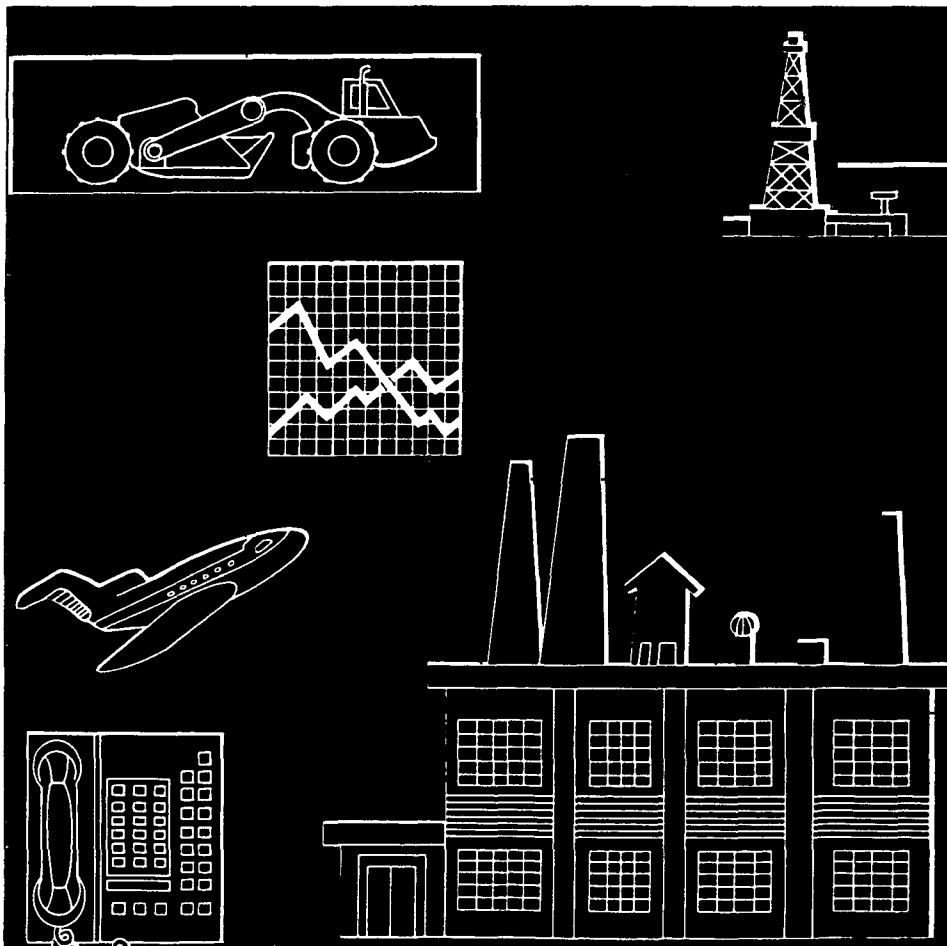


1984

**Statistics
of Income**

Corporation **Income Tax** **Returns**



1984

Statistics of Income

Corporation

Income Tax Returns

Publication 16 (10-87)

Department of the Treasury
Internal Revenue Service

Lawrence B. Gibbs
Commissioner

Charles H. Brennan
Deputy Commissioner
(Operations)

Dominic E. Pecorella
Assistant Commissioner
(Taxpayer Service and Returns Processing)

Fritz Scheuren
Director, Statistics of Income Division

Dan Rosa
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 "S Corporations taxed through shareholders."

More detailed statistics for the industries shown in table 1 of this report are available in Publication 1053, *Source Book of Statistics of Income—1984*. A general description of the Source Book, including ordering information, is available from the Director, Statistics of Income Division TR:S, Internal Revenue Service, Washington, DC 20224.

In addition, special Statistics of Income tabulations based on corporation income tax returns for 1984 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—1984
Corporation Income Tax Returns
Washington, DC 1987

For sale by Superintendent of Documents,
U.S. Government Printing Office,
Washington, D.C. 20402

Library of Congress Card
No. 61-37568

See the user survey form following page 160

NEW STATISTICAL SERVICES

(Available from Statistics of Income Division)

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

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

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

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

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

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

The document for 1985 presents Statistics of Income data and tables on:

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

Purchasers of this service also will be provided with additional articles relating to 1985 data and preliminary 1986 data as they become available and will be notified of future statistical releases relating to individual income tax returns.

Partnership Returns, Publication 369 — Price \$22.00

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

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

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

Other Services — Price dependent on the request

- Unpublished tabulations from SOI program are available. Includes detailed tables underlying those published in SOI Bulletin.
- Special tabulations produced to user specifications.
- Public use tape files, including the Individual Tax Model (1978–85), among others. (Earlier files are available from the Machine Readable Branch (NNSR) of the National Archives, Washington, DC 20408)

BUSINESS SOURCE BOOKS

(Available from Statistics of Income Division)

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

Corporation Source Book, 1984, Publication 1053 — Price \$175.00

This is a 481-page document that presents detailed income statement, balance sheet, tax and selected items by major and minor industries and size of total assets. This report is part of an annual series and can be purchased for \$175 (issues prior to 1982 are for sale at \$150). A magnetic tape containing the tabular statistics for 1984 can be purchased for \$1,500.

Partnership Source Book, Publication 1289 — Price \$30.00

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

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

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

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

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

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

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

OTHER PUBLICATIONS

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

The Statistics of Income (SOI) Bulletin (Quarterly) — Publication No. 1136

Subscription price \$16.00; Single copy price \$6.00

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

Statistics of Income—1984, Corporation Income Tax Returns, Publication No. 16

Presents information on—

- Receipts
- Deductions
- Net income
- Taxable income
- Income tax
- Tax credits
- Distributions to stockholders
- Assets
- Liabilities
- Data classified by—
 - industry
 - accounting period
 - size of total assets
 - size of business receipts

CONTENTS

Page

GUIDE TO TABLES	vi
Section 1	
INTRODUCTION	1
Overall Corporate Summary	1
Activities Covered	1
Time Period Employed	4
Section 2	
CHANGES IN LAW AND REGULATIONS	5
Additional Tax for Large Corporations	5
Changes in Tax Credits	5
Depreciation of Real Property Extended	5
Dividends Received Deduction Reduced	5
Foreign Sales Corporation (FSC) Replaces DISC	6
New Form 1120-A	6
New Holding Period for Long-Term Capital Gains	6
Reduction in Tax Preference Items	6
Section 3	
DESCRIPTION OF THE SAMPLE AND LIMITATIONS OF THE DATA	7
Sample Selection	7
Exclusions	7
Method of Estimation	9
Table Presentation	9
Sampling Variability	10
Sample Management	12
Rounding and Money Amounts	12
Industrial Classification	12
Consolidated Returns	13
Other Data Limitations	13
Section 4	
BASIC TABLES	15
Section 5	
EXPLANATION OF TERMS	69
Section 6	
FORMS AND INSTRUCTIONS	107

Guide to Tables

This report contains 17 basic tables. The major classification is industrial activity. This guide provides a reference for the major selected items and subjects available in the report. See page 15 to determine the appropriate page number(s) for specific tables.

INCOME AND DEDUCTION ITEMS

Total receipts (figures A, C, tables 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11)
Business receipts (tables 1, 2, 3, 4, 5, 6, 7, 9, 10, 15)
Interest (tables 2, 3, 4, 5, 9)
Interest on Government obligations (tables 2, 3, 4, 5, 9)
Rents and royalties received (tables 2, 3, 4, 5, 9)
Net short-term and long-term capital gain (tables 2, 3, 4, 5, 9)
Net gain, (loss) noncapital assets (tables 2, 3, 4, 5, 9)
Dividends received (tables 2, 3, 4, 5, 9, 13)
Total deductions (tables 2, 3, 4, 5, 9, 10)
Cost of sales and operations (tables 1, 2, 3, 4, 5, 6, 7, 9, 10)
Compensation of officers (tables 2, 3, 4, 5, 9)
Repairs and bad debt expense (tables 2, 3, 4, 5, 9)
Rent paid on business property (tables 2, 3, 4, 5, 9)
Taxes and interest paid (tables 2, 3, 4, 5, 6, 7, 9, 10)
Advertising, contributions or gifts (tables 2, 3, 4, 5, 9)
Amortization and depletion deduction (tables 2, 3, 4, 5, 9, 15)
Depreciation deduction (tables 1, 2, 3, 4, 5, 6, 7, 9, 10, 15)
Pension and employee benefit plans (tables 2, 3, 4, 5, 6, 7, 9, 10)
Book income or deficit (table 14)
Constructive taxable income from related foreign corporations (tables 2, 3, 4, 5)
Net income (less deficit), total (figures A, B, C, tables 2, 4, 6, 7, 8, 9, 10, 11, 13, 14)
Net income (1, 3, 4, 5, 9, 10, 11, 15)
Statutory special deductions, total (table 8, 10, 13)

BALANCE SHEET ITEMS

Total assets (figures A, C, tables 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 15)
Cash (tables 2, 3, 4, 5, 6, 7, 9)
Notes and accounts receivable (tables 2, 3, 4, 5, 6, 7, 9)
Allowance for bad debts (tables 2, 3, 4, 5, 9)
Inventories (tables 2, 3, 4, 5, 6, 7, 9)
Investments in Government obligations (tables 2, 3, 4, 5, 6, 7, 9)
Loans to stockholders (tables 2, 3, 4, 5, 6, 7, 9)
Mortgage and real estate loans (tables 2, 3, 4, 5, 6, 7, 9)
Other investments (tables 2, 3, 4, 5, 6, 7, 9)
Depreciable assets (tables 1, 2, 3, 4, 5, 6, 7, 9, 10)
Accumulated depreciation (tables 2, 3, 4, 5, 6, 7, 9, 10)

Depletable assets (tables 2, 3, 4, 5, 6, 7, 9)
Accumulated depletion (tables 2, 3, 4, 5, 6, 7, 9)
Land (tables 2, 3, 4, 5, 6, 7, 9)
Intangible assets (amortizable) (tables 2, 3, 4, 5, 6, 7, 9)
Accumulated amortization (tables 2, 3, 4, 5, 6, 7, 9)
Total liabilities (tables 2, 3, 4, 5, 9)
Accounts payable (tables 2, 3, 4, 5, 6, 7, 9)
Loans from stockholders (tables 2, 3, 4, 5, 9)
Mortgages, notes, and bonds payable (tables 2, 3, 4, 5, 6, 7, 9, 10)
Capital stock (tables 2, 3, 4, 5, 6, 7, 9)
Paid-in or capital surplus (tables 2, 3, 4, 5, 6, 7, 9)
Retained earnings (tables 2, 3, 4, 5, 6, 7, 9)
Shareholders undistributed taxable income (loss) (tables 9)
Cost of treasury stock (tables 2, 3, 4, 5, 6, 7, 9)

TAX COMPUTATION ITEMS

Income subject to tax, (figures A, C, tables 1, 2, 3, 4, 5, 6, 7, 8, 13, 16)
Income tax (figures A, C, tables 1, 2, 3, 4, 5, 6, 7, 8, 11, 13, 16)
Foreign tax credit (tables 1, 2, 3, 4, 5, 6, 7, 8, 13, 16)
U.S. possessions tax credit (tables 1, 2, 3, 4, 5, 8, 13, 16)
Investment tax credit items (table 12)
Additional tax for tax preference (tables 2, 3, 4, 5, 6, 7, 8, 13, 15)
Nonconventional source fuel credit (tables 2, 3, 4, 5, 13, 16)
Research activities credit items (tables 1, 2, 3, 4, 5, 6, 7, 8, 13, 16, 17)
General business credit (tables 1, 2, 3, 4, 5, 6, 7, 8, 13, 16)
Provision for federal income tax (table 14)
Tax payments (tables 8, 13)
Orphan drug credit (tables 2, 3, 4, 5, 6, 7, 8, 13, 17)

SELECTED SUBJECTS

Accounting periods (figures B, C, table 8)
Book income or deficit (table 14)
Distributions to stockholders (tables 1, 2, 3, 4, 5, 6, 7, 10, 11)
Distributions to shareholders (table 9)
Members of controlled groups (table 11)
S corporations (table 9, 13)
Sampling selection ranges, and variability (figures D, E, F)
Tax preference items (table 15)

TAX COMPUTATION ITEMS

Income subject to tax, (figures A, C, tables 1, 2, 3, 4, 5, 6, 7, 8, 13, 16)
Income tax (figures A, C, tables 1, 2, 3, 4, 5, 6, 7, 8, 11, 13, 16)
Foreign tax credit (tables 1, 2, 3, 4, 5, 6, 7, 8, 13, 16)
U.S. possessions tax credit (tables 1, 2, 3, 4, 5, 8, 13, 16)
Investment tax credit items (table 12)
Additional tax for tax preference (tables 2, 3, 4, 5, 6, 7, 8, 13, 15)
Nonconventional source fuel credit (tables 2, 3, 4, 5, 13, 16)
Research activities credit items (tables 1, 2, 3, 4, 5, 6, 7, 8, 13, 16, 17)
General business credit (tables 1, 2, 3, 4, 5, 6, 7, 8, 13, 16)
Provision for federal income tax (table 14)
Tax payments (tables 8, 13)
Orphan drug credit (tables 2, 3, 4, 5, 6, 7, 8, 13, 17)

SELECTED SUBJECTS

Accounting periods (figures B, C, table 8)
Book income or deficit (table 14)
Distributions to stockholders (tables 1, 2, 3, 4, 5, 6, 7, 10, 11)
Distributions to shareholders (table 9)
Members of controlled groups (table 11)
S corporations (table 9, 13)
Sampling selection ranges, and variability (figures D, E, F)
Tax preference items (table 15)

This report presents statistical estimates derived from a stratified sample of approximately 89,900 returns selected from the approximately 3.2 million active corporate returns filed for the 1984 Income Year.*

The report is divided into 6 sections. The first section provides statistics summarizing overall corporate activity for Income Year 1984. Section 2 discusses changes in law and regulations between this report and that for Income Year 1983. Section 3 describes in detail the sample of income tax returns upon which the statistics were based, as well as the method of estimation used, the sampling variability of the data, and other limitations.

Section 4 presents the basic tables that contain detailed statistics on 1984 income tax liability, tax credits, net income, and other financial data. Section 5 contains detailed explanations of the terms used in the report. In most instances, the explanations include definitions of terms used as well as adjustments made in preparing the statistics and any limitations inherent in the data.

Section 6 consists of the return forms and instructions. Following Section 6 is a user survey designed to help the Statistics of Income Division better determine the needs of users of this report. The user's cooperation in completing this form would be much appreciated.

The statistics in this report represent revisions to the preliminary data contained in "Corporate Income Tax Returns: Preliminary Data, 1984" in the *Statistics of Income Bulletin*, Volume 6, Number 3, Winter 1986-87. [1]

OVERALL CORPORATE SUMMARY

Figure A presents corporation summary statistics for Income Years 1983 and 1984. Shown are the number of returns, total assets, total receipts, net income (less deficit),

income subject to tax and total income tax before and after credits. The total number of returns increased by 5.7 percent from 1983 to 1984, more than twice the increase between 1982 and 1983.

Total assets increased by 8.9 percent to \$11 trillion for 1984. Total receipts had an even larger increase of 10.2 percent. This was the largest annual change since the 10.5 percent increase from 1980 to 1981. Net income (less deficit) continued to rise with an increase of 23.7 percent over 1983. Income subject to tax and total income tax rose by 17.5 percent and 17.1 percent, respectively, from 1983 to 1984. Total income tax after credits increased 23.4 percent from approximately \$51.9 billion to \$64.0 billion for 1984.

Returns with total assets of \$250 million or more represent only about one percent of the total returns; nonetheless, for 1984, these 3,663 returns accounted for 50.3 percent of the total receipts and 54.2 percent of the total income tax after credits. In contrast for 1983 there were 3,420 such returns and they accounted for 51.3 percent of total receipts and 50.7 percent of total income tax after credits.

ACTIVITIES COVERED

The estimates in this report encompass corporate business activities in the United States as well as certain foreign activities as reported on returns of "domestic" corporations, and foreign corporations with U.S. business 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 certain extent, their undistributed earnings. [2]

*David Jordan and Janice Washington were responsible for the overall production of this report. David Jordan prepared the text for sections 2 and 5. Janice Washington prepared the text for section 1. The report was prepared under the direction of Karen L. Cys of the Returns Analysis Section, Corporation Statistics Branch.

Corporation Returns/1984 • Introduction

Figure A.—Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax, Total Income Tax After Credits by Size of Total Assets, Income Years 1983 and 1984

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole dollars]

Year and size of total assets	Number of returns	Total assets	Total receipts	Net income (less deficit) ¹	Income subject to tax ²	Total income tax ³	Total income tax after credits ⁴
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1983							
Total	2,999,071	10,201,084,144	7,135,494,059	188,313,928	218,686,396	92,218,567	51,862,218
Zero assets	113,437	—	80,622,795	- 1,125,152	2,306,841	923,810	731,484
\$1 under \$100,000	1,552,099	53,951,657	231,545,546	- 549,219	3,685,336	623,150	447,630
\$100,000 under \$250,000	558,929	89,193,794	238,259,127	2,742,733	5,548,348	1,032,070	759,584
\$250,000 under \$500,000	312,500	110,950,948	255,904,043	2,333,993	5,285,747	1,117,514	821,224
\$500,000 under \$1,000,000	208,260	145,636,097	315,480,271	3,672,607	6,534,943	1,684,789	1,267,111
\$1,000,000 under \$5,000,000	193,144	393,451,303	833,144,275	12,141,548	17,011,517	6,173,041	5,115,180
\$5,000,000 under \$10,000,000	25,183	174,749,126	301,982,808	6,083,868	7,561,258	3,218,970	2,728,226
\$10,000,000 under \$25,000,000	18,814	295,228,144	352,931,920	8,580,508	10,632,497	4,643,952	3,870,914
\$25,000,000 under \$50,000,000	8,932	317,031,523	243,614,050	6,716,873	8,004,850	3,556,842	2,862,678
\$50,000,000 under \$100,000,000	5,709	404,034,005	245,054,185	6,883,751	7,962,507	3,568,328	2,844,049
\$100,000,000 under \$250,000,000	3,625	594,730,191	378,048,929	9,797,198	12,061,278	5,396,406	4,135,884
\$250,000,000 or more	3,420	7,622,127,330	3,658,686,664	131,038,520	132,074,398	60,271,671	26,271,003
1984							
Total	3,170,743	11,106,701,948	7,860,711,226	232,900,596	257,054,060	107,968,407	63,990,211
Zero assets	136,338	—	101,352,857	1,640,946	3,983,489	1,811,986	1,528,094
\$1 under \$100,000	1,637,381	55,854,452	255,769,474	- 691,233	3,953,148	668,831	481,971
\$100,000 under \$250,000	578,819	93,269,724	264,152,184	2,945,358	5,904,550	1,095,060	804,482
\$250,000 under \$500,000	325,515	115,249,405	273,139,823	3,294,157	6,318,083	1,374,488	1,024,885
\$500,000 under \$1,000,000	215,464	150,619,653	339,160,191	4,452,579	7,139,945	1,875,078	1,434,314
\$1,000,000 under \$5,000,000	204,953	420,745,073	909,328,244	14,016,282	18,585,621	6,780,516	5,569,207
\$5,000,000 under \$10,000,000	27,962	194,879,814	362,537,300	6,444,544	8,326,745	3,567,452	3,041,120
\$10,000,000 under \$25,000,000	20,787	325,299,620	419,551,636	9,525,662	11,726,055	5,159,620	4,267,737
\$25,000,000 under \$50,000,000	10,053	355,896,372	306,587,771	7,963,166	9,656,617	4,313,305	3,441,838
\$50,000,000 under \$100,000,000	5,964	422,408,620	262,177,391	7,392,268	8,745,716	3,911,490	3,088,295
\$100,000,000 under \$250,000,000	3,825	617,594,253	407,146,465	12,410,326	13,827,150	6,251,785	4,625,294
\$250,000,000 or more	3,663	8,354,884,776	3,956,117,917	163,665,136	158,875,836	71,153,074	34,679,491

¹ Includes taxable income before net operating loss deduction and special deductions.

² Includes long-term gain taxed at alternative rates, taxable income less net operating loss deduction and special deductions.

³ Includes regular and alternative tax, personal holding company tax; tax from recomputing prior-year investment credit, minimum tax, excessive net passive income tax (Form 1120S), and tax from Section 1 (Form 1120F).

⁴ Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, research activities, and general business credits.

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

For foreign corporations (defined as those organized abroad) engaged in trade or business in the United States, only income that was considered "effectively connected" [3] with the conduct of a trade or business in the United States was included in the statistics and any investment income from U.S. sources was excluded from the data. 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 and these returns were excluded from this report. [4]

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

held at the source to satisfy their U. S. tax liability on income earned in the United States. (It should be noted however that inactive corporations have been excluded from the statistics.)

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. 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.

The estimated number of returns, shown by type of return form, are the basis of the estimates for the financial statistics presented in this report. These data are tabulated from active corporation income tax returns:

Form 1120 (U.S. Corporations)	2,277,675
Form 1120-A (U.S. Short-Form Corporations) .	164,816
Form 1120S (U.S. S Corporations) [5]	701,339

Figure B

Figure B. Number of returns and net income (less deficit), by accounting periods¹

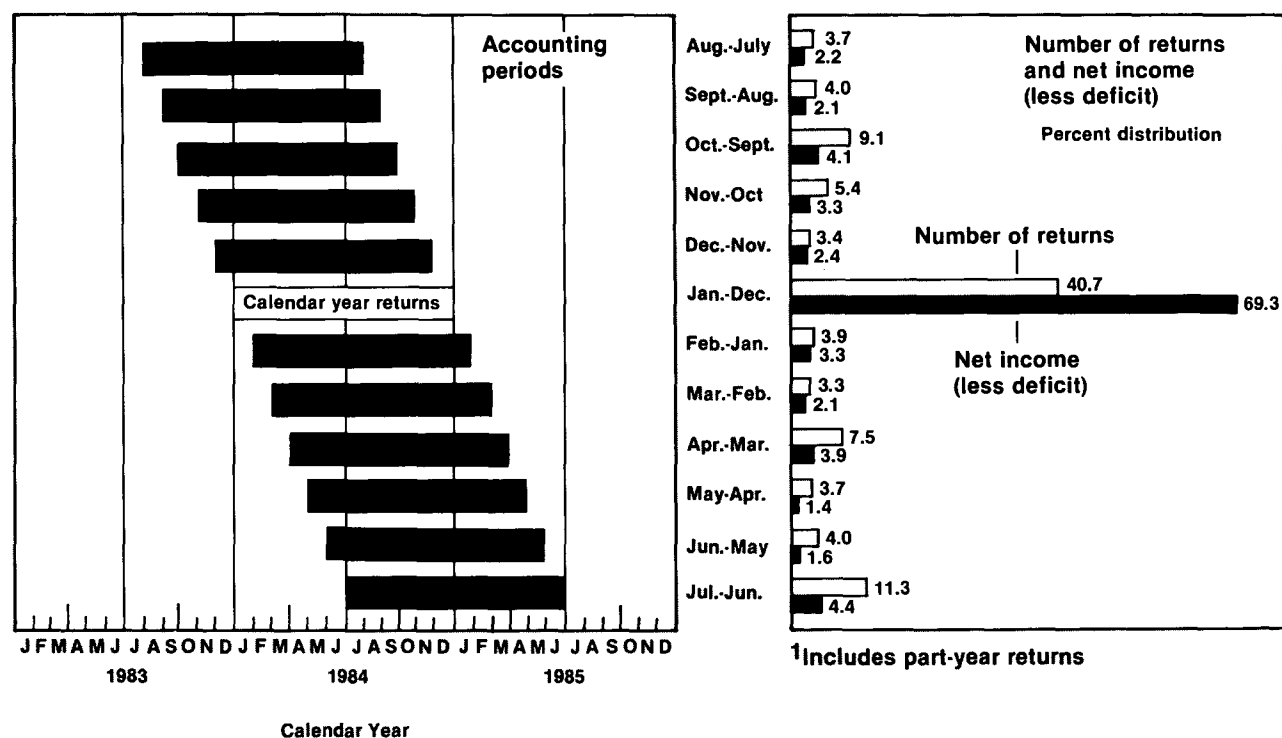


Figure C.—Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax, and Total Income Tax After Credits, by Accounting Periods for Income Year 1984

[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) ²	Income subject to tax ³	Total income tax ⁴	Total income tax after credits ⁵
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total	3,170,743	11,106,701,948	7,860,711,226	232,900,596	257,054,060	107,968,407	63,990,211
December, 1984	1,289,421	8,808,244,083	4,726,640,355	161,421,217	178,904,205	77,509,439	40,850,569
Noncalendar year, total	1,881,322	2,298,457,865	3,134,070,872	71,479,379	78,149,855	30,458,968	23,139,642
July 1984	117,061	132,017,585	181,018,413	5,011,384	4,528,968	1,787,192	1,438,451
August 1984	126,270	131,111,739	176,019,142	4,790,714	4,782,978	1,845,904	1,388,685
September 1984	288,545	445,801,750	486,423,065	9,495,692	12,356,482	4,820,832	3,682,816
October 1984	172,095	221,142,084	277,480,907	7,576,334	7,428,406	2,931,322	2,226,191
November 1984	107,138	147,413,094	154,475,676	5,675,259	4,867,187	1,907,195	1,384,988
January 1985	124,830	162,134,679	289,501,772	7,617,091	7,898,433	3,255,113	2,736,147
February 1985	103,421	104,049,613	176,190,527	4,827,406	4,943,393	1,978,567	1,591,607
March 1985	238,477	288,448,966	456,025,110	9,109,037	9,332,632	3,549,004	2,513,691
April 1985	118,674	108,640,782	168,200,595	3,233,734	3,949,148	1,513,408	1,200,774
May 1985	125,158	127,492,345	214,082,726	3,816,185	4,030,505	1,531,053	1,123,143
June 1985	359,654	430,205,226	554,652,938	10,326,542	14,031,723	5,339,377	3,853,149

¹ Includes part-year returns.

² Includes taxable income before net operating loss deduction and special deductions.

³ Includes net long-term gain taxed at alternative rates, taxable income less net operating loss deduction and special deductions.

⁴ Includes regular and alternative tax, personal holding company tax, tax from recomputing prior-year investment credit, minimum tax, excessive net passive income tax (Form 1120S), and tax from Section 1 (Form 1120F).

⁵ Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, research activities, and general business credits.

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

Corporation Returns/1984 • Introduction

Form 1120L (U.S. Life Insurance Companies)	2,042
Form 1120M (U.S. Mutual Insurance Companies)	1,490
Form 1120F (U.S. Returns of Foreign Corporations)	10,900
Form 1120-DISC (Domestic International Sales Corporations)	12,480
Total	3,170,743

The statistics specifically exclude, in addition to inactive corporations, foreign corporations with no income "effectively connected" with a U.S. trade or business; information returns of certain joint undertakings; returns filed by political organizations under Code section 527; returns filed by General Stock Ownership Corporations (corporations established by a state for the benefit of the residents of a state); information returns reporting no tax because of a tax treaty or convention under Code section 894; nonprofit corporations (educational, charitable, and similar organizations) exempt from income tax under section 501; and 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.

TIME PERIOD EMPLOYED

The estimates in this report are based on data from 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 1984 through June 1985. 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 12 accounting periods covered by the report are presented in figure B. Code section 441 specified that, in general, a taxpayer's accounting period end on the last day of the month. Thus, figure B shows a span of 23 months between the first-included accounting period, which began on August 1, 1983, and closed on July 31, 1984, and the start of the last-included accounting period, which began on July 1, 1984, and closed on June 30, 1985. 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 time, namely, at the end of its accounting period. Corporations were required by Code section 441 to file returns for the accounting period customarily used in keeping their books. Figure B also presents the percentage of the total that each accounting period represents for the number of returns and the net income (less deficit).

Figure C shows that 40.7 percent of the 1984 returns were filed for the calendar year; and, since they included most of the larger corporations, these returns had approximately 79.3 percent of total assets, 60.1 percent of total receipts, 69.3 percent of net income (less deficit), 69.6 percent of income subject to tax, and 63.8 percent of total income tax after credits.

Corporation returns were usually required to be filed within two-and-one-half months after the close of the corporate accounting period. However, in accordance with Code section 6081, most corporations could receive filing extensions of 6 months.

In addition to returns with accounting periods that spanned 12 months, the total number of active corporations includes 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. Also, Domestic International Sales Corporations (DISC) part-year returns increased because DISCs were eliminated as of December 31, 1984. Many DISCs filing returns ending July through November 1984 could file a part-year return for the remainder of the calendar year in order to take advantage of the DISC tax deferral on profits.

NOTES AND REFERENCES

- [1] Frequencies and amounts will differ slightly between this report and the *Statistics of Income Bulletin* because additional returns and corrections are included in this report.
- [2] See *Statistics of Income*, "A Compendium of Studies of International Income and Taxes, 1979-1983", September 1985, for information on, among other things, the foreign activities of U.S. Corporations.
- [3] "Effectively connected" income is defined in Code Section 864(c). See also the reference in [2] above.
- [4] These data are published annually in the *Statistics of Income Bulletin*. See Skelly, Daniel F. and Hobbs, James R., "Statistics of Income Studies of International Income and Taxes", *Statistics of Income Bulletin*, Fall 1986, pp. 01-17.
- [5] Previously referred as "U.S. Small Business Corporations."

The statistics in this report reflect, in general, changes in law and regulations 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 includes a description of the major changes (listed alphabetically) that affected substantially the comparability of the statistics in this report with those for prior years. These changes resulted from two parts of the Deficit Reduction Act of 1984.

A further explanation of items affected by changes in law and regulations is contained in the Explanation of Terms section of this report.

Additional Tax for Large Corporations

For tax years beginning after 1983, a corporation with taxable income over \$1,000,000, besides paying its regular tax, paid an additional tax equal to the lesser of; 5% of its taxable income that exceeds 1,000,000, or \$20,250. Component members of a controlled group of corporations are treated as one corporation for the additional tax. The taxable income of all component members is taken into account, and the new tax is divided among them in the same manner as they share the group's single taxable income amount in each tax bracket.

Changes in Tax Credits

For tax years beginning after 1983, there was a new tax credit called the general business credit. This credit resulted from the merging together of four tax credits that were already available to taxpayers. They were the investment credit, targeted jobs credit, alcohol fuel credit, and the employee stock ownership plan credit. These credits were separately figured and then combined into the general business credit on Form 3800, General Business Credit. The combined credit is then subjected to a single limitation

as to the amount that may be used to reduce the tax for the tax year.

Depreciation of Real Property Extended

Under prior law, real property placed in service after 1980, and qualifying as recovery property, was generally depreciated on an accelerated basis under ACRS (the accelerated cost recovery system) over a 15-year period. The 15-year real property was defined as section 1250 class property with a present class life of more than 12.5 years.

Under the 1984 Tax Reform Act, the minimum recovery period for domestic real property qualifying as recovery property was generally increased from 15 years to 18 years. In addition, the Act added the excess of depreciation taken on 18-year real property over straight-line depreciation to the list of tax preference items in Code Section 57. Virtually all domestic section 1250 class property with a present class life of more than 12.5 years placed in service by the taxpayer after March 15, 1984, qualified as 18-year property. Except for certain real property qualifying for the 15-year ACRS recovery period under the transitional rules, only low income housing property qualified for the 15-year recovery period under the new 1984 Act.

Dividends Received Deduction Reduced

In general, under prior law, corporations were allowed to deduct 85 percent of stock dividends received from other corporations and if the corporation used borrowed money to buy the stock, the interest on the debt was usually deductible. Corporations used the dividends received deduction, combined with the interest deduction to reduce their corporate earnings.

Effective for dividends received on debt-financed stock (acquired after July 18, 1984), the 85 percent corporate dividend deduction has been reduced. These debt-financed portfolio stock dividend deductions were reduced by a percentage related to the amount of debt incurred to purchase the stocks. Instead of the 85 percent deduction,

corporations were allowed to deduct a lesser percentage of dividends, depending on how much of the stock is debt-financed.

Foreign Sales Corporation (FSC) replaces DISC

The Tax Reform Act of 1984 replaced the Domestic International Sales Corporation (DISC) system of tax deferral for U.S. exporters with the new Foreign Sales Corporation (FSC). Prior to the Act, the DISC's profits were not taxed to the DISC, but were taxed to the DISC shareholders when distributed or deemed distributed to them. In contrast, the 1984 Act provided that a portion of the export income of an eligible foreign sales corporation (FSC) be exempt from Federal income tax. It also allowed a domestic corporation a 100-percent dividends-received deduction for dividends distributed from the FSC out of earnings attributable to certain foreign trade income. Thus, there was no corporate level tax imposed on a portion of the income from exports. The Act deleted the prior law requirements for DISC reports after December 31, 1984, and substituted the requirement for FSC reports.

New Form 1120-A

The Form 1120-A, U.S. Short-Form Corporation Income Tax Return, was a new tax form that certain small United States corporations could file for tax years beginning after 1983. The Form 1120-A could be used by a corporation that met all of the following requirements: (1) The gross receipts were under \$250,000; (2) The total income was under \$250,000; (3) The total assets were under \$250,000; (4) There was no ownership in a foreign corporation; (5) There were no foreign shareholders who owned, directly or indirectly, 50% or more of its stock; (6) It was not a member of a controlled group of corporations; (7) It was not a personal holding company; (8) It was not a consolidated corporate return filer; (9) It was not a corporation undergoing a dissolution or liquidation; (10) It was not filing a final tax return; (11) The only dividend income was from domestic

corporations (none of which represented debt-financed securities), and those dividends qualified for the 85% deduction; (12) It had no non-refundable tax credits other than the general business credit; and (13) There was no requirement to file a special tax return (e.g., Foreign Corporations (Form 1120F), Life Insurance Companies (Form 1120L), Mutual Insurance Companies (Form 1120M), S Corporations (Form 1120S) and Domestic International Sales Corporations (Form 1120-DISC)).

New Holding Period for Long-Term Capital Gains

Before the Tax Reform Act of 1984, capital assets held for more than one year qualified for long-term capital gain or loss treatment. The 1984 Act cut the long-term holding period from "more than 1 year" to "more than 6 months." Any property acquired after June 22, 1984, and held more than 6 months qualified for the long-term capital gain or loss treatment.

Reduction in Tax Preference Items

Under prior law (and present law), corporations pay a minimum tax on certain tax preferences. The tax is in addition to the corporation's regular tax. The Tax Equity and Fiscal Responsibility Act of 1982 sliced 15 percent off corporate deductions or benefits from eight tax preferences and starting with tax years beginning after December 31, 1984, the new Tax Reform Act of 1984 increased the cutbacks to 20 percent.

The following tax preferences were affected by the 20 percent cutback: (1) Amortization of pollution control facilities; (2) Financial institutions' bad debt reserves; (3) Certain gain on sale of real (Section 1250) property; (4) Financial institutions' interest deductions on debt incurred to carry tax-exempt bonds; (5) Intangible drilling costs of integrated oil companies; and (6) Mineral exploration and development costs.

This section describes the sample criteria and selection of returns, the method of estimation and sampling variability of the estimates contained in the report. It also describes the methodology needed to compute confidence interval estimates, as well as some of the limitations of the data.[1]

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 examination (see Figures D and E). The following types of returns were subjected to sampling: Form 1120—U.S. Corporation Income Tax Return; Form 1120-A—U.S. Short Form Corporation Income Tax Return; Form 1120F—U.S. Income Tax Return of a Foreign Corporation; Form 1120L—U.S. Life Insurance Company Income Tax Return; Form 1120M—U.S. Mutual Insurance Company Income Tax Return; Form 1120S—U.S. Income Tax Return for an S Corporation; and Form 1120-DISC—Domestic International Sales Corporation Return.

All sample returns, except Forms 1120-DISC, were computer selected from the Internal Revenue Service's Business Master File (BMF) system. Form 1120-DISC returns were processed on a separate computer system designed expressly for the sampling process. Both sampling procedures used a transformation of the Employer Identification Number as the basis for essentially random selection within a sample class.

The prescribed sample rates for Forms 1120, 1120-A, and 1120S ranged from 0.35 percent to 100 percent, depending on size of total assets and net income (or deficit) and the presence or absence of selected principal business activity (PBA) codes as defined in the appendix to Figure D. The average sample rates for Forms 1120, 1120-A, and 1120S, shown in figure D, columns 8 and 9, ranged from

0.35 percent to 100 percent, which represent average prescribed rates for the individual sample classes. Forms 1120L and 1120M were sampled, based on size of total assets, at rates ranging from 50 percent to 100 percent. Forms 1120F were sampled based on total assets and "financial" or "nonfinancial" PBA codes, at sample rates ranging from 25 to 100 percent. For Forms 1120-DISC, sample rates ranged from 5 to 100 percent and were dependent upon:

- (1) the size of total assets of the majority corporate stockholder,
- (2) the size of total assets of the DISC,
- (3) the size of net income (or deficit) of the DISC and
- (4) the size of the annualized adjusted taxable income of all the DISC's in the controlled group.

EXCLUSIONS

Figure D contains the number of returns in the population and sample, by sample class and sampling rates (both prescribed and achieved). A comparison of the total 1984 population (3,433,437) in figure D with the total estimated number of returns (3,170,743) in table 1, column 1, shows a difference of 262,694. This difference resulted from returns which were excluded because they were:

- (1) inactive returns having neither income nor deductions;
- (2) duplicate returns;
- (3) amended returns not associated with the original returns and which were not earlier removed by the original computer selection (the original returns were subject to sampling);
- (4) tentative returns not associated with the revised returns and which were not earlier removed by the original computer selection (the revised returns were subject to sampling);

*Homer Jones and Richard Collins designed the sample for this report. Homer Jones prepared the text and tables in this section under the direction of Ann Waring and Roylene Gomillion, Acting Section Chiefs, Operations Section, Corporation Statistics Branch.

Corporation Returns/1984 • Sample Description and Data Limitations

Figure D—Corporation Returns: Number Filed, Number in Sample, Prescribed and Achieved Sampling Rates, by Sample Selection Class, Income Year 1984

Sample Class Number	Description of Sample Selection Classes		Industry Class	Year Sampled	Number of Returns		Sampling Rates (Percent)	
	Size of total assets	Size of net income or deficit			Estimated Population	Sample Size	Prescribed	Achieved
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	All Returns, Total		*	*	3,433,437	93,922	2.84%	2.74%
	Forms 1120, 1120A and 1120S with Form 5735 attached, Total		*	*	622	571	100.00	91.80
1	Under \$50,000,000		B,C	All	530	479	100.00	90.38
2	Under \$100,000,000		A	All				
	\$50,000,000 or more		B,C	All	92	92	100.00	100.00
	\$100,000,000 or more		A	All				
	Forms 1120, 1120A and 1120S (no Form 5735 attached), Total		*	*	3,397,839	83,860	2.56	2.47
3	Under \$50,000	Under \$25,000	All	All	1,382,598	4,999	0.35	0.36
4	\$50,000 under \$100,000	\$25,000 under \$50,000	All	All	520,289	2,933	0.55	0.56
5	\$100,000 under \$250,000	\$50,000 under \$100,000	All	All	619,345	5,375	0.86	0.87
6	\$250,000 under \$500,000	\$100,000 under \$250,000	All	All	360,513	6,908	1.92	1.92
7	\$500,000 under \$1,000,000	\$250,000 under \$500,000	All	All	227,173	7,433	3.31	3.27
8	\$1,000,000 under \$2,500,000	\$500,000 under \$1,000,000	All	All	156,290	12,369	8.14	7.91
9	\$2,500,000 under \$5,000,000	\$1,000,000 under \$1,500,000	All	All	55,527	5,961	11.01	10.74
10	\$5,000,000 under \$10,000,000	\$1,500,000 under \$2,500,000	All	All	29,406	6,315	22.04	21.48
11	\$10,000,000 under \$25,000,000	\$2,500,000 under \$5,000,000	A	4,5	6,334	1,861	30.06	29.38
12	\$25,000,000 under \$50,000,000	\$5,000,000 under \$10,000,000	All	6	3,388	1,229	40.00	36.28
13	\$50,000,000 under \$100,000,000	\$10,000,000 under \$25,000,000	B	4,5	5,615	2,178	40.06	38.79
14	\$100,000,000 or more	\$25,000,000 or more	A	All	5,226	2,494	49.94	47.72
15	\$25,000,000 under \$50,000,000	\$5,000,000 or more	C	4,5	16,415	14,085	100.00	85.81
	\$50,000,000 under \$100,000,000	\$10,000,000 or more	B	4,5				
	\$100,000,000 or more	\$5,000,000 or more	A	All				
16	\$50,000,000 or more	\$5,000,000 or more	B,C	6	9,720	9,720	100.00	100.00
	\$100,000,000 or more	\$5,000,000 or more	A	All				
	Forms 1120L and 1120M, Total		*	*	3,522	1,862	56.52	52.87
17	Under \$50,000,000		All	All	3,063	1,403	50.00	45.80
18	\$50,000,000 or more		All	All	459	459	100.00	100.00
	Forms 1120F (with effectively connected income in U.S.), Total		*	*	15,818	4,375	27.75	27.66
19	Under \$10,000,000		B,C	4,5	15,239	3,806	25.00	24.98
	Under \$25,000,000		A	4,5				
	Under \$25,000,000		B,C	6				
	Under \$50,000,000		A	6				
20	\$10,000,000 under \$50,000,000		B,C	4,5	266	256	100.00	96.24
	\$25,000,000 under \$100,000,000		A	4,5				
	\$25,000,000 under \$50,000,000		B,C	6				
	\$50,000,000 under \$100,000,000		A	6				
21	\$50,000,000 or more		B,C	All	313	313	100.00	100.00
	\$100,000,000 or more		A	All				
	Forms 1120-DISC (See Figure E)		*	*	15,636	3,254	22.24	20.81

*Not Applicable

Appendix—Corporation Industry Class by Principal Business Activity Code by Year Sampled

There are three classes of industries used in this design as indicated in Column (4). The following listing of PBA Codes was used to assign industries to the three classes, by calendar year:

Industry Code	0400	1150	1330	1380	1510	1600	1798	2010	2030	2096	2228	2298	2315	2345	2415	2430	2699	2799	3070	
1984 Class	B	C	B	C	B	B	C	C	C	C	C	B	C	C	C	C	C	C	C	
1985-86	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
Industry Code	3370	3440	3490	3550	3670	3698	3998	4200	5008	5050	5060	5098	5140	5150	5170	5190	5300	5410	5515	
1984 Class	C	C	B	C	B	B	B	B	B	B	C	C	B	C	C	C	B	C	C	
1985-86 Class	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
Industry Code	5995	6030	6060	6090	6120	6140	6150	6199	6210	6359	6411	6511	6550	6599	6742	6749	7000	7389	7900	Other
1984 Class	C	A	A	A	A	A	A	A	A	A	C	A	A	A	A	A	B	B	B	C
1985-86 Class	B	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	B	B	B	C

NOTES: Returns were classified according to either size of total assets, or size of net income or deficit, whichever made the sample class number higher. EXAMPLE #1: A Form 1120S return with total assets of \$750,000 and having net income of \$75,000 is in sample class 7 (based on total assets) rather than in sample class 5 (based on net income). The prescribed and achieved sampling rates for sample classes 3 through 11, 13, and 14 are composite figures of possibly different sampling rates used during the three calendar years of sampling. Other sample classes had the same prescribed sampling rates for the sampling period indicated. EXAMPLE #2: A Form 1120 return in the Retail Trade: General Merchandise Stores business classification (Principal Business Activity (PBA) Code 5300 as determined from the Appendix Tax Form Instructions files its return for the 1984 income year during 1985 and was sampled in that year. It had Total Assets of \$7,500,000 and a net deficit of \$3,000,000. Determine the Industry Class to be B from the tabulation above and the year to be 5 from the statement of the problem. The sample class number is determined to be 13 from this Figure since the Size of Deficit for Industry Class B and Year Sampled 5 show Sample Class Number equals 13 which is higher than Sample Class Number 10 which would be determined for a Form 1120 having Total Assets of \$7,500,000 (All Industry Classes for All Years).

- (5) returns exempt under section 936 of the Internal Revenue Code (IRC);
- (6) returns exempt under section 1247 of the IRC;
- (7) returns exempt under section 883 of the IRC;
- (8) Cost Corporation returns exempt under Revenue Ruling 52-542;
- (9) Form 1120M corporation returns exempt from tax under section 501(c)(15) of the IRC;
- (10) returns of (non-resident) foreign corporations having no income effectively connected with a trade or business within the U.S.;
- (11) U.S. Virgin Islands returns exempt under section 934 of the IR Code;
- (12) returns of political organizations filing on Forms 1120 and stating that they are filing under IR Code section 527;
- (13) returns filed by general stock ownership corporations on Forms 1120 which are required to file a return but are exempt from tax;
- (14) returns filed by homeowners' associations on Forms 1120 and stating they are filing under IR Code section 528;
- (15) information returns reporting no tax due to tax treaty or convention according to IR Code section 894; and finally,
- (16) delinquent returns of corporations for prior years with total assets under \$250,000,000 which used basic tax forms prior to 1983, and whose accounting periods ended before July 1984.

The estimated number of corporations filing on prior year tax forms was assumed to approximate the number of yet to be filed 1984 returns and thus even while these sample returns were not fully processed, the final weighted sample was adjusted upward to account for this exclusion.

The estimated population of exclusions, 262,694, is distributed as follows:

Type of Exclusion	Income Year		
	1984	1983	1982
Total	100.0%	100.0%	100.0%
Inactive returns	59.3	60.6	59.1
Duplicate returns	22.5	22.2	25.9
Filed on prior year forms	17.6	16.3	13.7
Miscellaneous	0.6	0.8	1.3

METHOD OF ESTIMATION

The data from the sample returns were weighted to estimate the aggregated frequencies of, and amounts on the returns of the population of corporations in the United States and its possessions which filed returns for accounting periods ending July 1984 through June 1985. The returns were generally selected for the sample during the two year period, July 1984 through June 1986. No returns were selected after 1986.

A two stage process was used to calculate the Forms 1120, 1120-A, 1120F and 1120S weights. The first was to compute a provisional weight for each sampling class. The provisional weight was computed by dividing the total number of returns in a sampling class by the number of returns in the sample from that class. The Forms 1120, 1120-A, 1120F, and 1120S returns subject to sampling at less than the 100 percent achieved rate were reweighted after determination of their provisional weights.

The second stage involved post-stratification based on 58 groups of Principal Business Activity Codes (the major industries). Raking ratio estimation procedures were employed in essentially the same way as for Income Years 1980-1983. Income Years before 1980 used just a version of the provisional weight mentioned above.[2]

The prescribed sampling weights are the inverse of the prescribed provisional rates given in figure D, column 8, and figure E, column 5. There are some 4,230 returns missing from the sample which were designated to be in it. From this some 770 returns were deleted upon review as non-sample returns because their selection criteria were in error in the initial sampling phase. The balance of 3,460 returns represents the net missing number. Adjustments were made in the weighting procedure to lessen the adverse effects of this shortage, and this adjustment was different than that used in Income Years prior to 1981. For the Income Year 1984, the second largest total assets size 100 percent sample class for each type of return was again used to adjust for a shortage in the overall 100 percent class. In Income Years prior to 1981, the shortage, if any, in the 100 percent sample classes was adjusted out of these classes to a lower prescribed sampling rate class with the highest non-100 percent sampling rate but otherwise having the same characteristics, thereby increasing its provisional weight and partially compensating for the shortage.

The Income Year 1984 procedure tends to improve the adjustment over what it would have been under the pre-1981 procedure, since the missing returns' total assets, and income/deficit levels are nearer those of the missing items in the sample than they would be if a lower total assets size were used to adjust for a shortage.

Nonetheless, missing returns that were to have been selected with certainty continue to represent a major limitation on any analyses done with the sample results.

TABLE PRESENTATION

Sample weights determined from the above procedure were carried to two decimal places. As a result, a row or column of frequencies may fail to add exactly to the corresponding total. The printed total should be considered more

accurate in this case. The same condition may exist for money amount totals but the effect is likely to be less important since the dollar amounts are normally in approximate balance prior to the rounding to thousands of dollars (which takes place in all tables as the last step before displaying the results).

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 either a double asterisk (**) or a triple 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 by a single asterisk (*) to the left of the data items. (Asterisk estimates should normally be used only in combination with other tabulated values.) Also, for tables classified by total assets, the amounts in the asset size columns may not add up to the total for particular industries because of deletions of asset size column(s) at a lower industry level.

The statistical reliability of each cell in the tables was determined independently from that of other cells. Accordingly, it is possible to see a total figure with an asterisk (*)

indicating statistical unreliability and yet a subset of the 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 characteristics 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.

SAMPLING VARIABILITY

The particular sample used in this program 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

Figure E—Domestic International Sales Corporation Returns: Number Filed, Number in Sample, Prescribed and Achieved Sampling Rates, by Sample Selection Class, Income Year 1984

Size of total assets (1)	Description of Sample Selection Class Size of net income or deficit (2)	Number of Returns		Sampling Rates -- (Percent)	
		Estimated population (3)	Sample size (4)	Prescribed (5)	Achieved (6)
All Forms 1120-DISC Returns		15,636	3,254	22.24%	20.81%
MCS under \$10,000,000 & DISC under \$500,000	Both TICG & DISC under \$200,000	7,671	363	5.00	4.73
MCS under \$10,000,000 & DISC \$500,000 under \$1,000,000	Larger of TICG or DISC \$200,000 under \$500,000	2,639	262	10.00	9.93
MCS \$10,000,000 under \$25,000,000 & DISC under \$1,000,000	Both TICG and DISC under \$500,000	1,742	335	20.00	19.23
MCS under \$25,000,000 & DISC \$1,000,000 under \$2,500,000	Larger of TICG or DISC \$500,000 under \$1,000,000	959	277	30.00	28.88
MCS \$25,000,000 under \$50,000,000 & DISC under \$2,500,000	Both TICG and DISC under \$1,000,000	861	398	50.00	46.23
MCS under \$50,000,000 & DISC \$2,500,000 under \$5,000,000	Larger of TICG or DISC \$1,000,000 under \$1,500,000	471	326	100.00	69.21
MCS \$50,000,000 under \$100,000,000 & DISC under \$5,000,000	Both TICG and DISC under \$1,500,000	1,293	1,293	100.00	100.00
MCS under \$100,000,000 & DISC \$5,000,000 under \$10,000,000	Larger of TICG or DISC \$1,500,000 under \$2,500,000				
MCS \$100,000,000 under \$250,000,000 & DISC under \$10,000,000	Both TICG & DISC under \$2,500,000				
MCS under \$100,000,000 & DISC \$10,000,000 under \$25,000,000	Larger of TICG or DISC \$2,500,000 under \$5,000,000				
MCS under \$250,000,000 & DISC \$25,000,000 or more	Either TICG or DISC \$5,000,000 or more				
MCS \$250,000,000 or more & any amount for DISC	Any amount for both TICG & DISC				

Notes: The abbreviations used in the table above are:
MCS—Majority Corporate Stockholder
DISC—Domestic International Sales Corporation, and
TICG—Taxable Income of Controlled Group

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 68 percent of estimates derived from similarly selected samples would be expected to fall. (See figure F).

