stock is at least \$2,500 on each day (for a new corporation, on the last day for making an election and for each succeeding day) of the taxable year;

(4) it has made an election to be treated as a DISC and the election is in effect for the taxable year;

(5) it has its own bank account on each day of the taxable year (for exceptions, see section 1.992-1(i) of the regulations) and maintains separate books and records; and

(6) it is not an ineligible corporation.

(b). **Election.**—An election by an existing corporation to be treated as a DISC for a taxable year must be made at any time during the 90-day period immediately preceding the beginning of the taxable year and by a new corporation within 90 days after the beginning of the first taxable year.

In general, the election will be valid only if all persons who are shareholders in the corporation on the first day of the first taxable year for which the election is effective consent to the election. (See Form 4876, Election to be Treated as a DISC.)

An election may be terminated by a revocation of the election for any taxable year after the first taxable year for which the election is effective if made at any time during the first 90 days of the taxable year (or for the taxable year following the taxable year in which made, if made after the close of such 90 days).

The election will be terminated by the continued failure of the corporation to be a DISC for each of any 5 consecutive taxable years for which an election is effective.

(c). **Distributions to meet qualification requirements.**—A corporation

that for a taxable year does not satisfy the gross receipts or qualified export assets conditions will be deemed to satisfy the conditions for the taxable year if it makes a pro rata distribution of property after the close of the taxable year to its shareholders (designated at the time of the distribution as a distribution to meet qualification requirements) with respect to their stock in an amount which is equal to (1) the portion of its taxable income attributable to its gross receipts that are not qualified export receipts if it fails the gross receipts condition, (2) the fair market value of those assets that are not qualified export assets on the last day of the taxable year if the qualified export assets condition is not met, and (3) the sum of (1) and (2) if neither condition is met.

See section 992(c)(2) for reasonable cause for failure to make distributions to meet qualification requirements and section 992(c)(3) for distributions made within 8½ months after the close of the taxable year.

For computation of deficiency distributions to meet qualification requirements, see section 1.992-3 of the regulations.

A DISC that makes a deficiency distribution after the 15th day of the ninth month following the close of its taxable year must pay an "interest" charge for the amount to qualify as a deficiency distribution. The "interest" charge is 4½% per each taxable year of the DISC beginning after the taxable year to which the deficiency distribution relates until the date of the distribution times the amount of the deficiency distribution.

The DISC must pay this "interest" charge within 30 days of the distribution to the Internal Revenue Service Center where it filed its Form 1120-DISC. When submitting payment, the DISC should give its name, address, employer identification number, the taxable year to which the distribution relates, and state that the amount submitted is the "interest" charge imposed by regulation section 1.992-3(c)(4).

(d). **Ineligible corporations.**—The following corporations are not eligible for DISC treatment:

(1) a corporation exempt from tax under section 501,

(2) a personal holding company as defined in section 542,

(3) a financial institution to which section 581 or 593 applies,

(4) an insurance company subject to the tax imposed by subchapter L,

(5) a regulated investment company as defined in section 851(a), or

(6) an electing small business corporation as defined in section 1371(b).

(e). **Restrictions on DISCs and DISC corporate stockholders.**—For any taxable year in which a corporation is a DISC or in which at any time it owns, directly or indirectly, stock in a DISC or former DISC, such corporation is not allowed to take the Western Hemisphere Trade Corporation deduction (section 922), and is not entitled to the benefits of section 936.

Sec. 993. Definitions

(a). **Qualified export receipts.**—Except as provided by regulations under section 993(a)(2), qualified export receipts of a corporation are:

(1) gross receipts from the sale, exchange, or other disposition of export property;

(2) gross receipts from the lease or rental of export property that is used by the lessee of the property outside the U.S.;

(3) gross receipts for services that are related and subsidiary to any qualified sale, exchange, lease, rental, or other disposition of export property by the corporation;

(4) gain from the sale, exchange, or other disposition of qualified export assets (other than export property);

(5) dividends (or amounts includible in gross income under section 951) with respect to stock of a related foreign export corporation;

(6) interest on any obligation that is a qualified export asset;

(7) gross receipts for engineering or architectural services for construction projects located (or proposed for location) outside the U.S.; and

(8) gross receipts for the performance of managerial services in furtherance of the production of other qualified export receipts of a DISC.

(b). **Qualified export assets.**—Qualified export assets of a corporation are:

(1) export property;

(2) assets used primarily in connection with the sale, lease, rental, storage, handling, transportation, packaging, assembly, or servicing of export property, or the performance of engineering or architectural services as described in section 993(a)(1)(G) or managerial services in the furtherance of the production of qualified export receipts as described in section 993(a)(1)(A), (B), (C), and (G);

(3) accounts receivable and evidences of indebtedness that arise by reason of transactions described in section 993(a)(1)(A), (B), (C), (D), (G), or (H);

(4) money, bank deposits, and other similar temporary investments that are reasonably necessary to meet the working capital requirements of the corporation;

(5) obligations arising in connection with a producer's loan;

(6) stock or securities of a related foreign export corporation;

(7) certain obligations issued, guaranteed, or insured, in whole or in part, by the Export-Import Bank of the U.S. or the Foreign Credit Insurance Association in those cases where the obligations are acquired from the bank or association or from the seller or purchaser of the goods or services from which the obligations arose;

(8) certain obligations issued by a domestic corporation organized solely for the purpose of financing sales of export property pursuant to an agreement with the Export-Import Bank of the U.S. under which the corporation makes export loans guaranteed by the bank; and

(9) amounts (other than reasonable working capital) on deposit in the U.S. that are utilized during the period provided by regulations to acquire other qualified export assets.

(c). **Export property.**—Export property is property (except property excluded under section 993(c)(2) and property in short supply):

(1) manufactured, produced, grown, or extracted in the U.S. by a person other than a DISC;

(2) held primarily for sale, lease, or rental in the ordinary course of trade or business, by, or to, a DISC, for direct use, consumption, or disposition outside the U.S.;

(3) whose fair market value is not more than 50% attributable to articles imported into the U.S.; and

(4) not sold or leased (i) by a DISC, or with a DISC as commission agent, to another DISC that is a member of the same controlled group (as defined in section 993(a)(3)) as the DISC or (ii) by any person to a Western Hemisphere trade corporation (as defined in section 921) that is a related person (a member of the same controlled group as defined in section 993(a)(3) or a relationship that would result in a disallowance of losses under section 267 or section 707(b)) immediately before or after a transaction with respect to the seller, lessor, or commission agent.

(d). **Producer's loans.**—An obligation subject to the rules provided in section 993(d)(2) and (3) will be treated as arising out of a producer's loan if:

(1) the loan, when added to the unpaid balance of all other producer's loans made by the DISC, does not exceed the accumulated DISC income at the beginning of the month in which the loan was made;

(2) the obligation is evidenced by a note (or other evidence of indebtedness) with a stated maturity date not more than 5 years from the date of the loan;

(3) the loan is made to a person engaged in the U.S. in the manufacturing, production, growing, or extraction of export property; and

2.

(4) it is designated as a producer's loan at the time of the loan.

(e). **Related foreign export corporation.**—A DISC may acquire and receive income in the form of dividends and interest from the following investments that are related to exports from the U.S.

Foreign international sales corporation (FISC).—A foreign corporation is a related foreign export corporation if:

(1) stock possessing more than 50% of the total combined voting power of all classes of stock entitled to vote is owned directly by the DISC;

(2) 95% or more of the foreign corporation's gross receipts for its taxable year ending with or within the taxable year of the DISC consists of qualified export receipts described in section 993(a)(1)(A) through (D) and interest on any obligation described in section 993(b)(3) and (4); and

(3) the adjusted basis of the qualified export assets held by the foreign corporation at the close of the taxable year equals or exceeds 95% of the sum of the adjusted basis of all assets held by it at the close of the taxable year.

Real property holding company.—A foreign corporation is a related foreign export corporation if:

(1) stock possessing more than 50% of the total combined voting power of all classes of stock entitled to vote is owned directly by the DISC; and

(2) its exclusive function is to hold title to real property for the exclusive use (under a lease or otherwise) of the DISC because of a requirement of applicable foreign law that the DISC cannot hold title.

Associated foreign corporation.—A foreign corporation is a related foreign export corporation if:

(1) less than 10% of the total combined voting power of all classes of the foreign corporation's stock entitled to vote is owned (within the meaning of section 1563(d) and (e)) by the DISC or by a controlled group of corporations (within the meaning of section 1563) of which the DISC is a member; and

(2) the ownership of stock and securities in the foreign corporation by the DISC is determined to be reasonably in furtherance of a transaction or transactions giving rise to qualified export receipts of the DISC.

(f). **Gross receipts.**—The term gross receipts means the total receipts from the sale, lease, or rental of property held primarily for sale, lease, or rental in the ordinary course of a trade or business and gross income from all other sources.

In the case of commissions on the sale, lease, or rental of property, the amount taken into account will be the gross receipts on the sale, lease, or rental of the property on which the commissions arose.

(g). **United States.**—U.S. includes the Commonwealth of Puerto Rico and the possessions of the U.S.

Sec. 994. Inter-Company Pricing Rules

In the case of a sale of export property to a DISC by a person described in section 482, the taxable income of the DISC and the other person may be based upon a transfer price which would allow the DISC to derive taxable income attributable to the sale (regardless of the sales price actually charged) in an amount which does not exceed the greatest of:

(1) 4% of the qualified export receipts on the sale of the property by the DISC plus 10% of the export promotion expenses of the DISC attributable to the receipts;

(2) 50% of the combined taxable income of the DISC and the person which is attributable to the qualified export receipts on the property derived as the result of a sale by the DISC plus 10% of the export promotion expenses of the DISC attributable to the receipts; or

(3) taxable income based upon the sales price actually charged (subject to the rules provided in section 482).

Note: Generally, inter-company pricing rules (1) and (2) above will not permit the related person to price at a loss. See Schedule P (Form 1120-DISC).

Export promotion expenses are those expenses incurred to advance the distribution or sale of export property for use, consumption, or distribution outside the U.S. but do not include income tax. They include freight expenses to the extent of 50% of the cost of shipping export property aboard airplanes owned and operated by U.S. persons or ships documented under the laws of the U.S. in those cases where law or regulations do not require that the property be shipped aboard such airplanes or ships.

General Instructions

A. Corporations required to file Form 1120-DISC.—Form 1120-DISC must be filed by a domestic corporation that has elected to be treated as a DISC and has satisfied the requirements under section 992 for treatment as a DISC for the taxable year.

A "former DISC" (as defined in section 992(a)(3)), in addition to filing any other return required, must file Form 1120-DISC, and clearly mark that it is filing as a former DISC. The former DISC need not complete those items pertaining to the computation of taxable income, but must complete Schedules J, K, L, and M (Form 1120-DISC).

B. Where to file.

If the principal business, office, or agency is located in:
New Jersey, New York City and counties of Nassau and Westchester
Use the following Internal Revenue Service Center address:
Hartford, NY 00501

283-118-1

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45219
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Odgen, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64199
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19255

The separate income tax returns of a group of corporations located in several Service Center regions may be filed with the Service Center for the area in which the principal office of the managing corporation that keeps all the books and records is located.

C. When to file.—Form 1120-DISC must be filed on or before the 15th day of the 9th month following the close of the taxable year.

No extension of time to file will be granted.

D. Period to be covered by the 1979 return.—The 1979 return is to be filed for calendar year 1979 and fiscal years beginning in 1979 and ending in 1980. If the return is for a fiscal year, fill in the taxable year space on the form.

Final return.—If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

E. Change in accounting period.—To change an accounting period, see section 1.442-1 of the regulations and Form 1128, Application for Change in Accounting Period.

F. Accounting methods.—A DISC may, generally, choose any method of accounting permissible under section 446(c) and the regulations thereunder. However, if a DISC is a member of a controlled group (as defined in section 953(a)(3)), the DISC may not choose a method of accounting that, when applied to transactions between the DISC and other members of the controlled group, will result in a material distortion of the income of the DISC or any other member of the controlled group. A material distortion would occur, for example, if a DISC chooses to use the cash method of accounting where the DISC acts as a commission agent in a substantial volume of sales of property by a related corporation that uses the accrual method of accounting and customarily pays commissions to the DISC more than 2 months after the sales.

Unless the law specifically permits, you may not change the method of accounting used to report income in prior years (for income as a whole or for any material item) without first obtaining consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by dropping any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

G. Stock ownership in foreign corporations.—If you owned 5% or more in value of the outstanding stock of a foreign personal holding company, attach the statement required by section 551(c).

If you control a foreign corporation or were a 10% or more shareholder of a controlled foreign corporation, you may be required to file Forms 2952 and 3646.

H. Financial statements.—The balance sheets must agree with your books and records. Any differences must be reconciled.

I. Attachments.—If more space is needed on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120-DISC. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

J. Amended return.—Correct any error in a previously filed return by filing an amended Form 1120-DISC.

K. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as tax officer) authorized to sign.

A receiver, trustee, or assignee must sign any return that he is required to file on behalf of a corporation.

If your corporate officer filled in Form 1120-DISC, the space under the signature of officer should remain blank. If someone prepares Form 1120-DISC and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120-DISC should not sign. For example, a regular full-time employee of the corporation such as clerk, secretary, etc., does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120-DISC must sign the return and fill in the other blanks in the Paid Preparer's Information area of the return.

When more than one person prepares Form 1120-DISC, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "self-employed" box in the preparer's section of Form 1120-DISC.

If you have questions about whether a preparer is required to sign Form 1120-DISC, please contact an IRS office.

The person required to sign the return MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature

vided for the preparer's signature (signature stamps or labels are not acceptable).

- Give a copy of Form 1120-DISC to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. Publication 1045, Information for Preparers of Federal Income Tax Returns lists some of the preparer's responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work. This publication is available at IRS offices.

L. Total assets.—If there are no assets at the end of the taxable year, enter the total assets at the beginning of the taxable year.

M. Penalty for failure to file returns and provide information.—A penalty is imposed by section 6686 (in addition to the penalty imposed by section 7203) on any person required to supply information or file a return who fails to supply information or file a return at the time prescribed or who files a return that does not show the information required.

Unless it is shown that the failure is due to reasonable cause, the penalty is (1) \$100 for each failure to supply information (the total amount imposed for all failures during any calendar year will not exceed \$25,000) or (2) \$1,000 for each failure to file a return.

N. Taxation of a DISC.—A DISC is not subject to any tax imposed by sections 1 through 1564 except for the tax imposed by sections 1491 through 1494 on certain transfers to avoid tax.

A DISC is not subject to the corporate income tax, the minimum tax on tax preferences, or the accumulated earnings tax.

A DISC is subject to the provisions of sections 1441 through 1461 relating to withholding of tax on nonresident aliens and foreign corporations.

O. Investment credit, work incentive (WIN) credit, and the jobs credit.—The investment credit, the work incentive (WIN) credit and the jobs credit do not apply to a DISC and they do not pass through to any shareholder in a DISC.

P. Nonresident alien individuals and foreign corporations, trusts, and estates.—Treat all gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, as effectively connected with the conduct of a trade or business conducted through a permanent establishment within the U.S.

Q. Stock ownership.—For rules of stock attribution, see section 267(c). If the owner of the voting stock of the DISC was an alien individual or a foreign entity (corporation, partnership, trust, or estate), so indicate by placing an X in the "Yes" box in the "Foreign Owner" column and enter the name of the owner's country in parentheses in the address column. "Owner's country" for

individuals is their country of residence; for other foreign entities, it is the country in which organized or otherwise created, or in which administered.

R. Foreign financial accounts and foreign trusts.—Check the Yes box if either (1) or (2) below applies to you.

- (1) At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. Exception: Check No if either of the following apply to you:

- The combined value of the accounts was \$1,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

(2) You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1 to see if you are considered to have an interest in or signature or other authority over a bank account, securities accounts, or other financial account in a foreign country.

If you checked Yes for Question R, file Form 90-22.1 by June 30, 1980, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS.

You can get Form 90-22.1 from many IRS offices.

Question S: Check the Yes box if you were a grantor of or a transferor to a foreign trust that existed during the tax year.

S. Travel and entertainment (section 274(d)).—(See Form 1120-DISC item 1, page 5). The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in tax years beginning in 1979 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W-2.

See Regulation section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item 1.

Note: Generally, for taxable years ending after December 31, 1978, no deduction is allowed for any expense paid or incurred with respect to a facility which is used in connection with an activity which is of a type generally considered to constitute entertainment, amusement, or recreation. See section 274(a).

Specific Instructions

(Numbered to correspond with the line numbers on page 1 of the return.)

5. Cost of goods sold.—Enter the amount shown on line 7, Schedule A. **Cost of operations (where inventories are not an income-determining factor).**—If the amount entered on line 5 includes an amount applicable to cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

Computation of Taxable Income

11(a). Net operating loss deduction.—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the taxable year. (Section 172(a).)

A net operating loss may be carried back to each of the 3 years preceding the year of each loss and carried over to each of the 7 years following the year of such loss; or, an election may be made whereby a net operating loss may be carried over to each of the 7 years following the year of such loss. After applying the net operating loss to the initial year, the portion of the loss that may be carried to each of the remaining taxable years is the excess, if any, of the loss over the sum of the taxable income for each of the prior taxable years to which the loss may be carried. (Section 172(b).)

The "net operating loss" is the excess of allowable deductions over gross income, computed with the following modifications under section 172(d):

- (1) No net operating loss deduction is allowed.
- (2) The dividends-received deduction in line 1 of Schedule I is computed without regard to the 85% limitation provided in section 246(b). See section 1.172-2 of the regulations.

A deficit in earnings and profits is chargeable in the following order:

- (1) first, to other earnings and profits, to the extent thereof;
- (2) second, to accumulated DISC income, to the extent thereof; and
- (3) finally, to previously taxed income.

except that a deficit in earnings and profits will not be applied against accumulated DISC income which has been determined to be deemed distributed to the shareholders (pursuant to section 995(b)(2)(A)) as a result of a revocation of election or other disqualification.

In determining the taxable income that must be subtracted from a net operating loss to determine the portion of the loss that will still be available to carry to a subsequent year, the net operating loss deduction is determined without regard to the net operating loss for the loss year or any taxable year thereafter, and, under certain circumstances, without regard to any portion of a net operating loss attributable to a foreign expropriation loss.

12. Taxable income.—If either the gross receipts method or combined taxable income method is chosen for com-

puting the taxable income of the DISC attributable to a transaction or group of transactions consisting of products or product lines, attach a Schedule P (Form 1120-DISC) showing, in detail, the computation of the DISC's taxable income attributable to each such transaction or group of transactions.

Schedule A.—Cost of goods sold

If inter-company pricing rules are used, reflect in Schedule A actual purchases from a related supplier at the transfer price determined under the inter-company pricing rules of section 994. See Schedule P (Form 1120-DISC).

Where the DISC acts as a commission agent on a sale for any person, do not enter any amount in Schedule A for such sale. See Schedule P (Form 1120-DISC).

Valuation Methods.—Inventories can be valued at: (a) cost, (b) cost or market value (whichever is lower), or (c) any other method approved by the Commissioner of Internal Revenue, where those methods conform with the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods should request permission to change to a method permitted for Federal tax purposes. For further information regarding the change, see Regulation section 1.446-1(e)(3).

Check the method(s) used for valuing inventories in line 8(a). Under "lower of cost or market," market generally applies to normal market conditions where there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For additional requirements, see Regulation section 1.471-4.

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are "subnormal" (that is, because of damage, imperfections, shop wear, etc.) within the meaning of Regulation section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not less than scrap value) where the taxpayer can establish such a price. See Regulation section 1.471-2(c) for additional requirements.

In line 8(b), indicate whether you used a method of inventory valuation other than those described in line 8(a) and attach a statement describing the method used.

If this is the first year the "Last-in First-out" (LIFO) inventory method provided in section 472 was adopted and used, attach Form 970 or a statement with the information required by Form 970 to Form 1120-DISC and check the LIFO box in line 8(c). Enter the amount or percent (estimates may be used) of total closing inventories covered under section 472 in line 8(d).

Schedule B.—Gross Income

(Numbered to correspond with the line numbers in Schedule B.)

Enter gross income in lines 1 through 3 categorized as either (1) qualified export receipts from the sale of export property, (2) other qualified export receipts, or (3) nonqualified gross receipts. If an income item consists of two or more categories, report each on the applicable line. For example, if interest income consists of qualified interest from a foreign international sales corporation and nonqualified interest from a domestic obligation, enter the qualified interest on an attached schedule for line 2(g) and the nonqualified interest on an attached schedule for line 3(f).

Special rule when the DISC acts as a commission agent.—For commissions on the sale, lease, or rental of property, or the furnishing of services, list in column B the gross receipts on the sale, lease, or rental of property, or the furnishing of services on which the commissions arose and in column C the commissions earned. Receipts from non-commission sales, leases, rentals, or the furnishing of services and all other receipts should be reported on the appropriate lines in column D. Column E is the sum of commissions reported in column C and receipts from non-commission sales, leases, or rentals and all other receipts reported in column D.

See instructions for lines 2(h) and 2(i) for details regarding the reporting of gains from sale of qualified export assets.

If you use the installment method of reporting, attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount collected, and (f) gross profit on the amount collected.

1. Qualified export receipts from the sale of export property.—These are receipts from the sale of property, such as inventory, produced in the U.S. for direct use, consumption, or disposition outside the U.S.

For a sale to meet the export requirement, it must meet (1) a destination test and (2) a requirement that the sale not be for ultimate use in the U.S.

The destination test will be considered satisfied if the property is delivered (regardless of the F.O.B. point or the place at which title passes or risk of loss shifts from the seller or lessor):

(a) Within the U.S. to a carrier or freight forwarder for ultimate delivery outside the U.S. to a purchaser or lessee (or to a subsequent purchaser or sublessee);

(b) Within the U.S. to a purchaser or lessee, if the property is ultimately delivered outside the U.S. (including delivery to a carrier or freight forwarder for delivery outside the U.S.) by the purchaser or lessee (or a subsequent purchaser or sublessee) within one year after the sale or lease;

(c) Within or outside the U.S. to a purchaser or lessee that, at the time of the sale or lease, is a DISC and is not a member of the same controlled group (as defined in section 993(a)(3)) as the seller or lessor;

(d) From the U.S. to the purchaser or lessee (or a subsequent purchaser or sublessee) at a point outside the U.S. by means of the seller's or lessor's own ship, aircraft, or other delivery vehicle;

(e) Outside the U.S. to a purchaser or lessee from a warehouse, a storage facility, or assembly site located outside the U.S., if the property was previously shipped by the seller or lessor from the U.S.; or

(f) Outside the U.S. to a purchaser or lessee if the property was previously shipped by the seller or lessor from the U.S. and if the property is located outside the U.S. pursuant to a prior lease by the seller or lessor, and either (a) the prior lease terminated at the expiration of its term (or by the action of the prior lessee acting alone), (b) the sale occurred or the term of the subsequent lease began after the time at which the term of the prior lease would have expired, or (3) the lessee under the subsequent lease is not a related person (a member of the same controlled group as defined in section 993(a)(3) or a relationship that would result in a disallowance of losses under section 267 or section 707(b)) immediately before or after the lease with respect to the lessor and the prior lease was terminated by the action of the lessor (acting alone or together with the lessee).

The second part of the export requirement for sales is that the sale must not be for ultimate use in the U.S. This test is applied at the time of the sale. If the property is to be used predominantly outside the U.S., the sale is not for ultimate use in the U.S.

Property sold to an unrelated person is considered sold for ultimate use in the U.S. if it is sold pursuant to an agreement or understanding that it will be used in the U.S. or if a reasonable person would have believed that it will be used in the U.S.

For example, if property is sold to a foreign wholesaler and it is known in trade circles that the wholesaler, to a substantial extent, supplies the U.S. retail market, the sale would not be a qualified export sale.

Special rules apply for certain exported components incorporated into products imported into the U.S.

In general, related purchasers are purchasing corporations that are members of the same controlled group (as defined in section 993(a)(3)) as the DISC. Unrelated purchasers are all other purchasers.

1(a).—Enter the DISC's qualified export receipts (other than those entered on line 1(b)) from sales of export property to foreign unrelated purchasers for delivery outside the U.S.

1(b).—Enter the DISC's qualified ex-

port receipts from sales of export property for delivery outside the U.S. to (i) a related foreign entity for resale (directly or indirectly) to a foreign unrelated purchaser, or (ii) an unrelated purchaser where a related foreign entity acts as commission agent. A related foreign entity is a foreign corporation that is a member of the same controlled group (section 993(a)(3)) as the DISC.

2(a). Leasing of export property.—Enter the gross amount received from the leasing (including subleasing) of export property to unrelated persons for use outside the U.S.

Whether the leased property satisfies the usage test is to be determined on a year-by-year basis.

The receipts from a lease of export property may qualify in some years and not in other years depending upon the place where the lessee uses the property in the years involved.

Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for such deductions.

2(b). Services related and subsidiary to a qualified export sale or lease.—A service is related to a sale or lease if it is of a kind customarily and usually furnished with that type of transaction in a trade or business in which the transaction arose and if the agreement to furnish the services is connected with the sale or lease. A service is subsidiary if it is of less importance and value as compared to the sale or lease.

2(c). Engineering and architectural services.—Receipts from engineering or architectural services on foreign construction projects which are either located abroad or proposed for location abroad are qualified receipts. They include feasibility studies, design and engineering, and general supervision of construction but do not include services connected with exploration for minerals.

2(d). Export management services.—Include receipts for export management services provided to unrelated DISCs.

2(f). Interest on producer's loans.—A producer's loan must be evidenced by a note or other evidence of indebtedness, be designated as a producer's loan, have a stated maturity not to exceed 5 years, and be attributable to the borrower's assets used in exporting and research and development.

2(g). Other interest.—Enter interest on any qualified export asset other than interest on producer's loans.

Include, for example, interest on accounts receivable arising out of sales in which the DISC acted as a principal or agent and interest on certain obligations issued, guaranteed, or insured by the Export-Import Bank or the Foreign Credit Insurance Association.

2(h). Capital gain net income.—Every sale or exchange of a capital asset must be reported in detail on a separate Schedule D (Form 1120) even though no gain or loss is indicated.

In addition to completing Schedule D (Form 1120), attach a separate schedule computing the gain from the sale of qualified export assets.

2(i). Ordinary gain or (loss).—Enter the total ordinary gain or loss from line 11, Part II, Form 4797.

In addition to completing Form 4797, attach a separate schedule computing the gain from the sale of qualified export assets.

3(b). Exports subsidized by the U.S. Government.—Enter receipts from the sale of products subsidized under a program of the U.S. Government, or any instrumentality thereof, that have been designated as excluded receipts.

3(c). Certain direct or indirect sales or leases for use by the U.S. Government.—Enter receipts from direct or indirect sales or leases of property or services for use by the U.S. Government, or any instrumentality if the use of U.S. products or services is required by statute or regulations.

3(d). Sales to another DISC in the same controlled group.—Enter receipts from a DISC that is a member of the same controlled group of corporations. See section 993(a)(3) for the definition of controlled group.

3(f). Other.—Include in an attached schedule any nonqualified gross receipts not reported on lines 3(a) through 3(e). Do not offset an income item against a similar expense item.

Schedule C.—Dividends

(Numbered to correspond with the line numbers in Schedule C.)

1. Enter dividends received from domestic corporations subject to income tax and the 85% deduction under section 243(a)(1).

Include on this line taxable distributions received from a DISC or former DISC that are eligible for the 85% dividends-received deduction.

For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest and should not be treated as dividends.

2. Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

3. Enter dividends received from foreign corporations that qualify for the 85% deduction in section 245(a).

4. Enter dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b).

5. Enter foreign dividends that are not reportable on lines 3 and 4. Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F.

6. Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts on Schedule A, line 5 of Form(s) 3646.

7. Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85%

dividends-received deduction. (See sections 246(d), 995(b), and 996(a)(3).)

8. Include dividends (other than capital gain dividends) received from regulated investment companies that are not subject to the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends) received from a real estate investment trust which, for the taxable year of the trust in which the dividends are paid, qualifies under sections 856 through 860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above.

10. Enter dividends (and income constructively received from controlled foreign corporations under subpart F) from a qualified foreign investment of a DISC in a related foreign export corporation which constitute qualified dividends. Generally, the investment will be in stock or securities of a foreign selling subsidiary of the DISC which qualifies as a foreign international sales corporation (FISC).

Schedule E.—Deductions

(Numbered to correspond with the line numbers in Schedule E.)

Enter export promotion expenses in line 1. Export promotion expenses are a DISC's ordinary and necessary expenses paid or incurred to obtain qualified export receipts (but do not include income taxes). Any expense (or any part of an expense) not incurred to obtain qualified export receipts should be entered in line 2.

1(c). Depreciation.—Attach Form 4562 if you claim a deduction for depreciation. Enter on this line the depreciation not claimed in Schedule A and elsewhere on the return.

1(h). Freight.—Enter one-half of the freight expenses (not including insurance) for shipping export property aboard U.S. flag vessels and U.S.-owned and operated aircraft (unless required by law).

1(i). Compensation of officers.—Attach a schedule showing the name, social security number, amount of compensation, and expense account allowance for your 6 highest paid officers.

To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Do not show expense account allowance for any officer whose combined compensation and expense account allowance is less than \$30,000.

An officer is a person, such as regular officer, chairman of the board, etc., who is elected or appointed to office or who is designated as an officer in the corporation's charter or bylaws.

1(j). Repairs.—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value or appreciably prolong the life of the property. Include on this line the total amount of repairs figured under the Class Life Asset Depreciation Range (CLADR) System.

1(k). Amortization.—If a deduction for amortization is claimed, attach a schedule showing: (1) a description of the expenditures being amortized; (2) date acquired, completed, or expended; (3) amount being amortized; (4) amortization deducted in prior years; (5) amortization period (number of months); (6) amortization for this year; and (7) the total amount of amortization less the amount claimed in Schedule A and elsewhere on the return.

1(l). Pension, profit-sharing, etc. plans.—The number of plans to be entered refers to all plans for which all assets have not been distributed. Also include any plans in which assets were distributed in the current year. The number of plans must be indicated whether or not a deduction is claimed. Except for simplified employee pension plans complete Form 5500 for each plan and file each as a separate return. Complete Form 5500-C in lieu of Form 5500 if there were fewer than 100 participants at the beginning of the plan year. See instructions for above forms for computation of the amount of allowable deduction. File these forms on or before the last day of the 7th month following the close of the plan year.

Caution: ERISA imposes penalties for failure to furnish complete information and failure to file statements, returns and reports.

1(m). Employee benefit programs.—Enter the amount of your contributions to employee benefit programs (e.g. insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 1(l). Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

2(a). Bad debts.—Bad debts may be treated in either of two ways—(i) as a deduction for debts that become worthless in whole or in part, or (ii) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.) Application to change the method of computing bad debts must be made on Form 3115.

2(b). Taxes.—Enter taxes paid or accrued during the taxable year.

See section 164(d) for apportionment of tax on real property between seller and purchaser.

2(c). Interest.—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (Section 265.)

See section 267 for the limitation on deductions for unpaid expenses and in-

interest in transactions between related taxpayers.

See section 461(g) for limitation on deduction for prepaid interest by a cash basis taxpayer.

2(d). Contributions.—Enter contributions or gifts actually paid within the taxable year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not exceed 5% of taxable income (line 12 of page 1) computed without regard to (1) any deduction for contributions, (2) the dividends-received deduction on line 11(b) of page 1, (3) deductions allowed under sections 249 and 250, (4) any net operating loss carryback to the taxable year under section 172, and (5) any capital loss carryback to the taxable year under section 1212(a)(1).

Charitable contributions in excess of the 5% limitation may not be deducted for the taxable year but may be carried over to the next 5 taxable years.

A contribution carryover is not allowed to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3d month following the close of the taxable year if the contributions are authorized by the board of directors during the taxable year. A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the taxable year, and a copy of the resolution, must both be attached to the return.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property.—If a charitable contribution of property is made, the contribution must be reduced by the sum of

- (1) the ordinary income and
- (2) for certain contributions, 60.87% of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. The reduction for 60.87% of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of any property to or for the use of certain private foundations. (Section 170(e).)

For special rules regarding the contribution of inventory, and other ordi-

nary income property to certain organizations, see section 170(e)(3).

Bargain sale to a charitable organization.—If a charitable contribution deduction for property sold to a charitable organization is claimed, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

2(e). Freight.—Enter the freight expense not deducted on line 1(h) as an export promotion expense.

2(g). Other.—No deduction is allowable for any amount allocable to a class of exempt income. Items directly attributable to wholly exempt income must be allocated to such income, and items directly attributable to any class of taxable income must be allocated to such taxable income.

If an item is indirectly attributable both to taxable income and exempt income, a reasonable proportion of the item, determined in the light of all the facts and circumstances in each case, must be allocated to each.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expense items allocated to each class. Show the amount allocated by apportionment separately.

Schedule I.—Dividends-received deduction

1. In general, no dividends-received deduction will be allowed on any share of stock (a) that is disposed of before the corporation has held it 15 days or less or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or securities.

No deduction is allowed under section 243 for a dividend from a DISC or former DISC (as defined in section 992(a)) to the extent it is paid out of accumulated DISC income or previously taxed income or is a deemed distribution pursuant to section 995(b)(1).

2. Limitation on dividends-received deduction.—Line 2 may not exceed 85% of line 10, page 1.

For this purpose, line 10 is to be computed without regard to any capital loss carryback to the taxable year under section 1212(a)(1).

In a year in which a net operating loss occurs, sections 172(d) and 246(b) provide that this 85% limitation does not apply even if the loss is created by the dividends-received deduction.

Schedule J.—Deemed and Actual Distributions to Shareholders for the Taxable Year

Part I.—Deemed distributions under section 995(b)(1) (Numbered to correspond with the line numbers in Part I of Schedule J.)

2. Attach a computation showing the gain recognized by the DISC during the taxable year on the sale or exchange of property, other than property which in the hands of the DISC is a qualified export asset, previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized.

3. Attach a computation showing the gain (other than the gain entered on line 2) recognized by the DISC during the taxable year on the sale or exchange of property (other than property which in the hands of the DISC is stock in trade or other property described in section 1221(1)) previously transferred to it in a transaction in which gain was not recognized in whole or in part, but only to the extent that the transferor's gain on the previous transfer was not recognized and would have been treated as ordinary income if the property had been sold or exchanged rather than transferred to the DISC.

4. For purposes of computing the portion of taxable income attributable to military property, use the gross income for the year attributable to military property and the deductibles which are properly apportioned or allocated to such income. See section 38 of the International Security Assistance and Arms Export Control Act of 1976 (22 USC 2778) and regulations thereunder (22 CFR 121.01) for definition of "military property."

11. Under section 995(b)(1)(F)(ii), a DISC is deemed to distribute the entire amount of its income attributable to participation in or cooperation with an international boycott. See Form 5713 for computation of this deemed distribution and reporting requirements of any DISC with operations in or related to a "boycotting" country.

12. Under section 995(b)(1)(F)(iii), a DISC is deemed to distribute the amount of any illegal bribe, kickback or other payment paid by or on behalf of the DISC, directly or indirectly, to an official, employee or agent of any government.

14. Attach a computation showing the earnings and profits for the taxable year.

For purposes of computing the earnings and profits for taxable years beginning after June 30, 1972, the allowance for depreciation (and amortization, if any) is the amount which would be allowable for such year if the straight-line method of depreciation had been used for each taxable year beginning after June 30, 1972. See section 312(k)(2) for exception.

16. Attach a computation showing the amount of (1) foreign investment attributable to producer's loans (as defined in section 995(d)) of the DISC for the taxable year, (2) all accumulated earnings and profits including

earnings and profits for the taxable year less the amount on line 15, Part I; and (3) accumulated DISC income. Enter the smaller of these 3 amounts (but not less than zero) on line 16.

Foreign investment attributable to producer's loans will be the smallest of these 3:

- (1) the net increase in foreign assets by members of the controlled group (as defined in section 993(a)(3)) that includes the DISC,
- (2) the actual foreign investment by domestic members of the group, or
- (3) the amount of the DISC's outstanding producer's loans to members of the controlled group.

For the definitions of "net increase in foreign assets" and "actual foreign investment," see sections 995(d)(2) and 995(d)(3).

Part II.—Computation of Taxable Income Attributable to Base Period Export Gross Receipts

(Numbered to correspond with the line numbers in Part II of Schedule J.)

4. Include the annualized taxable income but no taxable losses incurred by any DISC which is a member of your controlled group (as defined in section 993(a)(3)) for the latest taxable year ending with or within your taxable year.

5. If this amount is \$100,000 or less, omit lines 6 through 21 and enter zero on line 22 and on line 8, Part I.

6. Column C.—Generally, if export property does not qualify in the current year under 993(c)(2) as giving rise to export gross receipts, then the gross receipts from such property should be included in computing the export gross receipts for the base period.

However, if, by virtue of section 603(b)(2) of the Tax Reduction Act of 1975, export property qualifies in the current year as giving rise to export gross receipts, then the DISC must increase its export gross receipts for the base period. See section 1101(g)(5) of the Tax Reform Act of 1976 for computation to be used.

Note: Enter gross receipts, not just commissions, in the case of transactions made on a commission basis.

11b. Additions must be made to base period export gross receipts in certain cases where there has been a separation in ownership of the stock in the DISC from ownership in the underlying trade or business which produced the export gross receipts during the base period, and in cases where any 5% or more shareholder owned 5% or more of the stock of another DISC in any base period year. (See sections 995(e)(9) and 995(e)(10).)

15. Include on this line the annualized export gross receipts of all DISCs which are members of your controlled group (as defined in section 993(a)(3)) for their latest taxable year ending with or within your taxable year.

Part III.—Deemed distribution under section 995(b)(2)

A shareholder of a corporation that revoked its election to be treated as a DISC or failed to qualify as a DISC for

a taxable year will be deemed to have received a distribution taxable as a dividend equal to his pro rata share of the DISC income of the corporation accumulated during the immediately preceding consecutive taxable years for which the corporation was a DISC. The distributions will be deemed to be received in equal installments on the last day of each of the 10 taxable years of the corporation following the year of the termination or disqualification (but in no case over more than twice the number of immediately preceding consecutive taxable years during which the corporation was a DISC).

Schedule K.—Shareholder's Statement of DISC Distribution

Attach a separate Copy A, Schedule K (Form 1120-DISC) to Form 1120-DISC for each shareholder who had an actual or deemed distribution during the DISC's taxable year.

Schedule N.—Export Gross Receipts of the DISC and Related U.S. Persons

Complete and attach Schedule N (Form 1120-DISC) to Form 1120-DISC.

Schedule P.—Computation of Inter-company Transfer Price or Commission

Attach a separate Schedule P (Form 1120-DISC) for each transaction or group of transactions to which the inter-company pricing rules of section 994 (a)(1) and (2) are applied.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification system developed by the Office of Management and Budget, Executive Office of the President, to classify enterprises by type of activity in which they are engaged. The system follows closely the Standard Industrial Classification used to classify establishments. However, certain activities such as manufacturing, do not apply to a DISC. Using the list below, enter on page 1, under B, the code

number for the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means all income (line 4, page 1). On page 5, question J, state the principal business activity and principal product or service that account for the largest percentage of total receipts. For example, if the principal business activity is "Wholesale trade: Machinery, equipment, and supplies," the principal product or service may be "Engines and turbines."

TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES

Code

Transportation:

4400 Water transportation

4700 Other transportation services

Electric, gas, and sanitary services:

4910 Electric services

4920 Gas production and distribution

4930 Combination utility services

WHOLESALE TRADE

Durable:

5008 Machinery, equipment, and supplies

5010 Motor vehicles and automotive equipment

5020 Furniture and home furnishings

5030 Lumber and construction materials

5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies

5050 Metals and minerals, except petroleum and scrap

5060 Electrical goods

5070 Hardware, plumbing and heating equipment

5098 Other durable goods

Code

5110 Paper and paper products

5129 Drugs, drug proprietaries, and druggists' sundries

5130 Apparel, piece goods, and notions

5140 Groceries and related products

5150 Farm-product raw materials

5160 Chemicals and allied products

5170 Petroleum and petroleum products

5180 Alcoholic beverages

5190 Miscellaneous nondurable goods

RETAIL TRADE

Building materials, hardware, garden supply, and mobile home dealers:

5220 Building materials dealers

5251 Hardware stores

5265 Garden supplies and mobile home dealers

5300 General merchandise stores

5410 Grocers stores

5490 Other food stores

Automotive dealers and service stations:

5515 Motor vehicle dealers

5541 Gasoline service stations

5598 Other automotive dealers

Code

5600 Apparel and accessory stores

5708 Furniture and home furnishings stores

5800 Eating and drinking places

Miscellaneous retail stores:

5912 Drug stores and proprietary stores

5921 Liquor stores

5995 Other miscellaneous retail stores

FINANCE, INSURANCE, AND REAL ESTATE

Credit agencies other than banks:

6199 Other credit agencies

SERVICES

Business services:

7389 Export management services

Auto repair and services; miscellaneous repair services:

7500 Lease or rental of motor vehicles

Amusement and recreation services:

7812 Motion picture production, distribution, and services

Other services:

8911 Architectural and engineering services

8930 Accounting, auditing, and bookkeeping

8980 Miscellaneous services

1979

SECTION I To Be Completed for Income From U.S. Sources That Is Not Effectively Connected With the Conduct of a Trade or Business Within the U.S.