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, assume an estimate of 90,339 represents the number of returns having total assets \$100,000 under \$250,000 in a 1984 Statistics of Income table. A coefficient of variation (CV) of 3.59 percent for this frequency is obtained by using column 2 of figure F and interpolating as indicated in the footnote found there.

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):

$$\begin{aligned} \text{SE}(X) &= X \text{ CV}(X) \\ &= 90,339 (.0359) \\ &= 3,243 \text{ returns.} \end{aligned}$$

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 the formula:

$$(X - \text{SE}(X)) \leq Y \leq (X + \text{SE}(X))$$

with a 68 percent confidence level, where Y is the population value estimated by X. Based on the data for this example, the interval estimate is from 87,096 returns to 93,582 returns (90,339 \pm 3,243 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 68 percent of all possible similarly selected different samples.

Figure F—Coefficient of Variation of Estimated Number of Returns, Income Year 1984

Estimated number of returns	Tables showing the classification by size of total assets								Tables not showing classes by size of total assets	Form 1120-DISC tables
	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	\$10,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000 ²		
	Percent ^{2,3}									
200	118.10	76.21	50.80	38.52	24.17	13.53	12.79	2.92	118.10	31.73
300	96.43	62.23	41.48	31.45	19.73	11.05	10.44	2.38	96.43	25.90
400	83.51	53.89	35.92	27.24	17.09	9.57	9.04	2.06	83.51	22.43
500	74.70	48.20	32.13	24.36	15.28	8.56	8.09	1.84	74.70	20.06
600	68.19	44.00	29.33	22.24	13.95	7.81	7.38	1.68	68.19	18.32
700	63.13	40.74	27.15	20.59	12.92	7.23	6.83	1.56	63.13	16.96
800	59.05	38.11	25.40	19.26	12.08	6.76	6.39	1.46	59.05	15.86
900	55.67	35.93	23.95	18.16	11.39	6.38	6.03	1.37	55.67	14.96
1,000	52.82	34.08	22.72	17.22	10.81	6.05	5.72	1.30	52.82	14.19
1,200	48.22	31.11	20.74	15.72	9.87	5.52	5.22	1.19	48.22	12.95
1,400	44.64	28.81	19.20	14.56	9.13	5.11	4.83	1.10	44.64	11.99
1,600	41.76	26.95	17.96	13.62	8.54	4.78	4.52	1.03	41.76	11.22
1,800	39.37	25.40	16.93	12.84	8.06	4.51	4.26	0.97	39.37	10.58
2,000	37.35	24.10	16.06	12.18	7.64	4.28	4.04	0.92	37.35	10.03
2,500	33.40	21.56	14.37	10.89	6.84	3.83	3.62	0.82	33.40	8.97
3,000	30.49	19.68	13.12	9.94	6.24	3.49	3.30	0.75	30.49	8.19
4,000	26.41	17.04	11.36	8.61	5.40	3.02	2.86	0.65	26.41	7.09
5,000	23.62	15.24	10.16	7.70	4.83	2.71	2.56	0.58	23.62	6.35
7,000	19.96	12.88	8.59	6.51	4.08	2.29	2.16	0.49	19.96	5.36
10,000	16.70	10.78	7.18	5.45	3.42	1.91	1.81	0.41	16.70	4.49
15,000	13.64	8.80	5.87	4.45	2.79	1.56	1.48	0.34	13.64	3.66
25,000	10.56	6.82	4.54	3.44	2.16	1.21	1.14	0.26	10.56	(4)
35,000	8.93	5.76	3.84	2.91	1.83	1.02	0.97	0.22	8.93	(4)
50,000	7.47	4.82	3.21	2.44	1.53	(4)	(4)	(4)	7.47	(4)
75,000	6.10	3.94	2.62	1.99	1.25	(4)	(4)	(4)	6.10	(4)
100,000	5.28	3.41	2.27	1.72	1.08	(4)	(4)	(4)	5.28	(4)
150,000	4.31	2.78	1.85	1.41	0.88	(4)	(4)	(4)	4.31	(4)
250,000	3.34	2.16	1.44	1.09	0.68	(4)	(4)	(4)	3.34	(4)
500,000	2.36	1.52	1.02	(4)	(4)	(4)	(4)	(4)	2.36	(4)
700,000	2.00	1.29	(4)	(4)	(4)	(4)	(4)	(4)	2.00	(4)
1,000,000	1.67	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.67	(4)
1,500,000	1.36	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.36	(4)
2,000,000	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	1.18	(4)

¹ Includes zero assets and assets not reported.

² Coefficient of variation is zero for returns with total assets of \$100,000,000 or more.

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

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

NOTE: Method of interpolation: Divide the estimated number of returns by 100, determine the coefficient of variation percentage 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 ten the coefficient of variation of 29.33 percent shown for 600 (60,000 divided by 100) returns to obtain the answer, 2.93 percent.

To obtain this interval estimate with 95 percent confidence limits, multiply the SE(X) value by two and recompute the interval. For this example, the resulting interval would be from 83,853 returns to 96,825 returns.

Table 1 shows coefficients of variation of its estimated frequencies and amounts which resumes a tradition discontinued after the 1980 Income Year SOI publication.

SAMPLE MANAGEMENT

The totals (i.e. population and sample counts) for the number of returns filed were derived from computer counts of corporation returns (other than Form 1120-DISC) produced at the ten Internal Revenue Service processing centers and the National Computer Center (NCC). The Form 1120-DISC population and sample counts were from the Data Center located in Detroit, Michigan. These counts were verified during statistical processing to minimize loss of data. Returns are classified into sample strata based on their total assets, net income or deficit, return type, and industry code. Prior to Income Year 1982, the population counts reported by the NCC for the ten processing centers were accepted without change for each of the sample strata. For Income Year 1984, again as since 1982, misstratified returns were reclassified into their correct strata classes on the basis of consistency tests made on sample returns. The population of returns which needed to be reclassified was estimated from the sample returns and the population adjusted accordingly. Only returns that were misclassified prior to statistical processing were corrected in this way. Population and sample counts totals were minimally affected by the reclassification. Under a model, reliability was increased slightly by the process. The model assumed, and an analysis of the errors made tended to confirm, that mis-stratified returns were randomly distributed in the population.

The reasons generally discovered for mis-stratification of a particular type of return were: (1) total assets not recorded when actually present, (2) total assets recorded, but with dropped (missing) digits, (3) total assets recorded, but with added digits, (4) another figure on the tax return substituted for total assets or net income/deficit (5) an incorrect figure substituted for total assets or net income/deficit, (6) industry code incorrectly recorded, and (7) tax return form type incorrectly recorded.

Because of the significant impact of the statistics, returns of the largest corporations were included, even if not in the designated sample, through the use of a critical case name control procedure. *In a few cases when the Income Year 1984 return could not be located, a form of imputation was carried out, usually by substituting last year's return, after suitable adjustments.*

ROUNDING AND MONEY AMOUNTS

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. For example, \$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, in general, 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. (See "Codes for Principal Business Activities" in the tax form instructions in Section 6 of this volume.)

In pre-1981 Statistics of Income years, all returns in the statistical sample were examined during statistical processing and each was assigned a code, the SOI Industry Code ("Minor Industry"), classifying it by industry. In determining the code, the following were considered: the description of the business activity given by the taxpayer; the taxpayer assigned Principal Business Activity (PBA) code; the sources of the taxpayer's income; the nature of the expenses; and, where necessary, information from various reference books. 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.

Beginning for Income Year 1981 an Industry Code Library System was established; it consisted of records from previous years' files. If the EIN and the PBA code on a record in the Industry Code Library matched that of the current year record, the SOI Industry Code was transferred from the SOI Industry Code of the library record to the Income Year 1984 SOI record. Approximately 70 percent of the returns had industry codes assigned by this method. In general, all other records were industry coded according to the former process. [3]

The industries used in this report generally conform to the Enterprise Standard Industrial Classification (ESIC) autho-

ized 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 (SIC) Manual (also authorized by the Office of Management and Budget), 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 the 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*. [4]

CONSOLIDATED RETURNS

The number of returns in the population differs from the total number of profit oriented corporations in the U.S. 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.

Although consolidated returns usually reported more than one kind of industrial activity, each return was assigned a single industry classification (the SOI Industry Code) based on the corporation's principal business activity as entered on the return. Basically, a return was classified into the 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 major 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 entirely 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, a comparison was made between the expected and realized number of sample returns in each of the service centers. Any differences were resolved by follow-up, to the extent feasible. 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. Imputation of data was also utilized when necessary.

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 accu-

racy 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. For 1983 income year, the review process revealed no 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. Should discrepancies or irregularities be discovered, future editions of Statistics of Income publications will be used to disseminate such information.

NOTES AND REFERENCES

- [1] For a description of the sample designs employed in earlier publications of *Statistics of Income, Corporation Income Tax Returns* see "Sampling Corporation Income Tax Returns for Statistics of Income, 1951 to Present" by Homer W. Jones and Paul B. McMahon, in *Statistics of Income and Related Administrative Record Research: 1984*, Internal Revenue Service or *1984 Proceedings of the Section on Survey Research Methods*, American Statistical Association.
- [2] Further details on the procedures used can be found in the paper "Modified Raking Estimations in the Corporate SOI Program" by M.R. Leszcz, H.L. Oh, and F.J. Scheuren, *Statistics of Income and Related Administrative Record Research: 1983*, Internal Revenue Service or *1983 Proceedings of the Section on Survey Research Methods*, American Statistical Association. [5]
- [3] For a discussion of industry coding systems used in various statistical series, see *A Review of Industry Coding Systems, Statistical Working Paper 11*, Statistical Policy Office, Office of Information and Regulatory Affairs, Office of Management and Budget, published in March 1984 by the OMB. See also *A Review of Industry Coding Systems*, a Supplement to Statistical Policy Working Paper 11, which contains descriptions of several federal industry coding systems reviewed by the working group.
- [4] More detailed statistics are available in Publication 1053, *Source Book of Statistics of Income* for the industries shown in table 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, 1111 Constitution Avenue, N.W., Washington, DC 20224. Information

concerning a magnetic tape version of the Source Book is also contained in this general description.

- [5] In an effort to measure the variance of estimates an additional modification was made to the Raking Ratio Estimation procedure for use in the 1983-84 Income Years statistics. In addition to the Bounded Raking Ratio Estimation (Excluding Cells with 200 or more Observations) abbreviated as BRRE(200) a clustering procedure was used which ensured that each weight

adopted by the above procedure would be used by 24 or more records in the sample. This was achieved by averaging the weights when ordered from the highest weight to the lowest weight. This enabled us to define new post-strata $S(1)$, $S(2)$, ..., $S(L)$, each having at least 24 records, which made it possible to apply the traditional equations for computing conditional sampling variability (coefficients of variation). For further discussion refer back to the reference in [2].

INCOME AND FINANCIAL DATA BY INDUSTRY AND SIZE

- 1 Returns of active corporations: Number of returns, selected receipts, cost of sales and operations, net income, deficit, total income tax, selected credits, distributions to stockholders, total assets, depreciable assets, and depreciation deduction, by minor industry, 16
- 2 Returns of active corporations: Balance sheets and income statements, tax and selected other items, by major industry, 28
- 3 Returns with net income: Balance sheets and income statements tax and selected other items, by major industry, 36
- 4 Returns of active corporations: Balance sheets and income statements and selected other items, by size of total assets, 44
- 5 Returns with net income: Balance sheets and income statements and selected other items, by size of total assets, 46
- 6 Returns of active corporations: Selected balance sheet, income statement, tax items, and distributions to stockholders, by industrial division, by size of total assets, 48
- 7 Returns of active corporations: Selected balance sheet, income statement, tax items, and distributions to stockholders, by industrial division, by size of business receipts, 53
- 10 Returns of active Domestic International Sales Corporations, Form 1120-DISC: Number of returns, selected balance sheet and income statement items, and distributions to stockholders, by selected industrial divisions, 60
- 11 Returns of members of controlled groups, other than Form 1120-DISC: Number of returns, total assets, total receipts, net income (less deficit), and total income tax, by selected industrial divisions, 61
- 12 Returns of active corporations, other than Forms 1120-DISC: Current year investment credit and selected items, by selected industrial divisions, 62
- 13 Returns of active corporations: 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 selected items of S Corporations (Form 1120S), by selected industrial divisions, 63
- 14 Returns of active corporations: Book net income or deficit and provision for federal income tax, by selected industrial divisions, 64
- 15 Returns of active corporations, other than Forms 1120S and 1120-DISC: Tax preference items: Number of returns, and tax preference and related items, by selected industrial divisions, 65

SELECTED SUBJECTS

- 8 Returns of active corporations: Total receipts, net income, statutory special deductions, income tax, selected credits, and taxpayment items, by accounting period ended, 58
- 9 Returns of active S Corporations, Form 1120S: Balance sheets and income statements and distributions to shareholders, by industrial division, 59
- 16 Returns of active corporations, other than Forms 1120S and 1120-DISC: Number of returns and selected tax items, by size of total income tax after credits, 66
- 17 Returns of active corporations, other than Forms 1120S and 1120-DISC: Increasing research activities credit items, by selected industrial divisions, 67

RETURNS OF ACTIVE CORPORATIONS

Table 1—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	Deficit	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	3,170,743	1,777,770	7,860,711,226	6,081,937,505	6,948,481,893	4,692,505,746	349,179,415	116,278,819	257,054,060	107,968,407
Agriculture, forestry, and fishing	98,381	50,037	66,645,119	47,102,507	62,093,338	42,991,472	2,874,899	2,672,377	1,613,829	509,081
Agricultural production	68,121	34,817	48,326,293	34,593,962	44,579,550	30,638,290	2,302,077	2,200,150	1,284,227	404,529
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	30,240	15,220	18,318,826	12,508,546	17,513,788	12,353,182	572,823	472,228	329,602	104,552
Mining	40,564	18,177	123,496,633	87,092,506	111,030,063	74,213,000	6,991,815	7,344,999	5,167,226	2,381,154
Metal mining	1,280	53	6,094,045	3,283,071	5,221,645	3,785,138	356,195	553,058	133,667	66,229
Iron ores	21	***	1,821,117	***	1,602,464	1,226,175	***	***	102,473	43,718
Copper, lead and zinc, gold and silver ores	892	***	2,783,875	***	2,438,974	1,822,341	***	***	15,568	13,868
Other metal mining	367	16	1,489,052	1,082,878	1,180,208	736,622	107,252	103,437	15,626	8,643
Coal mining	4,199	1,452	17,454,446	9,818,085	16,437,347	11,684,122	509,198	524,410	299,281	141,204
Oil and gas extraction	30,948	13,856	90,006,949	65,943,645	79,985,368	52,718,773	5,561,341	6,097,290	4,309,804	1,982,755
Crude petroleum, natural gas, and natural gas liquids	15,507	6,163	60,904,069	48,889,531	53,734,787	37,714,617	4,052,931	3,051,583	3,210,659	1,495,685
Oil and gas field services	15,442	7,693	29,102,880	17,054,115	26,250,582	15,004,156	1,508,410	3,045,707	1,099,145	487,069
Nonmetallic minerals, except fuels	4,137	2,815	9,941,194	8,047,705	9,385,703	6,024,967	565,081	170,241	429,743	190,966
Dimension, crushed, and broken stone, sand and gravel	3,301	2,363	6,880,072	5,555,903	6,545,997	4,259,382	391,708	104,544	282,457	120,830
Other nonmetallic minerals, except fuels	836	452	3,061,122	2,491,802	2,839,705	1,765,585	173,373	65,698	142,017	70,136
Construction	306,906	173,351	338,575,635	226,308,015	326,752,784	257,057,538	9,147,150	6,240,445	5,629,230	1,767,756
General building contractors and operative builders	126,870	65,329	153,321,158	99,826,371	146,678,340	124,322,090	3,612,942	3,104,982	2,128,235	695,467
General building contractors	123,454	63,313	148,854,957	96,894,199	143,519,243	122,819,748	3,434,782	2,908,676	2,024,305	658,288
Operative builders	3,415	2,016	4,466,201	2,932,172	3,159,097	1,502,341	178,159	196,306	103,929	37,179
Heavy construction contractors	19,021	9,802	55,742,055	34,477,658	52,731,860	41,354,888	1,572,795	1,092,062	1,011,894	387,466
Special trade contractors	161,015	98,221	129,512,421	92,003,986	127,342,584	91,380,560	3,961,413	2,043,401	2,489,101	684,823
Plumbing, heating, and air conditioning	31,542	19,362	28,962,136	20,594,351	28,547,153	21,191,251	740,722	471,914	464,774	132,946
Electrical work	25,196	14,889	23,248,307	15,900,915	22,806,087	16,844,597	632,889	312,775	422,582	114,327
Other special trade contractors and contractors not allocable	104,277	63,970	77,301,979	55,508,720	75,989,345	53,344,712	2,587,802	1,258,712	1,600,745	437,550
Manufacturing	272,050	162,584	2,768,247,655	2,284,012,420	2,608,971,901	1,796,313,155	147,852,003	26,636,749	131,957,838	58,542,710
Food and kindred products	16,695	10,568	315,573,247	245,788,141	306,627,688	223,106,094	10,165,697	1,978,197	9,327,164	4,144,707
Dairy products	2,481	1,691	61,652,988	44,164,122	60,605,104	51,350,568	1,225,101	225,466	1,063,338	438,917
Meat products	2,474	1,503	46,878,501	29,580,011	45,812,574	33,790,267	1,285,744	360,784	1,250,812	560,124
Preserved fruits and vegetables	555	475	19,890,171	16,365,681	19,381,541	13,849,967	824,096	216,308	785,512	354,543
Grain mill products	1,421	761	52,898,721	41,853,144	51,341,801	39,827,879	1,514,769	230,848	1,443,912	662,786
Bakery products	2,784	1,978	15,632,101	14,375,837	15,146,246	8,723,470	769,209	62,916	681,593	306,464
Sugar and confectionery products	1,393	757	15,093,475	13,524,025	14,676,357	9,608,396	851,858	103,829	746,032	332,055
Malt liquors and malt	20	13	14,855,368	12,416,480	14,552,050	8,339,664	425,652	78,179	417,997	193,265
Alcoholic beverages, except malt liquors and malt	1,111	448	8,327,315	4,990,697	7,860,510	4,891,635	355,094	236,699	333,917	154,177
Bottled soft drinks, and flavorings	1,715	1,040	32,082,532	27,696,413	30,314,597	17,755,929	1,499,158	154,857	1,310,287	590,367
Other food and kindred products	2,742	1,903	48,262,126	40,831,730	46,936,908	34,968,049	1,415,015	308,311	1,293,765	552,009
-Tobacco manufactures	88	27	39,500,454	39,334,483	37,175,664	19,373,791	4,233,912	13,083	4,203,493	1,808,579
Textile mill products	4,716	3,490	47,395,707	36,429,116	46,356,014	34,943,093	1,828,796	474,435	1,481,349	648,833
Weaving mills and textile finishing	813	637	16,976,235	10,670,490	16,589,392	12,370,210	589,134	234,525	508,392	228,548
Knitting mills	1,259	1,209	7,142,955	6,052,849	7,075,382	5,235,922	357,452	74,884	255,616	108,293
Other textile mill products	2,644	1,645	23,276,517	19,705,778	22,691,240	17,336,961	882,210	165,027	717,341	311,992
Apparel and other textile finishing	16,459	9,330	60,951,673	47,013,607	59,861,488	42,741,466	2,353,070	928,894	1,828,613	782,188
Men's and boys' clothing	2,006	1,102	16,549,861	12,344,570	16,209,163	11,556,198	635,136	262,278	544,849	244,761
Women's and children's clothing	6,091	3,483	24,920,141	18,836,687	24,458,145	17,187,586	998,721	394,237	698,672	297,019
Other apparel and accessories	3,636	1,728	7,014,654	5,472,353	6,908,652	5,029,126	269,599	148,721	225,413	88,005
Miscellaneous fabricated textile products; textile products, not elsewhere classified	4,726	3,017	12,467,018	10,359,997	12,285,527	8,968,556	449,615	123,658	359,678	152,402
Lumber and wood products	16,225	9,023	65,708,027	55,212,319	62,580,671	47,183,270	2,454,543	609,207	2,046,551	746,011
Logging, sawmills, and planing mills	5,150	3,036	26,067,489	21,924,667	24,338,267	18,564,083	1,030,869	211,539	830,549	271,003
Millwork, plywood, and related products	4,740	3,078	24,797,107	21,964,754	23,909,215	17,771,090	971,736	135,336	839,623	326,433
Other wood products, including wood buildings and mobile homes	6,335	2,909	14,843,431	11,322,898	14,333,189	10,848,097	451,938	262,332	376,330	148,575
Furniture and fixtures	7,999	4,172	24,984,637	20,746,736	24,413,753	16,865,290	1,499,864	313,076	1,344,511	579,548
Paper and allied products	3,742	2,543	38,179,506	32,821,776	39,509,530	55,009,307	4,270,401	255,773	3,988,099	1,743,664
Pulp, paper, and board mills	749	333	48,258,772	41,726,086	45,577,431	31,903,903	1,830,107	102,254	1,724,680	734,295
Other paper products	2,992	2,210	34,920,734	31,095,690	33,932,100	23,105,404	2,440,294	153,519	2,263,419	1,009,369
Printing and publishing	39,987	23,256	105,191,621	88,697,998	100,730,396	51,028,534	7,723,730	1,078,204	6,977,787	2,934,325
Newspapers	5,094	3,243	34,420,379	31,834,479	32,926,488	14,095,002	3,565,406	254,763	3,369,297	1,481,627
Periodicals	3,890	2,096	13,182,667	10,721,414	12,494,177	5,533,221	686,609	197,302	557,152	235,385
Books, greeting cards, and miscellaneous publishing	5,121	2,273	18,037,538	15,429,494	16,553,021	6,851,641	1,809,906	169,607	1,685,681	677,425
Commercial and other printing and printing trade services	25,881	15,644	39,551,036	30,712,611	38,756,711	24,548,670	1,661,809	456,532	1,365,657	539,888
Chemicals and allied products	11,126	7,483	243,485,793	225,454,096	229,940,285	142,033,656	16,464,283	1,515,795	15,706,252	7,082,386
Industrial chemicals, plastics materials and synthetics	4,797	3,413	115,770,651	107,867,367	109,838,029	72,306,141	6,184,257	547,565	5,724,798	2,585,483
Drugs	1,149	339	42,480,047	38,178,072	38,024,578	17,012,405	6,057,035	508,890	5,974,336	2,704,661
Soap, cleaners, and toilet goods	1,925	1,517	49,800,957	47,909,845	47,931,300	30,799,968	2,173,744	83,451	2,127,277	962,457
Paints and allied products	986	764	10,552,762	10,024,775	10,387,305	6,525,284	478,263	31,752	423,590	188,950
Agriculture and other chemical products	2,269	1,449	24,881,376	21,474,037	23,759,073	15,389,857	1,570,984	344,137	1,456,250	640,834
Petroleum (including integrated) and coal products	2,641	1,621	495,163,594	453,899,784	466,724,857	347,019,794	29,471,602	1,521,682	28,278,451	12,801,973
Petroleum refining (including integrated)	1,176	472	485,874,216	449,035,577	457,642,543	339,528,861	29,277,486	1,333,353	28,113,754	12,732,614
Petroleum and coal products, not elsewhere classified	1,465	1,149	9,289,377	4,864,207	9,082,314	7,490,933	194,116	188,328	164,696	69,359
Rubber and miscellaneous plastics products	11,290	6,744	54,295,871	48,618,060	52,934,946	36,399,836	2,688,639	372,093	2,259,216	962,662
Rubber products; plastics footwear, hose and belting	1,642	995	30,347,886	28,749,432	29,382,564	20,152,528	1,511,157	103,085	1,351,758	600,859
Miscellaneous plastics products	9,648	5,749	23,947,985	19,868,628	23,552,382	16,247,308	1,177,482	269,008	907,458	361,803
Leather and leather products	1,905	923	13,989,749	11,547,975	13,711,889	9,539,417	533,476	111,777	442,385	195,098
Footwear, except rubber	473	149	9,676,495	8,296,965	9,471,091	6,299,741	429,144	57,758	364,457	166,999
Leather and leather products, not elsewhere classified	1,432	773	4,313,254	3,251,010	4,240,798	3,239,676	104,333	54,019	77,928	28,100

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—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	Deficit	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	9,828	6,710	57,657,462	46,073,953	55,203,551	37,113,817	2,842,803	567,916	2,514,388	1,089,673
Glass products	1,955	1,835	19,973,849	16,506,863	18,983,227	12,547,292	791,268	99,457	711,749	300,129
Cement, hydraulic	441	93	5,322,231	3,744,085	4,903,598	3,245,329	177,659	147,556	86,845	39,864
Concrete, gypsum, and plaster products	4,492	3,213	19,293,647	14,686,544	18,646,872	12,863,539	1,116,580	181,109	1,011,358	439,125
Other nonmetallic mineral products	2,940	1,569	13,067,735	11,136,461	12,669,854	8,457,657	757,295	139,794	704,436	310,555
Primary metal industries	4,450	3,378	154,358,270	64,866,545	144,733,490	111,101,199	2,541,479	2,755,110	2,142,370	950,831
Ferrous metal industries; miscellaneous										
primary metal products	2,382	1,633	93,167,070	24,239,068	88,004,001	65,625,243	1,309,312	1,913,414	1,171,078	526,385
Nonferrous metal industries	2,068	1,745	61,191,200	40,627,477	56,729,489	45,475,957	1,232,168	841,696	971,292	424,446
Fabricated metal products	42,498	27,265	142,735,105	110,647,547	137,262,308	96,012,975	7,416,611	2,118,413	6,264,233	2,669,809
Metal cans and shipping containers	358	113	13,349,099	13,079,532	12,437,023	9,051,063	671,831	*33,873	554,857	239,960
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products	3,882	2,821	15,431,552	12,670,336	14,800,892	9,234,320	1,241,343	113,941	1,147,331	509,791
Plumbing and heating, except electric and warm air	703	535	6,679,165	6,112,688	6,382,857	4,187,674	495,572	37,820	441,922	201,158
Fabricated structural metal products	8,483	5,217	32,235,547	23,091,575	31,037,517	23,167,536	1,267,354	644,907	1,032,807	431,160
Metal forgings and stampings	3,086	2,239	14,002,597	9,489,166	13,740,816	9,845,802	580,186	188,672	478,867	195,694
Coating, engraving, and allied services	2,426	1,981	5,964,752	4,568,431	5,775,445	3,922,686	286,315	94,663	222,952	87,982
Ordnance and accessories, except vehicles and guided missiles	611	321	1,481,033	1,246,875	1,404,290	977,404	117,382	*12,306	92,869	42,433
Miscellaneous fabricated metal products	22,947	14,037	53,591,365	40,388,945	51,683,468	35,626,489	2,756,628	992,230	2,292,628	961,630
Machinery, except electrical	26,931	16,282	200,980,313	153,625,137	170,678,945	106,422,683	13,760,554	3,813,877	12,882,497	5,829,117
Farm machinery	1,815	769	11,548,414	4,482,802	10,589,336	7,290,622	192,727	330,673	143,877	63,784
Construction and related machinery	1,728	1,071	30,977,681	12,581,672	29,190,349	20,320,514	577,044	1,474,035	488,301	232,942
Metalworking machinery	6,870	4,785	15,219,038	10,924,642	14,701,354	9,413,151	695,853	266,678	528,532	212,694
Special industry machinery	4,103	2,776	17,254,460	12,114,247	16,302,598	11,002,920	681,724	358,931	578,818	247,208
General industry machinery	4,049	2,470	18,092,058	15,890,719	17,337,763	11,094,145	746,981	146,526	661,043	277,187
Office, computing, and accounting machines	1,232	545	87,794,157	80,318,969	63,137,670	34,467,437	9,785,778	1,025,909	9,592,695	4,412,153
Other machinery, except electrical	7,132	3,866	20,094,503	17,312,086	19,419,875	12,833,893	1,080,447	211,126	889,231	383,148
Electrical and electronic equipment	19,793	12,311	243,717,236	213,332,310	224,665,625	145,463,523	13,147,956	3,297,564	11,427,771	4,979,750
Household appliances	238	171	16,847,287	16,227,668	16,027,264	11,395,089	978,823	*24,999	948,604	434,066
Radio, television, and communication equipment	1,545	966	53,904,119	49,643,411	48,242,778	31,915,447	1,736,227	511,870	1,475,070	615,413
Electronic components and accessories	10,853	6,421	88,655,755	70,637,323	84,188,653	54,877,764	4,666,337	1,827,073	4,206,690	1,891,902
Other electrical equipment	7,156	4,754	84,310,075	76,823,907	76,206,931	47,275,224	5,766,571	933,622	4,797,407	2,038,369
Motor vehicles and equipment	3,315	2,195	204,689,202	185,884,665	193,449,225	138,438,669	11,547,346	538,619	9,861,820	4,565,200
Transportation equipment, except motor vehicles	4,130	1,693	105,591,940	77,269,305	99,417,190	74,252,936	5,860,550	2,085,437	3,015,020	1,366,371
Aircraft, guided missiles and parts	1,462	465	86,387,537	61,316,879	80,974,113	60,308,036	4,850,050	1,745,456	2,205,074	1,007,455
Ship and boat building and repairing	1,258	677	8,386,883	6,269,112	8,128,258	6,073,273	378,045	209,916	232,837	101,888
Other transportation equipment, except motor vehicles	1,410	550	10,817,520	9,683,314	10,314,819	7,871,627	632,455	130,065	577,109	257,031
Instruments and related products	7,720	4,403	57,103,337	49,975,628	53,254,137	30,165,954	4,120,533	700,791	3,815,761	1,732,464
Scientific instruments and measuring devices; watches and clocks	3,006	1,689	21,472,018	17,652,563	19,564,235	11,191,320	1,519,949	370,729	1,427,400	646,459
Optical, medical, and ophthalmic goods	3,861	2,141	20,609,770	17,629,603	19,548,695	10,698,679	1,465,098	303,771	1,369,829	613,812
Photographic equipment and supplies	853	573	15,021,548	14,693,462	14,141,206	8,275,956	1,135,486	*26,291	1,018,531	472,194
Miscellaneous manufacturing and manufacturing not allocable	20,512	9,167	51,994,910	36,773,239	49,740,250	32,097,851	2,926,157	1,586,807	2,150,157	929,521
Transportation and public utilities	128,184	65,405	725,631,232	558,650,145	693,105,168	373,236,459	37,897,899	9,046,255	34,355,017	15,579,597
Transportation	102,010	52,284	270,323,742	205,750,885	255,969,967	142,849,737	9,389,551	4,318,929	7,161,365	2,993,013
Railroad transportation	627	183	52,837,866	48,949,423	48,484,621	26,906,043	2,373,404	1,055,766	1,495,926	631,245
Local and interurban passenger transit	8,896	4,907	8,204,922	6,058,906	7,133,655	3,199,713	356,006	88,362	296,530	118,686
Trucking and warehousing	46,830	26,752	73,599,064	54,746,902	71,285,197	31,492,078	2,603,065	824,712	2,040,029	806,837
Water transportation	7,814	2,884	17,409,552	9,040,905	15,796,842	9,839,320	535,123	854,875	333,337	136,587
Transportation by air	7,222	1,854	56,675,035	37,045,464	53,822,626	25,672,074	1,811,068	928,052	1,629,013	737,532
Pipelines, except natural gas	175	142	27,899,154	27,554,316	27,299,663	24,096,078	924,298	*38,366	903,717	404,913
Transportation services, not elsewhere classified	30,446	15,562	33,698,148	22,354,969	32,147,362	21,644,431	786,586	528,795	462,812	157,212
Communication	13,919	6,548	154,778,618	103,041,502	147,055,988	51,707,990	10,542,386	2,443,851	9,824,551	4,649,856
Telephone, telegraph, and other communication services	7,269	3,472	130,759,833	84,006,710	124,850,232	42,216,028	8,318,224	1,464,899	7,872,219	3,810,676
Radio and television broadcasting	6,649	3,076	24,018,786	19,034,792	22,205,756	9,491,961	2,224,162	978,953	1,952,332	839,181
Electric, gas, and sanitary services	12,255	6,574	300,528,872	249,857,758	290,079,214	178,678,733	17,965,962	2,283,475	17,369,101	7,936,728
Electric services	874	213	92,010,792	77,839,538	89,093,357	42,987,895	7,334,402	1,064,683	7,077,284	3,253,400
Gas production and distribution	1,460	1,061	130,796,848	96,582,363	125,471,871	96,211,990	4,165,740	1,074,940	4,054,907	1,837,544
Combination utility services	622	377	69,223,794	68,089,623	67,362,225	36,454,502	5,700,618	*30,474	5,541,908	2,551,739
Water supply and other sanitary services	9,299	4,922	8,497,438	7,346,234	8,151,760	3,024,346	765,202	113,378	695,002	294,045
Wholesale and retail trade	896,524	516,750	2,307,612,139	1,797,187,789	2,250,774,641	1,759,718,001	58,584,558	16,573,852	39,499,548	15,082,817
Wholesale trade	189,365	115,186	694,860,118	460,118,056	1,130,141,640	944,571,365	32,704,783	8,389,199	17,882,574	7,093,649
Groceries and related products	24,807	14,904	158,678,127	132,664,431	156,452,236	136,548,945	1,960,729	461,243	1,492,704	588,920
Machinery, equipment, and supplies	53,645	30,967	114,852,208	86,691,076	109,987,350	81,462,762	5,909,121	1,674,466	2,289,821	871,394
Miscellaneous wholesale trade	225,163	143,495	883,656,359	640,762,549	863,702,054	726,559,658	24,834,934	6,253,489	14,100,050	5,633,335
Motor vehicles and automotive equipment	20,528	13,734	83,882,876	75,948,014	82,239,845	65,941,931	4,934,368	287,183	3,611,141	1,590,427
Furniture and home furnishings	7,532	4,443	12,354,205	8,693,383	12,045,452	8,793,644	319,710	164,391	248,025	92,864
Lumber and construction materials	11,434	7,396	39,881,977	31,917,667	39,274,645	32,616,660	942,473	213,924	661,347	247,089
Sporting, recreational, photographic, and hobby goods, toys, and supplies	6,052	4,030	13,105,585	10,318,704	12,741,785	9,348,517	685,311	205,411	266,689	102,536
Metals and minerals, except petroleum and scrap	5,741	3,848	82,056,791	47,716,220	77,699,618	71,463,098	1,074,347	470,827	721,509	306,730
Electrical goods	18,978	12,911	64,209,240	55,047,125	62,471,484	46,834,418	3,855,047	454,414	1,447,629	583,797
Hardware, plumbing, and heating equipment and supplies	12,621	9,270								

RETURNS OF ACTIVE CORPORATIONS

Table 1—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	Deficit	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	588,138	325,358	1,146,067,504	933,860,154	1,116,384,724	812,137,100	25,758,280	8,152,594	21,536,588	7,963,663
Building materials, garden supplies, and mobile home dealers	42,283	26,128	67,012,895	50,130,897	65,512,733	48,686,225	1,857,776	703,138	1,514,182	537,394
Building materials dealers	20,321	12,564	46,559,337	35,041,376	45,599,115	34,484,919	1,323,642	440,231	1,109,039	420,938
Hardware stores	12,749	8,691	10,851,685	8,810,668	10,645,851	7,205,490	328,428	105,570	252,510	71,498
Garden supplies and mobile home dealers	9,214	4,873	9,601,873	6,278,853	9,267,766	6,995,816	205,705	157,336	152,634	44,957
General merchandise stores	9,144	5,943	166,798,802	158,303,301	158,950,572	103,197,504	4,830,633	421,679	4,354,113	1,951,128
Food stores	50,594	24,132	231,671,006	193,255,797	228,353,145	177,170,189	3,355,744	761,377	3,545,152	1,126,192
Grocery stores	29,342	16,383	213,564,630	182,307,007	210,452,140	164,249,250	3,092,194	453,467	3,357,417	1,065,728
Other food stores	21,252	7,749	18,106,375	10,948,790	17,901,005	12,920,939	263,550	307,910	187,735	60,464
Automotive dealers and service stations	85,514	56,231	320,533,284	262,029,692	314,432,514	269,881,845	3,997,019	1,013,422	2,986,785	1,037,098
Motor vehicle dealers	36,714	26,699	241,579,775	205,777,565	236,703,643	206,863,555	2,920,913	480,524	2,135,591	778,201
Gasoline service stations	20,671	12,070	49,122,422	33,980,523	48,512,264	42,350,906	416,358	227,729	329,843	97,714
Other automotive dealers	28,129	17,462	29,831,087	22,271,604	29,216,607	20,667,384	659,747	305,169	521,351	161,183
Apparel and accessory stores	44,281	24,093	49,163,018	37,807,062	47,910,390	28,433,012	1,850,332	727,443	1,599,159	613,083
Furniture and home furnishings stores	32,735	21,496	36,705,936	29,626,346	35,684,767	22,637,307	1,396,167	353,506	1,112,490	396,062
Eating and drinking places	124,033	59,838	89,899,122	61,529,031	85,494,948	38,441,834	3,064,609	1,350,650	2,292,026	857,854
Miscellaneous retail stores	199,552	107,497	184,283,440	141,178,028	180,045,655	123,689,184	5,405,999	2,241,379	4,132,679	1,444,852
Drug stores and proprietary stores	22,922	16,046	46,794,012	42,915,030	45,888,632	33,634,787	1,417,871	104,626	1,271,442	492,172
Liquor stores	15,426	8,134	11,000,938	7,353,830	10,849,466	8,614,360	179,093	108,452	116,209	30,070
Other retail stores	161,204	83,317	126,488,490	90,909,169	123,307,557	81,440,038	3,809,036	2,028,301	2,745,028	922,610
Wholesale and retail trade not allocable	4,772	2,027	4,357,941	3,209,579	4,248,277	3,009,536	121,495	32,058	60,386	25,504
Finance, insurance, and real estate	497,366	274,171	1,033,146,416	730,625,252	431,157,290	213,655,427	66,225,666	33,548,620	25,257,154	9,619,055
Banking	13,112	8,758	352,368,741	275,369,216	40,725,410	13,510,273	10,539,999	6,390,389	9,233,381	3,895,825
Mutual savings banks	431	317	22,116,237	8,611,966	1,045,501	109,943	437,217	1,707,677	263,640	107,125
Bank holding companies	4,413	2,870	260,568,750	219,408,655	36,322,987	13,347,280	7,839,408	2,943,265	7,115,343	3,024,746
Banks, except mutual savings banks and bank holding companies	8,267	5,570	69,683,753	47,348,595	3,356,923	53,050	2,257,375	1,739,447	1,854,398	763,955
Credit agencies other than banks	26,044	13,928	140,396,679	67,253,251	28,848,232	4,672,391	2,968,310	8,706,024	1,697,322	671,412
Savings and loan associations	3,634	1,766	91,196,468	35,728,813	6,896,154	931,211	1,457,302	7,194,935	722,294	309,882
Personal credit institutions	3,030	1,969	9,067,108	8,750,724	4,823,870	1,886,978	465,769	44,205	392,614	155,448
Business credit institutions	1,480	514	3,188,767	1,592,494	548,779	48,814	156,393	364,289	113,724	47,858
Other credit agencies; finance not allocable	17,900	9,679	36,944,336	21,181,220	16,579,430	1,805,388	888,846	1,102,594	468,690	158,224
Security, commodity brokers and services	14,600	6,757	33,721,119	19,730,652	17,735,070	3,449,491	1,609,593	1,429,916	1,083,592	439,276
Security brokers, dealers, and flotation companies	6,840	2,947	28,215,153	15,552,807	13,516,548	2,354,337	1,200,855	1,226,121	790,782	321,805
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	7,760	3,810	5,505,966	4,177,845	4,218,522	1,095,155	408,738	203,795	292,810	117,470
Insurance	9,239	6,655	323,391,652	240,480,345	236,557,765	145,072,042	8,101,582	6,317,045	5,126,898	2,003,564
Life insurance	2,042	1,587	192,649,508	161,296,911	130,079,651	76,074,373	5,841,170	1,826,301	3,272,485	1,447,517
Mutual insurance, except life or marine and certain fire or flood insurance companies	1,490	995	49,054,583	28,907,004	41,324,957	29,750,022	678,595	1,655,939	344,889	140,560
Other insurance companies	5,707	4,072	81,687,561	50,276,430	65,153,157	39,247,647	1,581,817	2,834,806	1,509,524	415,487
Insurance agents, brokers, and service	59,664	38,190	25,026,611	16,652,343	22,829,078	4,781,277	1,264,112	879,737	805,057	253,402
Real estate	329,521	175,503	80,434,982	50,515,867	51,904,217	19,210,966	8,438,721	5,717,283	5,170,467	1,579,906
Real estate operators and lessors of buildings	139,972	83,463	27,525,517	17,863,556	16,092,905	5,556,867	3,688,549	2,755,437	2,790,026	844,905
Lessors of mining, oil, and similar property	1,761	946	693,949	446,134	245,886	147,917	209,642	78,977	193,472	73,404
Lessors of railroad property, and of real property, not elsewhere classified	5,114	3,221	482,360	229,287	230,215	103,307	92,333	55,527	62,805	20,700
Condominium management and cooperative housing associations	17,525	8,673	3,989,313	1,747,974	2,925,240	216,050	96,589	352,895	50,968	9,800
Subdividers and developers	45,812	19,758	15,226,328	8,082,442	6,534,606	3,848,360	1,935,317	2,220,664	823,073	284,764
Other real estate	119,337	59,442	32,517,516	22,146,473	25,875,366	9,338,464	2,416,291	2,107,785	1,250,123	346,334
Holding and other investment companies, except bank holding companies	45,187	24,380	77,806,632	60,713,577	32,557,517	22,958,988	33,309,350	2,254,225	2,140,436	775,671
Regulated investment companies	3,259	2,500	33,853,517	32,562,957	169,004	—	29,104,961	16,685	9,100	3,393
Real estate investment trusts	302	160	1,689,711	1,413,774	6,370	—	520,791	50,621	*6,163	233
Small business investment companies	3,865	1,642	464,490	372,835	242,230	*2,409	90,841	110,458	32,108	9,285
Other holding and investment companies, except bank holding companies	37,761	20,077	41,798,913	26,364,010	32,139,913	22,956,579	3,592,756	2,076,461	2,093,067	762,759
Services	899,370	508,336	490,332,811	345,954,376	458,038,533	170,889,613	19,373,912	13,909,782	13,475,735	4,458,267
Hotels and other lodging places	20,791	11,305	29,140,856	19,804,046	26,367,672	13,199,319	1,189,308	1,004,602	748,338	284,025
Personal services	61,951	33,653	20,714,973	15,250,539	19,911,242	7,794,224	1,015,127	371,484	810,534	255,389
Business services	272,277	149,824	172,765,594	125,925,676	160,924,212	76,121,277	7,235,367	5,246,127	5,095,216	1,843,139
Advertising	24,422	17,034	27,491,510	22,996,954	26,556,662	15,885,180	1,038,138	375,972	742,335	283,984
Business services, except advertising	247,855	132,790	145,274,085	102,928,722	134,367,550	60,236,097	6,197,229	4,870,155	4,352,881	1,559,155
Auto repair; miscellaneous repair services	87,393	49,693	40,121,033	27,064,864	37,058,869	19,285,826	1,383,414	855,836	919,017	270,709
Auto repair and services	53,058	29,194	27,049,538	17,670,839	24,270,561	12,188,340	890,535	639,797	591,615	183,338
Miscellaneous repair services	34,334	20,499	13,071,495	9,394,026	12,788,307	7,097,486	492,879	216,040	327,401	87,371
Amusement and recreation services	67,812	28,935	44,149,611	26,704,243	38,949,330	16,234,350	1,828,425	3,067,957	1,110,916	412,460
Motion picture production, distribution, and services	10,365	4,985	14,030,752	7,891,380	12,118,956	6,674,127	462,681	1,022,732	288,762	114,465
Motion picture theaters	3,198	1,513	4,158,151	3,641,868	3,777,984	1,357,383	236,639	54,362	191,930	76,718
Amusement and recreation services, except motion pictures	54,249	22,437	25,960,708	15,170,996	23,052,390	8,202,840	1,129,104	1,990,862	630,223	221,277
Other services	389,146	234,925	183,440,744	131,205,007	174,827,208	38,254,616	6,722,271	3,363,777	4,791,715	1,392,544
Offices of physicians, including osteopathic physicians	121,074	80,601	49,765,965	36,373,265	48,430,128	4,256,662	1,370,502	531,213	1,142,434	224,419
Offices of dentists	39,639	24,795	12,580,489	8,536,420	12,408,261	2,054,765	347,970	146,714	235,497	38,731

RETURNS OF ACTIVE CORPORATIONS

Table 1—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	U.S. possessions tax credit	Research activities credit	General business 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			
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Total returns of active corporations	21,075,296	1,978,578	1,589,048	19,265,475	63,990,211	144,871,643	130,100,791	11,106,701,948	2,913,301,626	264,882,261
Agriculture, forestry, and fishing	11,985	—	2,958	121,023	373,115	417,177	354,965	50,699,926	33,357,861	3,472,979
Agricultural production	11,985	—	2,236	93,329	296,979	378,604	319,958	42,246,320	26,900,952	2,766,393
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	—	—	*722	27,694	76,136	38,573	35,007	8,453,606	6,456,910	706,586
Mining	1,164,747	*2,344	10,026	175,608	1,014,361	3,057,411	2,539,279	209,036,474	88,279,139	7,656,531
Metal mining	*35,238	*2,344	*32	*7,792	20,823	331,827	209,293	13,333,054	7,061,759	385,136
Iron ores	*31,149	—	*27	*5,098	*7,444	*157,055	—	*3,095,127	*2,400,069	*62,644
Copper, lead and zinc, gold and silver ores	*1	*2,344	*4	*2,426	*9,093	127,045	—	8,422,180	3,731,478	252,459
Other metal mining	*4,088	—	—	*269	*4,286	*47,727	*31,681	1,815,747	930,212	70,033
Coal mining	*58,836	—	*149	16,519	65,637	251,418	150,807	18,180,971	11,132,185	1,012,277
Oil and gas extraction	1,069,449	—	9,751	109,852	779,755	2,323,769	2,034,954	167,523,335	60,298,626	5,552,672
Crude petroleum, natural gas, and natural gas liquids	857,882	—	*1,892	51,204	572,020	1,786,106	1,576,580	117,954,847	30,144,992	2,458,114
Oil and gas field services	211,567	—	*7,859	58,648	207,735	537,663	458,374	49,568,488	30,153,634	3,094,558
Nonmetallic minerals, except fuels	*1,224	—	*95	41,445	148,145	150,396	144,225	9,999,114	9,786,569	706,444
Dimension, crushed, and broken stone; sand and gravel	*988	—	—	29,005	90,779	46,381	44,001	5,815,666	5,371,843	494,685
Other nonmetallic minerals, except fuels	*236	—	*95	12,440	57,366	104,015	100,224	4,183,448	4,414,725	211,760
Construction	86,027	*667	1,192	383,570	1,296,301	738,873	480,832	195,272,738	67,483,363	7,118,823
General building contractors and operative builders	*68,464	*152	*192	97,469	529,190	327,707	163,099	102,017,616	21,774,021	2,142,777
General building contractors	*68,464	*152	*143	94,714	494,815	268,539	154,675	93,068,533	20,110,134	2,042,509
Operative builders	—	—	*49	2,755	34,375	59,168	8,425	8,949,083	1,663,886	100,268
Heavy construction contractors	*16,509	*514	*57	117,598	252,788	161,487	106,470	44,834,940	24,425,496	2,175,129
Special trade contractors	*1,053	*2	944	169,502	514,323	249,679	211,263	48,420,182	21,283,846	2,800,917
Plumbing, heating, and air conditioning	*80	—	*203	26,000	106,662	17,597	16,724	11,073,747	3,501,546	456,788
Electrical work	*366	*2	*64	18,858	95,038	36,362	4,995	9,252,462	3,113,973	414,969
Other special trade contractors and contractors not allocable	*607	—	*676	123,645	312,623	195,720	189,543	28,093,974	14,668,327	1,929,160
Manufacturing	17,219,144	1,876,311	1,388,309	7,593,003	30,429,379	45,630,537	42,230,659	2,417,631,605	1,107,973,190	109,331,680
Food and kindred products	769,204	134,461	71,108	512,032	2,656,560	3,086,064	2,906,970	174,913,600	81,037,553	9,151,497
Meat products	*33,240	*4,127	773	52,817	347,166	191,376	172,264	10,800,735	6,783,051	833,348
Dairy products	*138,904	*209	7,296	60,525	353,189	338,163	337,238	26,510,412	12,324,212	1,398,327
Preserved fruits and vegetables	*37,306	*85	2,922	54,834	259,396	218,402	209,633	13,383,280	5,753,050	619,360
Grain mill products	118,070	*6,069	4,090	65,248	469,309	609,017	498,780	21,815,917	12,578,541	1,390,861
Bakery products	*59,706	—	1,655	30,821	214,282	344,524	344,092	11,292,088	5,177,747	554,074
Sugar and confectionery products	*39,407	*12,796	2,119	42,763	234,970	129,821	128,624	9,312,352	4,968,247	453,091
Malt liquors and malt	*1,015	—	*1,233	50,900	139,682	156,459	*151,544	9,781,530	7,632,273	800,163
Alcoholic beverages, except malt liquors and malt	*647	*19,307	*216	8,626	125,380	128,392	127,841	18,572,906	2,083,500	162,361
Bottled soft drinks, and flavorings	*245,872	*57,895	*47,423	41,145	198,029	608,102	602,724	26,018,565	10,672,476	1,438,497
Other food and kindred products	95,036	33,972	3,381	104,353	315,157	361,809	334,232	27,425,814	13,064,456	1,501,416
Tobacco manufactures	*71,029	*16,700	*5,886	158,855	1,556,110	1,805,459	*1,805,380	47,560,103	18,304,832	1,465,410
Textile mill products	25,251	*5,174	3,295	116,719	498,394	249,240	209,276	29,229,399	18,842,300	1,707,042
Weaving mills and textile finishing	*12,375	—	*392	42,280	173,500	93,989	58,995	10,275,005	8,167,807	723,010
Knitting mills	*44	*4,278	*995	15,709	87,267	24,571	22,626	3,592,093	2,043,202	190,509
Other textile mill products	12,832	*896	1,907	58,730	237,627	130,680	127,655	15,362,300	8,631,290	793,522
Apparel and other textile finishing	13,290	52,107	1,909	57,965	656,917	296,254	273,496	28,893,573	8,044,032	825,698
Men's and boys' clothing	9,866	13,904	*285	19,700	201,007	137,621	117,240	9,205,674	2,384,087	208,022
Women's and children's clothing	2,925	26,602	*918	15,170	251,404	102,358	100,389	11,189,413	2,613,665	285,915
Other apparel and accessories	*130	*9,180	*215	5,780	72,701	27,423	27,015	3,422,924	965,600	107,700
Miscellaneous fabricated textile products; textile products, not elsewhere classified	*370	*2,421	*490	17,315	131,806	28,852	28,852	5,075,563	2,080,680	224,060
Lumber and wood products	23,801	*2	2,796	241,160	478,252	506,752	482,019	52,537,473	33,922,974	2,272,904
Logging, sawmills, and planing mills	*13,497	—	*1,045	91,444	165,017	325,711	310,545	22,980,600	15,415,394	866,011
Millwork, plywood, and related products	*9,923	—	1,373	105,792	209,345	141,246	136,596	20,660,325	14,478,414	1,050,896
Other wood products, including wood buildings and mobile homes	*381	*2	*377	43,924	103,891	39,794	34,879	8,896,548	4,029,119	355,998
Furniture and fixtures	1,314	*3,085	2,620	52,814	519,621	185,950	179,774	12,935,343	5,974,109	570,761
Paper and allied products	246,441	*4,976	38,838	350,257	1,103,152	1,497,448	1,452,390	62,119,514	47,452,694	4,173,119
Pulp, paper, and board mills	106,623	—	14,252	225,167	388,253	505,077	811,221	41,521,132	33,581,323	2,733,650
Other paper products	139,818	*4,976	24,586	125,090	714,899	647,371	641,169	20,598,382	13,871,372	1,439,469
Printing and publishing	78,775	*6,978	8,266	372,331	2,467,972	1,271,515	1,244,725	77,080,010	37,375,735	4,716,040
Newspapers	28,495	—	1,011	135,811	1,318,310	623,141	619,323	32,349,555	15,605,450	1,744,113
Periodicals	*8,552	*1,325	*84	60,692	164,733	116,030	109,698	8,926,136	3,020,103	417,796
Books, greeting cards, and miscellaneous publishing	41,402	*1,535	5,567	48,000	580,918	346,372	341,368	15,404,297	4,844,950	775,067
Commercial and other printing and printing trade services	*2,326	*4,118	1,604	127,829	404,011	185,972	174,335	20,400,022	13,905,231	1,779,064
Chemicals and allied products	2,298,591	897,238	217,823	816,326	2,852,029	7,346,023	7,021,705	225,132,223	124,042,196	10,338,063
Industrial chemicals, plastics materials and synthetics	1,242,836	28,872	85,493	476,186	752,090	2,685,369	2,571,534	121,747,743	80,083,768	6,282,810
Drugs	621,800	839,152	86,064	134,916	1,022,689	3,098,107	2,917,426	48,206,227	17,081,440	1,611,785
Soap, cleaners, and toilet goods	211,287	*19,346	25,170	129,923	576,398	992,120	989,554	30,347,450	12,683,584	1,195,490
Paints and allied products	1,808	*724	3,359	19,349	163,711	118,555	5,419,645	5,419,645	2,746,292	246,948
Agriculture and other chemical products	220,859	*9,144	17,737	55,951	337,142	451,031	424,635	19,411,158	11,447,112	1,001,030
Petroleum (including integrated) and coal products	8,495,722	*57,010	33,479	948,963	3,233,122	9,425,552	9,099,022	550,526,139	220,634,059	20,255,052
Petroleum refining (including integrated)	8,490,652	*57,010	33,477	932,106	3,185,691	9,370,172	9,060,809	544,990,841	217,595,542	19,938,987
Petroleum and coal products, not elsewhere classified	*5,070	—	*2	16,857	47,431	55,379	*38,213	5,535,298	3,038,517	316,066
Rubber and miscellaneous plastics products	136,140	*10,348	23,909	162,875	629,365	513,801	511,961	33,488,727	21,884,611	1,697,899
Rubber products; plastics footwear, hose and belting	134,564	—	17,857	95,473	352,941	356,953	356,452	20,562,050	14,076,199	873,145
Miscellaneous plastics products	1,576	*10,348	6,053	67,402	276,425	156,848	155,509	12,926,677	7,808,411	824,754
Leather and leather products	7,825	10,871	789	16,073	159,516	120,771	119,716	7,518,339	2,124,311	227,802
Footwear, except rubber	6,876	*9,024	*564	12,871	137,638	115,066	114,124	5,606,501	1,445,609	158,556
Leather and leather products, not elsewhere classified	*948	*1,847	*225	3,202	21,878	5,705	5,592	1,911,838	678,702	69,246

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—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	U.S. possessions tax credit	Research activities credit	General business 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			
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Manufacturing—Continued										
Stone, clay, and glass products	170,954	*1,278	12,685	162,308	741,587	654,244	635,155	47,197,617	33,130,040	2,849,517
Glass products	*105,879	*623	*5,898	54,577	133,152	253,208	250,032	17,897,418	12,083,008	1,045,509
Cement, hydraulic	368	—	*33	12,301	26,979	82,689	77,445	8,672,120	5,353,490	407,860
Concrete, gypsum, and plaster products	*20,490	*644	*1,847	57,165	358,711	148,249	139,717	13,409,012	9,663,680	855,817
Other nonmetallic mineral products	44,218	*10	4,907	38,265	222,745	170,098	167,960	9,019,067	6,029,863	540,331
Primary metal industries	123,104	*1,952	14,238	156,804	654,651	1,724,900	618,272	164,699,874	82,439,213	5,789,307
Ferrous metal industries; miscellaneous										
primary mineral products	25,697	*1,952	6,852	76,257	415,546	1,190,256	314,365	85,147,060	53,366,695	3,693,972
Nonferrous metal industries	97,407	—	7,386	80,547	239,106	534,644	303,908	79,552,814	29,072,518	2,095,334
Fabricated metal products	405,511	17,919	21,248	298,937	1,926,193	1,822,675	1,714,534	109,266,315	51,234,884	4,846,055
Metal cans and shipping containers	*120,803	*8,089	*1,068	17,976	92,024	543,355	543,354	17,667,888	5,901,323	405,875
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products	128,068	*1,008	2,552	51,233	326,930	325,272	301,900	11,316,610	6,170,738	652,560
Plumbing and heating, except electric and warm air	10,649	—	1,492	10,790	178,226	120,873	119,420	5,582,921	2,017,590	190,786
Fabricated structural metal products	66,152	*4,977	2,257	49,458	308,316	288,849	211,229	22,853,814	11,113,426	1,061,774
Metal forgings and stampings	*123	—	760	28,393	166,418	50,116	47,393	8,054,785	4,912,944	464,232
Coating, engraving, and allied services	*97	—	*716	13,116	74,053	25,814	25,814	3,549,167	2,255,246	239,205
Ordnance and accessories, except vehicles and guided missiles	*1	—	*313	2,272	39,847	*17,212	*17,212	1,083,465	486,432	41,552
Miscellaneous fabricated metal products	79,617	*3,645	12,089	125,699	740,379	491,185	448,212	39,157,664	18,377,185	1,790,071
Machinery, except electrical	2,174,504	33,778	282,175	646,441	2,692,175	4,819,565	4,341,067	204,543,598	87,296,422	9,661,679
Farm machinery	*811	—	1,982	8,774	52,175	86,212	17,292	12,936,891	4,351,544	405,058
Construction and related machinery	54,316	—	4,809	27,253	146,596	520,229	194,208	33,615,302	16,612,436	1,931,849
Metalworking machinery	5,270	*1,371	3,238	30,415	172,399	121,594	99,280	11,650,906	6,719,265	671,405
Special industry machinery	21,919	*212	6,298	22,838	195,941	181,459	164,394	14,682,464	5,104,827	524,820
General industry machinery	40,858	*1,941	7,071	41,396	185,920	309,945	300,409	16,154,322	7,728,974	702,271
Office, computing, and accounting machines	2,023,966	*30,253	248,931	439,195	1,669,808	3,413,406	3,381,831	100,188,461	40,185,858	4,699,657
Other machinery, except electrical	27,364	—	9,845	76,570	269,368	186,720	183,655	15,315,251	6,593,518	726,620
Electrical and electronic equipment	551,921	406,120	294,271	875,070	2,852,335	3,870,672	3,803,749	233,084,084	91,226,637	11,295,592
Household appliances	27,563	—	5,716	31,652	369,135	200,495	198,301	12,131,246	4,226,659	355,016
Radio, television, and communication equipment	65,940	57,756	65,209	170,935	255,572	607,375	590,682	55,691,398	17,013,032	2,241,971
Electronic components and accessories	194,599	193,615	147,341	253,448	1,102,865	846,212	814,576	72,989,527	27,271,975	3,476,022
Other electrical equipment	263,819	154,749	76,004	419,035	1,124,763	2,216,590	2,200,191	92,271,913	42,714,971	5,222,582
Motor vehicles and equipment	969,684	*6,558	141,418	1,075,476	2,372,063	3,112,616	3,041,289	190,181,011	69,385,223	9,043,464
Transportation equipment, except motor vehicles	213,206	*3,954	87,729	277,841	783,641	1,382,370	1,094,979	79,943,489	35,380,577	3,898,434
Aircraft, guided missiles and parts	209,871	*1,669	85,425	212,841	497,647	1,014,796	733,395	64,515,587	28,688,518	3,328,528
Ship and boat building and repairing	5	—	*804	23,794	77,284	230,356	224,380	8,143,491	3,066,874	266,124
Other transportation equipment, except motor vehicles	*3,330	*2,285	1,500	41,205	208,711	137,218	137,204	7,284,411	3,625,185	303,782
Instruments and related products	392,046	161,581	103,280	210,739	864,818	1,394,381	1,366,253	47,038,057	23,534,515	2,923,641
Scientific instruments and measuring devices; watches and clocks	134,339	30,288	59,745	68,611	353,476	194,016	169,278	16,518,190	7,120,952	841,606
Optical, medical, and ophthalmic goods	179,714	129,782	25,448	62,054	216,813	497,656	494,668	18,318,819	6,308,153	715,207
Photographic equipment and supplies	*77,994	*1,511	18,087	80,073	294,529	702,709	*702,306	12,201,049	10,105,410	1,366,828
Miscellaneous manufacturing and manufacturing not allocable	50,830	44,221	20,549	83,017	730,903	544,286	308,924	39,743,116	14,706,322	1,622,705
Transportation and public utilities	349,260	*43,467	78,387	6,558,579	8,532,848	27,505,378	23,903,924	1,084,873,718	941,591,587	59,648,238
Transportation	56,251	*194	3,485	1,269,389	1,663,425	2,756,078	2,474,996	235,846,877	190,892,660	15,922,567
Railroad transportation	*193	—	*1,708	372,103	256,973	1,123,645	85,451,751	74,724,277	4,604,363	4,604,363
Local and interurban passenger transit	*9,812	—	*147	50,023	58,703	160,482	158,485	7,950,217	4,467,166	568,374
Trucking and warehousing	*10,367	—	531	301,318	494,622	482,049	458,418	40,062,736	31,326,260	3,836,638
Water transportation	*19,752	—	*40	29,817	86,977	176,505	145,816	25,081,953	17,085,698	1,346,329
Transportation by air	*8,437	—	*186	435,068	293,840	198,926	178,948	48,743,899	42,289,678	3,617,362
Pipelines, except natural gas	*101	—	*381	31,863	372,569	355,545	353,713	12,159,179	8,885,073	695,067
Transportation services, not elsewhere classified	*7,589	*194	*492	49,198	99,740	256,616	55,971	16,397,140	12,114,508	1,254,434
Communication	98,653	*43,273	52,345	1,794,029	2,661,557	8,828,407	7,236,002	290,729,632	235,319,845	21,805,378
Telephone, telegraph, and other communication services	*55,524	—	51,805	1,691,611	1,968,463	8,210,081	6,735,284	257,624,000	222,456,835	19,926,111
Radio and television broadcasting	*43,129	—	*541	102,418	693,093	618,326	500,719	33,103,631	12,863,011	1,879,267
Electric, gas, and sanitary services	194,357	—	22,557	3,495,162	4,207,866	15,920,893	14,192,926	558,297,210	515,379,082	21,920,293
Electric services	*4,420	—	8,666	1,908,767	1,331,546	7,455,486	6,585,323	255,769,408	251,580,608	10,444,102
Gas production and distribution	*163,458	—	6,102	372,631	1,278,911	3,258,208	2,500,191	138,448,602	101,659,838	5,433,379
Combination utility services	*15,682	—	7,043	1,136,863	1,392,075	5,035,389	4,935,678	152,020,278	151,769,666	5,278,422
Water supply and other sanitary services	*10,797	—	746	76,900	205,334	171,810	171,734	12,058,922	10,368,970	764,390
Wholesale and retail trade	445,890	42,506	36,059	2,142,183	12,414,978	13,057,047	12,550,102	899,032,645	275,152,143	31,228,497
Wholesale trade	300,712	40,765	25,601	725,515	6,000,143	8,222,889	8,014,389	455,542,392	101,882,686	12,037,745
Groceries and related products	*5,764	*7,669	277	90,793	483,954	240,425	239,594	31,416,830	12,105,743	1,309,332
Machinery, equipment, and supplies	12,595	*36	3,899	168,720	686,111	1,672,019	1,616,753	68,843,384	17,337,291	2,368,580
Miscellaneous wholesale trade	282,353	33,060	21,425	466,001	4,830,078	6,310,445	6,158,042	355,282,178	72,439,652	8,359,833
Motor vehicles and automotive equipment	*37,475	—	2,580	85,358	1,465,013	587,262	571,909	35,342,263	7,772,752	1,030,959
Furniture and home furnishings	*100	—	*321	7,638	84,804	15,489	15,205	4,491,087	984,908	114,313
Lumber and construction materials	*444	—	*145	32,627	213,872	120,152	116,025	12,301,137	3,787,724	392,342
Sporting, recreational, photographic, and hobby goods; toys, and supplies	*756	—	*515	6,255	95,011	187,507	185,664	6,470,144	974,244	128,245
Metals and minerals, except petroleum and scrap	25,012	*374	324	30,766	250,253	269,849	204,872	81,575,836	5,739,238	542,775
Electrical goods	5,660	*119	3,916	45,200	528,901	1,143,043	1,133,521	30,407,629	4,211,656	550,561
Hardware, plumbing, and heating equipment and supplies	*286	—	*83	18,910	249,615	73,564	66,988	13,896,571	3,060,059	356,294
Other durable goods	12,114	*67	8,061	51,072	490,681	437,258	432,180	37,904,423	7,962,735	923,232
Paper and paper products	*73	—	*195	11,538	102,288	35,176	34,885	6,634,585	1,526,551	188,405
Drugs, drug proprietaries, and druggists' sundries	*4,577	*6,024	934	15,982	175,298	342,577	336,954	8,682,400	1,661,114	240,756
Apparel, piece goods, and notions	3,551	*4,596	*174	10,309	213,756	88,682	86,921	13,623,958	1,603,912	230,487
Farm-product raw materials	7,085	—	*269	14,688	78,796	452,584	444,490	23,234,556	8,591,442	856,737
Chemicals and allied products	9,111	—	*167	11,162	87,832	1,163,685	1,131,907	1,978,233	232,871	232,871
Petroleum and petroleum products	*169,185	*21,631	*477	48,773	224,691	890,180	885,728	31,052,128	11,543,041	1,335,865
Alcoholic beverages	*1,488	—	*4	18,388	234,490	84,612	81,689	13,086,368	3,725,058	430,461
Miscellaneous nondurable goods; wholesale trade not allocable	5,435	*249	3,258	57,336	334,777	422,574	407,327	25,265,187	7,296,986	805,529

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—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	U.S. possessions tax credit	Research activities credit	General business 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			
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Wholesale and retail trade—Continued										
Retail trade	145,177	*1,691	10,349	1,412,317	6,393,840	4,826,866	4,528,531	441,891,223	172,739,318	19,122,721
Building materials, garden supplies, and mobile home dealers	*199	*61	*279	53,523	483,325	130,036	127,319	27,175,216	9,404,157	911,437
Building materials dealers	*199	*61	*279	37,882	382,518	109,321	108,328	18,183,225	6,606,066	607,123
Hardware stores	—	—	—	9,605	61,893	18,784	17,059	4,815,283	1,380,070	140,917
Garden supplies and mobile home dealers	—	—	—	6,036	38,913	*1,931	*1,931	4,176,708	1,418,021	163,397
General merchandise stores	47,413	—	*3,049	353,367	1,547,299	2,045,287	2,018,562	129,538,590	34,081,342	3,550,530
Food stores	*60,368	*1,005	2,827	271,103	790,888	681,893	567,565	50,341,942	32,248,251	3,363,400
Grocery stores	*60,368	*1,005	2,731	255,753	745,871	664,527	553,545	46,229,432	29,180,253	2,999,396
Other food stores	—	—	*96	15,350	45,018	17,367	14,020	4,112,510	3,067,998	364,004
Automotive dealers and service stations	*89	—	*312	184,553	852,119	286,917	267,604	73,012,399	23,266,540	3,390,644
Motor vehicle dealers	*83	—	—	131,604	646,515	152,744	143,686	54,022,345	14,685,682	2,320,143
Gasoline service stations	—	—	*131	22,444	75,114	93,787	87,165	6,981,149	4,053,571	476,651
Other automotive dealers	*6	—	*181	30,506	130,490	40,387	36,752	12,008,905	4,527,286	591,850
Apparel and accessory stores	*2,117	*217	*313	58,249	552,188	496,914	429,763	24,422,454	7,786,300	826,923
Furniture and home furnishings stores	*376	—	*449	27,432	367,805	313,617	308,792	16,958,876	4,039,683	474,457
Eating and drinking places	16,456	*408	435	225,471	615,084	313,404	307,181	44,874,385	33,552,924	3,496,738
Miscellaneous retail stores	18,159	(?)	2,685	238,619	1,185,132	558,798	501,744	75,567,361	28,360,121	3,108,593
Drug stores and proprietary stores	*2,623	—	*868	62,430	426,250	215,337	214,699	16,994,991	6,330,819	602,055
Liquor stores	—	—	—	4,275	25,795	*6,201	*6,201	2,860,478	1,234,654	140,237
Other retail stores	15,536	(?)	1,816	171,914	733,087	337,260	280,844	55,711,892	20,794,647	2,366,301
Wholesale and retail trade not allocable	—	*50	*109	4,351	20,994	7,292	7,182	1,599,030	530,139	68,031
Finance, insurance, and real estate	1,595,220	5,934	23,624	1,262,908	6,730,460	5,315,346	45,715,705	5,938,984,929	214,286,389	22,245,942
Banking	1,307,152	—	7,370	735,060	1,846,243	6,246,007	5,078,563	2,904,072,451	57,243,595	8,702,945
Mutual savings banks	*57	—	*61	9,108	97,899	28,017	8,652	223,123,878	2,727,245	207,559
Bank holding companies	1,235,988	—	6,486	650,942	1,131,330	5,450,594	4,456,403	2,285,747,646	44,908,609	7,309,419
Banks, except mutual savings banks and bank holding companies	71,107	—	*823	75,011	617,014	767,395	613,508	395,200,927	9,607,741	1,185,967
Credit agencies other than banks	53,297	*3,807	*74	74,441	539,793	1,737,342	1,523,225	1,175,636,906	20,814,787	2,129,924
Savings and loan associations	*219	*2,950	*29	21,475	285,209	288,511	222,270	877,067,373	14,285,857	1,048,811
Personal credit institutions	*23,238	*446	*30	28,836	102,898	258,086	257,512	37,382,119	1,351,168	353,404
Business credit institutions	*4,319	*411	—	14,577	28,552	418,837	412,791	21,304,529	914,195	319,051
Other credit agencies; finance not allocable	*25,520	—	*15	9,553	123,136	771,907	730,652	239,882,886	4,263,567	408,658
Security, commodity brokers and services	10,177	*1,686	2,416	56,947	368,050	496,979	170,127	204,890,251	3,705,044	1,198,617
Security brokers, dealers, and flotation companies	9,700	*1,686	1,598	47,182	261,640	398,899	114,015	192,886,940	2,727,126	1,066,260
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	*477	—	*818	9,765	106,410	98,080	56,113	12,003,310	977,918	132,357
Insurance	131,503	—	10,004	224,743	1,637,314	4,791,886	2,667,587	914,918,962	20,063,851	3,348,204
Life insurance	78,230	—	*3,843	103,164	1,262,280	1,847,168	1,400,650	602,678,753	12,121,450	2,257,256
Mutual insurance, except life or marine and certain fire or flood insurance companies	*10,093	—	*712	44,795	84,960	*34,918	*10,761	90,250,638	2,449,412	405,504
Other insurance companies	43,180	—	*5,450	76,784	290,073	2,909,800	1,256,175	221,989,571	5,492,989	685,444
Insurance agents, brokers, and service	8,091	—	*279	30,172	214,860	566,928	360,963	29,333,559	4,135,850	737,310
Real estate	6,458	*442	*433	95,689	1,476,818	3,433,019	2,780,771	217,820,331	89,671,887	4,781,847
Real estate operators and lessors of buildings	6,026	*191	*288	45,465	792,935	2,464,000	1,994,925	81,685,557	52,396,630	2,807,414
Lessors of mining, oil, and similar property	*10	—	—	485	72,909	104,371	104,318	2,278,208	560,432	26,516
Lessors of railroad property, and of real property, not elsewhere classified	—	—	—	424	20,275	*13,993	*13,334	1,559,334	477,653	43,993
Condominium management and cooperative housing associations	—	—	—	1,449	8,350	*1,006	*921	14,030,406	12,027,252	353,294
Subdividers and developers	—	*248	*53	15,298	269,165	155,134	89,084	66,605,901	11,981,594	542,853
Other real estate	*422	*3	*92	32,567	313,183	694,515	578,189	12,228,327	1,007,777	1,007,777
Holding and other investment companies, except bank holding companies	78,543	—	3,047	45,856	647,382	34,043,183	33,134,469	492,312,469	18,651,374	1,347,095
Regulated investment companies	—	—	—	*65	3,328	31,879,204	31,219,132	378,432,040	420,561	640
Real estate investment trusts	—	—	—	—	233	671,402	578,473	13,196,891	4,771,878	143,352
Small business investment companies	—	—	—	*320	8,965	15,175	*6,753	2,155,871	186,971	18,052
Other holding and investment companies, except bank holding companies	78,543	—	3,047	45,856	647,382	34,043,183	33,134,469	492,312,469	18,651,374	1,347,095
Services	203,025	7,126	48,202	1,024,736	3,175,178	3,126,700	2,307,755	307,895,160	184,024,984	24,026,576
Hotels and other lodging places	*5,528	*724	*60	62,257	215,456	347,004	314,598	31,881,282	22,565,197	1,673,761
Personal services	*21,741	—	*352	51,062	182,234	109,499	107,489	11,345,159	8,719,062	1,011,150
Business services	93,191	*1,064	40,559	437,600	1,270,725	1,093,400	803,883	110,373,705	54,755,399	8,262,563
Advertising	46,834	*1,043	*1,528	26,708	207,871	97,571	95,420	11,837,621	3,556,762	481,603
Business services, except advertising	46,357	*22	39,031	410,891	1,062,854	995,829	708,463	98,536,084	51,198,637	7,780,960
Auto repair; miscellaneous repair services	*4,828	—	*1,374	96,619	167,888	348,035	142,350	24,487,206	21,190,626	3,733,072
Auto repair and services	*4,772	—	*44	77,135	167,168	167,168	122,528	19,568,298	18,272,928	3,335,795
Miscellaneous repair services	*56	—	*1,329	19,484	66,502	180,867	19,822	4,920,909	2,917,698	397,277
Amusement and recreation services	56,762	*9	*280	76,078	279,331	434,765	251,081	45,550,284	25,762,185	3,294,428
Motion picture production, distribution, and services	55,750	—	*223	20,036	38,456	163,678	119,880	18,337,095	3,119,514	974,241
Motion picture theaters	*225	—	*37	14,674	61,782	105,133	13,233	3,157,742	2,456,974	209,683
Amusement and recreation services, except motion pictures	*787	*9	*19	41,368	179,094	165,954	117,968	24,055,447	20,185,697	2,110,504
Other services	20,973	*5,328	5,577	30,122	1,059,544	793,996	688,354	84,257,524	51,032,515	6,051,602
Offices of physicians, including osteopathic physicians	*309	—	—	64,400	159,710	16,936	15,051	10,435,236	7,801,335	1,140,441
Offices of dentists	—	—	—	16,037	22,694	8,897	8,752	2,743,280	2,686,476	374,643
Offices of other health practitioners	—	—	—	5,114	12,706	*2,805	*2,805	930,521	626,875	97,841
Nursing and personal care facilities	—	—	*19	19,277	82,241	119,277	106,564	10,713,384	7,387,702	787,041
Hospitals	*2,814	—	*317	59,018	214,061	218,277	174,233	21,004,549	12,823,117	1,225,957
Medical laboratories	—	—	*621	9,491	22,918	*34,399	*33,058	1,409,428	745,743	100,482
Other medical services	*4,627	*5,059	*1,538	20,875	155,882	53,479	53,037	7,460,033	3,387,360	412,021
Legal services	—	—	—	27,454	56,265	18,590	12,105	4,293,373	2,506,569	392,229
Educational services	*431	—	*83	15,457	46,706	21,456	20,113	3,318,552	1,680,329	245,824
Social services	—	—	—	1,598	4,910	*5,343	*5,343	789,499	606,334	54,549
Membership organizations	(?)	—	—	4,620	28,084	16,866	*16,734	2,550,668	1,547,249	128,318
Architectural and engineering services	2,286	—	*1,291	34,485	156,494	240,599	212,417	10,150,973	4,629,916	664,106
Accounting, auditing, and bookkeeping services	—	(?)	*156	7,334	16,546	*16,279	*15,146	1,929,560	1,088,944	165,487
Miscellaneous services (including veterinarians, not elsewhere classified)	*10,506	*269	*1,554	15,960	80,324	20,804	12,996	6,528,468	3,514,567	482,656
Nature of business not allocable	—	*222	*291	3,866	23,591	23,176	17,589	3,274,753	1,152,970	152,995

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—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	0.19	0.64	0.21	0.22	0.23	0.30	0.19	0.46	0.22	0.22
Agriculture, forestry, and fishing	2.90	4.36	3.37	4.51	3.58	4.62	3.38	3.88	3.66	3.78
Agricultural production	2.73	4.41	2.58	3.39	2.74	3.21	3.59	4.19	3.80	3.75
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	7.14	10.20	9.88	13.69	10.25	13.55	8.43	9.39	9.22	10.11
Mining	5.05	7.89	1.06	1.12	1.13	1.32	3.05	1.78	3.90	4.60
Metal mining	22.76	24.41	2.18	2.46	2.44	2.83	4.61	7.55	7.18	6.30
Iron ores	50.20	...	4.00	...	4.46	4.79	...	...	8.87	9.10
Copper, lead and zinc, gold and silver ores	27.41	...	1.19	...	1.22	1.48	...	...	18.01	8.16
Other metal mining	43.07	28.31	7.11	2.20	8.59	11.61	9.99	23.68	7.85	6.48
Coal mining	17.47	25.79	3.58	4.18	3.64	4.08	5.51	6.88	5.16	4.84
Oil and gas extraction	5.72	9.24	1.14	1.14	1.23	1.44	3.69	1.90	4.55	5.38
Crude petroleum, natural gas, and natural gas liquids	7.85	13.10	1.23	1.05	1.31	1.60	4.92	2.97	6.03	7.09
Oil and gas field services	8.31	12.92	2.42	3.22	2.62	3.06	3.21	2.37	2.80	2.33
Nonmetallic minerals, except fuels	15.93	18.69	4.53	5.17	4.73	5.93	5.51	13.25	5.10	4.42
Dimension, crushed, and broken stone, sand and gravel	16.82	20.45	5.70	6.63	5.91	7.57	6.56	19.81	5.50	5.36
Other nonmetallic minerals, except fuels	42.52	45.92	7.25	7.79	7.63	8.67	10.15	13.60	10.62	7.70
Construction	1.67	2.54	1.24	1.66	1.27	1.34	1.86	2.39	2.15	2.28
General building contractors and operative builders	2.03	3.85	1.73	2.53	1.79	1.90	2.69	3.09	3.17	3.29
General building contractors	2.03	3.89	1.77	2.50	1.82	1.92	2.76	3.23	3.24	3.37
Operative builders	17.52	24.85	5.71	7.45	7.55	10.43	12.35	10.28	15.03	14.86
Heavy construction contractors	6.63	8.49	2.69	3.42	2.77	2.88	4.14	5.62	4.79	4.84
Special trade contractors	2.64	3.59	2.19	2.72	2.21	2.37	3.05	4.84	3.49	3.93
Plumbing, heating, and air conditioning	6.80	8.69	4.71	5.80	4.73	4.89	7.48	9.86	7.97	9.33
Electrical work	7.63	9.32	4.95	6.33	4.99	5.15	7.82	10.45	8.89	9.83
Other special trade contractors and contractors not allocable	3.00	4.32	2.86	3.53	2.89	3.17	3.68	6.02	4.31	4.82
Manufacturing	1.93	2.36	0.26	0.30	0.28	0.33	0.28	0.89	0.28	0.28
Food and kindred products	7.49	8.95	1.63	1.99	1.66	1.96	2.83	3.46	3.04	3.13
Meat products	15.00	17.16	7.63	10.25	7.73	7.93	22.54	10.82	25.87	28.80
Dairy products	21.65	27.56	2.45	3.56	2.49	2.84	2.05	6.77	2.01	1.90
Preserved fruits and vegetables	20.36	23.29	2.73	3.06	2.77	3.05	2.69	7.19	2.70	2.53
Grain mill products	18.16	21.22	1.15	1.27	1.16	1.30	1.24	7.39	0.86	0.73
Bakery products	20.89	26.20	4.04	4.05	4.14	4.63	4.12	28.25	3.29	3.14
Sugar and confectionery products	29.91	27.62	3.06	2.89	3.10	3.60	2.68	19.48	2.07	1.65
Malt liquors and malt	8.51	5.40	0.51	0.54	0.50	0.56	0.80	1.60	0.81	0.69
Alcoholic beverages, except malt liquors and malt	43.43	73.71	3.93	6.30	4.09	4.96	3.33	5.07	3.29	3.09
Bottled soft drinks, and flavorings	21.40	18.17	2.09	2.22	2.16	2.59	2.74	12.60	2.61	2.46
Other food and kindred products	15.38	19.89	2.09	2.11	2.13	2.29	2.92	13.38	2.91	2.91
Tobacco manufactures	67.67	42.28	0.30	0.08	0.32	0.54	0.05	95.23	0.05	0.05
Textile mill products	12.12	12.31	2.27	2.74	2.30	2.40	2.93	6.34	2.74	2.63
Weaving mills and textile finishing	25.52	30.69	2.76	4.12	2.80	3.00	3.57	6.68	2.98	2.76
Knitting mills	21.52	22.39	7.92	9.10	7.95	8.27	9.37	12.34	9.22	9.11
Other textile mill products	17.35	16.44	3.38	3.60	3.43	3.55	4.10	14.51	4.10	3.99
Apparel and other textile products	8.71	10.88	3.07	3.69	3.10	3.13	3.21	7.45	3.13	3.04
Men's and boys' clothing	21.23	31.09	3.95	4.76	4.00	4.15	5.37	12.42	4.89	4.84
Women's and children's clothing	13.68	17.13	4.66	5.49	4.72	4.86	4.87	12.04	4.82	4.65
Other apparel and accessories	19.28	21.96	9.28	11.24	9.37	9.82	10.23	19.40	10.71	10.22
Miscellaneous fabricated textile products; textile products, not elsewhere classified	17.54	21.29	9.16	10.62	9.15	8.75	8.32	20.59	8.14	8.16
Lumber and wood products	7.90	9.58	1.70	1.86	1.76	1.82	2.17	7.22	2.21	2.36
Logging, sawmills, and planing mills	12.87	15.05	2.29	2.45	2.41	2.46	2.97	11.31	2.85	3.29
Millwork, plywood, and related products	15.99	19.17	2.51	2.73	2.58	2.70	3.25	14.37	3.33	3.45
Other wood products, including wood buildings and mobile homes	12.53	15.03	4.79	5.65	4.90	5.04	6.65	11.97	7.08	6.83
Furniture and fixtures	11.54	14.19	2.62	2.98	2.65	2.83	2.51	7.67	2.47	2.31
Paper and allied products	14.46	15.38	1.75	1.88	1.82	2.17	1.35	10.00	1.34	1.36
Pulp, paper, and board mills	43.74	40.06	2.50	2.75	2.64	3.20	2.21	12.95	2.31	2.48
Other paper products	14.38	16.64	2.33	2.41	2.38	2.65	1.68	14.26	1.56	1.50
Printing and publishing	5.10	6.56	1.22	1.34	1.25	1.54	1.07	5.41	0.96	0.91
Newspapers	15.08	17.60	1.30	1.27	1.32	1.75	1.27	9.40	1.11	1.07
Periodicals	19.15	22.76	4.10	4.46	4.24	5.72	4.39	15.41	3.22	3.15
Books, greeting cards, and miscellaneous publishing	17.41	24.33	2.57	2.71	2.75	3.51	1.52	12.98	1.21	1.24
Commercial and other printing and printing trade services	5.75	7.75	2.45	3.00	2.47	2.57	3.37	8.25	3.53	3.43
Chemicals and allied products	10.17	11.48	0.45	0.45	0.47	0.54	0.43	3.88	0.39	0.37
Industrial chemicals, plastics materials and synthetics	15.69	17.32	0.60	0.60	0.63	0.67	0.78	5.64	0.72	0.65
Drugs	29.14	21.18	0.55	0.48	0.61	0.81	0.44	6.64	0.44	0.43
Soap, cleaners, and toilet goods	29.61	32.15	0.75	0.67	0.77	0.81	1.10	14.20	1.04	0.91
Paints and allied products	25.84	28.40	4.20	4.23	4.23	4.56	5.31	42.05	4.47	4.19
Agricultural and other chemical products	20.32	21.59	2.33	2.50	2.40	2.81	1.82	9.43	1.66	1.66
Petroleum (including integrated) and coal products	21.89	28.21	0.23	0.21	0.25	0.31	0.09	2.37	0.08	0.07
Petroleum refining (including integrated)	33.44	42.49	0.22	0.19	0.23	0.30	0.05	2.11	0.04	0.03
Petroleum and coal products, not elsewhere classified	28.92	35.77	4.83	8.59	4.89	4.77	12.58	11.98	12.16	11.69
Rubber and miscellaneous plastics products	9.06	9.09	1.71	1.81	1.74	1.79	2.34	9.56	2.27	2.17
Rubber products, plastics footwear, hose and belting	21.58	20.14	1.33	1.28	1.35	1.43	1.81	18.11	1.61	1.51
Miscellaneous plastics products	9.95	10.08	3.50	4.03	3.52	3.59	4.80	11.25	5.13	5.19
Leather and leather products	20.94	23.81	4.52	4.94	4.56	5.31	4.11	13.99	4.41	4.23
Footwear, except rubber	39.11	26.86	3.16	2.98	3.16	3.41	4.07	15.21	4.46	4.41
Leather and leather products, not elsewhere classified	24.68	27.92	12.82	15.83	12.94	14.16	12.70	23.96	13.80	13.16

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—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	10.36	12.24	1.48	1.69	1.52	1.59	1.91	5.47	1.88	1.83
Glass products	28.83	30.67	1.82	1.89	1.89	1.99	2.58	13.19	2.13	1.95
Cement, hydraulic	66.62	45.95	2.65	3.69	2.77	2.90	8.50	2.78	9.64	9.18
Concrete, gypsum, and plaster products	13.81	15.93	3.01	3.74	3.05	3.11	3.40	10.07	3.38	3.29
Other nonmetallic mineral products	16.92	19.59	3.75	3.90	3.82	4.02	3.90	15.08	3.96	3.83
Primary metal industries	10.73	12.74	0.73	1.53	0.77	0.82	2.33	1.41	2.40	2.30
Ferrous metal industries; miscellaneous primary metal products	15.12	18.96	0.77	2.43	0.81	0.86	3.11	1.60	3.08	2.98
Nonferrous metal industries	15.18	17.12	1.41	1.97	1.51	1.57	3.50	2.86	3.78	3.58
Fabricated metal products	4.33	5.36	1.29	1.53	1.32	1.42	1.50	3.38	1.47	1.42
Metal cans and shipping containers	38.47	23.46	1.73	1.59	1.84	1.83	1.33	42.63	1.28	1.24
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products	16.05	18.15	3.00	3.39	3.08	3.36	2.59	11.45	2.37	2.22
Plumbing and heating, except electric and warm air	42.34	51.10	5.06	5.10	5.21	5.61	3.66	28.32	2.77	2.64
Fabricated structural metal products	10.17	11.79	2.89	3.55	2.96	3.02	3.97	5.82	3.92	3.81
Metal forgings and stampings	13.70	14.50	4.55	6.32	4.58	4.69	6.71	9.23	7.15	7.09
Coating, engraving, and allied services	17.86	19.71	10.27	13.29	10.53	12.94	10.38	18.49	10.34	10.39
Ordnance and accessories, except vehicles and guided missiles	51.59	53.01	10.42	12.17	10.30	10.77	13.57	36.59	10.63	10.43
Miscellaneous fabricated metal products	5.64	7.59	2.14	2.63	2.19	2.36	2.74	5.14	2.80	2.76
Machinery, except electrical	6.36	7.62	0.63	0.72	0.72	0.78	0.57	1.82	0.53	0.48
Farm machinery	20.91	26.24	2.71	5.70	2.90	3.03	7.35	4.92	9.26	8.85
Construction and related machinery	20.73	23.74	1.26	2.66	1.31	1.35	4.15	1.50	3.94	3.48
Metalworking machinery	12.07	14.28	3.79	4.60	3.87	4.00	5.18	9.90	5.93	5.81
Special industry machinery	14.88	16.89	3.39	4.40	3.51	3.57	5.36	7.12	5.81	5.79
General industrial machinery	16.82	21.00	2.58	2.68	2.65	2.89	3.75	13.89	3.53	3.20
Office, computing, and accounting machines	33.45	50.30	0.32	0.27	0.41	0.44	0.23	3.86	0.20	0.18
Other machinery, except electrical	13.78	18.44	2.97	3.10	3.02	3.03	3.59	12.93	3.80	3.49
Electrical and electronic equipment	7.33	9.21	0.47	0.48	0.50	0.54	0.67	2.95	0.67	0.67
Household appliances	32.20	34.87	1.17	1.02	1.21	1.08	1.50	14.63	1.42	1.41
Radio, television, and communication equipment	23.78	33.47	0.71	0.56	0.75	0.77	2.00	6.48	1.88	1.96
Electronic components and accessories	10.23	12.79	0.87	0.99	0.90	0.98	1.26	3.93	1.23	1.18
Other electrical equipment	11.94	14.93	0.87	0.88	0.95	1.05	0.93	6.04	0.99	1.00
Motor vehicles and equipment	19.39	23.91	0.32	0.32	0.34	0.35	0.36	4.11	0.37	0.35
Transportation equipment, except motor vehicles	18.08	23.51	0.68	0.81	0.71	0.71	1.16	1.53	1.28	1.26
Aircraft, guided missiles and parts	35.43	25.51	0.36	0.41	0.37	0.33	1.18	0.56	0.94	0.94
Ship and boat building and repairing	30.94	50.24	5.87	7.02	5.98	6.33	5.86	9.93	8.86	8.68
Other transportation equipment, except motor vehicles	26.30	30.73	3.88	3.74	4.02	3.87	4.60	17.12	4.41	4.43
Instruments and related products	13.32	16.30	1.04	1.03	1.09	1.20	1.17	6.57	1.11	1.04
Scientific instruments and measuring devices; watches and clocks	21.57	25.17	1.80	1.96	1.94	1.96	2.21	8.36	2.15	2.05
Optical, medical, and ophthalmic goods	18.41	24.17	1.86	1.74	1.93	2.14	2.21	11.03	1.97	1.87
Photographic equipment and supplies	42.71	45.03	1.55	1.53	1.63	2.13	1.02	22.46	1.03	0.87
Miscellaneous manufacturing and manufacturing not allocable	6.90	10.58	2.74	3.71	2.84	3.76	2.59	3.90	2.96	2.93
Transportation and public utilities	3.21	4.53	0.43	0.47	0.44	0.64	0.32	1.40	0.27	0.23
Transportation	3.68	5.24	1.09	1.21	1.13	1.61	1.08	2.39	1.08	0.98
Railroad transportation	41.04	42.72	0.19	0.12	0.19	0.33	0.44	2.85	0.63	0.79
Local and interurban passenger transit	13.76	17.95	6.23	6.37	7.02	9.46	7.85	21.32	7.64	7.45
Trucking and warehousing	4.84	7.02	2.43	2.81	2.48	4.18	2.71	7.15	2.58	2.40
Water transportation	13.27	19.80	2.71	3.94	2.87	2.96	5.95	5.59	6.21	5.80
Transportation by air	15.79	28.63	0.96	0.95	0.98	1.38	0.99	4.16	0.94	0.72
Pipelines, except natural gas	34.09	40.53	1.03	0.58	1.04	1.01	2.93	13.14	2.87	2.92
Transportation services, not elsewhere classified	7.35	10.32	6.35	8.20	6.58	8.24	6.18	8.77	7.77	7.67
Communication	8.94	13.03	0.38	0.40	0.38	0.65	0.55	2.87	0.43	0.41
Telephone, telegraph, and other communication services	13.84	19.04	0.32	0.36	0.33	0.58	0.47	3.88	0.36	0.36
Radio and television broadcasting	10.99	17.55	1.66	1.49	1.73	2.41	1.91	4.21	1.59	1.55
Electric, gas, and sanitary services	9.12	11.24	0.26	0.23	0.27	0.26	0.17	0.90	0.14	0.10
Electric services	45.15	66.11	0.05	0.04	0.05	0.05	0.01	0.52	(9)	(9)
Gas production and distribution	24.75	28.34	0.35	0.46	0.36	0.42	0.41	0.78	0.25	0.18
Combination utility services	45.29	44.82	0.34	0.34	0.35	0.42	0.06	3.83	0.06	0.03
Water supply and other sanitary services	10.11	12.97	6.97	3.71	7.23	5.15	3.40	15.73	3.09	2.58
Wholesale and retail trade	1.00	1.39	0.63	0.57	0.64	0.75	0.51	1.48	0.61	0.59
Wholesale trade	1.90	2.26	1.11	0.94	1.13	1.28	0.70	2.14	1.02	1.00
Groceries and related products	6.18	7.85	2.15	2.43	2.16	2.25	2.81	8.46	3.10	3.11
Machinery, equipment, and supplies	4.09	5.02	1.74	2.06	1.78	1.88	1.47	4.33	3.02	3.13
Miscellaneous wholesale trade	2.28	2.66	1.36	1.10	1.38	1.57	0.80	2.51	1.13	1.10
Motor vehicles and automotive equipment	7.42	8.82	1.87	1.89	1.89	1.96	1.03	10.47	1.16	1.00
Furniture and home furnishings	13.53	17.06	9.19	8.36	9.19	9.89	9.99	19.02	11.02	11.30
Lumber and construction materials	9.28	9.74	4.73	5.41	4.76	5.02	5.66	13.28	6.66	7.05
Sporting, recreational, photographic, and hobby goods, toys, and supplies	14.70	18.15	5.83	6.17	5.95	6.00	4.51	16.59	9.15	8.87
Metals and minerals, except petroleum and scrap	12.53	15.07	1.88	2.83	1.97	1.96	4.11	6.95	5.24	5.33
Electrical goods	7.89	8.65	2.56	2.79	2.60	2.73	1.68	9.21	3.51	3.36
Hardware, plumbing, and heating equipment and supplies	8.36	9.13	3.98	4.73	4.00	3.97	5.56	13.31	6.29	6.67
Other durable goods	5.04	6.01	2.81	3.65	2.85	3.05	2.79	5.67	4.16	4.42
Paper and paper products	13.04	14.99	5.72	6.20	5.76	5.91	5.97	20.17	8.79	8.90
Drugs, drug proprietaries, and druggists' sundries	17.23	19.45	3.86	4.05	3.88	3.94	3.99	19.57	5.46	5.37
Apparel, piece goods, and notions	9.21	10.93	3.20	5.00	3.22	3.10	5.69	9.96	6.58	6.77
Farm-product raw materials	10.51	12.91	3.86	4.37	3.92	4.08	4.67	6.46	9.71	10.42
Chemicals and allied products	14.24	16.24	4.67	4.95	4.76	5.10	1.90	14.29	8.07	8.33
Petroleum and petroleum products	8.16	8.83	6.32	3.83	6.40	6.75	3.39	7.89	3.66	3.50
Alcoholic beverages	11.85	11.88	4.39	5.04	4.42	4.49	5.12	15.67	6.29	6.31
Miscellaneous nondurable goods; wholesale trade not allocable	6.20	7.75	3.20	4.20	3.24	3.47	3.36	7.47	4.24	4.38

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—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	1.15	1.76	0.64	0.71	0.65	0.74	0.79	2.14	0.77	0.73
Building materials, garden supplies, and mobile home dealers	4.68	5.54	3.64	3.11	3.69	4.47	3.39	6.67	3.51	3.59
Building materials dealers	6.47	7.44	4.77	3.65	4.83	5.93	3.81	8.52	3.85	3.88
Hardware stores	8.64	10.10	6.40	7.23	6.44	6.64	8.69	19.04	9.84	11.13
Garden supplies and mobile home dealers	10.67	13.80	7.67	9.86	7.80	8.13	12.04	12.58	12.88	14.62
General merchandise stores	10.57	12.63	0.56	0.51	0.58	0.67	0.66	5.86	0.59	0.50
Food stores	4.44	6.72	1.31	1.40	1.32	1.38	1.60	6.94	1.25	1.34
Grocery stores	5.28	7.39	1.27	1.36	1.28	1.33	1.52	8.46	1.20	1.34
Other food stores	7.64	13.91	7.49	10.07	7.54	8.56	9.74	11.78	10.02	8.12
Automotive dealers and service stations	3.28	3.88	1.50	1.76	1.51	1.55	2.37	5.58	2.65	2.89
Motor vehicle dealers	4.13	4.55	1.54	1.82	1.55	1.59	2.68	7.83	3.03	3.36
Gasoline service stations	7.79	10.04	5.61	7.18	5.62	5.68	8.04	13.15	8.69	9.25
Other automotive dealers	6.13	7.74	4.30	5.19	4.33	4.60	6.19	9.74	6.84	7.10
Apparel and accessory stores	3.96	6.16	2.09	2.54	2.11	2.20	3.01	6.99	3.15	2.64
Furniture and home furnishings stores	5.08	6.68	3.21	3.69	3.26	3.66	3.79	10.94	3.88	3.95
Eating and drinking places	1.86	4.19	1.81	2.55	1.88	2.17	2.52	4.51	2.49	2.22
Miscellaneous retail stores	2.05	3.24	1.45	1.68	1.47	1.62	1.80	4.07	1.86	1.70
Drug stores and proprietary stores	7.38	8.73	2.15	2.10	2.18	2.11	2.31	17.81	1.88	1.32
Liquor stores	9.66	12.79	9.42	11.77	9.48	9.90	12.85	18.11	14.29	14.46
Other retail stores	2.12	3.62	1.78	2.22	1.80	2.04	2.33	4.29	2.59	2.53
Wholesale and retail trade not allocable	20.09	25.65	16.54	18.56	16.71	19.31	16.06	29.60	17.27	18.87
Finance, insurance, and real estate	1.43	2.03	0.65	0.76	1.10	1.51	0.54	0.85	0.92	0.91
Banking	1.33	1.03	0.46	0.53	0.43	0.10	0.38	0.95	0.34	0.36
Mutual savings banks	1.66	1.82	0.15	0.35	0.12	0.12	0.52	0.14	0.74	0.69
Bank holding companies	1.68	1.84	0.13	0.10	0.45	0.10	0.14	0.79	0.13	0.12
Banks, except mutual savings banks and bank holding companies	1.91	1.31	2.26	3.03	1.75	8.43	1.69	3.21	1.60	1.75
Credit agencies other than banks	6.67	8.62	2.20	0.49	1.20	5.32	1.50	1.18	2.10	1.83
Savings and loan associations	4.69	2.93	0.18	0.44	0.19	0.24	0.71	0.36	0.77	0.68
Personal credit institutions	16.72	17.75	1.41	1.39	2.23	1.33	3.37	20.85	3.81	3.11
Business credit institutions	27.86	23.58	2.06	2.86	6.62	13.14	7.15	4.72	7.04	6.45
Other credit agencies; finance not allocable	8.95	11.78	8.33	1.20	1.96	13.70	4.38	8.89	6.58	6.74
Security, commodity brokers and services	9.61	14.47	4.64	2.04	8.72	42.66	2.71	3.18	3.39	3.28
Security brokers, dealers, and flotation companies	13.13	19.47	5.44	2.10	11.24	62.28	3.01	3.30	3.91	3.93
Commodity contracts brokers and dealers; security and commodity exchanges; and allied services	13.88	20.79	5.52	5.60	6.88	11.55	5.95	10.22	6.80	5.89
Insurance	10.31	12.24	1.51	2.01	1.54	1.55	3.11	2.38	2.94	3.08
Life insurance	3.39	4.30	1.96	2.32	2.00	2.20	3.32	0.97	4.52	4.20
Mutual insurance, except life or marine and certain fire or flood insurance companies	2.01	2.80	6.29	10.57	6.10	4.96	23.26	5.60	4.58	5.11
Other insurance companies	16.63	19.92	0.48	0.63	0.57	0.70	2.05	4.12	1.54	1.96
Insurance agents, brokers, and service	2.82	4.94	4.70	6.92	5.10	9.34	4.68	5.12	5.20	5.30
Real estate	1.83	2.66	2.01	2.77	2.86	4.81	2.13	2.31	2.58	2.80
Real estate operators and lessors of buildings	2.54	3.52	2.67	3.16	3.97	7.20	3.01	4.23	3.41	3.83
Lessors of mining, oil, and similar property	26.58	34.33	12.06	12.81	23.20	25.59	12.96	21.45	13.31	13.72
Lessors of railroad property, and of real property, not elsewhere classified	18.16	21.87	17.26	16.97	22.17	37.27	20.15	18.58	24.53	29.59
Condominium management and cooperative housing associations	9.36	14.24	8.04	15.89	9.88	12.19	15.75	7.58	18.23	19.79
Subdividers and developers	5.01	7.35	2.66	4.06	5.00	6.52	4.50	3.88	6.31	6.45
Other real estate	3.22	5.02	4.12	5.42	4.88	8.48	4.34	4.39	5.67	5.99
Holding and other investment companies, except bank holding companies	5.21	6.53	1.54	1.75	3.56	4.22	0.43	3.41	3.89	3.79
Regulated investment companies	18.85	18.08	0.26	0.27	0.24	—	0.28	13.12	38.90	45.05
Real estate investment trusts	27.97	22.90	1.94	2.28	15.76	—	2.12	34.32	10.32	55.05
Small business investment companies	21.04	33.30	15.20	17.86	26.37	37.13	18.29	22.28	26.74	25.01
Other holding and investment companies, except bank holding companies	5.61	7.09	2.86	4.02	3.60	4.22	3.23	3.40	3.95	3.83
Services	1.28	1.80	1.22	1.54	1.27	1.82	1.30	1.67	1.42	1.40
Hotels and other lodging places	5.69	8.93	2.04	2.78	2.15	1.73	4.21	5.42	4.49	4.34
Personal services	4.29	6.56	3.97	4.77	4.08	6.04	4.72	10.41	5.16	4.85
Business services	2.11	3.20	1.98	2.44	2.09	3.06	2.08	2.93	2.28	2.27
Advertising	8.34	10.13	5.45	6.19	5.58	7.31	4.89	10.66	4.50	3.99
Business services, except advertising	2.17	3.36	2.11	2.65	2.25	3.35	2.29	3.04	2.55	2.58
Auto repair; miscellaneous repair services	3.95	5.62	3.54	4.74	3.77	4.64	4.90	5.68	5.68	5.95
Auto repair and services	4.75	7.09	4.16	5.81	4.55	5.93	5.55	5.97	6.56	6.70
Miscellaneous repair services	6.87	9.13	6.62	8.19	6.66	7.43	9.41	13.88	10.66	11.94
Amusement and recreation services	4.26	7.36	2.70	3.84	2.87	4.07	4.34	2.79	5.09	5.10
Motion picture production, distribution, and services	12.83	18.00	3.99	6.50	4.48	4.24	7.78	3.68	8.08	6.70
Motion picture theaters	21.16	27.66	7.66	7.47	7.89	9.85	10.91	32.94	12.03	11.49
Amusement and recreation services, except motion pictures	4.56	8.40	3.86	5.58	4.05	7.09	5.83	3.75	7.31	7.91
Other services	2.17	2.77	2.42	2.97	2.43	4.31	2.32	3.81	2.49	2.36
Offices of physicians, including osteopathic physicians	3.66	4.58	4.23	5.13	4.30	6.37	5.46	9.30	5.77	6.12
Offices of dentists	6.90	8.61	7.60	9.39	7.64	8.83	10.89	17.42	11.41	11.95
Offices of other health practitioners	12.16	14.94	13.49	15.85	13.61	17.79	17.52	29.70	21.15	21.51
Nursing and personal care facilities	11.28	12.99	5.91	7.62	6.02	9.23	8.88	14.43	10.31	9.44
Hospitals	35.00	44.87	11.74	15.43	11.76	14.70	4.09	8.88	2.84	2.88
Medical laboratories	16.86	21.99	13.63	17.13	13.91	15.58	16.69	20.57	18.07	17.99
Other medical services	9.18	13.26	9.35	11.90	7.93	10.95	6.25	10.83	6.15	4.83
Legal services	6.93	8.31	10.16	12.32	10.40	11.36	9.09	16.21	10.01	11.97
Educational services	12.26	16.61	9.10	11.32	9.52	15.89	11.55	17.75	12.98	13.21
Social services	18.30	23.12	16.96	17.90	17.32	27.01	24.77	35.59	29.56	28.32
Membership organizations	14.19	20.29	13.73	17.60	15.00	23.22	14.82	20.14	16.06	17.01
Architectural and engineering services	6.66	8.91	5.49	6.90	5.56	6.06	6.10	8.76	7.26	7.53
Accounting, auditing, and bookkeeping services	9.42	11.76	12.31	14.92	12.78	21.70	13.57	25.62	17.42	21.69
Miscellaneous services (including veterinarians), not elsewhere classified	6.98	9.34	11.09	9.74	11.40	17.84	8.19	11.29	9.74	10.61
Nature of business not allocable	8.40	15.30	18.09	24.61	19.21	26.05	13.88	12.00	19.95	22.43