If you are required to complete Section II or are using the form as a claim for refund of tax withheld at the source, include in this section ALL income from U.S. sources that is not effectively connected with the conduct of a trade or business in the U.S. Otherwise, you may include only those items of income on which the U.S. income tax was not fully paid at the source. The rate of tax on each item of income listed below is 30% unless limited by tax treaty. Fill in treaty rates where applicable.

Name of treaty country, if any ▶

14 Total—Enter here and on line 1, page 1

Explanation of Lines 1 Through 13 Above (Enter each individual item of income)

Total of column B. Enter here and on line 6(h), page 1.

Page 5

- [illegible]

Page 1

Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above)		(line 24, page 3) — line 6 less line 9	
1 Balance at beginning of year		5 Distributions: (a) Cash	
2 Net income per books		(b) Stock	
3 Other increases (itemize).....		(c) Property	
		6 Other decreases (itemize).....	
4 Total of lines 1, 2, and 3		7 Total of lines 5 and 6	
		8 Balance at end of year (line 4 less line 7)	

Department of the Treasury
Internal Revenue Service

1979 Instructions for
Form 1120F

U.S. Income Tax
Return of a Foreign
Corporation

(References are to the Internal Revenue Code.)

General Instructions

A. Who must file.—Except as otherwise provided, Form 1120F must be filed by every foreign corporation that (1) is engaged in a trade or business in the U.S. at any time during the taxable year, (2) has income from U.S. sources that is not effectively connected with the conduct of a trade or business within the U.S. (section 881), (3) has income that is effectively connected with the conduct of a trade or business within the U.S. (section 882), or (4) has items of tax preference (described in section 57) which enter into the computation of unrelated business income.

For example, a foreign corporation engaged in a trade or business in the U.S. at any time during the taxable year must file Form 1120F even though (a) it has no income effectively connected with the conduct of a trade or business in the U.S., (b) it has no income from sources within the U.S., or (c) its income is exempt from income tax by reason of an income tax convention or any section of the Code. However, if the foreign corporation has no gross income for the taxable year, it is not required to complete the return schedules but must attach a statement to the return showing the nature of any amounts excluded from gross income and the amounts of such exclusions to the extent they are readily determinable.

Under section 819A, a domestic mutual life insurance company may elect to exclude from the computation of its taxable income all income and expense of its contiguous country (Canada and Mexico) branches. If this election is made, the contiguous country branch is treated as a foreign corporation for the purposes of the tax imposed by sections 881, 882, and 1442 on U.S. sourced income. Form 1120F must be used to report these types of income.

If a receiver, trustee in dissolution, trustee in bankruptcy, or assignee has possession of or holds title to all, or substantially all, the property or business of a corporation, whether or not the property or business is being operated, that person must file a return for the corporation in the same manner and form re-

quired of other corporations. (Section 6012.)

If a foreign corporation has no office or place of business in the U.S. at the time a return is due, but has an agent in the U.S., the agent must file the return. (Section 882(f).)

Exceptions.—(1) A foreign corporation that at no time during the taxable year is engaged in a trade or business in the U.S. is not required to file if its tax liability for the taxable year is fully satisfied by the withholding of tax at the source.

This exception does not apply to:

(a) a foreign corporation which has income for the taxable year which is treated under section 882(d) or (e) as income which is effectively connected with the conduct of a trade or business in the U.S. by that corporation for the taxable year,

(b) a foreign corporation making a claim for the refund of an overpayment of tax for the taxable year, or

(c) a foreign corporation described in section 1.532-1(c) of the regulations whose accumulated taxable income for the taxable year is determined under section 1.535-1(b) of the regulations.

(2) A foreign corporation that is a beneficiary of an estate or trust which is engaged in a trade or business in the U.S. is not required to make a return for the taxable year merely because it is deemed to be engaged in a trade or business within the U.S. under section 875(2). However, the foreign corporation will be required to make a return if it otherwise satisfies the filing requirements.

(3) Foreign insurance companies described in section 1.6012-2(c)(1) and (2) of the regulations must file Form 1120L or Form 1120M. All other foreign insurance companies must file Form 1120F.

B. Where and when to file.—All foreign corporations (whether or not engaged in a trade or business within the U.S.) must file their return with the Internal Revenue Service Center, Philadelphia, PA 19255.

Foreign corporations having an office or place of business within the U.S. must file on or before the 15th day of the 3d month following the end of their taxable year.

Foreign corporations NOT having an office or place of business within the U.S. must file on or before the 15th day of the 6th month following the end of their taxable year.

File Form 7004 to request an automatic 3-month extension of time to file Form 1120F.

Form 7005 may be used to request an additional extension but only by those corporations that previously obtained an automatic 3-month extension by filing Form 7004.

C. Payment of tax.

(1) Foreign corporations having an office or place of business within the U.S.—The balance of tax due (line 8, page 1) must be paid in full when the return is filed or in two installments—50% by the 15th day of the 3d month and 50% by the 15th day of the 6th month after the close of the taxable year.

Deposit corporation income tax payments and estimated tax payments with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualified as a Depository for Federal taxes or the Federal Reserve Bank or Branch (FRB) servicing the geographic area where the corporation is located. Records of deposits will be sent to the Internal Revenue Service for crediting to the corporation's account. See the instructions on the back of Form 503 for additional information and exceptions.

The timeliness of deposits will be determined by the date received by the financial institution or FRB. If a tax payment is made by mail, a deposit received after the due date will be considered timely if the taxpayer establishes that it was mailed on or before the second day before the prescribed due date as provided by section 7502. Tax deposits made at FRBs which are not in compliance with deposit requirements will nevertheless be processed by the receiving FRB rather than returned to the taxpayer. Furthermore, such tax payments received by an FRB will be dated as paid based upon the date when the proceeds of the accompanying payment instruments are collected by the FRB, and, if made by mail, section 7502 will not apply.

Foreign corporations needing Federal Tax Deposit Forms may apply for them from the Philadelphia Service Center. The application should include the corporation's name, identification number, address, taxable year to which the deposits relate, and a statement identifying the corporation as a foreign corporation.

(2) Foreign corporations not having an office or place of business within the U.S.—The balance of tax due (line 8, page 1) must be paid in full when the return is filed or in two installments—50% on or before the 15th day of the 6th month and 50% on or before the 15th day of the 9th month following the close of the taxable year.

The tax may be paid by check or money order drawn to the order of "Internal Revenue Service" and remitted to the Internal Revenue Service Center, Philadelphia, PA 19255.

Enter the employer identification number on all remittances.

D. Taxation of foreign corporations.—Foreign corporations are taxed at regular corporate tax rates on income that is ef-

fectively connected with the conduct of a trade or business within the U.S. (see instruction E), and at a 30% or lower treaty rate on income from U.S. sources that is not effectively connected with the conduct of a trade or business within the U.S. (See instruction F.)

E. Income effectively connected with the conduct of a trade or business within the U.S.—Foreign corporations engaged in a trade or business within the U.S. are taxed at regular corporate tax rates on the following income:

1. All income, gain, or loss from U.S. sources derived in the conduct of the trade or business.

2. Certain fixed or determinable annual or periodical income from U.S. sources and gain or loss from U.S. sources from the sale or exchange of capital assets if (a) the income, gain, or loss is derived from assets used in, or held for use in, the conduct of the corporation's trade or business, or (b) the activities of the corporation's trade or business were a material factor in the realization of the income, gain, or loss.

3. Under certain circumstances, limited categories of income from foreign sources will be treated as effectively connected income.

A foreign corporation not engaged in a trade or business within the U.S. will not have any effectively connected income unless (1) it elects under section 882(d) to treat real property income as effectively connected income (see instruction G), or (2) it is a corporation created or organized in a U.S. possession and conducts a banking business in a U.S. possession and receives interest on U.S. obligations (in such case the interest will be treated as effectively connected income).

All gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, are treated as effectively connected with the conduct of a trade or business conducted through a permanent establishment within the U.S.

For further details relating to effectively connected income, see section 864(c).

Complete Section II of the form to compute the tax on such income.

F. Income from U.S. sources not effectively connected with the conduct of a trade or business within the U.S.—In general, whether or not a foreign corporation is engaged in a trade or business, the gross amount of this type of income is subject to tax at a 30% or lower treaty rate. No deductions are allowed against income that is not effectively connected with the conduct of a trade or business within the U.S.

A corporation created or organized in Guam or under the law of Guam is not

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considered a foreign corporation for purposes of the tax imposed by section 881.

In general, the income consists of the following types of income described in section 881 (to the extent not effectively connected with the conduct of a trade or business within the U.S.):

1. Interest (other than original issue discount as defined in section 1232(b)), dividends, rents, and royalties, salaries, wages, premiums, annuities, compensation, remunerations, emoluments, and other fixed or determinable annual or periodical gains, profits, and income;

2. Gains described in section 631(b) or (c) from disposal of timber, coal, or domestic iron ore with a retained economic interest;

3. In the case of:
(a) bonds or other evidences of indebtedness issued after September 28, 1962 and before April 1, 1972, amounts which under section 1232(a)(2)(B) are considered as gain from the sale or exchange of property which is not a capital asset and, in the case of corporate obligations issued after May 27, 1969 and before April 1, 1972, amounts which would be so considered but for the fact that the obligations were issued after May 27, 1969;

(b) bonds or other evidences of indebtedness issued after March 31, 1972 and payable more than 6 months from the date of original issue (without regard to the period held by the taxpayer), amounts which under section 1232(a)(2)(B) would be considered as gain from the sale or exchange of property which is not a capital asset but for the fact that the obligations were issued after May 27, 1969; and

(c) the payment of interest on an obligation described in (b) above, an amount equal to the original issue discount (but not in excess of the interest less the tax imposed at a 30% or lower treaty rate) accrued on the obligation since the last payment of interest; and

4. Certain gains from the sale or exchange of patents, copyrights, and other intangible property, as described in section 881(a)(4).

Complete Section I of the form to compute the tax on such income.

G. Election to treat real property income as effectively connected income.—

A foreign corporation having income from real property located in the U.S., or from any interest in such real property, including (1) gains from the sale or exchange of real property or interest in real property, (2) rents or royalties from mines, wells, or other natural deposits, and (3) gains described in section 631(b) or (c), may elect to treat the income as being effectively connected with the conduct of a trade or business within the U.S. (See section 882(d).)

The election may be made by attaching to the return for the year to which the

election is to apply (1) a statement making the election, (2) a complete schedule of all real property, or any interest in real property, of which the taxpayer is titular or beneficial owner, which is located in the U.S., (3) a statement indicating the extent to which the taxpayer has direct or beneficial ownership in each item of real property, or interest in real property, (4) the legal identification and location of the real property or interest in the real property, (5) a description of any substantial improvements on the property, and (6) any other information required by regulations.

If you make this election, complete Section II to compute the tax on such income.

H. Source of income.—Gross income of a foreign corporation includes only (1) gross income that is derived from sources within the U.S. and that is not effectively connected with the conduct of a trade or business within the U.S. and (2) gross income (regardless of source) that is effectively connected with the conduct of a trade or business within the U.S.

Except as otherwise provided by tax convention, determine the source of income under sections 861 through 864 and the regulations thereunder.

I. Trade or business within the U.S.—A foreign corporation that is a member of a partnership or is a beneficiary of an estate or trust will be considered to be engaged in a trade or business within the U.S. if the partnership, estate, or trust is so engaged.

Under some circumstances, the term "trade or business within the U.S." does not include the trading of stocks, securities, or commodities through a resident broker, commission agent, custodian, or other independent agent. Special rules apply when the corporation is trading for its own account.

For details concerning trading in stocks, securities, or commodities, see section 864(b)(2).

J. Period to be covered by the 1979 return.—File the 1979 return for calendar year 1979 and fiscal years beginning in 1979 and ending in 1980. If the return is for a fiscal year, fill in the taxable year space on the form.

Final return.—If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

Amended return.—Correct any error in a previously filed income tax return by filing an amended Form 1120F.

Change in accounting period.—To change an accounting period, see section 1.442-1 of the regulations and Form 1128, Application for Change in Accounting Period.

K. Personal holding companies.—A foreign corporation that is a personal holding company as defined in section 542, but not a foreign personal holding

company as defined in section 552, is subject to the tax imposed by section 541. Section 541 imposes a tax upon undistributed personal holding company income (as defined in section 545) of personal holding companies. See sections 189 and 280 for limitations on certain deductions. Every foreign corporation that is a personal holding company under section 542 must file a Schedule PH (Form 1120F) with its Form 1120F. See Schedule PH (Form 1120F) before completing Schedule J, Form 1120F.

L. Foreign personal holding companies.—Section 551(a) requires that the undistributed foreign personal holding company income of a foreign personal holding company, as defined in section 552, must be included as dividend in the gross income of its U.S. shareholders in the amount provided by section 551(b). See sections 189 and 280 for limitations on certain deductions. Schedule PH (Form 1120F) is not required, but Forms 957 and 958 must be filed by certain officers, directors, or U.S. shareholders. (Section 6035.)

M. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as tax officer) authorized to sign.

A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If your corporate officer filled in your Form 1120F, the space under the signature of officer should remain blank. If someone fills out Form 1120F and does not charge you, that person should not sign. Certain others who prepare Form 1120F should not sign. For example, a regular, full-time employee such as a clerk, secretary, etc., of the corporation does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120F must sign the return and fill in the other blanks in the Paid Preparer's Information area of the return.

When more than one person prepares Form 1120F, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "self-employed" box.

If you have questions about whether a preparer is required to sign Form 1120F, please contact an IRS office.

The person required to sign the return as preparer **MUST** complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature (signature stamps or labels are not acceptable);
- Give a copy of Form 1120F to the tax-

payer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. Publication 1045, Information for Preparers of Federal Income Tax Returns, lists the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work.

N. Claim for refund.—If a foreign corporation has only income that is not effectively connected with the conduct of a trade or business within the U.S. and this form is being used as a claim for refund, include all income from sources within the U.S., even though the tax on it has been fully satisfied at the source. If the refund results from the withholding of tax at the source, a statement must be attached to the claim for refund declaring that the person making the claim is the beneficial owner of the income and showing (1) the amounts of tax withheld; with the names and post office addresses of withholding agents, (2) the name in which the tax was withheld if other than that of the taxpayer, and, if applicable, (3) facts sufficient to show that, at the time the income was derived, the taxpayer was entitled to the benefit of a reduced rate of, or exemption from, tax with respect to that income under the provisions of an income tax convention to which the United States is a party.

O. Tax treaties.—Section 881 imposes a tax of 30% on U.S. source income described in that section. However, if you are a corporation created under the laws of any country that has a treaty with the U.S. is a party, refer to the applicable income tax convention to determine if you are entitled to an exemption from, or reduced rates of, U.S. income tax.

If a gross income of a foreign corporation includes income, the tax on which is limited by a tax convention, a statement must be attached to the return showing with respect to that income:

- (a) the amounts of tax withheld,
- (b) the names and post office addresses of withholding agents, and
- (c) information sufficient to show the taxpayer's entitlement to the reduced rate of tax under the tax convention.

For purposes of applying an exemption from, or a reduction of, any U.S. tax provided by any treaty with respect to income not effectively connected with the conduct of a trade or business within the U.S., a foreign corporation will be deemed not to have a permanent establishment in the U.S. at any time during the taxable year. (See section 894(b).)

P. Accounting methods.—Taxable income must be computed using the method of accounting regularly used in maintaining the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits, a taxpayer may not change the method of accounting used to report income in prior years (for income as a whole or for any material item) without first securing consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by dropping any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

Q. Estimated tax.—A corporation must make estimated tax payments if it can expect its estimated tax (income tax less credits) to be \$40 or more.

Form 1120-W may be used as a worksheet to compute estimated tax.

If there was an overpayment of estimated tax, file Form 4466 for a "quick refund" if the overpayment is (1) at least 10% of the expected income tax liability AND (2) at least \$500.

This application for a quick refund must be made within 2½ months after the end of the taxable year and before Form 1120F is filed.

R. Information returns.—Various Forms 1099 must be filed to report certain dividends, interest income, miscellaneous income, etc. See Form 1096 and instructions for details. Form 5452 must be filed by corporations paying non-taxable dividends.

S. Consolidated returns.—Except for certain subsidiary corporations organized under the laws of Canada or Mexico and maintained solely for the purpose of complying with the laws of such country as to title and operation of property, a foreign corporation may not be a member of an affiliated group of corporations filing a consolidated return.

T. Financial statements.—Complete financial statements in accordance with the method of accounting used in computing taxable income on page 3 of this return. Reconcile any differences. Copies of balance sheets required by Federal, State, etc., authorities may be used in place of Schedule L.

Include certificates of deposit as cash in line 1 of the balance sheet.

You may elect to limit the balance sheets and reconciliation of income per books with income per return to:

- (1) the corporation's assets located in the U.S. and its other assets used in the trade or business conducted in the U.S. and
- (2) its income effectively connected with the conduct of a trade or business in the U.S. and its other income from sources within the U.S.

Banks, insurance companies, and other corporations required to submit substantially similar statements of

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come and expense to any Federal, State, etc., authority may submit copies of such statements in place of the information required on lines 1 through 30, page 3. In such cases, taxable income must be reconciled in Schedule M-1 with the net profit shown on the statement and entered as line 30, page 3.

U. Attachments.—If more space is needed on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120F. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

V. Minimum tax.—In general, the minimum tax rate is 15 percent and the minimum tax exemption is the greater of \$10,000 or the regular income taxes for the year.

The tax preference items for corporations are accelerated depreciation on real property; accelerated depreciation on leased personal property (applicable only to personal holding companies); amortization of certified pollution control facilities; railroad rolling stock, on-the-job training facilities and child care facilities; reserve for losses on bad debts of financial institutions; depletion; intangible drilling costs (applicable only to personal holding companies); and capital gains.

Attach Form 4626 if items of tax preference exceed \$10,000, even if there is no minimum tax OR if there is any minimum tax liability deferred from a prior taxable year until this year.

W. Transfers to corporation controlled by transferee.—If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferee and transferee must attach the information required by section 1.351-3 of the regulations.

X. Penalties.—

1. A corporation that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed (the penalty is imposed on the net amount due—section 6651(a)(1)).

2. A corporation that fails to pay the tax when due may be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid (the penalty is imposed on the net amount due—section 6651(a)(2)).

The above penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at

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a rate established pursuant to section 6621.

3. A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment (section 6655) at a rate established pursuant to section 6621.

If estimated tax was underpaid and a penalty charge should not be assessed, attach Form 2220.

Y. Reporting international boycott operations.—Any corporation, or a member of a controlled group which includes that corporation, which has operations in, or related to, a country (or with the government, a company, or a national of a country) which requires participation in or cooperation with an international boycott as a condition of doing business within such country or with the government, company, or national of such country, may be required to file Form 5713 (section 999(a)).

Further, if that corporation or member participates in or cooperates with an international boycott (as defined in section 999(b)(3)) during the taxable year, a portion of the foreign tax credit and DISC benefits will be denied. Any corporation subject to the reporting requirements of section 999(a), as outlined above, is required to file Form 5713 in duplicate. The original copy is to be filed with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. The duplicate copy of Form 5713 is to be attached to the corporation's income tax return.

Z. Travel and entertainment expenses (Section 274(d)).—(See Form 1120F, question R, page 5)—The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in tax years beginning in 1979 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W-2.

See regulations section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in question R, page 5.

Note: Generally, for taxable years ending after December 31, 1978, no deduction is allowed for any expense paid or incurred with respect to a facility which is used in connection with an activity which is of a type generally considered to

constitute entertainment, amusement, or recreation. (See section 274(a).)

Specific Instructions for Section II

(Numbered to correspond with the line numbers on page 3 of the return.)

Gross Income

Enter in lines 1 through 10 gross income (regardless of source) which is effectively connected with the conduct of a trade or business within the U.S.

1. **Gross receipts.**—Enter gross receipts or sales from all business operations except those required to be reported in lines 4 through 10. For reporting advance payments and long-term contracts, see section 1.451-5 of the regulations.

If the installment method of reporting is used, enter on line 1 the gross profit on collections from installment sales and carry the same amount to line 3. Attach a schedule showing for the current and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount collected, and (f) gross profit on amount collected.

2. **Cost of goods sold.**—See instructions for Schedule A.

4. **Dividends.**—(Numbered to correspond with line numbers in Schedule C.) (1) Enter dividends received from domestic corporations subject to income tax and the 85% deduction under section 243(a)(1). For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

Include on this line taxable distributions received from a DISC or former DISC that are designated as being eligible for the 85% dividends-received deduction.

So-called dividends or earnings received from mutual savings banks, etc., are really interest and should not be treated as dividends.

(2) Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

(3) Enter dividends received from foreign corporations that qualify for the 85% deduction provided in section 245(a).

(5) If the corporation claims the foreign tax credit, the amount of tax deemed paid under section 902(a) (relating to credit for corporate stockholder in foreign corporation) must be treated as a dividend received from the foreign corporation. (See section 906(b)(4).)

(6) Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85% dividends-received deduction. (See sections 246(d), 995(b), and 996(a)(3).)

(7) Include dividends (other than capital gain dividends and exempt interest dividends) received from regulated investment companies that do not qualify for the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends) received from a real estate investment trust that, for the taxable year of the trust in which the dividends are paid, qualifies under sections 856-860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above.

6. **Other interest.**—Enter interest on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest income against interest expense.

7. **Gross rents.**—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for deductions.

9(a). **Capital gain net income.**—Every sale or exchange of a capital asset must be reported in detail in Schedule D (Form 1120) even though no gain or loss is indicated.

If the net long-term capital gain exceeds the net short-term capital loss, or in case of only a net long-term capital gain, compute the alternative tax on separate Schedule D (Form 1120) to see if it produces a lesser tax.

9(b). **Gain or (loss).**—Enter the net ordinary gain or loss from line 11, Part II, Form 4797.

10. **Other income.**—Enter any other taxable income not listed above and explain its nature on an attached schedule. Examples of other income would be recoveries of bad debts deducted in prior years under the specific charge-off method and refunds of taxes deducted in prior years. Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, identify it by showing the account caption in parentheses on line 10.

Deductions

In computing the taxable income of a foreign corporation engaged in a trade or business within the U.S., deductions are allowed only to the extent that they are connected with income that is effectively connected with the conduct of a trade or business within the U.S. Charitable contributions, however, may be deducted whether or not they are so connected. See section 882(c)(1) for allocation of deductions.

12. **Compensation of officers.**—Complete columns 1 through 6, Schedule E, for all officers. Complete column 7, Schedule E, for your six highest paid

officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 7 does not have to be completed for any officer for whom the combined amount is less than \$30,000.

13. **Salaries and wages.**—Enter on line 13(a) the amount of total salaries and wages (other than salaries and wages deducted elsewhere on your return, such as contributions to a Simplified Employee Pension Plan which is deducted on line 24) paid or incurred for the taxable year.

Enter on line 13(b) the sum of (1) the amount of WIN credit from Form 4874, line 11, and (2) the amount of jobs credit from Form 5884, line 9.

14. **Repairs.**—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value or appreciably prolong the life of the property. Include on this line the total amount of repairs as figured under the Class Life Asset Depreciation Range (CLADR) System.

15. **Bad debts.**—Bad debts may be treated in either of two ways—(1) as a deduction for debts that become worthless in whole or in part, or (2) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.)

Application to change the method of computing bad debts must be made on Form 3115.

17. **Taxes.**—Enter taxes paid or accrued during the taxable year.

Do not include Federal income tax; foreign or U.S. possession income tax if a foreign tax credit is claimed; or taxes not imposed upon the corporation.

See section 164(d) for apportionment of tax on real property between seller and purchaser.

Section 906(b)(1) provides that certain foreign taxes imposed on income from U.S. sources may not be taken as a deduction.

18. **Interest.**—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (Section 265.)

See section 267 for limitation on deductions for unpaid expenses and interest on transactions between related taxpayers.

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years subsequent to the current taxable year. A cash basis taxpayer, who in 1979 prepaid interest allocable to any period after 1979, can only deduct the amount allocable to 1979. Please see Publication 545, Income Tax Deduction for Interest Expense.

19. **Contributions.**—Enter contributions or gifts actually paid within the taxable year to, or for the use of, charitable and governmental organizations described in section 170(c) and any unused contributions carried over from prior years.

The total amount claimed may not exceed 5% of taxable income (line 30) computed without regard to (1) any deduction for contributions, (2) the special deductions in line 29(b), (3) deductions allowed under sections 249 and 250, (4) any net operating loss carryback to the taxable year under section 172, and (5) any capital loss carryback to the taxable year under section 1212(a)(1).

Charitable contributions in excess of the 5% limitation may not be deducted for the taxable year but may be carried over to the next 5 taxable years.

A contribution carryover is not allowed, however, to the extent that it increases a net operating loss carryover. See section 170(d)(2)(B).

Corporations on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 3d month following the close of the taxable year if the contributions are authorized by the board of directors during the taxable year. A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the taxable year, and a copy of the resolution, must both be attached to the return.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how the carryover was determined.

Special rule for contributions of certain property.—In the case of a charitable contribution of property, the contribution must be reduced by the sum of:

- (1) the ordinary income, short-term capital gain and
- (2) for certain contributions, 60.87% of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. (Section 170(e).) For special rules regarding the contribution of inventory, and other ordinary income property to certain organizations, see section 170(e)(3).

Bargain sale to a charitable organization.—If a charitable contribution deduction for property sold to a charitable organization is taken, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

20. **Amortization.**—If a deduction for amortization is claimed, attach a sched-

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ule showing: (1) a description of the expenditures being amortized; (2) date acquired, completed, or expended; (3) amount being amortized; (4) amortization deducted in prior years; (5) amortization period (number of months); (6) amortization for this year; and (7) the total amount of amortization less the amount claimed in Schedule A and elsewhere on the return.

See section 169 and related regulations for conditions under which the cost of certified pollution control facilities may be amortized over 60 months.

See section 188 for amortization of certain expenditures made before January 1, 1982, for child care facilities over a period of 60 months.

21. **Depreciation.**—See instructions for Form 4562, Depreciation.

22. **Depletion.**—See sections 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T if a deduction is claimed for depletion of timber.

24. **Pension, profit-sharing, etc. plans.**—The number of plans to be entered refers to all plans for which all assets have not been distributed. Also include any plans in which assets were distributed in the current year. The number of plans must be indicated whether or not a deduction is claimed.

Except for simplified employee pension plans, complete Form 5500 for each plan and file as a separate return. Complete Form 5500-C in lieu of Form 5500 if there were fewer than 100 participants at the beginning of the plan year. See instructions for the above Forms for computation of the allowable deductions. File these Forms on or before the last day of the 7th month following the close of the plan year.

Caution: ERISA imposes penalties for failure to furnish complete information and failure to file statements, returns and reports.

25. **Employee benefit programs.**—Enter the amount of your contributions to employee benefit programs (e.g. insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 24. Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses, and dependents) to exclude from income employer contributions to a qualified group legal services plan.

26. **Other deductions.**—No deduction is allowable for any amount allocable to a class of exempt income including income exempt by tax convention. Items directly attributable to wholly exempt income must be allocated to such income, and items directly attributable to any class of taxable income must be allocated to such taxable income.

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If an item is indirectly attributable both to taxable income and exempt income, a reasonable proportion of the item, determined in the light of all the facts and circumstances in each case, shall be allocated to each.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expense items allocated to each class. Show separately the amount allocated by apportionment.

28. **Taxable income.**—Effective for taxable years beginning after December 31, 1978, special "at risk" rules under section 465 generally apply to closely held corporations engaged in any activity as a trade or business or for the production of income. Such corporations may have to adjust the amount on line 28. See below. However, the "at risk" rules do not apply to (1) holding real property other than mineral property and (2) equipment leasing under section 465(c)(3)(D)(ii). These "at risk" rules apply to a closely held corporation which may or may not be a personal holding company.

A closely held corporation that is NOT a personal holding company.—The amount to be entered on line 28 of Form 1120F is to be adjusted for section 465 (d) losses. Section 465(d) losses are limited to the aggregate amount with respect to which the closely held corporation is "at risk" for each separate activity at the close of the tax year.

Where the corporation is involved in more than one activity, and one or more of the activities incurs a loss for the year, the loss must be reported separately. The corporation must attach a schedule reflecting the amount "at risk" and gross income and deductions for the activity(ies) with the loss(es).

If a loss from an activity exceeds the amount the closely held corporation is "at risk" for the activity at the end of the tax year, the amount that would otherwise be entered on line 28 of Form 1120F is to be modified for the excess. (Attach schedule.)

If the corporation sells or otherwise disposes of an asset in, or its interest in (either total or partial) an activity to which the "at risk" rules apply, combine the gain or loss on the sale or disposition with the profit or loss from the activity to determine the net profit or loss from the activity. If the corporation has a net loss, it may be limited because of the "at risk" rules.

Any loss from an activity not allowed for the tax year is treated as a deduction allocable to the activity in the next tax year.

See section 204(c)(2) and (3) of the Tax Reform Act of 1976 concerning special transitional rules relating to movies, video tapes, and leasing activities.

A closely held corporation that IS a personal holding company.—For the amount to be entered on line 28 of Form

1120F, see Schedule PH (Form 1120). Specific instructions for line 1 regarding section 465 losses.

29(a). **Net operating loss deduction.**—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the taxable year. (Section 172(a).)

Generally, a net operating loss may be carried back to each of the 3 years preceding the year of such loss and carried over to each of the 7 years following the year of such loss; or, an election may be made whereby a net operating loss may be carried over to each of the 7 years following the year of such loss (the election is made by attaching a statement to a timely filed return, including extensions, and is irrevocable). After applying the net operating loss to the first taxable year to which it may be carried, the portion of the loss to be carried to each of the remaining taxable years is the excess, if any, of the amount of the loss over the sum of the taxable income for each of the prior taxable years to which the loss may be carried. (Section 172(b).)

If there is a carryback of a net operating loss, a net capital loss, an unused investment credit, an unused work incentive (WIN) credit, or unused jobs credit, file Form 1139 within 12 months after the close of the taxable year for a "quick refund" of tax. (Section 6411.)

29(b). **Special deductions.**—See instructions for Schedule I.

Schedule A—Cost of Goods Sold

Valuation methods.—Your inventories can be valued at: (a) cost, (b) cost or market value (whichever is lower), or (c) any other method approved by the Commissioner of Internal Revenue, where those methods conform with the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods should request permission to change to a method permitted for Federal income tax purposes. For further information regarding the change, see Regulation section 1.446-1(e)(3).

Check the method(s) used for valuing inventories in line 8(a). Under "lower of cost or market," market generally applies to normal market conditions where there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For additional requirements, see Regulation section 1.471-4.

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are "subnormal" (that is because of damage, imperfec-

tions, shop wear, etc.) within the meaning of Regulation section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not less than scrap value) where the taxpayer can establish such a price. See Regulation section 1.471-2(c) for additional requirements. In line 8(b), indicate whether you used a method of inventory valuation other than those described in line 8(a), and attach a statement describing the method used.

If this is the first year, the "Last-in First-out" (LIFO) inventory method provided in Section 472 was adopted and used, attach Form 970 or a statement with the information required by Form 970 to Form 1120F and check the LIFO box in line 8(c). Enter the amount or percent (estimates may be used) of total closing inventories covered under Section 472 in line 8(c).

Full absorption method of inventory costing.—Taxpayers engaged in manufacturing or production operations must use the full absorption method of inventory costing. If they are not using the full absorption method of inventory costing, they must change to this method under which both direct and certain indirect production costs are included for inventory value purposes. The change to full absorption may be made by filing Form 3115. For further details, see Rev. Proc. 75-40, 1975-2 C.B. 571 and section 1.471-11 of the regulations.

Cost of operations (where inventories are not an income-determining factor).—If the amount entered on line 2 includes an amount applicable to cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

For certain cooperatives, if per unit retain allocations are included on line 4, Schedule A, identify this cost and the total amount in the Schedule "Other costs" to be attached to Form 1120F.

Schedule I—Special Deductions

(Numbered to correspond with line numbers in Schedule I)

1. **Exclusion of certain dividends.**—In general, no dividends-received deduction will be allowed on any share of stock (a) that is disposed of before the corporation has held it 15 days or less, or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or other securities.

No dividends-received deduction is allowed under section 243 for a dividend from a DISC or former DISC (as defined in section 992(b)) to the extent the dividend is paid out of the corporation's accumulated DISC income, previously taxed income, or is a deemed distribution under section 995(b)(1).

2. **Limitation on dividends-received deduction.**—Line 2 may not exceed 85% of line 28, page 3. For this purpose, line 28, page 3, is to be computed without regard to any capital loss carryback to the taxable year under section 1212(a)(1).

In a year in which a net operating loss occurs, sections 172(d) and 246(b) provide that this 85% limitation does not apply even if the loss is created by the dividends-received deduction.

3. **Deduction for dividends paid on certain preferred stock of public utilities.**—Section 247 allows public utilities a deduction of 30.435% of the lesser of (1) dividends paid on their preferred stock during the taxable year, or (2) taxable income computed without regard to this deduction. In a year in which a net operating loss occurs, section 172(d) provides that the deduction shall be computed without regard to section 247(a)(1)(B).

Schedule J—Tax Computation

1. **Taxable income brackets and tax rates.**—The Revenue Act of 1978 established taxable income brackets and lower tax rates on corporations for taxable years beginning after December 31, 1978. Each taxable income bracket is \$25,000 for income up to \$100,000.

The rates of tax are as follows:
17% on the first \$25,000,
20% on the next \$25,000,
30% of the next \$25,000,
40% of the next \$25,000.
Income in excess of \$100,000 is taxed at a rate of 46%.

Members of a controlled group.—Members of a controlled group, as defined in section 1563, are entitled to only one \$25,000 amount in each taxable income bracket.

Equal apportionment plan.—If no apportionment plan is adopted, the members of the controlled group must divide the \$25,000 amount in each taxable income bracket equally. For example, controlled group AB consists of corporation A and corporation B. They do not elect an unequal apportionment plan; then corporation A is entitled to \$12,500 in each taxable income bracket and corporation B is entitled to \$12,500 in each taxable income bracket.

Unequal apportionment plan.—Members of a controlled group may elect an unequal apportionment plan and divide the \$25,000 amount in each taxable income bracket in any manner that they see fit. There is no need for consistency between taxable income brackets and any member of the controlled group may be entitled to all, some or none of the \$25,000 amount in a taxable income bracket (as long as the total amount for all members of the controlled group does not exceed \$25,000 in any bracket).

2. **Foreign tax credit.**—A foreign corporation engaged in a trade or business within the U.S. is allowed a credit under section 901 for income, war profits, and excess profits tax paid (or deemed paid under section 902) or accrued during the taxable year to any foreign country or U.S. possession with respect to income effectively connected with the conduct of a trade or business within the U.S. In general, the per country limitation cannot be used in computing the foreign tax credit. For further details, see section 906 and Form 1118.

3. **Investment credit.**—In most cases, the investment credit is 10% of the qualified investment in regular investment credit property. The corporation may elect an 11% or 11.5% for regular investment credit property (in lieu of the 10%) if the corporation meets the requirements of sections 48(n)(1) and 409A. The corporation is also allowed a 10% energy investment credit for investment in qualified energy property. The 10% energy credit is in addition to the 10% regular investment credit if the energy property is also regular investment credit property. Use Form 3468 and Schedule B (Form 3468) to figure these credits.

4. **Tax from recomputing a prior year investment credit.**—If property is disposed of prior to the life-years category used in computing the investment credit, you must recompute the investment credit. (See Form 4255.)

5. **Credit for wages paid or incurred in work incentive (WIN) program.**—Generally, employers may claim a credit of 50% of qualified first-year wages and 25% of qualified second-year wages. See Form 4874 for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the amount of the WIN credit (determined without regard to the limitation based on tax (section 50A(a)(2)). Members of a group of trades or businesses under common control, see section 280C.

6. **Tax from recomputing a prior year WIN credit.**—If a WIN employee is dismissed before completing a certain period of employment, the corporation must repay the WIN credit taken on WIN employee wages paid or incurred prior to January 1, 1979. (See Form 4874.)

7. **Jobs credit.**—The credit, if elected, is allowed only for hiring members of seven targeted groups during the tax year. Generally, the allowable credit is equal to 50% of qualified first-year wages paid or incurred and 25% of qualified second-year wages paid or incurred. See Form 5884 for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

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Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the amount

of the jobs credit (determined without regard to the limitation based on tax (section 53)). Members of a group of

trades or businesses under common control, see section 280C.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification system developed by the Office of Management and Budget, Executive Office of the President, to classify enterprises by type of activity in which they are engaged. The system follows closely the Standard Industrial Classification used to classify establishments.

Using the list below, enter on page 5, under M, the code number for the

AGRICULTURE, FORESTRY AND FISHING

Code
0400 Agricultural production,
0600 Agricultural services (except veterinar-
lans), forestry, fishing, hunting, and
trapping.

MINING

Code
1010 Iron ores.
1070 Copper, lead and zinc, gold and silver
ores.
1098 Other metal mining.
1150 Coal mining.
1190 Oil and gas extraction.

1330 Crude petroleum, natural gas, and natural
gas liquids.
1380 Oil and gas field services.
Nonmetallic minerals (except fuels) mining:
1430 Dimension, crushed and broken, stone;
sand and gravel products.
1498 Other nonmetallic minerals, except fuels.

CONSTRUCTION

General building contractors and operative
builders:
1510 General building contractors.
1531 Operative building contractors.
1600 Heavy construction contractors.
Special trade contractors:
1711 Plumbing, heating, and air-conditioning.
1721 Electrical work.
1798 Other special trade contractors.

MANUFACTURING

Food and kindred products:
2010 Meat products.
2020 Dairy products.
2030 Preserved fruits and vegetables.
2040 Grain mill products.
2090 Bakery products.
2060 Sugar and confectionery products.
2081 Malt liquors and malt.
2088 Alcoholic beverages, except malt liquors
and malt.
2096 Bottled soft drinks, and flavorings.
2098 Other food and kindred products.
2100 Tobacco manufactures.

Textile mill products:
2228 Weaving mills and textile finishing.
2250 Knitting mills.
2298 Other textile mill products.
Apparel and other textile products:
2315 Men's and boys' clothing.
2345 Women's and children's clothing.
2388 Hats, caps, millinery, fur goods, and other
apparel and accessories.
2390 Misc. fabricated textile products.
Lumber and wood products, except furniture:
2415 Logging camps and logging contractors,
sawmills and planing mills.
2430 Millwork, plywood, and related products.
2498 Other wood products, including wood
buildings and mobile homes.
2500 Furniture and fixtures.

Paper and allied products:
2625 Pulp, paper, and board mills.
2699 Other paper products.
Printing, publishing and allied industries:
2710 Newspapers.
2720 Periodicals.
2735 Books, greeting cards, and misc.
publishing.
2799 Commercial and other printing, and print-
ing trade services.

Chemicals and allied products:
2815 Industrial chemicals, plastics materials
and synthetic rubbers.
2830 Drugs.
2840 Soap, cleaners, and toilet goods.
2850 Paints and allied products.
2898 Agricultural and other chemical products.
Petroleum refining and related industries
(including those integrated with extraction):
2910 Petroleum refining (including those inte-
grated with extraction).
2998 Other petroleum and coal products.

Rubber and misc. plastics products:
3000 Rubber products; plastics footwear, hose
and belting.
3070 Misc. plastics products.
Leather and leather products:
3140 Footwear, except rubber.
3158 Other leather and leather products.

Stone, clay, glass, and concrete products:
3170 Glass products.
3225 Glass products.
3400 Cement, hydraulic.

3480 Concrete, gypsum, and plaster products.
3598 Other nonmetallic mineral products.
3770 Ferrous metal industries; misc. primary
metal products.
3380 Nonferrous metal industries:
Fabricated metal products, except machinery
and transportation equipment:
3410 Metal cans and shipping containers.
3428 Cutlery, hand tools, and hardware; screw
machine products, bolts, and similar
products.
3430 Plumbing and heating, except electric and
warm air.
3440 Fabricated structural metal products.
3460 Metal forgings and stampings.
3470 Coating, engraving, and allied services.
3480 Ordnance and accessories, except vehi-
cles and guided missiles.
3490 Misc. fabricated metal products.
Machinery, except electrical:
3520 Farm machinery.
3530 Construction mining, and materials
handling machinery and equipment.
3540 Metalworking machinery.
3550 Special industry machinery, except
metalworking machinery.
3560 General industrial machinery.
3570 Office, computing, and accounting
machines.
3598 Engines and turbines, service industry
machinery, and other machinery, except
electrical.

Electrical and electronic machinery, equipment,
and supplies:
3599 Household appliances.
3665 Radio, television, and communication
equipment.
3670 Electronic components and accessories.
3698 Other electronic equipment.
Transportation equipment:
3710 Motor vehicles and equipment.
3720 Aircraft, guided missiles and parts.
3730 Ship and boat building and repairing.
3798 Other transportation equipment.
Measuring and controlling instruments, photo-
graphic and medical goods, watches and clocks:
3815 Scientific instruments and measuring de-
vices; watches and clocks.
3845 Optical, medical, and ophthalmic goods.
3865 Photographic equipment and supplies.
3998 Other manufacturing products.

TRANSPORTATION, COMMUNICATION,
ELECTRIC, GAS, AND SANITARY SERVICES
Transportation:
4000 Railroad transportation.
4100 Local and interurban passenger transit.
4200 Trucking and warehousing.
4400 Water transportation.
4500 Transportation by air.
4600 Pipe lines, except natural gas.
4700 Other transportation services.