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—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	U.S. possessions tax credit	Research activities credit	General business 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)	(40)
Total returns of active corporations	0.06	0.77	0.43	0.19	0.34	0.72	0.75	0.30	0.10	0.13
Agriculture, forestry, and fishing	2.86	—	18.87	5.06	4.28	27.05	30.89	1.27	1.96	2.10
Agricultural production	2.86	—	2.16	5.45	4.41	29.66	34.10	1.28	2.03	2.19
Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	—	—	77.02	12.30	11.98	29.43	31.51	4.08	5.55	5.78
Mining	0.55	31.45	0.32	3.27	10.26	4.02	4.58	0.34	0.76	1.05
Metal mining	4.56	31.45	7.49	3.12	17.94	1.77	2.80	1.29	2.32	1.75
Iron ores	5.16	—	(9)	3.82	48.68	2.88	***	1.43	5.82	6.04
Copper, lead and zinc, gold and silver ores	89.62	31.45	53.76	4.77	8.39	2.94	***	1.59	1.31	1.18
Other metal mining	(9)	—	—	33.46	11.40	0.72	0.26	5.40	7.58	6.75
Coal mining	(9)	—	(9)	8.50	9.15	2.55	2.72	1.29	2.54	2.66
Oil and gas extraction	0.58	—	(9)	4.28	13.29	5.27	5.70	0.36	0.63	1.26
Crude petroleum, natural gas, and natural gas liquids	0.72	—	0.50	4.66	18.04	6.72	7.19	0.39	0.96	1.42
Oil and gas field services	0.25	—	0.39	6.90	4.54	4.52	5.30	0.78	1.36	1.95
Nonmetallic minerals, except fuels	5.23	—	(9)	7.18	4.39	3.61	3.74	2.63	3.04	4.09
Dimension, crushed, and broken stone; sand and gravel	6.48	—	—	8.02	5.52	4.18	4.29	3.84	4.76	5.01
Other nonmetallic minerals, except fuels	(9)	—	(9)	14.90	7.23	4.88	5.04	3.33	3.44	7.02
Construction	0.95	21.75	33.84	3.18	2.72	6.84	9.31	0.64	1.31	1.52
General building contractors and operative builders	0.25	31.45	17.73	5.03	4.03	8.03	13.49	0.75	1.80	1.92
General building contractors	0.25	31.45	20.11	5.13	4.18	9.76	14.16	0.78	1.89	1.98
Operative builders	—	—	37.13	22.44	15.25	3.42	23.99	2.89	6.09	8.22
Heavy construction contractors	4.47	26.67	16.44	5.90	6.09	10.50	15.89	1.21	2.33	3.21
Special trade contractors	28.50	31.45	42.58	5.18	4.57	15.90	16.62	1.69	2.56	2.54
Plumbing, heating, and air conditioning	37.08	—	53.94	10.71	10.54	47.45	49.84	3.80	5.14	5.71
Electrical work	42.39	31.45	42.27	11.43	10.89	50.49	31.87	4.04	5.65	6.26
Other special trade contractors and contractors not allocable	42.02	—	57.03	6.47	5.71	17.46	17.97	2.11	3.30	3.16
Manufacturing	0.03	0.92	0.39	0.26	0.49	0.39	0.41	0.09	0.13	0.15
Food and kindred products	0.04	2.28	0.58	2.05	4.49	1.40	1.47	0.43	0.72	0.71
Meat products	(9)	29.28	23.42	17.95	33.54	21.32	23.35	2.96	3.42	3.98
Dairy products	(9)	31.45	1.68	3.52	2.73	1.60	1.60	1.04	1.92	1.68
Preserved fruits and vegetables	0.19	31.45	4.69	2.37	3.23	1.56	1.61	1.79	2.20	2.06
Grain mill products	0.01	6.60	0.80	2.05	0.91	0.22	0.26	0.87	1.28	1.15
Bakery products	0.02	—	7.29	5.19	4.04	1.11	1.10	2.05	3.72	3.79
Sugar and confectionery products	0.02	(9)	1.96	2.32	2.07	0.72	0.47	1.87	2.62	2.86
Malt liquors and malt	(9)	—	0.35	0.28	0.91	0.58	0.01	0.55	0.43	0.26
Alcoholic beverages, except malt liquors and malt	4.83	0.87	3.87	3.26	3.62	5.24	5.26	0.75	4.38	5.44
Bottled soft drinks, and flavorings	0.01	0.63	0.13	5.62	6.82	1.01	1.01	0.99	2.22	1.78
Other food and kindred products	0.27	8.14	8.34	1.84	4.62	2.17	2.34	1.22	2.05	1.86
Tobacco manufactures	(9)	(9)	(9)	0.11	0.06	(9)	(9)	0.06	0.30	0.16
Textile mill products	2.05	3.39	2.79	2.82	3.15	4.65	4.37	1.50	1.75	1.88
Weaving mills and textile finishing	(9)	—	4.50	2.52	3.33	7.76	2.94	2.07	2.25	2.37
Knitting mills	25.99	(9)	6.37	14.34	10.40	16.39	17.74	5.80	6.59	6.73
Other textile mill products	4.03	19.59	3.36	3.67	4.82	6.17	6.28	2.10	2.75	3.00
Apparel and other textile products	2.15	6.33	20.94	4.60	3.41	5.02	5.43	2.13	2.98	3.42
Men's and boys' clothing	1.78	16.25	2.79	4.45	5.53	2.15	2.53	3.01	4.09	5.28
Women's and children's clothing	4.58	7.52	39.78	10.35	5.15	12.09	12.32	3.57	5.07	5.83
Other apparel and accessories	15.08	13.94	13.99	15.33	11.71	22.12	22.45	6.95	7.80	8.68
Miscellaneous fabricated textile products; textile products, not elsewhere classified	48.85	15.75	32.45	10.16	8.90	16.27	16.27	5.72	7.54	7.86
Lumber and wood products	0.01	31.44	5.95	1.65	3.31	1.66	1.64	0.82	0.96	1.57
Logging, sawmills, and planing mills	0.01	—	(9)	3.57	4.39	1.65	1.50	1.14	1.57	3.11
Millwork, plywood, and related products	0.02	—	7.27	1.48	4.99	4.35	4.50	1.16	1.05	1.52
Other wood products, including wood buildings and mobile homes	(9)	31.44	35.25	3.81	9.06	5.41	5.24	2.71	3.86	4.78
Furniture and fixtures	0.96	31.44	12.09	4.26	2.38	1.07	1.08	1.81	2.19	2.42
Paper and allied products	0.05	22.72	0.49	0.80	1.97	1.34	1.38	0.57	0.56	1.09
Pulp, paper, and board mills	0.12	—	0.35	0.85	4.27	2.17	2.27	0.35	0.42	1.43
Other paper products	0.03	22.72	0.75	1.63	1.96	1.21	1.22	1.57	1.62	1.61
Printing and publishing	0.54	15.07	9.82	1.54	0.99	1.63	1.64	0.73	1.11	1.12
Newspapers	(9)	—	0.37	1.23	1.14	1.64	1.65	0.78	1.25	1.22
Periodicals	0.04	31.45	27.98	2.44	4.10	2.65	2.63	2.38	3.26	3.41
Books, greeting cards, and miscellaneous publishing	0.11	31.45	14.15	2.53	1.32	3.67	3.69	1.44	2.72	2.00
Commercial and other printing and printing trade services	18.13	20.31	12.07	4.03	4.00	6.64	6.86	1.93	2.34	2.46
Chemicals and allied products	0.05	1.10	0.72	0.39	0.77	0.38	0.40	0.22	0.24	0.31
Industrial chemicals, plastics materials and synthetics	0.06	12.39	1.47	0.54	1.97	0.39	0.41	0.25	0.27	0.38
Drugs	0.01	1.03	0.32	0.86	0.69	0.63	0.67	0.36	0.54	0.62
Soap, cleaners, and toilet goods	0.29	15.84	1.08	0.57	1.32	1.28	1.28	0.53	0.60	0.65
Paints and allied products	5.58	31.45	20.89	3.44	4.42	8.68	8.74	3.30	3.17	3.44
Agricultural and other chemical products	0.19	5.96	2.70	1.98	2.95	1.29	1.33	1.22	1.28	1.52
Petroleum (including integrated) and coal products	0.01	(9)	(9)	0.20	0.25	0.29	0.06	0.04	0.08	0.09
Petroleum refining (including integrated)	0.01	(9)	(9)	0.05	0.10	0.29	0.04	0.03	0.06	0.07
Petroleum and coal products, not elsewhere classified	0.37	—	47.19	10.78	16.05	6.88	9.97	2.88	3.41	3.57
Rubber and miscellaneous plastics products	1.46	17.55	5.98	2.66	2.94	6.51	6.53	1.21	1.29	1.85
Rubber products; plastics footwear, hose and belting	1.45	—	5.98	1.20	2.26	1.77	1.77	0.90	0.77	1.21
Miscellaneous plastics products	22.75	17.55	15.71	6.20	6.05	20.93	21.11	2.80	3.35	3.59
Leather and leather products	3.12	11.35	10.43	5.57	4.95	1.87	1.88	3.02	4.41	4.38
Footwear, except rubber	0.16	13.00	4.07	1.72	5.16	1.58	1.59	2.80	3.12	2.64
Leather and leather products, not elsewhere classified	25.74	20.60	35.15	27.09	15.81	23.46	23.91	8.58	12.09	13.08

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—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	U.S. possessions tax credit	Research activities credit	General business 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)	(40)
Manufacturing—Continued										
Stone, clay, and glass products	0.51	21.93	5.59	2.61	2.37	3.14	3.23	0.88	1.08	1.16
Glass products	0.10	31.45	3.71	1.57	3.98	2.74	2.78	0.95	0.90	1.14
Cement, hydraulic	(3)	—	0.58	7.30	10.32	7.26	7.75	1.39	1.08	1.45
Concrete, gypsum, and plaster products	1.00	31.10	6.98	6.34	3.49	11.16	11.84	2.06	2.88	2.96
Other nonmetallic metal products	1.88	31.45	13.50	4.74	4.84	4.69	4.73	2.68	3.12	3.01
Primary metal industries	0.08	30.73	2.34	2.16	3.11	0.75	2.02	0.30	0.49	0.62
Ferrous metal industries; miscellaneous primary metal products	0.34	30.73	1.73	3.68	3.52	0.84	3.18	0.42	0.63	0.78
Nonferrous metal industries	0.03	—	4.21	2.37	5.93	1.54	2.46	0.41	0.76	1.02
Fabricated metal products	0.12	11.60	3.48	2.68	1.78	5.35	5.34	0.75	1.13	1.27
Metal cans and shipping containers	0.01	15.29	2.04	3.66	2.43	1.34	1.34	0.58	1.56	2.33
Cutlery, hand tools, and hardware; screw machine products, bolts, and similar products	0.08	24.93	5.33	4.80	3.12	3.76	2.49	2.12	2.97	3.02
Plumbing and heating, except electric and warm air	2.94	—	10.45	5.60	2.74	2.00	2.02	2.95	3.73	4.21
Fabricated structural metal products	0.47	31.18	12.99	7.84	4.84	8.07	8.70	1.82	2.25	2.54
Metal forgings and stampings	11.99	—	17.68	8.62	7.53	6.32	6.64	3.57	4.54	4.92
Coating, engraving, and allied services	40.10	—	46.23	15.46	11.26	41.00	41.00	5.50	7.04	7.57
Ordnance and accessories, except vehicles and guided missiles	32.50	—	6.64	14.85	10.52	11.20	11.20	6.97	20.73	12.71
Miscellaneous fabricated metal products	0.16	14.69	4.46	4.52	3.25	19.05	19.70	1.33	2.01	2.27
Machinery, except electrical	0.04	11.84	0.58	0.77	0.92	0.94	1.04	0.35	0.51	0.51
Farm machinery	0.43	—	12.21	7.67	9.98	2.26	11.17	1.49	2.14	2.05
Construction and related machinery	0.04	—	6.66	4.87	5.12	0.78	2.08	0.70	0.83	0.87
Metalworking machinery	0.16	24.57	12.45	8.02	6.39	3.18	3.83	2.77	3.78	4.08
Special industry machinery	3.30	23.23	12.94	9.71	6.73	19.90	21.95	2.23	3.27	3.15
General industrial machinery	0.53	31.45	5.75	4.68	4.29	1.32	1.31	1.59	2.09	2.48
Office, computing, and accounting machines	(4)	13.02	0.36	0.28	0.35	0.21	0.19	0.19	0.23	0.30
Other machinery, except electrical	1.81	—	8.55	3.34	4.44	13.45	13.65	2.03	3.27	3.27
Electrical and electronic equipment	0.14	2.69	1.43	0.53	0.98	1.02	1.03	0.27	0.32	0.32
Household appliances	0.07	—	6.01	3.04	1.54	0.32	0.33	0.78	0.91	1.22
Radio, television, and communication equipment	0.64	7.63	2.00	0.39	3.95	1.11	1.14	0.41	0.53	0.55
Electronic components and accessories	0.29	3.58	2.09	1.59	1.68	1.30	1.29	0.58	0.78	0.79
Other electrical equipment	0.10	4.67	3.31	0.47	1.53	1.69	1.69	0.44	0.40	0.38
Motor vehicles and equipment	0.08	22.66	0.31	0.13	0.63	0.75	0.77	0.15	0.20	0.18
Transportation equipment, except motor vehicles	0.07	20.51	0.79	0.88	2.07	7.74	9.77	0.42	0.57	0.55
Aircraft, guided missiles and parts	0.05	22.52	0.64	0.42	1.77	0.76	1.05	0.29	0.41	0.38
Ship and boat building and repairing	43.21	—	26.48	8.15	10.58	45.41	46.62	2.72	4.75	5.41
Other transportation equipment, except motor vehicles	2.54	31.45	24.23	2.94	5.21	15.50	15.50	2.38	2.10	3.14
Instruments and related products	0.04	2.57	1.15	1.37	1.87	1.20	1.22	0.71	0.62	0.64
Scientific instruments and measuring devices; watches and clocks	0.11	6.28	1.74	1.62	3.47	7.59	8.63	1.49	1.41	1.46
Optical, medical, and ophthalmic goods	(4)	2.82	1.55	4.25	4.52	1.23	1.23	1.15	1.55	1.84
Photographic equipment and supplies	(3)	31.44	2.21	0.54	1.28	0.72	0.72	0.74	0.39	0.34
Miscellaneous manufacturing and manufacturing not allocable	7.63	8.17	3.88	4.16	3.26	2.56	4.45	1.26	1.80	1.91
Transportation and public utilities										
Transportation	2.47	31.45	6.89	0.83	1.47	4.62	1.17	0.37	0.50	0.75
Railroad transportation	(3)	—	(3)	0.16	1.89	0.23	0.24	0.14	0.15	0.18
Local and interurban passenger transit	(3)	—	(3)	4.39	13.59	5.52	5.57	2.69	5.79	6.42
Trucking and warehousing	0.07	—	8.31	2.60	3.11	4.13	4.05	1.44	2.11	2.20
Water transportation	(3)	—	10.45	7.60	8.01	5.31	6.42	1.25	1.91	2.79
Transportation by air	1.82	—	6.69	0.41	1.41	1.25	1.07	0.53	0.56	0.82
Pipelines, except natural gas	(3)	—	(3)	10.90	2.95	3.73	3.75	0.79	1.49	1.64
Transportation services, not elsewhere classified	18.17	31.45	47.87	9.79	9.35	48.50	21.33	2.59	3.94	4.54
Communication	0.71	0.03	1.10	0.24	0.63	0.68	0.75	0.15	0.17	0.21
Telephone, telegraph, and other communication services	1.27	0.03	1.11	0.21	0.59	0.22	0.26	0.12	0.14	0.18
Radio and television broadcasting	(3)	—	3.19	2.45	1.73	9.23	10.22	0.90	1.95	1.56
Electric, gas, and sanitary services	(4)	—	0.33	0.10	0.15	0.06	0.07	0.05	0.05	0.14
Electric services	(3)	—	(4)	(4)	(4)	(4)	(4)	0.01	0.01	0.03
Gas production and distribution	(3)	—	(4)	0.33	0.22	0.20	0.26	0.09	0.12	0.20
Combination utility services	(3)	—	(4)	0.03	0.04	0.04	0.04	0.03	0.03	0.10
Water supply and other sanitary services	0.01	—	9.95	4.48	2.80	4.40	4.40	1.82	2.42	3.74
Wholesale and retail trade										
Wholesale trade	1.53	3.54	7.18	1.51	1.10	1.66	1.68	0.43	0.84	0.89
Groceries and related products	9.77	(3)	20.78	4.10	3.51	11.35	11.39	1.56	2.27	2.59
Machinery, equipment, and supplies	22.27	31.44	22.62	3.35	3.65	2.28	1.97	1.11	2.06	2.18
Miscellaneous wholesale trade	1.27	4.37	7.52	1.86	1.21	2.03	2.07	0.50	1.01	1.05
Motor vehicles and automotive equipment	0.03	—	2.02	2.67	1.04	3.07	2.67	1.34	2.01	1.97
Furniture and home furnishings	37.51	—	25.22	11.75	12.01	30.04	30.58	6.48	9.45	9.82
Lumber and construction materials	0.06	—	74.35	11.95	7.55	20.27	20.99	3.74	5.09	5.24
Sporting, recreational, photographic, and hobby goods, toys, and supplies	35.42	—	6.63	14.53	9.15	2.85	2.81	4.09	13.79	14.44
Metals and minerals, except petroleum and scrap	0.36	21.92	51.86	5.16	6.31	3.65	4.78	0.51	2.91	3.26
Electrical goods	6.29	31.45	25.05	4.64	3.50	2.37	2.38	1.72	3.05	4.17
Hardware, plumbing, and heating equipment and supplies	27.47	—	78.23	7.98	6.96	13.93	13.78	3.50	4.52	5.85
Other durable goods	10.87	23.14	6.69	6.07	4.85	5.61	5.67	1.82	3.49	3.53
Paper and paper products	27.65	—	62.86	14.63	9.43	12.86	12.95	4.75	7.70	7.89
Drugs, drug proprietaries, and druggists' sundries	1.38	0.02	12.37	4.40	6.02	32.05	32.59	2.80	3.88	3.52
Apparel, piece goods, and notions	71.19	31.35	22.58	10.21	7.04	13.14	13.40	3.22	5.01	4.83
Farm-product raw materials	1.07	—	46.89	12.30	12.39	4.39	4.46	1.59	2.79	2.77
Chemicals and allied products	16.14	—	8.02	14.37	9.39	1.97	1.98	2.63	6.53	7.15
Petroleum and petroleum products	0.01	(3)	23.67	6.13	6.64	1.89	1.90	1.74	2.79	2.80
Alcoholic beverages	94.11	—	36.11	9.24	6.35	14.38	14.81	2.86	5.29	5.17
Miscellaneous nondurable goods; wholesale trade not allocable	11.23	21.65	34.04	6.03	4.71	4.69	4.86	2.30	3.38	3.73

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—Number of Returns, Selected Receipts, Cost of Sales and Operations, Net Income, Deficit, Total Income Tax, Selected Credits, Distributions to Stockholders, Total Assets, 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	U.S. possessions tax credit	Research activities credit	General business 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)	(40)
Wholesale and retail trade—Continued										
Retail trade	0.13	9.26	5.82	0.85	0.80	5.91	6.29	0.35	0.51	0.63
Building materials, garden supplies, and mobile home dealers	40.22	95.97	9.30	4.64	3.79	11.90	12.13	2.17	2.85	3.09
Building materials dealers	40.22	95.97	9.30	5.09	4.07	13.43	13.56	2.47	3.12	3.39
Hardware stores	—	—	—	12.76	12.07	25.49	27.34	5.70	7.87	7.50
Garden supplies and mobile home dealers	—	—	—	16.12	15.90	50.65	50.66	6.34	9.25	9.79
General merchandise stores	(²)	—	0.27	0.38	0.59	0.27	0.20	0.20	0.37	0.34
Food stores	(³)	(³)	3.85	1.44	1.71	0.98	1.01	0.86	1.06	1.16
Grocery stores	(³)	(³)	3.84	1.33	1.73	0.87	0.95	0.79	0.97	1.01
Other food stores	—	—	30.53	12.63	8.97	19.28	16.66	5.62	6.24	6.66
Automotive dealers and service stations	(³)	—	45.66	3.41	3.28	20.29	21.69	1.17	1.73	2.13
Motor vehicle dealers	(³)	—	—	3.92	3.83	15.93	16.77	1.23	1.81	2.49
Gasoline service stations	—	—	29.31	10.55	10.58	54.02	58.05	4.43	5.30	5.61
Other automotive dealers	(³)	—	75.84	8.95	7.78	37.66	41.05	3.67	4.71	5.72
Apparel and accessory stores	8.00	31.45	6.35	3.45	2.80	5.87	6.78	1.58	1.98	2.23
Furniture and home furnishings stores	(³)	—	2.84	7.01	4.12	87.13	88.49	2.35	3.13	4.38
Eating and drinking places	0.18	31.45	16.19	3.05	2.67	11.38	11.54	0.93	1.39	1.57
Miscellaneous retail stores	0.19	31.45	21.19	2.08	1.92	5.57	5.75	1.03	1.44	1.77
Drug stores and proprietary stores	(³)	—	18.31	1.81	1.44	5.58	5.60	1.61	1.72	2.28
Liquor stores	—	—	—	21.41	15.70	48.72	48.72	7.64	9.25	10.30
Other retail stores	0.23	31.45	30.08	2.76	2.93	8.46	9.27	1.25	1.81	2.17
Wholesale and retail trade not allocable	—	31.45	30.33	21.00	21.15	19.59	19.83	9.89	11.85	15.12
Finance, insurance, and real estate	0.45	3.44	1.87	0.73	1.23	1.77	1.92	0.55	0.64	0.45
Banking	0.15	—	0.08	0.23	0.73	0.21	0.22	0.08	0.16	0.27
Mutual savings banks	1.00	—	(³)	0.56	0.74	0.42	1.32	0.14	0.18	0.25
Bank holding companies	(³)	—	0.09	0.21	0.28	0.20	0.21	0.08	0.16	0.30
Banks, except mutual savings banks and bank holding companies	2.77	—	0.19	1.33	2.11	1.02	1.00	0.37	0.55	0.68
Credit agencies other than banks	0.77	5.02	(³)	2.48	2.17	0.59	0.63	2.49	0.87	1.21
Savings and loan associations	0.82	0.37	(³)	0.61	0.73	0.21	0.28	0.10	0.14	0.39
Personal credit institutions	0.01	31.45	(³)	1.12	4.53	0.52	0.52	0.87	2.74	1.39
Business credit institutions	(³)	31.45	1.69	10.55	0.93	0.94	1.74	10.86	5.90	5.90
Other credit agencies; finance not allocable	1.62	—	(³)	18.78	8.20	1.22	1.18	12.22	3.40	4.02
Security, commodity brokers and services	3.18	(³)	6.70	2.76	3.77	36.42	7.14	0.22	2.09	1.04
Security brokers, dealers, and flotation companies	0.92	(³)	4.79	2.65	4.66	44.58	7.16	0.21	1.76	0.69
Commodity contracts brokers and dealers; security and commodity exchanges, and allied services	65.29	—	17.43	9.76	6.23	34.40	16.03	1.77	6.19	7.62
Insurance	0.41	—	1.10	1.94	3.65	3.46	6.20	1.60	2.83	1.39
Life insurance	0.69	—	0.62	1.48	4.67	8.91	11.74	2.18	3.46	1.26
Mutual insurance, except life or marine and certain fire or flood insurance companies	(³)	—	(³)	8.82	6.30	0.46	(³)	7.17	15.32	8.83
Other insurance companies	0.09	—	1.97	1.29	2.71	0.63	1.47	0.18	1.25	1.26
Insurance agents, brokers, and service	0.54	—	43.16	9.23	5.86	14.30	19.90	1.67	3.55	3.04
Real estate	23.74	16.37	19.29	5.46	2.92	21.52	26.06	0.85	1.30	1.47
Real estate operators and lessors of buildings	25.45	22.80	0.08	8.73	3.99	27.72	33.54	1.45	1.79	1.86
Lessors of mining, oil, and similar property	28.90	—	—	39.51	13.76	13.64	13.64	5.98	6.48	26.90
Lessors of railroad property, and of real property, not elsewhere classified	—	—	—	28.85	30.12	46.17	48.22	10.63	14.84	11.97
Condominium management and cooperative housing associations	—	—	—	36.23	21.94	58.72	64.02	3.40	3.88	5.04
Subdividers and developers	—	23.31	84.43	10.43	6.69	26.11	11.63	1.43	2.46	2.89
Other real estate	0.01	31.45	76.47	9.01	6.32	40.09	48.00	1.76	3.37	3.94
Holding and other investment companies, except bank holding companies	8.48	—	12.05	10.28	4.24	1.35	1.38	0.27	1.76	2.39
Regulated investment companies	—	—	—	58.50	45.91	1.41	1.44	0.22	3.26	11.88
Real estate investment trusts	—	—	—	—	55.05	3.92	2.14	1.26	2.68	3.65
Small business investment companies	—	—	—	72.45	24.42	15.74	24.02	8.78	30.41	29.79
Other holding and investment companies, except bank holding companies	8.48	—	12.05	10.35	4.30	6.37	6.88	0.99	2.24	2.64
Services	2.71	15.64	7.36	1.72	1.70	8.57	8.35	1.04	1.07	1.09
Hotels and other lodging places	1.14	22.76	60.15	3.82	5.24	30.95	33.90	1.26	1.97	2.07
Personal services	2.68	—	35.40	5.37	6.15	36.44	37.12	2.86	3.80	3.80
Business services	5.79	30.44	8.30	2.86	2.80	11.88	16.07	0.91	1.49	1.56
Advertising	3.26	31.07	54.48	7.18	5.00	7.90	8.04	2.73	4.51	4.70
Business services, except advertising	(³)	23.74	8.35	3.01	3.20	13.02	18.20	0.96	1.57	1.63
Auto repair; miscellaneous repair services	0.97	—	60.34	5.40	8.21	48.97	41.16	2.20	2.60	2.94
Auto repair and services	(³)	—	43.21	5.76	10.33	37.03	47.40	2.32	2.79	3.17
Miscellaneous repair services	83.46	—	62.34	14.03	13.48	87.80	38.84	5.90	7.15	7.38
Amusement and recreation services	0.57	31.45	7.32	5.57	6.99	21.39	7.31	1.18	2.46	2.16
Motion picture production, distribution, and services	0.35	—	8.31	10.91	17.89	7.06	9.46	1.37	5.52	3.29
Motion picture theaters	40.43	—	17.33	9.79	13.66	86.69	17.10	5.53	7.25	7.70
Amusement and recreation services, except motion pictures	30.55	31.45	29.93	8.05	9.05	8.74	12.07	1.84	2.89	2.91
Other services	4.02	19.77	13.31	3.25	2.69	8.08	8.88	3.44	2.91	2.95
Offices of physicians, including osteopathic physicians	(³)	—	—	7.66	7.20	26.86	29.93	3.53	4.48	4.53
Offices of dentists	—	—	—	14.17	16.12	82.21	83.56	7.12	7.86	8.17
Offices of other health practitioners	—	—	—	26.61	25.51	91.16	91.16	13.59	14.30	14.29
Nursing and personal care facilities	—	—	76.74	15.04	10.55	25.82	28.84	3.28	4.06	3.76
Hospitals	(³)	—	49.78	3.60	3.07	11.01	13.80	13.06	10.02	11.91
Medical laboratories	—	—	10.07	25.94	20.20	77.42	80.56	9.54	14.79	15.51
Other medical services	0.61	20.79	9.84	9.66	5.17	10.28	10.35	3.73	5.43	6.65
Legal services	—	—	—	15.36	15.05	51.47	58.85	6.36	8.51	9.28
Educational services	31.66	—	39.83	—	15.30	27.72	29.46	6.73	8.85	7.94
Social services	—	—	—	28.94	30.88	69.49	69.49	10.93	15.55	16.48
Membership organizations	49.78	—	—	13.78	18.65	49.17	49.55	8.07	11.03	12.43
Architectural and engineering services	8.60	—	—	52.19	9.53	15.45	15.38	3.62	5.14	5.40
Accounting, auditing, and bookkeeping services	—	31.45	99.77	21.92	27.32	68.59	73.37	8.67	10.72	11.56
Miscellaneous services (including veterinarians), not elsewhere classified	7.69	20.84	9.15	11.87	12.99	35.35	45.87	5.34	7.70	8.36
Nature of business not allocable	—	22.97	75.19	34.50	24.45	36.30	42.53	7.34	11.54	12.51

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 Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, research activities and general business credits.⁴ Less than \$500 per return.⁵ Coefficient of variation is less than .005 but greater than zero.⁶ 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—Balance Sheets, Income Statements, Tax, and Selected Other Items, by Major Industry

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

Item	All industries	Agriculture, forestry, and fishing	Major industry				
			Total	Mining			
				Metal mining	Coal mining	Oil and gas extraction	Nonmetallic minerals, except fuels
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns, total	3,170,743	98,361	40,564	1,280	4,199	30,948	4,137
Total assets	11,106,701,948	50,699,926	209,036,474	13,333,054	18,180,971	167,523,335	9,999,114
Cash	595,773,262	3,251,201	7,526,144	269,659	719,535	5,841,812	695,138
Notes and accounts receivable	2,896,980,896	4,409,925	24,029,086	897,460	3,076,973	18,611,693	1,442,959
Less: Allowance for bad debts	54,341,071	55,303	560,858	12,304	67,354	450,805	30,394
Inventories	664,243,060	4,648,552	6,588,702	985,718	784,836	3,988,387	829,762
Investments in Government obligations	725,695,801	251,199	1,381,854	*109,262	244,904	990,723	36,965
Other current assets	513,743,712	1,765,246	18,856,060	604,820	671,215	17,213,649	366,375
Loans to stockholders	58,543,009	1,372,600	2,738,537	*10,656	437,068	2,215,842	74,973
Mortgage and real estate loans	1,126,962,114	671,282	825,719	5,851	8,877	748,290	62,702
Other investments	1,972,830,815	3,634,170	64,917,339	4,397,284	3,086,518	56,934,320	499,217
Depreciable assets	2,913,301,626	33,357,861	88,279,139	7,061,759	11,132,185	60,298,626	9,786,569
Less: Accumulated depreciation	1,116,171,771	18,710,465	38,773,912	3,183,039	5,402,561	25,184,975	5,003,338
Depletable assets	114,808,431	678,591	27,056,120	1,218,654	1,829,222	23,504,701	503,543
Less: Accumulated depletion	36,340,299	143,414	9,502,452	283,831	355,111	8,772,290	91,220
Land	128,269,064	12,851,002	2,503,994	132,989	404,217	1,513,376	453,413
Intangible assets (amortizable)	117,467,829	239,691	4,451,843	183,405	324,079	3,919,637	24,722
Less: Accumulated amortization	36,190,604	90,145	1,410,633	52,591	63,437	1,290,077	4,528
Other assets	521,126,077	2,567,732	10,129,791	987,302	1,349,808	7,440,426	352,255
Total liabilities	11,106,701,948	50,699,926	209,036,474	13,333,054	18,180,971	167,523,335	9,999,114
Accounts payable	741,372,874	2,412,339	15,366,595	747,935	1,115,528	12,616,308	886,824
Mortgages, notes, and bonds payable in less than one year	866,546,604	9,436,896	13,186,614	505,951	2,162,145	9,950,182	668,336
Other current liabilities	3,760,174,725	1,932,982	10,679,187	664,410	1,241,185	8,224,219	549,373
Loans from stockholders	145,250,514	4,328,988	6,449,699	832,863	309,028	5,208,621	99,187
Mortgages, notes, and bonds payable in one year or more	1,494,350,573	15,879,263	52,801,935	2,747,319	3,591,462	44,095,520	2,367,633
Other liabilities	1,214,879,371	2,398,903	16,217,443	893,556	1,857,120	12,517,331	949,436
Capital stock	839,344,147	8,030,388	10,314,535	1,117,859	385,536	8,186,678	624,462
Paid-in or capital surplus	1,066,288,359	5,005,866	62,291,821	4,106,611	4,501,777	53,024,339	659,093
Retained earnings, appropriated	51,100,507	244,258	596,662	*96,813	102,469	335,216	62,164
Retained earnings, unappropriated	1,256,771,201	1,763,594	23,187,548	1,694,740	3,044,505	14,946,368	3,501,935
Less: Cost of treasury stock	329,376,924	733,550	2,055,565	75,005	129,785	1,581,447	269,328
Total receipts	7,860,711,226	66,645,119	123,496,633	6,094,045	17,454,446	90,006,949	9,941,184
Business receipts	6,948,481,893	62,093,338	111,030,063	5,221,645	16,437,347	79,985,368	9,385,703
Interest	563,793,348	604,272	2,964,754	206,764	330,541	2,322,520	104,930
Interest on Government obligations:							
State and local	16,613,501	12,094	23,369	—	5,450	17,162	757
Nonqualifying interest and dividends	2,744,626	106,752	101,439	*7	27,741	66,943	6,749
Rents	75,834,113	415,931	545,958	22,717	124,443	335,121	63,676
Royalties	14,535,929	174,025	1,207,375	17,139	57,041	1,109,022	24,172
Net short-term capital gain reduced by net long-term capital loss	3,233,999	16,502	146,545	*86,013	*524	59,596	*412
Net long-term capital gain reduced by net short-term capital loss	38,518,792	681,771	1,054,631	102,261	78,342	800,898	73,130
Net gain, noncapital assets	26,506,096	333,844	1,256,922	22,846	44,867	1,107,629	81,580
Dividends received from domestic corporations	21,185,391	81,482	367,328	72,294	38,141	245,511	11,381
Dividends received from foreign corporations	15,373,474	20,421	858,220	28,986	880	823,664	*4,679
Other receipts	133,948,728	2,106,852	3,940,031	313,363	309,128	3,133,514	184,025
Total deductions	7,628,772,166	66,436,289	124,627,966	6,299,404	17,467,536	91,314,670	9,546,357
Cost of sales and operations	4,692,505,746	42,991,472	74,213,000	3,785,138	11,684,122	52,718,773	6,024,967
Compensation of officers	157,028,565	1,463,306	1,481,046	46,264	127,328	1,119,204	188,250
Repairs	76,367,591	959,655	1,026,612	70,769	217,166	520,667	218,010
Bad debts	33,803,267	111,955	609,974	53,755	28,276	489,594	38,349
Rent paid on business property	119,476,469	1,546,042	1,404,881	67,860	228,641	989,946	118,434
Taxes paid	191,748,629	1,420,825	3,893,714	277,830	827,254	2,475,819	312,810
Interest paid	535,819,101	2,952,198	7,077,300	442,188	621,996	5,720,982	292,134
Contributions or gifts	4,057,112	18,846	51,144	3,016	4,755	34,083	9,289
Amortization	5,170,089	17,695	58,478	2,053	11,888	41,932	2,606
Depreciation	264,882,261	3,472,979	7,656,531	385,136	1,012,277	5,552,672	706,444
Depletion	8,051,260	26,679	2,023,273	177,654	344,914	1,267,802	232,903
Advertising	82,023,440	242,585	140,137	3,805	8,808	86,639	40,884
Pension, profit-sharing, stock bonus, and annuity plans	52,555,188	144,333	848,024	35,069	66,401	665,791	80,762
Employee benefit programs	64,547,638	266,390	941,401	51,330	294,663	506,289	89,119
Net loss, noncapital assets	9,647,008	112,552	398,259	3,709	28,034	361,209	5,306
Other deductions	1,331,088,812	10,688,777	22,804,193	893,827	1,961,010	18,763,268	1,186,088
Total receipts less total deductions	231,939,061	208,830	-1,131,332	-205,359	-13,090	-1,307,721	394,837
Constructive taxable income from related foreign corporations	17,575,037	*5,786	801,516	8,495	3,327	788,934	760
Net income (less deficit)	232,900,596	202,522	-353,185	-196,864	-15,212	-535,949	394,840
Income subject to tax	257,054,060	1,613,829	5,167,226	133,667	299,281	4,309,804	424,473
Income tax, total	107,968,407	509,081	2,381,154	66,229	141,204	1,982,755	190,966
Regular and alternative tax	106,013,271	493,723	2,241,517	55,176	124,741	1,888,145	173,454
Tax from recomputing prior-year investment credit	1,382,945	13,809	75,681	3,847	2,870	67,285	1,679
Additional tax for tax preferences	544,863	1,547	63,083	7,206	13,594	26,451	15,833
Foreign tax credit	21,075,296	11,985	1,164,747	*35,238	58,836	1,069,449	*1,224
U.S. possessions tax credit	1,978,578	—	2,344	—	—	—	—
Orphan drug credit	*105	—	—	—	—	—	—
Nonconventional source fuel credit	69,695	—	14,068	—	64	13,946	58
Research activities credit	1,589,048	2,958	10,026	32	149	9,751	95
General business credit	19,265,475	121,023	175,608	*7,792	16,519	109,852	41,445
Distributions to stockholders:							
Cash and property except in own stock	144,871,643	417,177	3,057,411	331,827	251,418	2,323,769	150,396
Corporation's own stock	5,889,191	1,222	102,270	*9,869	13,225	79,176	—

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—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	306,906	126,870	19,021	161,015	272,050	16,695	88	4,716	16,459
Total assets	195,272,738	102,017,616	44,834,940	48,420,182	2,417,631,605	174,913,600	47,560,103	29,229,399	28,893,573
Cash	17,718,758	7,815,323	3,949,640	5,953,794	65,145,271	5,289,799	147,556	1,297,722	1,776,648
Notes and accounts receivable	47,383,079	21,329,380	8,528,153	17,525,546	513,142,649	33,962,072	4,125,104	6,743,501	7,861,703
Less: Allowance for bad debts	507,496	171,425	109,876	226,195	11,783,608	651,884	69,158	110,681	205,543
Inventories	28,244,404	20,284,133	1,836,347	6,123,925	298,374,824	24,492,604	6,316,144	6,272,341	9,636,078
Investments in Government obligations	1,676,073	912,486	547,567	216,020	28,502,578	1,759,310	51,331	125,937	169,352
Other current assets	19,208,178	11,154,412	4,117,013	3,936,754	94,323,086	7,841,551	1,619,021	1,035,806	1,400,855
Loans to stockholders	3,165,906	1,442,402	515,150	1,208,355	16,871,319	1,479,813	*263,919	321,745	204,071
Mortgage and real estate loans	6,790,061	6,318,288	205,340	266,433	12,728,662	334,921	7,958	22,352	54,501
Other investments	22,496,803	7,658,213	12,609,852	2,228,738	516,874,290	37,853,683	18,426,893	3,744,218	2,579,326
Depreciable assets	67,483,363	21,774,021	24,425,496	21,283,846	1,107,973,190	81,037,553	18,304,832	18,842,300	8,044,032
Less: Accumulated depreciation	37,136,133	9,812,515	14,521,572	12,802,045	497,044,883	35,473,508	5,446,880	10,547,753	3,931,640
Depletable assets	900,300	342,733	487,989	69,577	69,037,433	132,723	792,845	*296,746	*14,437
Less: Accumulated depletion	398,938	192,662	181,063	25,213	20,424,994	31,382	351,173	*122,693	5,586
Land	5,812,812	4,023,190	858,907	930,714	29,039,209	2,799,371	545,567	203,160	196,883
Intangible assets (amortizable)	619,883	302,159	128,263	189,461	67,621,744	5,246,843	*641,080	188,023	386,578
Less: Accumulated amortization	175,906	85,563	23,574	66,768	22,999,841	359,925	*160,695	50,286	84,823
Other assets	11,991,589	8,923,041	1,461,307	1,607,240	150,250,678	9,200,056	2,345,757	966,962	796,702
Total liabilities	195,272,738	102,017,616	44,834,940	48,420,182	2,417,631,605	174,913,600	47,560,103	29,229,399	28,893,573
Accounts payable	33,159,588	17,124,719	5,517,499	10,517,370	251,445,109	21,814,970	3,462,396	3,372,629	4,675,639
Mortgages, notes, and bonds payable in less than one year	27,524,185	17,165,181	5,125,682	10,517,370	202,882,769	13,352,528	2,887,156	2,038,901	4,144,114
Other current liabilities	27,037,929	14,258,358	4,902,357	6,297,214	226,627,617	14,514,778	3,806,322	2,397,709	2,595,647
Loans from stockholders	6,240,449	3,656,169	617,022	1,968,259	31,746,244	1,496,970	635,551	586,198	711,994
Mortgages, notes, and bonds payable in one year or more	35,592,423	23,606,253	6,638,176	5,347,993	423,898,964	32,473,264	8,349,932	6,205,938	3,900,568
Other liabilities	15,379,190	8,875,900	3,410,900	3,092,390	256,002,411	13,097,462	3,391,522	1,238,470	586,829
Capital stock	8,839,222	3,286,122	2,962,743	2,590,356	128,155,097	8,398,821	1,838,150	1,713,828	1,569,187
Paid-in or capital surplus	14,947,261	4,439,591	8,815,048	1,692,622	340,611,168	25,249,451	12,593,536	2,484,459	2,318,263
Retained earnings, appropriated	422,306	167,217	102,965	152,124	5,940,369	881,654	6,771	6,739	109,201
Retained earnings, unappropriated	29,144,458	10,535,188	7,731,970	10,877,300	589,156,598	48,585,997	11,226,021	9,681,584	9,333,698
Less: Cost of treasury stock	3,014,273	1,076,084	589,432	1,348,757	38,834,739	4,952,296	636,655	497,057	1,051,567
Total receipts	338,575,635	153,321,158	55,742,055	129,512,421	2,768,247,655	315,573,247	39,500,454	47,395,707	60,951,673
Business receipts	326,752,784	146,678,340	52,731,860	127,342,584	2,608,971,901	306,627,688	37,175,664	46,356,014	59,861,488
Interest	3,185,974	2,060,158	593,222	532,594	41,639,551	2,018,336	712,167	266,271	260,313
Interest on Government obligations:									
State and local	98,379	56,189	22,202	19,988	695,743	29,678	1,031	2,701	2,900
Nonqualifying interest and dividends	256,077	161,230	38,983	55,864	414,702	47,539	—	17,040	33,477
Rents	1,527,938	868,845	374,699	284,394	27,048,797	1,500,379	137,522	50,509	94,689
Royalties	32,268	10,161	16,717	5,390	9,541,431	497,307	236,701	27,139	151,822
Net short-term capital gain reduced by net long-term capital loss	85,656	26,299	54,182	5,176	472,950	34,226	22	17,997	*741
Net long-term capital gain reduced by net short-term capital loss	774,367	430,689	168,196	175,482	13,739,581	739,883	732,802	180,004	58,641
Net gain, noncapital assets	1,614,524	1,110,598	332,382	171,544	5,481,406	402,203	32,046	74,211	28,893
Dividends received from domestic corporations	215,724	70,134	108,654	36,936	10,178,986	516,070	150,041	69,161	28,610
Dividends received from foreign corporations	173,628	76,431	*81,035	16,162	12,380,263	680,550	32,987	32,077	26,862
Other receipts	3,859,022	1,772,086	1,220,626	866,310	37,702,885	2,479,389	289,471	302,590	403,238
Total deductions	335,696,154	152,802,596	55,318,501	127,575,058	2,661,153,853	308,183,283	35,372,067	46,080,787	59,538,553
Cost of sales and operations	257,057,538	124,322,090	1,354,888	91,380,560	1,796,313,155	223,106,094	19,373,791	34,943,093	42,741,466
Compensation of officers	11,341,096	4,040,330	1,243,591	6,057,175	25,537,015	1,943,969	113,120	695,627	1,446,736
Repairs	1,731,351	459,026	564,024	708,301	29,058,850	2,374,977	264,694	365,842	171,976
Bad debts	741,622	243,027	108,441	390,153	6,458,861	504,688	61,037	79,284	155,236
Rent paid on business property	2,791,651	874,490	613,616	1,303,545	28,269,703	2,375,729	259,374	357,872	781,808
Taxes paid	7,312,604	2,186,972	1,171,649	3,953,983	80,036,255	6,945,916	3,095,729	1,189,431	1,478,822
Interest paid	5,990,178	3,483,165	1,134,268	1,372,746	85,039,616	6,404,412	1,585,945	1,085,922	1,074,001
Contributions or gifts	109,761	48,792	21,754	39,215	2,197,472	206,827	45,583	34,424	32,424
Amortization	52,296	22,238	6,973	23,085	1,802,133	107,411	*53,111	26,676	29,034
Depreciation	7,118,823	2,142,777	2,175,129	2,800,917	109,331,680	9,151,497	1,465,410	1,707,042	825,698
Depletion	83,457	26,411	51,615	5,431	4,727,720	179,858	28,204	4,892	*83
Advertising	990,504	487,022	55,673	447,809	39,019,203	10,625,457	2,941,474	299,363	738,173
Pension, profit-sharing, stock bonus, and annuity plans	1,541,976	534,141	328,642	679,192	22,607,052	1,256,360	309,655	257,996	309,156
Employee benefit programs	1,956,168	457,241	431,557	1,067,370	33,065,715	2,665,816	451,168	357,619	463,452
Net loss, noncapital assets	112,101	47,253	26,926	37,921	1,232,542	131,297	38	31,225	21,993
Other deductions	36,765,028	13,427,620	6,029,754	17,307,654	396,456,881	40,202,978	5,353,734	4,644,427	9,268,494
Total receipts less total deductions	2,879,481	518,563	423,554	1,937,364	107,093,801	7,389,964	4,128,386	1,314,919	1,413,120
Constructive taxable income from related foreign corporations	125,603	45,586	*79,381	637	14,817,195	827,214	93,475	42,143	13,955
Net income (less deficit)	2,906,704	507,959	480,733	1,918,012	121,215,254	8,187,499	4,220,829	1,354,361	1,424,176
Income subject to tax	5,629,230	2,128,235	1,011,894	2,489,101	131,957,838	9,327,164	4,203,493	1,481,349	1,828,613
Income tax, total	1,767,756	695,467	387,466	684,823	58,542,710	4,144,707	1,808,579	648,833	782,188
Regular and alternative tax	1,725,099	678,680	374,789	671,630	57,673,921	4,087,900	1,804,446	637,809	779,186
Tax from recomputing prior-year investment credit	35,594	11,717	11,065	12,812	567,575	40,500	4,134	9,539	2,777
Additional tax for tax preferences	6,647	4,655	1,612	380	297,407	16,306	—	1,485	*245
Foreign tax credit	86,027	*68,464	*16,509	*1,053	17,219,144	769,204	71,029	25,251	13,290
U.S. possessions tax credit	667	152	514	2	1,876,311	134,461	16,700	5,174	52,107
Orphan drug credit	—	—	—	—	39	—	—	—	—
Nonconventional source fuel credit	—	—	—	—	36,526	*1,342	—	—	—
Research activities credit	1,192	*192	*57	944	1,388,309	71,108	5,886	3,295	1,909
General business credit	383,570	97,469	117,598	168,502	7,593,003	512,032	158,855	116,719	57,965
Distributions to stockholders:									
Cash and property except in own stock	738,873	327,707	161,487	249,679	45,630,537	3,086,064	1,805,459	249,240	296,254
Corporation's own stock	39,466	*16,470	*15,045	7,951	1,537,101	125,136	—	*12,041	66,062

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—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	16,225	7,999	3,742	39,987	11,126	2,641	11,290	1,905	9,828	
Total assets	52,537,473	12,935,343	62,119,514	77,080,010	225,132,223	550,526,139	33,488,727	7,518,339	47,197,617	
Cash	1,613,180	755,964	1,536,949	3,833,061	5,140,250	5,275,208	1,306,571	308,208	1,804,567	
Notes and accounts receivable	7,529,613	3,291,034	8,904,892	16,112,891	38,935,015	58,790,406	8,016,531	2,103,964	8,523,763	
Less: Allowance for bad debts	166,957	85,851	260,200	942,443	937,736	839,326	190,119	49,245	273,657	
Inventories	6,988,037	3,363,811	7,967,940	6,090,288	27,418,796	18,365,776	5,844,991	2,500,873	5,938,875	
Investments in Government obligations	233,306	84,909	419,683	1,044,702	1,238,249	1,740,982	158,206	35,378	116,290	
Other current assets	2,286,273	401,413	1,737,613	4,296,157	6,222,253	11,708,178	821,581	236,746	1,454,054	
Loans to stockholders	156,422	97,631	72,707	964,273	3,753,675	3,134,096	183,001	14,272	202,921	
Mortgage and real estate loans	1,127,936	48,886	102,375	78,814	92,233	94,301	29,677	29,437	91,699	
Other investments	7,509,899	832,482	7,659,443	10,870,436	58,744,281	193,485,210	4,865,192	1,030,865	8,358,573	
Depreciable assets	33,922,927	5,974,109	47,452,694	37,375,735	124,042,196	220,634,059	21,884,611	2,124,311	33,130,040	
Less: Accumulated depreciation	16,506,295	2,693,337	19,714,499	16,484,573	55,847,930	84,576,252	10,948,970	1,023,382	15,966,246	
Depletable assets	4,117,087	35,957	2,202,644	284,042	1,082,909	50,809,481	24,493	—	1,093,536	
Less: Accumulated depletion	118,289	2,744	390,926	55,228	351,572	16,625,623	12,937	—	237,738	
Land	1,019,312	211,938	1,405,295	1,450,378	2,134,180	7,901,869	354,826	44,520	1,097,187	
Intangible assets (amortizable)	100,313	55,379	279,572	4,486,827	4,915,951	39,320,860	205,559	51,596	486,289	
Less: Accumulated amortization	27,847	25,176	78,800	764,136	1,358,786	17,331,073	53,972	15,748	115,797	
Other assets	2,752,556	588,937	2,822,130	7,938,777	9,908,260	58,638,006	999,486	126,541	1,493,261	
Total liabilities	52,537,473	12,935,343	62,119,514	77,080,010	225,132,223	550,526,139	33,488,727	7,518,339	47,197,617	
Accounts payable	4,197,910	1,549,312	5,013,584	7,016,883	22,559,752	45,292,902	4,541,008	928,973	4,572,801	
Mortgages, notes, and bonds payable in less than one year	5,946,644	1,122,079	4,217,455	4,072,753	12,419,440	20,818,845	2,071,167	1,399,735	2,764,943	
Other current liabilities	4,526,885	1,267,638	3,831,303	8,101,202	20,411,638	23,203,882	3,820,495	652,955	3,540,737	
Loans from stockholders	737,986	209,539	322,079	2,033,659	4,492,808	3,721,273	592,881	29,697	455,660	
Mortgages, notes, and bonds payable in one year or more	11,781,608	2,238,316	13,659,174	16,067,174	34,465,935	88,033,541	5,568,901	847,104	9,825,611	
Other liabilities	2,935,874	493,532	4,776,311	7,895,188	17,569,081	104,619,022	1,556,315	164,356	2,932,284	
Capital stock	3,664,074	762,236	4,810,819	3,547,131	12,850,346	21,960,785	1,651,334	469,680	3,071,904	
Paid-in or capital surplus	7,210,625	955,856	7,473,325	5,870,495	42,549,253	108,003,660	4,300,972	635,163	7,168,947	
Retained earnings, appropriated	94,224	20,001	99,169	109,985	259,260	380,034	71,914	74,490	231,158	
Retained earnings, unappropriated	11,989,210	4,527,560	19,837,493	24,065,535	61,096,643	146,529,291	10,120,780	2,605,349	13,402,153	
Less: Cost of treasury stock	547,568	210,723	1,011,205	1,699,996	3,541,932	12,037,095	807,040	289,164	768,582	
Total receipts	65,708,027	24,984,637	83,179,506	105,191,621	243,485,793	495,163,594	54,295,871	13,989,749	57,657,462	
Business receipts	62,580,671	24,413,753	79,509,530	100,730,396	229,940,285	466,724,857	52,934,946	13,711,889	55,203,551	
Interest	776,585	124,565	563,510	1,006,287	3,133,366	7,936,111	287,020	73,709	566,917	
Interest on Government obligations:										
State and local	7,024	4,045	5,692	17,453	54,910	2,499	11,844	8,585	7,294	
Nonqualifying interest and dividends	43,256	6,423	8,889	39,955	15,692	5,307	15,986	6,169	9,034	
Rents	259,038	79,132	165,514	477,220	1,087,291	2,375,667	144,996	31,204	178,889	
Royalties	32,184	6,275	246,233	217,062	1,179,204	1,890,742	85,018	13,447	137,477	
Net short-term capital gain reduced by net long-term capital loss	2,979	5,374	11,692	12,226	10,133	185,017	760	36	5,929	
Net long-term capital gain reduced by net short-term capital loss	1,203,407	43,712	899,493	1,019,447	1,236,146	2,030,803	163,581	18,884	408,384	
Net gain, noncapital assets	116,226	21,728	259,039	165,830	402,649	1,259,884	70,066	6,282	157,516	
Dividends received from domestic corporations	113,390	18,094	226,048	190,405	1,205,079	1,378,717	85,288	9,516	125,959	
Dividends received from foreign corporations	28,715	1,543	213,536	79,529	1,760,259	4,418,205	139,873	5,555	187,771	
Other receipts	565,074	259,993	1,070,330	1,235,819	3,460,778	6,955,785	356,494	104,474	668,742	
Total deductions	63,901,367	23,795,400	79,368,969	98,604,758	231,140,445	472,173,631	52,059,101	13,565,492	55,527,127	
Cost of sales and operations	47,183,270	16,865,290	55,009,307	51,028,534	142,033,656	347,019,794	36,398,836	9,539,417	37,113,817	
Compensation of officers	871,180	518,813	669,161	2,862,966	1,696,987	504,346	1,005,873	207,542	796,199	
Repairs	1,162,096	97,811	1,875,767	655,203	3,648,493	5,157,333	545,309	39,253	1,044,098	
Bad debts	146,345	65,774	119,704	642,102	352,049	589,147	185,559	35,136	201,075	
Rent paid on business property	707,484	283,985	771,754	1,650,942	2,770,104	3,600,614	534,767	365,688	683,759	
Taxes paid	1,432,515	654,548	1,842,113	3,253,636	4,641,688	22,915,139	1,123,381	308,461	1,533,501	
Interest paid	1,738,283	374,188	1,742,074	2,535,914	6,829,717	15,405,641	955,568	273,428	1,507,134	
Contributions or gifts	56,141	19,943	57,501	174,377	335,373	276,063	28,936	11,319	37,963	
Amortization	18,547	42,258	20,019	232,746	183,470	348,514	27,739	3,812	28,066	
Depreciation	2,272,904	570,761	4,173,119	4,716,040	10,338,063	20,255,052	1,697,899	227,802	2,849,517	
Depletion	621,462	1,644	182,071	61,382	306,431	2,453,097	4,329	101	137,725	
Advertising	290,016	328,393	851,606	1,498,308	7,741,087	1,157,796	530,672	320,617	360,609	
Pension, profit-sharing, stock bonus, and annuity plans	260,343	154,507	497,584	966,792	1,681,407	1,493,850	364,289	60,296	436,118	
Employee benefit programs	617,622	269,892	998,955	1,289,422	2,499,926	1,942,570	712,596	80,724	811,077	
Net loss, noncapital assets	28,061	9,969	32,097	59,730	75,755	248,875	18,093	4,708	25,852	
Other deductions	6,495,098	3,537,625	10,526,159	26,976,664	45,806,240	48,805,801	7,944,256	2,087,186	7,960,616	
Total receipts less total deductions	1,806,660	1,189,237	3,810,537	6,586,863	12,345,348	22,989,963	2,236,770	424,257	2,130,335	
Constructive taxable income from related foreign corporations	45,700	1,596	209,783	76,115	2,658,050	4,962,456	91,620	6,027	151,845	
Net income (less deficit)	1,845,336	1,186,788	4,014,628	6,645,526	14,948,488	27,949,920	2,316,547	421,700	2,274,887	
Income subject to tax	2,046,501	1,344,511	3,988,099	6,977,787	15,706,252	28,278,451	2,259,216	442,385	2,514,388	
Income tax, total	746,011	579,548	1,743,664	2,934,325	7,082,386	12,801,973	962,662	195,098	1,089,673	
Regular and alternative tax	709,086	576,413	1,713,317	2,912,560	6,970,308	12,649,509	949,410	194,231	1,062,153	
Tax from recomputing prior-year investment credit	10,686	2,616	22,625	18,734	72,301	81,969	7,322	806	13,847	
Additional tax for tax preferences	26,239	263	7,722	3,026	39,636	70,494	5,927	62	13,673	
Foreign tax credit	23,801	1,314	246,441	78,775	2,298,591	8,495,722	136,140	7,825	170,954	
U.S. possessions tax credit	2	3,085	4,976	6,978	897,238	57,010	10,348	10,721	11,278	
Orphan drug credit	—	—	—	—	39	—	—	—	—	
Nonconventional source fuel credit	—	95	—	2	340	33,676	25	25	861	
Research activities credit	2,796	2,620	38,838	8,266	217,823	33,479	23,909	789	12,685	
General business credit	241,160	52,814	350,257	372,331	816,326	948,963	162,875	16,073	162,308	
Distributions to stockholders:										
Cash and property except in own stock	506,752	185,950	1,497,448	1,271,515	7,346,023	9,425,552	513,801	120,771	654,244	
Corporation's own stock	35,703	8,291	14,241	70,113	102,004	681,253	13,894	—	38,984	

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—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	4,450	42,498	26,931	19,793	3,315	4,130	7,720	20,512
Total assets	164,699,874	109,266,315	204,543,598	233,084,084	190,181,011	79,943,489	47,038,057	39,743,116
Cash	2,584,620	5,324,761	6,295,338	9,434,374	2,805,899	4,125,680	2,209,836	2,279,080
Notes and accounts receivable	37,238,374	23,098,255	56,389,003	62,034,664	94,618,109	14,145,009	11,218,173	9,520,573
Less: Allowance for bad debts	575,909	550,617	2,269,873	1,643,117	1,123,367	174,517	220,021	443,390
Inventories	18,182,079	19,947,864	37,192,275	39,224,675	15,133,351	20,734,662	8,854,866	7,908,488
Investments in Government obligations	1,295,641	998,889	4,767,166	2,551,071	10,201,281	163,201	699,848	147,867
Other current assets	6,633,352	5,472,322	11,866,634	16,638,564	4,053,273	3,492,526	3,158,754	1,946,161
Loans to stockholders	1,618,183	598,703	1,066,030	1,712,348	205,163	382,103	142,360	297,881
Mortgage and real estate loans	8,212,889	671,279	112,570	364,227	1,129,711	38,024	37,048	47,824
Other investments	31,025,790	20,733,308	34,350,555	29,631,275	22,498,662	11,483,812	5,130,303	6,060,084
Depreciable assets	82,439,213	51,234,884	87,296,422	91,226,637	69,385,223	35,380,577	23,534,515	14,706,322
Less: Accumulated depreciation	38,938,146	24,769,312	42,337,415	40,859,733	38,107,821	16,042,441	10,680,730	6,148,019
Depletable assets	5,294,354	308,807	571,778	1,771,087	*20,114	*8,276	*3,366	90,749
Less: Accumulated depletion	1,451,549	87,997	180,406	362,655	*7,462	*14,182	*4,213	*10,640
Land	2,167,922	1,387,176	1,530,297	1,768,966	974,470	668,619	704,080	473,193
Intangible assets (amortizable)	1,812,333	1,934,678	1,956,500	2,843,155	435,573	444,462	822,679	1,007,493
Less: Accumulated amortization	400,942	279,665	561,785	702,446	157,579	122,701	181,235	166,425
Other assets	7,561,669	3,242,980	6,518,511	17,450,993	8,116,410	5,153,381	1,603,429	2,025,875
Total liabilities	164,699,874	109,266,315	204,543,598	233,084,084	190,181,011	79,943,489	47,038,057	39,743,116
Accounts payable	13,985,027	12,519,091	20,930,073	31,001,366	23,454,503	11,350,672	5,027,668	4,177,970
Mortgages, notes, and bonds payable in less than one year	18,029,039	7,949,058	16,757,337	24,559,577	46,901,399	5,260,524	3,264,271	4,805,804
Other current liabilities	19,152,583	12,535,746	31,407,939	24,730,808	17,282,243	18,540,863	5,725,707	3,570,510
Loans from stockholders	3,258,323	1,455,345	4,911,988	3,368,563	1,023,664	304,122	621,624	775,320
Mortgages, notes, and bonds payable in one year or more	36,405,502	20,083,314	39,730,163	30,186,909	39,687,866	9,134,270	6,011,123	9,243,352
Other liabilities	21,513,721	8,260,752	10,082,871	31,131,865	10,707,685	8,619,566	2,305,961	2,123,744
Capital stock	11,551,458	5,479,620	14,582,727	13,476,844	5,388,998	5,126,425	3,093,591	3,147,137
Paid-in or capital surplus	19,350,617	14,528,721	24,571,600	25,890,641	11,157,815	6,617,214	6,320,856	5,359,698
Retained earnings, appropriated	513,144	389,910	290,151	696,998	1,206,244	84,970	287,380	126,970
Retained earnings, unappropriated	21,820,841	28,107,072	42,858,801	49,683,676	33,586,286	17,281,275	15,851,999	6,965,332
Less: Cost of treasury stock	881,381	2,042,313	1,580,053	1,643,164	215,692	2,376,414	1,492,124	552,721
Total receipts	154,358,270	142,735,105	200,980,313	243,717,236	204,689,202	105,591,940	57,103,337	51,994,910
Business receipts	144,733,490	137,262,308	170,678,945	224,665,625	193,449,225	99,417,190	53,254,137	49,740,250
Interest	3,643,037	1,607,404	4,636,266	5,257,263	5,803,087	1,541,648	701,089	724,600
Interest on Government obligations:								
State and local	2,247	37,991	304,357	38,479	94,331	37,506	21,359	3,817
Nonqualifying interest and dividends	10,547	81,873	28,466	32,025	9,546	10,966	10,966	26,637
Rents	521,443	760,572	13,304,879	2,656,182	1,861,773	678,026	504,459	179,414
Royalties	104,238	153,236	3,072,965	814,702	83,179	198,880	230,893	162,724
Net short-term capital gain reduced by net long-term capital loss	*2,993	7,114	47,436	25,390	30,686	658	23,998	47,542
Net long-term capital gain reduced by net short-term capital loss	1,084,555	364,842	551,367	2,488,115	114,588	132,534	151,797	116,596
Net gain, noncapital assets	653,728	270,868	338,615	506,344	373,196	130,142	46,865	165,076
Dividends received from domestic corporations	322,162	333,597	1,248,039	2,098,312	792,514	688,763	477,104	102,090
Dividends received from foreign corporations	260,262	506,480	1,659,438	787,722	967,424	174,746	343,297	73,433
Other receipts	3,019,566	1,388,821	5,109,540	4,347,077	1,113,297	2,582,301	1,337,375	652,731
Total deductions	154,703,871	137,806,201	192,832,409	234,446,119	194,557,172	102,629,234	54,146,653	50,721,214
Cost of sales and operations	111,101,199	96,012,975	106,422,683	145,463,523	138,438,669	74,252,936	30,165,954	32,097,851
Compensation of officers	780,787	3,548,857	2,507,960	2,381,688	480,449	644,451	738,414	1,121,888
Repairs	4,379,121	987,103	1,416,643	1,470,814	1,392,711	874,266	870,370	264,971
Bad debts	338,858	466,389	766,389	824,791	428,042	124,982	128,731	293,663
Rent paid on business property	1,526,347	1,406,956	2,721,620	3,015,306	1,984,612	1,142,757	713,852	614,373
Taxes paid	4,684,216	3,752,934	5,758,917	5,908,630	4,543,600	2,298,346	1,424,025	1,250,709
Interest paid	7,669,359	3,734,598	8,046,063	8,697,672	10,007,343	2,231,107	1,301,901	1,839,348
Contributions or gifts	24,941	87,282	228,932	177,498	157,587	83,651	82,785	37,870
Amortization	26,291	88,783	120,992	277,439	21,663	76,003	29,095	40,464
Depreciation	5,789,307	4,846,055	9,661,679	11,295,592	9,043,464	3,898,434	2,923,641	1,622,705
Depletion	576,667	30,803	36,430	49,886	12,443	25,749	*2,111	12,353
Advertising	434,254	1,125,116	1,764,973	3,340,732	1,642,916	370,600	1,470,647	1,186,394
Pension, profit-sharing, stock bonus, and annuity plans	1,711,062	1,026,562	1,900,658	2,557,252	4,819,720	1,412,482	671,969	259,015
Employee benefit programs	2,226,738	1,947,979	3,107,281	4,251,669	5,292,985	1,472,302	1,008,812	597,110
Net loss, noncapital assets	60,649	86,778	131,620	130,119	18,282	21,372	20,316	75,713
Other deductions	13,374,075	18,657,152	48,239,569	44,603,506	16,272,686	13,699,797	12,594,030	9,406,788
Total receipts less total deductions	-345,601	4,928,904	8,147,904	9,271,117	10,132,030	2,962,707	2,956,684	1,273,696
Constructive taxable income from related foreign corporations	134,217	407,284	2,103,130	617,754	971,028	849,913	484,417	69,471
Net income (less deficit)	-213,631	5,298,197	9,946,677	9,850,393	11,008,727	3,775,113	3,419,742	1,339,351
Income subject to tax	2,142,370	6,264,233	12,882,497	11,427,771	9,861,820	3,015,020	3,815,761	2,150,157
Income tax, total	950,831	2,669,809	5,829,117	4,979,750	4,565,200	1,366,371	1,732,464	929,521
Regular and alternative tax	929,653	2,644,431	5,729,331	4,835,438	4,506,268	1,353,662	1,712,147	916,685
Tax from recomputing prior-year investment credit	16,613	20,770	78,673	66,864	58,042	9,476	18,142	11,139
Additional tax for tax preferences	4,566	4,596	19,386	77,438	886	*1,617	2,172	1,666
Foreign tax credit	123,104	405,511	2,174,504	551,921	969,684	213,206	392,046	50,830
U.S. possessions tax credit	1,952	17,919	33,778	406,120	6,558	3,954	161,581	44,221
Orphan drug credit	—	—	—	—	—	—	—	—
Nonconventional source fuel credit	82	1	*43	*33	—	—	—	*1
Research activities credit	14,238	21,248	282,175	294,271	141,418	87,729	103,280	20,549
General business credit	156,804	298,937	646,441	875,070	1,075,476	277,841	210,739	83,017
Distributions to stockholders:								
Cash and property except in own stock	1,724,900	1,822,675	4,819,565	3,870,672	3,112,616	1,382,370	1,394,381	544,286
Corporation's own stock	104,035	69,501	103,985	67,751	7,391	*4,116	*1,855	*10,743

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—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	128,184	102,010	13,919	12,255	896,524	303,614	24,807	53,645	225,163
Total assets	1,084,873,718	235,846,877	290,729,632	558,297,210	899,032,645	455,542,392	31,416,830	68,843,384	355,282,178
Cash	21,703,981	10,550,207	4,365,837	6,787,936	52,263,643	25,881,955	2,066,962	3,965,394	19,849,599
Notes and accounts receivable	108,315,979	34,175,147	31,622,544	42,518,288	219,289,246	131,975,912	8,875,252	20,912,706	102,187,954
Less: Allowance for bad debts	1,889,627	549,173	784,112	556,342	4,635,447	2,924,801	198,459	470,185	2,256,157
Inventories	32,703,620	5,937,919	8,195,966	18,569,735	264,789,285	127,647,146	8,046,012	19,231,574	100,369,560
Investments in Government obligations	10,196,814	2,602,858	2,856,696	4,737,260	30,155,963	22,619,201	46,849	322,066	22,250,286
Other current assets	33,016,218	11,909,900	6,276,086	14,830,233	29,575,835	18,143,967	1,043,290	2,794,646	14,306,031
Loans to stockholders	2,228,693	968,335	1,140,552	619,806	7,603,045	3,271,936	341,905	640,071	2,289,960
Mortgage and real estate loans	5,303,367	1,901,107	102,861	3,299,399	8,202,874	3,221,962	143,255	236,056	2,842,651
Other investments	122,231,742	30,564,100	48,956,228	42,709,414	79,625,001	44,303,432	2,534,655	7,718,364	34,050,413
Depreciable assets	941,591,587	190,892,660	235,319,845	515,379,082	275,152,143	101,882,686	12,105,743	17,337,291	72,439,652
Less: Accumulated depreciation	259,539,431	66,894,822	63,089,297	129,555,312	122,977,296	48,004,602	5,487,793	8,167,759	34,349,051
Depletable assets	10,014,601	841,231	12,323	9,161,047	3,627,166	3,088,105	*65,294	134,011	2,888,800
Less: Accumulated depletion	3,425,205	344,484	*3,515	3,077,206	1,571,994	1,451,588	*10,941	42,447	1,398,201
Land	6,924,901	2,343,108	1,634,481	2,947,312	17,447,571	5,885,126	552,829	677,262	4,655,035
Intangible assets (amortizable)	11,059,474	3,826,338	5,405,778	2,006,358	9,491,985	3,357,275	440,382	380,782	2,536,111
Less: Accumulated amortization	2,682,058	1,319,079	507,713	855,266	3,054,854	951,939	130,739	141,579	679,621
Other assets	46,579,063	8,580,525	9,223,071	28,775,466	34,048,480	17,596,619	982,335	3,315,129	13,299,155
Total liabilities	1,084,873,718	235,846,877	290,729,632	558,297,210	899,032,645	455,542,392	31,416,830	68,843,384	355,282,178
Accounts payable	71,588,289	23,129,776	18,281,970	30,176,543	147,489,533	86,301,034	8,198,093	11,573,143	66,529,797
Mortgages, notes, and bonds payable in less than one year	47,047,814	14,826,225	7,928,222	24,293,367	168,626,232	98,886,977	3,151,227	11,325,698	84,410,052
Other current liabilities	76,514,082	20,842,949	16,718,689	38,952,444	96,245,539	44,433,170	2,283,960	5,477,133	36,672,077
Loans from stockholders	7,694,939	3,694,324	2,719,068	1,281,546	29,839,313	11,918,426	803,230	2,146,700	8,968,496
Mortgages, notes, and bonds payable in one year or more	325,998,783	59,319,006	71,703,021	194,976,756	137,593,385	53,777,964	5,705,964	8,717,443	39,354,557
Other liabilities	132,092,454	27,418,701	42,832,614	61,841,139	29,899,922	11,420,510	1,139,990	2,435,679	7,844,840
Capital stock	135,428,953	14,055,745	30,359,995	91,013,213	48,125,890	23,351,488	1,517,101	3,193,638	18,640,749
Paid-in or capital surplus	130,170,282	32,938,735	50,409,394	46,822,153	52,903,169	24,821,963	5,109,956	4,134,382	19,167,625
Retained earnings, appropriated	6,170,001	437,636	4,522,929	1,209,436	2,098,826	965,225	49,753	244,017	671,455
Retained earnings, unappropriated	155,737,249	41,166,911	46,051,918	68,518,420	198,922,339	105,686,099	7,681,894	20,800,489	77,203,716
Less: Cost of treasury stock	3,569,128	1,983,131	798,189	787,808	12,711,503	6,020,462	634,338	1,204,939	4,181,185
Total receipts	725,631,232	270,323,742	154,778,618	300,528,872	2,307,612,139	1,157,186,694	158,678,127	114,852,208	883,656,359
Business receipts	693,105,168	255,969,967	147,055,988	290,079,214	2,250,774,641	1,130,141,640	156,452,236	109,987,350	863,702,054
Interest	11,117,287	4,523,035	1,756,837	4,837,415	17,439,476	10,471,988	426,702	1,772,764	8,272,522
Interest on Government obligations:									
State and local	51,877	26,259	4,840	20,779	301,519	219,800	3,008	47,714	169,078
Nonqualifying interest and dividends	81,189	54,176	22,622	4,391	665,339	333,059	23,016	73,566	236,476
Rents	6,581,348	3,283,161	2,186,473	1,111,714	8,398,715	2,959,607	288,137	1,102,377	1,569,094
Royalties	351,960	187,084	75,129	89,748	737,061	210,287	29,604	45,750	134,933
Net short-term capital gain reduced by net long-term capital loss	-75,280	40,248	13,527	21,506	146,782	84,489	3,971	14,097	66,421
Net long-term capital gain reduced by net short-term capital loss	2,738,552	1,036,959	910,806	790,786	2,826,929	1,125,738	117,420	126,506	891,811
Net gain, noncapital assets	2,648,100	1,623,965	615,831	408,304	2,240,211	977,245	93,753	182,609	700,883
Dividends received from domestic corporations	785,116	228,055	275,804	281,257	1,243,298	756,730	32,331	102,413	621,987
Dividends received from foreign corporations	206,065	90,868	67,911	47,286	565,741	426,119	7,048	8,802	410,269
Other receipts	7,889,290	3,259,966	1,792,851	2,836,472	22,276,372	9,482,314	1,200,902	1,388,259	6,893,154
Total deductions	697,240,089	265,326,233	146,852,371	285,061,485	2,265,843,128	1,132,987,466	157,187,176	110,806,848	865,193,443
Cost of sales and operations	373,236,459	142,849,737	51,707,990	178,678,733	1,759,718,001	944,571,365	136,548,945	81,462,762	726,559,658
Compensation of officers	5,166,199	3,502,059	827,008	837,132	34,898,028	16,718,654	1,490,692	2,758,415	12,469,546
Repairs	27,090,303	4,136,535	13,317,203	8,856,565	8,204,698	2,794,500	466,035	361,066	1,965,400
Bad debts	3,181,677	556,164	1,885,921	939,592	4,999,937	2,786,443	209,108	466,423	2,110,912
Rent paid on business property	18,470,850	10,653,362	5,850,144	1,967,343	34,016,115	8,111,183	1,038,048	1,126,379	5,946,756
Taxes paid	30,796,051	8,599,525	7,454,462	14,742,064	32,561,862	12,223,064	1,177,631	1,503,910	9,441,524
Interest paid	40,178,514	7,973,476	8,384,221	23,820,817	33,204,502	16,651,943	981,538	2,473,419	13,196,986
Contributions or gifts	398,217	123,447	120,550	154,221	578,056	242,642	24,196	33,983	184,462
Amortization	697,882	194,257	321,439	182,186	847,859	265,925	23,690	27,912	214,323
Depreciation	59,648,238	15,922,567	21,805,378	21,920,293	31,228,497	12,037,745	1,309,332	2,368,580	8,359,833
Depletion	711,644	226,309	2,347	482,988	197,620	134,097	2,108	11,607	120,383
Advertising	3,928,795	1,626,008	2,029,472	273,314	25,518,715	6,486,804	612,732	675,640	5,198,433
Pension, profit-sharing, stock bonus, and annuity plans	8,131,943	2,570,243	3,316,613	2,245,088	6,098,333	2,954,361	364,798	445,491	2,144,071
Employee benefit programs	8,222,549	3,439,231	3,024,695	1,758,624	8,887,855	3,194,202	470,518	555,459	2,168,226
Net loss, noncapital assets	857,269	64,611	549,523	243,136	703,235	430,311	11,867	54,627	363,817
Other deductions	116,523,498	62,108,702	26,455,406	27,959,390	284,179,819	103,484,230	12,453,939	16,281,175	74,749,116
Total receipts less total deductions	28,391,143	4,997,509	7,926,247	15,467,387	41,769,011	24,199,228	1,490,952	4,245,360	18,462,917
Constructive taxable income from related foreign corporations	512,378	99,372	177,127	235,879	543,215	336,157	11,542	37,009	287,606
Net income (less deficit)	28,851,644	5,070,622	8,098,535	15,682,487	42,010,706	24,315,585	1,499,485	4,234,654	18,581,445
Income subject to tax	34,355,017	7,161,365	9,824,551	17,369,101	39,499,548	17,882,574	1,492,704	2,289,821	14,100,050
Income tax, total	15,579,597	2,993,013	4,649,856	7,936,728	15,082,817	7,093,649	588,920	871,394	5,633,335
Regular and alternative tax	15,267,294	2,946,397	4,490,941	7,829,956	14,855,447	7,003,495	581,749	849,131	5,572,615
Tax from recomputing prior-year investment credit	285,571	31,336	157,431	96,803	193,447	78,848	6,567	21,312	50,970
Additional tax for tax preferences	23,305	11,919	1,484	9,902	32,566	10,689	599	923	9,167
Foreign tax credit	349,260	56,251	98,653	194,357	445,890	300,712	*5,764	12,595	282,353
U.S. possessions tax credit	43,467	194	43,273	—	42,506	40,765	7,669	36	33,060
Orphan drug credit	—	—	—	—	—	—	—	—	—
Nonconventional source fuel credit	17,056	269	—	16,786	1,202	*913	462	*33	*418
Research activities credit	78,387	3,485	52,345	22,557	36,059	25,601	277	3,899	21,425
General business credit	6,558,579	1,269,389	1,794,029	3,495,162	2,142,183	725,515	90,793	168,720	466,001
Distributions to stockholders:									
Cash and property except in own stock	27,505,378	2,756,078	8,828,407	15,920,893	13,057,047	8,222,889	240,425	1,672,019	6,310,445
Corporation's own stock	518,090	98,541	125,783	293,766	491,969	260,275	7,808	51,789	200,677

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—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	588,138	42,283	9,144	50,594	85,514	44,281	32,735	124,033	199,552	4,772
Total assets	441,891,223	27,175,216	129,538,590	50,341,942	73,012,399	24,422,454	16,958,876	44,874,385	75,567,361	1,599,030
Cash	26,191,825	1,994,338	2,704,916	3,843,843	4,633,793	1,959,111	1,485,057	3,274,768	6,305,998	189,863
Notes and accounts receivable	86,923,172	5,969,931	43,631,972	4,138,413	10,387,804	3,734,792	4,262,138	2,804,022	11,994,101	390,162
Less: Allowance for bad debts	1,701,515	208,196	469,928	49,329	253,489	96,423	178,356	43,051	402,744	9,130
Inventories	136,693,899	10,620,244	29,132,157	13,756,194	36,930,915	9,218,377	7,057,557	2,214,626	27,763,828	448,239
Investments in Government obligations	7,508,403	71,817	6,383,447	390,085	132,856	83,797	72,268	68,627	305,507	*28,360
Other current assets	11,382,033	836,492	2,184,370	1,629,181	2,087,538	749,719	476,767	1,575,851	1,842,117	49,834
Loans to stockholders	4,313,532	225,495	356,326	313,099	863,604	295,983	187,836	928,554	1,142,635	17,577
Mortgage and real estate loans	4,975,619	169,791	3,782,714	140,795	229,429	59,754	45,786	252,502	294,849	*5,292
Other investments	35,201,443	1,246,032	14,298,475	4,003,834	2,025,307	2,135,451	708,028	5,534,118	5,250,198	120,127
Depreciable assets	172,739,318	9,404,157	34,081,342	32,248,251	23,266,540	7,786,300	4,039,683	33,552,924	28,360,121	530,139
Less: Accumulated depreciation	74,719,705	4,807,254	12,429,406	14,540,313	10,954,457	3,494,780	1,956,554	13,379,166	13,157,776	252,989
Depletable assets	539,061	53,436	53,436	233,219	88,701	*1,064	*2,129	94,939	58,204	—
Less: Accumulated depletion	120,407	*14,746	*1,538	*11,647	34,915	*291	*1,842	30,964	24,464	—
Land	11,514,245	979,129	1,879,388	1,883,188	1,890,992	266,048	282,426	2,999,582	1,333,492	48,201
Intangible assets (amortizable)	6,127,557	94,774	693,283	744,031	289,497	308,987	91,015	1,652,162	2,253,809	*7,154
Less: Accumulated amortization	2,101,719	37,185	106,852	249,066	102,168	89,436	29,185	564,141	923,685	*1,196
Other assets	16,424,463	586,961	3,410,554	1,868,163	1,530,454	1,504,001	414,125	3,939,034	3,171,171	27,398
Total liabilities	441,891,223	27,175,216	129,538,590	50,341,942	73,012,399	24,422,454	16,958,876	44,874,385	75,567,361	1,599,030
Accounts payable	60,863,033	4,282,009	11,771,638	11,168,327	7,227,088	4,196,008	2,911,135	4,337,496	14,969,331	325,466
Mortgages, notes, and bonds payable in less than one year	69,476,392	3,653,511	19,640,793	2,169,475	29,520,364	1,645,585	2,029,426	3,179,755	7,637,484	262,863
Other current liabilities	51,738,565	1,842,947	25,369,394	4,648,890	5,248,699	2,123,304	1,677,719	4,055,728	6,771,894	73,805
Loans from stockholders	17,836,335	1,246,016	768,499	1,390,731	2,939,284	1,020,242	932,266	4,292,273	5,247,044	84,552
Mortgages, notes, and bonds payable in one year or more	83,531,158	4,581,648	24,041,043	11,120,132	9,851,443	4,420,117	2,298,438	13,989,030	13,229,307	284,264
Other liabilities	18,413,573	884,749	7,480,343	2,207,261	1,541,790	688,422	810,042	2,422,310	2,378,656	65,839
Capital stock	24,661,956	1,929,126	3,831,758	2,796,249	4,284,883	1,987,439	1,122,838	3,075,472	5,634,192	112,446
Paid-in or capital surplus	28,015,551	1,552,652	7,762,251	3,866,029	1,795,416	1,714,164	568,532	4,907,380	5,849,126	65,656
Retained earnings, appropriated	1,129,156	71,986	209,270	63,280	175,872	27,231	274,833	86,555	200,129	*4,446
Retained earnings, unappropriated	92,880,147	7,740,041	29,384,732	11,663,779	11,703,160	6,918,302	4,818,052	5,585,176	15,066,885	356,093
Less: Cost of treasury stock	6,654,640	609,469	721,130	772,202	1,275,598	318,359	484,407	1,056,790	1,416,686	36,401
Total receipts	1,146,067,504	67,012,895	166,798,802	231,671,006	320,533,284	49,163,018	36,705,936	89,899,122	184,283,440	4,357,941
Business receipts	1,116,384,724	65,512,733	158,950,572	228,353,145	314,432,514	47,910,390	35,684,767	85,494,948	180,045,655	4,248,277
Interest	6,949,714	393,536	2,995,769	479,867	1,180,817	356,514	271,317	476,368	795,527	17,774
Interest on Government obligations:										
State and local	81,154	5,696	9,199	19,740	5,747	8,465	6,323	11,754	14,231	*565
Nonqualifying interest and dividends	331,962	29,820	9,608	18,203	130,234	15,655	27,998	41,495	58,948	*318
Rents	5,408,629	292,776	1,184,527	504,046	1,120,677	172,654	139,446	1,145,744	848,760	30,479
Royalties	526,221	6,342	6,493	14,625	16,181	47,560	*1,417	325,146	108,458	*554
Net short-term capital gain reduced by net long-term capital loss	60,212	1,270	*368	27,011	4,079	*973	*318	16,869	9,323	*2,081
Net long-term capital gain reduced by net short-term capital loss	1,686,444	59,602	320,106	173,584	230,383	65,178	30,260	394,171	413,160	*14,747
Net gain, noncapital assets	1,260,539	64,841	193,919	123,242	326,622	48,009	49,065	273,821	181,020	2,427
Dividends received from domestic corporations	477,974	13,955	214,517	76,969	25,007	66,123	16,552	25,866	38,984	8,594
Dividends received from foreign corporations	139,622	*599	50,083	58,957	*4,233	*2,768	—	*4,617	18,365	—
Other receipts	12,761,931	631,727	2,863,640	1,821,616	3,058,414	468,729	478,474	1,688,323	1,751,009	32,127
Total deductions	1,128,587,722	65,852,562	162,473,575	229,135,685	317,544,024	48,033,271	35,657,438	88,766,633	181,124,533	4,267,940
Cost of sales and operations	812,137,100	48,686,225	103,197,504	177,170,189	269,881,845	28,433,012	22,637,307	38,441,834	123,689,184	3,009,536
Compensation of officers	18,054,449	1,610,324	636,076	1,563,625	4,148,816	1,207,622	2,755,101	4,888,811	124,925	124,925
Repairs	5,393,898	315,368	808,174	1,186,560	727,376	185,830	138,019	1,240,300	792,272	16,299
Bad debts	2,201,664	277,897	544,040	126,521	387,601	111,917	173,097	103,095	477,497	11,831
Rent paid on business property	25,842,236	945,026	4,552,454	3,511,375	2,673,769	2,773,532	1,206,248	4,890,230	5,289,603	62,696
Taxes paid	20,330,588	1,213,263	3,714,250	3,068,854	3,322,594	1,152,374	778,649	3,554,846	3,525,759	108,210
Interest paid	16,489,605	1,083,853	5,342,470	1,351,586	3,225,207	754,990	491,060	1,942,005	2,298,433	62,954
Contributions or gifts	334,283	22,627	89,174	53,851	42,501	15,894	24,442	54,466	1,131	—
Amortization	581,018	13,062	89,943	71,492	38,897	71,971	11,915	162,310	121,428	916
Depreciation	19,122,721	911,437	3,550,530	3,363,400	3,390,644	826,923	474,457	3,496,738	3,108,593	68,031
Depletion	63,523	3,902	1,738	3,675	7,301	*1,407	*4,545	10,343	30,612	—
Advertising	18,994,079	882,860	4,454,004	2,435,331	2,874,607	1,308,496	1,496,576	2,290,672	3,251,534	37,832
Pension, profit-sharing, stock bonus, and annuity plans	3,130,944	214,152	897,078	596,595	352,610	151,219	114,729	240,271	564,290	13,029
Employee benefit programs	5,678,941	287,914	752,609	1,903,221	1,014,874	251,063	136,038	471,692	861,530	14,712
Net loss, noncapital assets	272,911	17,343	7,416	44,295	32,322	21,767	11,632	63,488	74,649	*13
Other deductions	179,959,765	9,367,309	33,836,117	32,685,118	25,423,804	10,712,627	6,759,650	29,079,266	32,095,873	735,824
Total receipts less total deductions	17,479,782	1,160,334	4,325,227	2,535,320	2,989,260	1,129,747	1,048,498	1,132,489	3,158,908	90,001
Constructive taxable income from related foreign corporations	207,058	—	82,927	78,788	83	*1,607	486	13,225	19,943	—
Net income (less deficit)	17,605,685	1,154,638	4,408,955	2,594,367	2,983,596	1,122,889	1,042,661	1,133,959	3,164,620	89,437
Income subject to tax	21,536,588	1,514,182	4,354,113	3,545,152	2,986,785	1,599,159	1,112,490	2,292,026	4,132,679	80,386
Income tax, total	7,963,663	537,394	1,951,128	1,126,192	1,037,098	613,083	396,062	857,854	1,444,852	25,504
Regular and alternative tax	7,827,066	534,252	1,918,532	1,108,852	1,011,305	608,488	394,076	828,236	1,423,326	24,887
Tax from recomputing prior-year investment credit	113,981	2,781	21,854	16,498	23,085	4,433	1,626	25,169	18,536	617
Additional tax for tax preferences	21,878	323	10,742	843	2,343	*162	*52	4,450	2,963	—
Foreign tax credit	145,177	*199	47,413	60,368	89	*2,117	376	16,456	18,159	—
U.S. possessions tax credit	*1,691	*61	—	1,005	—	217	—	408	(?)	50
Orphan drug credit	—	—	—	—	—	—	—	—	—	—
Nonconventional source fuel credit	*289	*7	—	—	25	—	—	—	257	—
Research activities credit	10,349	*279	*3,049	2,827	*312	*313	*449	435	2,685	*109
General business credit	1,412,317	53,523	353,367	271,103	184,553	58,249	27,432	225,471	238,619	4,351
Distributions to stockholders:										
Cash and property except in own stock	4,826,866	130,036	2,045,287	681,893	286,917	496,914	313,617	313,404	558,798	7,292
Corporation's own stock	228,229	*13,811	*36,985	55,731	21,261	*17,135	*24,600	*19,065	39,642	*3,465

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—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	497,366	13,112	26,044	14,600	9,239	59,664	329,521	45,187
Total assets	5,938,984,929	2,904,072,451	1,175,636,906	204,890,251	914,918,962	29,333,559	217,820,331	492,312,469
Cash	397,539,172	304,087,594	43,993,554	4,146,626	9,968,430	4,811,485	13,375,158	17,156,325
Notes and accounts receivable	1,927,604,622	1,603,011,848	135,293,621	79,732,892	35,855,090	8,102,018	20,568,927	45,040,224
Less: Allowance for bad debts	32,626,720	19,712,515	11,625,658	155,401	272,876	115,006	528,850	216,414
Inventories	14,634,205	203,981	1,589,224	854,129	1,579,918	33,139	5,978,758	4,395,057
Investments in Government obligations	650,949,657	358,718,310	69,699,772	18,794,627	131,920,419	1,073,046	1,792,624	68,950,859
Other current assets	295,245,335	96,729,912	26,880,378	41,942,704	81,684,760	2,128,807	12,762,528	33,116,244
Loans to stockholders	16,859,059	7,522,549	2,476,411	284,838	869,643	458,984	3,676,537	1,570,096
Mortgage and real estate loans	1,089,494,583	191,947,714	733,800,320	490,447	135,879,292	877,475	15,305,864	11,193,472
Other investments	1,123,217,044	197,604,562	113,599,117	51,015,762	428,828,422	6,697,725	39,113,971	286,356,485
Depreciable assets	214,286,389	57,243,595	20,814,787	3,705,044	20,063,851	4,135,850	89,671,887	18,651,374
Less: Accumulated depreciation	63,419,737	17,764,815	6,072,253	1,270,607	2,724,674	1,988,193	28,290,300	5,308,896
Depletable assets	2,534,399	191,060	86,751	27,182	*195,185	*4,386	678,998	1,350,837
Less: Accumulated depletion	648,639	20,277	20,135	*6,172	*65,044	—	162,210	373,860
Land	43,096,959	4,651,126	3,534,050	106,342	1,390,502	139,735	30,231,457	3,043,748
Intangible assets (amortizable)	14,835,055	4,059,914	4,794,728	492,408	1,188,768	1,251,543	1,818,871	1,248,823
Less: Accumulated amortization	2,376,718	595,113	361,331	149,393	243,137	317,235	452,927	257,583
Other assets	247,760,265	116,213,005	37,153,571	4,877,824	68,800,412	2,040,739	12,279,037	6,395,678
Total liabilities	5,938,984,929	2,904,072,451	1,175,636,906	204,890,251	914,918,962	29,333,559	217,820,331	492,312,469
Accounts payable	192,141,474	44,586,343	25,305,948	75,489,112	19,236,086	9,475,123	7,323,995	10,724,867
Mortgages, notes, and bonds payable in less than one year	359,403,790	151,767,445	131,978,475	16,618,846	19,243,065	1,659,998	28,947,407	9,188,555
Other current liabilities	3,288,836,956	2,270,882,642	746,772,908	84,203,492	146,965,667	5,604,580	11,083,246	23,324,420
Loans from stockholders	42,932,561	17,392,220	4,089,852	735,674	2,995,469	453,801	13,278,718	3,986,826
Mortgages, notes, and bonds payable in one year or more	412,524,245	111,111,509	154,871,821	6,967,306	17,132,145	2,736,399	91,241,707	28,463,358
Other liabilities	741,487,586	82,507,050	54,919,221	6,593,025	566,998,298	2,401,867	18,072,769	9,995,357
Capital stock	481,569,057	41,688,768	10,674,380	1,791,606	11,174,306	1,274,342	16,320,468	398,645,187
Paid-in or capital surplus	426,408,832	77,247,593	28,423,510	5,945,364	30,612,005	2,504,077	26,129,251	255,547,033
Retained earnings, appropriated	34,970,721	4,928,498	5,225,757	132,216	20,937,336	136,266	666,833	2,943,815
Retained earnings, unappropriated	220,931,934	103,601,078	14,108,353	6,755,051	81,007,588	3,900,546	7,141,444	4,417,874
Less: Cost of treasury stock	262,222,227	1,640,695	733,317	341,440	1,383,003	813,441	2,385,508	254,924,822
Total receipts	1,033,146,416	352,368,741	140,396,679	33,721,119	323,391,652	25,026,611	80,434,982	77,806,632
Business receipts	431,157,290	40,725,410	28,848,232	17,735,070	236,557,765	22,829,078	51,904,217	32,557,517
Interest	481,026,825	280,650,134	103,538,593	9,741,424	52,925,427	1,022,374	5,305,419	27,843,454
Interest on Government obligations:								
State and local	15,332,495	8,431,373	436,815	125,299	4,296,235	18,166	86,511	1,938,096
Nonqualifying interest and dividends	685,007	*27	40,492	78,134	*5,812	61,290	388,331	110,921
Rents	23,838,479	5,986,597	1,259,816	559,264	4,882,277	197,809	9,509,910	1,442,806
Royalties	-808,622	-28,709	32,386	20,331	-55,129	*4,243	354,915	312,908
Net short-term capital gain reduced by net long-term capital loss	2,157,300	240,886	158,053	295,135	398,071	13,331	174,618	877,206
Net long-term capital gain reduced by net short-term capital loss	15,135,998	2,539,180	797,026	246,747	3,287,200	93,755	3,249,921	4,922,169
Net gain, noncapital assets	10,998,290	1,269,389	968,375	3,308,455	557,909	56,123	4,616,684	2,21,354
Dividends received from domestic corporations	7,710,974	592,603	258,541	300,978	3,639,129	49,965	290,506	285,551
Dividends received from foreign corporations	951,307	394,963	72,387	33,014	92,285	14,129	8,670	335,859
Other receipts	43,371,535	11,509,469	3,985,962	1,277,267	16,694,412	672,350	4,572,984	4,659,091
Total deductions	985,687,308	340,033,179	145,825,560	33,426,887	317,375,212	24,632,575	79,486,984	44,906,911
Cost of sales and operations	213,655,427	13,510,273	4,672,391	3,449,491	145,072,042	4,781,277	19,210,966	22,958,988
Compensation of officers	22,217,924	8,120,767	1,765,187	2,337,964	1,591,099	3,021,476	4,527,464	853,866
Repairs	4,152,772	1,548,780	436,766	82,703	169,058	114,357	1,602,758	198,349
Bad debts	15,720,296	11,941,479	2,407,066	73,253	406,672	225,817	379,855	286,153
Rent paid on business property	13,713,737	5,219,447	1,495,668	1,109,901	2,052,942	856,476	2,386,517	592,786
Taxes paid	18,893,125	4,897,124	1,541,262	652,231	5,764,856	786,492	4,268,595	982,565
Interest paid	347,164,947	218,884,150	96,154,835	9,093,868	5,592,229	695,128	11,994,255	4,750,483
Contributions or gifts	480,079	230,060	35,538	23,150	52,247	18,182	80,194	40,709
Amortization	903,851	245,805	94,347	62,164	140,592	83,340	164,142	113,462
Depreciation	22,245,942	8,702,945	2,129,924	1,198,617	3,348,204	737,310	4,781,847	1,347,095
Depletion	227,604	22,172	4,450	2,974	36,496	*2,204	48,013	111,295
Advertising	6,368,065	1,883,594	1,363,501	337,389	1,115,010	222,718	1,115,890	329,964
Pension, profit-sharing, stock bonus, and annuity plans	4,565,610	1,660,050	348,463	327,260	1,220,964	347,187	483,497	178,188
Employee benefit programs	5,947,521	2,583,184	689,336	267,929	1,312,707	361,134	365,666	367,565
Net loss, noncapital assets	5,452,440	1,700,981	3,077,798	113,093	21,039	20,674	358,554	160,300
Other deductions	303,978,071	58,882,369	29,609,028	14,294,900	149,479,056	12,358,806	27,718,772	11,635,140
Total receipts less total deductions	47,459,108	12,335,562	-5,428,881	294,232	6,016,440	394,036	947,998	32,899,721
Constructive taxable income from related foreign corporations	550,433	239,421	127,982	*10,745	64,331	*8,505	*5,950	93,499
Net income (less deficit)	32,677,046	4,143,609	-5,737,714	179,677	1,784,537	384,374	867,437	31,055,125
Income subject to tax	25,257,154	9,233,381	1,697,322	1,083,592	5,126,898	805,057	5,170,467	2,140,436
Income tax, total	9,619,055	3,895,825	671,412	439,276	2,003,564	253,402	1,579,906	775,671
Regular and alternative tax	9,410,300	3,808,058	651,430	434,773	1,966,608	250,260	1,543,744	755,428
Tax from recomputing prior-year investment credit	93,558	27,753	6,462	1,554	29,891	2,186	20,949	4,763
Additional tax for tax preferences	102,301	54,963	12,742	2,948	5,857	*930	11,737	13,124
Foreign tax credit	1,595,220	1,307,152	53,297	10,177	131,503	8,091	6,458	78,543
U.S. possessions tax credit	5,934	—	3,807	1,686	—	—	*442	—
Orphan drug credit	*66	—	—	—	—	—	*66	—
Nonconventional source fuel credit	*844	—	—	—	—	—	(?)	*844
Research activities credit	23,624	7,370	74	2,416	10,004	*279	*433	3,047
General business credit	1,262,908	735,060	74,441	56,947	224,743	30,172	95,689	45,856
Distributions to stockholders:								
Cash and property except in own stock	51,315,346	6,246,007	1,737,342	496,979	4,791,886	566,928	3,433,019	34,043,183
Corporation's own stock	3,082,973	928,700	383,593	85,778	155,635	*12,324	27,629	1,489,314