Communication:
4825 Telephone, telegraph, and other com-
munication services.
4830 Radio and television broadcasting.
Electric, gas, and sanitary services:
4910 Electric services.
4920 Gas production and distribution.
4930 Combination utility services.
4990 Water supply and other sanitary services.

WHOLESALE TRADE
Durable:
5008 Machinery, equipment, and supplies.
5010 Motor vehicles and automotive equipment.
5020 Furniture and home furnishings.
5030 Lumber and construction materials.
5040 Sporting, recreational, photographic, and
hobby goods, toys, and supplies.
5050 Metals and minerals, except petroleum
and scrap.
5060 Electrical goods.
5070 Hardware, plumbing and heating
equipment.
5098 Other durable goods.

Non-durable:
5110 Paper and paper products.
5129 Drugs, drug proprietaries, and druggists'
sundries.
5130 Apparel, piece goods, and notions.
5140 Groceries and related products.
5150 Farm-product raw materials.
5160 Chemicals and allied products.
5170 Petroleum and petroleum products.
5180 Alcoholic beverages.
5190 Misc. nondurable goods.

specific industry group from which the largest percentage of "total re-
ceipts" is derived. "Total receipts" means gross receipts (line 1, page 3)
plus all other income (lines 4 through 10, page 3). On page 5, under M,
state the principal business activity and principal product or service that
accounts for the largest percentage of total receipts. For example, if the
principal business activity is "Grain mill products," the principal product
or service may be "Cereal preparations."

RETAIL TRADE

Building materials, hardware, garden supply,
and mobile home dealers:
5220 Building materials dealers.
5251 Hardware stores.
5265 Garden supplies and mobile home dealers.
5300 General merchandise stores.
5410 Grocery stores.
5490 Other food stores.
Automotive dealers and service stations:
5515 Motor vehicle dealers.
5541 Gasoline service stations.
5598 Other automotive dealers.
5600 Apparel and accessory stores.
5700 Furniture and home furnishings stores.
5800 Eating and drinking places.
Misc. retail stores:
5912 Drug stores and proprietary stores.
5921 Liquor stores.
5995 Other misc. retail stores.

FINANCE, INSURANCE, AND REAL ESTATE
Banking:
6030 Mutual savings banks.
6060 Bank holding companies.
6090 Banks, except mutual savings banks and
bank holding companies.
Credit agencies other than banks:
6120 Savings and loan associations.
6143 Personal credit institutions.
6150 Business credit institutions.
6199 Other credit agencies.

Security, commodity brokers, dealers,
exchanges, and services:
6210 Security brokers, dealers, and flotation
companies.
6299 Commodity contracts brokers and dealers;
security and commodity exchanges;
and allied services.
Insurance:
6355 Life insurance.
6358 Marine insurance, except life or marine
and certain fire or flood insurance com-
panies.
6359 Other insurance companies.
Real estate:
6411 Insurance agents, brokers, and services.
6511 Real estate operators (except developers)
and lessors of buildings.
6516 Lessors of mining, oil, and similar
property.
6518 Lessors of railroad property and other real
property.
6530 Condominium management and coopera-
tive housing associations.
6550 Subdividers and developers.
6599 Other real estate.

Holding and other investment companies:
6742 Regulated investment companies.
6743 Real estate investment trusts.
6744 Small business investment companies.
6749 Holding and other investment companies.

SERVICES
7000 Hotels and other lodging places.
7200 Personal services.
Business services:
7310 Advertising.
7389 Business services, except advertising.
Auto repair and services; misc. repair services:
7500 Auto repair and services.
Misc. repair services:
7812 Motion picture production, distribution,
and exhibition.
7830 Motion picture theaters.
7900 Amusement and recreation services, ex-
cept motion pictures.
Other services:
8015 Offices of physicians, including osteo-
pathic physicians.
8021 Offices of dentists.
8025 Offices of other health practitioners.
8050 Nursing and personal care facilities.
8060 Hospitals.
8071 Laboratories.
8099 Other medical services.
8111 Legal services.
8200 Educational services.
8300 Social services.
8500 Membership organizations.
8911 Architectural and engineering services.
8930 Accounting, auditing, and bookkeeping.
8980 Miscellaneous services (including vet-
erinarians).

U.S. Life Insurance Company
Income Tax Return

FOR CALENDAR YEAR

1979

Name _____ A Employer identification number _____
 Number and street _____ B Date and place incorporated _____
 City or town, State, and ZIP code _____

Taxable Income

1 (a) Taxable investment income (Schedule C) 1(a) _____
 (b) Gain from operations (Schedule E) (If a loss, enter zero) 1(b) _____
 (c) The smaller of (a) or (b) 1(c) _____
 2 50% of any excess of 1(b) over 1(a) 2 _____
 3 Amount subtracted from policyholders' surplus account (Schedule G, line 5) 3 _____
 4 Life insurance company taxable income (add lines 1(c), 2, and 3) 4 _____

Tax Computation

5 Enter line 4 or \$25,000, whichever is less (members of a controlled group, see instructions) 5 _____
 6 Subtract line 5 from line 4 6 _____
 7 Enter line 6 or \$25,000, whichever is less (members of a controlled group, see instructions) 7 _____
 8 Subtract line 7 from line 6 8 _____
 9 Enter line 8 or \$25,000, whichever is less (members of a controlled group, see instructions) 9 _____
 10 Subtract line 9 from line 8 10 _____
 11 Enter line 10 or \$25,000, whichever is less (members of a controlled group, see instructions) 11 _____
 12 Subtract line 11 from line 10 12 _____
 13 17% of line 5 13 _____
 14 20% of line 7 14 _____
 15 30% of line 9 15 _____
 16 40% of line 11 16 _____
 17 46% of line 12 17 _____
 18 Add lines 13 through 17 18 _____

19 Income tax—the lesser of line 18 (above) or line 32 of Schedule D (Form 1120L) 19 _____

20 Less: (a) Foreign tax credit (attach Form 1118) 20(a) _____
 (b) Investment credit (attach Form 3468) 20(b) _____
 (c) Work incentive (WIN) credit (attach Form 4874) 20(c) _____
 (d) Jobs credit (attach Form 5884) 20(d) _____

21 Add lines 20(a), (b), (c), and (d) 21 _____

22 Balance of tax (subtract line 21 from line 19) 22 _____

23 Foreign corporations—tax on income not connected with U.S. business (see Tax Computation Instructions) 23 _____

24 Tax from recomputing a prior year investment credit (attach Form 4255) 24 _____

25 Tax from recomputing a prior year WIN credit (see instructions—attach computation) 25 _____

26 Minimum tax on tax preference items (see instructions—attach Form 4626) 26 _____

27 Total tax (add lines 22 through 26) 27 _____

28 Credits: (a) Overpayment from 1978 allowed as a credit 28(a) _____
 (b) 1979 estimated tax payments 28(b) _____
 (c) Less refund of 1979 estimated tax applied for on Form 4466 28(c) _____
 (d) Tax deposited with Form 7004 28(d) _____
 (e) Tax deposited with Form 7005 (attach copy) 28(e) _____
 (f) Credit from regulated investment companies (attach Form 2439) 28(f) _____
 (g) U.S. tax on special fuels, nonhighway gas and lubricating oil (attach Form 4136) 28(g) _____
 (h) U.S. income tax paid or withheld at source 28(h) _____

29 TAX DUE (subtract line 28 from line 27). See instruction F for depository method of payment 29 _____

30 OVERPAYMENT (subtract line 27 from line 28) 30 _____

31 Enter amount of line 30 you want: Credited to 1980 estimated tax ☐ Refunded ☐ 31 _____

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

Preparer's signature and date _____ Check if self-employed ☐ Preparer's social security no. _____
 Firm's name (or yours, if self-employed) and address _____ E.I. No. _____
 ZIP code _____

Schedule A INVESTMENT YIELD (See instructions)

	1. Interest	2. Accrual of discount	3. Amortization of premium	4. Total (for line 1: column 1 plus column 2 less column 3)
1 Interest:				
(a) Wholly exempt obligations (attach schedule)				
(b) U.S. obligations and U.S. instrumentalities				
(c) Loans, notes, mortgages, bank deposits, bonds, debentures, etc.				
(d) Totals				
2 Dividends (see instructions):				
(a) Domestic corporations subject to 85% deduction				
(b) Certain preferred stock of public utilities				
(c) Foreign corporations subject to 85% deduction				
(d) Qualifying dividends received from affiliated groups and subject to the 100% deduction (section 243(a)(3))				
(e) Other (attach schedule)				
3 Gross rents (attach schedule)				
4 Gross royalties (attach schedule)				
5 Leases, terminations, etc.				
6 Net short-term capital gain reduced by any net long-term capital loss (Schedule D (Form 1120L), line 10)				
7 Gross income from trade or business other than insurance business (attach schedule). (Also include amount from Schedule D (Form 1120L), line 36(b))				
8 GROSS INVESTMENT INCOME (add lines 1(d) through 7)				
9 Investment expenses (attach schedule) (see Schedule H)				
10 Real estate expenses (attach schedule)				
11 Depreciation (attach Form 4562)				
12 Depletion (attach schedule)				
13 Trade or business deductions as provided in section 804(c)(5) (attach schedule)				
14 Total deductions (add lines 9 through 13)				
15 INVESTMENT YIELD (subtract line 14 from line 8)				

Schedule B PART I—POLICY AND OTHER CONTRACT LIABILITY REQUIREMENTS (Section 805(a))
(See instructions)

1 Adjusted life insurance reserves (from Part VI)		
2 Multiplied by the adjusted reserves rate (lesser of lines 1 or 7, Part III)		%
3 Pension plan reserves (Part V, line 7, column 7)		
4 Multiplied by the current earnings rate (Part III, line 1)		%
5 Interest paid (from Part VII)		
6 Policy and other contract liability requirements (add lines 2, 4 and 5)		

PART II—ASSETS (Section 805(b)(4))

	1. Beginning of taxable year	2. End of taxable year	3. Mean of column 1 and column 2*
1 Real estate			
2 Mortgages: (a) Without service fees			
(b) With service fees			
3 Collateral loans			
4 Policy loans, including premium notes			
5 Corporate bonds			
6 Stocks			
7 Government obligations, etc. (attach schedule)			
8 Bank deposits, cash, etc.			
9 Other assets (attach schedule)			
10 Totals			

*Adjusted under section 806(a) (see instructions—attach schedule)

PART III—EARNINGS RATES (Section 805(b))

1 Current earnings rate (Schedule A, line 15 divided by Part II, line 10, column 3)	%
2 Earnings rate for first preceding year (attach schedule)	%
3 Earnings rate for second preceding year (attach schedule)	%
4 Earnings rate for third preceding year (attach schedule)	%
5 Earnings rate for fourth preceding year (attach schedule)	%
6 Total (add lines 1 through 5)	%
7 Average earnings rate (see instructions)	%

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PART IV—AVERAGE INTEREST RATE ASSUMED (Section 805(c)(2))

1. Nature of reserve (life, annuity, etc.)	2. Assumed morbidity or mortality table	3. Assumed interest rate	4. Method of computation (Illinois Standards, etc.)	5. Amount of reserve at beginning of taxable year*	6. Amount of reserve at end of taxable year*	7. Mean of column 5 and 6**	8. Column 3 times column 7
1							
2							
3							
4							

5 Totals

6 Average rate of interest assumed in computing life insurance reserves (total of column 8 divided by total of column 7) %

*See instructions for section 805(b) and section 818(c) adjustments. **Adjusted under section 806(a) (attach schedule).

PART V—PENSION PLAN RESERVES (Section 805(d))

1 Section 805(d)(1) reserves							
2 Section 805(d)(2) reserves							
3 Section 805(d)(3) reserves							
4 Section 805(d)(4) reserves							
5 Section 805(d)(5) reserves							
6 Section 805(d)(6) reserves							
7 Totals							

PART VI—ADJUSTED LIFE INSURANCE RESERVES (Section 805(c)(1))

1 Mean of the reserves (Part IV, line 5, column 7)							
2 (a)					100%		
(b) Plus 10 times the average rate of interest assumed (Part IV, line 6)							
(c) Total (add lines 2(a) and (b))							
(d) 10 times the adjusted reserves rate (Part I, line 2)							
(e) Subtract line 2(d) from line 2(c)							%
3 Adjusted life insurance reserves (line 1 multiplied by line 2(e)). Enter here and on Schedule B, Part I, line 1							

PART VII—INTEREST PAID (Section 805(e))

1 Interest on indebtedness							
2 Amounts in the nature of interest							
3 Discount on prepaid premiums							
4 Interest on certain special contingency reserves							
5 Total interest paid (add lines 1 through 4). Enter here and on Schedule B, Part I, line 5							

Schedule C TAXABLE INVESTMENT INCOME (See instructions)

1 Policyholder's share (section 804) (Schedule B, Part I, line 6 divided by Schedule A, line 15), but not to exceed 100%		%
2 Company's share		%
3 Total		100%

	1. Total	2. Exclusion—policyholder's share (line 1 times col. 1)	3. Company's share (col. 1 less col. 2)
4 Interest wholly tax-exempt (Schedule A, line 1(a), column 4—see instructions)			
5 (a) Dividends from Schedule A, line 2(a)			
(b) Dividends from Schedule A, line 2(b)			
(c) Dividends from Schedule A, line 2(c)			
(d) Dividends from Schedule A, line 2(d)			
(e) Dividends from Schedule A, line 2(e)			
6 Other items of investment yield (Schedule A, line 15 less lines 4 and 5 above)			
7 Net capital gain (Schedule D (Form 1120-L), line 11)			
8 Totals (add lines 4 through 7)			

REDUCTIONS

9 Interest wholly tax-exempt (line 4, column 3)		
10 Dividends-received deduction (affiliated groups—see instructions):		
(a) 85% of line 5(a), column 3		
(b) 59.13% of line 5(b), column 3		
(c) 85% of line 5(c), column 3		
(d) Total, but not to exceed 85% of taxable investment income (line 13) computed without regard to this deduction		
11 Small business deduction (10% of line 15, Schedule A, not to exceed \$25,000; members of a controlled group, see instructions)		
12 Total (add lines 9, 10(d), and 11)		
13 Taxable investment income (line 8 less line 12, but not less than zero). Enter here and on line 1(a), page 1		

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Schedule E GAIN OR (LOSS) FROM OPERATIONS (See instructions)

1 Policyholder's share (section 809) (Schedule E-1, line 6 divided by Schedule A, line 15), but not to exceed 100%		%
2 Company's share		%
3 Total		100%

	1. Total	2. Exclusion—policyholder's share (line 1 times column 1)	3. Company's share (column 1 less column 2)
4 Interest wholly tax-exempt (Schedule A, line 1(a), column 4—see instructions)			
5 (a) Dividends from Schedule A, line 2(a)			
(b) Dividends from Schedule A, line 2(b)			
(c) Dividends from Schedule A, line 2(c)			
(d) Dividends from Schedule A, line 2(d)			
(e) Dividends from Schedule A, line 2(e)			
6 Other items of investment yield (Schedule A, line 15 less 4 and 5 above)			
7 Totals (add lines 4 through 6)			
8 Net capital gain (Schedule D (Form 1120-L), line 11)			
9 Gross premiums Less: Return premiums, etc.			
10 (a) Decrease in reserves (after adjustment under section 810(a)) (attach schedule)			
(b) Decrease in section 811(b)(2) reserves (see Schedule E-2, Part II, line 3)			
11 Other amounts (attach schedule). (Also include amount from Schedule D (Form 1120-L), line 36 (c))			
12 Total (add lines 7 through 11)			

DEDUCTIONS

13 Death benefits, etc.		
14 Increase in reserves (after reduction for investment yield under section 810(b)) (attach schedule)		
15 Assumption by another person of liabilities under insurance, etc., contracts		
16 Interest wholly tax-exempt (line 4, column 3)		
17 Investment expenses, etc., not deducted on Schedule A (attach schedule)		
18 Small business deduction (Schedule C, line 11)		
19 Other deductions not deducted on Schedule A (attach schedule)		
20 Total (add lines 13 through 19)		
21 Dividends-received deduction (affiliated groups, see instructions):		
(a) 85% of line 5(a), column 3		
(b) 59.13% of line 5(b), column 3		
(c) 85% of line 5(c), column 3		
(d) Total, but not to exceed 85% of any excess of line 12 over line 20		
22 Operations loss deduction (attach schedule)		
23 Tentative deduction (add lines 20 through 22)		
24 Plus: (a) Dividends to policyholders (Schedule E-2, Part I, line 7)		
(b) Accident and health, and group life insurance (Schedule E-2, Part I, line 9)		
(c) Certain nonparticipating contracts (Schedule E-2, Part I, line 11)		
25 Total deductions (add lines 23 and 24)		
26 Gain or (loss) from operations (subtract line 25 from line 12). Enter here and on page 1, line 1(b)		

Schedule E-1 REQUIRED INTEREST (Section 809(a)(2))

	1. Rate	2. Beginning of taxable year	3. End of taxable year	4. Mean of columns 2 and 3	5. Column 1 times column 4
1 Sec. 810(c)(1) reserves (from Schedule B, Part IV, line 5, column 8 and Schedule B, Part V, line 7, column 8)					
2 Sec. 810(c)(3) reserves					
3 Sec. 810(c)(4) reserves					
4 Sec. 810(c)(5) reserves					
5 Sec. 810(c)(6) reserves					
6 Required interest (add lines 1 through 5)					

Schedule E-2

PART I—LIMITATION ON DEDUCTION (SCHEDULE E, LINE 24) (Section 809(f))

1 Statutory amount	\$250,000
2 (a) Schedule E, line 12	
(b) Tentative deduction (Schedule E, line 23)	
3 Gain from operations without regard to Schedule E, line 24 (subtract line 2(b) from line 2(a))	
4 Taxable investment income (Schedule C, line 13)	
5 Subtract line 4 from line 3 (but not less than zero)	
6 Maximum possible deduction for Schedule E, line 24 (add lines 1 and 5)	
7 Deduction for dividends to policyholders (Schedule E-2, Part II) (not in excess of line 6)	
8 Maximum deduction for accident and health, and group life insurance (subtract line 7 from line 6)	
9 Deduction for accident and health, and group life insurance (Schedule E-2, Part III) (not in excess of line 8)	
10 Maximum deduction for certain nonparticipating contracts (subtract line 9 from line 8)	
11 Deduction for certain nonparticipating contracts (Schedule E-2, Part IV, line 3) (not in excess of line 10)	

PART II—DIVIDENDS TO POLICYHOLDERS (Section 809(d)(3))

1 Dividends paid to policyholders	
2 (a) Increased by the excess of (i) over (ii):	
(i) Reserve at the end of the taxable year	
(ii) Reserve at the end of the preceding taxable year	
OR	
(b) Decreased by the excess of (i) over (ii):	
(i) Reserve at the end of the preceding taxable year	
(ii) Reserve at the end of the taxable year	
3 If greater than zero, enter on Schedule E-2, line 7; if less than zero, enter on Schedule E, line 10(b)	

PART III—CERTAIN ACCIDENT AND HEALTH INSURANCE AND GROUP LIFE INSURANCE (Section 809(d)(6))

1 Amount of deductions allowed or allowable in prior years under section 809(d)(6)	
2 Net premiums	
3 Line 2 multiplied by 2%	
4 Tentative deduction—the lesser of line 3 or (50% of line 2, less amount on line 1)	

PART IV—CERTAIN NONPARTICIPATING CONTRACTS (Section 809(d)(5))

1 (a) Reserve at the end of the taxable year	
(b) Subtract: Reserve at the beginning of the taxable year	
(c) Increase (if the difference is less than zero, enter zero)	
(d) Multiplied by	10%
2 (a) Net premiums	
(b) Multiplied by	3%
3 Tentative deduction—the greater of line 1 or line 2	

Schedule F SHAREHOLDER'S SURPLUS ACCOUNT (Section 815(b))

1 (a) Balance at the end of the preceding year	
(b) Transfers under section 815(d)(1) and (4) for preceding year	
(c) Balance at the beginning of the taxable year (line 1(a) plus line 1(b))	
2 Life insurance company taxable income computed without regard to section 802(b)(3) (line 1(c), page 1, plus line 2, page 1)	
3 Net capital gain income reduced by any income on line 2	
4 Dividends-received deduction (affiliated groups—see instructions):	
(a) 85% of Schedule A, line 2(a)	
(b) 59.13% of Schedule A, line 2(b)	
(c) 85% of Schedule A, line 2(c)	
(d) Total, but not to exceed 85% of any excess of line 12, Schedule E over line 20, Schedule E	
5 Interest wholly tax-exempt (Schedule A, line 1(a), column 4)	
6 Small business deduction (Schedule C, line 11)	
7 Total (add lines 1 through 6)	
8 Tax liability for 1979 under section 802(a) (computed without regard to section 802(b)(3)) (income tax computed on line 2 as if line 2 was total life insurance company taxable income)	
9 Subtract line 8 from line 7 (not less than zero)	
10 Distributions in 1979 (not greater than line 9)	
11 Balance as of the end of the taxable year (subtract line 10 from line 9)	

Schedule G POLICYHOLDER'S SURPLUS ACCOUNT (Section 815(c))

1 Balance as of the beginning of the taxable year	
2 Add: (a) 50% of any excess of the gain from operations over the taxable investment income (page 1, line 2)	
(b) The deduction for certain nonparticipating contracts (Schedule E, line 24(c))	
(c) The deduction for accident and health, and group life insurance (Schedule E, line 24(b))	
3 Total (add lines 1 and 2)	
4 (a) Actual distributions only in excess of Schedule F, line 9	
(b) Tax increase on line 4(a) by reason of section 802(b)(3)	
(c) Subtractions under section 815(d)(1) and (4) (see instructions)	
(d) Tax increase on line 4(c) by reason of section 802(b)(3)	
(e) Subtraction required under section 815(d)(2) due to termination	
5 Add lines 4(a) through (e) (not to exceed line 3). Enter here and on page 1, line 3	

Schedule H LIMITATION OF INVESTMENT EXPENSE DEDUCTION (You need not fill in Schedule H unless you claim a deduction for general expenses allocated to investment income.)

1 Mean of the assets for the taxable year (Schedule B, Part II, line 10, column 3)	
2 One-fourth of 1% of the mean of the assets (line 1)	
3 Mortgage service fees	
4 (a) (i) Investment yield computed without regard to investment expenses	
(ii) Three and three-fourths percent of line 1	
(iii) Line (i) less line (ii)	
(iv) One-fourth of line (iii)	
(v) Mortgage service fees (line 3)	
(vi) Line (iv) less line (v)	
(b) One-fourth of 1% of the amount on Schedule B, Part II, line 2(a), column 3	
(c) The greater of (a)(vi) or (b)	
5 Limit on deduction for investment expenses (add lines 2 through 4)	

Schedule J COMPENSATION OF OFFICERS (See instructions, page 7)

1. Name of officer	2. Social security number	3. Time devoted to business	Percent of corporation stock owned		6. Amount of compensation	7. Expense account allowance
			4. Common	5. Preferred		

Form 1120L (1979)

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Additional Information Required

C Check if a—

☐ Legal reserve company—If so, check:

Type of company—

☐ Stock

☐ Mutual

Principal business—

☐ Life insurance

☐ Health and accident insurance

☐ Fraternal or assessment association

☐ Burial or other insurance company

D Were you a member of a controlled group subject to the provisions of section 1561?

If answer was "Yes," check type of relationship:

(1) ☐ Parent-subsidiary(2) ☐ Brother-sister(3) ☐ Combination of (1) and (2)

(See section 1563)

E Enter the percentage that the total of your life insurance reserves (sec. 801(b)) plus unearned premiums and unpaid losses (whether or not ascertained) on noncancellable life, health or accident policies not included in life insurance reserves is to your total reserves (sec. 801(c)). Attach schedule.

F Do you have any variable annuity contracts outstanding?

G Do you have any segregated asset accounts?

If "Yes," see instruction P.

H Amount of total insurance-liabilities (see Schedule K) ▶

I (1) Did you at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation (for rules of attribution, see section 267(c))?

If "Yes," attach a schedule showing:

(a) Name, address, and identifying number;

(b) Percentage owned; and

(c) Taxable income or (loss) from line 28, page 1, Form 1120 of such corporation for the taxable year ending with or within your taxable year.

(2) Did any individual, partnership, corporation, estate, or trust at the end of the taxable year own, directly or indirectly, 50% or more of your voting stock (for rules of attribution, see section 267(c))?

If "Yes":

(a) Attach a schedule showing name, address, and identifying number.

(b) Enter percentage owned ▶ %

(c) Was the owner of such voting stock a person other than a U.S. person?
If "Yes," enter owner's country (see instruction R) ▶

J Did you previously file a copy of the annual statement for the preceding years as required by General Instruction K?

If "Yes," name the Internal Revenue Service Center in which filed ▶

K Does a copy of the 1979 annual statement accompany this return? If "No," see instructions and attach an explanation why the statement is not attached.

L (1) Did you claim a deduction for expenses connected with:

(a) Entertainment facility (boat, resort, ranch, etc.)?

(b) Living accommodation (except for employees on business)?

(c) Employees attending conventions or meetings outside the U.S. or its possessions?

(d) Employees' families at conventions or meetings?

If "Yes," were any of these conventions or meetings outside the U.S. or its possessions?

(e) Employee or family vacations not reported on Form W-2?

(2) Enter total amount claimed on Form 1120L for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d). (See instruction W.) ▶

M Did you file all required Forms 1087, 1096, and 1099?

N Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957)

If "Yes," attach Form 3646 for each such corporation.

O Enter the number of defined benefit and defined contribution plans you have for your employees (see instruction I) ▶

P At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country (see instruction T)?

Q Were you the grantor of or transferor to a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may be required to file Forms 3520, 3520A, or 926.

R During the tax year was any part of your tax accounting records maintained on a computerized system?

Form 1120L (1979)

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Schedule K ASSETS (Section 805(b)(4)) AND TOTAL INSURANCE LIABILITIES (Section 819(a)) (See instructions)

Assets—section 805(b)(4) (Schedule B, Part II, line 10, column 2) ▶				General account	Separate account
Line	1. Section	2. NAIC- page 3	3. Description of item	4. General account	5. Separate account
1	801(c)(1)	Line 1	Liabilities: Reserve for life policies and contracts Subtract: Deficiency reserves		
2	801(c)(2)	Line 2	Reserve for accident and health policies Subtract: Reserves for rate credits		
3	810(c)(3)	Line 3	Supplementary contracts without life contingencies		
4	810(c)(3)	Line 4.1	Policy and contract claims, life Subtract: Resisted life claims		
5	810(c)(3)	Line 4.2	Policy and contract claims, accident and health		
6	810(c)(4)	Line 5	Policyholders' dividend and coupon accumulations		
7	810(c)(5)	Line 9	Premiums and annuity considerations received in advance Subtract: Discount		
8	810(c)(5)	Line 10	Liability for premium deposits and other funds		
9	810(c)(6)		Other: Miscellaneous insurance liabilities, not included above, such as— (a) Special contingency reserves group life, health and accident insurance		
10	810(c)(3)		(b) Amounts held at interest under insurance, annuity or deposit administration contracts or pension trust side funds		
11	810(c)(3)		(c) Funds held to provide for future conversion of policies or contracts		
12	810(c)(3)		(d) Amounts held pending issue of contracts supplementary to insurance or annuity contracts		
13	801(c)(3)		(e) Other insurance liabilities or adjustments: (i) Reserves for mortality fluctuations (ii) Liability for insurance or annuity benefits for employees and agents (f) Other items (please describe):		
14	801(c)(3)				
15			Totals		
16			Total general account insurance liabilities. Enter total from line 15, column 4, here and in question H. See instructions		

*1979 Annual Statement Form approved by the National Association of Insurance Commissioners. References in column 2 apply to the general account only.

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T. Foreign financial accounts and foreign trusts.

Question P: Check the Yes box if either (1) or (2) below applies to you:

- (1) At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. Exception: Check No if either of the following apply to you:
 - The combined value of the accounts was \$1,000 or less during the whole year.
 - The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

- (2) You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1 to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked Yes for Question P, file Form 90-22.1 by June 30, 1980, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS.

You can get Form 90-22.1 from many IRS offices.

Question Q: Check the Yes box if you were a grantor of, or a transferor to, a foreign trust that existed during the tax year.

U. Employer identification number.—Enter the employer identification number (EIN) assigned to the corporation.

Corporations that do not have an EIN should apply for one on Form SS-4, available from any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120L is sent. Write "applied for" in the space provided for EIN, if it is not received by the time Form 1120L is filed.

W. Travel and entertainment expenses (section 274(d)).—(See item L(2), page 7.)—The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in years prior to taxable years beginning in 1979 but not deducted in those years are not required to be included in the total (i.e., expenditures reflected in beginning inventories, capitalized expenditures subject to depreciation, etc.). However, expenditures paid or incurred in tax year beginning in 1979 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Form W-2.

See regulations section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item L(2).

Note: Generally, for taxable years ending after December 31, 1978, no deduction is allowed for any expense paid or incurred with respect to a facility which is used in

connection with an activity which is of a type generally considered to constitute entertainment, amusement, or recreation. See section 274(a).

Specific Instructions

(Numbered to correspond with the line numbers on the return.)

SCHEDULE A—Investment Yield

The term "investment yield" means gross investment income, as defined in section 804(b), less the deductions allowed in section 804(c). The entire amount of the items of income and allowable deductions are to be reported in Schedule A. The purpose of including the entire amount of these items is to provide the basis for the exclusion of the policyholders' share of the investment yield from the life insurance company's taxable income.

1. Interest.—Enter interest from all sources during the taxable year. The gross amount of interest reported as gross income shall be decreased by the amortization of premium and increased by the accrual of discount (except market discount) attributable to the taxable year on bonds, notes, debentures, or other evidences of indebtedness, determined in accordance with: (1) the method regularly employed, if reasonable, or (2) regulations prescribed by the Secretary or his delegate. See section 818(b). (Attach a statement showing method and computation.)

2. Dividends.—

(a) Enter dividends received from domestic corporations subject to income tax and which are subject to the 85% deduction under section 243(a)(1).

So-called dividends or earnings received from mutual savings banks, etc., are really interest and should not be treated as dividends.

For dividends received from a regulated investment company, see section 854, for the amount subject to the 85% deduction.

(b) Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

(c) Enter dividends received from foreign corporations and which qualify for the 85% deduction provided in section 245(a).

Also include in line 2(c) dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b). In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a taxable year during which (1) all of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving such dividends and (2) all of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S.

If dividends received from wholly-owned foreign subsidiaries are included in line 2(c), attach a schedule showing the amount of these dividends included.

(d) Enter dividends entitled to the 100% dividends-received deduction under section 243(a)(3) and which are subject to the elective provisions of section 243(b).

(e) Attach a schedule showing depreciation:

(1) Foreign dividends not reportable on line 2(c). (Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F.)

(2) Income constructively received from controlled foreign corporations under subpart F. (This amount should equal the total of amounts reported in Schedule A, Form(s) 3645.)

(3) "Gross-up" of dividends for taxes deemed paid under sections 902 and 960.

(4) Dividends (other than capital gain dividends and exempt interest dividends) received from regulated investment companies and which are not subject to the 85% deduction; dividends (other than capital gain dividends) received from a real estate investment trust which, for the taxable year of the trust in which the dividends are paid, qualifies under sections 856-860; dividends not eligible for the dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend not properly reported above.

3. Gross rents.—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, taxes, and depreciation in the proper lines for deductions.

4. Gross royalties.—Enter the gross amount of royalties. If a deduction is claimed for depletion, report it on line 12.

5. Leases, terminations, etc.—Enter the gross amount of income from the entering into (or the alteration or termination) of any lease, mortgage, or other instrument or agreement from which the life insurance company derives interest, rents, or royalties.

6. Net short-term capital gain.—Enter the amount (if any) by which the net short-term capital gain exceeds the net long-term capital loss. See separate Schedule D (Form 1120L).

7. Gross income from trade or business other than insurance business.—Enter the gross income from any trade or business (other than an insurance business) carried on by the life insurance company, or by a partnership of which the life insurance company is a member.

Include section 1245 and section 1250 etc., gains from Form 4797 with respect to investment assets.

Deductions

9. Investment expenses.—Enter expenses which are properly chargeable as investment expenses. If you allocate general expenses to investment expenses, the total deduction cannot exceed line 5, Schedule H. Attach a schedule showing the nature and amount of items included and group the minor items into one amount.

10. Real estate expenses.—Enter the amount of taxes (section 164); all ordinary and necessary building expenses, such as fire insurance, heat, light, labor, and the cost of incidental repairs which neither materially add to the value of the property nor appreciably prolong its life, but keep it in an ordinary efficient operating condition.

exclusively on or with respect to the real estate owned by the company. Do not include any amount paid for new buildings or for permanent improvements or betterments made to increase the value of any property or any amount expended on foreclosed property before such property is held for rental purposes. These taxes and other expenses should be itemized in an attached schedule.

11. Depreciation.—See instructions for Form 4562.

Limitation on deductions relating to real estate owned and occupied.—The deductions included on lines 10 and 11 for real estate owned and occupied for insurance purposes in whole or in part by the company is limited to an amount which bears the same ratio to those deductions (computed without regard to the second sentence of section 804(c)(3)) as the rental value of the space not so occupied bears to the rental value of the entire property. Attach a detailed schedule.

12. Depletion.—See section 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T if a deduction is claimed for depletion of timber.

13. Trade or business deductions.—Enter the total deductions attributable to any trade or business (other than an insurance business) income that is included in the life insurance company's gross investment income under section 804(b)(3). Do not include losses (a) from (or considered as from) sales or exchanges of capital assets, (b) from sales or exchanges of property used in the trade or business (as defined in section 1231(b)), or (c) from the compulsory or involuntary conversion of property used in the trade or business.

The deduction for net operating losses (section 172) and the special deductions (sections 241 through 250) are not allowed.

SCHEDULE B.—

Part I—Policy and Other Contract Liability Requirements (Section 805(e))

Purpose.—The next step after determining investment yield (Schedule A) is to determine the policy and other contract liability requirements. This computation furnishes the numerator, with the total of the investment yield as the denominator, to determine the policyholders' share of investment yield which is not included in computing taxable investment income (Schedule C).

Definition.—The term "policy and other contract liability requirements" means the sum of (1) the adjusted life insurance reserves (from Part VI), multiplied by the adjusted reserves rate (from Part III); (2) the mean of the pension plan reserves at the beginning and end of the taxable year (from Part V), multiplied by the current earnings rate (from Part II); and (3) the interest paid (from Part VII).

Part II—Assets (Section 805(b)(4))

Purpose.—This computation is necessary in order to determine the earnings rates in Part III.

Definition.—The term "assets" for this purpose means all assets of the company (including nonadmitted assets) and in-

cludes all moneys but does not include real and personal property (other than money) used by the company in carrying on an insurance trade or business.

Valuation.—The amount attributable to real property and to stocks is their fair market value. The amount attributable to other assets is the adjusted basis of such assets for purposes of determining gain on sale or other disposition. This adjusted basis is determined under section 1011, and related sections, without regard to section 817(b).

Section 806(a) adjustment.—If, during the taxable year, there is a change in life insurance reserves (either increases or decreases) attributable to the transfer between the taxpayer and another person of liabilities under contracts taken into account in computing such reserves, the mean of the assets must be appropriately adjusted on a daily basis to reflect the amounts involved in such transfer. See section 1.806-3 of the regulations. Attach a schedule showing the adjustment.

Part III—Earnings Rate (Section 805(b))

The term "current earnings rate" means the percentage determined by dividing the investment yield for the taxable year (Schedule A), by the mean of the assets at the beginning and end of the taxable year (Part II—Assets).

The term "average earnings rate" means the sum of the current earnings rate for the taxable year and the earnings rate for each of the 4 taxable years immediately preceding the taxable year, divided by 5. If in computing the 5-year average earnings rate for any taxable year, the company was an insurance company (but not a life insurance company) in any of the 4 years preceding the taxable year, the computation shall be made as if the company were a life insurance company for such year. Where the company was not in existence for one or more of the 4 preceding years or was not an insurance company for one or more of such years, no entry shall be made for such year or years. The average earnings rate (line 7) is determined by adding the percentages entered, and dividing this sum by the number of applicable years. For example, if entries are made on three lines, divide the sum by 3. See General Instruction N.

Part IV—Average Interest Rate Assumed (Section 805(c)(2))

The purpose of this schedule is to determine a rate which is used in the computation of adjusted life insurance reserves (Part VI). See General Instruction N. Exclude pension plan reserves from life insurance reserves for the purpose of determining the taxpayer's assumed rate under this part. See Part V.

Columns 5 and 6.—Adjustment under section 806(b).—If the basis for determining the amount of any item referred to in section 810(c) (life insurance reserves, etc.) as of the close of the taxable year differs from the basis for such determination as of the beginning of the taxable year, then the amount of the item as of the close of the taxable year must be the amount computed on the old basis, and the amount of the item as of the beginning of the next taxable year must be the amount computed on the new basis.

Adjustment under section 818(c).—This adjustment is required where the company actually computes its life insurance re-

serves on one of the recognized preliminary term basis but elects to convert them to a net level premium basis in the computation of the reserves for tax purposes.

If elected, the conversion may be made by one of two methods:

Method 1. Exact revaluation: Under this method, the company must compute the reserves for all contracts (with respect to which reserves are computed on a preliminary term basis) on a net level premium basis using the same mortality assumptions and interest rates for both the preliminary term basis and the net level premium basis.

Method 2. Approximate revaluation: Under this method, with respect to contracts for which reserves are computed under the preliminary term basis, the reserves are increased by the sum of (1) \$21 per \$1,000 of insurance in force (other than term insurance), less 2.1% of reserves under such contracts; and (2) \$5 per \$1,000 of term insurance in force under contracts which at the time of issuance cover a period of more than 15 years, less 0.5% of reserves under such contracts.

A life insurance company may elect, under section 818(c), the approximate revaluation method for all its life insurance reserves, other than noncancelable accident and health reserves, and use the exact revaluation method for all its noncancelable accident and health reserves. (Revenue Ruling 60-61, 1950-1 C.B. 265.)

Column 7.—Adjustment under section 806(a).—If, during the taxable year, there is a change in life insurance reserves attributable to the transfer between the company and another person of liabilities under contracts taken into account in computing such reserves, the means of such reserves must be appropriately adjusted on a daily basis to reflect the amount involved in such transfer. (See section 1.806-3 of the regulations.) This adjustment is applicable whether or not the transfer of the liabilities was the original insurer. However, this adjustment is not applicable to reinsurance ceded by another person to the taxpayer or by the taxpayer to another person. For the definition of "life insurance reserves," see section 801(b).

Part V—Pension Plan Reserves (Section 805(d))

These reserves must be adjusted under sections 806 and 818(c) as described in Part IV above.

Part VI—Adjusted Life Insurance Reserves (Section 805(c)(1))

This term constitutes the mean of the life insurance reserves (as defined in section 801(b)), computed under Part IV (excluding pension plan reserves taken into account under Part V), adjusted as set forth in Part VI, Schedule B.

Part VII—Interest Paid (Section 805(e))

1.—Enter all interest for the taxable year on indebtedness, except on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from tax.

2.—Enter all amounts in the nature of interest, whether or not guaranteed, for the taxable year on insurance or annuity contracts (including contracts supplement-

tary thereto) which do not involve, at the time of accrual, life, health, or accident contingencies.

3.—Enter all amounts accrued for the taxable year for discounts in the nature of interest, whether or not guaranteed, on premiums or other consideration paid in advance on insurance or annuity contracts.

4. Enter all interest for the taxable year on special contingency reserves under contracts of group term life insurance or group health and accident insurance which are established and maintained for the provision of insurance on retired lives, for premium stabilization, or for a combination thereof.

SCHEDULE C.—Taxable Investment Income

General.—The policyholders' share of each item of investment yield (including tax-exempt interest, and dividends received) of any life insurance company cannot be included in taxable investment income.

1.—Enter the percentage that represents the policyholders' share of each item of investment yield. This percentage is determined by dividing the policy and other contract liability requirements (Schedule B) by the investment yield (Schedule A), except that if the amount of the policy and other contract liability requirements exceeds the investment yield, the policyholders' share of any item must be 100%. See General Instruction N.

2.—Enter the percentage that represents the life insurance company's share of any item of investment yield. This percentage is equal to the difference between 100% and the percentage on line 1.

4.—Enter on line 4, column 1, the amount of interest which is wholly exempt from tax under section 103. (Where securities of a municipality are originally issued at a price not less than par value and are subsequently acquired by a purchaser at a discount, such discount is not in the nature of tax-exempt interest within the meaning of section 108.) Multiply the amount on each line in column 1 by the percentage from line 1 and enter the product for such line in column 2. The amounts entered in column 2 represent the policyholders' share of these items which is not included in taxable investment income. Enter in column 3 the difference obtained by subtracting column 2 from column 1. The amounts entered in column 3 represent the company's share of these items of investment yield.

Reductions

9. Interest wholly tax-exempt.—Enter the amount from line 4, column 3. This amount is the company's share of wholly tax-exempt interest which, like the policyholders' share of such interest (from line 4, column 2), is not included in taxable investment income.