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—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	899,370	20,791	61,951	272,277	87,393	67,812	389,146	31,418
Total assets	307,895,160	31,881,282	11,345,159	110,373,705	24,487,206	45,550,284	84,257,524	3,274,753
Cash	30,312,297	1,972,466	1,336,404	10,518,615	2,062,203	3,001,825	11,420,783	312,795
Notes and accounts receivable	52,174,921	2,297,676	1,706,392	26,814,001	3,343,984	5,351,169	12,661,699	631,390
Less: Allowance for bad debts	2,269,335	159,291	62,178	571,564	125,962	295,146	1,055,193	12,678
Inventories	13,839,981	548,253	815,686	4,527,147	2,449,673	3,734,230	1,764,993	419,488
Investments in Government obligations	2,542,354	336,148	94,510	1,163,971	41,299	150,173	756,253	*39,308
Other current assets	21,597,254	942,142	501,440	8,133,059	1,275,622	5,602,863	5,142,130	156,499
Loans to stockholders	7,123,162	315,928	293,806	2,174,366	329,155	537,728	3,472,179	80,689
Mortgage and real estate loans	2,752,647	695,166	63,583	991,632	95,611	313,855	592,800	192,918
Other investments	39,412,364	4,745,311	907,787	17,327,765	844,187	6,988,339	8,598,975	422,061
Depreciable assets	184,024,984	22,565,197	8,719,062	54,755,399	21,190,626	25,762,185	51,032,515	1,152,970
Less: Accumulated depreciation	78,062,139	7,559,880	4,599,356	25,324,247	8,947,424	11,506,031	20,125,201	507,775
Depletable assets	951,690	342,329	*60,284	422,863	*19,261	*11,095	95,858	*8,132
Less: Accumulated depletion	223,439	*39,378	*4,444	155,832	*4,793	*428	18,564	*1,223
Land	10,427,479	2,857,031	419,476	1,891,176	679,859	2,012,550	2,567,386	165,136
Intangible assets (amortizable)	9,078,934	378,169	364,095	2,858,039	561,889	2,642,137	2,274,605	29,019
Less: Accumulated amortization	3,394,105	101,158	102,785	908,330	113,358	1,587,021	581,454	6,344
Other assets	17,606,110	1,745,173	831,397	5,755,645	785,374	2,830,763	5,657,759	192,368
Total liabilities	307,895,160	31,881,282	11,345,159	110,373,705	24,487,206	45,550,284	84,257,524	3,274,753
Accounts payable	27,191,665	1,237,633	799,063	13,693,442	2,115,009	4,324,751	5,021,768	578,280
Mortgages, notes, and bonds payable in less than one year	38,026,998	2,302,626	1,031,208	16,631,032	4,939,823	6,185,568	6,936,741	411,305
Other current liabilities	32,125,104	1,744,206	1,040,698	11,974,155	1,629,284	4,766,454	10,970,307	175,330
Loans from stockholders	15,553,509	1,563,733	748,154	4,383,253	983,867	3,050,277	4,824,224	464,811
Mortgages, notes, and bonds payable in one year or more	89,196,573	14,922,184	2,508,214	27,446,545	7,463,840	12,226,034	24,629,757	865,001
Other liabilities	21,027,539	2,299,895	711,990	6,405,880	1,111,613	4,747,503	5,750,658	373,924
Capital stock	18,474,532	2,161,884	958,952	6,527,628	1,220,798	3,074,361	4,530,909	406,474
Paid-in or capital surplus	33,725,791	3,435,315	752,207	12,702,016	1,381,244	6,024,860	9,430,148	224,170
Retained earnings, appropriated	628,695	45,154	103,927	175,997	67,762	51,250	184,606	28,668
Retained earnings, unappropriated	38,138,690	3,094,924	3,316,126	12,188,598	4,036,424	1,857,231	13,645,387	-211,209
Less: Cost of treasury stock	6,193,936	926,271	625,380	1,754,840	462,457	758,005	1,666,982	42,002
Total receipts	490,332,811	29,140,856	20,714,973	172,765,594	40,121,033	44,149,611	183,440,744	7,023,587
Business receipts	458,038,533	26,367,672	19,911,242	160,924,212	37,058,869	38,949,330	174,827,208	6,558,177
Interest	5,768,293	447,273	165,200	2,821,108	232,977	566,465	1,535,270	46,916
Interest on Government obligations:								
State and local	97,431	11,488	4,610	30,012	5,170	10,599	35,553	*594
Nonqualifying interest and dividends	411,867	56,765	14,798	139,972	21,510	72,379	106,443	22,254
Rents	7,453,668	762,783	178,884	3,287,537	1,531,357	804,667	888,440	23,279
Royalties	1,682,200	238,572	39,573	518,140	33,777	755,882	96,256	*988
Net short-term capital gain reduced by net long-term capital loss	129,750	14,183	2,736	44,210	11,662	20,264	36,696	*3,233
Net long-term capital gain reduced by net short-term capital loss	1,485,296	278,215	64,382	438,027	73,294	316,646	314,733	81,669
Net gain, noncapital assets	1,919,797	223,621	61,638	638,111	526,450	148,876	321,102	13,002
Dividends received from domestic corporations	591,429	45,133	35,143	212,330	9,592	146,501	142,730	*11,053
Dividends received from foreign corporations	216,418	*885	*20,949	74,010	4,616	100,789	15,168	*1,411
Other receipts	12,541,730	694,266	215,816	3,641,528	611,760	2,257,213	5,121,146	261,011
Total deductions	484,990,160	28,950,548	20,086,128	170,831,948	39,592,129	45,454,165	180,075,242	7,097,217
Cost of sales and operations	170,889,613	13,199,319	7,794,224	76,121,277	19,285,826	16,234,350	38,254,616	4,431,082
Compensation of officers	54,663,500	439,529	1,327,751	11,270,877	2,263,117	2,352,118	37,052,108	260,550
Repairs	4,109,980	542,228	263,007	1,203,037	384,442	583,886	1,133,380	33,369
Bad debts	1,961,959	87,146	86,036	816,534	152,476	175,331	644,435	16,986
Rent paid on business property	19,148,028	1,137,750	921,723	5,704,411	1,469,758	1,758,164	8,156,221	115,462
Taxes paid	16,653,767	1,238,767	874,444	5,337,651	1,292,930	1,570,381	6,339,594	180,426
Interest paid	14,068,343	1,821,822	387,680	5,121,399	1,430,724	1,848,886	3,457,832	143,502
Contributions or gifts	222,495	13,868	13,269	65,445	10,719	20,074	99,121	1,041
Amortization	786,119	38,943	31,425	267,106	26,308	205,951	216,387	3,776
Depreciation	24,026,576	1,673,761	1,011,150	8,262,563	3,733,072	3,294,428	6,051,602	152,995
Depletion	52,348	7,496	1,435	16,833	*538	1,528	24,519	*915
Advertising	5,744,996	598,556	394,127	1,949,637	471,746	1,331,459	999,470	70,440
Pension, profit-sharing, stock bonus, and annuity plans	8,596,441	56,547	153,020	1,729,081	146,455	328,261	6,183,078	21,476
Employee benefit programs	5,218,410	245,966	166,734	1,625,921	252,524	338,251	2,589,015	41,628
Net loss, noncapital assets	730,742	28,303	12,929	230,548	42,927	359,577	56,458	47,868
Other deductions	158,116,844	7,820,545	6,647,174	51,109,629	8,581,569	15,140,520	68,817,406	1,575,701
Total receipts less total deductions	5,342,650	190,308	628,844	1,933,646	528,904	-1,304,554	3,365,502	-73,630
Constructive taxable income from related foreign corporations	218,910	5,886	*19,409	85,606	3,843	75,621	28,545	—
Net income (less deficit)	5,464,130	184,706	643,643	1,989,241	527,578	-1,239,532	3,358,494	-74,224
Income subject to tax	13,475,735	748,338	810,534	5,095,216	919,017	1,110,916	4,791,715	98,483
Income tax, total	4,458,267	284,025	255,389	1,843,139	270,709	412,460	1,392,544	27,970
Regular and alternative tax	4,318,861	273,638	251,362	1,772,253	261,975	404,712	1,354,921	27,110
Tax from recomputing prior-year investment credit	116,972	7,234	3,413	65,502	8,585	5,874	26,365	*738
Additional tax for tax preferences	17,964	1,935	425	2,594	*149	1,733	11,129	*43
Foreign tax credit	203,025	*5,528	21,741	93,191	*4,828	56,762	20,973	—
U.S. possessions tax credit	7,126	724	—	1,064	—	9	*5,328	222
Orphan drug credit	—	—	—	—	—	—	—	—
Nonconventional source fuel credit	—	—	—	—	—	—	—	—
Research activities credit	48,202	*60	*352	40,559	*1,374	*280	5,577	*291
General business credit	1,024,736	62,257	51,062	437,600	96,619	76,078	301,122	3,866
Distributions to stockholders:								
Cash and property except in own stock	3,126,700	347,004	109,499	1,093,400	348,035	434,765	793,996	23,176
Corporation's own stock	116,099	5,564	6,484	47,657	*6,516	1,775	48,103	—

* 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: Net long-term capital gain reduced by net short-term capital loss includes amounts from Forms 1120S, which are not included in computed total receipts nor net income for Tax Year 1984. Therefore, the components of total receipts do not equal the computed total receipts. Also, detail may not add to total because of rounding and the deletion of data. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	1,777,770	50,037	18,177	53	1,452	13,856	2,815
Total assets	8,178,694,190	29,006,251	133,942,196	4,905,416	11,391,718	109,549,640	8,095,422
Cash	470,609,547	2,410,488	5,039,456	140,799	543,962	3,734,508	620,187
Notes and accounts receivable	2,280,041,676	2,927,609	14,582,238	427,942	2,305,649	10,694,431	1,154,216
Less: Allowance for bad debts	36,752,867	35,409	213,033	6,663	61,887	123,259	21,223
Inventories	502,956,093	3,086,249	4,199,354	388,177	444,775	2,710,301	656,101
Investments in Government obligations	543,106,580	209,263	1,017,347	85,258	126,634	771,809	33,647
Other current assets	385,134,124	1,060,479	16,198,466	358,351	317,266	15,278,810	244,041
Loans to stockholders	36,952,292	842,739	1,952,151	1,483	374,755	1,529,024	46,889
Mortgage and real estate loans	513,121,055	369,769	192,325	5,771	1,193	129,819	55,543
Other investments	1,551,936,180	2,553,164	49,144,691	1,324,847	2,452,052	45,003,142	364,650
Depreciable assets	2,212,825,642	18,146,524	49,093,092	3,447,396	6,238,885	31,231,538	8,175,272
Less: Accumulated depreciation	852,667,970	10,419,938	22,279,694	1,886,580	2,997,140	13,273,523	4,122,451
Depletable assets	83,536,361	274,431	10,602,480	293,075	1,049,264	8,921,009	339,133
Less: Accumulated depletion	25,933,451	54,400	3,750,022	115,132	191,626	3,361,219	82,045
Land	78,724,621	6,308,368	1,475,349	29,284	290,662	811,351	344,052
Intangible assets (amortizable)	85,846,695	142,034	3,118,965	69,484	172,057	2,872,019	5,405
Less: Accumulated amortization	30,120,483	62,563	962,366	15,377	41,229	903,979	1,781
Other assets	379,378,097	1,247,444	4,531,394	357,301	366,446	3,523,860	283,786
Total liabilities	8,178,694,190	29,006,251	133,942,196	4,905,416	11,391,718	109,549,640	8,095,422
Accounts payable	530,025,997	1,559,491	8,352,584	393,845	433,407	6,800,095	725,237
Mortgages, notes, and bonds payable in less than one year	586,860,266	4,287,966	5,031,186	181,565	1,539,385	2,973,742	336,494
Other current liabilities	2,592,901,193	1,099,362	6,217,489	351,669	782,442	4,700,296	383,083
Loans from stockholders	77,473,293	1,429,304	1,999,042	17,485	121,363	1,821,324	38,870
Mortgages, notes, and bonds payable in one year or more	940,446,320	6,618,317	30,994,210	1,093,535	1,741,606	26,320,162	1,838,907
Other liabilities	974,643,738	1,258,913	10,322,173	378,980	1,121,295	7,989,988	831,911
Capital stock	609,404,967	4,362,876	5,404,212	370,068	224,694	4,371,776	437,675
Paid-in or capital surplus	817,834,030	2,210,951	36,633,677	1,153,071	2,257,934	32,812,540	410,131
Retained earnings, appropriated	36,966,048	168,904	474,084	95,813	22,149	299,015	57,107
Retained earnings, unappropriated	1,229,717,892	6,431,500	29,643,641	925,883	3,204,271	22,257,182	3,256,305
Less: Cost of treasury stock	217,579,551	421,333	1,130,103	56,500	56,829	796,477	220,297
Total receipts	6,081,937,505	47,102,507	87,092,506	3,283,071	9,818,085	65,943,645	8,047,705
*Business receipts	5,414,857,020	43,944,675	78,246,422	2,656,570	9,127,344	58,914,682	7,547,825
Interest	398,043,716	444,305	1,895,990	120,162	249,006	1,437,108	89,714
Interest on Government obligations:							
State and local	11,820,622	9,867	17,219	—	*3,005	13,466	748
Nonqualifying interest and dividends	2,135,378	71,992	77,616	—	27,069	43,940	6,608
Rents	58,491,638	226,203	302,587	11,307	88,376	153,582	49,323
Royalties	12,651,341	144,475	1,032,575	10,055	24,644	976,669	21,207
Net short-term capital gain reduced by net long-term capital loss	2,615,769	15,586	77,775	44,783	*224	32,355	*412
Net long-term capital gain reduced by net short-term capital loss	31,721,906	547,713	821,053	93,966	45,920	610,057	71,111
Net gain, noncapital assets	18,479,833	221,232	947,601	20,925	20,329	831,797	74,550
Dividends received from domestic corporations	17,371,357	68,160	288,755	30,121	34,238	213,600	10,796
Dividends received from foreign corporations	14,668,759	19,204	699,406	19,319	—	675,569	*4,518
Other receipts	99,120,200	1,391,019	2,685,509	275,864	197,931	2,040,821	170,893
Total deductions	5,737,155,001	44,223,472	80,834,318	2,935,336	9,309,149	61,107,199	7,482,635
Cost of sales and operations	3,607,173,305	30,311,221	52,887,973	1,883,979	6,259,513	39,997,557	4,746,923
Compensation of officers	116,805,823	966,243	792,681	16,538	65,110	569,483	141,550
Repairs	59,818,225	549,897	640,579	44,513	114,641	291,890	189,535
Bad debts	20,345,783	64,756	177,942	22,744	11,837	125,568	17,792
Rent paid on business property	82,997,286	924,396	732,841	36,966	133,066	463,944	98,865
Taxes paid	152,769,422	917,389	2,697,827	182,880	473,113	1,786,413	255,422
Interest paid	349,926,289	1,313,817	3,376,205	162,728	350,065	2,653,966	209,446
Contributions or gifts	3,986,557	18,381	49,286	3,016	4,363	32,618	9,289
Amortization	3,209,769	10,140	23,079	931	3,631	16,303	2,214
Depreciation	197,521,661	1,848,642	3,887,787	139,761	524,151	2,681,880	541,995
Depletion	6,023,525	15,163	1,177,416	108,420	243,038	616,122	209,836
Advertising	64,462,799	162,879	83,603	1,067	5,145	52,416	24,976
Pension, profit-sharing, stock bonus, and annuity plans	43,219,179	109,191	726,589	20,927	38,531	590,654	76,476
Employee benefit programs	50,433,931	190,733	591,383	21,705	143,517	358,202	67,958
Net loss, noncapital assets	2,152,599	21,242	78,043	*3,272	11,593	62,259	919
Other deductions	976,308,854	6,799,380	12,911,084	285,888	927,836	10,807,922	889,438
Total receipts less total deductions	344,782,505	2,879,036	6,258,189	347,736	508,937	4,836,447	565,070
Constructive taxable income from related foreign corporations	16,217,532	*5,730	750,845	8,459	3,266	738,361	760
Net income	349,179,415	2,874,899	6,991,815	356,195	509,198	5,561,341	565,081
Income subject to tax	256,980,702	1,613,829	5,167,226	133,667	299,281	4,309,804	424,473
Income tax, total	107,714,085	506,492	2,369,300	63,759	139,055	1,976,979	189,506
Regular and alternative tax	105,984,262	493,723	2,241,517	55,176	124,741	1,888,145	173,454
Tax from recomputing prior-year investment credit	1,205,274	11,249	69,931	*3,785	1,590	62,961	1,595
Additional tax for tax preferences	508,050	1,518	57,853	4,798	12,724	25,873	14,457
Foreign tax credit	21,072,604	11,985	1,164,747	*35,238	58,836	1,069,449	*1,224
U.S. possessions tax credit	1,978,578	—	2,344	—	—	—	—
Orphan drug credit	*105	—	—	—	—	—	—
Nonconventional source fuel credit	69,695	—	14,068	—	64	13,946	58
Research activities credit	1,589,048	2,958	10,026	32	149	9,751	95
General business credit	19,260,214	121,023	175,608	*7,792	16,519	109,852	41,445
Distributions to stockholders:							
Cash and property except in own stock	130,100,791	354,965	2,539,279	209,293	150,807	2,034,954	144,225
Corporation's own stock	5,255,431	1,222	*37,861	196	13,181	*24,484	—

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 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	173,351	65,329	9,802	98,221	162,584	10,568	27	3,490	9,330
Total assets	114,178,295	51,822,269	30,174,599	32,181,427	1,979,956,490	125,995,659	47,520,864	22,538,348	22,076,672
Cash	13,214,115	5,492,784	3,007,157	4,714,174	54,241,573	4,513,745	145,777	1,177,977	1,550,077
Notes and accounts receivable	29,725,429	13,009,761	5,013,374	11,702,295	426,461,993	24,102,675	4,122,649	5,326,044	6,066,056
Less: Allowance for bad debts	311,957	110,427	59,420	142,109	9,098,013	363,064	69,114	80,131	149,889
Inventories	14,215,347	9,129,178	1,006,390	4,079,779	229,327,871	18,264,565	6,301,482	4,652,425	7,196,400
Investments in Government obligations	1,200,738	731,911	277,525	191,301	26,617,348	1,337,592	51,262	121,139	150,482
Other current assets	10,642,235	5,601,709	2,736,540	2,303,986	74,671,843	5,634,343	1,617,635	733,128	1,025,637
Loans to stockholders	2,162,970	895,887	378,658	888,425	9,808,917	494,913	262,376	315,207	138,885
Mortgage and real estate loans	2,576,102	2,307,065	94,996	174,041	4,034,137	263,712	7,958	18,451	49,961
Other investments	14,978,999	3,914,757	9,724,688	1,339,553	444,581,492	26,401,314	18,421,123	3,121,344	2,171,401
Depreciable loans	41,321,915	11,667,098	15,522,140	14,132,676	897,837,761	61,957,142	18,247,907	13,681,391	5,819,455
Less: Accumulated depreciation	23,307,829	5,578,830	9,210,905	8,518,094	404,344,733	27,010,070	5,399,993	7,711,872	2,777,683
Depletable assets	518,488	46,106	449,870	22,512	59,941,919	97,051	296,746	14,167	14,167
Less: Accumulated depletion	194,237	14,560	166,568	*13,110	17,721,212	*20,266	351,173	*122,693	5,586
Land	2,999,652	1,931,574	479,498	588,580	22,846,093	2,086,269	544,878	153,499	147,482
Intangible assets (amortizable)	232,583	82,623	58,764	91,196	57,825,963	1,964,091	*640,682	99,792	270,750
Less: Accumulated amortization	73,025	20,801	12,370	40,574	21,608,916	260,323	*160,397	38,048	52,781
Other assets	4,276,769	2,735,714	874,261	666,794	124,532,454	6,521,971	2,344,965	793,949	461,660
Total liabilities	114,178,295	51,822,269	30,174,599	32,181,427	1,979,956,490	125,995,659	47,520,864	22,538,348	22,076,672
Accounts payable	19,707,249	10,103,897	3,141,954	6,461,398	201,302,131	16,171,408	3,455,398	2,641,803	3,492,377
Mortgages, notes, and bonds payable in less than one year	13,743,830	7,397,876	3,556,231	2,789,722	153,848,517	8,726,393	2,851,764	1,331,446	2,650,208
Other current liabilities	15,050,913	7,866,154	2,326,427	4,858,332	174,934,418	11,648,548	3,803,329	1,833,819	1,928,631
Loans from stockholders	3,020,739	1,617,250	323,086	1,080,403	19,156,093	754,525	635,299	480,771	344,772
Mortgages, notes, and bonds payable in one year or more	13,731,610	7,463,241	3,279,046	2,989,323	313,998,658	19,235,077	8,344,766	3,888,513	2,556,535
Other liabilities	8,681,017	4,458,028	2,506,898	1,716,092	218,589,199	8,265,951	3,391,496	995,984	451,979
Capital stock	5,942,309	2,121,015	2,196,907	1,624,388	92,932,548	5,750,213	1,812,195	1,115,883	1,154,349
Paid-in or capital surplus	9,428,521	1,780,299	7,059,700	588,523	265,568,940	17,160,104	12,593,536	1,739,004	1,534,280
Retained earnings, appropriated	329,430	138,471	*74,747	116,212	4,783,450	797,325	6,771	6,739	58,053
Retained earnings, unappropriated	26,990,371	9,622,790	6,101,403	10,966,179	569,486,601	41,379,693	11,240,454	8,909,737	8,664,220
Less: Cost of treasury stock	2,147,696	746,752	391,799	1,009,145	34,644,065	3,893,578	*614,146	405,352	758,730
Total receipts	226,308,015	99,826,371	34,477,956	92,003,986	2,284,012,420	245,788,141	39,334,483	36,429,116	47,013,607
Business receipts	219,140,100	95,786,148	32,734,689	90,619,263	2,149,849,304	238,699,919	37,012,245	35,538,602	46,195,782
Interest	1,825,375	1,074,489	368,767	382,119	34,181,324	1,487,698	710,911	225,553	214,019
Interest on Government obligations:									
State and local	40,789	17,235	10,669	12,885	678,122	27,608	1,031	2,435	2,771
Nonqualifying interest and dividends	184,142	111,243	24,828	48,071	379,340	44,174	—	16,559	29,145
Rents	948,733	550,900	203,928	193,905	24,087,146	1,140,868	137,466	38,580	53,961
Royalties	18,610	3,489	12,746	2,375	8,915,757	420,401	236,701	21,538	133,437
Net short-term capital gain reduced by net long-term capital loss	73,944	17,169	53,723	3,053	437,129	27,479	22	17,903	*741
Net long-term capital gain reduced by net short-term capital loss	580,466	323,648	117,976	138,842	12,208,276	689,193	732,802	171,081	39,172
Net gain, noncapital assets	966,133	623,255	224,720	118,158	4,324,500	343,917	31,999	52,659	21,727
Dividends received from domestic corporations	136,024	46,733	64,735	24,556	8,682,367	303,620	149,709	57,646	24,795
Dividends received from foreign corporations	69,673	37,220	*26,640	5,813	12,122,918	636,470	32,987	30,970	26,862
Other receipts	2,324,733	1,234,843	634,939	454,951	28,155,915	1,966,795	288,610	255,598	271,195
Total deductions	217,174,486	96,214,114	32,930,047	88,030,325	2,149,273,752	236,370,074	35,193,014	34,628,684	44,671,721
Cost of sales and operations	168,015,680	79,555,150	25,158,381	63,302,150	1,448,341,879	171,159,504	19,224,675	26,419,591	32,494,564
Compensation of officers	7,989,312	2,754,089	798,878	4,436,345	20,219,228	1,552,140	105,166	557,754	1,134,850
Repairs	1,189,020	261,685	405,940	521,396	22,781,934	1,929,180	264,131	242,348	136,632
Bad debts	406,054	102,493	59,189	244,372	4,663,936	342,526	31,005	64,827	80,630
Rent paid on business property	1,568,490	452,832	252,111	863,547	22,162,079	1,823,980	258,834	255,677	532,696
Taxes paid	4,931,620	1,366,461	758,661	2,806,499	68,234,297	5,679,736	3,093,591	898,747	1,098,691
Interest paid	2,867,340	1,475,791	646,270	745,278	64,032,063	3,964,404	1,580,045	699,968	696,995
Contributions or gifts	103,114	43,748	21,720	37,645	2,177,150	201,964	45,583	34,447	32,416
Amortization	26,611	12,664	3,327	10,620	1,342,040	73,649	*53,111	12,014	17,085
Depreciation	4,373,533	1,181,430	1,298,334	1,893,769	89,834,745	7,105,833	1,463,045	1,240,506	587,598
Depletion	45,744	8,731	33,016	3,997	3,952,531	178,971	28,204	4,843	*83
Advertising	558,077	231,815	35,294	290,969	33,382,088	8,535,138	2,941,097	244,813	560,249
Pension, profit-sharing, stock bonus, and annuity plans	1,157,999	418,547	180,992	558,460	19,424,118	1,040,521	307,839	191,690	250,572
Employee benefit programs	1,302,978	292,142	216,379	794,457	27,013,699	2,138,176	450,617	255,246	345,323
Net loss, noncapital assets	35,016	18,996	4,724	11,296	451,366	56,950	38	19,551	9,816
Other deductions	22,603,898	8,037,539	3,056,833	11,509,526	321,260,600	30,587,402	5,346,031	3,486,661	6,693,565
Total receipts less total deductions	9,133,529	3,612,256	1,547,611	3,973,661	134,738,668	9,418,067	4,141,469	1,800,432	2,341,886
Constructive taxable income from related foreign corporations	54,409	17,920	*35,853	637	13,791,457	775,237	93,475	30,799	13,955
Net income	9,147,150	3,612,942	1,572,795	3,961,413	147,852,003	10,165,697	4,233,912	1,828,796	2,353,070
Income subject to tax	5,629,230	2,128,235	1,011,894	2,489,101	131,952,983	9,327,164	4,203,493	1,481,349	1,828,613
Income tax, total	1,753,773	688,631	383,322	681,820	58,466,404	4,136,055	1,808,579	645,207	781,334
Regular and alternative tax	1,725,099	678,680	374,789	671,630	57,670,984	4,087,900	1,804,446	637,809	779,166
Tax from recomputing prior-year investment credit	23,175	6,054	7,291	9,830	509,169	34,878	4,133	5,983	2,090
Additional tax for tax preferences	5,082	3,482	1,241	359	282,448	13,277	—	1,415	*78
Foreign tax credit	86,027	*68,464	*16,509	*1,053	17,219,144	769,204	71,029	25,251	13,290
U.S. possessions tax credit	667	152	514	2	1,876,311	134,461	16,700	5,174	52,107
Orphan drug credit	—	—	—	—	39	—	—	—	—
Nonconventional source fuel credit	—	—	—	—	36,526	11,342	—	—	—
Research activities credit	1,192	*192	*57	944	1,388,309	71,108	5,886	3,295	1,909
General business credit	383,570	97,469	117,598	168,502	7,593,003	512,032	158,855	116,719	57,965
Distributions to stockholders:									
Cash and property except in own stock	480,832	163,099	106,470	211,263	42,230,659	2,906,970	1,805,380	209,276	273,496
Corporation's own stock	33,168	*12,827	*13,897	*6,444	1,377,374	121,726	—	*12,041	*62,528

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

Corporation Returns/1984

RETURNS WITH NET INCOME

Table 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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 plastic 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	9,023	4,172	2,543	23,256	7,483	1,621	6,744	923	6,710
Total assets	44,774,017	10,327,712	53,756,101	64,588,819	205,382,175	514,393,465	29,866,155	6,243,308	35,231,603
Cash	1,402,299	665,555	1,421,600	3,261,245	4,662,018	4,848,747	1,204,551	282,723	1,669,682
Notes and accounts receivable	6,252,171	2,696,195	7,790,730	13,364,782	35,504,763	55,338,324	7,180,528	1,745,121	6,572,496
Less: Allowance for bad debts	139,983	66,225	241,275	707,320	840,252	657,566	166,600	41,994	193,440
Inventories	5,875,098	2,651,841	6,740,545	4,902,260	24,615,548	16,818,515	5,085,644	1,983,166	4,207,197
Investments in Government obligations	205,504	66,181	404,141	1,527,990	1,189,729	1,723,324	153,980	33,676	111,834
Other current assets	2,019,862	342,709	1,392,354	3,866,703	5,700,896	10,267,923	730,277	197,317	1,052,029
Loans to stockholders	118,967	81,606	55,006	863,393	3,371,739	961,118	169,138	11,136	124,299
Mortgage and real estate loans	1,044,285	32,011	95,289	72,722	81,116	34,791	20,635	28,943	55,908
Other investments	6,743,473	704,357	5,766,912	8,867,472	55,336,068	181,763,857	4,510,548	965,274	5,985,009
Depreciable loans	29,394,211	4,855,342	43,010,977	31,985,742	113,378,538	209,965,058	19,651,290	1,656,834	26,069,021
Less: Accumulated depreciation	14,488,242	2,299,292	18,060,348	14,243,959	51,846,881	81,264,315	9,953,544	786,322	12,888,041
Depletable assets	3,421,693	14,891	2,018,185	177,442	880,705	48,492,064	21,870	—	682,005
Less: Accumulated depletion	43,424	2,744	387,466	2,028	332,328	15,443,428	10,735	—	193,717
Land	602,006	149,221	1,336,402	1,047,846	1,783,207	7,604,931	308,194	37,696	768,272
Intangible assets (amortizable)	70,005	35,069	228,362	3,477,429	4,301,501	39,186,444	131,236	28,145	317,439
Less: Accumulated amortization	20,349	12,641	57,600	568,388	1,254,997	17,285,090	41,324	8,155	89,276
Other assets	2,276,440	413,637	2,242,290	6,695,489	8,850,806	52,038,769	870,467	109,746	980,888
Total liabilities	44,774,017	10,327,712	53,756,101	64,588,819	205,382,175	514,393,465	29,866,155	6,243,308	35,231,603
Accounts payable	3,327,686	1,226,142	4,253,913	5,377,761	20,293,253	42,244,655	3,886,291	715,914	3,564,742
Mortgages, notes, and bonds payable in less than one year	4,471,939	745,770	1,771,587	2,745,080	9,991,881	17,070,462	1,529,195	1,014,752	1,550,343
Other current liabilities	3,984,908	937,800	4,357,002	7,128,851	18,815,017	20,420,755	3,583,181	539,894	2,722,837
Loans from stockholders	374,522	152,064	182,344	1,450,809	3,299,216	1,234,310	412,122	12,991	205,993
Mortgages, notes, and bonds payable in one year or more	9,303,616	1,296,654	10,934,868	11,164,861	29,223,647	80,777,425	4,360,506	592,675	6,084,051
Other liabilities	2,226,354	328,605	4,340,629	6,450,761	16,694,265	101,526,343	1,475,090	125,753	2,268,416
Capital stock	3,118,630	545,624	4,216,491	2,527,671	11,629,836	20,738,188	1,278,544	424,244	2,186,183
Paid-in or capital surplus	6,076,061	796,085	5,086,267	4,270,588	39,070,659	95,998,380	3,677,991	520,882	3,922,086
Retained earnings, appropriated	75,274	12,364	98,779	72,458	172,252	380,034	71,822	74,211	227,362
Retained earnings, unappropriated	12,219,446	4,474,013	19,445,842	24,870,527	59,592,897	145,840,135	10,365,878	2,459,947	13,184,830
Less: Cost of treasury stock	404,417	187,408	931,620	1,470,547	3,400,809	11,737,222	774,465	237,955	685,241
Total receipts	55,212,319	20,746,736	72,821,776	88,697,998	225,454,096	453,899,784	48,618,060	11,547,975	46,073,953
Business receipts	52,553,150	20,265,751	70,000,821	84,782,842	212,895,556	426,667,134	47,328,428	11,293,283	44,167,139
Interest	676,736	94,438	511,998	890,556	2,852,735	7,296,737	275,107	69,627	313,206
Interest on Government obligations:									
State and local	6,954	4,011	4,960	17,339	53,223	1,962	11,790	8,567	7,051
Nonqualifying interest and dividends	35,934	6,334	8,756	35,972	14,577	5,297	15,281	6,169	7,465
Rents	125,735	72,959	151,177	441,987	950,240	2,287,242	138,872	30,281	140,445
Royalties	31,646	4,411	244,412	186,402	1,105,700	1,867,493	83,559	12,764	129,594
Net short-term capital gain reduced by net long-term capital loss	2,767	4,928	10,065	6,819	9,588	181,070	760	36	4,914
Net long-term capital gain reduced by net short-term capital loss	1,145,860	32,123	872,517	990,616	1,204,611	1,967,008	162,500	17,531	354,564
Net gain, noncapital assets	74,237	18,179	248,105	143,292	385,344	1,215,844	61,936	5,436	142,330
Dividends received from domestic corporations	106,137	15,977	212,993	172,703	1,141,022	1,342,874	83,921	8,809	100,826
Dividends received from foreign corporations	28,715	1,379	210,430	79,473	1,746,061	4,401,644	137,188	5,554	183,105
Other receipts	434,129	226,246	345,541	950,006	3,095,438	6,665,478	318,718	89,919	523,315
Total deductions	52,796,522	19,244,315	68,755,446	81,033,026	211,518,845	429,364,273	46,008,262	11,011,958	43,373,759
Cost of sales and operations	39,138,680	13,716,081	47,164,642	41,123,782	130,748,665	311,623,574	32,080,759	7,768,219	28,866,218
Compensation of officers	677,648	432,338	566,046	2,327,868	1,415,539	402,996	158,693	647,420	1,420,801
Repairs	1,051,268	84,091	1,791,155	575,940	3,462,878	4,984,342	515,740	33,176	934,829
Bad debts	92,805	44,441	96,278	508,696	279,883	513,174	139,559	25,915	126,842
Rent paid on business property	587,893	222,902	684,081	1,355,604	2,463,347	3,386,084	465,542	304,264	458,501
Taxes paid	1,180,527	551,016	1,673,281	2,803,602	4,286,961	22,356,683	987,824	250,549	1,273,254
Interest paid	1,301,689	226,693	1,417,822	1,924,391	5,842,803	13,909,701	767,869	192,716	880,662
Contributions or gifts	56,120	19,639	57,079	174,103	334,186	275,182	28,917	11,316	34,887
Amortization	15,055	4,550	14,894	154,873	109,411	324,986	17,945	1,354	12,843
Depreciation	1,876,253	458,296	3,740,179	4,071,592	9,378,606	19,143,264	1,467,707	184,517	2,218,507
Depletion	582,745	691	162,085	33,576	291,252	2,321,993	4,329	101	106,355
Advertising	232,016	257,686	639,451	1,236,276	7,105,486	1,135,903	487,763	264,241	312,954
Pension, profit-sharing, stock bonus, and annuity plans	248,952	139,236	458,204	872,512	1,796,333	1,442,437	347,864	53,520	389,853
Employee benefit programs	540,952	204,282	869,065	1,114,683	2,326,286	1,842,276	654,456	62,220	653,397
Net loss, noncapital assets	10,357	7,305	9,823	33,007	47,953	10,496	10,001	3,462	11,375
Other deductions	5,203,581	2,875,068	9,411,364	22,722,523	41,629,254	45,691,181	7,151,187	1,697,694	6,445,862
Total receipts less total deductions	2,415,797	1,502,420	4,066,330	7,664,972	13,935,251	24,535,511	2,609,798	536,017	2,700,194
Constructive taxable income from related foreign corporations	45,700	1,455	209,032	76,097	2,582,255	4,938,053	90,632	6,027	149,660
Net income	2,454,543	1,499,864	4,270,401	7,723,730	16,464,283	29,471,602	2,688,639	533,476	2,842,803
Income subject to tax	2,041,646	1,344,511	3,988,099	6,977,787	15,706,252	28,278,451	2,259,216	442,385	2,514,388
Income tax, total	740,394	579,369	1,742,904	2,932,849	7,080,933	12,793,725	962,151	194,982	1,088,382
Regular and alternative tax	706,148	576,413	1,713,317	2,912,560	6,970,308	12,649,509	949,410	194,231	1,062,153
Tax from recomputing prior-year investment credit	8,154	2,438	22,244	17,283	70,996	78,527	6,814	698	12,989
Additional tax for tax preferences	26,092	261	7,343	3,000	39,489	65,689	5,924	53	13,240
Foreign tax credit	23,801	1,314	246,441	78,775	2,298,591	8,495,722	136,140	7,825	170,954
U.S. possessions tax credit	2	3,085	4,976	6,978	897,238	57,010	10,348	10,871	1,278
Orphan drug credit	—	—	—	—	39	—	—	—	—
Nonconventional source fuel credit	—	95	—	2	340	33,676	25	25	861
Research activities credit	2,796	2,620	38,838	8,266	217,823	33,479	23,909	789	12,685
General business credit	241,160	52,814	350,257	372,331	816,326	948,963	162,875	16,073	162,308
Distributions to stockholders:									
Cash and property except in own stock	482,019	179,774	1,452,390	1,244,725	7,021,705	9,099,022	511,961	119,716	635,155
Corporation's own stock	34,490	8,291	11,241	70,102	99,854	673,418	13,717	—	31,863

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 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	3,378	27,265	16,282	12,311	2,195	1,693	4,403	9,167
Total assets	68,836,552	82,066,016	151,926,874	203,676,044	177,554,831	48,637,307	39,927,662	24,636,303
Cash	1,242,260	4,484,953	5,238,866	7,998,736	2,616,300	2,260,133	1,904,034	1,690,295
Notes and accounts receivable	23,711,431	17,043,919	39,075,283	55,421,984	89,832,650	9,270,903	9,633,658	6,369,631
Less: Allowance for bad debts	318,411	399,625	1,730,683	1,395,503	1,050,438	118,523	163,142	204,836
Inventories	7,681,150	14,859,412	27,609,678	32,642,527	12,994,449	11,726,114	7,278,661	5,241,190
Investments in Government obligations	419,244	922,351	4,721,537	2,495,385	10,186,003	*66,736	582,590	146,667
Other current assets	3,099,424	4,159,718	10,070,805	14,222,221	3,103,122	1,706,161	2,713,759	1,015,821
Loans to stockholders	72,229	315,971	602,543	1,163,194	171,525	329,291	102,051	84,333
Mortgage and real estate loans	30,794	538,051	98,140	353,379	1,120,235	11,543	36,293	39,919
Other investments	15,394,487	17,093,847	26,806,999	26,290,179	21,524,936	9,129,439	4,344,600	3,238,853
Depreciable loans	25,078,269	36,908,159	62,787,476	79,878,710	64,579,651	18,421,385	20,785,271	9,725,932
Less: Accumulated depreciation	12,577,311	18,416,726	30,131,887	36,407,061	36,297,739	8,058,805	9,486,181	4,238,460
Depletable assets	337,976	298,264	529,714	1,738,988	*12,285	*85,272	*8,366	*21,389
Less: Accumulated depletion	169,614	83,950	*163,481	359,945	*7,156	*14,180	*4,213	*3,086
Land	623,893	960,963	1,042,092	1,434,212	859,273	504,040	577,509	264,212
Intangible assets (amortizable)	557,914	1,208,829	1,318,556	2,267,144	234,524	412,612	650,149	425,290
Less: Accumulated amortization	194,394	199,755	357,843	592,660	54,309	114,053	134,244	112,288
Other assets	3,847,211	2,371,636	4,409,079	16,524,553	7,729,519	3,019,239	1,098,501	931,440
Total liabilities	68,836,552	82,066,016	151,926,874	203,676,044	177,554,831	48,637,307	39,927,662	24,636,303
Accounts payable	4,236,443	8,752,145	14,030,103	27,522,005	21,817,270	7,447,672	4,344,121	2,501,029
Mortgages, notes, and bonds payable in less than one year	11,023,157	4,190,411	8,830,978	20,599,518	45,630,562	1,825,852	2,473,958	2,823,260
Other current liabilities	4,770,922	9,646,902	26,238,400	21,903,166	15,863,682	7,645,492	4,810,187	2,351,098
Loans from stockholders	217,203	826,200	4,108,473	2,748,011	933,675	215,115	346,077	221,601
Mortgages, notes, and bonds payable in one year or more	12,858,841	12,038,170	25,930,613	25,245,713	34,196,757	6,815,627	4,470,475	4,679,268
Other liabilities	9,348,888	6,190,320	29,579,395	9,797,561	4,622,689	4,622,689	1,433,146	1,433,146
Capital stock	3,411,664	3,804,003	10,384,627	8,597,994	2,510,057	3,868,903	2,398,723	1,458,525
Paid-in or capital surplus	8,719,618	9,647,778	16,135,714	17,500,529	9,884,904	4,537,649	4,558,102	2,238,723
Retained earnings, appropriated	48,916	364,747	98,353	694,873	*1,054,213	*75,098	285,736	108,070
Retained earnings, unappropriated	14,741,498	28,220,220	40,168,923	50,725,127	36,016,211	13,899,808	15,834,244	7,232,953
Less: Cost of treasury stock	540,596	1,614,880	1,245,400	1,440,228	150,060	2,316,598	1,423,443	411,369
Total receipts	64,866,545	110,647,547	153,625,137	213,332,310	185,884,665	77,269,305	49,975,628	36,773,239
Business receipts	60,703,469	106,229,264	127,020,928	196,850,846	175,715,778	74,011,836	46,500,264	35,416,267
Interest	1,462,900	1,369,846	3,260,418	4,927,604	5,545,094	1,085,100	595,973	315,068
Interest on Government obligations:								
State and local	2,189	31,444	303,080	37,796	94,331	36,627	19,342	3,609
Nonqualifying interest and dividends	8,995	27,860	30,514	5,773	8,812	8,812	10,602	23,108
Rents	212,153	550,004	12,583,849	2,449,291	1,679,771	333,567	447,147	121,551
Royalties	52,933	132,130	2,918,184	761,434	169,250	217,815	110,635	110,635
Net short-term capital gain reduced by net long-term capital loss	*2,098	6,648	45,150	19,061	30,345	*645	23,876	42,213
Net long-term capital gain reduced by net short-term capital loss	179,614	302,911	490,940	2,432,949	97,304	111,387	134,520	79,073
Net gain, noncapital assets	100,041	204,639	186,138	478,546	307,355	113,399	40,065	149,311
Dividends received from domestic corporations	140,858	292,716	848,303	1,967,232	764,324	435,011	430,034	82,876
Dividends received from foreign corporations	162,454	491,930	1,634,562	781,797	964,406	173,957	340,298	52,676
Other receipts	1,838,840	997,999	4,305,726	2,595,239	604,865	789,714	1,215,691	376,854
Total deductions	62,432,178	103,600,769	141,570,199	200,735,400	175,184,232	71,569,536	46,318,344	33,893,194
Cost of sales and operations	46,282,017	71,801,512	76,004,479	126,598,849	123,797,898	53,461,877	26,196,105	22,670,209
Compensation of officers	534,150	2,893,290	1,872,708	1,846,299	407,773	431,759	555,171	818,818
Repairs	879,782	782,629	837,897	1,278,116	1,303,723	688,748	191,265	191,265
Bad debts	161,574	329,732	492,632	650,916	370,017	80,216	84,157	148,112
Rent paid on business property	439,413	1,084,145	1,968,399	2,454,766	1,743,521	808,749	520,218	343,462
Taxes paid	1,369,525	2,961,288	4,448,779	5,219,704	4,304,925	1,713,123	1,208,000	874,492
Interest paid	3,027,309	2,449,884	5,095,983	7,663,238	9,180,500	1,388,610	1,039,954	780,829
Contributions or gifts	12,378	83,185	225,268	176,112	157,587	83,631	82,777	37,816
Amortization	2,169,692	3,583,503	6,916,832	9,843,343	8,646,885	2,145,608	2,590,805	1,002,173
Depreciation	76,959	27,975	33,790	49,556	12,436	25,741	*2,111	*8,736
Depletion	292,508	956,092	1,365,713	2,961,411	1,476,986	299,597	1,335,253	741,454
Advertising	693,878	874,693	1,532,386	2,395,409	4,526,054	1,007,749	640,252	214,209
Pension, profit-sharing, stock bonus, and annuity plans	874,229	1,536,364	1,964,893	3,752,751	4,995,877	1,153,606	865,459	413,541
Employee benefit programs	35,260	35,633	47,558	54,147	4,558	17,619	13,670	12,786
Net loss, noncapital assets	5,558,569	14,138,266	38,671,701	35,555,920	14,241,711	8,197,054	10,350,752	5,605,253
Other deductions	2,434,367	7,046,778	12,054,937	12,596,910	10,700,433	5,699,770	3,657,284	2,880,046
Total receipts less total deductions	2,434,367	7,046,778	12,054,937	12,596,910	10,700,433	5,699,770	3,657,284	2,880,046
Constructive taxable income from related foreign corporations	109,301	401,278	2,008,696	588,843	941,244	197,407	482,592	49,721
Net income	2,541,479	7,416,611	13,760,554	13,147,956	11,547,346	5,860,550	4,120,533	2,926,157
Income subject to tax	2,142,370	6,264,233	12,882,497	11,427,771	9,861,820	3,015,020	3,815,761	2,150,157
Income tax, total	947,113	2,664,481	5,806,850	4,973,446	4,564,828	1,365,778	1,731,618	925,428
Regular and alternative tax	929,653	2,644,431	5,729,331	4,835,438	4,506,268	1,353,662	1,712,147	916,685
Tax from recomputing prior-year investment credit	13,723	15,769	59,235	61,976	57,675	8,942	17,526	7,099
Additional tax for tax preferences	3,738	4,270	16,557	76,022	886	*1,559	1,942	1,613
Foreign tax credit	123,104	405,511	2,174,504	551,921	969,684	213,206	392,046	50,830
U.S. possessions tax credit	1,952	17,919	33,778	406,120	6,558	3,954	161,581	44,221
Orphan drug credit	—	—	—	—	—	—	—	—
Nonconventional source fuel credit	82	1	*43	*33	141,418	87,729	103,280	20,549
Research activities credit	14,238	21,448	282,175	294,271	1,075,476	277,841	210,739	83,017
General business credit	156,804	298,937	646,441	875,070	—	—	—	—
Distributions to stockholders:								
Cash and property except in own stock	618,272	1,714,534	4,341,067	3,803,749	3,041,289	1,094,979	1,366,253	308,924
Corporation's own stock	*27,616	56,942	92,614	48,964	1,328	*3,616	*1,171	*5,851