10. Dividends-received deduction.—(a) Dividends received from domestic corporations.—Enter 85% of the company's share (line 5(a), column 3) of the amount received as dividends (except dividends on certain preferred stock of public utilities) from domestic corporations subject to income tax. Members of certain affiliated groups may elect to deduct 100% of the qualifying dividends received from other members of the same group. Include the company's share of the 100% deduction on line 10(a). See section 243.

(b) Dividends received on certain preferred stock of public utilities.—Enter 59.13% of the company's share (line 5(b), column 3) of the amount received as dividends on the preferred stock of a public utility which is subject to income tax and which is allowed a deduction for dividends paid under section 247. See section 244.

(c) Dividends received from foreign corporations subject to the 85% deduction.—Enter 85% of the company's share (line 5(c), column 3) of dividends received from foreign corporations subject to the 85% deduction.

Also enter on this line 100% of the company's share of dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b).

See section 245 for qualifications and limitations on the amount of these deductions.

(d) Total dividends-received deduction.—The total of the dividends-received deduction cannot exceed 85% of taxable investment income computed without regard to this deduction.

The limitation for a member of an electing affiliated group is 85% of taxable investment income computed without regard to this deduction. However, this deduction must be reduced by the deduction for 100% (as described in 10(a) above) of the qualifying dividends received from the same group since these dividends are not subject to the 85% limitation.

In general, no dividends-received deduction will be allowed on any share of stock (a) that is disposed of if the corporation held it 15 days or less, or (b) to the extent the corporation is under an obligation to make corresponding payments with respect to substantially identical stock or securities.

11. Small business deduction.—Enter 10% of the investment yield (Schedule A) but not to exceed \$25,000. Members of certain affiliated groups are limited to one \$25,000 limitation. (Section 243.)

Members of a controlled corporate group are limited to one \$25,000 small business deduction. See section 1561(e).

SCHEDULE E.—Gain and Loss From Operations

General.—The share of each item of investment yield (including tax-exempt interest and dividends received) of any life insurance company set aside for policyholders cannot be included in gain and loss from operations.

1.—Enter the percentage which represents the share of any item of investment yield which is set aside for policyholders. This percentage is determined by dividing the required interest (Schedule A) by the investment yield (Schedule A), except that if the amount of the required interest exceeds the investment yield, then the share of any item set aside for policyholders must be 100%. See General Instruction N.

2.—Enter the percentage which represents the life insurance company's share of any item of investment yield. This percentage is equal to the difference between 100% and the percentage on line 1.

4.—Enter on line 4, column 1, the amount of interest which is wholly exempt from tax under section 103. (Where securities of a municipality are originally issued at a price not less than par value and are subsequently acquired by a purchaser at a discount, such discount is not in the nature of tax-exempt interest within the meaning of section 103.) Multiply the

amount on each line in column 1 by the percentage from line 1 and enter the product for each line in column 2. The amounts entered in column 2 represent the policyholders' share of these items which are not included in gain and loss from operations. Enter in column 3 the difference obtained by subtracting column 2 from column 1. The amounts entered in column 3 represent the company's share of these items of investment yield.

9.—Enter the gross amount of premiums and other consideration (including advance premiums, deposits, fees, assessments, and consideration from assuming liabilities under contracts not issued by the company) on insurance and annuity contracts (including contracts supplementary thereto); less return premiums, and premiums and other consideration arising out of reinsurance ceded. Except in the case of premiums or other consideration returned to another life insurance company from reinsurance ceded, amounts returned where the amount is not fixed in the contract but depends on the experience of the company or the discretion of the management cannot be included. However, amounts rebated or refunded due to policy cancellations or to erroneously computed premiums are treated as return premiums.

10(a). Decrease in reserves.—Enter the excess of the sum of the items described in section 810(c) as of the beginning of the taxable year over the sum of such items as of the close of the taxable year (reduced by the policyholders' share of investment yield not included in gain and loss from operations—from line 7, column 2).

10(b). Decrease in section 811(b)(2) reserves.—Enter the amount (from line 3, Part II, Schedule E-2) by which the decrease for the taxable year in the reserves for policyholder dividends exceeds the amount of dividends paid to policyholders during such year. Enter also one-tenth of any net decrease in reserves attributable to the operation of section 810(d).

11. Other amounts.—Enter the total amount of other income not included in computing investment yield and not otherwise included above to the extent that such items are includible in gross income. However, exclude all gains from the sale or exchange of capital assets and gains considered as gains from the sale or exchange of a capital asset.

Deductions

13. Death benefits, etc.—Enter the amount of all claims and benefits accrued (including matured endowments and amounts allowed on surrender) and losses incurred (whether or not ascertained) during the year on insurance, annuity, and supplementary contracts. The term "losses incurred (whether or not ascertained)" refers to a reasonable estimate of the amount of the losses incurred but not reported as well as losses reported but not included in the amount cannot be ascertained by the end of the year.

14. Increase in reserves.—Enter the excess of the sum of the items described in section 810(c) as of the close of the taxable year (reduced by the policyholders' share of investment yield not included in gain and loss from operations (line 7, col. 2)) over the sum of such items as of the beginning of the taxable year. Enter also one-tenth of any net increase in reserves attributable to the operation of section 810(d).

Page 5

15. Assumption by another person of liabilities under insurance, etc., contracts.—Enter the amount of the consideration (other than consideration arising from reinsurance ceded) from the assumption by another person of liabilities under insurance and annuity contracts (including contracts supplementary thereto).

16. Interest wholly tax-exempt.—Enter the amount from line 4, column 3. This amount is the company's share of wholly tax-exempt interest which, like the policyholders' share of such interest (from line 4, column 2), is not included in gain and loss from operations.

17. Investment expenses.—Enter the excess of the total investment expenses over the amount allowed in computing investment yield (Schedule A), and the amount (if any) by which the sum of the deductions allowable (line 14, Schedule A) exceeds the gross investment income (Schedule A, line 8). Attach a schedule showing computations.

18. Small business deduction.—Enter 10% of the investment yield (Schedule A) but not to exceed \$25,000. Members of certain affiliated groups are limited to one \$25,000 limitation. (Section 243.)

Members of a controlled corporate group are limited to one \$25,000 small business deduction. See section 1561(e).

19. Other deductions.—Enter the total amount of all other deductions, not included in computing investment yield and not included in lines 21 through 24, to the extent allowable as deductions in computing taxable income except as modified below:

(a) Interest.—No deduction is allowed under section 163 for interest on the items described in section 810(c).

(b) Bad debts.—No deduction is allowed for an addition to reserves for bad debts under section 166(c), but a deduction for specific bad debts is permitted to the extent that the other provisions of that section are applicable.

(c) Contributions.—Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined. For limitation and the application of a charitable contribution carryover, see section 1.809-6(c) of the regulations.

In applying section 170, the 5% limitation on total deductions must be computed under section 809(e)(3). See section 1.809-6(c) of the regulations.

Charitable contributions in excess of the 5% limitation may not be deducted for the taxable year but may be carried over to the next 5 taxable years.

Companies on the accrual basis may elect to deduct contributions paid on or before the 15th day of the 30th month following the end of the taxable year if the contributions are authorized by the board of directors during the taxable year. A declaration, signed by an officer, stating that the resolution authorizing the contribution was adopted by the board of directors during the taxable year, and a copy of the resolution, must both be attached to the return.

Special rule for contributions of certain property.—If a charitable contribution of property is made, the contribution must be reduced by the sum of:

(1) the ordinary income, short-term capital gain, and

(2) for certain contributions, 60.87% of the long-term capital gain, that would have resulted if the property were sold at its fair market value. The reduction for 60.87% of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of any property to or for the use of certain private foundations. (Section 170(e).) For special rules regarding a contribution of inventory, and other ordinary income property (described in section 1221 (1) or (2)), to an exempt organization described in section 501 (c)(3), for use in the care of the ill, needy, or infants, see section 170(e)(3).

Bargain sale to a charitable organization.—If a charitable contribution deduction is taken for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

(d) Amortizable bond premiums.—No deduction is allowed under section 171 since a deduction for such premiums has already been taken into account in Schedule A.

(e) Net operating loss deduction.—The deduction under section 172 is not allowed in lieu thereof an "operations loss deduction" is allowed. See line 22.

(f) Dividends received.—No deduction is allowed under sections 243, 244, or 245 in view of the deduction allowed under section 809(d)(8). See line 21.

Attach a schedule showing the nature and amount of items included and group the minor items into one amount. If a deduction is claimed for depreciation, attach Form 4562, Depreciation.

21. Dividends-received deduction.—(a) Dividends received from domestic corporations.—Enter 85% of the company's share (line 5(a), column 3) of the amount received as dividends (except dividends on certain preferred stock of public utilities) from domestic corporations subject to income tax. Members of certain affiliated groups may elect to deduct 100% of the qualifying dividends received from other members of the same group. Include the company's share of the 100% deduction on line 21(a). See section 243.

(b) Dividends received on certain preferred stock of public utilities.—Enter 59.13% of the company's share (line 5(b), column 3) of the amount received as dividends (except dividends on certain preferred stock of public utilities) from domestic corporations subject to income tax and which is allowed a deduction for dividends paid under section 247. See section 244.

(c) Dividends received from foreign corporations subject to the 85% deduction.—Enter 85% of the company's share (line 5(c), column 3) of dividends received from foreign corporations subject to the 85% deduction.

Also enter on this line 100% of the company's share of dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b).

See section 245 for qualifications and limitations on the amount of these deductions.

(d) Section 246(b) limitation.—In applying this 85% limitation to the total dividends-received deduction, the gain from operations is computed without regard to the deductions for certain nonparticipating contracts (line 24(c)); accident and health insurance, and group life insurance (line 24(b)); dividends to policyholders (line 24(a)); the operations loss deduction (line 22); and the dividends-received deduction. Since these items have not been deducted, the 85% limitation is applicable to the excess, if any, of line 12 over line 20.

For a member of an electing affiliated group, the 85% limitation is applicable to the excess, if any, of line 12 over line 20. Line 20, however, must first be reduced by the deduction for 100% (as described in 21(a) above) of qualifying dividends received from the same group, since these dividends are not subject to the 85% limitation.

Exception.—The 85% limitation does not apply to any year for which there is a loss from operations.

22. Operations loss deduction.—This deduction allowed under section 809(d)(4) and determined under section 812 is, in substance, the same as the net operating loss deduction provided by section 172. The "operations loss deduction" is the sum of the operations loss carryovers and carrybacks to the taxable year (section 812 (a)).

Generally, a net operating loss may be carried back to each of the 3 years preceding the year of each loss and carried over to each of the 7 years following the year of such loss, or, an irrevocable election may be made whereby a net operating loss may be carried over to each of the 7 years following the year of such loss. See section 812(b)(3). If the company is a new company for the loss year, the carryover is for 10 years. For the definition of a new company and for the limitations on the 10-year carryover, see section 812(e) and the related regulations. After applying the net operating loss to the first taxable year to which it may be carried, the portion of the loss that may be carried to each of the remaining taxable years is the excess, if any, of the loss over the sum of the taxable income for each of the prior taxable years to which the loss may be carried.

See section 844 for special loss carryover rules that pertain to an insurance company that has changed its form of organization or has had a change in the nature of its insurance business.

For tax treatment of recoveries of foreign expropriation losses, see section 1351.

The term "offset" (for any taxable year) means an amount equal to the increase in the operations loss deduction for the taxable year that reduces the life insurance company taxable income (computed without regard to section 802(b)(3)) for the year to zero.

The term "loss from operations" means the excess of allowable deductions (computed with the modifications in (a) and (b) below) over the amount on line 12.

(a) No operations loss deduction is allowed.

(b) The deductions allowed by section 244 (dividends received by corporations), section 244 (dividends received on certain preferred stock of public utilities), and section 245 (dividends received from certain foreign corporations) must be computed without regard to section 246(b), as modified by section 809(d)(8)(B).

24.—The deduction for certain nonparticipating contracts, accident and health insurance and group life insurance:

ance, and dividends to policyholders cannot exceed \$250,000 plus the amount, if any, by which (a) the gain from operations for the taxable year, computed without regard to these deductions, exceeds (b) the taxable investment income for the taxable year. The limitation in the foregoing sentence will apply to the amount of the deduction for: first, dividends to policyholders; then, accident and health insurance and group life insurance; and finally, certain nonparticipating contracts. See Schedule E-2, Part I.

SCHEDULE E-1.—Required Interest (Section 809(a)(2))

The term "required interest" for any taxable year means the sum of the products obtained by multiplying (A) each rate of interest required, or assumed by the taxpayer, in calculating the reserves described in section 810(c), by (B) the means of the amount of such reserves computed at such rate at the beginning and end of the taxable year. See General Instruction N.

SCHEDULE E-2.—Part I—Limitation on Deduction (Schedule E, line 24) (Section 809(f))

Parts II, III, and IV should be completed before making entries in this schedule. By completing this schedule, the limitation provided in section 809(f) and explained in connection with Schedule E, line 24 automatically applies.

PART II—Dividends to Policyholders (Section 809(d)(3))

The term "dividends to policyholders" means dividends and similar distributions made to policyholders in their capacity as such. In general, amounts returned where the amount is not fixed in the contract but depends on the experience of the company or the discretion of the management are to be treated as dividends to policyholders. The term does not include interest paid (as defined in section 805(a)), or, for example, so-called excess interest payments made with respect to supplementary contracts not involving life, accident, or health contingencies merely because such interest payments exceed the amounts guaranteed under such contracts.

The deduction is an amount equal to the dividends paid to policyholders during the taxable year plus (or minus) any increase (or decrease) in the reserves for policyholder dividends payable during the following taxable year. For this purpose, reserves for policyholder dividends at the end of any taxable year includes all amounts set aside before the 16th day of the third month of the year following such taxable year for payment of policyholder dividends during the year following such taxable year.

If the amount of the decrease for the taxable year in the reserves for policyholder dividends exceeds the amount of dividends paid to policyholders during the year, the amount of the excess shall be taken into account as an income item (Schedule E, line 10(b)).

Part III—Certain Accident and Health Insurance and Group Life Insurance (Section 809(d)(5))

This deduction is an amount equal to 2% of the premiums for the taxable year attributable to accident and health insurance contracts (other than those to which Schedule E-2, Part IV applies) and group life insurance contracts. The term "premiums" means the net amount of the premiums and other consideration taken into account in Schedule E. However, the deduction allowed for the taxable year and

all preceding taxable years cannot exceed an amount equal to 50% of the premiums for the taxable year attributable to the contracts.

PART IV—Certain Nonparticipating Contracts (Section 809(d)(5))

This deduction is an amount equal to 10% of the increase for the taxable year in the reserves for nonparticipating contracts (excluding group contracts) or, if greater, an amount equal to 3% of the premiums for the taxable year (excluding that portion of the premiums which is allocable to annuity features) attributable to nonparticipating contracts (other than group contracts) which are issued or renewed for periods of 5 years or more. The term "reserves for nonparticipating contracts" means such part of the life insurance reserves (excluding that portion of the reserves which is allocable to annuity features) as relates to nonparticipating contracts (other than group contracts). The term "premiums" means the net amount of the premiums and other consideration taken into account in Schedule E.

The premiums referred to include only premiums attributable to nonparticipating contracts (other than group contracts) which are issued or renewed for periods of 5 years or more, but do not include that portion of the premiums which is allocable to annuity features. The determination of whether a contract meets the 5-year requirement will be made as of the date it was issued or renewed, whichever is applicable. Thus, a 20-year nonparticipating endowment policy will qualify under section 809(d)(5), even though the individual insured subsequently dies at the end of the second year, since the policy was issued for a period of 5 years or more. However, a 1-year renewable term contract will not qualify, in that, as of the date it was issued (or of any renewal date), it was not for a period of 5 years or more. Also, a policy originally issued for a 3-year period and subsequently renewed for an additional 3-year period will not qualify. However, if this policy were renewed for a period of 5 years or more, the policy would qualify under section 809(d)(5) from the date it was renewed.

SCHEDULE F.—Shareholders' Surplus Account (Section 815(b))

Section 815(b)(1) provides that each stock life insurance company (both domestic and foreign) must establish and maintain a shareholders' surplus account. The balance remaining in this account as of January 1, 1979, must be increased by the net additions thereto as provided in section 815(b)(2) (lines 2-8 of the schedule). In determining the amount to be entered on line 3, the amount, if any, of the net capital gain must be reduced by the taxable income (computed without regard to section 802(b)(3)). For instructions on the limitation of the dividends received deduction on line 4 when the 100% dividend received deduction under section 243(b) is applicable, see instructions for Schedule E, line 21(d). Subtract from this account any amount that is treated under section 815 as a distribution to shareholders. Any distribution to shareholders must be treated as made first out of this account, to the extent thereof.

SCHEDULE G.—Policyholders' Surplus Account (Section 815(c))

Section 815(c)(1) provides that every stock life insurance company (both domestic and foreign) shall establish and maintain a policyholders' surplus account. The

balance remaining in this account as of January 1, 1979, must be increased by the additions as provided in section 815(c)(2) (line 2 of the schedule) and must be decreased by the subtractions as provided in section 815(c)(3) (line 4 of the schedule).

Enter on line 4(a) the actual distributions to shareholders in excess of the amount reported on Schedule F, line 9. The amount to be entered on line 4(b) is the tax attributable to the amount (which is treated as a subtraction from this account) after deducting the tax is the amount reported on line 4(a). This amount can be determined by applying to the amount on line 4(a), a ratio, the numerator of which is 100% and the denominator of which is 100% minus the taxpayer's tax rate. The subtractions to be entered on line 4(c) must be treated as made only after the subtractions have been made on lines 4(a) and (b).

Section 815(d)(5) provides that if any amount added to the policyholders' surplus account increases or creates a loss from operations and part or all of the loss cannot be used in any other year to reduce the company's taxable income, then the loss will reduce (as of the time the addition to the policyholders' surplus account was made) the policyholders' surplus account. The reduction from the account must be made after any addition and before any additions are subtracted from the account. If the policyholders' surplus account has been adjusted under section 815(d)(5) and the balance at the end of the preceding year is different from the balance as of the beginning of the current year, attach a schedule showing adjustments to reconcile the preceding balance and current balance.

SCHEDULE J.—Compensation of Officers

Complete Schedule J, columns 1 through 6, for all officers. Complete Schedule J, column 7, for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than compensation, received as advances or reimbursements, and (2) amounts paid by or for the corporation for expenses incurred by or on behalf of an officer. Column 7 does not have to be computed for any officer for whom the combined amount is less than \$30,000.

The information is to be submitted by each member of an affiliated group included in a consolidated return.

SCHEDULE K.—Assets (Section 805(b)(4)) and Total Insurance Liabilities (Section 819(a))

General Instructions

Schedule K provides information needed to determine a figure to be used in the computation of the U.S. income tax liability of foreign corporations carrying on life insurance business within the United States (see section 819(a)). All insurance companies required to file Form 1120L should submit this schedule, even though the determined figure has no effect on the tax liability of domestic companies and may not affect the tax liability of certain foreign companies.

Companies with general accounts only should complete columns 4 of this schedule. Companies with separate asset accounts

should include separate information for their general accounts (column 4) and for the total of all their separate accounts (column 5). This will also satisfy the requirement contained in instruction P of the General Instructions that a schedule be attached.

Specific Instructions

The term "total insurance liabilities" means the sum of the total reserves (as defined in section 801(c)) plus the items referred to in paragraphs (3), (4), (5), and (6) of section 810(c), to the extent not included in total reserves, as of the end of the taxable year.

A. Enter section 805(b)(4) assets from Schedule B, Part II, line 10, column 2 of Form 1120L.

B. Enter each item of total insurance liabilities on the appropriate line. Enter on line 14 any other liabilities included in the definition of "total insurance liabilities," but not described on this schedule.

C. Companies with separate assets accounts, enter in question H total insurance liabilities for the general account (column 4) only.

D. Foreign insurance companies should report total insurance liabilities and section 805(b)(4) assets relating to their U.S. business only.

Tax Computation Instructions

General. Section 802(a)(1) provides a tax on the life insurance company taxable income computed at the rates provided in section 11.

1. **Taxable income bracket amount.**—Generally, corporations are entitled to one \$25,000 amount in each taxable income bracket. However, members of a controlled group (as defined in section 1563) are entitled to only one \$25,000 amount in each taxable income bracket in total.

Unless an unequal apportionment plan is elected, members of a controlled group will divide each taxable income bracket amount equally. However, members of a controlled group may elect to apportion each taxable income bracket amount in any manner that they see fit.

If an apportionment plan is adopted or later amended, each member of the controlled group must attach to its tax return a copy of its consent to the plan. The copy should show the amount of each taxable income bracket apportioned to that member as well as other data. See section 1561 for the time and manner of making the election.

Members of a controlled group should enter their share of the taxable income bracket amount on lines 5, 7, 9, and 11.

2. **Credit for wages paid or incurred in Work Incentive (WIN) program.**—Generally, employers may claim a credit of 50% of qualified first-year wages and 25% of qualified second-year wages. See Form 4874 for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the amount of the WIN credit (determined without regard to the limitation based on tax (section 50A(a)(2)).

Attach a schedule to Form 4874 to show how and where the reduction of the salary and wage deduction(s) was made. Show in

this schedule the amount of the otherwise allowable deduction(s) before the reduction and the net amount actually deducted. Identify the line number, schedule, and page number of Form 1120L for which a reduction is made. If the reduction of salaries and wages is less than the WIN credit on line 11 of Form 4874 explain the difference.

3. **Tax from recomputing a prior year WIN credit.**—The corporation must repay the WIN credit taken on WIN employee wages paid or incurred prior to January 1, 1979, if the WIN employee for which the WIN credit was taken is dismissed before the end of the first 90 calendar days of employment (whether or not consecutive) or during the following 90 calendar days. See section 50A(c) for special rules and exceptions.

Note. Section 50A(c) was repealed by P.L. 95-600 effective for WIN program expenses paid or incurred after December 31, 1978.

The tax from recomputing a prior year work incentive credit may not be offset against the current year's work incentive credit.

4. **Investment credit.**—In most cases, the investment credit rate is 10% for property acquired and placed in service during the taxable year. Corporations may elect an 11% credit for such property if the corporation contributes 1% of the qualified investment to an employee stock ownership plan (ESOP). A corporation may elect up to an 11.5% credit for qualifying 10% property, if (1) the corporation increases its ESOP contribution from 1% up to 1.5% of the qualified investment in qualifying 10% property and (2) corporate employees make an ESOP contribution of up to 2% of their salary for each year. Complete Form 5500 for each employee stock ownership plan and file it on or before the last day of the 7th month following the close of the plan year.

The corporation is also allowed a 10% energy investment credit for investment in qualified energy property. The 10% regular investment credit if the energy property is also regular investment credit property.

Use Form 3468 and Schedule B (Form 3468) to figure these credits.

5. **Tax from recomputing a prior year investment credit.**—If property is disposed of prior to the life-years category used in computing the investment credit, the credit must be recomputed using as the useful life the period the property was actually held. (For recomputation of the investment credit for qualified progress expenditures, see section 47(a)(3).) If the credit taken, including carrybacks and carryovers, exceeds the recomputed credit, the tax in the year of disposition must be increased by the excess. Form 4255 may be used to compute the tax.

The tax from recomputing a prior year investment credit may not be offset against the current year's investment credit.

6. **Jobs credit.**—The credit, if elected, is allowed for hiring members of seven targeted groups during the tax year. Generally, the allowable credit is equal to 50% of qualified first-year wages paid or incurred and 25% of qualified second-year wages paid or incurred. See Form 5884 for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the amount of the jobs credit (determined without regard to the limitation based on tax (section 53)). Members of a controlled group or a trade or business under common control with other trades or businesses, see section 280C.

Attach a schedule to Form 5884 to show how and where the reduction of the salary and wage deduction(s) was made. Show in this schedule the amount of the otherwise allowable deduction(s) before the reduction and the net amount actually deducted. Identify the line number, schedule, and page number of Form 1120L for which a reduction is made. If the reduction of salaries and wages is less than the jobs credit on line 9 of Form 5884, explain the difference.

7. **Foreign corporations.**—A foreign corporation carrying on an insurance business within the U.S. is taxable in the same manner as a domestic insurance company with respect to its income effectively connected with the conduct of a trade or business within the U.S. See section 842. Income from sources without the U.S. which is attributable to U.S. business is treated as effectively connected with the conduct of a trade or business within the U.S. For further definition of effectively connected income, see section 864(c).

Any other U.S. source income received by a foreign corporation not effectively connected with the conduct of a trade or business within the U.S. is taxed at a 30% (or lower treaty) rate. See section 881. If you have any such income, attach a schedule showing: the nature of income, amount of income, rate of tax (30% or lower treaty rate), and amount of tax.

Where the surplus of a foreign life insurance company held in the U.S. is less than a specified minimum, an adjustment is required under section 819. When this minimum surplus adjustment is applicable, a reduction of tax imposed by section 881 is provided in section 819(a)(3). Attach a statement showing the computation of reduction of section 881 tax and enter the net amount of the tax imposed by section 881 on line 23, page 1.

8. **Minimum tax items.**—In general, the corporate minimum tax rate is 15 percent and the minimum tax exemption is the greater of \$10,000 or the regular income taxes for the year.

The tax preference items are accelerated depreciation on real property; amortization of certified pollution control facilities; railroad rolling stock, on-the-job training facilities and child care facilities; reserve for losses on bad debts of financial institutions; depletion; and capital gains.

Attach Form 4626 if tax preference items exceed \$10,000 even if there is no minimum tax, or if there is any minimum tax liability deferred from a prior taxable year to this year.

9. **Foreign tax credit.**—See Form 1118 for rules on how to compute the foreign tax credit.

10. **Possessions corporation tax credit.**—See Form 5712 for rules on how to elect to claim this tax credit (section 936). Compute the credit on Form 5735 and include the amount of the credit in the total for line 21, page 1, Form 1120L. Write in the margin next to the entry on line 21, the amount of the credit and identify it as being a section 936 credit.

SCHEDULE D
(Form 1120L)
Department of the Treasury
Internal Revenue Service

U.S. Life Insurance Company
Sales or Exchanges of Property

1979

Name _____ Employer identification number _____

Part I Capital Assets—Short-term capital gains and losses—Assets held one year or less

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable)	f. Cost or other basis	g. Gain or loss (d plus e less f)
1						

2 Unused capital loss carryover (attach computation)

3 Net short-term capital gain or (loss) (total of column g). Enter here and on line 8

Long-term capital gains and losses—Assets held more than one year (Use columns a through g except that columns a through k must be used for gains on assets whose F.M.V. on 12/31/58 exceeded the adjusted basis on that date.)

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable)	f. Cost or other basis	g. Gain or loss (d plus e less f)
4						

5 Total of column g (where columns h through k are not required)

h. F.M.V. as of 12/31/58	i. Adjusted basis as of 12/31/58	j. Excess of column h over column i, if any	k. Gain (excess of column g over column i, but not less than zero)

6 Total of column k

7 Net long-term capital gain or (loss) (total of lines 5 and 6). Enter here and on line 9

Part II Summary of Capital Gains and Losses

a. Loss	b. Gain
8 Net short-term capital gain or (loss) from line 3	
9 Net long-term capital gain or (loss) from line 7	
10 Net short-term capital gain (line 8, column b) reduced by any net long-term capital loss (line 9, column a). Enter here and on Form 1120L, Schedule A, line 6	
11 Net capital gain—net long-term capital gain (line 9, column b) reduced by any net short-term capital loss (line 8, column a). Enter here and on Form 1120L, Schedule C, line 7 and on Form 1120L, Schedule E, line 8	

Part III Alternative Tax Computation

12 (a) Taxable investment income (Form 1120L, page 1, line 1(a))	
(b) Less line 11 above	
13 (a) Gain from operations (Form 1120L, page 1, line 1(b))	
(b) Less line 11 above	
14 Enter the smaller of line 12 or line 13, but not less than zero	
15 50% of the excess, if any, of line 13 over line 12	
16 Amount subtracted from policyholders' surplus account (Form 1120L, page 1, line 3)	
17 Total of lines 14, 15, and 16	
18 Enter line 17 or \$25,000, whichever is less (members of a controlled group, see instructions)	
19 Subtract line 18 from line 17	
20 Enter line 19 or \$25,000, whichever is less (members of a controlled group, see instructions)	
21 Subtract line 20 from line 19	
22 Enter line 21 or \$25,000, whichever is less (members of a controlled group, see instructions)	
23 Subtract line 22 from line 21	
24 Enter line 23 or \$25,000, whichever is less (members of a controlled group, see instructions)	
25 Subtract line 24 from line 23	
26 17% of line 18	
27 20% of line 20	
28 30% of line 22	
29 40% of line 24	
30 46% of line 25	
31 28% of line 11. (If Special Computation Applies, Check Box <input type="checkbox"/> See Instructions.)	
32 Alternative tax—total of lines 26 through 31. If applicable, enter here and on Form 1120L, page 1, line 19 and write "Alt" in the margin to the right of the entry	

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Part IV Ordinary Gains and Losses (Use columns a through g except that columns a through k must be used for gains on assets whose F.M.V. on 12/31/58 exceeded the adjusted basis on that date. Exclude any ordinary gain resulting from the sale of investment assets reported in column j, Part V and column q, Part VI. For investment assets, see instructions for Part I.)

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable)	f. Cost or other basis	g. Gain or loss (d plus e less f)
33						

34 Total of column g (where columns h through k are not required)

h. F.M.V. as of 12/31/58	i. Adjusted basis as of 12/31/58	j. Excess of column h over column i, if any	k. Gain (excess of column g over column i, but not less than zero)

35 Total of column k

36 (a) Total of lines 34 and 35

(b) Less sections 1245 and 1250 etc. gains related to investment assets. Enter here and on Schedule A, line 7

(c) Total net ordinary gain or (loss). Enter here and include in total of line 11, Schedule E

Part V Gain from Disposition of Depreciable Property and Certain Real Property Held More Than One Year—Section 1245 (Report gain from disposition of other depreciable real property in Part VI. For investment assets, see instructions for Part I.)

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis
37				

f. Total depreciation allowed (or allowable)	g. Adjusted basis (e less f)	h. Total gain (d less g)	i. Depreciation allowed (or allowable) after applicable date (see instructions)	j. Ordinary gain (excess of h over i)	k. Other gain (h less j)

38 Total ordinary gain. Enter here and on line 33, and identify as gain from line 38

39 Total other gain. Enter here and on line 43, and identify as gain from Part V. (If this amount includes any gain from casualty or theft, see instructions.)

Part VI Gain from Disposition of Depreciable Real Property Held More Than One Year—Section 1250 (If held 1 year or less, see instructions for column i, l, and o. For investment assets, see instructions for Part I.)

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis	f. Total depreciation allowed (or allowable)
40					

g. Adjusted basis (e less f)	h. Total gain (d less g)	i. Enter additional depreciation after 12/31/75	j. Applicable percentage times the smaller of col. h or col. i (see instructions)	k. Enter excess, if any, of col. h over col. j (if no excess, omit col. k through p and enter amount from col. j in col. o)	l. Enter additional depreciation after 12/31/69 and before 1/1/76
m. Applicable percentage times the smaller of col. h or col. i (see instructions)	n. Enter excess, if any, of col. h over col. i (if no excess, omit col. n and p and enter amount from col. m in col. o)	o. Enter additional depreciation after 12/31/63 and before 1/1/76	p. Applicable percentage times the smaller of col. n or col. o (see instructions) and enter result in col. q	q. Ordinary gain (sum of cols. j, m, and p)	r. Other gain (column h less column k)

41 Total ordinary gain. Enter here and on line 33, and identify as gain from line 41

42 Total other gain. Enter here and on line 43, and identify as gain from Part VI. (If this amount includes any gain from casualty or theft, see instructions.)

Part VII Sale or Exchange of Property Used in Trade or Business and Involuntary Conversions—Section 1231

a. Kind of property (if necessary, attach description)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Depreciation allowed (or allowable)	f. Cost or other basis	g. Gain or loss (d plus e less f)
43						

44 Total (If gain, enter on line 4; if loss, enter on line 33, identify as gain or (loss) from Part VII.)

Instructions

(References are to the Internal Revenue Code.)

Report every sale or exchange of property in detail even if no gain or loss results.

In general, all or part of the gain on a disposition of property may be required to be reported as ordinary income under the provisions of sections 1245, 1250 (see Parts V and VI), 1251, 1252, and 1254. The remainder of the gain may or may not be subject to capital gain treatment depending on the circumstances.

Dispositions of Farm Property, Oil and Gas Property, Certain Involuntary Conversions, Options to Buy or Sell, and Gain from Sale of Depreciable Property Between Certain Related Taxpayers.(1) **Farm property.**—See sections 1251–1252 for treatment of gains on disposition of certain farm property.(2) **Oil and gas property.**—See section 1254 for treatment of gains on disposition of oil and gas property.(3) **Involuntary conversions.**—

(a) If gains from involuntary conversions arising from casualty or theft of property used in a trade or business or of any capital asset held more than one year equal or exceed the losses, the gains and losses are to be entered in Part VII and treated as section 1231 gains and losses along with gains and losses on dispositions of other section 1231 property. If the losses from such involuntary conversions exceed the gains, the gains and losses are to be entered in Part IV and treated as ordinary gains and losses. This applies to both insured and uninsured property.

(b) Gains from such involuntary conversions of property that is also section 1245 or 1250 property must first be reported in Part V or VI to determine how much gain is ordinary income. Any remaining gain (line 39, Part V, or line 42, Part VI) is included in the separate computation described above.

(4) **Options to buy or sell.**—For rules pertaining to the treatment of gain or loss of a purchaser or a grantor of an option of stock, securities, or commodities, see section 1234.(5) **Gain from sale of depreciable property between certain related taxpayers may be taxed as ordinary income.** See section 1239.**PART I****Capital assets.**—Each item of property held by a corporation (whether or not connected with its trade or business) is a capital asset except as provided in section 1221. However, see section 817(b)(2) which provides that the gains or losses from the sale or exchange of depreciable assets attributable to any trade or business (other than an insurance business) carried on by the life insurance company, such as renting various pieces of real estate or operating a radio station, a housing development, or a farm, will be treated as gains or losses from the sale or exchange of capital assets.**Exchange of "like kind" property.**—Although no gain or loss is recognized when property held for productive use in a trade or business or for investment (not including stock in trade or other property held primarily for sale, nor stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest) is exchanged solely for property of a "like kind" to be held either for productive use in a trade or business or for investment, you must report the transaction in the appropriate part and identify the property disposed of in column (a). Enter the date of acquisition in column (b) and write the date of exchange in column (c). Write "like**kind exchange"** in column (d) and enter the adjusted basis in column (f). Enter zero in column (g). (See section 1031.)**Investment assets.**—Gains or losses from the sale or exchange of investment assets are treated as gains or losses from the sale or exchange of capital assets. All sales of investment assets subject to sections 1245 and 1250 should be reported in Parts V and VI respectively, regardless of the length of time held. If held one year or less, the other gain reported in column k, Part V and column r, Part VI, should be entered on line 1, Part I and identified as gain from Part V or Part VI. If held more than one year, the other gain reported in column k, Part V and column r, Part VI, should be entered on line 4, Part I, and identified as gain from Part V or Part VI as ordinary income from the sale of investment assets should be included in line 7, Schedule A.**Column g.**—Unless 817 applies, the gain or loss is the result of column d plus column e, less column f. If section 817 applies, complete columns a through f and attach a schedule showing the method of computing the gain reported in column g. See instructions for "Basis."**Column h–j.**—These columns are to be used only in the event of gains on disposition of property if the F.M.V. of such property held on December 31, 1958 exceeded the adjusted basis for determining gain or loss.**Line 4.—(A) Columns d–g:** Enter the total of applicable items from Part VII and other long-term capital gains and losses (exclude gains from those assets whose F.M.V. on 12/31/58 exceeded the adjusted basis of cost data).**Columns a–c:** Enter only the long-term capital gains of those assets whose F.M.V. on 12/31/58 exceeded the adjusted basis on that date.**Capital losses.**—Capital losses are allowed only to the extent of capital gains. A net capital loss may be carried back 3 years and forward 5 as a short-term capital loss. However, the amount allowable as a capital loss carryback is subject to the limitations of section 1212(a)(1).**Line 4.—(A) Columns d–g:** Enter the total of applicable items from Part VII and other long-term capital gains and losses (exclude gains from those assets whose F.M.V. on 12/31/58 exceeded the adjusted basis of cost data).**Worthless securities.**—Except for banks, if securities that are capital assets become wholly worthless during the tax year, the loss is treated as a capital loss on the last day of the tax year.**Losses not allowable.**—No loss is allowed for wash sales of stock or securities. (See section 1091.) No loss is allowed (distributions in liquidation excepted) on transactions between related persons. (See section 267.)**Long-term capital gains from regulated investment companies.**—Include in income as a long-term capital gain the amount the corporation has been notified constitutes its share of the undistributed capital gains of a regulated investment company.**Short sales of capital assets.**—See section 1233 for rules relating to certain short sales of stock or securities and transactions in commodity futures.**Basis.**—The "basis" for certain property is not subject to the same rule for reporting gains as for losses.(a) **Gain on property held on December 31, 1958.**—Section 817(b)(1), in effect, limits the amount of gain that is to be recognized on the sale or other disposition of certain property held by the company on 12/31/58. This is accomplished by treating the gain on the sale or other disposition of such property as an amount (but not less than zero), equal to the

amount by which the gain (determined without regard to section 817(b)(1)) exceeds the difference between the fair market value on 12/31/58, and the adjusted basis (as provided in section 1016(a)) for determining gain as of such date. This limitation on the amount of gain recognized applies only if (1) the property was held by a life insurance company on 12/31/58; (2) the fair market value of the property on 12/31/58, is greater than the adjusted basis for determining gain as of that date; and (3) the taxpayer has been a life insurance company at all times on and after 12/31/58, until the date of sale or other disposition of the property.

(b) **Certain substituted property** acquired after December 31, 1958.—See section 817(b)(2)(A)–(E) for rules for such property.

Section 817(b)(3) provides that "property" (for purposes of (a) and (b), above) does not include insurance and annuity contracts (and contracts supplementary thereto) and property described in section 1221(i) (relating to stock in trade or inventory-type property).

(c) **Property held on December 31, 1958, and certain substituted property** acquired after December 31, 1958.—In determining loss for property described in (a) and (b), above, the basis is cost adjusted by section 1016.(d) **Other property** acquired after December 31, 1958.—If property, other than property described in (b), above, was exchanged after 12/31/58, the basis is cost, adjusted by section 1016. If property was acquired by bequest, gift, involuntary conversion, or wash sale of stock, see sections 1014, 1015, 1033, and 1091.

(e) If a charitable contribution deduction is allowed by reason of the sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

PART III**Alternative tax.**—If there is a net capital gain, an alternative tax may be imposed instead of the regular tax (if the alternative tax is less than the regular tax). The alternative tax is the sum of (1) a partial tax computed at the rates specified in section 11 on the taxable income determined by reducing the taxable investment income, and the gain from operations, by the net capital gain, and (2) 28% of the net capital gain.**Special computation.**—If line 3 or 7 contains a capital gain or loss from conduit entities (real estate investment trusts, partnerships, estates, or trusts, regulated investment companies, etc.) for transactions that the conduit property took into account before January 1, 1979, use the following formula to determine the alternative tax.

- 1 Net capital gain for tax year
- 2 Net capital gain taking into account only the gain or loss properly taken into account after December 31, 1978
- 3 Subtract line 2 from line 1 (do not enter less than zero)
- 4 28% x lesser of line 1 or line 2
- 5 30% x line 3
- 6 Add lines 4 and 5. Enter this amount on line 31. Attach computation

Members of a controlled group under section 1561.—For members of a controlled group, the \$25,000 amount in each taxable income bracket is to be divided equally unless all members of the controlled group agree to an unequal allocation. Members of controlled groups will enter their portion of the taxable income bracket amount on lines 18, 20, 22, and 24.

If an unequal apportionment plan is adopted or later amended, each member of the controlled group must attach a copy of its consent to the plan to its tax return. See section 1561 for the time and manner of making this election.

PART IV**Ordinary gains and losses.**—(For investment assets, see instructions for Part I.) Include gains and losses from disposition or involuntary conversion of land and depreciable property held one year or less and gains and losses from compulsory or involuntary conversion of capital assets held one year or less.

If after grouping all section 1231 transactions the losses exceed the gains, report the net loss in Part IV as an ordinary loss.

If losses from involuntary conversions arising from casualty or theft of property used in a trade or business (as defined in section 1231) or of any capital asset held more than one year exceed the gains, enter the gains and losses in Part IV as ordinary gains and losses.

PART V**Gain from disposition of depreciable property** and certain real property held more than one year (section 1245).—(Report any gain from property held not more than one year in Part IV. For investment assets, see instructions for Part I.)

In general, when section 1245 property (as defined below) is disposed of, gain will be treated as ordinary income to the extent of depreciation allowed (or allowable) after 1961. Except for certain involuntary conversions referred to in section 1231, the balance of the gain, if any, is to be combined in Part VII with gains and losses from section 1231 property.

Section 1245 property is property which is depreciable (or subject to amortization under section 169 or section 185) and is either—

- (a) personal property,
- (b) elevators and escalators,
- (c) real property (other than property described in (d)) subject to amortization under sections 169, 185, 188, 190, or 191, or
- (d) tangible real property (except buildings and their structural components) if used as an integral part of certain business activities or as a facility for research or as a facility for the bulk storage of fungible commodities (including commodities in a liquid or gaseous state) in connection with such activities. These business activities are manufacturing, production, extraction, or furnishing transportation, communications, or certain other public utility services.

See section 1245(b) for exceptions and limitations involving: (a) disposition by gift, (b) certain tax-free transactions, (c) like kind exchanges, involuntary conversions, (d) sales or exchanges to effectuate FCC policies and exchanges to comply with SEC orders, and (e) transfers to tax-exempt organizations where property will be used in an unrelated business.

Column l.—Enter depreciation allowed (or allowable) after December 31, 1961. However, use June 30, 1963 for elevators and escalators and December 31, 1969 for livestock.**PART VI****Gain from disposition of depreciable real property** held more than one year (section 1250).—(Report any gain from such property held not more than one year in Part IV. For investment assets, see instructions in Part I.)

In general, when section 1250 property (as defined below) is disposed of, all or a portion of the "additional depreciation" is treated as ordinary income. Except for certain involuntary conversions referred to in section 1231, the balance of gain is combined in Part VII with gains and losses from section 1231 property.

Section 1250 property is depreciable real property other than section 1245 property.

See section 1250(d) for exceptions and limitations involving: (a) disposition by gift, (b) certain tax-free transactions, (c) like kind exchanges, in-

voluntary conversions, (d) sales or exchanges to effectuate FCC policies and exchanges to comply with SEC orders, (e) disposition of qualified low-income housing, (f) transfers to tax-exempt organizations where property will be used in unrelated business, and (g) property disposed of pursuant to foreclosure proceedings.

Columns l, m, and n.—Additional depreciation.—For section 1250 property held 1 year or less, additional depreciation is the total amount of depreciation claimed. In such case, omit columns l thru p and enter in column q the lesser of the amount of gain (column h) or the total amount of depreciation claimed (column f).

For property held more than 1 year, additional depreciation is the excess of actual depreciation after December 31, 1963, over depreciation computed for that period under the straight line method. Enter in column l the additional depreciation for the period after December 31, 1963, and before January 1, 1978, and in column o, additional depreciation for the period after December 31, 1963, and before January 1, 1970.

For additional depreciation of rehabilitation expenditures, see section 1250(b)(4).

Column j.—Applicable percentage.—Enter 100% of column i in column j, except:

(a) For section 1250 property on which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act, or housing financed or assisted by direct loan or tax abatement under similar provisions of State or local laws with respect to which the owner is subject to the restrictions in section 1039(b)(1)(B), the applicable percentage is 100% minus 1% for each full month the property was held over 100 full months;

(b) For dwelling units which, on the average, were held for occupancy by families or individuals eligible to receive subsidies under section 8 of the U.S. Housing Act of 1937, as amended, or under the provisions of State or local law authorizing similar levels of subsidy for lower income families, the applicable percentage is 100% minus 1% for each full month the property was held over 100 full months;

(c) For section 1250 property on which a loan is made or insured under title V of the Housing Act of 1949, the applicable percentage is 100% minus 1% for each full month the property was held over 100 full months; and

(d) For section 1250 property for which a depreciation deduction for rehabilitation expenditures was allowed under section 167(k), the applicable percentage is 100% minus 1% for each full month over 100 full months after the date the property was placed in service.

In the case of a building (or a portion of a building devoted to dwelling units), if on the average, 85% or more of the dwelling units contained in such building (or portion thereof) are units described in paragraph (b), such building (or portion thereof) shall be treated as property described in paragraph (b).

Items (a), (b), and (c) shall not apply with respect to the additional depreciation described in section 1250(b)(4).

Column m.—Applicable percentage.—Enter 100% of column i in column m, except:

(a) For section 1250 property disposed of under a written contract that was, on July 24, 1969, and thereafter, binding on the property owner, the applicable percentage is 100% minus 1% for each full month the property was held over 20 full months;

(b) For section 1250 property on which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act, or housing

is financed or assisted by direct loan or tax abatement under similar State or local laws, and on which the owner is subject to the restrictions in section 1039(b)(1)(B), the applicable percentage is 100% minus 1% for each full month the property was held over 20 full months.

(c) For residential rental property (section 167(d)(2)(B)) other than that covered by (a) and (b), above, the applicable percentage is 100% minus 1% for each full month the property was held over 100 full months;

(d) For section 1250 property for which a depreciation deduction for rehabilitation expenditures was allowed under section 167(k), the applicable percentage is 100% minus 1% for each full month over 100 full months after the date the property was placed in service.

Items (a), (b), and (c) shall not apply with respect to the additional depreciation described in section 1250(b)(4).

Column p.—Applicable percentage.—The applicable percentage is 100% minus 1 percentage point for each full month the property was held after the date it was held over 20 full months, 1, 1970.**PART VII****Sale or exchange of property used in trade or business and involuntary conversion** (section 1231).—Section 1231 provides special treatment for the recognized gains and losses on the sale or exchange of "property used in the trade or business" and upon the compulsory or involuntary conversion of (1) such property and (2) capital assets held more than one year.**Note:** Refer to page 3 for rules for involuntary conversions resulting from casualty or theft.

After determining in Parts V and VI how much of the total gain from disposition of depreciable property is ordinary gain, combine the total other gain with other gains and losses from section 1231 property to determine if there is a net gain or net loss. The total shown on line 44 determines whether the items reflected therein represent a long-term capital gain or an ordinary loss. This total must be entered on line 4 or line 33, whichever is applicable.

In determining whether gains exceed losses, include the gains and losses to the extent they would be included if they were all ordinary gains and losses. The limitation of section 1211 on the deductibility of capital losses does not apply.

Section 817(a) provides that in applying section 1231(a), the term "property used in the trade or business" shall be treated as including only (1) property used in carrying on an insurance business, which is subject to depreciation provided in section 167 and held for more than one year (including real property but excluding (a) inventoriable property or property held primarily for sale to customers, and (b) certain copyrights; literary, musical or artistic compositions; letters or memorandums; or similar property); and (2) timber, coal, and domestic iron ore to which section 631 applies.

In determining whether the items reflected therein represent a long-term capital gain or an ordinary loss, in either case, after the initial determination, the items must be segregated into (1) assets held on December 31, 1958, where the F.M.V. exceeded the adjusted basis on that date, and (2) other. Enter the totals into the appropriate schedules of Part I or Part IV.

Line 43.—Enter each section 1231 item not carried over from line 37.**Line 44.**—Enter the net gain or loss of the section 1231 items described in Part VII.**Minimum tax on tax preference items.**—If the net long-term capital gain exceeds the net short-term capital loss, you may be liable for minimum tax. See Form 4626.

**U.S. Mutual Insurance Company
Income Tax Return**

CALENDAR YEAR
1979

Name		A Employer identification number
Number and street		B Date incorporated
City or town, State, and ZIP code		C Place incorporated

Taxable Income	1 Taxable investment income or (loss) (Schedule A)	1	
	2 Statutory underwriting income or (loss) (Schedule B)	2	
	3 Amounts subtracted from the Protection Against Loss Account (Schedule C, line 9(d))	3	
	4 Total (add lines 1, 2 and 3)	4	
	5 Unused loss deduction (attach schedule)	5	
	6 Mutual insurance company taxable income (subtract line 5 from line 4)	6	
	7 Enter line 6 or \$25,000, whichever is less (members of a controlled group, see instructions)	7	
	8 Subtract line 7 from line 6	8	
	9 Enter line 8 or \$25,000, whichever is less (members of a controlled group, see instructions)	9	
	10 Subtract line 9 from line 8	10	
	11 Enter line 10 or \$25,000, whichever is less (members of a controlled group, see instructions)	11	
	12 Subtract line 11 from line 10	12	
	13 Enter line 12 or \$25,000, whichever is less (members of a controlled group, see instructions)	13	
	14 Subtract line 13 from line 12	14	
	15 17% of line 7	15	
	16 20% of line 9	16	
	17 30% of line 11	17	
	18 40% of line 13	18	
	19 46% of line 14	19	
	20 Total of lines 15 through 19	20	
	21 Special computation. If line 6 is less than \$12,000, see instructions	21	
	22 Enter amount to be included by reciprocal (see instructions)	22	
	23 Total—(applicable amount from line 20 or line 21) plus line 22	23	
	24 Alternative tax for certain small companies (Schedule A-2, line 6)	24	
Tax Computation	25 Income tax—line 23 or 24 above, or line 18 of separate Schedule D (Form 1120), whichever applies	25	
	26 Tax credits—(a) Foreign tax credit (attach Form 1118) 26a		
	(b) Investment credit (attach Form 3468) 26b		
	(c) Work incentive (WIN) credit (attach Form 4874) 26c		
	(d) Jobs credit (attach Form 5884) 26d		
	27 Subtract line 26 from line 25	27	
	28 Foreign Corporations—tax on income not connected with U.S. business (see instructions)	28	
	29 Tax from recomputing a prior year investment credit (attach Form 4255)	29	
	30 Tax from recomputing a prior year WIN credit (see instructions—attach computation)	30	
	31 Minimum tax on tax preference items (see instructions—attach Form 4626)	31	
	32 Total tax (add lines 27 through 31)	32	
	Tax	33 Credits: (a) Overpayment from 1978 allowed as a credit	
(b) 1979 estimated tax payments			
(c) Less refund of 1979 estimated tax applied for on Form 4466 ()			
(d) Tax deposited: Form 7004 () Form 7005 (attach)			
(e) Credit by reciprocal for tax paid by attorney-in-fact under section 825(e)			
(f) Credit from regulated investment companies (attach Form 2439) and other tax credits (see instructions)			
34 TAX DUE (subtract line 33 from line 32). See instruction G for depositary method of payment		34	
35 OVERPAYMENT (subtract line 32 from line 33)		35	
36 Enter amount of line 35 you want: Credited to 1980 estimated tax ▶ Refunded ▶ 36			

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Signature of officer	Date	Title
Preparer's signature and date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
Firm's name (or yours, if self-employed) and address	E.I. No.	
	ZIP code	

Schedule A Taxable Investment Income or (Loss)—Section 822		1. Interest received	2. Amortization of premium	3. Total (Column 1 less Column 2)
Gross Investment Income	1 Interest on:			
	(a) Wholly exempt obligations (attach schedule)			
	(b) U.S. obligations			
	(c) Loans, notes, mortgages, bank deposits, bonds, debentures, etc.			
	(d) Totals			
	2 Dividends (Schedule E, Part I)			
	3 Gross rents (attach schedule)			
	4 Gross royalties (attach schedule)			
	5 Gross income from trade or business other than insurance business and from Form 4797. (Include sections 1245 and 1250 etc. gains with respect to investment assets only.)			
	6 Leases, etc.			
Deductions	7 Total (add lines 1(d) through 6)			
	8 Gain from separate Schedule D (Form 1120)			
	9 Gross investment income (add lines 7 and 8)			
	10 Interest wholly exempt from tax (line 1(a), column 3)			
	11 Investment expenses (attach schedule)			
	12 Taxes			
	13 Real estate expenses			
	14 Depreciation (attach Form 4562—see instructions)			
	15 Depletion (attach schedule)			
	16 Trade or business deductions as provided in section 822(c)(8) (attach schedule)			
Schedule A-1 Invested Assets Book Values (Schedule need not be filled in if no deduction is claimed for any general expenses that are allocated to investment income.)	17 Interest paid or accrued			
	18 Other capital losses (Schedule A-3)			
	19 Total deductions (add lines 10 through 18)			
	20 Subtract line 19 from line 9			
	21 Dividends-received deduction (Schedule E, Part II, line 6—see instructions for 85% limitation)			
	22 Taxable investment income or (loss) (subtract line 21 from line 20)			
	1. Beginning of taxable year		2. End of taxable year	
	1 Real estate			
	2 Mortgage loans			
	3 Collateral loans			
4 Policy loans, including premium notes				
5 Bonds of domestic corporations				
6 Stock of domestic corporations				
7 Government obligations, etc. (attach schedule)				
8 Bank deposits bearing interest				
9 Other interest-bearing assets (attach schedule)				
10 Totals of lines 1 through 9				
11 Total of columns 1 and 2, line 10				
12 Mean of the invested assets for the taxable year (enter one-half of line 11)				
13 One-fourth of 1% of line 12				
14 Income base (Subtract the sum of lines 12 through 18, Schedule A from line 9, Schedule A)				
15 3 3/4% of line 12				
16 Subtract line 15 from line 14 (but not less than zero)				
17 One-fourth of line 16				
18 Limit on deduction for investment expenses (add lines 13 and 17)				
Schedule A-2 Alternative Tax for Certain Small Companies—Section 821(c)				
1 Taxable investment income (Schedule A, line 22). (If less than \$6,000, go to line 3.)	5 (a) Amount from Schedule A, line 7			
2 Tax—Complete lines 7 through 20 of page 1 (Form 1120M), using the amount from line 1 (above) for the amount on line 6, page 1. Enter amount from line 20, page 1	(b) Premiums (see instructions)			
3 Special Computation—34% times (amount on line 1 less \$3,000)	(c) Total of (a) plus (b) (If \$150,000 or less, enter zero. If \$250,000 or more, enter \$250,000)			
4 Enter the applicable amount from line 2 or line 3	(d)		150,000.00	
	(e) Excess of line (c) over (d)			
	6 Amount on line 4 multiplied by line 5(e) divided by \$100,000			

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Schedule A-3 Other Capital Losses (See instructions) (Capital assets sold or exchanged to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders)

1 Dividends and similar distributions paid to policyholders	
2 Losses paid	
3 Expenses paid	
4 Total of lines 1, 2 and 3	
5 Interest received (Schedule A, line 1, col. 3, adjusted to cash method if on accrual method)	
6 Dividends received (Part I, Schedule E, adjusted to cash method if on accrual method)	
7 Lines 3 through 6 of Schedule A (adjusted to cash method if on accrual method)	
8 Net premiums received (adjusted to cash method if on accrual method)	
9 Subtract the sum of lines 5 through 8 from line 4 (but not less than zero)	
10 Totals	

Schedule B Statutory Underwriting Income or (Loss)—Section 823

1 Gross income (Schedule B-1, line 6)	
2 Subtract: Gross investment income (Schedule A, line 9)	
3 Deductions (Schedule B-1, line 26)	
4 Subtract: The sum of: (a) Schedule A, line 19; (b) Schedule A, line 21	
5 Subtract line 4 from line 2	
6 Special deduction (Schedule B-2) (not to exceed line 5)	
7 Subtract line 6 from line 5	
8 Protection against loss deduction (Schedule B-3)	
9 Statutory underwriting income or (loss) (subtract line 8 from line 7)	

Schedule B-1 Income and Deductions

1 Investment income—Section 832(b)(2): (a) Interest (b) Dividends (Schedule E, Part I) (c) Rents (attach schedule)	
2 Premiums earned—Section 832(b)(4)	
3 (a) Gain from sale or other disposition of capital assets—Section 832(b)(1)(B) (separate Schedule D (Form 1120)) (b) Ordinary gain from Form 4797 (attach Form 4797) (include all sections 1245 and 1250 etc. gains.)	
4 Other income—Section 832(b)(1)(C) (attach schedule)	
5 Decrease in subscriber accounts—Section 832(b)(2)(B)	
6 Gross income (add lines 1 through 5)	
7 Salaries and wages—Section 832(c)(1)	
8 Rents—Section 832(c)(1)	
9 Interest—Section 832(c)(2)	
10 Taxes—Section 832(c)(3)	
11 Losses incurred on insurance contracts—Section 832(c)(4)	
12 Capital losses—Section 832(c)(5) (separate Schedule D (Form 1120))	
13 Other capital losses—Section 832(c)(5) (Schedule A-3)	
14 Worthless agency balances and bills receivable—Section 832(c)(6)	
15 Interest (excluded under section 103)—Section 832(c)(7)	
16 Depreciation—Section 832(c)(8) (attach Form 4562)	
17 Depletion—Section 832(c)(8) (attach schedule)	
18 Contributions—Section 832(c)(9) (not over 5% of line 24 adjusted per instructions—attach schedule)	
19 Dividends paid or declared to policyholders—Section 832(c)(11)	
20 Increase in subscriber accounts—Section 823(b)(2)(A)	
21 (a) Pension, profit-sharing, etc. plans—Section 832(c)(10) (see instructions) (enter number of plans) _____ (b) Employee benefit programs—Section 832(c)(10) (see instructions)	
22 Other deductions—Section 832(c)(10) (attach schedule)	
23 Total deductions (add lines 7 through 22)	
24 Subtract line 23 from line 6	
25 Dividends-received deduction—Section 832(c)(12) (Schedule E, Part II, line 6—see instructions for 85% limitation)	
26 Total deductions (add lines 23 and 25)	

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Schedule B-2 Special Deduction—Section 823(c)

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1 Amount from Schedule A, line 7	
2 Premiums (see instructions)	
3 Total (add lines 1 and 2)	
4 If line 3 is not more than \$500,000, enter \$6,000. If line 3 is less than \$1,100,000, but in excess of \$500,000, enter 1% of the difference between \$1,100,000 and the amount on line 3	

Schedule B-3 Protection Against Loss Deduction—Section 824(a)

1 Losses incurred on insurance contracts (Schedule B-1, line 11)	
2 1% of line 1	
3 25% of underwriting gain on Schedule B, line 7	
4 Concentrated risks: (a) Amount of Schedule B-1, line 2; (b) Amount of line 4(a) attributable to insuring against losses arising, either in any one State or within 200 miles of any fixed point selected by the taxpayer, from windstorm, hail, flood, earthquake, or similar hazards	
(c) Divide (b) by (a)	40%
(d) Less	40%
(e) Premium percentage which exceeds 40%	0%
(f) Schedule B, line 7, multiplied by (e)	
5 Total (add lines 2 through 4)	

Schedule C Protection Against Loss Account

	(a) 1% of losses incurred	(b) 25% of underwriting gain	(c) Concentrated risks	(d) Total (sum of cols. (a), (b), and (c))
1 Balance at beginning of year				
2 Additions (Schedule B-3)				
3 Totals (add lines 1 and 2)				
SUBTRACTIONS:				
4 Section 824(d)(1)(A)				
5 Section 824(d)(1)(B)				
6 Section 824(d)(1)(C)				
7 Section 824(d)(1)(D)				
8 Section 824(d)(1)(E)				
9 Totals (add lines 4 through 8)				
10 Balances at end of year (line 3 less line 9)				

Schedule E Dividends (See instructions)

PART I—Income		PART II—Deductions	
1 Certain domestic corporations		1 85% of Part I, line 1	
2 Certain public utility corporations		2 59.13% of Part I, line 2	
3 Certain foreign corporations		3 85% (see instr. for 100%) of Part I, line 3	
4 Certain affiliated groups		4 Total (see instructions for 85% limitation)	
5 Other corporations (attach schedule)		5 100% of Part I, line 4	
6 Total (add lines 1 through 5)		6 Total (line 4 plus line 5)	

Schedule F Compensation of Officers (See instructions. Attach schedule.)

Additional Information Required		Yes	No			Yes	No
D	Did you previously submit a copy of the National Association of Insurance Commissioners' annual statement for the preceding years as required by General Instruction I? If "Yes," name the Internal Revenue Service Center where filed			(c)	Employees attending conventions or meetings outside the U.S. or its possessions?		
E	Does a copy of the 1979 National Association of Insurance Commissioners' annual statement accompany this return? If "No," see instructions and attach an explanation why the statement is not attached.			(d)	Employees' families at conventions or meetings? If "Yes," were any of these conventions or meetings outside the U.S. or its possessions?		
F	Did you at the end of the taxable year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation (for rules of attribution, see section 267(c)?) If "Yes," attach a schedule showing: (1) name, address, and identifying number; and (2) percentage owned.			(e)	Employee or family vacations not reported on Form W-2?		
G	Were you a U.S. shareholder of any controlled foreign corporation (see sections 951 and 957)? (If "Yes," attach Form(s) 3646.)			(2)	Enter total amount claimed on Form 1120M for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d) (see instruction O)		
H	(1) Did you claim a deduction for expenses connected with: (a) Entertainment facility (boat, resort, ranch, etc.)? (b) Living accommodation (except employees on business)?			I	Did you file all required Forms 1087, 1096, and 1099?		
				J	At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country (see instruction M)?		
				K	Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may be required to file Forms 3520, 3520A, or 926.		
				L	During the tax year was any part of your tax accounting records maintained on a computerized system?		
				M	Are you required to prorate your surtax exemption under section 1561 because of an election under section 243(b)?		

1979 Department of the Treasury Internal Revenue Service Instructions for Form 1120M U.S. Mutual Insurance Company Income Tax Return

(References are to the Internal Revenue Code.)

General Instructions

Note: Mutual insurance companies that fail to submit the annual statement with their income tax return may be subject to the delinquency penalty. Please see instruction L.

A. Who must file Form 1120M.—Every domestic mutual insurance company (except a life insurance company subject to a tax under section 802 and other than a fire, flood, or marine insurance company subject to tax under section 831) and every foreign corporation carrying on an insurance business within the U.S. (if with respect to its U.S. business it would qualify as a mutual insurance company subject to tax under section 821) must file Form 1120M.

Exceptions.—(a) Certain mutual insurance companies exempt under section 501(c)(15). (See Form 990.)

(b) A mutual insurance company subject to tax under section 821, which disposes of its insurance business and reserves or otherwise ceases to be entitled to be taxed under section 821, but continues its corporate existence for the purpose of winding up and liquidating its affairs. (See Form 1120.)

B. Information returns and forms that may be required.—

1. Forms W-2 and W-3.—Employee's wage and tax statement; and transmittal of income and tax statements.

2. Form W-2P.—Statement for recipients of annuities, pensions or retired pay and periodic payments from retirement plans.

3. Forms 1087—DIV, INT, MED, MISC, and OID.—Nominees' information returns for reporting dividends, interests, medical and health care payments, miscellaneous income, and original issue discount that were received as a nominee on behalf of another person.

4. Form 1096.—Annual summary and transmittal of U.S. information returns.

5. Form 5452.—Corporate report of nontaxable dividends.

6. Forms 966 and 1099L.—Information returns regarding dissolution or liquidation, and distributions in liquidation.

7. Forms 1099—DIV, INT, MED, MISC, OID, PATR, and R.—Information returns for reporting certain dividends, interest income, medical and health care payments, miscellaneous income payments, original issue discount, patronage dividends, and total distributions from profit-sharing and retirement plans.

8. Form 5713.—International boycott report for persons having operations in or related to "boycotting" countries. In addition, persons who participate in or cooperate with an international boycott, may have to complete Schedule A or Schedule B and Schedule C of Form 5713 to compute their loss of the following items: the foreign tax credit, the deferral of earnings of controlled foreign corporations, and DISC benefits.

C. Period covered.—This return is for calendar year 1979. (Section 843.) If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

D. Accounting methods.—Taxable income must be computed using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits, the method of accounting used to report income in prior years (for income as a whole or for any material item) may not be changed without first obtaining consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—Money items may be shown as whole-dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

E. Where to file.

If the corporation's principal business office, or agency, is located in:

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Alabama, Florida, Georgia, Mississippi, South Carolina
Michigan, Ohio
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming

Illinois, Iowa, Missouri, Wisconsin
California, Hawaii
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia

Delaware, District of Columbia, Maryland, Pennsylvania

Atlanta, GA 31101
Cincinnati, OH 45999
Austin, TX 73301

Ogden, UT 84201
Kansas City, MO 64999
Fresno, CA 93888

Memphis, TN 37501
Philadelphia, PA 19255

Foreign corporations carrying on an insurance business within the U.S. must file their returns with the Internal Revenue Service Center, Philadelphia, PA 19255.

The separate income tax returns of a group of corporations located in several Service Center regions may be filed with the Service Center for the area in which the principal office of the managing corporation that keeps all the books and records is located.

F. When to file.—The return must be filed on or before March 17, 1980.

File Form 7004 to request an automatic 3-month extension of time to file Form 1120M.

File Form 7005 to request an additional extension after obtaining an automatic 3-month extension by filing Form 7004.

G. Depositary method of tax payments.—The balance of tax due (line 34) must be paid in full when the return is filed or in two installments, 50% on or before March 17, 1980 and 50% on or before June 16, 1980.

Deposit corporation income tax payments and estimated tax payments with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualified as a Depositary for Federal taxes or the Federal Reserve Bank or Branch (FRB) servicing the geographic area where the corporation is located. Records of deposits will be sent to the Internal Revenue Service for crediting to the corporation's account. See the instructions on the back of Form 503 for additional information and exceptions.

The timeliness of deposits will be determined by the date received by the financial institution or FRB. If a tax payment is made by mail, a deposit received after the due date will be considered timely if the taxpayer establishes that it was mailed on or before the second day before the prescribed due date as provided by section 7502. Tax deposits made at FRBs which are not in com-

pliance with deposit requirements will nevertheless be processed by the receiving FRB rather than returned to the taxpayer. Furthermore, such tax payments received by an FRB will be dated as paid based upon the date when the proceeds of the accompanying payment instrument are collected by the FRB, and if made by mail section 7502 will not apply.

Preinscribed FTD Forms 503 will be mailed to corporations on a cyclical basis depending on the taxable year of the corporation. Corporations needing such deposit forms may apply for them from the Internal Revenue Service Center where they will file their returns. The application should include the corporation's name, identification number, address, and the taxable year to which the deposits relate.

Estimated tax.—A corporation must make estimated tax payments if it can expect its estimated tax (income tax less credits) to be \$40 or more.

Form 1120-W may be used as a worksheet to compute estimated tax.

If there was an overpayment of estimated tax, file Form 4466 for a "quick refund" if the overpayment is (1) at least 10% of your expected income tax liability AND (2) at least \$500. This application must be made within 2½ months after the end of the taxable year and before Form 1120M is filed.

H. Stock ownership in foreign corporations.—See section 551(c) and attach the required statement if there was an ownership of 5% or more in value of the outstanding stock of a foreign personal holding company.

A taxpayer who controls a foreign corporation or is a 10% or more shareholder of a controlled foreign corporation, may be required to file Forms 2952 and 3646.

I. Annual statement.—A copy of the annual statement for mutual insurance companies adopted by the National Association of Insurance Commissioners for the year 1979, as filed with the Insurance Department of the State or District of Columbia, together with copies of Schedule A (real estate) and Schedule D (bonds and stocks) must accompany the return (see section 1.6012-2(c) of the regulations).

Similar copies for the preceding year must also be furnished, if not already filed for such year.

If you use miniature statements, they may be filed instead of the larger statements.

J. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other cor-

porate officer (such as tax officer) authorized to sign. A receiver, trustee, or assignee must sign and date any return required to be filed on behalf of a corporation.

If your corporate officer filled in Form 1120M, the space under the signature of officer should remain blank. If someone prepares Form 1120M and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120M should not sign. For example, a regular, full-time employee of the corporation such as clerk, secretary, etc., does not have to sign. (This list is not all inclusive.)

Generally, anyone who is paid to prepare Form 1120M must sign the return and fill in the other blanks in the Paid Preparer's Information area of the return.

When more than one person prepares Form 1120M, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (i.e., is not employed by any person or business entity to prepare the return), he or she should check the "self-employed" box.

If you have questions about whether a preparer is required to sign Form 1120M, please contact an IRS office.

The person required to sign the return as preparer MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature (Signature stamps or labels are not acceptable);
- Give a copy of Form 1120M to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. Publication 1045, Information for Preparers of Federal Income Tax Returns, lists some of the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work.

K. Attachments.—If more space is needed on forms or schedules, attach separate sheets and use the same arrangement as the printed forms, but show the totals on the printed forms. Be sure to put the taxpayer's name and employer identification number on these separate sheets.

L. Penalties.—Avoid penalties and interest by correctly filing and paying the tax when due.

1. A corporation that fails to file its tax return by the prescribed due date including any extensions of time for filing may be subject to a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed. The penalty

is imposed on the net amount due—section 6651(a)(1).

Since section 1.6012-2(c) of the regulations requires that the annual statement be filed as part of the return, a penalty may be imposed under section 6651(a)(1) for failure to include the annual statement when filing the return.

2. A corporation that fails to pay the tax when due may be subject to a penalty of ½% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid (the penalty is imposed on the net amount due—section 6651(a)(2)).

The above penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate pursuant to section 6621.

3. A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment (section 6655) at a rate pursuant to section 6621.

If estimated tax was underpaid, attach Form 2220 to show how you figured the penalty or which exceptions you believe you meet.

M. Foreign financial accounts and foreign trusts.—

Question J: Check the Yes box if either (1) or (2) below applies to you.

(1) At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. Exception: Check No if either of the following apply to you:

- The combined value of the account was \$1,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

(2) You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1 to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked Yes for Question J, file Form 90-22.1 by June 30, 1980, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS.

You can get Form 90-22.1 from many IRS offices.

Question K: Check the Yes box if you were a grantor of, or a transferor to, a foreign trust that existed during the tax year.

N. Employer identification number.—Enter the employer identification number (EIN) assigned to the corporation.

Corporations that do not have an EIN should apply for one on Form SS-4, available from any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120M is sent. Write "applied for" in the space provided for EIN, if it is not received by the time Form 1120M is filed.

O. Travel and entertainment (section 274(d)).—(See item H(2), page 4.)—The amount required to be entered is the total amount expended during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in tax years beginning in 1979 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W-2.

See regulations section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item H(2).

Note: Generally, for taxable years ending after December 31, 1978, no deduction is allowed for any expense paid or incurred with respect to a facility which is used in connection with an activity which is of a type generally considered to constitute entertainment, amusement, or recreation. See section 274(a).

Specific Instructions

(Numbered to correspond with the line numbers on the return.)

For Page 1 of Return

5. Unused loss deduction.—The amount of the deduction is the total of the unused loss carryovers and carrybacks to the taxable year.

Unused loss.—The term "unused loss" for any taxable year means the amount by which—

(1) the sum of the statutory underwriting loss and the investment loss, exceeds

(2) the sum of—
(a) the taxable investment income, and
(b) the statutory underwriting income, and

(c) the amount required by section 824(d) to be subtracted from the protection against loss account.

The unused loss for any loss year is

(1) an unused loss carryback to each of

the 3 taxable years preceding the loss year, and (2) an unused loss carryover to each of the 7 taxable years following the loss year; or an irrevocable election may be made whereby a net operating loss may only be carried over to each of the 7 years following the year of such loss thus relinquishing the carryback period. After applying the net operating loss to the initial year, the portion of the loss that may be carried to each of the remaining taxable years is the excess (if any) of the amount of the loss over the sum of the offsets (as defined in section 825(f)) for each of the prior taxable years to which the loss may be carried.

Limitations.—An unused loss may not be carried—

(1) to or from any taxable year for which the insurance company is not subject to the tax imposed by section 821(a), or

(2) to any taxable year if, between the loss year and such taxable year, there is an intervening taxable year for which the insurance company was not subject to the tax imposed by section 821(a).

See section 844 for special carryover loss rules regarding an insurance company that has changed its form of organization or has changed the nature of its insurance business.

21. Special computation.—Section 821(a)(2) imposes a limitation on the income tax liability of a mutual insurance company whose taxable income is less than \$12,000. If the amount on line 6 is less than \$12,000, subtract \$6,000 from the amount on line 6, and multiply the result by 34%. Enter the result of this multiplication on line 21.

22. Amount to be included by reciprocal.—For election and required statement of a reciprocal to be subject to the limitation in section 826(b), see section 826(a) and its regulations. For computation of tax on the section 826(a) amount, see below.

If the mutual insurance company's taxable income is \$100,000 or more before the inclusion of the section 826(a) amount, make no entry. If the mutual insurance company's taxable income is less than \$100,000 before the inclusion of the section 826(a) amount, you must make a computation to tax the section 826(a) amount at the highest rate of tax specified in section 11(b) (46%).

For example, a mutual insurance company's taxable income is \$110,000, \$40,000 of which is attributable to the section 826(a) amount. Of that \$40,000 amount, \$5,000 has been taxed at 30% (the third taxable income bracket), \$25,000 has been taxed at 40% (the fourth taxable income bracket), and \$10,000 has been taxed at 46%.

You must multiply each amount by the appropriate percentage so that the sec-

tion 826(a) amount is taxed at the highest rate of tax specified in section 11(b). Therefore, the \$5,000 amount is multiplied by 16% (46% less 30%) and the \$25,000 amount is multiplied by 6% (46% less 40%). The \$10,000 is not adjusted since it has already been taxed at 46%.

If you have made an election under section 826(a) and there is an amount to be taxed at the highest rate specified in section 11(b), please attach a statement showing the computation of the tax and enter the total on line 22.

24. Alternative tax for certain small companies.—See instructions for Schedule A-2.

26(a). Foreign tax credit.—In general, the per-country limitation cannot be used in computing the foreign tax credit. See Form 1118 for rules on how to compute the foreign tax credit.

26(b). Investment credit.—In most cases, the investment credit rate is 10% for property acquired and placed in service during the taxable year. Corporations may elect an 11% credit for such property if the corporation contributes 1% of the qualified investment to an employee stock ownership plan (ESOP). A corporation may elect up to an 11.5% credit for qualifying 10% property if (1) the corporation increases its ESOP contribution from 1% up to 1.5% of the qualified investment in 10% property and (2) corporate employees make an ESOP contribution of up to 1/2% in similar type property. Complete Form 5500 for each employee stock ownership plan and file it on or before the last day of the 7th month following the close of the plan year.

The limit on the amount of used property eligible for the investment credit is \$100,000.

The investment credit also applies to qualified progress payments made during the construction of property that requires at least two years to construct and that has an expected useful life of at least 7 years. See Form 3468 for special rules and limitations.

The corporation is also allowed a 10% energy investment credit for investment in qualified energy property. The 10% energy credit is in addition to the 10% regular investment credit if the energy property is also regular investment credit property.

Use Form 3468 and Schedule B (Form 3468) to figure these credits.

26(c). Credit for wages paid or incurred in a Work Incentive (WIN) Program.—Generally, employers may claim a credit of 50% of qualified first-year wages and 25% of qualified second-year wages. See Form 4874 for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the amount of the WIN credit (determined without regard to the limitation based on tax (section 50A(a)(2)).

See the instructions for line 26(d) ("Jobs credit") for instructions on how to identify lines where the corporation has reduced its salary and wage deductions.

26(d). Jobs credit.—Employers may be entitled to a jobs credit for hiring members of certain "targeted" groups. See Form 5884 for definitions, special rules, and limitations. Also see Publication 906, Targeted Jobs and WIN Credits.

Do not take an expense deduction for that portion of the wages or salaries paid or incurred which is equal to the applicable jobs credit on line 9 of Form 5884. See instruction G of the Instructions for Form 5884 for additional information.

Attach a schedule to Form 5884 to show how and where the reduction of the salary and wage deduction(s) was made. Show in this schedule the amount of the otherwise allowable deduction(s) before the reduction and the net amount actually deducted. Identify the line number, schedule, and page number of Form 1120M for which a reduction is made. If the reduction of salaries and wages is less than the jobs credit on line 9 of Form 5884, explain the difference.

26. Possessions corporation tax credit.—See Form 5712 for rules on how to elect to claim this tax credit (section 936). Compute the credit on Form 5735 and include the amount of the credit in the total for line 26, page 1, Form 1120M. Write in the margin next to the entry on line 26, the amount of the credit and identify it as being a section 936 credit.

28. Foreign corporations.—A foreign corporation carrying on an insurance business within the U.S. is taxable in the same manner as a domestic insurance company with respect to its income effectively connected with the conduct of a trade or business within the U.S. See section 842.

Any other U.S. source income received by a foreign corporation not effectively connected with the conduct of a trade or business within the U.S. is taxed at a 30% (or lower treaty) rate. See section 881. If you have any such income, attach a schedule showing the nature of income, amount of income, rate of tax (30% or lower treaty rate), and amount of tax. Enter the amount of tax imposed by section 881 on line 28, page 1.

29. Tax from recomputing a prior year investment credit.—If property is disposed of prior to the life-years category used in computing the investment credit,

the investment credit must be recomputed using as the useful life the period the property was actually held. (For recomputations of the investment credit for qualified progress expenditures, see section 47(a)(3).) If the credit taken, including carrybacks and carryovers, exceeds the recomputed credit, the tax in the year of disposition must be increased by the excess. Form 4255 may be used to compute the tax.

The tax from recomputing a prior year investment credit may not be offset against the current year's investment credit.

30. Tax from recomputing a prior year WIN credit.—If a WIN program employee is dismissed before completing a certain period of employment, the WIN credit previously taken on such employee may be subject to recapture. If so, you must repay (with certain exceptions) any tax credit previously taken on the salaries and wages paid or incurred to that employee. (See Form 4874.)

The tax from recomputing a prior year work incentive credit may not be offset against the current year's work incentive credit.

31. Minimum tax on tax preference items.—In general, the corporate minimum tax rate is 15% and the minimum tax exemption is the greater of \$10,000 or the regular income taxes for the year.

The tax preference items are accelerated depreciation on real property; amortization of certified pollution control facilities; railroad rolling stock; on-the-job training facilities and child care facilities; reserve for losses on bad debts of financial institutions; depletion; and capital gains.

Attach Form 4626 if items of tax preference exceed \$10,000 even if there is no minimum tax. OR if you have any minimum tax liability deferred from a prior taxable year to this year.

33(e). Credit by reciprocal for tax paid by attorney-in-fact.—See section 826(e) and the regulations thereunder.

33(f). Other tax credits.—The corporation may claim credit for Federal excise tax on gasoline for farm use, business nonhighway uses, intercity, local, and school bus uses, and commercial fishing vessel uses. See Form 4136.

Also include on line 33(f) any of the tax included on line 28, page 1, which was withheld at the U.S. source.

SCHEDULE A—Taxable Investment Income or (Loss)

1. Interest.—Enter interest received or accrued from all sources during the taxable year. The gross amount of interest reported as gross income must be decreased by the amortization of premiums attributable to the taxable year on bonds, notes, debentures or other evidences of indebtedness, determined (1) in accord-

ance with the method regularly employed, if reasonable, or (2) in accordance with regulations. (Attach a statement showing method and computation.)

3. Gross rents.—Enter the gross amount received for the rent of property. Deduct expenses such as repairs, interest, taxes, and depreciation in the proper lines for deductions.

4. Gross royalties.—Enter the gross amount of royalties. If a deduction is claimed for depletion, report it on line 15.

5. Gross income from trade or business other than insurance business.—Enter the gross income from any trade or business (other than an insurance business) carried on by the mutual insurance company, or by a partnership of which the mutual insurance company is a member. Include section 1245 and section 1250, etc., gains from Form 4797 with respect to investment assets only.

6. Leases, etc.—Enter the gross amount of income received from the entering into (or the alteration or termination) of any lease, mortgage or other instrument or agreement from which the mutual insurance company derives interest, dividends, rents, or royalties.

8. Net gain from sale or exchange of capital assets.—Report sales or exchanges of capital assets in separate Schedule D (Form 1120) (but see Schedule A-3, page 3). Every sale or exchange of a capital asset, even though no gain or loss results, must be reported in detail.

Losses from sales or exchanges of capital assets (except losses from capital assets sold or exchanged to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and, similar distributions to policyholders) are allowed to the extent of gains from such sales or exchanges with respect to companies taxable under section 821.

The net capital loss for such companies is the amount by which losses for the year from sales or exchanges of capital assets exceed the sum of the gains from sales or exchanges and the lesser of (1) the taxable investment income (computed without regard to gains or losses from sales or exchanges of capital assets) or (2) losses from the sale or exchange of capital assets sold or exchanged to obtain funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders.

However, the amount of a net capital loss sustained in a taxable year may be carried back 3 years and forward 5 years as a short-term capital loss. The amount allowable as a capital loss carryback is

subject to the limitation of section 1212 (a)(1).

For further information relating to gains and losses from sales or exchanges of property, see instructions for separate Schedule D (Form 1120).

Deductions

10. Interest wholly exempt from tax.—Enter the amount of interest which is wholly exempt from taxation under section 103.

11. Investment expenses.—Enter expenses which are properly chargeable as investment expenses. If you allocate general expenses to investment expenses, the total deduction cannot exceed the limitation on line 18, Schedule A-1. Attach a schedule showing the nature and amount of the items and group the minor items into one amount. See section 822 (c)(2).

12. Taxes.—Enter taxes paid or accrued exclusively upon real estate owned by the company as provided in section 164. For limitation on deduction, see instruction 19(a).

13. Real estate expenses.—Enter all ordinary and necessary building expenses, paid or accrued, such as fire insurance, heat, light, labor, etc.; and the cost of incidental repairs which neither materially add to the value of the property nor appreciably prolong its life, but keep it in an ordinary efficient operating condition. Do not include any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or any amount expended on foreclosed property before such property is held for rental purposes. For limitation on this deduction, see instruction 19(a).

14. Depreciation.—The amount deductible for depreciation is an amount reasonably measuring a portion of the investment in depreciable property which, by reason of exhaustion, wear and tear, or obsolescence, is properly chargeable against the operations of the year. In any event, the deduction is limited to the depreciation on the property that is used, and to the extent used, for the purpose of producing the income specified in section 822(b). For limitation on this deduction, see instruction 19(a). Also see instructions for Form 4562, Depreciation.

15. Depletion.—See section 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T if a deduction is claimed for depletion of timber.

16. Trade or business deductions.—Enter total deductions attributable to any trade or business (other than an insurance business), the income from which is included in the mutual insurance com-

pany's gross investment income by reason of section 822(b)(2). Do not include losses (a) from sales or exchanges of capital assets, (b) from sales or exchanges of property used in the trade or business, or (c) from the compulsory or involuntary conversion of property used in the trade or business.