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

Corporation Returns/1984

RETURNS WITH NET INCOME

Table 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	65,405	52,284	6,548	6,574	516,750	189,365	14,904	30,967	143,495
Total assets	862,743,400	179,790,856	223,191,710	459,760,834	715,580,360	352,590,231	24,740,962	49,285,391	278,563,878
Cash	16,776,917	8,373,816	3,456,891	4,946,211	43,256,697	21,345,465	1,788,584	3,158,861	16,398,020
Notes and accounts receivable	78,923,167	26,215,055	19,043,078	33,660,034	178,440,030	103,232,140	7,196,727	16,050,156	79,985,257
Less: Allowance for bad debts	1,316,565	332,148	491,902	492,514	2,067,472	1,901,100	140,201	276,227	1,484,672
Inventories	23,114,582	4,596,913	2,807,318	15,710,351	212,043,486	101,907,517	6,317,199	13,025,537	81,664,781
Investments in Government obligations	6,332,503	2,393,579	421,585	3,517,339	29,429,893	10,981,008	45,518	112,457	21,835,443
Other current assets	26,108,308	9,179,570	5,161,855	11,766,883	19,931,004	10,981,008	755,955	1,498,986	8,736,068
Loans to stockholders	2,167,936	541,604	1,051,148	575,183	5,642,160	2,350,738	275,754	489,510	1,585,474
Mortgage and real estate loans	4,725,410	1,325,383	101,861	3,298,166	7,429,292	2,882,636	132,598	56,507	2,693,531
Other investments	100,574,357	24,649,601	43,063,965	32,860,791	64,198,140	33,907,205	1,942,226	5,886,522	26,078,456
Depreciable loans	760,683,587	143,451,165	187,132,973	430,099,449	206,309,977	70,297,193	9,205,538	11,116,928	49,974,728
Less: Accumulated depreciation	208,330,768	49,591,051	48,070,469	110,669,248	92,652,993	33,934,521	4,293,418	5,229,956	24,411,147
Depletable assets	9,675,604	737,331	9,358	8,928,915	1,335,830	1,100,358	60,774	83,459	956,126
Less: Accumulated depletion	3,353,605	314,531	2,665	3,036,408	523,478	443,557	16,930	21,993	414,634
Land	5,381,633	1,621,286	1,231,151	2,529,192	13,503,069	4,018,511	459,957	463,219	3,095,336
Intangible assets (amortizable)	5,041,282	1,330,877	1,822,256	1,888,149	6,522,502	2,154,951	249,019	197,235	1,708,697
Less: Accumulated amortization	1,712,535	644,373	259,779	808,383	2,116,993	554,250	42,651	56,421	455,178
Other assets	37,951,586	6,256,780	6,708,082	24,986,724	25,899,234	14,142,520	794,314	2,730,613	10,617,593
Total liabilities	862,743,400	179,790,856	223,191,710	459,760,834	715,580,360	352,590,231	24,740,962	49,285,391	278,563,878
Accounts payable	50,756,479	17,752,947	11,020,307	21,983,226	109,163,484	61,818,622	6,428,552	8,243,727	4,780,442
Mortgages, notes, and bonds payable in less than one year	35,623,578	9,410,843	5,576,660	20,636,075	128,701,622	74,497,050	2,120,258	6,389,410	65,987,382
Other current liabilities	59,699,225	14,728,540	11,048,157	33,922,527	81,017,815	35,089,096	1,873,811	3,615,295	29,599,990
Loans from stockholders	3,722,938	1,567,312	1,131,245	1,024,380	14,679,951	6,340,913	508,087	1,052,739	4,780,442
Mortgages, notes, and bonds payable in one year or more	237,424,887	35,403,975	53,299,301	148,721,611	92,041,747	32,063,373	3,764,956	4,729,532	23,568,885
Other liabilities	110,773,634	23,545,249	34,283,688	52,944,698	22,570,920	7,610,219	896,332	1,167,503	5,526,385
Capital stock	118,622,248	8,225,292	27,878,948	82,518,008	33,146,185	15,799,421	1,221,361	1,882,330	12,695,729
Paid-in or capital surplus	109,457,245	25,356,850	44,795,441	39,302,954	35,312,778	14,187,300	952,562	2,352,494	10,882,244
Retained earnings, appropriated	1,727,947	389,396	292,930	1,045,621	1,596,343	587,202	37,440	195,922	353,840
Retained earnings, unappropriated	137,978,260	40,002,122	34,584,270	58,391,868	207,400,991	109,141,095	7,424,376	20,455,147	81,261,571
Less: Cost of treasury stock	3,043,043	1,593,672	719,237	730,135	10,051,475	4,544,060	486,773	818,350	3,238,937
Total receipts	558,650,145	205,750,885	103,041,502	249,857,758	1,797,187,789	860,118,056	132,664,431	86,691,076	640,762,549
Business receipts	535,274,610	194,731,089	98,219,000	242,324,521	1,750,930,136	838,947,810	130,708,208	83,189,697	625,049,905
Interest	7,336,104	3,361,507	991,915	2,982,681	14,863,777	8,762,972	379,618	1,392,138	6,991,216
Interest on Government obligations:									
State and local	47,751	24,469	4,589	18,694	235,440	163,973	2,647	42,671	118,655
Nonqualifying interest and dividends	59,977	41,207	15,688	3,082	527,990	245,409	20,863	26,781	197,764
Rents	4,765,785	2,644,048	1,156,034	985,703	6,643,546	2,119,656	243,322	679,623	1,196,712
Royalties	311,535	176,192	53,387	81,956	530,181	137,144	12,846	34,016	90,282
Net short-term capital gain reduced by net long-term capital loss	61,332	36,666	11,251	13,415	117,080	59,119	3,303	7,029	48,787
Net long-term capital gain reduced by net short-term capital loss	2,289,751	863,900	713,573	712,278	2,353,082	852,836	110,846	88,999	652,991
Net gain, noncapital assets	2,005,346	1,105,249	560,907	339,189	1,673,434	693,986	71,717	126,910	495,358
Dividends received from domestic corporations	638,291	161,007	242,817	234,467	968,549	518,588	27,884	74,875	415,829
Dividends received from foreign corporations	197,875	85,276	65,593	47,006	527,644	404,024	7,042	7,536	389,446
Other receipts	5,661,787	2,540,275	1,006,746	2,114,766	17,816,932	7,212,539	1,076,135	1,020,800	5,115,603
Total deductions	521,140,372	196,418,572	92,655,649	232,066,151	1,738,861,918	827,539,515	130,712,009	80,758,229	616,069,276
Cost of sales and operations	285,362,933	108,580,307	31,516,229	145,466,396	1,350,635,899	688,192,483	114,523,269	60,725,467	512,943,748
Compensation of officers	3,703,043	2,471,820	567,740	683,483	27,042,167	13,281,085	1,200,726	212,296	9,954,063
Repairs	23,105,556	3,654,121	11,348,425	8,083,010	6,232,889	2,044,585	372,840	234,894	1,436,851
Bad debts	1,920,001	310,344	751,813	857,844	3,409,140	1,757,323	152,060	260,815	1,344,448
Rent paid on business property	11,022,754	7,364,986	2,493,083	1,164,685	25,454,813	5,801,958	787,237	762,751	4,251,970
Taxes paid	25,673,332	6,554,959	5,835,056	13,283,317	25,820,451	9,517,431	965,703	1,072,578	7,479,150
Interest paid	29,127,122	5,105,884	6,005,841	18,015,398	23,405,994	11,154,841	711,489	1,354,168	9,089,185
Contributions or gifts	394,917	121,022	119,674	154,221	574,187	242,019	24,137	33,813	184,068
Amortization	459,780	114,940	18,823	162,018	500,103	162,292	11,609	19,936	130,747
Depreciation	45,136,031	11,025,427	16,140,407	17,970,197	23,329,115	8,529,385	1,051,659	1,573,458	5,904,268
Depletion	555,772	213,116	1,557	341,099	101,908	48,379	1,729	9,179	37,470
Advertising	2,382,311	1,077,324	1,113,595	191,392	20,137,726	4,934,684	366,726	478,263	4,089,696
Pension, profit-sharing, stock bonus, and annuity plans	6,303,774	2,009,494	2,311,159	1,983,121	5,494,282	2,598,907	322,842	370,914	1,905,150
Employee benefit programs	6,339,790	2,669,967	2,244,037	1,425,786	7,221,171	2,370,369	387,868	375,992	1,606,509
Net loss, noncapital assets	492,515	20,524	262,320	209,672	234,985	129,996	6,801	9,980	113,215
Other deductions	79,160,740	45,124,337	11,961,891	22,074,511	219,267,090	76,773,780	9,825,314	11,349,726	55,598,740
Total receipts less total deductions	37,509,773	9,332,313	10,385,854	17,791,606	58,325,872	32,578,541	1,952,422	5,932,846	24,693,273
Constructive taxable income from related foreign corporations	435,877	81,706	161,122	193,049	494,126	290,215	10,954	18,945	260,316
Net income	37,897,899	9,389,551	10,542,386	17,965,962	58,584,558	32,704,783	1,960,729	5,909,121	24,834,934
Income subject to tax	34,355,017	7,161,365	9,824,551	17,369,101	39,498,151	17,882,574	1,492,704	2,289,821	14,100,050
Income tax, total	15,534,518	2,983,072	4,618,144	7,933,302	15,055,330	7,080,317	587,780	868,954	5,623,583
Regular and alternative tax	15,267,294	2,946,397	4,490,941	7,829,956	14,855,028	7,003,467	581,749	849,131	5,572,587
Tax from recomputing prior-year investment credit	245,091	25,116	125,753	94,222	168,080	66,859	5,501	19,099	42,259
Additional tax for tax preferences	22,052	11,531	1,450	9,071	30,873	9,380	524	699	8,157
Foreign tax credit	349,260	56,251	98,653	194,357	445,890	300,712	5,764	12,595	282,353
U.S. possessions tax credit	43,467	194	43,273	—	42,506	40,765	7,669	36	33,060
Orphan drug credit	—	—	—	—	—	—	—	—	—
Nonconventional source fuel credit	17,056	269	—	16,786	1,202	*913	462	*33	*418
Research activities credit	78,387	3,485	52,345	22,557	36,059	25,601	277	3,899	21,425
General business credit	6,558,579	1,269,389	1,794,029	3,495,162	2,142,183	725,515	90,793	168,720	466,001
Distributions to stockholders:									
Cash and property except in own stock	23,903,924	2,474,996	7,236,002	14,292,926	12,550,102	8,014,389	239,594	1,616,753	6,158,042
Corporation's own stock	465,154	*93,032	124,274	247,849	462,075	232,570	7,808	51,789	172,973

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 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	325,358	26,128	5,943	24,132	56,231	24,093	21,498	59,838	107,497	2,027
Total assets	361,820,588	20,189,438	122,428,061	42,580,794	57,627,607	17,904,910	13,291,006	30,177,955	57,620,817	1,169,541
Cash	21,741,533	1,694,590	2,402,164	3,274,618	3,901,694	1,568,192	1,269,905	2,586,721	5,043,650	169,698
Notes and accounts receivable	74,945,977	4,443,133	42,097,316	3,452,718	8,286,044	2,776,105	3,182,396	1,840,139	8,868,126	261,913
Less: Allowance for bad debts	1,160,803	127,572	352,494	30,756	200,223	83,742	22,327	22,664	218,024	5,570
Inventories	110,698,023	7,775,926	27,121,444	11,654,012	29,921,615	6,752,675	5,545,666	1,098,964	20,827,714	337,927
Investments in Government obligations	7,408,116	44,861	6,366,230	383,409	118,383	80,139	61,956	62,983	290,155	*28,360
Other current assets	8,907,701	620,719	2,075,090	1,438,925	1,589,739	538,942	350,075	958,849	1,335,363	32,296
Loans to stockholders	3,284,375	179,051	353,497	257,798	639,925	262,478	153,092	531,444	907,091	*7,048
Mortgage and real estate loans	4,541,364	114,477	3,781,270	79,072	141,039	57,521	38,795	191,344	137,844	*5,292
Other investments	30,200,423	917,047	13,253,218	3,522,732	1,612,149	1,512,221	645,755	4,664,468	4,072,831	90,513
Depreciable loans	135,663,188	6,766,890	31,558,904	27,113,275	17,300,421	5,732,183	3,122,720	21,882,072	22,186,723	349,596
Less: Accumulated depreciation	58,540,010	3,417,057	11,407,055	12,124,020	8,405,991	2,515,242	1,505,644	8,868,915	10,296,086	178,463
Depletable assets	235,472	46,622	*7,369	*38,332	68,553	*446	*2,084	*37,680	34,386	—
Less: Accumulated depletion	79,921	*10,406	*1,538	*73	28,768	*69	*1,842	*22,775	14,450	—
Land	9,442,916	742,276	1,739,218	1,692,675	1,399,715	192,818	222,705	2,293,655	1,159,854	41,642
Intangible assets (amortizable)	4,361,630	54,449	645,664	558,699	217,596	144,537	68,849	961,819	1,710,017	*5,921
Less: Accumulated amortization	1,562,250	23,553	99,364	191,712	74,798	52,696	20,108	318,466	781,554	*492
Other assets	11,732,824	367,986	2,887,129	1,461,089	1,140,512	938,403	279,929	2,300,629	2,357,177	23,860
Total liabilities	361,820,588	20,189,438	122,428,061	42,580,794	57,627,607	17,904,910	13,291,006	30,177,955	57,620,817	1,169,541
Accounts payable	47,109,564	3,073,134	10,702,242	9,555,246	5,391,042	2,902,806	2,095,683	2,723,540	10,665,870	235,298
Mortgages, notes, and bonds payable in less than one year	54,021,273	2,208,049	18,855,673	1,329,340	23,475,052	825,119	1,272,674	1,552,633	4,502,733	183,299
Other current liabilities	45,868,841	1,332,139	25,020,948	3,880,891	4,287,407	1,698,909	1,352,049	2,779,541	5,516,957	59,877
Loans from stockholders	8,289,747	598,099	669,866	635,653	1,835,864	483,884	423,403	1,098,304	2,544,674	49,290
Mortgages, notes, and bonds payable in one year or more	59,800,855	2,985,939	21,483,143	8,552,900	6,104,676	2,158,532	1,612,161	7,858,800	9,046,704	177,519
Other liabilities	14,936,435	413,123	6,849,061	1,833,109	1,103,338	347,304	619,196	1,899,275	1,872,029	24,266
Capital stock	17,296,718	1,323,278	3,173,659	2,164,889	3,070,394	1,441,368	781,384	1,565,880	3,775,867	50,047
Paid-in or capital surplus	21,072,277	847,590	7,310,390	3,181,482	1,140,664	1,188,276	384,052	3,049,392	3,970,431	53,201
Retained earnings, appropriated	1,004,695	65,344	209,144	79,840	137,887	21,320	265,288	79,054	146,819	*4,446
Retained earnings, unappropriated	97,893,554	7,813,029	28,731,307	11,996,867	12,146,470	7,093,578	4,906,242	8,423,354	16,782,726	366,342
Less: Cost of treasury stock	5,473,371	470,285	577,373	629,423	1,065,186	254,186	421,126	851,800	1,203,992	34,044
Total receipts	933,860,151	50,130,897	158,303,301	193,255,797	262,029,692	37,807,062	29,626,346	61,529,031	141,178,028	3,209,579
Business receipts	908,865,957	49,172,357	150,699,752	190,410,758	257,147,938	36,856,378	28,850,351	57,898,877	137,829,545	3,116,370
Interest	6,084,972	281,434	2,940,112	381,799	991,474	265,984	217,119	359,018	648,032	15,833
Interest on Government obligations:										
State and local	70,902	5,688	9,081	19,520	3,316	8,235	6,182	4,872	14,007	*565
Nonqualifying interest and dividends	282,441	24,724	9,361	13,547	111,976	13,742	21,831	35,774	51,486	*140
Rents	4,496,573	166,347	1,135,601	444,154	822,174	112,916	81,035	1,033,077	701,450	27,136
Royalties	392,482	3,369	5,424	11,347	9,555	40,612	*1,417	222,903	97,855	*554
Net short-term capital gain reduced by net long-term capital loss	55,880	1,251	*347	25,323	3,286	*925	*318	16,285	8,145	*2,081
Net long-term capital gain reduced by net short-term capital loss	1,487,431	43,529	301,272	150,910	192,218	50,009	19,240	346,212	384,042	*12,815
Net gain, noncapital assets	977,776	32,550	172,349	106,689	235,814	28,864	19,099	240,995	141,417	1,672
Dividends received from domestic corporations	441,941	13,118	207,994	74,497	22,184	54,835	15,790	22,545	30,979	8,020
Dividends received from foreign corporations	123,620	*599	44,899	58,957	*419	*288	—	*4,617	*13,841	—
Other receipts	10,579,999	385,931	2,777,107	1,558,297	2,489,338	374,274	393,967	1,343,857	1,257,229	24,394
Total deductions	908,234,884	48,267,443	153,556,483	189,959,320	258,029,441	35,950,015	28,224,483	58,472,756	135,774,953	3,087,519
Cost of sales and operations	660,226,254	35,721,872	97,460,133	147,332,176	220,422,282	21,625,104	18,138,527	25,221,922	94,304,238	2,217,162
Compensation of officers	13,665,955	1,288,632	543,947	1,144,862	3,443,569	877,455	950,959	1,831,137	3,565,373	95,128
Repairs	4,175,010	223,226	766,245	963,400	560,694	129,532	110,138	830,286	591,488	13,294
Bad debts	1,646,268	189,147	510,906	105,546	263,350	89,820	127,730	64,805	294,965	5,548
Rent paid on business property	19,609,870	666,971	4,304,791	2,795,932	2,024,194	2,030,092	912,715	3,158,643	3,716,532	42,985
Taxes paid	16,214,160	928,548	3,552,123	2,507,367	2,669,624	876,129	624,509	2,391,491	2,664,368	88,859
Interest paid	12,211,008	613,859	5,098,120	969,754	2,301,077	399,058	318,252	1,089,726	1,421,163	40,145
Contributions or gifts	331,039	22,625	88,708	53,605	42,220	31,086	15,861	23,419	53,514	1,130
Amortization	337,020	5,865	83,751	49,800	26,636	21,649	7,685	70,255	71,378	*792
Depreciation	14,753,988	663,006	3,390,747	2,839,009	2,440,759	615,660	349,966	2,224,698	2,230,145	45,741
Depletion	53,529	2,205	1,738	1,481	5,916	*70	*3,635	10,324	28,160	—
Advertising	15,169,203	653,959	4,105,310	1,957,675	2,346,501	996,166	1,196,461	1,587,593	2,325,537	33,840
Pension, profit-sharing, stock bonus, and annuity plans	2,883,306	192,827	883,096	534,048	332,730	132,869	103,740	214,456	489,540	12,069
Employee benefit programs	4,840,692	199,417	705,518	1,731,981	849,405	210,605	108,628	335,936	699,202	10,110
Net loss, noncapital assets	104,976	3,703	4,713	19,858	14,489	14,836	6,942	18,091	22,345	*13
Other deductions	142,012,607	6,891,571	32,056,638	26,952,827	20,285,973	7,899,885	5,248,736	19,399,974	23,277,004	480,703
Total receipts less total deductions	25,625,267	1,863,464	4,746,818	3,296,477	4,000,252	1,857,047	1,401,863	3,056,275	5,403,075	122,060
Constructive taxable income from related foreign corporations	203,911	—	92,896	78,788	83	1,520	486	13,207	*16,931	—
Net income	25,758,280	1,857,776	4,830,633	3,355,744	3,997,019	1,850,332	1,396,167	3,064,609	5,405,999	121,495
Income subject to tax	21,535,190	1,514,182	4,354,113	3,545,152	2,985,387	1,599,159	1,112,490	2,292,026	4,132,679	80,386
Income tax, total	7,949,510	537,006	1,947,072	1,125,632	1,033,693	612,497	395,646	855,010	1,442,953	25,503
Regular and alternative tax	7,826,675	534,252	1,918,532	1,108,852	1,010,913	608,488	394,076	828,236	1,423,326	24,887
Tax from recomputing prior-year investment credit	100,604	2,422	17,907	15,938	20,117	3,872	1,222	22,398	16,728	616
Additional tax for tax preferences	21,493	294	*10,633	843	2,297	*137	*41	4,376	*2,872	—
Foreign tax credit	145,177	*199	47,413	60,368	89	*2,117	376	16,456	18,159	—
U.S. possessions tax credit	*1,691	*61	—	1,005	—	217	—	408	(⁽¹⁾)	50
Orphan drug credit	—	—	—	—	—	—	—	—	—	—
Nonconventional source fuel credit	*289	*7	—	—	25	—	—	—	257	—
Research activities credit	10,349	*279	*3,049	2,827	*312	*313	*449	435	2,685	*109
General business credit	1,412,317	53,523	353,367	271,103	184,553	58,249	27,432	225,471	238,619	4,351
Distributions to stockholders:										
Cash and property except in own stock	4,528,531	127,319	2,018,562	567,565	267,604	429,763	308,792	307,181	501,744	7,182
Corporation's own stock	226,039	*13,811	*36,985	55,731	19,774	*17,135	*24,487	*19,065	*39,052	*3,465

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 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	274,171	8,758	13,928	6,757	6,655	38,190	175,503	24,380
Total assets	4,156,064,939	2,292,196,763	491,713,438	124,904,234	705,150,337	16,806,711	100,324,164	424,969,292
Cash	313,053,790	252,254,959	23,936,762	2,255,268	6,951,046	3,517,696	8,687,231	15,450,829
Notes and accounts receivable	1,514,267,428	1,302,355,231	89,322,730	40,584,851	26,474,139	4,768,193	10,905,127	39,857,157
Less: Allowance for bad debts	21,307,871	15,247,408	5,384,777	46,125	166,725	54,132	297,123	111,581
Inventories	8,121,347	173,783	982,192	594,718	1,316,555	*16,118	2,994,820	2,043,161
Investments in Government obligations	476,311,400	275,583,128	32,902,325	14,291,017	90,264,136	424,110	1,063,506	61,783,179
Other current assets	223,792,926	82,911,675	14,000,260	34,643,924	61,687,920	740,228	6,123,724	23,685,196
Loans to stockholders	9,391,977	3,677,432	1,320,806	217,059	793,495	328,521	2,243,465	811,198
Mortgage and real estate loans	491,958,143	108,691,308	248,555,385	402,867	119,373,559	823,385	8,159,299	5,952,340
Other investments	852,823,459	146,006,784	64,356,712	27,909,370	334,443,850	3,336,810	16,353,515	260,416,418
Depreciable loans	131,331,107	44,246,796	9,830,080	2,127,881	16,108,641	2,557,884	43,894,524	12,565,301
Less: Accumulated depreciation	42,879,156	13,838,287	2,997,631	796,202	2,191,420	1,262,763	18,158,578	3,634,275
Depletable assets	847,426	156,127	*5,875	*5,087	5,966	*4,357	270,320	399,693
Less: Accumulated depletion	242,732	3,648	*1,604	*1,486	296	*941	124,989	109,767
Land	20,294,952	3,470,308	1,186,581	73,490	957,523	90,880	12,711,125	1,805,045
Intangible assets (amortizable)	8,112,428	2,744,062	2,378,587	263,097	945,348	602,635	949,244	229,454
Less: Accumulated amortization	1,403,484	443,584	209,808	94,165	174,654	180,702	239,090	61,482
Other assets	171,591,800	99,458,098	11,528,965	2,473,584	48,361,254	1,094,432	4,788,043	3,887,424
Total liabilities	4,156,064,939	2,292,196,763	491,713,438	124,904,234	705,150,337	16,806,711	100,324,164	424,969,292
Accounts payable	121,574,880	36,087,501	17,819,223	37,915,410	13,528,495	5,971,937	3,795,234	6,457,080
Mortgages, notes, and bonds payable in less than one year	227,769,876	131,366,437	54,835,840	10,140,634	14,524,403	904,864	11,128,140	4,869,559
Other current liabilities	2,234,031,501	1,763,131,604	294,604,722	62,871,091	92,229,629	2,292,478	5,809,168	13,092,808
Loans from stockholders	27,702,190	16,233,599	2,240,155	369,248	2,797,246	218,723	3,924,480	1,882,738
Mortgages, notes, and bonds payable in one year or more	201,934,716	93,542,248	46,227,119	3,425,498	9,470,889	1,344,482	33,948,216	13,976,264
Other liabilities	591,218,008	68,502,261	32,650,877	3,011,993	472,445,651	811,258	8,073,690	5,722,278
Capital stock	339,743,914	31,818,106	5,499,237	857,865	6,026,312	737,051	7,334,223	287,471,120
Paid-in or capital surplus	342,909,045	60,495,633	15,115,615	1,828,067	16,838,798	1,032,655	9,540,817	238,057,750
Retained earnings, appropriated	27,348,162	3,815,731	2,195,154	115,262	17,991,598	113,077	384,720	2,732,619
Retained earnings, unappropriated	203,492,442	88,446,279	20,814,659	4,628,771	60,222,289	3,993,505	17,974,409	7,412,530
Less: Cost of treasury stock	161,659,795	1,332,636	289,163	259,604	924,974	613,029	1,588,933	156,651,454
Total receipts	730,625,252	275,369,216	67,253,251	19,730,652	240,480,345	16,562,343	50,515,867	60,713,577
Business receipts	307,944,083	35,562,936	21,345,133	10,307,174	172,774,754	15,208,321	32,475,570	20,270,195
Interest	334,081,474	215,936,783	42,019,651	5,402,547	42,031,152	652,618	2,774,945	25,363,779
Interest on Government obligations:								
State and local	10,708,850	6,391,675	303,375	92,085	2,551,351	9,874	72,401	1,286,089
Nonqualifying interest and dividends	510,432	—	31,704	61,172	*4,720	47,782	277,483	87,571
Rents	17,369,616	5,006,439	548,005	392,847	4,374,157	86,609	5,929,032	1,032,526
Royalties	702,171	21,664	28,549	*17,080	46,446	*4,165	318,618	265,648
Net short-term capital gain reduced by net long-term capital loss	1,743,484	229,759	87,661	188,645	276,603	2,376	94,410	864,030
Net long-term capital gain reduced by net short-term capital loss	11,864,096	1,860,596	459,692	214,039	2,043,762	45,371	2,583,976	4,656,660
Net gain, noncapital assets	6,978,226	1,008,080	523,002	1,894,460	407,058	42,323	2,929,369	173,933
Dividends received from domestic corporations	6,163,274	434,434	161,251	232,739	2,558,077	30,924	243,212	2,502,638
Dividends received from foreign corporations	842,060	357,260	68,959	20,566	62,349	9,935	6,639	316,351
Other receipts	31,747,192	8,559,590	1,676,269	907,299	13,349,916	422,045	2,937,918	3,894,156
Total deductions	654,191,925	258,653,355	64,107,543	18,034,377	229,881,959	15,296,576	42,010,019	26,208,097
Cost of sales and operations	148,808,870	13,328,012	2,789,007	1,263,694	103,736,265	2,582,769	10,856,659	14,252,464
Compensation of officers	15,822,350	6,369,927	948,275	1,499,185	1,061,216	2,197,593	3,177,393	568,761
Repairs	2,697,934	1,211,131	212,540	41,803	117,735	70,530	910,686	133,508
Bad debts	8,598,809	6,843,041	1,089,600	34,886	180,091	153,255	139,038	159,897
Rent paid on business property	8,859,013	4,026,873	813,826	582,992	1,304,272	573,345	1,250,848	306,857
Taxes paid	12,855,132	3,947,459	930,989	412,727	3,991,418	523,746	2,424,843	623,950
Interest paid	218,751,832	166,713,248	36,674,575	4,869,615	3,642,356	376,114	4,281,947	2,193,976
Contributions or gifts	449,797	221,794	34,426	23,095	41,303	17,910	74,909	36,361
Amortization	420,762	163,299	22,105	27,354	61,728	41,050	54,145	51,080
Depreciation	15,013,242	7,063,417	1,080,258	634,234	2,704,707	433,308	2,317,635	779,683
Depletion	144,294	15,185	545	*365	23,241	*2,171	42,982	59,804
Advertising	4,318,978	1,454,979	818,828	161,489	939,607	145,258	620,991	177,825
Pension, profit-sharing, stock bonus, and annuity plans	3,533,182	1,363,694	214,698	225,388	965,792	281,824	344,307	137,479
Employee benefit programs	4,113,206	2,033,759	293,438	168,165	957,263	236,259	208,922	215,400
Net loss, noncapital assets	673,887	305,529	127,178	7,334	14,241	2,986	91,851	124,769
Other deductions	209,130,636	43,592,008	18,057,253	8,082,050	110,140,725	7,658,456	15,212,862	6,387,283
Total receipts less total deductions	76,433,327	16,715,862	3,145,709	1,696,275	10,598,387	1,265,767	8,505,848	34,505,479
Constructive taxable income from related foreign corporations	499,188	209,812	125,976	*5,402	54,547	*8,219	*5,273	89,959
Net income	66,225,666	10,533,999	2,968,310	1,609,593	8,101,582	1,264,112	8,438,721	33,309,350
Income subject to tax	25,190,048	9,225,916	1,697,332	1,083,592	5,067,257	805,057	5,170,467	2,140,436
Income tax, total	9,564,719	3,882,520	670,264	438,567	1,972,091	253,091	1,573,970	774,215
Regular and alternative tax	9,384,647	3,805,546	651,430	434,773	1,943,466	250,260	1,543,744	755,428
Tax from recomputing prior-year investment credit	76,636	24,693	6,111	846	22,916	1,893	16,746	3,430
Additional tax for tax preferences	96,994	51,610	11,946	2,946	5,706	915	10,853	13,018
Foreign tax credit	1,592,528	1,306,284	53,297	10,177	129,679	8,091	6,458	78,543
U.S. possessions tax credit	5,934	—	3,807	1,686	—	—	*442	—
Orphan drug credit	*66	—	—	—	—	—	(1)	*844
Nonconventional source fuel credit	*844	—	—	—	—	—	*433	3,047
Research activities credit	23,624	7,370	74	2,416	10,004	*279	*433	—
General business credit	1,257,647	734,099	74,441	56,947	220,444	30,172	95,689	45,856
Distributions to stockholders:								
Cash and property except in own stock	45,715,705	5,078,563	1,523,225	170,127	2,667,587	360,963	2,780,771	33,134,469
Corporation's own stock	2,781,943	817,084	366,995	74,162	37,426	*2,601	21,719	1,461,955

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 3—Balance Sheets, Income Statements, Tax, and Selected Other Items, 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	508,336	11,305	33,653	149,824	49,693	28,935	234,925	8,959
Total assets	185,743,331	18,520,009	8,461,780	67,897,306	13,924,381	21,234,099	55,705,756	1,478,929
Cash	22,463,155	1,301,875	1,158,312	7,552,655	1,556,107	2,097,905	8,796,301	153,354
Notes and accounts receivable	34,361,567	1,393,200	1,307,895	18,118,934	2,114,449	2,752,887	8,674,202	352,215
Less: Allowance for bad debts	1,398,061	104,527	47,128	276,929	59,482	91,616	818,379	4,487
Inventories	8,622,407	425,339	583,335	2,733,834	1,694,749	2,018,516	1,186,635	225,469
Investments in Government obligations	1,965,895	186,989	84,267	849,783	*29,388	137,434	678,034	*22,193
Other current assets	12,660,955	515,120	399,967	5,463,461	966,949	1,722,283	3,593,175	67,905
Loans to stockholders	4,933,304	221,921	228,651	1,328,901	245,245	358,710	2,549,875	50,138
Mortgage and real estate loans	1,733,262	385,403	59,942	549,377	78,011	243,971	416,558	*102,614
Other investments	22,963,218	3,144,273	790,119	9,951,961	615,237	2,626,728	5,834,899	118,659
Depreciable loans	107,545,095	13,365,393	5,866,822	32,343,337	10,607,658	12,327,585	33,034,300	556,585
Less: Accumulated depreciation	48,158,645	4,948,476	3,156,078	15,659,892	4,945,830	5,962,562	13,485,807	294,211
Depletable assets	340,183	*6,940	*45,316	234,046	*16,009	*1,312	36,560	—
Less: Accumulated depletion	93,765	*1,435	178	83,065	*4,048	331	4,707	—
Land	5,876,358	1,408,301	300,194	1,044,527	392,358	1,125,050	1,605,928	39,147
Intangible assets (amortizable)	4,843,210	114,930	243,015	1,349,462	274,438	1,395,449	1,465,914	7,729
Less: Accumulated amortization	2,178,362	39,137	65,578	499,626	62,861	1,097,653	413,507	2,240
Other assets	9,263,557	1,143,899	662,906	2,896,539	406,005	1,578,433	2,575,775	83,859
Total liabilities	185,743,331	18,520,009	8,461,780	67,897,306	13,924,381	21,234,099	55,705,756	1,478,929
Accounts payable	17,346,500	656,799	563,257	9,207,856	1,435,078	2,379,302	3,104,207	263,200
Mortgages, notes, and bonds payable in less than one year	17,661,188	965,019	625,647	9,227,569	2,045,678	1,443,455	3,353,821	192,502
Other current liabilities	20,773,511	1,029,480	816,264	7,792,204	1,088,693	2,500,325	7,546,545	76,959
Loans from stockholders	5,707,311	441,739	200,859	1,582,077	474,537	606,619	2,401,480	55,724
Mortgages, notes, and bonds payable in one year or more	43,464,237	7,619,384	1,569,270	12,285,713	3,115,153	4,861,718	14,013,000	237,937
Other liabilities	11,108,822	1,440,469	537,505	3,220,673	552,616	1,822,458	3,535,101	121,053
Capital stock	9,145,562	1,072,019	666,812	3,110,563	682,765	1,346,783	2,266,619	105,111
Paid-in or capital surplus	16,264,656	1,675,730	499,439	6,231,501	606,291	2,042,271	5,209,423	48,216
Retained earnings, appropriated	509,490	44,981	*103,350	143,078	44,780	36,384	136,917	*28,237
Retained earnings, unappropriated	48,206,029	4,121,338	3,420,013	16,434,957	4,232,506	4,647,742	15,349,473	388,055
Less: Cost of treasury stock	4,443,975	546,949	540,637	1,338,886	353,716	452,957	1,210,830	38,065
Total receipts	345,954,376	19,804,046	15,250,539	125,925,676	27,064,864	26,704,243	131,205,007	5,004,494
Business receipts	324,731,170	17,877,208	14,595,963	118,135,710	25,757,091	23,483,645	124,881,554	4,796,519
Interest	3,388,448	265,144	139,116	1,487,829	130,956	325,286	1,040,117	26,920
Interest on Government obligations:								
State and local	84,529	11,264	4,510	23,847	4,940	10,245	29,723	*57
Nonqualifying interest and dividends	307,358	39,256	14,261	93,695	17,155	54,404	88,587	16,531
Rents	4,142,887	482,595	115,314	2,125,090	348,049	419,073	652,766	5,135
Royalties	995,793	*233,003	39,020	372,175	29,082	248,825	73,687	*243
Net short-term capital gain reduced by net long-term capital loss	86,336	*13,832	2,401	22,454	*11,504	11,180	24,965	*3,103
Net long-term capital gain reduced by net short-term capital loss	1,030,176	250,501	58,889	267,249	41,249	163,199	249,091	27,294
Net gain, noncapital assets	1,351,734	176,250	50,092	448,719	331,725	102,321	242,628	11,629
Dividends received from domestic corporations	416,681	27,049	34,556	184,392	6,926	38,271	125,485	*9,235
Dividends received from foreign corporations	188,569	*885	*20,949	68,551	4,004	*82,345	11,834	*1,411
Other receipts	9,230,694	427,059	175,467	2,695,964	382,185	1,765,449	3,784,570	106,418
Total deductions	326,681,835	18,608,382	14,250,206	118,745,854	25,679,772	24,919,923	124,477,699	4,772,923
Cost of sales and operations	119,444,308	8,836,592	5,746,658	56,237,905	13,448,807	8,583,829	26,590,517	3,364,542
Compensation of officers	40,094,201	316,171	952,456	8,259,003	1,639,721	1,686,630	27,240,220	176,599
Repairs	2,601,135	354,290	173,246	711,050	237,971	336,705	787,872	19,281
Bad debts	1,098,071	39,169	63,169	400,011	76,087	75,729	443,906	7,075
Rent paid on business property	12,219,574	842,110	593,918	3,378,366	910,702	1,096,217	5,398,261	53,324
Taxes paid	11,510,168	811,318	627,926	3,847,497	841,926	978,702	4,402,799	129,206
Interest paid	7,012,477	913,805	241,965	2,563,082	633,890	683,992	1,975,743	39,438
Contributions or gifts	218,812	12,515	64,678	13,137	10,712	20,042	97,727	913
Amortization	426,477	16,809	18,728	129,283	17,765	96,759	147,133	776
Depreciation	14,034,302	1,001,979	699,902	5,102,936	1,611,413	1,588,287	4,029,786	64,263
Depletion	30,571	*190	*1,399	10,388	*538	*1,505	16,549	127
Advertising	3,399,592	374,844	240,204	1,043,234	318,003	775,230	648,076	37,544
Pension, profit-sharing, stock bonus, and annuity plans	6,451,497	42,182	132,104	1,351,005	130,153	210,758	4,585,295	18,547
Employee benefit programs	3,633,874	160,565	112,181	1,108,412	171,307	214,133	1,867,277	27,095
Net loss, noncapital assets	164,367	3,177	4,971	108,680	11,217	10,759	25,563	*1,177
Other deductions	104,342,411	4,882,665	4,628,244	34,430,323	5,619,561	8,560,643	46,220,975	833,015
Total receipts less total deductions	19,272,540	1,195,664	1,000,333	7,179,822	1,385,093	1,784,321	6,727,308	231,571
Constructive taxable income from related foreign corporations	185,900	4,907	19,304	79,392	3,261	54,349	24,686	—
Net income	19,373,912	1,189,308	1,015,127	7,235,367	1,383,414	1,828,425	6,722,271	231,514
Income subject to tax	13,475,735	748,338	810,534	5,095,216	919,017	1,110,916	4,791,715	98,483
Income tax, total	4,435,612	283,272	254,875	1,835,726	267,864	410,027	1,383,849	27,937
Regular and alternative tax	4,318,861	273,638	251,362	1,772,253	261,975	404,712	1,354,921	27,110
Tax from recomputing prior-year investment credit	101,214	6,886	2,947	58,482	5,748	4,132	23,019	*729
Additional tax for tax preferences	11,210	1,559	*376	2,314	*140	1,042	5,779	*20
Foreign tax credit	203,025	*5,528	21,741	93,191	*4,828	56,762	20,973	—
U.S. possessions tax credit	7,126	724	—	1,064	—	9	*5,328	222
Orphan drug credit	—	—	—	—	—	—	—	—
Nonconventional source fuel credit	—	—	—	—	—	—	—	—
Research activities credit	48,202	*60	*352	40,559	*1,374	*280	5,577	*291
General business credit	1,024,736	62,257	51,062	437,600	96,619	76,078	301,122	3,866
Distributions to stockholders:								
Cash and property except in own stock	2,307,755	314,598	107,489	803,883	142,350	251,081	688,354	17,569
Corporation's own stock	96,634	5,564	6,484	28,378	*6,377	1,769	48,061	—

* 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: Net long-term capital gain reduced by net short-term capital loss includes amounts from Forms 1120S, which are not included in computed total receipts nor net income for Tax Year 1984. Therefore, the components of total receipts do not equal the computed total receipts. Also, detail may not add to total because of rounding and the deletion of data. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 4.—Balance Sheets, Income Statements, and Selected Other Items by Size of Total Assets

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole 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	3,170,743	136,338	1,637,381	578,819	325,515	215,464
Total assets	11,106,701,948	—	55,854,452	93,269,724	115,249,405	150,619,653
Cash	595,773,262	—	11,323,997	14,999,802	15,700,606	17,322,982
Notes and accounts receivable	2,896,980,896	—	6,511,113	14,933,651	21,717,998	31,177,755
Less: Allowance for bad debts	54,341,071	—	144,583	221,941	422,980	554,851
Inventories	664,243,060	—	6,738,162	14,841,522	19,627,473	28,039,023
Investments in Government obligations	725,695,801	—	101,205	285,026	388,548	883,363
Other current assets	513,743,712	—	2,585,412	3,768,766	4,809,681	6,178,883
Loans to stockholders	58,543,009	—	3,794,606	4,849,274	3,789,496	3,316,730
Mortgage and real estate loans	1,126,962,114	—	564,726	1,070,907	1,870,418	2,181,294
Other investments	1,972,830,815	—	1,706,288	4,506,757	6,533,739	9,343,367
Depreciable assets	2,913,301,626	—	44,180,888	56,471,559	63,750,057	78,663,093
Less: Accumulated depreciation	1,116,171,771	—	27,144,668	32,010,252	34,868,051	42,098,078
Depletable assets	114,808,431	—	342,737	246,515	531,793	439,472
Less: Accumulated depletion	36,340,299	—	149,498	87,240	122,452	105,696
Land	128,269,064	—	1,958,897	4,740,031	6,834,948	9,862,709
Intangible assets (amortizable)	117,467,829	—	1,268,841	1,631,840	1,397,218	1,652,839
Less: Accumulated amortization	36,190,604	—	641,430	655,383	531,703	640,079
Other assets	521,126,077	—	2,857,759	3,900,892	4,242,617	4,957,047
Total liabilities	11,106,701,948	—	55,854,452	93,269,724	115,249,405	150,619,653
Accounts payable	741,372,874	—	8,381,875	12,371,957	17,011,567	22,464,960
Mortgages, notes, and bonds payable in less than one year	866,546,604	—	7,390,169	10,086,495	14,638,471	20,789,597
Other current liabilities	3,760,174,725	—	6,530,893	8,472,624	9,192,013	11,915,208
Loans from stockholders	145,250,514	—	16,133,412	12,768,048	11,218,506	10,179,514
Mortgages, notes, and bonds payable in one year or more	1,494,350,573	—	13,240,095	19,504,002	23,799,885	30,037,428
Other liabilities	1,214,879,371	—	2,501,952	2,905,163	3,744,119	4,571,271
Capital stock	839,344,147	—	11,897,039	12,276,691	11,991,370	12,839,637
Paid-in or capital surplus	1,066,288,359	—	5,593,271	5,724,620	6,016,228	8,182,778
Retained earnings, appropriated	51,100,507	—	194,782	199,739	483,324	551,624
Retained earnings, unappropriated	1,256,771,201	—	-13,640,402	12,438,465	20,345,552	33,926,955
Less: Cost of treasury stock	329,376,924	—	2,368,633	3,478,080	3,191,628	4,839,319
Total receipts	7,860,711,226	101,352,857	255,769,474	264,152,184	273,139,823	339,160,191
Business receipts	6,948,481,893	64,646,849	248,406,665	254,988,238	264,023,537	328,306,414
Interest	563,793,348	29,056,052	968,944	1,420,814	1,639,897	2,074,171
Interest on Government obligations:						
State and local	16,613,501	263,117	8,535	24,161	97,719	67,438
Nonqualifying interest and dividends	2,744,626	37,965	185,321	194,493	189,704	212,163
Rents	75,834,113	928,258	1,198,012	1,546,363	1,910,320	2,335,011
Royalties	14,535,929	84,652	187,957	177,558	297,727	247,930
Net short-term capital gain reduced by net long-term capital loss	3,233,999	28,830	15,040	14,845	19,444	27,735
Net long-term capital gain reduced by net short-term capital loss	38,518,792	1,085,849	455,503	455,282	505,771	746,098
Net gain, noncapital assets	26,506,096	2,099,790	695,247	790,559	943,031	1,023,315
Dividends received from domestic corporations	21,185,391	198,492	45,830	100,394	131,293	167,567
Dividends received from foreign corporations	15,373,474	101,440	*300	*3,375	1,453	8,687
Other receipts	133,948,728	2,821,563	3,619,937	4,443,196	3,381,789	3,948,079
Total deductions	7,628,772,166	99,571,811	256,452,277	261,182,666	269,747,948	334,641,973
Cost of sales and operations	4,692,505,746	44,691,162	112,508,530	143,801,785	166,415,171	222,590,165
Compensation of officers	157,028,565	1,652,915	35,250,654	23,921,063	16,171,020	15,196,360
Repairs	76,367,591	686,309	1,986,791	2,101,258	2,137,908	2,276,087
Bad debts	33,803,267	769,667	581,535	567,920	747,524	1,100,646
Rent paid on business property	119,476,469	1,373,028	10,613,087	7,804,497	6,406,542	6,404,153
Taxes paid	191,748,629	1,761,636	7,914,580	7,588,704	7,161,346	8,029,513
Interest paid	535,819,101	28,010,337	2,695,694	3,868,192	4,438,015	5,584,047
Contributions or gifts	4,057,112	33,537	57,804	78,423	77,338	99,704
Amortization	5,170,089	78,813	176,315	178,261	165,010	164,534
Depreciation	264,882,261	2,117,539	6,339,371	6,836,975	7,258,654	8,545,235
Depletion	8,051,260	79,697	23,451	33,627	55,252	33,951
Advertising	82,023,440	846,303	2,447,455	2,255,447	2,391,210	2,896,790
Pension, profit-sharing, stock bonus, and annuity plans	52,555,188	281,240	3,818,371	2,758,606	1,826,211	1,897,504
Employee benefit programs	64,547,638	490,462	1,506,321	1,493,648	1,424,688	1,878,166
Net loss, noncapital assets	9,647,008	331,688	294,872	151,832	179,048	223,397
Other deductions	1,331,088,812	16,367,479	70,237,447	57,742,426	52,893,011	57,721,719
Total receipts less total deductions	231,939,061	1,781,046	-682,803	2,969,518	3,391,875	4,518,219
Constructive taxable income from related foreign corporations	17,575,037	123,017	*106	—	(1)	*1,798
Net income (less deficit), total	232,900,596	1,640,946	-691,233	2,945,358	3,294,157	4,452,579
Net income	349,179,415	6,700,921	8,757,938	9,131,785	9,078,076	10,149,511
Deficit	116,278,819	5,059,975	9,449,171	6,186,427	5,783,919	5,696,933
Income subject to tax	257,054,060	3,983,489	3,953,148	5,904,550	6,318,083	7,139,945
Income tax, total	107,968,407	1,811,986	668,831	1,095,060	1,374,488	1,875,078
Regular and alternative tax	106,013,271	1,635,337	645,241	1,065,309	1,341,508	1,841,623
Tax from recomputing prior-year investment credit	1,382,945	157,697	22,730	26,970	29,932	30,064
Additional tax for tax preferences	544,663	7,989	*365	*794	2,316	1,857
Foreign tax credit	21,075,296	155,275	—	*1,354	*532	2,430
U.S. possessions tax credit	1,978,578	-23,182	*481	*2,663	*209	2,033
Orphan drug credit	*105	—	—	—	—	—
Nonconventional source fuel credit	69,695	*5,690	—	—	*7	*43
Research activities credit	1,589,048	7,614	*231	*812	5,017	6,423
General business credit	19,265,475	92,131	186,148	285,749	343,838	429,835
Distributions to stockholders:						
Cash and property except in own stock	144,871,643	4,940,330	1,225,902	810,094	833,697	911,981
Corporation's own stock	5,889,191	1,157,417	—	7,365	19,517	24,575

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 4.—Balance Sheets, Income Statements, and Selected Other Items by Size of Total Assets—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole 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	204,953	27,962	20,787	10,053	5,964	3,825	3,663
Total assets	420,745,073	194,879,814	325,299,620	355,896,372	422,408,620	617,594,253	8,354,884,776
Cash	38,557,112	15,205,802	23,242,131	23,197,173	25,501,592	32,129,619	378,592,422
Notes and accounts receivable	96,056,030	47,507,805	90,931,470	114,315,112	132,863,549	151,437,405	2,189,529,009
Less: Allowance for bad debts	2,101,469	1,162,897	2,186,367	2,447,261	3,054,646	4,513,619	37,530,457
Inventories	89,246,763	36,536,987	45,119,779	31,951,369	26,798,276	39,704,936	325,638,769
Investments in Government obligations	3,737,199	4,456,545	22,215,456	39,603,635	55,127,261	60,520,951	538,376,497
Other current assets	20,910,083	10,685,785	16,269,198	15,577,540	18,204,513	27,624,007	387,131,829
Loans to stockholders	5,660,195	1,577,531	1,816,736	1,376,888	1,240,161	2,080,111	29,041,280
Mortgage and real estate loans	5,697,492	3,352,746	10,490,151	22,823,797	46,876,852	99,680,562	932,353,168
Other investments	31,170,471	17,220,633	33,891,713	36,722,119	48,906,443	93,150,628	1,689,678,656
Depreciable assets	184,095,953	79,289,924	103,797,912	83,879,870	77,476,877	124,679,714	2,017,015,780
Less: Accumulated depreciation	91,685,293	35,968,150	44,983,271	33,884,516	30,933,043	47,569,178	695,027,270
Depletable assets	2,283,925	1,629,180	3,737,403	3,009,416	3,502,498	6,240,159	92,845,332
Less: Accumulated depletion	827,258	468,165	1,163,455	795,258	1,299,183	2,649,653	28,672,241
Land	22,722,031	7,437,921	8,980,283	7,007,579	5,449,686	7,674,635	45,600,346
Intangible assets (amortizable)	4,679,654	2,226,929	3,465,708	3,251,724	3,883,869	5,892,356	88,116,696
Less: Accumulated amortization	1,981,033	678,153	1,031,875	984,726	840,510	1,532,428	26,673,159
Other assets	12,523,219	6,029,389	10,706,648	11,291,911	12,704,427	23,044,047	428,868,120
Total liabilities	420,745,073	194,879,814	325,299,620	355,896,372	422,408,620	617,594,253	8,354,884,776
Accounts payable	67,460,935	27,724,907	36,035,805	27,688,856	25,799,539	37,970,377	458,462,095
Mortgages, notes, and bonds payable in less than one year	68,364,819	30,964,875	36,863,069	30,720,893	27,889,638	36,929,879	581,908,700
Other current liabilities	38,007,897	24,482,909	82,001,780	140,694,386	202,367,301	267,790,819	2,968,699,603
Loans from stockholders	17,340,655	4,561,096	4,788,650	3,055,338	2,892,479	4,801,077	57,511,742
Mortgages, notes, and bonds payable in one year or more	81,523,877	38,456,473	54,478,364	47,910,232	46,769,687	73,703,433	1,064,927,097
Other liabilities	16,852,722	8,674,304	15,732,165	16,376,262	19,578,817	39,542,669	1,084,399,929
Capital stock	29,345,196	12,166,508	21,326,006	18,767,615	22,868,978	32,687,668	653,173,836
Paid-in or capital surplus	26,887,558	14,391,257	24,575,837	31,236,896	38,865,404	66,625,221	838,177,639
Retained earnings, appropriated	1,680,330	709,422	1,117,344	1,157,005	1,316,214	2,702,399	40,988,324
Retained earnings, unappropriated	83,092,879	35,881,734	52,429,729	41,263,103	40,575,077	63,792,459	886,696,670
Less: Cost of treasury stock	9,811,893	3,133,671	4,049,127	2,976,212	6,515,513	8,951,748	280,060,859
Total receipts	909,328,244	362,537,300	419,551,636	306,587,771	262,177,391	407,146,465	3,956,117,917
Business receipts	880,402,335	348,120,677	393,950,363	276,091,435	225,041,645	355,010,915	3,305,995,413
Interest	6,196,338	3,644,973	10,952,042	18,121,318	25,154,628	34,545,271	429,973,595
Interest on Government obligations:							
State and local	177,096	120,123	434,020	803,002	1,096,823	1,230,273	12,291,194
Nonqualifying interest and dividends	748,234	331,515	393,540	186,998	112,140	79,984	72,569
Rents	5,106,923	2,307,923	3,199,040	2,490,684	2,132,809	3,293,253	49,378,837
Royalties	487,789	349,342	452,606	448,766	305,825	601,853	10,889,520
Net short-term capital gain reduced by net long-term capital loss	155,426	65,739	86,829	107,065	124,984	227,384	2,359,575
Net long-term capital gain reduced by net short-term capital loss	2,120,128	1,082,169	1,624,259	1,454,260	1,502,858	2,243,848	25,235,215
Net gain, noncapital assets	2,582,367	1,219,196	1,459,258	1,072,406	1,056,701	1,357,909	12,165,508
Dividends received from domestic corporations	704,707	386,989	677,213	691,605	783,138	1,076,303	16,219,586
Dividends received from foreign corporations	59,757	11,051	74,571	93,822	131,062	378,517	14,509,367
Other receipts	10,608,462	4,901,043	6,250,622	5,026,409	4,734,779	7,100,955	77,027,538
Total deductions	895,166,024	355,975,426	409,687,365	297,890,957	253,783,771	393,889,108	3,796,932,393
Cost of sales and operations	651,434,293	264,728,575	291,676,740	200,637,205	160,720,650	250,410,312	2,180,128,021
Compensation of officers	25,480,674	6,742,582	6,592,778	3,976,774	3,067,123	3,276,446	15,669,767
Repairs	4,764,952	1,632,346	1,948,289	1,488,470	1,400,278	2,507,757	53,393,065
Bad debts	2,865,378	1,116,054	1,684,876	1,636,831	1,564,160	1,970,742	19,196,101
Rent paid on business property	11,536,984	4,022,196	4,881,754	3,508,457	3,145,411	5,216,861	54,549,506
Taxes paid	18,079,984	6,462,174	7,954,021	6,109,604	5,066,619	8,084,280	107,419,419
Interest paid	15,867,247	7,439,720	13,564,842	17,219,928	21,965,243	31,334,863	383,710,620
Contributions or gifts	275,485	127,505	185,822	149,475	147,970	215,935	2,608,091
Amortization	386,634	228,325	318,186	239,839	233,822	392,839	2,606,818
Depreciation	19,012,217	8,048,152	10,443,620	8,473,415	7,464,938	12,168,981	168,045,446
Depletion	240,465	175,722	255,349	267,652	278,555	402,720	6,189,597
Advertising	6,921,891	2,931,978	3,727,795	3,262,975	2,891,721	5,533,121	45,909,009
Pension, profit-sharing, stock bonus, and annuity plans	4,156,340	1,353,112	1,544,491	1,154,883	1,104,123	1,958,792	30,696,248
Employee benefit programs	4,683,734	2,070,936	2,782,503	2,388,451	2,153,951	4,042,983	39,600,989
Net loss, noncapital assets	434,948	230,948	242,902	614,306	455,022	754,426	5,716,100
Other deductions	129,024,802	48,665,102	61,883,397	46,762,695	42,124,723	65,618,049	681,493,604
Total receipts less total deductions	14,162,219	6,561,875	9,864,271	8,696,814	8,393,620	13,257,357	159,185,524
Constructive taxable income from related foreign corporations	31,159	2,793	95,410	69,354	95,471	383,242	16,770,807
Net income (less deficit), total	14,016,282	6,444,544	9,925,662	7,963,166	7,392,268	12,410,326	163,665,136
Net income	27,265,541	12,174,741	16,918,242	13,825,270	12,690,064	20,022,854	202,356,370
Deficit	13,249,260	5,730,197	7,392,580	5,862,104	5,297,796	7,612,528	38,691,234
Income subject to tax	18,586,621	8,326,745	11,726,055	9,656,617	8,745,716	13,827,150	158,875,836
Income tax, total	6,780,516	3,567,452	5,159,620	4,313,305	3,911,490	6,251,785	71,153,074
Regular and alternative tax	6,680,003	3,519,831	5,099,481	4,254,297	3,857,649	6,166,679	69,901,279
Tax from recomputing prior-year investment credit	84,613	34,798	39,486	38,858	35,992	55,319	826,340
Additional tax for tax preferences	13,613	11,658	17,259	19,268	17,725	27,327	424,133
Foreign tax credit	27,814	6,873	59,700	74,548	120,816	371,963	20,252,108
U.S. possessions tax credit	39,897	51,283	227,770	285,041	234,113	426,383	685,437
Orphan drug credit	—	—	66	—	—	—	39
Nonconventional source fuel credit	*378	*2,504	1,312	1,442	2,484	2,858	52,977
Research activities credit	49,487	29,638	41,006	38,682	48,613	121,459	1,240,063
General business credit	1,093,733	436,034	562,029	471,754	417,169	703,828	14,242,959
Distributions to stockholders:							
Cash and property except in own stock	3,071,267	1,389,398	3,664,421	3,706,358	4,555,616	8,124,620	111,627,646
Corporation's own stock	173,312	68,167	152,407	263,931	263,483	345,102	3,409,299