17. Interest paid or accrued.—Enter the amount of interest paid or accrued during the taxable year on the company's indebtedness, except on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from taxation. (Section 265.)

18. Other capital losses.—Enter losses from capital assets sold or exchanged to provide funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders. Capital assets are considered as sold or exchanged to provide for such funds or payments to the extent that the gross receipts from their sale or exchange are not greater than the excess, if any, for the taxable year of the sum of: (a) dividends and similar distributions paid to policyholders, (b) losses paid, and (c) expenses paid, over: (1) amount on line 7, and (2) net premiums received. (See Schedule A-3.)

19. Total deductions:

(a) Limitation on deductions relating to real estate owned and occupied.—The deductions included on lines 12, 13, and 14 for real estate owned and occupied in whole or in part by the company are limited to an amount which bears the same ratio to those deductions (computed without regard to section 822(d)(1)) as the rental value of the space not so occupied bears to the rental value of the entire property. (Attach a schedule showing this computation.)

(b) Items not deductible.—No deduction is allowable for any amount allocable to a class of exempt income other than exempt interest income. Items directly attributable to wholly exempt income must be allocated to such income, and items directly attributable to any class of taxable income must be allocated to taxable income.

If an item is indirectly attributable both to taxable income and exempt income, a reasonable proportion of the item, determined in the light of all the facts and circumstances in each case, must be allocated to each.

Attach a statement showing (1) the amount of each class of exempt income, and (2) the amount of expense items allocated to each such class. Show the amount allocated by apportionment separately.

21. Dividends-received deduction.—See instructions for Schedule E, Part II.

The 85% limitation on the dividends-received deduction does not apply for any year in which there is a loss from taxable investment income.

SCHEDULE A-2.—Alternative Tax for Certain Small Companies

Section 821(c) provides an alternative tax for companies if the gross amount reported on line 7, Schedule A, plus premiums, is over \$150,000 but not over \$500,000.

The term "premiums" means the total amount of the premiums and other consideration provided in the insurance contract without any deduction for commissions, return premiums, reinsurance, dividends to policyholders, dividends left on deposit with the company, discounts on premiums paid in advance, interest applied in reduction of premiums (whether or not required to be credited in reduction of premiums under the terms of the contract), or any other item of a similar nature.

Such term includes advance premiums, premiums deferred and uncollected, and premiums due and unpaid, deposits, fees, assessments, and consideration in respect of assuming liabilities under contracts not issued by the taxpayer (such as a payment or transfer of property in an assumption reinsurance transaction), but does not include amounts received from other insurance companies for losses paid under reinsurance contracts. (See section 1.821-4(a)(1)(ii) of the regulations.)

Any mutual insurance company that is subject to the tax imposed by section 821(c) may elect to be subject to the tax imposed by section 821(a). See section 821(d) and the regulations thereunder for election to include statutory underwriting income or loss.

The alternative tax is not available to a company that has a balance in its protection against loss account at the beginning of the taxable year, or to a company that has an election in effect under section 821(d) to be taxed under section 821(a).

If the mutual insurance company meets these qualifications, use Schedule A-2 to compute its income tax liability. Enter the amount from line 22 of Schedule A on line 1 of Schedule A-2. Then complete lines 7 through 20 on page 1 of Form 1120M, using the amount on line 1 of Schedule A-2 for the amount on line 6 of page 1 of Form 1120M. Enter the result of this computation on line 2 of Schedule A-2.

Special Computation.—Section 821(c)(1)(B) imposes a limitation on the income tax liability of a mutual insurance company whose taxable investment income (line 1 of Schedule A-2) is less than \$6,000. If the amount entered on

line 1 of Schedule A-2 is less than \$6,000, subtract \$3,000 from the amount entered on line 1 of Schedule A-2, and multiply the result by 34%. Enter this amount on line 3 of Schedule A-2.

SCHEDULE A-3.—Other Capital Losses

Total gross receipts from sales of capital assets, line 10, column 3, should not exceed the amount shown on line 9. If necessary, gross receipts from a particular sale of a capital asset should be apportioned in the above schedule and the excess reported in separate Schedule D (Form 1120).

Except for the apportionment, sales reported in this schedule should not be reported in separate Schedule D.

Enter total other capital losses (line 10, column 7) on line 18, Schedule A and line 13, Schedule B-1.

SCHEDULE B-1.—Income and Deductions

1. Investment income.—To all interest, dividends, and rents received during the taxable year, add interest, dividends, and rents due and accrued at the end of the taxable year and deduct all interest, dividends, and rents due and accrued at the end of the preceding taxable year.

2. Premiums earned.—From the amount of gross premiums written on insurance contracts during the taxable year, deduct return premiums and premiums paid for reinsurance. To the result so obtained, add unearned premiums on outstanding business at the end of the preceding taxable year and deduct unearned premiums on outstanding business at the end of the taxable year.

3(a). Gain from sale or other disposition of capital assets.—Enter the amount of gain (only) from the sale or other disposition of capital assets from Schedule D (Form 1120).

3(b). Ordinary gain.—For reporting sales or exchanges of property (other than capital assets) including involuntary conversions, and all section 1245 and section 1250, etc. gains, see Form 4797, Supplemental Schedule of Gains and Losses.

5. Decrease in subscriber accounts.—Enter the amount of the decrease for the taxable year in savings credited to subscriber accounts of an interinsurer or reciprocal underwriter. See instruction 20 for Schedule B-1 for savings credited to subscriber accounts.

Deductions

7. Salaries and wages.—Enter the amount of salaries and wages paid or accrued during the taxable year.

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8. Rents.—Enter the amount of rent paid or accrued for business property in which the company has no equity.

9. Interest.—Do not include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. (Section 265.)

See section 267 for the limitation on deductions for unpaid expenses and interest in the case of transactions between related taxpayers.

10. Taxes.—Enter taxes paid or accrued during the taxable year. Do not include Federal income tax, foreign or U.S. possession income taxes if a foreign tax credit is claimed, or taxes not imposed upon the corporation.

See section 164(d) for apportionment of taxes on real property between seller and purchaser.

11. Losses incurred on insurance contracts.—To losses paid during the taxable year, add salvage and reinsurance recoverable outstanding at the end of the preceding taxable year and deduct salvage and reinsurance recoverable outstanding at the end of the taxable year. To this result, add all unpaid losses outstanding at the end of the taxable year and deduct unpaid losses outstanding at the end of the preceding taxable year.

12. Capital losses.—Enter only capital losses to the extent of capital gains from separate Schedule D (Form 1120). Capital gains should be entered on line 3. (Also, see instruction 8 for Schedule A.)

13. Other capital losses.—Enter the amount of losses from capital assets sold or exchanged to provide funds to meet abnormal insurance losses and to provide for the payment of dividends and similar distributions to policyholders. (Also, see instruction 18 for Schedule A.)

14. Worthless agency balances and bills receivable.—Enter the amount of debts in the nature of agency balances and bills receivable that became worthless during the taxable year.

15. Interest.—Enter the amount of interest earned during the taxable year that is excluded from gross income under section 103.

16. Depreciation.—See instructions for Form 4562, Depreciation.

17. Depletion.—See instruction 15 for Schedule A.

18. Contributions.—Enter contributions or gifts paid within the taxable year to or for the use of charitable and government organizations described in section 170(c) and any unused contributions carried over from prior years.

Corporations on the accrual basis may elect to deduct contributions paid on or

before the 15th day of the 3d month after the end of the taxable year if the contributions are authorized by the board of directors during the taxable year.

A declaration, signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the taxable year, and a copy of the resolution, must both be attached to the return.

The total amount claimed may not exceed 5% of line 24, Schedule B-1, computed without regard to any deduction for contributions.

Charitable contributions in excess of the 5% limitation may not be deducted for the taxable year but may be carried over to the next 5 taxable years.

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property.—If a charitable contribution of property is made, the contribution must be reduced by the sum of:

- (1) the ordinary income, short-term capital gain, and
- (2) for certain contributions, 60.87% of the long-term capital gain,

that would have resulted if the property were sold at its fair market value. The reduction for 60.87% of the long-term capital gain applies to (1) contributions of tangible personal property for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (2) contributions of any property to or for the use of certain private foundations. (Section 170(e).) For special rules regarding a contribution of inventory, and other ordinary income property (described in section 1221(1) or (2)) to an exempt organization described in section 501(c)(3), for use in the care of the ill, needy, or infants, see section 170(e)(3).

Bargain sale to a charitable organization.—If a charitable contribution deduction is taken for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

19. Dividends paid or declared to policyholders.—Enter the amount of dividends and similar distributions paid or declared to policyholders.

20. Increase in subscriber accounts.—In the case of a mutual insurance company which is an interinsurer or reciprocal underwriter, a deduction is allowed for the increase in savings credited to subscriber accounts for the taxable year.

The term "savings credited to subscriber accounts" means such portion of the surplus credited to the individual accounts of subscribers on or before March 15, 1980. This applies only if the company would be obligated to pay such amount promptly to a subscriber if the subscriber terminated the contract at the close of the company's taxable year and only if the subscriber has been notified as required by section 1.823-6(c)(2)(v) of the regulations. For purposes of determining the taxable income, the subscriber must treat any such savings credited to the subscriber's account as a dividend paid or declared.

21(a). Pension, profit-sharing, etc. plans.—The number of plans to be entered refers to all plans for which all assets have not been distributed. Also include any plans in which assets were distributed in the current year. The number of plans MUST be indicated whether or not a deduction is claimed.

Except for simplified employee pension plans, complete Form 5500 for each plan and file as a separate return. Complete Form 5500-C in lieu of Form 5500 if there were fewer than 100 participants at the beginning of the plan year. See instructions for above forms for computation of allowable deduction on line 21(a). File these forms on or before the last day of the 7th month following the close of the plan year. ERISA imposes penalties for failure to furnish complete information and failure to file statements and return/reports.

21(b). Employee benefit programs.—Enter the amount of your contributions to employee benefit programs (e.g., insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 21(a). Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

25. Dividends-received deduction.—See instructions for Schedule E, Part II.

The 85% limitation on the dividends-received deduction does not apply to any year in which there is a loss from statutory underwriting income.

SCHEDULE B-2.—Special Deduction

In the case of a taxpayer subject to the tax imposed by section 821(a), section 823(c) provides that if the gross amount received during the taxable year from the items described in section 822(b) (other than paragraph (1)(D)) and premiums (including deposits and assessments) is less than \$1,100,000, then there is allowed an additional deduction for the purposes of determining statutory underwriting income or loss under section 823 (a) for the taxable year.

For definition of "premiums" see instructions for Schedule A-2.

SCHEDULE E.—Dividends

Part I.—Dividend Income

1. Certain domestic corporations.—Enter dividends received from domestic corporations subject to income tax and which are subject to the 85% deduction under section 243(a)(1).

So-called dividends or earnings from mutual savings banks, etc., are really interest and should not be treated as dividends.

For dividends received from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

2. Certain public utility corporations.—Enter dividends received on the preferred stock of a public utility that is subject to income tax and is allowed the deduction provided in section 247 for dividends paid.

3. Certain foreign corporations.—Enter dividends received from foreign corporations and which qualify for the 85% deduction provided in section 245(a).

Enter dividends received from wholly-owned foreign subsidiaries and which are eligible for the 100% deduction provided in section 245(b).

In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a taxable year during which (1) all of its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividends and (2) all of its gross income from all sources is effectively connected with the conduct of a trade or business within the U.S.

If dividends received from wholly-owned foreign subsidiaries are included in line 3, attach a schedule showing the amount of these dividends.

4. Certain affiliated groups.—Enter only those dividends which are subject to the elective provisions of section 243(b).

5. Other corporations.—Attach a schedule showing separately:

(a) Foreign dividends not reportable on line 3. (Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F.)

(b) Income constructively received from controlled foreign corporations under subpart F. (This amount should equal the total of amounts reported in Schedule A, of Form(s) 3646.)

(c) "Gross-up" of dividends for taxes deemed paid under sections 902 and 960.

(d) Dividends (other than capital gain dividends) received from regulated investment companies and which are not subject to the 85% deduction; dividends from tax-exempt organizations; dividends (other than capital gain dividends and exempt-interest dividends) received from a real estate investment trust which, for the taxable year of the trust in which the dividends are paid, qualifies under sections 856-860; dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments with respect to similar stock; and any other taxable dividend income not properly reported above.

Part II.—Dividends-received deduction

3. Dividends-received from certain foreign corporations.—Enter 85% of dividends-received from certain foreign corporations.

Enter on this line 100% of the company's share of dividends-received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction provided in section 245(b).

See section 245 for qualifications and limitations on the amount of these deductions.

4. Total.—This total is subject to the 85% limitation provided by section 246 (b) as follows:

(a) Schedule A.—The line 4 total may not exceed 85% of (line 20, Schedule A, less line 5, Schedule E, Part II).

(b) Schedule B-1.—The line 4 total may not exceed 85% of (line 24, Schedule B-1, less line 5, Schedule E, Part II).

5. Dividends-received from certain members of affiliated groups.—Members of affiliated groups may elect under section 243(b) to deduct 100% of the qualifying dividends-received from other members of the same group. Qualifying corporations which elect to take the 100% deduction are limited to one

\$25,000 amount in each taxable income bracket which must be apportioned under section 1561 among the members of the controlled group. See section 243 (b) for qualifications and restrictions applicable to this deduction.

SCHEDULE F.—Compensation of Officers

Attach a schedule using the following format: 1. Name of officer, 2. Social se-

curity number, 3. Time devoted to business, 4. Amount of compensation, 5. Expense account allowances.

Complete columns 1 through 4, Schedule F, for all officers. Complete column 5, Schedule F, for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, other than

compensation, received as advances or reimbursements, and (2) amounts paid by or for the corporation, for expenses incurred by or on behalf of an officer. Column 5 does not have to be completed for any officer for whom the combined amount is less than \$30,000.

This information is to be submitted by each member of an affiliated group included in a consolidated return.

Form **1120S**
Department of the Treasury
Internal Revenue Service

**U.S. Small Business Corporation
Income Tax Return** for calendar year 1979 or

1979

A Date of election as small business corporation

Use IRS label. Otherwise, please print or type.

Name

Number and street

City or town, State, and ZIP code

C Employer identification no. (see instructions 5)

D Date incorporated

E Enter total assets from Schedule L, line 14, column (D) (see instruction 7)

IMPORTANT—All applicable lines and schedules must be filled in. If the space on the schedules is not sufficient, see instruction N. Note: If section 465 (deductions limited to amount at risk) applies, see instruction for line 28.

Gross Income	1 (a) Gross receipts or sales \$.....	1(b) Less returns and allowances \$.....	Balance ▶	1(c)
	2 Cost of goods sold (Schedule A) or operations (attach schedule)			2
	3 Gross profit (subtract line 2 from line 1(c))			3
	4 (a) Domestic dividends			4(a)
	(b) Foreign dividends			4(b)
	5 Interest on obligations of the U.S. and U.S. instrumentalities			5
	6 Other interest			6
	7 Gross rents			7
	8 Gross royalties			8
	9 Gains and losses (attach separate Schedule D (Form 1120S)):			
	(a) Net short-term capital gain reduced by any net long-term capital loss			9(a)
(b) Net capital gain (if more than \$25,000, see instructions for Part IV of Schedule D (Form 1120S))			9(b)	
(c) Ordinary gain or (loss) from Form 4797, Part II, line 11 (attach Form 4797)			9(c)	
10 Other income (see instructions—attach schedule)			10	
11 TOTAL income—Add lines 3 through 10			11	

Deductions	12 Compensation of officers (Schedule E)		12
	13 (a) Salaries and wages	13(b) Less jobs credit	Balance ▶
	14 Repairs (see instructions)		14
	15 Bad debts (Schedule F if reserve method is used)		15
	16 Rents		16
	17 Taxes		17
	18 Interest		18
	19 Contributions (not over 5% of line 28 adjusted per instructions—attach schedule)		19
	20 Amortization (attach schedule)		20
	21 Depreciation from Form 4562 (attach Form 4562)	less depreciation claimed in Schedule A and elsewhere on return	Balance ▶
	22 Depletion (attach schedule)		22
23 Advertising		23	
24 Pension, profit-sharing, etc. plans (see instructions) (enter number of plans ▶)		24	
25 Employee benefit programs (see instructions)		25	
26 Other deductions (attach schedule)		26	
27 TOTAL deductions—Add lines 12 through 26		27	
28 Taxable income (loss) (subtract line 27 from line 11) (see instructions)		28	

Tax	29 Income tax on capital gains (Schedule D (Form 1120S), Part IV)		29
	30 Minimum tax (see instructions—attach Form 4626)		30
	31 Total tax (add lines 29 and 30)		31
	32 Payments: (a) Tax deposited with Form 7004	32(a)	
	(b) Tax deposited with Form 7005 (attach copy)	32(b)	
(c) Federal tax on special fuels and oils (attach Form 4136 or 4136-T)	32(c)		
33 TAX DUE (subtract line 32 from line 31). See instruction G for depositary method of payment ▶		33	
34 OVERPAYMENT (subtract line 31 from line 32)		34	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer	Date	Title
Preparer's signature and date	Check if self-employed	Preparer's social security no.
Firm's name (or yours, if self-employed) and address	E.I. No.	ZIP code

Form 1120S (1979)

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Schedule A Cost of Goods Sold (See instructions for Line 2)

1 Inventory at beginning of year	
2 Merchandise bought for manufacture or sale	
3 Salaries and wages	
4 Other costs (attach schedule)	
5 Total of lines 1 through 4	
6 Less: Inventory at end of year	
7 Cost of goods sold—Enter here and on line 2, page 1	
8 (a) Check all methods used for valuing closing inventory:	
(i) <input type="checkbox"/> Cost (ii) <input type="checkbox"/> Lower of cost or market as described in regulations section 1.471-4 (see instructions)	
(iii) <input type="checkbox"/> Writedown of "subnormal" goods as described in regulations section 1.471-2(c) (see instructions) <input type="checkbox"/> Yes <input type="checkbox"/> No	
(b) Did you use any other method of inventory valuation not described above? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If "Yes," specify method used and attach explanation ▶	
(c) Check if this is the first year LIFO inventory method was adopted and used (if checked, attach Form 970) <input type="checkbox"/>	
(d) If the LIFO inventory method was used for this taxable year, enter percentage (or amounts) of closing inventory computed under LIFO	
(e) Is the corporation engaged in manufacturing activities? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If "Yes," are inventories valued under regulations section 1.471-11 (full absorption accounting method)? <input type="checkbox"/> Yes <input type="checkbox"/> No	
(f) Was there any substantial change in determining quantities, cost, or valuations between opening and closing inventory? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If "Yes," attach explanation.	

Schedule E Compensation of Officers (See instruction 12)

1. Name of officer	2. Social security number	3. Time devoted to business	4. Percentage of corporation stock owned	5. Amount of compensation	6. Expense account allowances
Total compensation of officers—Enter here and on line 12, page 1.					

Schedule F Bad Debts—Reserve Method (See instruction 15)

1. Year	2. Trade notes and accounts receivable outstanding at end of year	3. Sales on account	4. Current year's provision	5. Recoveries	6. Amount charged against reserve	7. Reserve for bad debts at end of year
1974						
1975						
1976						
1977						
1978						
1979						

Additional Information Required

F Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)	Yes	No
If "Yes," attach a schedule showing: (1) name, address, and employer identification number; (2) percentage owned; (3) highest amount owed by you to such corporation during the year; and (4) highest amount owed to you by such corporation during the year. (Note: For purposes of F(3) and F(4), "highest amount owed" includes loans and accounts receivable/payable.)		
G Taxable income or (loss) from line 28, page 1, Form 1120S for your tax year beginning in: 1976 ▶; 1977 ▶; 1978 ▶		
H Refer to page 8 of instructions and state the principal:		
Business activity ▶; Product or service ▶		
I Were you a member of a controlled group subject to the provisions of section 1561?		
J If the corporation has a loss in an activity for the year, does the corporation have amounts for which it is not "at risk" in the activity (see instruction for line 28)?		
K Answer only if (1) this is the first 1120S return filed since your election to be treated as a small business corporation and (2) the corporation was in existence for the tax year prior to the election and had investment credit property: Was an agreement filed under section 1.47-4(b) of the regulations?		

L (1) Did you claim a deduction for expenses connected with:

- (a) Entertainment facility (boat, resort, ranch, etc.)
 (b) Living accommodations (except for employees on business)?
 (c) Employees attending conventions or meetings outside the U.S. or its possessions?
 (d) Employee's families at conventions or meetings?
 If "Yes," were any of these conventions or meetings outside the United States or its possessions?
 (e) Employee or family vacations not reported on Form W-2?

Yes No

(2) Enter total amount claimed on Form 1120S for entertainment, entertainment facilities, gifts, travel, and conventions of the type for which substantiation is required under section 274(d). (See instruction U.)

M Did you file all required Forms 1087, 1096, and 1099?

N At any time during the tax year, did you have an interest in or a signature or other authority over a bank account, securities account, or other financial account in a foreign country (see instruction R)?

O Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A or 926.

P During this tax year was any part of your tax accounting records maintained on a computerized system?

Q (1) Did you elect to claim amortization (under section 191) or depreciation (under section 167(e)) for a rehabilitated certified historic structure (see instruction for line 20)?

(2) Amortizable basis (see instruction for line 20)?

Schedule K Computation of Undistributed Taxable Income and Summary of Distributions and Other Items**Computation of Corporation's Undistributed Taxable Income**

1	Taxable income (line 28, page 1)	
2	Less: (a) Money distributed as dividends out of earnings and profits of the tax year	
	(b) Tax imposed on certain capital gains (line 31, page 1)	
3	Corporation's undistributed taxable income	
4	Actual dividend distributions taxable as ordinary income. (Do not include amounts shown on line 6.)	
5	Actual dividend distributions taxable as long-term capital gains (after tax)	
6	Actual dividend distributions taxable as ordinary income and qualifying for dividend exclusion	
7	Nondividend distributions	
8	Undistributed taxable income—taxable as ordinary income or (loss)	
9	(a) Undistributed taxable income—taxable as long-term capital gain (after tax) (see instructions)	
	(b) Portion of line 9(a) attributable to transactions after 10-31-78 (after tax) (if a loss, enter zero)	
	(c) Portion of line 9(a) attributable to transactions before 11-1-78—Subtract line 9(b) from 9(a)	
10	Investment credit property	Cost or basis
	Basis of new investment property	(a) 3 or more but less than 5 years
	New commuter highway vehicle	(b) 5 or more but less than 7 years
	Qualified progress expenditures	(c) 7 or more years
	Cost of used investment property	(d) 3 or more
	Used commuter highway vehicle	(e) 7 or more years 1974 through 1978
		(f) 7 or more years 1979
		(g) 3 or more but less than 5 years
		(h) 5 or more but less than 7 years
		(i) 7 or more years
		(j) 3 or more
11	Interest on investment indebtedness:	
	(a) (1) Interest on investment indebtedness incurred before 12-17-69	
	(2) Interest on investment indebtedness incurred before 9-11-75, but after 12-16-69	
	(3) Interest on investment indebtedness incurred after 9-10-75	
	(b) Net investment income or (loss)	
	(c) Excess expenses from "net lease property"	
	(d) Net capital gain attributable to investment property	
12	Items of tax preference (see instructions): (a) Accelerated depreciation on—(1) Low income rental housing	
	(2) Other real property	
	(3) Personal property subject to a lease	
	(b) Amortization: (1) (2) (3) (4)	
	(c) Reserve for losses on bad debts of financial institutions	
	(d) Depletion	
	(e) Intangible drilling costs	
	(f) Net capital gain (after tax)	
13	Jobs credit	

Schedule L Balance Sheets

	Beginning of tax year		End of tax year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
Assets				
1 Cash				
2 Trade notes and accounts receivable				
(a) Less allowances for bad debts				
3 Inventories				
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to shareholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets				
(a) Less accumulated depreciation				
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule)				
14 Total assets				
Liabilities and Shareholders' Equity				
15 Accounts payable				
16 Mtes., notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 Loans from shareholders				
19 Mtes., notes, bonds payable in 1 year or more				
20 Other liabilities (attach schedule)				
21 Capital stock				
22 Paid-in or capital surplus				
23 Retained earnings—appropriated (attach schedule)				
24 Retained earnings—unappropriated				
25 Shareholders' undistributed taxable income previously taxed				
26 Less cost of treasury stock				
27 Total liabilities and shareholders' equity				

Schedule M-1 Reconciliation of Income Per Books With Income Per Return

1 Net income per books		7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax		(a) Tax-exempt interest \$	
3 Excess of capital losses over capital gains		8 Deductions in this tax return not charged against book income this year (itemize)	
4 Income subject to tax not recorded on books this year (itemize)		(a) Depreciation \$	
5 Expenses recorded on books this year not deducted in this return (itemize)		9 Total of lines 7 and 8	
(a) Depreciation \$		10 Income (line 28, page 1)—line 6 less line 9	
6 Total of lines 1 through 5			

Schedule M-2 Analysis of Unappropriated Retained Earnings Per Books (line 24 above)

1 Balance at beginning of year		5 Distributions out of current or accumulated earnings and profits: (a) Cash	
2 Net income per books		(b) Stock	
3 Other increases (itemize)		(c) Property	
		6 Current year's undistributed taxable income or net operating loss (total of lines 8 and 9(a), Schedule K)	
		7 Other decreases (itemize)	
		8 Total of lines 5, 6, and 7	
4 Total of lines 1, 2, and 3		9 Balance at end of year (line 4 less line 8)	

1979 Department of the Treasury Internal Revenue Service

Instructions for Form 1120S U.S. Small Business Corporation Income Tax Return

(References are to the Internal Revenue Code.)

You may find Publication 589, Tax Information on Subchapter S Corporations, helpful. You can get it from your local Internal Revenue Service office.

General Instructions

A. Who Must File Form 1120S.—You must file Form 1120S if:

(1) You are a small business corporation as defined in Internal Revenue Code section 1371(a)(1);

(2) And you filed a proper and timely election on Form 2553, under section 1372(a), so you will not be subject to the income tax imposed by chapter 1 (except by sections 58(d)(2) and 1378).

B. End of Election.—The election by the corporation automatically ends in the following cases:

(1) If a new shareholder affirmatively refuses to consent to the election by the 60th day after the day the shareholder acquired the stock. A new shareholder is a person who was not a shareholder on the first day of the first tax year for which the election is effective or on the day the election is made, whichever is later.

The new shareholder's affirmative refusal must be filed with the Internal Revenue Service Center that has jurisdiction for the area where the principal business, office, or agency of the corporation is located.

(2) If the corporation is no longer a small business corporation as defined in section 1371(a).*

(3) If more than 80% of the corporation's gross receipts come from sources outside the United States.

(4) If more than 20% of the corporation's gross receipts are "passive investment" income, as defined in section 1372(e)(5)(C). However, this does not apply during the first two tax years of active conduct of the business if the passive investment is less than \$3,000.

The ending of an election for any of these reasons is effective for the tax year of the corporation in which any of the cases above occur and for all following tax years of the corporation. (See sections 1372(e) and (f).)

*Section 1371(a)(1) limits an electing small business corporation to 15 shareholders or less. Section 1371(c) states that a husband and wife (and their estates) are considered as one shareholder. Also, see section 1371(e) about certain trusts that may be permitted as shareholders.

C. Revocation of Election.—The election may be revoked for any tax year after the first tax year for which it is effective. An election may be revoked only if all persons who are shareholders in the corporation on the day on which the revocation is made consent to the revocation.

A revocation is effective either for the tax year in which made, if made before the close of the first month of such tax year, or for the tax year following the tax year in which made, if made after the close of such first month. The revocation must be made according to section 1.1372-4 of the regulations.

After the election has ended or has been revoked, the corporation can make an election again under section 1372(a) within 5 years only if the Commissioner consents. (See section 1372(f).)

D. Period to be Covered by 1979 Return.—File the 1979 return for calendar year 1979 and fiscal years beginning in 1979 and ending in 1980. If the return is for a fiscal year, fill in the tax year spaces on the form.

Final Returns.—If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

E. When To File.—In general, file Form 1120S by the 15th day of the 3rd month after the end of the tax year.

Use Form 7004 to request an automatic 3-month extension to file Form 1120S.

Use Form 7005 to request an additional extension after getting an automatic 3-month extension with Form 7004.

F. Where To File.—If the corporation's principal business, office, or agency is located in:

New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Holtzville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888

Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19258

G. Depositary Method of Paying the Tax.—You must pay the balance of tax due (line 33) either (1) in full when you file the return or (2) in two equal installments. The first installment is due by the 15th day of the 3rd month after the end of the tax year. The second installment is due by the 15th day of the 6th month after the end of the tax year.

Deposit corporation income tax payments with a preinscribed Federal Tax Deposit (FTD) Form 503. Make these tax deposits with either a financial institution qualified as a Depositary for Federal taxes or the Federal Reserve Bank or Branch (FRB) servicing the geographic area where the taxpayer is located. Records of deposits will be sent to the Internal Revenue Service for crediting to the corporation's account. See the instructions on the back of Form 503 for additional information and exceptions.

You can get Form 503 from the IRS center where you file your returns. The application should include the corporation's name, identification number, address, and the tax year to which the deposits relate.

H. Change in Accounting Period.—To change an accounting period, see section 1.442-1 of the regulations and Form 1128, Application for Change in Accounting Period. Also see Publication 538, Accounting Periods and Methods.

I. Accounting Methods.—Figure taxable income using the method of accounting regularly used in keeping the corporation's books and records. In all cases, the method adopted must clearly reflect taxable income. (See section 446.)

A corporation may change the method of accounting used to report income in earlier years (for income as a whole or for any material item) only by first getting consent on Form 3115, Application for Change in Accounting Method, unless the law specifically states otherwise.

Rounding Off to Whole-Dollar Amounts.—You may round off dollar amounts by eliminating any amount less than 50 cents and increasing any amount from 50 cents through 99 cents to the next higher dollar.

J. Information Returns That May be Required.

Form 1096—Annual Summary and Transmittal of U.S. Information Returns.

Forms 1099-BCD, DIV, INT, MED, MISC, OID, PATR and R.—You may have to file these information returns to report interest on bearer certificates of deposit, certain dividends, interest income, medical and health care payments, miscellaneous income, original issue discount, patronage dividends, and total distributions from profit-sharing plans, retirement plans, and individual retirement arrangements.

Use Form 1099-DIV to report actual dividend distributions taxable as ordinary income, actual dividend distributions taxable as long-term capital gains (after tax), nondividend distributions, and dividends qualifying for the dividend exclusion.

Use Schedule K-1 (Form 1120S) to report constructive dividends (undistributed taxable income). Do not report them on Form 1099-DIV.

Forms 966 and 1099L.—Use these information returns to report dissolution or liquidation, and distributions in liquidation.

K. Stock Ownership in Foreign Corporations.—If the corporation owned at least 5% in value of the outstanding stock of a foreign personal holding company, attach the statement required by section 551(c).

A taxpayer who controls a foreign corporation, or who is a 10% or more shareholder of a controlled foreign corporation, may have to file Forms 2952 and 3646.

L. Balance Sheets.—The balance sheets must agree with the corporation's books and records. You must reconcile any differences. You may use copies of balance sheets required by Federal, State, or other authorities in place of Schedule L. Include certificates of deposit as cash on line 1 of the balance sheet.

Complete the financial statements in accordance with the method of accounting used in figuring taxable income.

M. Net Operating Loss and Other Deductions.—An electing small business corporation may not take the deduction for net operating losses provided by section 172 and the special deductions in Part VIII (except section 248) of subchapter B. (See section 1373(d).)

The corporation's net operating loss is allowed as a deduction from gross income of the shareholders of the corporation. (Section 1374.)

N. Attachments.—If you need more space on forms or schedules, attach separate sheets. Attach schedules in alphabetical order and forms in numerical order to the back of Form 1120S. Be sure to put the corporation's name and employer identification number on these separate sheets.

O. Signature.—The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) authorized to sign.

A receiver, trustee, or assignee must sign and date any return he or she is required to file on behalf of a corporation.

If your corporate officer fills in Form 1120S, the space under "Signature of officer" should remain blank. If someone prepares Form 1120S and does not charge the corporation, that person should not sign the return. Certain others who prepare Form 1120S should not sign. For example, a regular, full-time employee of the corporation such as a clerk or secretary does not have to sign. (This list is not all inclusive.)

In general, anyone paid to prepare Form 1120S must sign the return and fill in the other blanks in the Paid Preparer's Information area of the return.

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When more than one person prepared Form 1120S, the preparer with primary responsibility for the overall accuracy of the return must sign as the preparer.

If the preparer is self-employed (that is, not employed by any person or business to prepare the return), he or she should check the "self-employed" box in the preparer's section of Form 1120S.

If you have questions about whether a preparer must sign Form 1120S, please contact an IRS office.

The person required to sign the return as preparer MUST complete the required preparer information and:

- Sign it, by hand, in the space provided for the preparer's signature. (Signature stamps or labels are not acceptable.)
- Give a copy of Form 1120S to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. Publication 1045, Information for Preparers of Federal Income Tax Returns, lists some of the preparer's other responsibilities and penalties for which he or she may be liable. The publication also contains the regulation citations which govern their work.

P. Transfers to Corporation Controlled by Transferor.—If a person acquires stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the transferor and transferee must attach the information required by section 1.351-3 of the regulations.

Q. Penalties.

(1) A corporation that fails to file its tax return by the due date including any extensions may have to pay a penalty of 5% a month, up to a maximum of 25%, for each month the return is not filed. (The penalty is imposed on the net amount due—section 6651(a)(1).)

(2) A corporation that fails to pay the tax when due may have to pay a penalty of 1/2% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. (The penalty is imposed on the net amount due—section 6651(a)(2).)

These penalties will not be imposed if the corporation can show that the failure to file or to pay was due to reasonable cause and not to willful neglect.

These penalties are in addition to the interest charge imposed on unpaid tax at a rate under section 6621.

R. Foreign Financial Accounts and Foreign Trusts.

Question N. Check the Yes box if either (1) or (2) below applies to you.

(1) At any time during the year you had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country. Exception: Check No if either of the following apply to you:

- The combined value of the accounts was \$1,000 or less during the whole year.
- The accounts were with a U.S. military banking facility operated by a U.S. financial institution.

(2) You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Get Form 90-22.1 to see if you are considered to have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked Yes for Question N, file Form 90-22.1 by June 30, 1980, with the Department of the Treasury at the address shown on the form. Form 90-22.1 is not a tax return, so do not file it with the IRS. But be sure to file your Form 1120S with the IRS.

You can get Form 90-22.1 from many IRS offices.

Question O: Check the Yes box if you were a grantor of, or a transferor to, a foreign trust that existed during the tax year.

S. Item C. Employer Identification Number.—If the employer identification number (EIN) is wrong on the label or if you did not receive a label, write the correct number on the return.

A corporation that does not have an EIN should apply for one on Form SS-4, available from any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120S is sent. Write "applied for" in the space for EIN, if it is not received by the time Form 1120S is filed.

T. Item E. Total Assets.—If there are no assets at the end of the tax year, show the total assets as of the beginning of the tax year.

U. Travel and Entertainment Expenses (Section 274(d)).—See Form 1120S, item L(2), page 3. Enter the total amount spent during the year for entertainment, entertainment facilities, gifts, travel, and conventions for which substantiation would be required under section 274(d).

Expenditures paid or incurred in tax years beginning in 1979 that are included in the cost of inventory, merchandise purchased for resale, or capitalized in asset accounts, etc., should be reported in the total as if they were fully deducted on the return even though all or a portion of such expenditures are included in ending inventory, asset accounts, etc.

Do not include amounts treated as compensation and reported on Forms W-2.

See regulations section 1.274-5 for definitions and rules governing the types of expenses for which substantiation is required and therefore reportable in item L(2).

Generally, for tax years ending after 1978, you may not take a deduction for any expense paid or incurred for a facility used for entertainment, amusement, or recreation. See section 274(a).

Specific Instructions

(Numbered to correspond to the line numbers on page 1 of the return.)

Gross Income

1. **Gross receipts.**—Enter gross receipts or sales from all business operations except those you must report on lines 4 through 10.

For reporting advance payments and long-term contracts, see section 1.451-5 of the regulations.

If you use the installment method, enter on line 1 the gross profit on collections from installment sales and carry the same amount to line 3. Attach a schedule showing for the current year and 3 preceding years: (a) gross sales, (b) cost of goods sold, (c) gross profit, (d) percentage of gross profit to gross sales, (e) amount collected, and (f) gross profit on amount collected.

2. Schedule A—Cost of goods sold.

Valuation methods.—Your inventories can be valued at: (a) cost, (b) cost or market value (whichever is lower), or (c) any other method approved by the Commissioner of Internal Revenue, where those methods conform with the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods should request permission to change to a method permitted for Federal income tax purposes. For further information regarding the change, see Regulation section 1.446-1(e)(3).

Check the method(s) used for valuing inventories in line 8(a). Under "lower of cost or market," market generally applies to normal market conditions where there is a current bid price prevailing at the date the inventory is valued. When no regular open market exists or when quotations are nominal because of inactive market conditions, use fair market prices from the most reliable sales or purchase transactions that occurred near the date the inventory is valued. For additional requirements, see Regulation section 1.471-4.

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are "subnormal" (that is because of damage, imperfections, shop wear, etc.) within the meaning of Regulation section 1.471-2(c). Such goods may be valued at a current bona fide selling price less direct cost of disposition (but not less than scrap value) where the taxpayer can establish such a price. See Regulation section 1.471-2(c) for additional requirements.

In line 8(b), indicate whether you used a method of inventory valuation other than those described in line 8(a), and attach a statement describing the method used.

If this is the first year you used the "Last-in, First-out" (LIFO) inventory method under section 472, attach Form 970 or a statement with Form 1120S and check the LIFO box in line 8(c). Enter the amount or percent (estimates may be

used) of total closing inventories covered under section 472 in line 8(d).

Full absorption method of inventory costing.—If you are engaged in manufacturing or production, you must use the full absorption method of inventory costing. If you are not using it, you must change to this method. Under it, both direct and certain indirect production costs are included for inventory valuation purposes.

You may use Form 3115 to change to full absorption. For further details, see Revenue Procedure 75-40, 1975-2 C.B. 571, and section 1.471-11 of the regulations.

Cost of operations (where inventories are not an income-determining factor).—If the amount entered on line 2 includes an amount for the cost of operations, attach a schedule showing (1) salaries and wages and (2) other costs in detail.

6. **Other interest.**—Enter interest on loans, notes, mortgages, bonds, bank deposits, corporate bonds, etc.

Do not offset interest income against interest expense.

7. **Gross rents.**—Enter the gross amount you received for renting property. In the proper lines, deduct expenses such as repairs, interest, taxes, and depreciation.

The corporation may be limited in the amount of expense deductions for renting a vacation home if a shareholder uses the property for personal purposes. (See section 280A.)

9. **Sales or exchanges of capital assets and other property.**—See separate Schedule D (Form 1120S), and Form 4797, Supplemental Schedule of Gains and Losses.

If line 9(b) is more than \$25,000, see instructions for Part IV, Tax Computation, of Schedule D (Form 1120S).

Report every sale or exchange of a capital asset in detail in Schedule D (Form 1120S) even though there is no gain or loss.

10. **Other income.**—Enter any other taxable income not listed above and explain its nature on an attached schedule. Examples of other income are recoveries of bad debts deducted in earlier years under the specific charge-off method and refunds of taxes deducted in earlier years. Do not offset current year's taxes with tax refunds.

If "other income" consists of only one item, identify it by showing the account caption in parentheses on line 10.

Deductions

12. **Compensation of officers.**—Complete columns 1 through 5, Schedule E, for all officers. Complete column 6, Schedule E, for your six highest paid officers. To determine the highest paid officers, add all allowances, including expense account allowances, to each officer's compensation. Expense account allowance means (1) amounts, except compensation, received as advances or reimbursements and (2) amounts paid by or for the corporation for expenses incurred by or for an officer. You do not have to complete column 6 for any

officer whose combined amount is less than \$30,000.

13. **Salaries and wages.**—Enter on line 13a the amount of total salaries and wages (other than salaries and wages deducted elsewhere on your return) paid or incurred for the tax year.

Enter on line 13b the applicable jobs credit from line 9 of Form 5884. See instruction G of the Instructions for Form 5884 for additional information.

14. **Repairs.**—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the value of the property or appreciably prolong its life.

Include in this line the total amount of repairs figured under the Class Life Asset Depreciation Range (CLADR) system.

You may choose to deduct as a current expense certain expenses for the removal of architectural and transportation barriers to the handicapped and elderly. See section 190 and related regulations.

15. **Bad debts.**—You may treat bad debts in either of two ways: (a) as a deduction for debts that become worthless in whole or in part, or (b) as a deduction for a reasonable addition to a reserve for bad debts. (Section 166.)

You may apply on Form 3115 to change the method of figuring bad debts.

17. **Taxes.**—Enter taxes paid or accrued during the tax year.

Do not include Federal income tax or taxes not imposed on the corporation. See section 164(d) for dividing taxes on real property between seller and buyer.

Do not deduct amounts paid or accrued during the year for real property construction period taxes (other than for low-income housing). See instructions for line 20 for information on amortizing these amounts. However, you may deduct amounts paid or accrued during the year for non-residential real property construction period taxes if the construction period began in a tax year beginning before January 1, 1976, and also for residential real property if the construction period began in a tax year beginning before January 1, 1978. (See section 189.)

18. **Interest.**—Enter interest expense, including investment interest expense. Do not include interest on indebtedness that is incurred or continued to purchase or carry obligations on which the interest is wholly exempt from income tax. For exceptions, see item (2) of section 265.

See section 267 for limits on deductions for unpaid expenses and interest on transactions between related taxpayers.

Do not deduct amounts paid or accrued during the year for real property construction period interest (other than low-income housing). See instructions for line 20 for information on amortizing these amounts. However, you may deduct amounts paid or accrued during the year for non-residential real property construction period interest if the construction period began in a taxable year beginning before January 1, 1976, and also for residential real property if the construction period began in a taxable year

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beginning before January 1, 1978. (See section 189.)

In general, a cash basis taxpayer cannot deduct prepaid interest that is allocable to years after the current tax year. A cash basis taxpayer, who in 1979 prepaid interest allocable to any period after 1979, can deduct only the amount allocable to 1979. Please see Publication 545, Interest Expense.

19. **Contributions.**—Enter contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations, described in section 170(c). Also enter any unused contributions carried over from earlier years.

The total amount claimed may not be more than 5% of taxable income (line 28, page 1) figured without regard to this deduction.

You may not deduct for the tax year charitable contributions larger than the 5% limit, but you may carry the excess over to the next 5 tax years.

Corporations on the accrual basis may choose to deduct contributions paid by the 15th day of the 3rd month after the end of the tax year if the board of directors authorized the contributions during the tax year. Attach to the return a declaration signed by an officer, stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. Also attach a copy of the resolution to the return.

Attach a schedule showing the name of each organization and the amount paid. For a contribution in property other than money, describe the kind of property contributed and the method used in determining its fair market value. If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property.—If you make a charitable contribution of property, the contribution must be reduced by the sum of the following:

- (1) the ordinary income, short-term capital gain, and
- (2) for certain contributions, 60.87% of the long-term capital gain

that would have resulted if the property were sold at its fair market value. The reduction for 60.87% of the long-term capital gain applies to (a) contributions of tangible personal property to an exempt organization to use for a purpose or function unrelated to the basis for its exemption, and (b) contributions of any property to or for the use of certain private foundations. (Section 170(e).)

Bargain sale to a charitable organization.—If you take a charitable contribution deduction for property sold to a charitable organization, the adjusted basis for determining gain from the sale is an amount which is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

20. **Amortization.**—Generally, if a deduction is claimed for amortization, you must attach a schedule showing: (1) a description of the expenditures being amortized; (2) date acquired, completed, or expended; (3) amount being amortized; (4) amortization deducted in earlier years; (5)

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amortization period (number of months); (6) amortization for this year; and (7) the total amount of amortization minus the amount claimed in Schedule A, Form 1120S.

See section 169 and related regulations for conditions under which the cost of certified pollution control facilities may be amortized over 60 months.

See section 188 and related regulations for amortization over a 60-month period of certain expenditures made before January 1, 1977 for on-the-job training and before January 1, 1982 for child care facilities.

See section 189(b) for amortization of real property construction period interest and taxes, other than for low-income housing.

Certified historic structures.—You may elect to amortize rehabilitation expenditures or take accelerated depreciation for certain certified historic structures. Section 191 allows amortization to be figured using a period of 60 months. Section 167(c) allows an accelerated method of depreciation if you substantially rehabilitate a certified historic structure.

If you elect amortization for these expenditures or elect to take an accelerated method of depreciation: (1) answer "Yes" to Question Q(1) of page 3; (2) attach to the return a copy of the final certification letter issued by the Department of the Interior approving the rehabilitation or, if no such letter has been issued; (3) attach to the return a copy of a completed first page of U.S. Department of the Interior Form FIR-9-253a, Historic Preservation Certification Application—Part 2 (as submitted to the Department of the Interior).

Under Q(2), include on this line the amortizable basis of the property. This is the amount that is permitted to be deducted over the 60-month period.

21. **Depreciation.**—See Instructions for Form 4562, Depreciation.

22. **Depletion.**—See sections 613 and 613A for rates applicable to natural deposits.

Attach Form T if you claim a deduction for depletion of timber.

24. **Pension, profit-sharing, etc., plans.**—The number of plans to be entered refers to all plans for which all assets have not been distributed. Also include any plans in which assets were distributed in the current year. Provide the number of plans whether or not you claim a deduction.

Except for simplified employee pension plans, complete Form 5500 for each plan and file it as a separate return. Complete 5500-C instead of Form 5500 if there were fewer than 100 participants at the beginning of the plan year. See instructions for the above forms for figuring the allowable deduction on line 24. File these forms by the last day of the 7th month following the close of the plan year. ERISA imposes penalties for failure to furnish complete information and failure to file statements and returns or reports.

A profit-sharing or stock bonus plan will be disqualified unless it specifically states that plan forfeitures for employer contributions after 1970 tax years cannot benefit a shareholder-employee.

Taxability of shareholder-employee beneficiaries.—See section 1379(b) for inclu-

sion of excess contributions in gross income of the shareholder-employee beneficiary. Also see instructions for column 4 in Part VIII of Schedule K-1.

25. **Employee benefit programs.**—Enter the amount of contributions to employee benefit programs (such as insurance and health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included in line 24.

Also include the corporation's contributions to a qualified group legal services plan established for the exclusive benefits of employees (including shareholders) or their spouses or dependents. Section 120 permits employees (including their spouses and dependents) to exclude from income employer contributions to a qualified group legal services plan.

26. **Other deductions.**—In most cases, you may not take a deduction for the amount of any item or part of it allocable to a class of exempt income. The exception is certain parts of interest included by face-mount certificate companies registered under the Investment Company Act of 1940. (See section 265(2) for exceptions.) Items directly attributable to wholly exempt income must be allocated to that income. Items directly attributable to any class of taxable income must be allocated to that taxable income.

If an item is indirectly attributable both to taxable income and to exempt income, allocate a reasonable proportion of the item to each, based on all the facts in each case.

Attach a statement showing (1) the amount of each class of exempt income and (2) the amount of expense items allocated to each such class. Show the amount allocated by apportionment separately.

In the case of a farming syndicate, a deduction for amounts paid for feed, seed, fertilizer, or other similar farm supplies is allowed only in the tax year in which these items are actually used or consumed. For definitions, exceptions to the general rule, and special rules for orchard and vineyard expenses, see section 278.

For special treatment of certain expenditures incurred in the production of films, books, records, or similar property, see section 280.

Any loss or losses from section 465 activities which were not allowable for distribution to shareholders for the corporation's 1978 tax year because of section 465 limitations is treated as a deduction allocated to the activity in 1979. (See section 465 and the instruction for line 28 for details.)

28. **Taxable income.**—Special "at risk" rules apply to a small business corporation engaged in any activity (except the holding of real property other than mineral property) as a trade or business or for the production of income. If applicable, these rules limit the corporate loss or losses to be entered on line 28.

A corporation's section 465(d) loss from each activity for the tax year is limited to the amount for which the corporation is "at risk" for the activity at the end of the tax year. The corporation is considered "at risk" for an activity for amounts described in section 465(b)(1) and (2). The amounts

borrowed are not considered to be "at risk" if they are excluded or excepted under section 465(b)(3) and (4).

If one or more of the activities of the corporation incurs a loss for the year, then figure each activity loss separately. Attach a schedule showing the amount at risk and gross income and deductions for each section 465 activity with a loss.

If the corporation sells or otherwise disposes of an asset in, or its interest in (either total or partial) an activity to which the "at risk" rules apply, combine the gain or loss on the sale or disposition with the profit or loss from the activity to determine the net profit or loss from the activity.

If a loss from an activity is more than the amount for which the corporation is at risk, modify the amount that would otherwise be entered on line 28 of Form 1120S for the excess. Pass through to the shareholders only the allowable loss (described above) for the tax year. Treat any loss from an activity not allowed under this section for the tax year as a deduction allocable to the activity in the following tax year. See the instruction for line 26.

See section 204(c)(2) and (3) of the Tax Reform Act of 1976 for special transitional rules for movies, video tapes, and leasing activities.

30. Minimum tax on tax preference items.—Electing small business corporations are subject to the minimum tax only for the capital gains item of tax preference and only to the extent that the gains are subject to the tax imposed by section 1378. Corporations having such capital gains of more than \$10,000 must attach Form 4626, Computation of Minimum Tax.

All other items of tax preference, excluding capital gains, must be divided among the shareholders in a manner consistent with the way net operating losses are divided under section 1374(c)(1).

The capital gains are excluded from this apportionment since these gains are (1) passed through to the shareholders, (2) included in their income on Schedule D (Form 1040), to the extent provided under the rules in section 1375(a), and (3) included in the computation of the shareholders' capital gain tax preference for the alternative minimum tax on Form 6251, Alternative Minimum Tax Computation.

Schedule K

Computation of Undistributed Taxable Income and Summary of Distributions and Other Items

Lines 1, 2, and 3.—Undistributed taxable income is taxable income minus the sum of:

- The taxes imposed by sections 58(d)(2) and 1378(a), and
- The amount of money distributed as dividends out of earnings and profits of the tax year.

Treat distributions of money made within 2 months and 15 days after the close of the corporation's tax year as distributions of that earlier year's undistributed taxable income to the extent of the shareholders' apportioned shares.

Summary of Distributions and Other Items

On Form 1099-DIV, report—

- Actual dividend distributions entered on lines 4, 5, and 6 of Schedule K.
- Nondividend distributions shown on line 7 of Schedule K.

If an earlier actual distribution reported to shareholders as ordinary income on Form 1099-DIV is determined to be capital gain at the close of the corporation's tax year, the corporation must issue corrected Forms 1099-DIV to the shareholders.

The constructive dividends, entered on lines 8, 9(b), and 9(c) of Schedule K, must be reported on Schedule K-1.

Line 4.—Enter the actual dividend distributions of money or property that are out of current earnings and profits and that are taxable as ordinary income. A dividend distribution of property does not reduce undistributed taxable income.

Line 5.—Enter actual dividend distributions that the shareholders are to treat as a long-term capital gain after tax. (See section 1375 and 1.1375-1 of the regulations.)

Line 6.—Only dividends that are not considered to be out of the earnings and profits of the tax year qualify for the dividend exclusion. For purposes of this rule, the earnings and profits of the tax year are considered not to be more than taxable income for the year. The dividends entitled to the exclusion include, for example, dividends paid out of accumulated earnings and profits.

Line 7.—Enter the total amount of distributions of money and property not out of earnings and profits.

For tax years after the first tax year to which the Subchapter S election applies, include any distribution of undistributed taxable income previously taxed to shareholders as allowed by section 1375(d). See section 1377 to find out whether a distribution is out of the corporation's undistributed taxable income previously taxed to shareholders.

Section 1375(f) states that distributions of money made within 2 months and 15 days after the close of the tax year are treated as non-dividend distributions of that year's undistributed taxable income to the extent they are not more than the shareholder's shares of undistributed taxable income for that year. Report these distributions in the year they are made. For example, if a 1978 calendar year corporation makes a section 1375(f) distribution within 2 months and 15 days after the close of its tax year, this distribution must be reported as a non-dividend distribution on Schedule K of the 1979 Form 1120S, and on the 1979 Form 1099-DIV. (See section 1375(f).)

Line 8.—Enter the part of undistributed taxable income that the shareholders are to treat as ordinary income. The undistributed taxable income is the amount that the shareholders would have received as a dividend if the income had been distributed to them on the last day of the corporation's tax year.

A dividend distribution of property other than money may cause the corporation's

undistributed taxable income (line 3) to be more than the total of lines 8 and 9(a).

If there is a net operating loss for the tax year, enter it here.

Line 9(a).—Enter on line 9(a) the part of undistributed taxable income that is long-term capital gain after tax. (See section 1375 and 1.1375-1 of the regulations.)

Line 9(b).—Enter on line 9(b) that portion of line 9(a) attributable to sales or exchanges after October 31, 1978 (after tax). To figure this amount, see the instruction for line 15 of Schedule D (Form 1120S) and make the following computation:

- Refigure line (b) of the line 15 instruction based on transactions after 10-31-78. If this amount is a loss, or if the corporation did not have any transactions after 10-31-78, enter zero on line 9(b) of Schedule K of Form 1120S.
- If line (1) above is a gain, reduce the gain by the sum of (a) the tax imposed on the gain and (b) the money dividends paid during the tax year attributable to the gain. Enter this amount on line 9(b) of Schedule K of Form 1120S.

Each shareholder's share of this amount is reported on line 2(a) of Part I of Schedule K-1 (Form 1120S).

Line 9(c).—Subtract line 9(b) from line 9(a) and enter the balance on line 9(c). Each shareholder's share of this amount is reported on line 2(b) of Part I of Schedule K-1 (Form 1120S).

Line 10.—Enter on lines 10(a) through (j) the basis (or cost) of regular investment credit property acquired or constructed by the corporation during the tax year. Also list qualified progress expenditures taken into account during the tax year. If a property qualifies as regular investment credit property and energy property, the property is listed in lines 10(a) through (j) as well as on the separate statement for energy property as explained below.

Attach a separate schedule reporting the total energy property acquired or constructed during the tax year. List each item of property, type, dollar basis of each item, and the life years category for each item. See Schedule B (Form 3468), Computation of Business Energy Investment Credit, for information on types of energy property.

Line 11. Interest on investment indebtedness.—List the amounts of interest on investment indebtedness, and the applicable items below that were included in figuring the taxable income for the corporation: (1) net investment income or (loss); (2) excess expenses over rental income from net lease property; and (3) net capital gain (excess net long-term capital gain over net short-term capital loss) from investment property.

Allocate the interest on investment indebtedness to the period in which the indebtedness was incurred. The periods are: (1) before December 17, 1969; (2) between December 17, 1969, and September 10, 1975; and (3) after September 10, 1975. For additional information, see Form 4952.

Shareholders must be notified of their share of the above information to figure

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their limitation on interest on investment indebtedness at the shareholder level. (See Form 4952 and section 163(d).)

Line 12.—Enter the amount of each item of tax preference. List the total amount of amortization deducted by the corporation (line 20) in the total column of line 12(b). List the dollar amount of each specific type of amortization contained in the total in the following order in the four spaces provided: (1) certified pollution control facilities, (2) railroad rolling stock, (3) on-the-job training facilities, and (4) child care facilities. Although these amounts are used in figuring the taxable income of the corporation, they are subject (with certain reductions) to a minimum tax (alternative minimum tax in the case of the net capital gain tax preference item) at the shareholder level. (See instruction for line 30.) The shareholder must take these amounts into account along with similar items of tax preference from all other sources in preparing Form 4625, Computation of Minimum Tax—Addition to Form 4626 for a shareholder who is an estate or trust, and Form 6251, Alternative Minimum Tax Computation.

Line 13.—Enter the jobs credit (line 9 of Form 5884) figured by the corporation. The credit is figured at the corporate level and then apportioned to persons who are shareholders of the corporation on the last day of the corporation's tax year.

See Form 5884 for information about the jobs credit.

Schedule K-1

Shareholder's Share of Undistributed Taxable Income, etc.

Complete a separate Schedule K-1 (Form 1120S) for each shareholder, and file Copy A with Form 1120S.

Note: Under section 6676, there is a \$5 penalty for failure to give the identifying number of each shareholder.

Schedule K-1 (Form 1120S) must show complete information for everyone who was a shareholder of the corporation during any part of the tax year. Shareholders generally are taxed on their distributive shares of the current taxable income of the corporation, whether or not actually distributed. In addition to the undistributed taxable income, Schedule K-1 also includes each shareholder's share of losses from section 465 activities, items of tax preference, items used to figure the limitation for interest on investment indebtedness, property eligible for investment credit, property subject to recapture of investment credit, jobs credit, and other shareholder information.

Substitute forms.—Prior IRS approval is not required for (a) a substitute Schedule K-1 that shows only the line items required for use by a taxpayer if those line items have the same numbers and titles and are in the same order as on the com-

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parable IRS Schedule K-1; and (b) a substitute Schedule K-1 that is an exact facsimile of an IRS Schedule K-1. Other substitute Schedules K-1 require prior approval. You may apply for approval of a substitute form by writing to: Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC 20224, Attention TX:R:IM.

Report actual dividend distributions totaling \$10 or more to a shareholder during the calendar year on Form 1099-DIV.

PART I.—Income

Line 1.—Enter each shareholder's share of undistributed taxable income that is taxable as ordinary income or net operating loss of the corporation. Each shareholder must report his or her share of the income or loss on Schedule E (Form 1040).

Note: Any section 465 activity losses included on line 28 of Form 1120S must be included on line 1, Part I, and also entered in Part II. The entry in Part II is only for information purposes to help the shareholder determine how much section 465 activity loss the shareholder may deduct on his or her individual tax return. See instructions for Part II (below) for an explanation of section 465 activity loss limitations.

Report actual dividend distributions taxable as ordinary income (which are reported to shareholders on Form 1099-DIV) on Schedule B (Form 1040), line 3 of Part II.

Line 2(a).—Enter each shareholder's share of undistributed taxable income reported on line 9(b) of Schedule K, page 3, Form 1120S. The shareholder must report this amount on Schedule D (Form 1040) as net long-term gain from transactions entered into by small business corporations after October 31, 1978.

Line 2(b).—Enter each shareholder's share of undistributed taxable income reported on line 9(c) of Schedule K, page 3, Form 1120S. The shareholder must report this amount on Schedule D (Form 1040) as net long-term gain from transactions entered into by small business corporations before November 1, 1978.

Report actual dividend distributions taxable as long-term capital gain on line 3, Part II, Schedule B (Form 1040).

See section 1375 and 1.1375-1 of the regulations concerning special rules applicable to distributions of electing small business corporations.

PART II.—Losses from Section 465 Activities

Special "at risk" rules apply to small business corporations engaged in any activity (except the holding of real property other than mineral property) as a trade or business or for the production of income. These rules limit the amount of loss a shareholder may deduct for any activity to the total amount for which the shareholder is "at risk" for each activity at the close of the tax year.

A shareholder is considered at risk for the activity for the following:

- The amount of money and adjusted basis of the property he or she contributed to the activity, and
- Certain money borrowed for use in the activity. This is money—

- For which the shareholder has a personal liability for payment from personal assets, or
- For which the shareholder has pledged property as security for the borrowed amount (to the extent of the net fair market value of his or her interest in the property). The pledged property cannot actually be used in the activity.

See section 465(b)(3) and (4) for exclusions and exceptions to the general rule above. (Also see section 204(c)(2) and (3) of the Tax Reform Act of 1976 for special transitional rules for movies and video tapes and leasing activities.)

If a corporate activity incurs an operating loss for the year, enter the loss in Part II. (If there is more than one activity loss to enter in Part II, attach a schedule listing each loss separately.)

Any loss from an activity not allowed for the tax year is treated as a deduction allocable to the activity in the next tax year. (See section 465.)

PART III.—Interest on Investment Indebtedness

Each shareholder must be notified of his or her share of interest on investment indebtedness and the applicable items below that were included in figuring the taxable income for the corporation: (1) net investment income or (loss); (2) excess expenses over rental income from net lease property; and (3) net capital gain from investment property.

Allocate the interest on investment indebtedness to the period in which the indebtedness was incurred. The periods are: (1) before December 17, 1969; (2) between December 17, 1969 and September 10, 1975; and (3) after September 10, 1975. For additional information, see Form 4952.

Combine these items with similar items from other sources to figure the shareholder's limitation on the deduction for interest incurred on investment indebtedness. (See Form 4952 and section 163(d).)

PART IV.—Items of Tax Preference

The shareholders take all items of tax preference into account, along with similar items from other sources, in preparing Form 4625, Computation of Minimum Tax—Individuals (Form 4626 for estates or trusts) and Form 6251, Alternative Minimum Tax Computation. The items of tax preference, except capital gains, are apportioned to each shareholder on a daily basis and not as of the end of the year. This manner is consistent with the way net operating losses are apportioned under section 1374. (See section 1374 and instruction for line 30.)

PART V.—Property Eligible for Investment Credit

Investment credit.—Shareholders may take a tax credit on their individual returns for their share of the corporation's investment in certain depreciable property. Shareholders claiming the credit must attach Form 3468 to their returns.

The regular investment credit rate is 10% for property acquired and placed in service and for qualified progress expenditures taken into account during the tax year. An additional 10% energy investment credit is available for energy property acquired or built after September 30, 1978.

An electing small business corporation may not take the additional 1% or 1.5% investment credit under section 46(a)(2) (E) for amounts contributed to an employee stock ownership plan.

The limit on the amount of used property eligible for the investment credit is \$100,000.

In addition to the regular investment credit property reported in Part V of Schedule K-1, attach a separate schedule showing the corporation's investment in qualified energy property. See Schedule B (Form 3468), Computation of Business Energy Investment Credit, for details about energy property.

PART VI.—Property Used in Recomputing a Prior Year Investment Credit

Notify each shareholder when property is disposed of before the "life years" as

signed. Each shareholder must pay back the amount by which the credit taken in an earlier year or years is more than the credit as reduced due to the early disposition of the property. See section 1.47-4 of the regulations and instructions for Form 4255. For refiguring the investment credit for qualified progress expenditures, see section 47(a)(3).

You may not offset the tax from refiguring an earlier year investment credit against the current year's investment credit.

PART VII.—Jobs Credit

Shareholders of record on the last day of the tax year may take a tax credit on their individual tax returns for their share of the jobs credit figured by the corporation on Form 5884 (line 9).

PART VIII.—Other Shareholder Information

Column 3.—If the number of shares that a shareholder owns changed during the year, attach a statement showing the number of shares held for each period.

Column 4.—Enter the compensation paid to each shareholder including any excess contributions to a pension, profit-sharing, etc., plan made on behalf of a shareholder-employee. Excess contributions are those deductible by the corporation under section 404(a)(1), (2), or (3) over the smaller of either:

- (a) 15% of the compensation the shareholder-employee received or accrued

from the corporation during its tax year, or
(b) \$7,500.

A shareholder-employee of the corporation is an employee or officer who owns (or is considered as owning under section 318 (a)(1)) on any day of the tax year of the corporation, more than 5% of its outstanding stock. The above excess contribution rule does not apply to contributions to a trust described in section 401(j)(6). (See section 1379(b).)

Credit for Wages Paid or Incurred in a Work Incentive (WIN) Program

Shareholders may take a WIN credit on their return for their share of the WIN program expenses (wages) paid or incurred by the corporation. The credit is 50% of first-year WIN program wages plus 25% of second-year WIN program wages paid or incurred for services of WIN program employees. For special rules and limitations, see Form 4874 and sections 50A and 50B.

The corporation must attach a statement showing each shareholder's share of the wages of each WIN program employee. This statement must also show each employee's name, social security number, initial date of employment, and first-year or second-year WIN program wages paid or incurred for the tax year.

For more information, get Publication 906, Targeted Jobs and WIN Credits. Shareholders claiming the WIN credit must attach Form 4874 to their returns.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Enterprise Standard Industrial Classification system developed by the Office of Management and Budget, Executive Office of the President, to classify enterprises by type of activity in which they are engaged. The system follows closely the Standard Industrial Classification, used to classify establishments.

Using the list below, enter on page 1, under B, the code number for

the specific industry group from which the largest percentage of "total receipts" is derived. "Total receipts" means gross receipts (line 1(c), page 1) plus all other income (lines 4 through 10, page 1). On page 2, under H, state the principal business activity and principal product system follows closely the Standard Industrial Classification, used to classify establishments.

For example, if the principal business activity is "Grain mill products," the principal product or service may be "Cereal preparations."

AGRICULTURE, FORESTRY, AND FISHING

Code 0400 Agricultural production.

0500 Agricultural services (except veterinary, forestry, fishing, hunting, and trapping).

MINING

1010 Iron ores.

1070 Copper, lead and zinc, gold and silver ores.

1090 Other metal mining.

1150 Coal mining.

Oil and gas extraction:

1330 Crude petroleum, natural gas, and natural gas liquids.

1380 Oil and gas field services.

Nonmetallic minerals (except fuels) mining:

1430 Dimension, crushed and broken stone; sand and gravel.

1490 Other nonmetallic minerals, except fuels.

CONSTRUCTION

General building contractors and operative builders:

1510 General building contractors.

1531 Operative builders.

1600 Heavy construction contractors.

Special trade contractors:

1711 Plumbing, heating, and air conditioning.

1731 Electrical work.

1790 Other special trade contractors.

MANUFACTURING

Food and kindred products:

2010 Meat products.

2020 Dairy products.

2030 Preserved fruits and vegetables.

2040 Grain mill products.

2050 Bakery products.

2060 Sugar and confectionery products.

2081 Malt liquors and malt.

2088 Alcoholic beverages, except malt liquors and malt.

2090 Bottled soft drinks, and flavorings.

2096 Other food and kindred products.

2100 Tobacco manufactures.

Textile mill products:

2220 Weaving mills and textile finishing.

2250 Knitting mills.

2290 Other textile mill products.

Apparel and other textile products:

2315 Men's and boys' clothing.

2345 Women's and children's clothing.

2385 Hats, caps, millinery, fur goods, and other apparel and accessories.

2390 Misc. fabricated textile products.

Lumber and wood products, except furniture, sawmills and planing mills:

2430 Millwork, plywood, and related products.

2490 Other wood products, including wood buildings and mobile homes.

2500 Furniture and fixtures.

Paper and allied products:

2625 Pulp, paper, and board mills.

2690 Other paper products.

Printing, publishing, and allied industries:

2710 Newspapers.

2720 Periodicals.

2735 Books, greeting cards, and misc. publishing.

2799 Commercial and other printing, and printing trade services.

Chemicals and allied products:

2815 Industrial chemicals, plastics materials and synthetics.

2830 Drugs.

2840 Soap, cleansers, and toilet goods.

2850 Paints and allied products.

2898 Agricultural and other chemical products.

Petroleum refining and related industries (including those integrated with extraction):

2910 Petroleum refining (including those integrated with extraction).

2990 Other petroleum and coal products.

Rubber and misc. plastics products:

3050 Rubber products; plastics footwear, hose and belting.

3070 Misc. plastics products.

Leather and leather products:

3140 Footwear, except rubber.

3198 Other leather and leather products.

Blank, clay, glass, and concrete products:

3225 Glass products.

3240 Cement, hydraulic.

Code

3270 Concrete, gypsum, and plaster products.

3298 Other nonmetallic mineral products.

Primary metal industries:

3370 Ferrous metal industries; misc. primary metal products.

3380 Nonferrous metal industries.

Fabricated metal products, except machinery and transportation equipment:

3410 Metal cans and shipping containers.

3428 Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products.

3430 Plumbing and heating, except electric and warm air.

3440 Fabricated structural metal products.

3450 Metal forgings and stampings.

3470 Coating, engraving, and allied services.

3480 Ordnance and accessories, except vehicles and guided missiles.

3490 Misc. fabricated metal products.

Machinery, except electrical:

3520 Farm machinery.

3530 Construction, mining, and materials handling machinery and equipment.

3540 Metalworking machinery.

3550 Special industry machinery, except metalworking machinery.

3560 General industrial machinery.

3570 Engines, computers, and accounting machines.

3598 Engines and turbines, service industry machinery, and other machinery, except electrical.

Electrical and electronic machinery, equipment, and supplies:

3600 Household appliances.

3655 Radio, television, and communication equipment.

3670 Electronic components and accessories.

3698 Other electric equipment.

Transportation equipment:

3710 Motor vehicles and equipment.

3725 Aircraft, guided missiles and parts.

3730 Ship and boat building and repairing.

3798 Other transportation equipment.

Measuring and controlling instruments; photographic and medical goods, watches and clocks:

3815 Scientific instruments and measuring devices; watches and clocks.

3845 Optical, medical, and ophthalmic goods.

3860 Photographic equipment and supplies.

3998 Other manufacturing products.

TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES

Transportation:

4000 Railroad transportation.

4100 Local and interurban passenger transit.

4200 Trucking and warehousing.

4400 Water transportation.

4500 Transportation by air.

4600 Pipeline, except natural gas.

4700 Other transportation services.

Communication:

4825 Telephone, telegraph, and other communication services.

4830 Radio and television broadcasting.

Electric, gas, and sanitary services:

4910 Electric services.

4920 Gas production and distribution.

4930 Combination utility services.

4990 Water supply and other sanitary services.

WHOLESALE TRADE

Durable:

5008 Machinery, equipment, and supplies.

5010 Motor vehicles and automotive equipment.

5020 Furniture and home furnishings.

5030 Lumber and construction materials.

5040 Sporting, recreational, photographic, and hobby goods, toys and supplies.

5050 Metals and minerals, except petroleum and scrap.

5060 Electrical goods.

5070 Hardware, plumbing and heating equipment.

5098 Other durable goods.

Non-durable:

5110 Paper and paper products.

5120 Drugs, drug paraphernalia, and drug-glass' sundries.

5130 Apparel, piece goods, and notions.

5140 Groceries and related products.

5150 Farm-product raw materials.

5160 Chemicals and allied products.

5170 Petroleum and petroleum products.

5190 Misc. nondurable goods.

Code

5210 Building materials, hardware, garden supply, and mobile home dealers:

5220 Building materials dealers.

5231 Hardware stores.

5263 Garden supplies and mobile home dealers.

5300 General merchandise stores.

5410 Grocery stores.

5490 Other food stores.

Automotive dealers and service stations:

5515 Motor vehicle dealers.

5541 Gasoline service stations.

5598 Other automotive dealers.

5600 Apparel and accessory stores.

5700 Furniture and home furnishings stores.

5800 Eating and drinking places.

Misc. retail stores:

5912 Drug stores and proprietary stores.

5921 Luggage stores.

5995 Other misc. retail stores.

FINANCE, INSURANCE, AND REAL ESTATE

Banking:

6030 Mutual savings banks.

6060 Bank holding companies.

6090 Banks, except mutual savings banks and bank holding companies.

Credit agencies other than banks:

6120 Savings and loan associations.

6140 Personal credit institutions.

6150 Business credit institutions.

6198 Other credit agencies.

Security, commodity brokers, dealers, exchanges, and services:

6210 Security brokers, dealers, and flotation companies.

6299 Commodity contracts brokers and dealers; security and commodity exchanges; and allied services.

Insurance:

6355 Life insurance.

6356 Mutual insurance, except life or marine and certain fire or flood insurance companies.

6359 Other insurance companies.

Real estate:

6511 Real estate operators (except developers) and lessors of buildings.

6516 Lessors of mining, oil, and similar property.

6518 Lessors of railroad property and other real property.

6530 Condominium management and cooperative housing associations.

6550 Subdividers and developers.

6599 Other real estate.

Holding and other investment companies:

6742 Regulated investment companies.

6743 Real estate investment trusts.

6744 Small business investment companies.

6749 Holding and other investment companies, except bank holding companies.

SERVICES

7000 Hotels and other lodging places.

7200 Personal services.

Business services:

7310 Advertising.

7389 Business services, except advertising.

Auto repair and services; misc. repair services:

7500 Auto repair and services.

7600 Misc. repair services.

Amusement and recreational services:

7812 Motion picture production, distribution, and services.

7830 Motion picture theaters.

7900 Amusement and recreation services, except motion pictures.

Other services:

8015 Offices of physicians, including osteopathic physicians.

8021 Offices of dentists.

8040 Offices of other health practitioners.

8050 Nursing and personal care facilities.

8060 Hospitals.

8071 Medical laboratories.

8099 Other medical services.

8111 Legal services.

8200 Educational services.

8300 Social services.

8500 Membership organizations.

8701 Architectural and engineering services.

8930 Accounting, auditing, and bookkeeping.

SCHEDULE D
(Form 1120S)

Department of the Treasury
Internal Revenue Service

Name

Capital Gains and Losses

▶ Attach to your tax return.

1979

Employer identification number

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

a. Kind of property and description (Example, 100 shares of "Z" Co.)	b. Date acquired (mo., day, yr.)	c. Date sold (mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis	f. Gain or (loss) (d less e)
1					

2 Unused capital loss carryover (attach computation)
3 Net short-term capital gain or (loss) (combine lines 1 and 2)

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

4 Enter section 1231 gain from line 6(a)(1), Form 4797					
5					

6 Net long-term capital gain or (loss) (combine lines 4 and 5)

Part III Summary of Schedule D Gains and Losses

7 Excess of net short-term capital gain (line 3) over net long-term capital loss (line 6). Enter here and on Form 1120S, page 1, line 9(a)
8 Net capital gain—Enter excess of net long-term capital gain (line 6) over net short-term capital loss (line 3). Enter here and on Form 1120S, page 1, line 9(b)

Part IV Tax Computation (see Instructions for Part IV)

9 Taxable income (Form 1120S, page 1, line 28)
10 Enter tax on line 9 as computed in the instructions for line 10
11 Net capital gain, line 8 above
Notes: If Part I or Part II includes transactions entered into by conduits (partnerships, etc.) before 1-1-79, skip lines 12, 13, and 14 and complete the tax computation in the instruction for line 15.
12 \$25,000 (statutory minimum) \$25,000
13 Subtract line 12 from line 11
14 Enter 28% of line 13
15 Income tax on capital gains—Enter the smaller of line 10 or line 14 here and on Form 1120S, page 1, line 29

Instructions

(References are to the Internal Revenue Code.)

Use this schedule to report sales or exchanges of capital assets. You must report every sale or exchange of property even though there is no gain or loss.

See Form 4797 and related instructions for reporting sales or exchanges of property other than capital assets. This includes the sale or exchange of property used in the trade or business and involuntary conversions (section 1231) as well as gain from the disposition of interest in oil and gas or geothermal property (section 1254).

Parts I and II

For amounts received from any installment sale, the holding period rule in effect in the year of sale will determine the treatment of the amounts received as long-term or short-term gain.

Gains and losses on futures transactions (but not options on futures transactions) in any commodity subject to the rules of a board of trade or commodity exchange will retain the more than 6-month holding period rule for long-term treatment. See section 1222.

Capital Assets.—Each item of property held by the corporation (whether or not connected with its trade or business) is a capital asset except the following:

(1) Inventory assets or property held primarily for sale to customers.

(2) Depreciable or real property used in the trade or business.

(3) Certain copyrights, literary, musical, or artistic compositions, letters or memorandums, or similar property.

(4) Accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in (1) above.

(5) Certain short-term Federal, State, and municipal obligations.

(6) A publication of the U.S. Government (including the Congressional Record) which meets the following tests:

(a) If it is from the U.S. Government or any agency of it, other than by purchase at the public sale price.

(b) If it is held by (1) a taxpayer who so received it, or (2) a taxpayer in whose hands the basis of the publication is determined, for purposes of determining gain from a sale or exchange, in whole or in part

by reference to the basis of such publication in the hands of a taxpayer described in 6(b)(1).

For special rules applicable to capital gains of an electing small business corporation, see section 1.1375-1 of the regulations.

Exchange of "Like Kind" Property.—No gain or loss is recognized when you exchange property held for productive use in a trade or business for investment solely for property of a "like kind" to be held either for productive use in a trade or business or for investment. However, you must report the transaction on Schedule D (Form 1120S) or Form 4797, whichever is applicable. This does not include property that is stock in trade or other property held primarily for sale. It also does not include stocks, bonds, notes, choses in action, certificates of trust or beneficial interest, or other securities or evidences of indebtedness or interest. If Schedule D is applicable, identify the property disposed of in column (e). Enter the date of acquisition in column (b), and write the date of exchange in column (c). Write "Like kind exchange" in column (d) and enter the adjusted basis in column (e). Enter zero in column (f). (See section 1031.)

Gain From Sale of Depreciable Property

Between Certain Related Taxpayers.—Gain from the sale or exchange of depreciable property between related parties is ordinary income if the property is subject to depreciation in the hands of the transferee. "Related parties" includes: (1) an individual and a corporation if the individual directly or indirectly owns 80% or more in value of its outstanding stock (or if someone else owns this amount for the individual); or (2) two or more corporations if an individual directly or indirectly owns 80% or more in value of the outstanding stock of each one (or if someone else owns this amount for the individual). In general, section 318 applies to the constructive ownership of stock. Item (2) applies only to sales or exchanges made after October 4, 1976, unless the sale or exchange was made after a binding contract entered into by that date. (See section 1239.)

Capital Losses.—Capital losses are allowed only to the extent of capital gains. However, you may carry a net capital loss forward as a short-term capital loss for 5 years (10 years to the extent the loss is from a foreign expropriation loss) or until exhausted, whichever comes first.

Short Sales of Capital Assets.—For rules for certain short sales of stock or other securities and transactions in commodity futures, see section 1233.

Worthless Securities.—Except for banks, if securities that are capital assets become wholly worthless during the tax year, treat the loss as a capital loss as of the last day of the tax year.

Losses Not Allowable.—You may not take a loss for wash sales of stock or securities. (See section 1091.) You also may not take a loss (except for distributions in liquidation) on transactions between related persons. (See section 267.)

Section 465 Asset.—If the corporation disposes of an asset used in an activity to which the "at risk" rules apply (see section 465), combine the gain or loss on the disposition with the profit or loss from the activity. If the corporation has a net loss, it may be subject to the "at risk" rules.

Options to Buy or Sell.—See section 1234 for rules for the treatment of gain or loss for a purchaser or a grantor of an option for stock, securities, or commodities granted after September 1, 1976.

Cost or Other Basis, As Adjusted.—In determining gain or loss, the basis of property will generally be its cost. If property was acquired by bequest, gift, tax-free exchange, involuntary conversion, or wash sale of stock, see sections 1014 and 1023, 1015, 1031, 1033, and 1091, respectively. Attach an explanation if the basis is other than actual cash cost of the property.

If a charitable contribution deduction is allowed because of a sale of property to a charitable organization, the adjusted basis for determining gain from the sale is an amount that is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property.

Minimum Tax on Tax Preference Items.—If there is a net capital gain, and this gain exceeds \$25,000, the corporation may be liable for minimum tax. See Form 4626.

Installment Sales.—If you sell property and receive payments in two or more tax years, you may be able to report the gain

under the installment method. See section 453. If you elect to report a sale under the installment method, attach a schedule of the computation.

For treatment of a part of payments as "unstated interest" on deferred payment sales, see section 483. For additional information, get Publication 537, *Installment and Deferred-Payment Sales*.

Part IV—Tax Computation.—Section 1378 imposes a tax on certain capital gains of an electing small business corporation.

By answering the following questions, you can determine if you are liable for the tax. If your net capital gain is more than \$25,000, and you are not liable for the tax, you must answer questions A through D below as your explanation of why you are not liable for the tax.

If answers to questions A, B, and C or questions A, B, and D are "Yes," the tax applies and you must complete Part IV of Schedule D (Form 1120S). Otherwise, you are not liable for the tax.

A. Is taxable income (line 28, page 1, more than \$25,000)? ☐ Yes ☐ No

B. Is net capital gain (line 8, Part III, Schedule D (Form 1120S)) more than \$25,000, and more than 50% of taxable income (line 28, page 1)? ☐ Yes ☐ No

C. Have you been other than an 1120S corporation at any time during the 3 tax years just before this year or since existence, if less than 4 years? ☐ Yes ☐ No

D. If answer to question C is "No," does any long-term capital gain (line 6, Schedule D (Form 1120S)) represent gain from property described in items 1, 2, and 3 below? ☐ Yes ☐ No

1. Property acquired during the tax year or within 36 months before the tax year.

2. Property acquired, directly or indirectly, from a corporation that was not in existence as an 1120S corporation during the tax year or within 36 months before the tax year up to the time of the acquisition.

3. Property having a substituted basis to you. (A substituted basis is one determined by reference to its basis in the hands of the transferor corporation.)

If the answer to question D is "Yes," and the tax is applicable, multiply by 28% the net capital gain from property described in question D. If this amount is less than the tax figured on line 10, Part IV, enter this amount on line 15, Part IV, and write to the right of the amount, "Substituted basis." Attach the computation of the substituted basis amount to Schedule D (Form 1120S). (See section 1378(c)(3).)

For purposes of questions C and D above, a corporation is not considered to be in existence for any tax year before the first tax year in which the corporation has shareholders, acquires assets, or begins business, whichever occurs first.

Members of a Controlled Group.—If the corporation is a component member of a controlled group of corporations, see section 1561 and related regulations for rules on how to allocate the amounts on lines (b), (c), (f), and (h) in the instruction for line 10 below.

Capital Gains Tax.—The capital gains tax rate for electing small business corporations is 28% for tax years beginning after December 31, 1978 (or a combined 28% and 30% if the corporation has pre-1979 transactions (see line 15 instructions)).

Line 10.—If the tax computation is applicable, figure the regular corporate income tax below and enter this amount on line 10 of Schedule D.

- (a) Taxable income (Form 1120S, page 1, line 28)
- (b) Enter \$25,000 (members of a controlled group, see prior instructions)
- (c) Subtract line (b) from line (a)
- (d) Enter line (c) or \$25,000, whichever is less (members of a controlled group, see prior instructions)
- (e) Subtract line (d) from line (c)
- (f) Enter line (e) or \$25,000, whichever is less (members of a controlled group, see prior instructions)
- (g) Subtract line (f) from line (e)
- (h) Enter line (g) or \$25,000, whichever is less (members of a controlled group, see prior instructions)
- (i) Subtract line (h) from line (g)
- (j) Enter 17% of line (b)
- (k) Enter 20% of line (d)
- (l) Enter 30% of line (f)
- (m) Enter 40% of line (h)
- (n) Enter 46% of line (i)
- (o) Total—Add lines (j) through (n). (Enter here and on line 10 of Schedule D)

Line 15.—If Part I or Part II of Schedule D (Form 1120S) includes transactions entered into by conduits (partnerships, etc.) before January 1, 1979, compute your tax below:

- (a) Enter net capital gain from line 11
- (b) Enter the corporation's net capital gain from all transactions entered into after 12/31/78, including that portion of any unused capital loss carryover that is attributable to transactions entered into after 12/31/78. (Do not enter more than the amount on line (a).)
- (c) Net capital gain attributable to transactions before 1/1/79—Subtract line (b) from line (a)
- (d) Amount on line (c) × \$25,000
- (e) Amount on line (c) × \$25,000
- (f) Subtract line (d) from line (c)
- (g) Subtract line (e) from line (b)
- (h) Line (f) × 30%
- (i) Line (g) × 28%
- (j) Add line (h) and (i)
- (k) Enter the smaller of line 10, Schedule D (Form 1120S), or line (j) above. (Enter here and on line 15, Schedule D (Form 1120S), and on Form 1120S, page 1, line 29)

Note: If for any reason the computations for lines 10 or 15 are made on a separate schedule(s), attach the schedule(s) to Schedule D (Form 1120S).

Form 3468 (1979)☆ U.S. GOVERNMENT PRINTING OFFICE : 1979-O-283-388 13-2687297

1979 Department of the Treasury Internal Revenue Service Instructions for Form 3468 Computation of Investment Credit (References are to the Internal Revenue Code)

Complete a separate Schedule B (Form 3468), Computation of Business Energy Investment Credit, to figure your nonrefundable energy credit or refundable energy credit that is allowed for energy credit property acquired or constructed and placed in service during the tax year or qualified progress expenditures for energy property made during the tax year.

General Instructions

A. Who Must File.—If you are an individual, estate, trust, or corporation claiming an investment credit, attach Form 3468 to your income tax return.

Partnerships and small business corporations do not have to file this form because the partners and shareholders claim the credit. However, they must complete Schedule K on their returns showing the amount of investment credit property, qualified progress expenditures and qualified rehabilitation expenditures that will be divided among the partners or shareholders.

This credit does not apply to a Domestic International Sales Corporation (DISC) and is not divided among DISC shareholders.

An estate or trust may take a credit for its share of the investment in depreciable property with an estimated useful life of 3 or more years. An estate or a trust that divides the qualified investment among itself and its beneficiaries must attach to this form a statement showing the allocation of the investment among its beneficiaries. The statement must show each beneficiary's allocable share of the basis of the new property, the cost of used property, qualified rehabilitation expenditures, and the life years assigned to the property. If the estate or trust has made an election under section 46(d)(6), the statement must show each beneficiary's part of the qualified progress expenditures.

B. When You May Take the Credit.—You may take the credit for the first year in which you place the qualified property in service, or for the year you take the progress expenditures into account. (See section 46(d)(4)(F) for exceptions.)

C. Property Defined.—You may take a credit against your tax for investment in certain depreciable property with an estimated useful life of 3 years or more. For qualifying progress expenditures, the property must have a useful life of 7 years or more. You may claim the credit for the following:

(1) Tangible personal property (except certain air-conditioning or heating units, as well as boilers fueled by oil or gas, which are placed in service after September 30, 1978).

(2) Elevators and escalators.

(3) Other tangible property, including certain real property (except certain buildings and their structural components and land) if it is used as an integral part of manufacturing, production, or extraction, etc., or is used as a research facility or bulk storage facility for fungible commodities for these activities.

(4) Livestock (other than horses) if you do not sell or dispose of substantially identical livestock (not subject to recapture tax) during the 1-year period beginning 6 months before the date you got it. Reduce the cost of the livestock you got by the amount you received on the disposition of the substantially identical livestock.

(5) Certain single-purpose agricultural or horticultural structures as defined in section 48(p).

(6) Rehabilitation expenditures for all types of business and productive buildings which have been in use for at least 20 years (except those used as residences, such as apartments).

This credit does not apply to property that is:

(1) Used mainly outside the United States.

(2) Owned by, leased to, or otherwise used by a tax-exempt organization, unless the unrelated business income tax applies.

(3) Owned by, leased to, or otherwise used by governmental units.

(4) Used for lodging or for furnishing the lodging unless—

(a) The property, such as a restaurant, is used and located in commercial facilities, or

(b) The property is used by a hotel or motel, or

(c) The property is a coin-operated vending machine, washing machine, or dryer.

(5) Amortized or depreciated over a 5-year period such as railroad rolling stock, rehabilitation expenditures for low-income rental housing or certain historic structures, or expenditures for child care facilities (see sections 184, 167(k), 191, and 185 respectively).

(6) Acquired or constructed with any "cost-sharing payments" from grants made after September 30, 1979 under any program listed in section 126(a).

D. Election for Leased Property.—If you lease property to someone else, you may elect to treat all or part of an investment in new property as if it were made by the person who is leasing it from you. (See section 48(d) and regulations 1.48-4(e) and (f) for information to be included in the election.) For the limitation on availability of

the credit to certain owners of property for lease, see section 46(e)(3).

E. Recapture of Tax on Early Disposition of Property.—If you dispose of property before the life-years category used in figuring investment credit, refigure the credit. You may use Form 4255 to figure the tax increase.

F. Carryback and Carryover of Unused Credits.—If you cannot use part of a regular investment credit (or nonrefundable business energy credit) because it is more than the amount allowable, you may carry it back 3 years and forward 7 years. (This includes any unused credit created by the carryback of a net capital loss or a net operating loss.) You may use the credit to the extent allowable within the limitations applicable to these years.

(1) **Special Rule for Carryover of Unused Credits From Tax Years Ending Before 1971.**—If you have an unused credit that originated before 1971 that you can carry over to any year after 1970, you may carry it forward 10 years. Also, you may carry forward 10 years any credit that is unused because of the 20% limitation on carryover and carryback for any year after 1968 but before 1971.

You may make a claim for refund based upon the carryback of an unused credit by filing Form 1040X (individuals) or Form 1120X (corporations) for the year to which the unused credit is carried. For a tentative (quick) refund, file Form 1045 (individuals) or Form 1139 (corporations).

(2) **Priority of Application of Credits.**—The tax liability limitation is absorbed by the following credits (in order):

(a) Regular investment credit carryovers to the current year.

(b) Regular investment credit earned in the current year.

(c) Regular investment credit carrybacks.

(d) Nonrefundable energy credit carryovers to the current year.

(e) Nonrefundable energy credit earned in the current year.

(f) Nonrefundable energy credit carrybacks.

(3) **Carryback and Carryover For Tax Year in Which The Alternative Minimum Tax Applies.**—If the alternative minimum tax applies, you may not receive the full tax benefit for the regular investment credit (or nonrefundable business energy credit) claimed during the tax year. If so, the amount of the investment credit benefit you lose is eligible for carryback and carryover as an unused credit. See section 55(c)(3)(C) for details.

G. Basis and Cost.—The credit for new property applies to the basis of the property. The credit for used property applies to the cost of the property. The cost of used property does not include the basis of any property traded in unless the trade-in resulted in (1) the recapture of all or part of an investment credit allowed earlier or (2) a reduction of an investment credit carryback or carryover.

You do not have to adjust for additional first-year depreciation or salvage value.

For the investment credit, the useful life of the qualifying property must be the same as the useful life used for depreciation or amortization.

M. Qualified Progress Expenditures.—You may elect under section 46(d) to increase your qualified investment for a year by the allowable qualified investment in progress expenditures property as defined in section 46(d)(2) and (3). Make this election by checking the box for election C at the top of Form 3468. The election applies to the tax year it is made and to all later tax years.

The amount of qualified progress expenditures that you may take into account in a tax year beginning in 1979 is the sum of (a) 100% of the qualified progress expenditure made in a tax year beginning in 1979 plus (b) 20% of the qualified progress expenditures made after January 21, 1975, in tax years 1974 through 1978, if a proper election under section 46(d)(6) was in effect for these years.

L. 11%-11.5% Investment Credit (Corporations Only).—A corporation may elect an 11% (or 11.5%) investment credit for qualified investment in property that is otherwise eligible for the 10% credit if it meets the requirements of section 48(n) (1) and 409A.

A corporation may elect the additional credit by checking the box for election A at the top of Form 3468.

J. Public Utilities, Railroads, or Airlines.—The alternative limitation under section 46(a) applies to a public utility, a railroad, or an airline, if the amount of qualified investment attributed to the property is 25% or more of the total of its qualified investment for the year. See section 46(a)(7) for public utilities. See section 46(a)(8) for railroads, airlines, and manufacturers who lease railroad property.

K. Ships.—You may take an investment credit equal to 50% of the normal investment credit for certain vessels. See section 46(g)(1) through (6) for additional details.

Note: If you claim 100% instead of 50%, check the block in the instruction for line 1 on the front of this form.

L. Movies and Television Films.—See section 48(k) for special rules on figuring investment credit for movies and television films.

M. Mutual Savings Institutions, Regulated Investment Companies, and Real Estate Investment Trusts.—The qualified investment for investment credit property and the \$25,000 amount in line 15(a) are limited for the above organizations. See section 1.46-4 of the regulations to determine these limits.

N. Cooperatives.—Cooperative organizations described in section 1381(a) may claim the regular investment credit to the same extent it is available for taxpayers in general. In addition, section 46(h) states that if the cooperative cannot use any regular or energy investment credit because of the tax liability limitation that applies to each, the excess or unused credit or credits must be allocated to the patrons of the cooperative. The recapture provisions of section 47 apply as if the cooperative had kept the credit and not allocated it.

O. Commuter Highway Vehicles.—Employers may elect under section 46(c)(6) to claim the full investment credit for commuter highway vehicles with a useful life of 3 years or more. Make this election by checking the box for election B at the top of Form 3468. See section 46(c)(6) for a definition of a commuter highway vehicle and other details.

Page 2

P. Qualified Rehabilitation Expenditures.—Qualified rehabilitation expenditures are any amounts chargeable to a capital account that are paid or incurred after October 31, 1978 in connection with the rehabilitation of a qualified rehabilitated building. Qualified buildings include all types of business and productive buildings that have been in use for at least 20 years other than buildings such as apartments which are used for residential purposes. See section 48(g) for definitions and other details.

Q. 7% Property (4% for Public Utilities).—On line 4 enter 7% (4% for public utility property) of qualified investment in property constructed by the taxpayer and placed in service during the tax year, but only to the extent the basis is attributable to construction before January 21, 1975. The portion of basis attributable to construction after January 21, 1975 is eligible for the 10% credit.

Specific Instructions

Lines 1(a)-(c). New Property.—On the appropriate line, enter the basis of new property placed in service during the year. Also, on lines 1(b) and 1(c), enter qualified rehabilitation expenditures. (See instructions C, G, and P.)

Line 1(d) and 1(f).—On the appropriate line, 1(d) or 1(f), enter basis or cost of commuter highway vehicles with a useful life of 3 years or more but less than 7 for which you elect to claim the full investment credit.

Note: An election is not necessary for commuter highway vehicles with 7 or more years useful life because such vehicles automatically qualify for the full (100% of qualified investment) investment credit.

Lines 1(a)-(f). Qualified Progress Expenditures.—On line 1(e), column (2), enter the amount of qualified progress expenditures made in 1974 through 1978. On line 1(f), column (2), enter the amount of qualified progress expenditures made in 1979. (See instruction H and section 46(d)(7).)

Do not take any qualified progress expenditures for the year in which the progress expenditure property is placed in service or for the year for which recapture is required for the property. The investment credit allowed for the year the property is placed in service is based on the entire qualified investment in the property reduced by the progress expenditures that were included as qualified investment in earlier years.

Lines 1(g)-(i). Used Property.—On the appropriate line, enter the cost (subject to this dollar limitation) of used property placed in service during the year. (See instruction G.) Property you inherited, received as a gift, or acquired from certain related people does not qualify for the investment credit.

Dollar Limitation on Used Property.—In general, the amount of used property that you may take into account may not be more than \$100,000. Determine this amount without regard to the applicable percentages based on useful life.

If a husband and wife file separate returns, each may claim up to \$50,000. If one of them has no qualifying used property, the other may claim up to \$100,000.

The amount of used property placed in service by a partnership, small business

corporation, estate, or trust that may be taken into account cannot be more than \$100,000. The \$100,000 limitation also applies to each partner, shareholder, and beneficiary.

A controlled group of corporations must divide the \$100,000 limitation among the members of the group. (See section 48(c)(3)(C).) The apportionment is based on the total cost of used property that each member placed in service. Do not consider the \$100,000 limitation and the applicable percentages based on useful life in making the apportionment.

Estates and Trusts.—Divide the amount of qualified investment for an estate or trust among the estate or trust and the beneficiaries. Base the apportionment on the income of the estate or trust allocable to each.

Line 5(a).—You may take the basic ESOP credit on line 5(a) to the extent the corporation makes the required contribution of stock or cash to a qualified ESOP. This required contribution must equal at least 1% of the qualified investment (line 2) minus any part of the additional credit carried over to a later year.

Line 5(b).—The matching ESOP credit on line 5(b) is limited to a maximum of 0.5% multiplied by the qualified investment for investment credit property acquired, constructed, or erected after 1976. To determine the qualified investment to use in the above computation, reduce line 2 by the qualified investment for property acquired, constructed, or erected before 1977. (For example, if any part of the qualified investment on line 2 is for 1974, 1975, or 1976 progress expenditure property, then line 2 must be reduced by this qualified investment.) Multiply the result by the appropriate percentage (see instruction I). Then enter that figure on line 5(b). Do this computation on a separate sheet of paper and attach it to this form. (See section 46(d)(2)(E).)

Line 12(c). Tax on Lump-Sum Distributions.—If you are an individual, estate, or trust that receives lump-sum distributions from qualified employees' trusts or annuity plans, enter on line 12(c) the amount of partial tax included in line 11. This partial tax is computed on Form 4972 and Form 5544.

Line 15. Limitation.—If the tax liability (line 14) is \$25,000 or less, the investment credit may not be more than the amount of the tax liability.

If the tax liability is more than \$25,000, the credit may not be more than \$25,000 plus 60% of the excess for 1979 calendar year taxpayers (70% for tax years ending in 1980).

If you and your spouse file separate returns and both are entitled to an investment credit, figure the limitation by substituting \$12,500 for the \$25,000 shown in line 15(a).

Controlled corporate groups (see section 46(a)(6)) must divide the \$25,000 among all component members.

An estate or trust must reduce the \$25,000 amount to (a) \$25,000 multiplied by (b) the qualified investment apportioned to the estate or trust, divided by (c) the total qualified investment apportioned among the estate or trust and its beneficiaries.

Publication 572.—For more detailed information on investment credit, please get Publication 572, Investment Credit.

**SCHEDULE B
(Form 3468)**

Department of the Treasury
Internal Revenue Service

**Computation of Business
Energy Investment Credit**

▶ Attach to your tax return.

1979

Name _____ Identifying number _____
Note: All filers are to attach a schedule showing the computation of total basis and total qualified investment for each category (lines 1(a) through 1(e) and line 9) of energy property. See instructions.

Part I Nonrefundable Business Energy Investment Credit

	(a) Basis	(b) Qualified Investment
1 Enter total amounts from attached schedule(s) for each category of energy property below:		
(a) Alternative energy property		
(b) Specially defined energy property		
(c) Recycling equipment		
(d) Shale oil equipment		
(e) Equipment for producing natural gas from geopressured brine		
2 Add lines 1(a) through 1(e), columns (a) and (b)		
3 Enter 10% of line 2, column (b)		
4 Patron's nonrefundable business energy investment credit—enter credit allocated from cooperative		
5 Current year nonrefundable business energy investment credit—Add lines 3 and 4		
6 Carryover of unused credit(s)		
7 Carryback of unused credit(s)		
8 Nonrefundable business energy investment credit—Add lines 5, 6, and 7. Enter here and on line 19 of Form 3468		

Part II Refundable Business Energy Investment Credit

	(a) Basis	(b) Qualified Investment
9 Enter total amounts for solar and wind energy property from attached schedule		
10 Refundable business energy investment credit—Enter 10% of line 9, column (b), here and on the appropriate line of Form 1040, Form 1120, and other returns as explained in the instruction for line 10.		

Part III If Any Part of Your Investment in Parts I and II Above was Made by a Partnership, Estate, Trust, Small Business Corporation, or Lessor, Complete the Following Statement:
(Under "Category," indicate which line applies—1(a), (b), (c), (d), (e) or line 9.)

Name (Partnership, estate, trust, etc.)	Address	Property			
		Category	Life years	Progress expenditures	Basis
				\$	\$

Refundable Business Energy Investment Credit

Effective for tax years ending after September 30, 1978, you may take a refundable energy credit for an investment in solar and wind energy property that you acquired or constructed after September 30, 1978. This means that the credit can be more than your tax liability.

The credit is 10% of the qualified investment in solar or wind energy property, as defined in section 48(i)(4). Figure the credit in Part II of Schedule B (Form 3468) and then enter it on the appropriate line of your income tax return (Form 1040, Form 1120, etc.). See the instruction for line 10.

Nonrefundable Business Energy Investment Credit

Effective for tax years ending after September 30, 1978, you may take a nonre-

fundable energy credit for an investment in energy property other than solar and wind energy property that you acquired or constructed after September 30, 1978.

The credit is 10% of the qualified investment in energy property, as defined in sections 48(i)(3) and 48(i)(5) through (8). The credit is limited to 100% of tax liability as defined in section 46(a)(4), reduced by the allowable credit for regular investment credit property. Figure the credit in Part I of Schedule B (Form 3468) and then enter it on Form 3468 to determine the allowable credit for the year.

Business Energy Investment Credit is in Addition to Regular Investment Credit

In general, the refundable or nonrefundable energy credit is in addition to the regular 10% investment credit to the extent that the energy property also qualifies as

regular investment credit property under existing law. The property must qualify as regular investment credit property without regard to the special energy credit provision in section 48(i)(1). For example, if your solar and wind energy property is considered under existing law to be a structural component of a building, it does not qualify as regular investment credit property because of the structural component rule of section 48(a)(1)(B). Therefore, this solar or wind energy property qualifies for the refundable energy credit but not for the regular investment credit.

If energy property qualifies for both the energy credit and the regular investment credit, list it on line 1, Form 3468, and also on the appropriate line of Schedule B (Form 3468). If the property qualifies only as energy property, list it only on Schedule B (Form 3468).

(Continued on page 2)

Schedule B (Form 3468) 1979

Page 2

General Instructions

A. Who Must File.—If you are an individual, estate, trust, corporation, or organization claiming the refundable or nonrefundable business energy investment credit, attach Schedule B (Form 3468) to your income tax return. An exempt organization may also claim the credit if the energy property is used mainly in an unrelated trade or business whose income is subject to tax under section 511.

B. Energy Property Defined.—Energy property is property that is:

- (1) Alternative energy property.
- (2) Solar or wind energy property.
- (3) Specially defined energy property.
- (4) Recycling equipment.
- (5) Shale oil equipment.
- (6) Equipment for producing natural gas from geopressured brine.

To qualify for the energy investment credit, energy property must meet the following requirements:

- (1) It must meet the requirements of regular investment credit property, except sections 48(a)(1) and 48(a)(3).
- (2) It must be constructed after September 30, 1978, or be acquired after September 30, 1978, if the original use begins with you.
- (3) It must meet certain performance and quality standards in effect at the time of acquisition, if any.
- (4) It must have a useful life of 3 years or more at the time the property is placed in service.

See sections 48(i)(1) through (12) for details.

C. Special Rules.

- (1) Alternative energy property, solar or wind energy property, recycling

equipment, and specially defined energy property do not include public utility property.

- (2) The energy credit is limited to 5% per property that is financed in whole or part by the proceeds of an industrial development bond (section 48(i)(11)).
- (3) Solar equipment does not include "passive solar" equipment.
- (4) Specially defined energy property must be installed in connection with an existing industrial or commercial facility. See section 48(i)(10) for a definition of the term "existing."
- (5) If the property qualifies under more than one category of energy property, you are limited to a single 10% energy credit for that property.

If qualified progress expenditures are involved, see section 46(d)(1) through (7) and the instructions for Form 3468 for details.

Line 4.—Cooperative organizations described in section 1381(a) may claim the energy credits to the same extent they are available for taxpayers in general. In addition, under section 46(h), if the cooperative cannot use any nonrefundable energy credit because of the tax liability limitation that applies to the credit, any excess or unused credits must be allocated to the patrons of the cooperative. Apply the recapture provisions of section 47 as if the cooperative had not allocated any part of the credit.

Line 10.—Individuals, estates, trusts, corporations, and other organizations (including exempt organizations) if the energy property is used mainly in an unrelated trade or business whose income is subject to tax under section 511) are to claim the refundable credit by including the credit in the total amount to be entered on the below referenced line of their tax return. Also, on the dotted line, or in the margin, next to the total, please write "refundable business energy investment credit" and show the amount.

The appropriate forms are the following:

- (1) 1979 Form 1040, line 62, page 2.
- (2) 1979 Form 1041, line 37, page 1.
- (3) 1979 Form 1120, line 32, page 1.
- (4) 1979 Form 1120F, line 7, page 1.
- (5) 1979 Form 990-C, line 32, page 1.
- (6) 1979 Form 990-T, line 31, page 1.
- (7) 1979 Form 1120L, line 28, page 1.
- (8) 1979 Form 1120M, line 33, page 1.

Publication 572.—For more detailed information on business energy investment credit, please get Publication 572, Investment Credit. You can get it from any Internal Revenue office.

Sample Computation Schedule

Line (1)	Description Of Asset Within Each Category of Properties (2)	Life years (3)	Basis (4)	Applicable percentage (5)	Qualified investment (column 4 x column 5) (6)
(a)		3 or more but less than 5		33 1/3	
(b)		5 or more but less than 7		66 2/3	
(c)		7 or more		100	
(d)		1979 qualified progress expenditures		100	
(e)		1978 and 1977* qualified progress expenditures		20	
Total—Add lines (a) through (e), columns 4 and 6.					

*Applies only to 1977 years ending 10-31-78 and 11-30-78.

Jobs Credit
▶ Attach to your tax return.

1979

Name _____ Identifying number as shown on page 1 of your tax return _____

Important.—The taxpayer's wage and salary deduction must be reduced by the credit on line 9 if the taxpayer elects to claim this credit. (See instruction G.)

If you are an electing small business corporation, partnership, estate, trust, or section 1381(a) cooperative, and have no other jobs credit, skip lines 1 through 9; enter your apportioned credit(s) on line 10, 11, 12, or 13 and complete the balance of the form as applicable.

If you are an individual shareholder, partner, beneficiary, or patron, who receives a jobs credit(s) from a small business corporation, partnership, estate, trust, or section 1381(a) cooperative, and have more than one jobs credit, see instruction for line 9.

Note: If you are a member of a group of trades or businesses that are under common control or an estate or trust that apportions the jobs credit between itself and its beneficiaries, please see instruction H (2) and the instruction for line 9 before completing the form.

Part I Jobs Credit

1 Complete the schedule below for qualified first-year wages (limited to \$6,000 for each employee) paid or incurred during the tax year to employees who are certified as members of a targeted group (see instructions D and E):

(a) Targeted group	(b) Number of employees within each group	(c) Total qualified first-year wages paid or incurred per group
Targeted group A		
Targeted group B		
Targeted group C		
Targeted group D		
Targeted group E		
Targeted group F		
Targeted group G		

2 Total—Add the amounts in columns (b) and (c) **3**

3 Enter 30% of the total FUTA wages paid during the 1979 calendar year (see instructions) **4**

4 Enter the smaller of line 2, column (c), or line 3 **5**

5 Complete the schedule below for qualified second-year wages (limited to \$6,000 for each employee) paid or incurred during the tax year to employees who are certified as members of a targeted group (see instructions D and E):

(a) Targeted group	(b) Number of employees within each group	(c) Total qualified second-year wages paid or incurred per group
Targeted group A		
Targeted group B		
Targeted group C		
Targeted group D		
Targeted group E		
Targeted group F		
Targeted group G		

6 Total—Add the amounts in columns (b) and (c) **7**

7 Enter 50% of line 4 (see instruction I for special limits) **8**

8 Enter 25% of line 6, column (c) (see instruction I for special limits) **9**

9 Current year jobs credit—Add lines 7 and 8. Enter here and include on Schedule C (Form 1040), line 31(b); Form 1120, line 13b, page 1; or the corresponding appropriate line on other returns (see instruction G for details). (Members of a group of trades or businesses under common control, electing small business corporations, partnerships, estates and trusts, see instruction for line 9.) **10**

10 Shareholder's current year jobs credit from Schedule K-1 (Form 1120S) **11**

11 Partner's current year jobs credit from Schedule K-1 (Form 1065) **12**

12 Beneficiary's current year jobs credit from Schedule K-1 (Form 1041) **13**

13 Patron's jobs credit—Enter credit allocated from cooperative (see instruction J) **14**

14 Total jobs credit for current year—Add lines 9 through 13 **15**

15 Carryback and carryover of unused credit(s) other than shareholder's, partner's, or beneficiary's unused credit(s) entered on line 22, 23, or 24 **16**

Part II Tax Liability Limitation

16 a Individuals—Enter amount from Form 1040, line 37, page 2 **16**
b Estates and trusts—Enter amount from Form 1041, line 27, page 1
c Corporations—Enter amount from Schedule J (Form 1120), line 3, page 3

17 a Credit for the elderly (Individuals only) **17a**

b Foreign tax credit **17b**

c Investment credit **17c**

d WIN credit **17d**

e Credit for political contributions (Individuals only) **17e**

f Credit for child and dependent care expenses (Individuals only) **17f**

g Possessions corporation tax credit (corporations only) **17g**

h Tax on lump-sum distributions from Form 4972 or Form 5544 **17h**

i Section 72(m)(5) penalty tax (Individuals only) **17i**

17 Total—Add lines 17a through 17i **17**

18 Subtract line 17 from line 16 **18**

19 Tax liability limitation for line 14—Enter 90% of line 18 **19**

20 Allowed current year jobs credit—Enter smaller of line 14 or line 19. If line 14 does not contain an entry, enter zero. (Section 1381(a) type cooperatives, see instruction J.) **20**

21 Tax liability limitation for lines 22, 23, and 24—Subtract line 20 from line 19 (all filers other than shareholders, partners and beneficiaries to which lines 22, 23, or 24, apply, are to skip lines 22 through 25; enter zero on line 26; and complete lines 27 through 29 as applicable) **21**

22 Enter shareholder's unused carryover credit from tax years beginning prior to 1-1-79 **22**

23 Enter partner's unused carryover credit from tax years beginning prior to 1-1-79 **23**

24 Enter beneficiary's unused carryover credit from tax years beginning prior to 1-1-79 **24**

25 Lines 22, 23 and 24 limits:

a Enter the smallest of line 21, 22, or the amount figured by using the formula in the line 25 instruction **25a**

b Enter the smallest of line 21, 23, or the amount figured by using the formula in the line 25 instruction **25b**

c Enter the smallest of line 21, 24, or the amount figured by using the formula in the line 25 instruction **25c**

26 Total allowed unused carryover credit(s) from tax years beginning prior to 1-1-79 for shareholders, partners, and beneficiaries—Add lines 25a through 25c. If zero, enter zero. Do not enter more than line 21 **26**

27 Tax liability limitation for line 15—Subtract line 26 from line 21 **27**

28 Total allowed unused credit from line 15—Enter the smaller of line 27 or line 15 **28**

29 Total allowed jobs credit from all sources—Add lines 20, 26, and 28. Enter here and on Form 1040, line 44; Schedule J (Form 1120), line 4(d), page 3; or the appropriate line on other returns **29**

1979 Department of the Treasury Internal Revenue Service Instructions for Form 5884 Jobs Credit

(References are to the Internal Revenue Code)

(1) For tax years ending after December 31, 1978, an employer may elect to claim a targeted jobs credit for qualified wages paid or incurred to individuals who are members of the targeted groups listed in Instruction E. Except for certain vocational rehabilitation referrals, an individual must be first hired after September 26, 1978. The total allowable current year credit is equal to the sum of:

- (a) 50% of total qualified first-year wages paid or incurred during the tax year, plus
 - (b) 25% of total qualified second-year wages paid or incurred during the tax year.
- (2) Total qualified first-year wages are limited to 30% of total unemployment insurance wages (FUTA), paid during the calendar year ending in the tax year the jobs credit is being figured.

(3) The total jobs credit may not exceed 90% of tax liability as defined in section 53(b).

(4) The employer must reduce his or her salary and wage deduction by the targeted jobs credit on line 9. See Instruction G for details.

General Instructions

A. Who Must File.—Any individual, estate, trust, organization, or corporation claiming the above credit, or any electing small business corporation, partnership, estate, or trust that apportions the credit among its shareholders, partners, or beneficiaries must attach Form 5884 to its income tax return. Electing small business corporations, partnerships, estates, or trusts must also allocate the credit of each shareholder, partner, or beneficiary on the appropriate line of Schedule K-1 of their return.

B. Jobs Credit Is Elective.—The targeted jobs credit is elective. The election to claim the credit may be made (or revoked) at any time before the expiration of three years beginning on the due date of the taxpayer's return on which the jobs credit is claimed (or has been claimed). See section 44B.

C. Jobs Credit Not Allowed.—Generally, employers who are not subject to FUTA or who are tax-exempt organizations (other than a cooperative described in section 521) do not qualify for the credit.

Special rules apply in the case of employers of agricultural employees and railroad employees. See Instruction H(1) for these rules.

D. Qualified First-Year Wages.—Generally, qualified first-year wages are unemployment insurance (FUTA) wages (limited to \$6,000 for each employee) paid or incurred after December 31, 1978, for services rendered by an eligible employee during the first one-year period of employment which begins with the day the individual

begins work for the employer. Except for vocational rehabilitation referral employees for whom a new jobs credit was taken, all eligible employees are treated as having first begun work on January 1, 1979, or the date first hired by the employer, whichever is later. Vocational rehabilitation referral employees for whom a new jobs credit was taken are treated as having begun work for the employer on or after the beginning of such individual's rehabilitation plan.

Qualified Second-Year Wages.—Generally qualified second-year wages are FUTA wages (limited to \$6,000 for each employee) paid or incurred for services rendered by an eligible employee during the one-year period beginning on the day after the last day of the first one-year period.

E. Targeted Groups.—An individual is a member of a targeted group if such individual is:

- a vocational rehabilitation referral,
- an economically disadvantaged youth,
- an economically disadvantaged Vietnam-era veteran,
- an SSI recipient,
- a general assistance recipient,
- a youth participating in a cooperative education program, or
- an economically disadvantaged convict.

Except for vocational rehabilitation referral employees for whom a new jobs credit was taken, an individual must be first hired after September 26, 1978. All employees must be certified by a local designated agency as meeting the eligibility requirements of a targeted group as contained in section 51(d)(2) through (8). For purposes of a targeted group certification, designated agencies are generally local offices of the State Employment Security Agency (Jobs Service). A youth participating in a cooperative education program is certified by the qualified school administering the cooperative education program in which the youth is enrolled. The school issues Form 6199, Certification of Youth Participating in a Qualified Cooperative Education Program, to an employer to certify a youth. The designated or certifying agency issues an authorized certification form to an employer to certify that an employee meets the eligibility requirements of a targeted group on the date the employee is hired or during the preemployment period for the employee. A vocational rehabilitation referral or a youth participating in a cooperative education program may become qualified after the date he or she is hired.

F. Unused Credit.—If the amount of the credit for the year is more than the tax liability limitation of section 53, the excess (unused credit) may be carried back to each of the 3 tax years preceding the year of the unused credit and then may be carried forward to each of 7 years following

the year of the unused credit. See section 53(b) and related regulations for details concerning unused credits for tax years beginning before 1979.

Carryback and Carryover For Tax Year in Which The Alternative Minimum Tax Applies.—If the alternative minimum tax applies, you may not receive the full tax benefit for the jobs credit claimed during the tax year. If so, the amount of jobs credit tax benefit you lose is eligible for carryback and carryover as an unused credit. See section 55(c)(3)(A) for details.

G. Employer's Deduction For Salaries and Wages.—If the employer elects to claim the credit, no deduction is allowed to an employer for the part of salaries and wages paid or incurred for the tax year equal to the allowable targeted jobs credit on line 9. The salary and wage deduction is to be reduced even though the credit is not used for the current tax year. For example, if an employer is entitled to a \$20,000 credit on line 9 but has tax liability of only \$18,000 on line 19, the employer's salary and wage deduction must be reduced by \$20,000 and the unused credit of \$2,000 may be used for carryback or carryover purposes.

When salaries and wages are capitalized for depreciation, the amount subject to depreciation must be reduced by the part of the allowable credit that applies to the salaries and wages being capitalized. For example, if the credit on line 9 of Form 5884 is \$1,000 and \$100 of the line 9 credit is attributable to salaries and wages being capitalized (which represents 10% of total wages), the amount subject to depreciation would be reduced by \$100. The \$900 balance (\$1,000 less \$100) would be included on the appropriate salary and wage deduction line of your tax return (Form 1120, line 13b, page 1; Schedule C (Form 1040), line 31b; etc.).

Note: Attach a schedule to Form 5884 to reconcile any differences for cases in which the reduction of salaries and wages on Form 1120, line 13b, page 1; Schedule C (Form 1040), line 31b; etc. is less than the credit on line 9 of Form 5884 attached to the tax return.

H. Special Rules.

(1) **Qualified Wages.**—Although qualified wages are generally FUTA wages, a different definition of qualified wages applies to agricultural employees and railroad employees.

Agricultural Employees.—If in any year an employee performs services that qualify during more than half of any pay period as agricultural labor for FUTA purposes, then qualified wages are Social Security Tax (FICA) wages, but the dollar limitation for each individual is \$6,000 per year.

Railroad Employees.—If more than half of the wages you pay to an employee during any tax year qualify under the Railroad Unemployment Insurance Act (RUIA), then qualified wages are RUIA wages, but the dollar limitation for each employee is \$500 per month.

(2) **Trades or businesses that are under common control.**—In the case of a group of trades or businesses that are under common control, the jobs credit is computed under section 51 as if all the organizations that are under common control are one trade or business. The total group credit must be apportioned among the members of the group on the basis of each member's proportionate share of the wages giving rise to such credit. The amount of qualified first-year wages cannot exceed 30% of the total unemployment insurance wages paid by the group.

The tax liability limitations of section 53 apply to each member individually. See section 52(a) and related regulations for details.

(3) **Wages paid or incurred by an employer to an employee during any calendar year are considered for the jobs credit only if more than one-half of the wages paid or incurred are for services performed in a trade or business of the employer.**

(4) **Qualified first-year and second-year wages do not include any amounts paid by an employer for any period to any individual for whom the employer receives federally funded payments for on-the-job training of such individuals for such period.**

(5) **Qualified first-year and second-year wages do not include wage expenditures made with the use of "cost-sharing payments" from grants made after September 30, 1979 under any program listed in section 126(a). See section 126(c).**

(6) **The jobs credit cannot be claimed for an individual for whom the employer claims a WIN credit under section 40.**

I. Mutual Savings Institutions, Regulated Investment Companies and Real Estate Investment Trusts.—These institutions are not allowed the full jobs credit. See section 52(f) and related regulations for special limits.

J. Cooperatives.—Cooperative organizations described in section 1361(a) are allowed the jobs credit to the same extent it is available to taxpayers in general. In addition, any credit (other than unused credits attributable to tax years ending before November 1, 1978) the cooperative cannot use because of the tax liability limitation of section 53 shall be allocated to the patrons of the cooperative.

Specific Instructions

Line 1.—Enter in column (b) the total number of employees within each targeted group listed in column (a) for whom qualified first-year wages were paid or incurred during the tax year. The targeted group of the employee (A through G) is shown on the certification form (or Form 6199) which was issued to the employer by a local designated agency as explained in Instruction E.

Enter in column (c) the total qualified first-year wages paid or incurred to all certified employees within each targeted group. Generally, these wages are limited to \$6,000 for each employee.

If a jobs credit was claimed in a prior year for first-year wages paid or incurred for an individual in a prior year, the \$6,000 limit must be reduced by these prior year first-year wages. For example, if first-year wages of \$2,000 were paid or incurred to an employee in the taxpayer's 1978-79 tax

year, the first-year wages for this employee for the taxpayer's 1979-80 tax year is limited to \$4,000 (\$6,000 less the \$2,000 first-year wages paid to the employee in the 1978-79 tax year).

Line 3.—Enter 30% of the total unemployment insurance wages paid during the 1979 calendar year. Generally, this is 30% of line 5, Part I, of the 1979 Form 940. FICA wages (limited to \$6,000 per employee) must be used for agricultural employees and RUIA wages (limited to \$500 per month per employee) must be used for railroad employees for purposes of the 30% limitation. See section 51(h).

Line 5.—Enter in column (b) the total number of employees within each targeted group listed in column (a) for whom qualified second-year wages were paid or incurred during the tax year.

Enter in column (c) the total qualified second-year wages paid or incurred to all certified employees within each targeted group. Generally, these wages are limited to \$6,000 for each employee.

If a jobs credit was claimed in a prior year for second-year wages paid or incurred for vocational rehabilitation referral employees in a prior year, the \$6,000 limitation must be reduced by these prior year second-year wages. For example, if second-year wages of \$2,000 were paid to such an employee in the taxpayer's 1978-79 tax year, the second-year wages for this employee for the taxpayer's 1979-80 tax year is limited to \$4,000 (\$6,000 limit less \$2,000 second-year wages paid to the employee in the 1978-79 tax year).

Line 9.—When a group of trades or businesses are under common control (see Instruction H(2)), the member of the group that made the greater proportionate contribution of qualified first-year wages (or qualified second-year wages if no first-year wages are involved) must report the computation of the group credit on lines 1 through 9 (ignoring lines 10 through 29) of Form 5884.

In order for each member to determine its allowed credit, each member (including the above member) must enter on a separate Form 5884, its apportioned share of the current year's jobs credit on line 9 (ignoring lines 1 through 8); enter any unused credit from prior or subsequent years on line 15; and complete lines 10 through 29 as applicable. Each member must attach to its Form 5884 a schedule showing the apportionment of the total group credit to the members of the group.

If the jobs credit figured by an estate or trust is to be apportioned to the estate or trust itself as well as to its beneficiaries, the credit on line 9 is apportioned between the estate or trust and the beneficiaries on the basis of the income of the es-

tate or trust allocable to each. The estate or trust must attach to Form 5884 a schedule showing this apportionment and enter and identify the estate's or trust's portion and the beneficiaries' portion in the margin to the right of line 9. The estate or trust will then complete lines 10 through 29, as applicable, to determine its allowed jobs credit to be claimed on its Form 1041. The beneficiaries' shares will be apportioned to the individual beneficiaries and each beneficiary is to determine his or her allowable jobs credit as explained below.

The credit figured on lines 1 through 9 by a small business corporation, partnership, or estate and trust is apportioned to the individual shareholders, partners, and beneficiaries, respectively (see the Instructions for Form 1120S, Form 1065, and Form 1041 for method of apportionment). Each individual shareholder, partner, or beneficiary will enter the apportioned credit on lines 10, 11, or 12 (whichever is applicable) of a separate Form 5884 and will then complete the balance of Form 5884 where applicable.

Note: Where an individual shareholder, partner, or beneficiary is entitled to a combined credit from two or more sources, such as from a sole proprietorship and a partnership, the credit of the proprietorship would be figured on lines 1 through 9 of Form 5884. The credit arising from the partnership would be entered on line 11 of the same form. Lines 12 through 29 are then completed to determine the total allowed credit to be entered on the individual taxpayer's Form 1040.

Line 17(h). Tax on Lump-Sum Distributions.—Individuals, estates, or trusts which are recipients of lump-sum distributions from qualified employees' trusts or annuity plans are to enter the amount of partial tax included in line 16. This partial tax is computed on Form 4972 and Form 5544.

Line 25. Limits.—The carryover of unused jobs credit entered on lines 22, 23, or 24 is limited to the proportionate part of the tax liability on line 19 that is attributable to the shareholder's, partner's, or beneficiary's interest in each small business corporation, partnership, estate, or trust from which the credit is derived.

The unused credit of each entity is limited to an amount computed in accordance with the following formula:

Line 19 x $\frac{\text{Portion of taxable income attributable to an interest in a 1120S, 1065, or 1041 entity}}{\text{Taxable income for the year less the zero bracket amount (section 63(d)), if any}}$

See section 63 for a definition of taxable income and section 53 and related regulations for further information and examples of the computation of the limitation.

Publication 906.—For more detailed information on the targeted jobs credit, get Publication 906, Targeted Jobs and WIN Credits.

User Survey

Statistics of Income — 1978-1979 — Corporation Income Tax Returns

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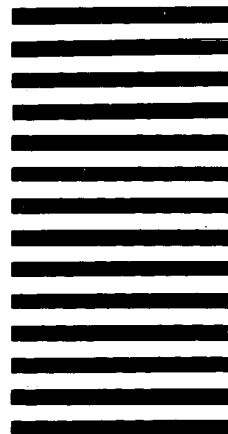
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1978-1979

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Section

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 4 **Basic Tables**

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 • **User Survey (Form 6839)**