* 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: Net long-term capital gain reduced by net short-term capital loss includes amounts from Forms 1120S, which are not included in computed total receipts nor net income for Tax Year 1984. Therefore, the components of total receipts do not equal the computed total receipts. Also, detail may not add to total because of rounding and the deletion of data. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS WITH NET INCOME

Table 5—Balance Sheets, Income Statements, and Selected Other Items by Size of Total Assets

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole 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	1,777,770	50,802	807,348	363,557	216,680	147,990
Total assets	8,178,694,190	—	31,163,065	59,362,756	76,877,338	103,526,918
Cash	470,609,547	—	7,737,667	11,619,066	12,737,228	14,170,412
Notes and accounts receivable	2,280,041,676	—	3,616,042	9,986,304	15,709,860	23,129,708
Less: Allowance for bad debts	36,752,867	—	37,788	143,171	271,252	351,423
Inventories	502,956,093	—	3,402,192	8,894,488	12,952,925	19,950,934
Investments in Government obligations	543,106,580	—	61,376	192,064	284,324	719,809
Other current assets	385,134,124	—	1,399,129	2,378,989	3,067,900	3,940,035
Loans to stockholders	36,952,292	—	2,467,875	3,480,053	2,703,879	2,328,325
Mortgage and real estate loans	513,121,055	—	388,002	736,374	1,346,087	1,535,383
Other investments	1,551,936,180	—	1,014,723	3,042,333	4,413,298	6,535,211
Depreciable assets	2,212,825,642	—	22,583,492	33,812,216	39,500,403	50,574,895
Less: Accumulated depreciation	852,667,970	—	14,156,933	19,851,508	22,616,370	28,209,362
Depletable assets	83,536,361	—	172,096	106,176	157,002	196,133
Less: Accumulated depletion	25,933,451	—	83,996	31,938	51,060	66,447
Land	78,724,621	—	935,715	2,637,597	3,855,142	5,607,867
Intangible assets (amortizable)	85,846,695	—	507,980	664,324	832,698	899,321
Less: Accumulated amortization	30,120,483	—	252,166	318,861	367,420	390,851
Other assets	379,378,097	—	1,407,658	2,158,252	2,622,694	2,956,968
Total liabilities	8,178,694,190	—	31,163,065	59,362,756	76,877,338	103,526,918
Accounts payable	530,025,997	—	3,469,644	6,917,204	10,545,024	15,175,105
Mortgages, notes, and bonds payable in less than one year	586,860,266	—	2,756,345	4,624,453	7,399,283	11,386,174
Other current liabilities	2,592,901,193	—	3,172,513	5,288,503	6,203,861	8,430,094
Loans from stockholders	77,473,293	—	4,447,440	4,767,435	4,859,047	4,663,206
Mortgages, notes, and bonds payable in one year or more	940,446,320	—	4,641,858	9,128,583	11,587,489	15,518,067
Other liabilities	974,643,738	—	778,121	1,640,566	2,128,406	2,854,542
Capital stock	609,404,967	—	4,776,597	6,393,247	6,696,553	7,722,269
Paid-in or capital surplus	817,834,030	—	1,442,343	2,460,759	2,412,080	3,733,021
Retained earnings, appropriated	36,966,048	—	100,122	148,777	341,575	469,203
Retained earnings, unappropriated	1,229,717,892	—	7,080,331	20,429,155	27,083,798	37,068,237
Less: Cost of treasury stock	217,579,551	—	1,502,247	2,435,926	2,379,778	3,492,999
Total receipts	6,081,937,505	66,031,276	156,967,364	180,682,127	201,445,345	260,668,698
Business receipts	5,414,857,020	43,481,334	152,073,851	174,068,340	194,715,756	252,438,761
Interest	398,043,716	17,023,772	711,819	973,098	1,232,079	1,605,721
Interest on Government obligations:						
State and local	11,820,622	135,080	7,874	20,895	82,008	61,482
Nonqualifying interest and dividends	2,135,378	30,882	126,991	142,288	140,811	151,432
Rents	58,491,638	415,760	657,284	1,035,586	1,320,800	1,671,920
Royalties	12,651,341	56,194	136,982	145,319	271,272	180,770
Net short-term capital gain reduced by net long-term capital loss	2,615,769	13,411	9,298	13,471	7,696	20,109
Net long-term capital gain reduced by net short-term capital loss	31,721,906	895,115	317,683	402,259	400,285	584,751
Net gain, noncapital assets	18,479,833	1,796,399	521,959	560,577	723,313	794,216
Dividends received from domestic corporations	17,371,357	156,030	38,682	90,622	118,792	156,491
Dividends received from foreign corporations	14,668,759	90,000	17	284	1,147	5,292
Other receipts	99,120,200	1,937,298	2,382,742	3,236,478	2,433,246	2,998,569
Total deductions	5,737,155,001	59,376,670	148,200,378	171,530,638	192,284,923	250,459,502
Cost of sales and operations	3,607,173,305	29,231,373	65,132,859	93,795,416	120,499,223	170,198,296
Compensation of officers	116,805,823	1,080,837	22,924,822	18,033,109	12,437,944	12,090,201
Repairs	59,818,225	275,195	1,090,204	1,320,041	1,446,146	1,607,474
Bad debts	20,345,783	242,471	272,527	300,602	445,314	665,719
Rent paid on business property	82,997,286	711,394	5,854,354	4,947,331	4,261,631	4,573,365
Taxes paid	152,769,422	1,040,464	4,587,971	4,986,688	5,122,681	5,949,606
Interest paid	349,926,289	16,105,003	1,208,836	1,825,070	2,326,903	3,058,345
Contributions or gifts	3,986,557	29,012	54,388	75,227	74,428	98,994
Amortization	3,209,769	23,625	64,565	70,702	94,724	86,662
Depreciation	197,521,661	1,073,221	3,288,911	4,098,589	4,593,778	5,538,325
Depletion	6,023,525	49,848	17,192	24,892	43,996	27,847
Advertising	64,462,799	536,084	1,103,146	1,399,946	1,647,885	2,089,002
Pension, profit-sharing, stock bonus, and annuity plans	43,219,179	193,577	2,537,182	2,235,337	1,512,805	1,639,368
Employee benefit programs	50,433,931	331,963	859,106	1,112,736	1,063,463	1,430,013
Net loss, noncapital assets	2,152,599	48,658	57,353	35,213	54,215	61,481
Other deductions	976,308,854	8,403,945	39,146,962	37,269,742	36,659,788	41,343,803
Net income	349,179,415	6,635,169	8,759,112	9,130,594	9,078,414	10,149,511
Income subject to tax	256,980,702	3,934,221	3,954,313	5,903,380	6,318,187	7,139,945
Income tax, total	107,714,085	1,772,076	664,834	1,083,408	1,367,430	1,869,627
Regular and alternative tax	105,984,262	1,612,788	645,778	1,064,771	1,341,525	1,841,623
Tax from recomputing prior-year investment credit	1,205,274	150,200	18,195	15,856	22,872	24,780
Additional tax for tax preferences	508,050	7,612	365	794	2,301	1,690
Foreign tax credit	21,072,604	150,944	—	1,354	532	2,430
U.S. possessions tax credit	1,978,578	23,139	1,017	2,127	209	2,033
Orphan drug credit	105	—	—	—	—	—
Nonconventional source fuel credit	69,695	5,690	—	—	7	43
Research activities credit	1,589,048	7,496	231	812	5,017	6,423
General business credit	19,260,214	87,777	186,148	285,749	343,838	429,835
Distributions to stockholders:						
Cash and property except in own stock	130,100,791	3,651,889	1,008,129	601,953	799,393	801,808
Corporation's own stock	5,255,431	1,106,413	—	7,321	6,608	24,544

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

Corporation Returns/1984

Table 5—Balance Sheets, Income Statements, and Selected Other Items by Size of Total Assets—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets are in whole 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	143,104	18,728	13,936	6,760	3,975	2,501	2,356
Total assets	293,198,702	130,609,847	222,910,024	240,701,866	288,394,782	408,109,764	6,323,823,705
Cash	31,315,870	11,715,359	17,112,789	16,759,625	18,152,391	22,100,804	307,186,055
Notes and accounts receivable	72,735,882	34,262,500	64,679,426	80,538,899	92,806,224	102,922,456	1,779,651,735
Less: Allowance for bad debts	1,404,875	770,745	1,354,243	1,546,103	1,964,606	2,670,388	26,238,273
Inventories	66,733,322	26,842,630	32,637,430	23,030,767	18,742,170	28,704,693	261,064,543
Investments in Government obligations	2,980,393	3,596,884	16,528,643	28,720,427	39,205,808	42,852,196	407,964,332
Other current assets	12,766,887	6,419,518	10,559,398	9,989,415	12,766,000	18,316,221	303,530,610
Loans to stockholders	3,844,998	998,406	1,118,949	675,074	630,060	1,547,034	17,157,638
Mortgage and real estate loans	3,733,664	1,970,351	7,288,447	13,470,977	28,168,368	55,878,451	398,598,071
Other investments	20,810,636	11,638,334	25,112,728	26,098,069	36,598,042	65,984,788	1,350,685,083
Depreciable assets	123,099,749	50,226,286	67,543,750	54,973,759	51,741,111	86,968,643	1,631,800,992
Less: Accumulated depreciation	65,043,712	24,524,779	31,601,349	23,740,584	21,695,768	35,136,263	566,091,151
Depletable assets	829,927	488,996	1,018,610	1,166,431	1,325,893	2,472,750	75,602,346
Less: Accumulated depletion	282,922	160,975	331,095	340,764	526,917	1,011,767	23,045,570
Land	12,213,999	3,637,251	4,937,981	3,616,260	3,112,551	4,829,923	33,340,336
Intangible assets (amortizable)	2,861,153	1,093,926	1,781,511	1,858,813	2,086,927	2,980,218	70,279,820
Less: Accumulated amortization	1,433,551	359,596	604,913	641,631	503,110	812,303	24,406,078
Other assets	7,437,282	3,355,502	6,511,963	6,072,432	7,749,640	12,182,309	326,743,281
Total liabilities	293,198,702	130,609,847	222,910,024	240,701,866	288,394,782	408,109,764	6,323,823,705
Accounts payable	47,523,296	18,960,829	25,434,313	18,607,073	17,533,555	24,951,043	340,908,674
Mortgages, notes, and bonds payable in less than one year	42,121,603	17,584,549	21,559,041	17,984,600	15,443,430	20,368,026	425,626,843
Other current liabilities	26,857,299	16,621,218	54,978,761	95,418,161	134,642,677	168,463,457	2,072,814,176
Loans from stockholders	7,965,814	1,936,063	1,762,531	1,204,469	1,230,100	1,760,155	42,877,032
Mortgages, notes, and bonds payable in one year or more	43,257,559	19,392,808	29,095,812	23,962,765	24,658,943	38,188,932	721,013,504
Other liabilities	10,203,273	4,976,102	11,007,451	10,288,203	13,169,372	26,166,266	891,429,656
Capital stock	17,325,328	7,213,811	13,873,138	12,989,788	16,885,591	24,527,367	490,993,880
Paid-in or capital surplus	11,019,422	6,012,736	12,172,499	18,653,993	26,596,237	46,836,262	686,494,676
Retained earnings, appropriated	1,342,051	608,969	791,498	848,252	1,058,653	1,796,983	29,459,470
Retained earnings, unappropriated	93,244,431	39,648,386	55,353,132	42,939,384	42,310,010	63,262,160	801,307,818
Less: Cost of treasury stock	7,661,374	2,345,625	3,118,151	2,194,820	5,135,786	8,210,885	179,101,960
Total receipts	723,857,199	268,496,001	317,076,592	226,759,865	194,432,731	298,977,883	3,185,339,698
Business receipts	701,986,516	258,102,978	297,970,218	205,241,542	168,705,279	263,438,452	2,701,716,694
Interest	4,742,217	2,636,476	8,039,812	12,511,465	17,253,722	22,811,257	308,362,916
Interest on Government obligations:							
State and local	145,331	98,486	319,864	544,689	732,557	827,896	8,844,283
Nonqualifying interest and dividends	611,897	274,830	327,025	147,586	92,031	55,019	34,586
Rents	3,563,702	1,542,472	2,402,007	1,638,466	1,343,778	1,933,906	40,962,213
Royalties	359,450	305,872	347,891	316,166	241,530	460,156	9,824,199
Net short-term capital gain reduced by net long-term capital loss	97,406	49,398	60,882	79,286	93,194	239,041	1,932,576
Net long-term capital gain reduced by net short-term capital loss	1,758,684	876,209	1,311,019	1,232,966	1,219,286	1,918,712	20,799,019
Net gain, noncapital assets	1,928,438	797,846	1,019,551	672,877	681,140	950,411	7,003,075
Dividends received from domestic corporations	61,459	336,872	591,867	602,329	667,543	872,606	13,126,163
Dividends received from foreign corporations	40,589	3,024	76,657	82,325	127,096	351,895	13,889,063
Other receipts	8,022,834	3,472,655	4,609,802	3,690,169	3,275,576	5,118,533	57,844,912
Total deductions	696,483,278	256,225,873	299,741,500	212,266,221	180,896,226	278,289,056	2,990,382,000
Cost of sales and operations	518,447,709	193,239,218	218,614,034	146,806,280	117,785,537	180,231,574	1,752,614,605
Compensation of officers	20,838,705	5,282,000	4,987,150	2,879,661	2,211,039	2,249,738	11,779,392
Repairs	3,501,639	1,132,864	1,435,388	1,099,998	1,124,653	1,872,502	43,907,451
Bad debts	1,801,246	632,937	862,598	789,197	724,512	993,098	12,611,906
Rent paid on business property	8,158,727	2,692,916	3,260,066	2,389,887	2,095,143	3,476,177	40,558,286
Taxes paid	14,013,073	4,741,292	5,920,722	4,571,713	3,927,369	6,301,182	91,555,543
Interest paid	9,273,655	4,091,758	8,284,630	10,342,058	13,457,490	18,316,087	261,538,481
Contributions or gifts	268,983	127,165	177,800	145,313	147,982	216,347	2,569,130
Amortization	208,917	106,201	150,009	144,068	132,095	215,488	1,912,267
Depreciation	12,902,458	5,107,829	6,736,696	5,435,506	4,837,254	7,992,236	135,895,072
Depletion	158,363	113,899	162,146	154,511	128,919	289,660	4,852,252
Advertising	5,100,484	2,065,603	2,777,834	2,412,249	2,256,793	4,184,242	38,871,037
Pension, profit-sharing, stock bonus, and annuity plans	3,725,965	1,188,222	1,320,794	937,997	905,102	1,556,709	25,456,287
Employee benefit programs	3,612,486	1,476,693	1,956,653	1,750,011	1,575,225	3,064,494	32,192,698
Net loss, noncapital assets	157,461	56,256	96,514	204,927	104,440	137,435	1,138,137
Other deductions	94,313,408	34,171,023	42,998,468	32,202,844	29,482,675	47,192,087	532,929,455
Net income	27,259,732	12,174,435	17,104,045	14,011,358	12,897,083	20,234,983	201,558,164
Income subject to tax	18,587,144	8,325,085	11,901,892	9,815,144	8,885,748	14,100,748	158,054,446
Income tax, total	6,764,057	3,557,843	5,229,931	4,375,572	3,963,201	6,373,596	70,664,737
Regular and alternative tax	6,679,663	3,519,174	5,179,231	4,325,059	3,917,917	6,288,163	69,540,971
Tax from recomputing prior-year investment credit	69,324	26,849	31,897	31,278	27,903	50,222	735,723
Additional tax for tax preferences	12,834	10,655	15,420	18,354	17,334	32,765	387,927
Foreign tax credit	27,814	6,873	69,512	75,956	125,646	381,375	20,223,954
U.S. possessions tax credit	39,897	51,283	227,770	285,041	234,113	426,383	685,437
Orphan drug credit	—	—	66	—	—	—	39
Nonconventional source fuel credit	*378	2,504	1,313	1,442	2,548	3,060	52,708
Research activities credit	49,487	29,638	41,211	39,071	48,641	123,167	1,237,733
General business credit	1,094,624	435,854	596,294	483,469	448,880	685,913	14,177,205
Distributions to stockholders:							
Cash and property except in own stock	2,663,708	1,317,115	3,600,380	3,503,178	3,984,347	7,507,118	100,194,631
Corporation's own stock	160,724	65,562	139,049	238,245	232,524	283,085	2,991,356

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

NOTE: Net long-term capital gain reduced by net short-term capital loss includes amounts from Forms 1120S, which are not included in computed total receipts nor net income for Tax Year 1984. Therefore, the components of total receipts do not equal the computed total receipts. Also, detail may not add to total because of rounding and the deletion of data. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 6—Selected Balance Sheet, Income Statement, 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 and size of total assets are in whole 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 Industries													
Number of returns	3,170,743	136,338	1,637,381	578,819	325,515	215,464	204,953	27,962	20,787	10,053	5,964	3,825	3,663
Total assets	11,106,701,948	—	55,854,452	93,269,724	115,249,405	150,619,653	420,745,073	194,879,814	325,299,620	355,896,372	422,408,620	617,594,253	8,354,884,776
Notes and accounts receivable, net	2,842,639,825	—	6,366,530	14,711,710	21,295,018	30,622,904	93,954,561	46,344,908	88,745,103	111,867,851	129,808,903	146,923,786	2,151,998,552
Inventories	664,243,060	—	6,738,162	14,841,522	19,627,473	28,039,023	89,246,763	36,536,987	45,119,779	31,951,369	26,798,276	39,704,936	325,638,769
Cash, Government obligations and other current assets	1,835,212,775	—	14,010,614	19,051,594	20,898,835	24,385,228	63,204,394	30,349,132	61,726,785	78,378,348	98,633,366	120,274,577	1,304,100,748
Other investments and loans	3,158,335,938	—	6,065,620	10,426,938	12,193,653	14,841,391	42,528,158	22,150,910	46,198,600	60,922,804	97,023,456	194,911,301	2,651,073,104
Depreciable assets	2,913,301,626	—	44,180,888	56,471,559	63,750,057	78,663,093	184,095,953	79,289,924	103,797,912	83,879,870	77,476,877	124,679,714	2,017,015,780
Less: Accumulated depreciation	1,116,171,771	—	27,144,668	32,010,252	34,868,051	42,098,078	91,685,293	35,968,150	44,983,271	33,884,516	30,933,043	47,569,178	695,027,270
Other capital assets less reserves	288,014,421	—	2,779,547	5,875,763	8,109,804	11,209,045	26,877,319	10,147,712	13,988,064	11,488,735	10,696,360	15,625,069	171,216,974
Accounts and notes payable	1,607,919,478	—	15,772,044	22,458,452	31,650,038	43,254,557	135,825,754	58,689,782	72,898,874	58,409,749	53,689,177	74,900,256	1,040,370,795
Other current liabilities	3,760,174,725	—	6,530,893	8,472,624	9,192,013	11,915,208	38,007,997	24,462,909	82,001,780	140,694,386	202,367,301	267,790,819	2,968,699,603
Mortgages, notes, and bonds payable in one year or more	1,494,350,573	—	13,240,085	19,504,002	23,799,885	30,037,428	81,523,877	38,456,473	54,478,364	47,910,232	46,769,687	73,703,433	1,064,927,097
Net worth	2,884,127,290	—	1,676,057	27,161,435	35,644,846	50,661,675	131,194,070	60,015,250	95,399,789	89,450,407	97,111,160	158,855,999	2,138,975,610
Cost of property used for investment credit	267,503,928	1,295,485	5,440,371	6,926,368	7,263,789	8,791,398	20,307,789	8,939,063	10,999,491	8,759,648	7,233,927	10,998,116	170,484,164
Total receipts	7,860,711,226	101,352,857	255,769,474	264,152,184	273,139,823	339,160,191	909,328,244	362,537,300	419,551,636	308,587,771	262,177,391	407,146,465	3,956,117,917
Business receipts	6,948,481,893	64,646,849	248,406,665	254,988,238	264,023,537	328,306,414	880,402,335	348,120,677	393,950,363	278,091,435	225,041,645	355,010,915	3,305,995,413
Cost of sales and operations	4,692,748,629	44,691,162	112,508,530	143,801,785	166,415,171	222,590,165	651,434,293	264,728,575	291,676,740	200,637,205	160,720,650	250,410,312	2,180,128,013
Taxes paid	191,748,629	1,761,636	7,914,580	7,588,704	7,161,346	8,029,513	18,079,984	6,462,174	7,954,021	6,109,604	5,066,619	8,084,280	107,419,418
Interest paid	535,819,101	28,010,337	2,695,694	3,868,192	4,438,015	5,584,407	15,867,247	7,439,720	13,564,842	17,219,928	21,965,243	31,334,863	383,710,620
Depreciation	264,882,261	2,117,539	6,339,371	6,636,975	7,258,654	8,545,235	19,012,217	8,048,152	10,443,620	8,473,415	7,464,938	12,168,981	168,045,446
Pension, profit-sharing, stock bonus, and annuity plans	52,555,188	281,240	3,818,371	2,758,606	1,826,211	1,897,504	4,156,340	1,353,112	1,544,491	1,154,883	1,104,123	1,958,792	30,696,248
Employee benefit programs	64,547,638	490,462	1,506,321	1,493,648	1,424,688	1,878,166	4,683,734	2,070,936	2,782,503	2,388,451	2,153,951	4,042,983	39,600,989
Net income (less deficit)	232,900,596	1,640,946	691,233	2,945,538	3,294,157	4,452,579	14,016,282	6,444,544	9,525,662	7,963,166	7,392,268	12,410,326	163,665,136
Income subject to tax, total	257,054,060	3,983,489	3,953,148	5,904,550	6,318,083	7,139,945	18,585,621	8,326,745	11,726,055	9,656,617	8,745,716	12,827,150	158,875,836
Income tax, total	107,968,407	1,811,986	668,831	1,095,060	1,374,488	1,875,078	6,780,516	3,567,452	5,159,620	4,313,305	3,911,490	6,251,785	71,153,074
Additional tax for tax preferences	544,863	7,989	*365	*794	2,316	1,857	13,613	11,658	17,259	19,268	17,725	27,327	424,133
Foreign tax credit	21,075,296	155,275	—	*1,354	*532	2,430	27,814	6,873	59,700	74,548	120,816	371,963	20,252,108
U.S. possessions tax credit	1,978,578	23,182	*481	*2,663	*209	2,033	39,897	51,283	227,770	285,041	234,113	426,383	685,437
Orphan drug credit	105	—	—	—	—	—	—	—	*66	—	—	—	39
Research activities credit	1,589,048	7,614	*231	*812	5,017	6,423	49,487	29,638	41,006	38,682	48,613	121,459	1,240,063
General business credit	19,265,475	92,131	186,148	285,749	343,838	429,835	1,093,733	436,034	562,029	471,754	417,169	703,828	14,242,959
Distributions to stockholders except in own stock	144,871,643	4,940,330	1,225,902	810,094	833,697	911,981	3,071,267	1,389,398	3,664,421	3,706,358	4,555,616	8,124,620	111,627,646
Agriculture, Forestry, and Fishing													
Number of returns	98,361	3,466	33,872	20,711	17,876	13,118	8,507	482	220	61	31	10	6
Total assets	50,699,926	—	1,236,899	3,443,463	6,407,739	9,047,527	15,349,670	3,196,650	3,245,537	2,075,009	2,367,461	1,422,623	2,907,350
Notes and accounts receivable, net	4,354,622	—	*64,156	*226,222	*279,187	413,487	1,222,442	442,592	370,399	232,447	349,989	322,954	430,746
Inventories	4,648,552	—	82,490	198,992	361,702	568,395	1,323,970	395,665	378,117	222,054	385,372	141,673	590,121
Cash, Government obligations and other current assets	5,267,646	—	*189,898	*507,653	*758,501	873,470	1,309,969	351,809	416,763	*201,919	315,488	94,919	247,259
Other investments and loans	5,678,052	—	*66,467	*263,382	684,887	825,776	1,474,098	415,339	504,163	376,241	250,949	242,448	574,305
Depreciable assets	33,357,861	—	1,629,461	3,337,670	5,394,919	6,330,327	8,864,343	1,709,098	1,642,398	1,176,201	1,151,754	670,794	1,450,897
Less: Accumulated depreciation	18,710,465	—	1,057,433	2,092,453	3,246,932	3,714,708	4,892,406	904,816	801,350	541,819	524,138	322,370	612,041
Other capital assets less reserves	13,535,925	—	*194,689	*863,557	*1,829,249	*3,080,408	5,257,827	*687,505	*665,324	*299,483	373,486	135,009	149,388
Accounts and notes payable	11,849,235	—	345,633	810,146	1,213,106	1,798,760	3,761,850	988,963	1,022,172	453,458	720,562	346,643	387,941
Other current liabilities	1,932,982	—	106,497	94,344	188,716	205,667	457,627	145,176	139,678	126,137	166,995	123,972	178,172
Mortgages, notes, and bonds payable in one year or more	15,879,263	—	423,564	932,305	2,333,000	2,784,577	5,297,802	1,042,645	951,455	596,702	662,782	330,289	524,142
Net worth	14,310,556	—	*244,860	*775,939	*1,532,247	3,224,484	4,214,196	*710,381	*819,505	677,862	617,871	409,113	1,573,819
Cost of property used for investment credit	2,626,373	45,008	113,055	317,998	382,868	519,148	693,509	108,202	125,472	84,513	113,173	50,001	73,427
Total receipts	66,645,119	1,065,192	4,386,010	7,153,086	6,728,139	7,998,100	17,022,384	4,012,279	3,791,272	2,451,144	4,309,932	2,115,441	5,612,139
Business receipts	62,093,338	937,348	4,172,521	6,799,986	6,192,754	7,209,359	15,807,785	3,781,722	3,510,985	2,264,702	4,116,571	1,986,468	5,313,138
Cost of sales and operations	42,991,472	630,517	2,611,990	4,698,742	3,694,471	4,529,608	11,335,238	2,855,186	2,648,918	1,792,573	3,221,197	1,318,620	3,654,412
Taxes paid	1,420,825	36,529	111,044	147,405	186,016	220,504	363,062	64,546	60,682	44,998	45,776	35,120	105,144
Interest paid	2,952,198	104,159	74,116	219,590	383,827	502,124	931,434	189,082	162,454	96,904	120,091	59,954	108,463
Depreciation	3,472,979	70,165	215,847	383,910	573,219	656,039	873,777	153,802	156,227	116,683	109,019	58,110	106,181
Pension, profit-sharing, stock bonus, and annuity plans	144,333	*727	*7,909	11,679	15,735	19,295	40,824	9,295	6,969	7,628	8,040	2,313	13,918
Employee benefit programs	266,390	4,638	24,443	20,445	21,840	59,100	45,810	15,744	8,171	16,625	12,652	13,202	23,521
Net income (less deficit)	202,522	4,215	116,606	4,245	60,180	2,575	21,508	18,303	29,157	10,101	75,516	62,050	251,461
Income subject to tax, total													

RETURNS OF ACTIVE CORPORATIONS

Table 6—Selected Balance Sheet, Income Statement, 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 and size of total assets are in whole 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	40,564	1,347	18,115	6,552	4,848	3,596	4,130	865	569	250	131	79	82
Total assets	209,036,474	—	677,267	1,049,155	1,723,139	2,537,936	8,617,893	6,108,587	9,087,191	8,716,404	9,062,504	15,522,472	145,933,926
Notes and accounts receivable, net	23,468,228	—	*103,122	*171,378	*308,599	391,896	1,309,203	996,866	1,443,367	1,096,827	1,096,827	1,857,876	14,508,899
Inventories	6,588,702	—	21,250	48,980	43,591	85,250	330,764	173,370	394,996	323,058	337,717	793,804	4,035,920
Cash, Government obligations and other current assets	27,764,058	—	151,860	175,150	*318,447	*486,370	1,464,589	*1,055,821	1,064,011	1,214,615	1,093,700	1,529,418	19,210,079
Other investments and loans	68,481,595	—	*81,459	181,435	*229,522	*337,138	1,186,601	*753,782	1,192,912	*1,189,531	1,190,776	1,612,302	60,526,137
Depreciable assets	88,279,139	—	738,276	748,845	1,220,522	2,088,647	6,150,831	3,733,675	4,865,201	4,650,999	5,152,817	10,736,069	48,193,257
Less: Accumulated depreciation	38,773,912	—	544,912	433,790	732,821	1,272,041	3,692,032	2,026,099	2,518,175	2,348,519	2,358,538	4,350,964	18,496,020
Other capital assets less reserves	23,098,872	—	86,979	*105,799	215,078	342,345	1,403,326	1,207,524	2,194,184	1,992,539	1,818,211	2,208,556	11,524,332
Accounts and notes payable	28,553,209	—	825,525	331,103	930,068	904,467	2,587,609	1,679,774	2,300,589	1,788,339	1,841,097	2,207,097	13,157,542
Other current liabilities	10,679,187	—	64,063	83,398	158,984	158,148	623,530	544,688	493,272	560,522	589,448	1,051,144	6,351,990
Mortgages, notes, and bonds payable in one year or more	52,801,935	—	195,749	406,369	304,039	638,087	1,991,386	1,192,718	2,124,294	2,568,264	2,735,301	4,524,306	36,121,423
Net worth	94,335,001	—	*749,915	*228,490	*47,678	532,509	2,271,995	*2,028,238	*2,913,310	*2,614,044	3,049,258	5,294,285	76,362,086
Cost of property used for investment credit	5,899,551	175,850	68,881	100,174	159,727	260,407	593,860	423,944	476,396	387,352	286,377	433,950	2,532,634
Total receipts	123,496,633	2,480,887	2,249,989	2,417,502	2,063,759	3,621,500	8,378,941	5,306,854	6,009,118	7,447,007	4,797,801	9,721,579	69,001,697
Business receipts	111,030,063	1,742,928	2,083,036	2,253,725	1,741,290	3,364,555	7,450,193	4,717,362	5,328,528	6,691,041	4,164,095	8,575,191	62,918,119
Cost of sales and operations	74,213,000	530,848	1,212,845	1,349,936	717,776	1,648,336	4,039,340	3,029,687	3,431,832	4,756,716	2,580,430	5,414,377	45,500,877
Taxes paid	3,893,714	119,858	44,477	82,813	120,377	120,377	330,554	209,986	201,160	209,986	195,179	400,724	1,904,605
Interest paid	7,077,300	33,659	33,659	67,614	77,537	123,994	392,155	208,906	348,314	401,904	417,592	666,960	4,162,236
Depreciation	7,656,531	241,764	86,781	94,674	151,509	282,381	729,474	429,465	499,114	517,317	415,999	766,603	3,413,649
Pension, profit-sharing, stock bonus, and annuity plans	848,024	19,189	*2,218	*179	*12,220	11,690	37,606	18,290	18,778	19,196	17,431	59,268	631,960
Employee benefit programs	941,401	2,603	*52,525	*3,873	7,046	24,821	48,360	25,525	25,877	47,647	42,285	101,626	559,215
Net income (less deficit)	-353,185	347,778	-82,894	-169,959	-93,047	-99,048	-263,347	-190,039	-366,156	-215,909	-372,685	-104,497	1,256,619
Income subject to tax, total	5,167,226	528,099	48,283	35,355	68,281	89,232	242,391	166,375	228,392	201,303	232,134	284,371	2,842,311
Income tax, total	2,381,154	286,599	7,716	6,731	19,645	25,420	97,907	76,739	107,688	96,730	109,621	231,827	1,314,531
Additional tax for tax preferences	63,083	*486	—	*618	*1,845	*839	6,172	6,676	5,804	9,454	5,442	9,889	15,858
Foreign tax credit	1,164,747	20,523	—	—	5	—	*563	1	*20,849	*9,240	29,109	41,483	1,042,975
U.S. possessions tax credit	2,344	—	—	—	—	—	—	—	2,344	—	—	—	—
Orphan drug credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	10,026	—	—	—	—	—	*32	—	*13	38	433	53	9,457
General business credit	175,608	2,752	2,468	*3,165	6,477	8,230	20,457	16,697	14,325	14,867	10,619	22,797	52,751
Distributions to stockholders except in own stock	3,057,411	568,149	*15,349	*886	*20,216	22,404	41,689	14,083	98,963	51,975	189,480	179,454	1,854,763
Construction													
Number of returns	306,906	9,690	157,649	55,334	35,781	23,680	20,857	2,365	1,209	325	107	53	35
Total assets	195,272,738	—	5,160,066	8,797,422	12,652,847	16,490,998	42,326,857	16,110,242	18,078,826	11,164,960	7,577,885	8,539,856	48,372,951
Notes and accounts receivable, net	46,875,583	—	875,887	2,091,400	3,303,367	4,715,983	12,604,257	4,894,142	5,234,297	3,363,906	1,734,986	2,213,657	5,743,700
Inventories	28,244,404	—	429,178	1,138,590	2,222,454	2,754,346	7,963,712	3,080,836	3,380,351	1,950,294	1,175,619	1,265,730	2,883,294
Cash, Government obligations and other current assets	38,603,009	—	1,413,216	*2,005,289	*2,675,581	3,843,542	9,411,766	3,670,257	4,188,566	2,415,693	1,631,748	1,549,099	5,798,252
Other investments and loans	32,452,770	—	545,028	900,191	1,066,827	1,224,971	3,131,486	1,179,052	1,692,681	1,044,888	1,310,349	1,157,374	19,199,925
Depreciable assets	67,483,363	—	4,140,454	5,115,579	6,073,079	7,932,291	15,050,923	5,511,811	5,705,370	3,549,622	1,915,759	2,119,649	10,368,828
Less: Accumulated depreciation	37,136,133	—	2,588,863	3,027,057	3,525,123	4,854,599	8,686,088	3,247,562	3,274,911	1,953,431	900,437	981,500	4,096,563
Other capital assets less reserves	6,758,151	—	*178,913	*343,377	*545,522	*543,833	1,633,854	527,529	626,599	372,595	255,599	414,410	1,315,922
Accounts and notes payable	60,683,773	—	1,809,201	2,779,848	4,383,342	6,088,299	16,153,672	6,263,501	6,363,955	3,958,214	2,017,554	2,542,918	8,323,268
Other current liabilities	27,037,929	—	635,514	904,432	1,456,442	2,020,586	7,025,356	2,710,000	3,678,808	1,978,457	1,559,946	1,380,115	3,688,272
Mortgages, notes, and bonds payable in one year or more	35,592,423	—	1,079,942	1,682,893	1,926,175	2,031,173	5,530,351	2,143,372	2,668,135	1,496,117	1,560,211	1,419,004	14,055,049
Net worth	50,338,974	—	244,615	*2,261,543	3,608,666	5,096,852	9,843,118	*3,301,736	3,183,552	*2,530,366	1,484,665	1,901,287	16,882,572
Cost of property used for investment credit	8,063,554	29,449	716,947	908,213	927,137	1,100,827	1,910,075	603,783	554,904	312,389	164,748	180,232	655,649
Total receipts	338,575,635	2,081,976	29,896,094	28,354,325	33,610,776	39,729,047	84,184,617	27,996,845	26,061,788	16,539,543	7,565,968	11,102,250	31,452,406
Business receipts	326,752,784	1,878,157	29,582,056	27,832,042	32,779,751	38,836,122	81,968,333	27,056,421	25,096,651	15,970,910	6,975,258	10,605,078	28,172,007
Cost of sales and operations	257,057,538	1,396,351	19,100,385	19,220,697	23,779,148	29,408,722	66,898,506	23,304,289	21,397,445	13,827,974	5,998,785	9,543,795	23,181,441
Taxes paid	7,312,604	32,094	939,668	850,798	944,865	1,078,898	1,738,580	449,382	441,504	269,786	97,161	95,407	374,480
Interest paid	5,990,178	37,119	285,367	343,127	450,255	523,329	1,116,304	408,940	456,022	280,412	247,343	244,782	1,577,179
Depreciation	7,118,823	37,548	684,484	714,438	810,403	935,310	1,637,245	478,582	528,414	293,307	153,388	184,516	661,187
Pension, profit-sharing, stock bonus, and annuity plans	1,541,976	*5,503	46,674	99,518	157,928	229,275	456,313	126,523	118,074	51,710	24,330	28,914	197,214
Employee benefit programs	1,956,168	4,277	183,254	180,471	175,714	291,642	474,762	143,708	174,598	107,469	30,839	26,608	162,827
Net income (less deficit)	2,906,704	36,285	239,213	350,850	481,829	578,068	781,015	133,049	177,584	208,001	124,203	-71,200	-132,192
Income subject to tax, total	5,629,230	22,609	380,419	624,174	725,776	810,874	1,408,327	376,985	423,041	309,280	116,829	120,174	310,742
Income tax, total	1,767,756	7,099	62,399	110,706	158,413	215,458	490,571	154,019	185,262	138,775	50,574	51,336	143,141
Additional tax for tax preferences	6,647	4	—	—	5	*39	283	390	783	611	500	438	3,593
Foreign tax credit	86,027	—	—	—	*16	—	*13	—	*1,346	*2,526	88	4,032	78,006
U.S. possessions tax credit	667	—	427	—	—	—	240	—	—	—	—	—	—
Orphan drug credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	1,192	—	—	—	—	—	*686	*65	*95	*140	103	96	7
General business credit	383,570	1,284	23,217	39,094	57,485	63,893	104,854	25,559	24,833	15,672	10,133	7,173	10,373
Distributions to stockholders except in own stock	738,873	*61,299	102,504	31,783	18,878	14,191	101,984	35,270	42,769	18,175	49,220	48,485	214,316

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 6—Selected Balance Sheet, Income Statement, 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 and size of total assets are in whole 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	272,050	7,131	100,353	48,545	34,491	28,198	37,915	6,663	4,774	1,803	860	594	710
Total assets	2,417,631,605	—	3,571,873	8,121,913	12,268,965	19,922,691	81,098,344	46,605,832	73,694,387	62,858,925	62,425,122	108,412,905	1,938,650,648
Notes and accounts receivable, net	501,359,041	—	744,105	2,107,655	3,304,428	5,660,612	21,426,470	11,485,182	17,295,899	14,242,698	13,404,146	21,022,017	390,665,830
Inventories	298,374,824	—	624,633	1,382,083	2,394,263	4,332,595	19,708,832	11,711,717	18,831,662	14,854,558	13,675,018	20,181,979	190,667,487
Cash, Government obligations and other current assets	187,970,935	—	720,379	1,376,829	1,932,409	2,904,852	11,262,890	6,068,345	9,265,842	7,613,398	7,525,078	12,725,379	126,575,734
Other investments and loans	546,474,271	—	223,159	469,864	696,695	1,017,158	4,254,984	2,917,563	5,190,960	5,320,952	6,712,922	17,017,614	502,652,399
Depreciable assets	1,107,973,190	—	2,933,706	6,063,286	8,196,084	12,391,277	45,345,604	24,066,587	36,047,010	30,026,278	28,795,123	48,878,177	865,210,058
Less: Accumulated depreciation	497,044,883	—	1,878,048	3,665,605	4,880,329	7,306,887	24,867,195	12,118,917	17,541,702	13,506,490	12,789,047	20,623,807	377,866,856
Other capital assets less reserves	122,273,551	—	96,931	180,956	350,892	455,742	2,199,789	1,294,314	2,274,757	1,974,804	2,620,861	4,122,009	106,702,493
Accounts and notes payable	454,327,878	—	1,330,732	2,532,718	3,636,618	6,005,470	24,624,228	13,147,482	18,837,540	14,470,487	11,965,177	17,746,468	340,029,969
Other current liabilities	226,627,617	—	476,789	1,023,626	1,041,736	1,960,169	7,566,330	4,439,600	6,527,842	5,603,097	5,718,283	10,937,277	181,332,867
Mortgages, notes, and bonds payable in one year or more	423,898,964	—	746,293	1,689,815	2,081,697	3,322,515	12,931,533	8,121,516	13,206,402	11,568,137	11,403,195	20,944,493	337,883,368
Net worth	1,025,028,493	—	248,580	1,842,086	14,254,246	7,234,563	31,600,343	18,848,513	31,817,694	28,093,054	29,620,678	50,906,180	821,059,721
Cost of property used for investment credit	101,823,250	291,834	322,837	744,487	1,152,445	1,520,312	5,045,384	2,510,020	3,621,217	2,965,122	2,853,741	4,520,520	76,211,011
Total receipts	2,768,247,655	22,967,241	13,646,456	22,693,371	30,482,383	48,224,409	180,825,404	92,653,280	130,816,822	98,172,974	92,107,751	145,559,675	1,886,413,395
Business receipts	2,608,971,901	21,416,485	13,334,143	22,353,407	30,030,215	47,488,387	177,753,596	90,677,554	127,819,558	95,136,847	88,694,578	140,046,956	1,750,722,809
Cost of sales and operations	1,796,313,155	15,530,739	7,368,234	13,158,271	19,269,635	31,728,060	126,127,388	65,992,800	92,330,991	66,940,615	62,474,387	94,978,086	1,197,650,926
Taxes paid	80,036,255	469,822	486,609	851,816	954,825	1,347,546	4,373,089	2,032,393	2,816,812	2,400,191	2,028,425	3,401,773	58,756,209
Interest paid	85,039,616	564,652	167,314	341,738	418,503	729,825	2,836,832	1,605,701	2,514,987	2,058,336	1,934,311	3,401,574	68,347,317
Depreciation	109,331,680	601,260	373,453	733,641	940,268	1,377,845	4,639,200	2,395,905	3,537,249	2,977,984	2,837,648	4,948,093	83,841,422
Pension, profit-sharing, stock bonus, and annuity plans	22,607,052	83,177	49,547	128,866	182,650	300,933	1,136,037	447,970	650,903	485,818	541,360	990,023	17,604,501
Employee benefit programs	33,065,715	237,758	74,311	167,915	218,117	416,106	1,455,637	828,770	1,294,331	1,134,046	1,057,591	2,230,908	23,919,423
Net income (less deficit)	121,215,254	1,084,635	304,858	140,890	315,770	507,445	4,121,459	2,622,098	4,028,887	3,747,390	4,062,787	6,160,336	94,872,578
Income subject to tax, total	131,957,838	1,494,688	196,955	493,837	836,197	1,280,018	5,269,989	3,335,084	5,078,419	4,429,111	4,679,184	7,469,225	97,384,026
Income tax, total	58,542,710	686,348	35,142	95,021	183,947	353,200	2,028,730	1,465,640	2,295,679	2,020,356	2,122,376	3,403,240	43,847,309
Additional tax for tax preferences	297,407	3,314	—	—	—	—	1,040	1,055	2,403	2,726	4,162	5,221	276,925
Foreign tax credit	17,219,144	61,147	—	—	4	273	3,175	1,509	11,295	29,145	64,976	252,106	16,793,631
U.S. possessions tax credit	1,876,311	23,182	32	2,573	156	1,483	36,437	48,903	224,924	276,750	227,915	417,709	616,162
Orphan drug credit	39	—	—	—	—	—	—	—	—	—	—	—	39
Research activities credit	1,388,309	5,759	—	641	1,150	3,987	35,637	22,681	30,045	30,193	39,667	108,340	1,110,206
General business credit	7,593,003	27,307	10,654	34,440	61,624	94,138	322,448	156,211	214,614	184,798	187,652	322,648	5,976,203
Distributions to stockholders except in own stock	45,630,537	426,681	81,088	21,543	42,440	112,318	541,140	296,841	675,556	1,072,516	1,066,169	2,516,764	38,777,482
Transportation and public utilities													
Number of returns	128,184	4,244	68,066	22,090	14,149	8,660	8,153	1,170	798	316	119	120	298
Total assets	1,084,873,718	—	2,333,417	3,552,704	5,032,560	5,955,942	16,695,825	8,056,048	12,305,753	11,353,878	8,896,482	24,120,359	986,570,749
Notes and accounts receivable, net	106,426,352	—	303,739	750,157	1,033,254	1,191,834	3,388,669	1,391,679	2,135,771	1,655,641	1,249,347	3,790,374	89,535,887
Inventories	32,703,620	—	51,898	73,405	104,700	97,958	441,626	157,225	350,185	312,562	290,316	767,528	30,056,217
Cash, Government obligations and other current assets	64,917,013	—	530,456	575,870	1,806,880	909,564	2,785,720	1,243,223	1,618,314	1,361,717	1,167,970	2,519,869	51,397,428
Other investments and loans	130,263,802	—	181,937	246,515	314,964	369,178	1,302,830	606,255	1,079,095	945,948	731,886	1,206,423	120,646,230
Depreciable assets	941,591,587	—	2,763,032	3,989,944	5,203,007	5,964,423	14,059,607	6,964,552	10,056,722	9,170,169	7,332,707	16,972,514	859,114,911
Less: Accumulated depreciation	259,539,431	—	1,713,348	2,464,351	2,945,621	3,203,124	6,825,331	2,993,888	4,138,045	3,283,961	2,748,436	5,906,973	223,311,353
Other capital assets less reserves	21,931,713	—	77,790	135,165	224,560	260,981	791,511	360,108	615,810	503,673	412,198	665,423	17,884,497
Accounts and notes payable	118,636,103	—	690,727	927,294	1,396,525	1,497,315	4,218,551	1,931,548	2,600,107	1,894,961	1,854,229	4,168,758	97,456,086
Other current liabilities	76,514,082	—	217,627	174,242	395,265	365,000	1,304,695	687,584	1,094,348	897,200	583,397	1,716,226	69,078,498
Mortgages, notes, and bonds payable in one year or more	325,998,783	—	655,044	995,631	1,350,103	1,650,037	4,927,777	2,684,402	4,184,551	4,002,966	2,989,619	8,195,192	294,363,461
Net worth	423,937,357	—	237,829	893,248	1,178,684	1,704,632	4,455,295	2,019,756	3,491,453	3,467,681	2,645,904	5,975,816	398,342,715
Cost of property used for investment credit	72,908,099	59,613	353,511	759,274	834,288	845,267	2,039,942	917,337	1,169,421	1,059,661	678,800	1,491,996	62,698,990
Total receipts	725,631,232	2,247,828	9,570,597	12,405,529	12,560,185	12,315,625	30,722,485	10,909,170	16,346,644	11,859,425	9,925,526	19,871,879	576,896,340
Business receipts	693,105,168	1,956,283	9,250,155	12,304,698	12,304,698	11,818,313	29,512,783	10,226,646	15,585,503	11,089,930	9,330,048	18,055,032	551,809,061
Cost of sales and operations	373,236,459	1,188,037	4,940,236	7,282,954	6,134,586	5,829,059	16,452,437	5,327,471	8,363,630	6,036,335	5,445,125	9,539,399	296,697,190
Taxes paid	30,796,051	79,408	283,444	337,805	459,219	427,367	1,025,075	437,557	536,164	392,365	319,510	728,046	25,770,090
Interest paid	40,178,514	98,419	162,408	214,866	251,847	263,340	756,771	366,902	535,454	449,523	417,769	1,239,672	35,421,924
Depreciation	59,648,238	92,438	412,321	524,336	699,854	732,980	1,584,270	768,673	1,009,880	874,695	677,454	1,465,119	50,806,218
Pension, profit-sharing, stock bonus, and annuity plans	8,131,943	10,666	20,900	54,001	40,808	55,049	168,948	75,143	99,875	60,554	53,851	210,190	7,281,958
Employee benefit programs	8,222,549	10,939	27,106	54,427	96,781	84,834	237,080	116,789	169,763	138,460	89,323	255,631	6,941,416
Net income (less deficit)	28,851,644	110,071	210,128	37,372	100,161	48,329	346,504	59,027	356,978	453,628	242,107	379,350	26,928,244
Income subject to tax, total	34,355,017	164,997	283,642	188,691	283,643	282,268	802,721	344,897	601,335	618,735	361,202	852,769	29,755

RETURNS OF ACTIVE CORPORATIONS

Table 6—Selected Balance Sheet, Income Statement, 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 and size of total assets are in whole 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	896,524	38,339	385,938	197,751	112,680	75,111	72,106	8,104	4,219	1,233	467	332	243
Total assets	899,032,645	—	15,035,211	31,935,658	39,898,084	52,777,426	145,543,206	55,726,011	63,368,351	43,163,918	33,866,376	56,502,120	361,216,285
Notes and accounts receivable, net	214,653,799	—	1,665,794	4,945,012	7,903,008	11,815,037	36,059,041	15,048,543	17,594,414	12,316,022	8,828,579	13,570,913	84,907,435
Inventories	264,789,285	—	4,760,286	10,914,725	13,421,426	19,047,127	56,980,365	19,372,400	19,458,081	12,188,481	8,227,839	14,120,197	86,298,357
Cash, Government obligations and other current assets	111,995,441	—	2,711,605	5,232,749	6,276,418	6,844,538	16,465,511	5,730,649	6,758,405	4,393,457	3,601,796	5,570,255	48,410,058
Other investments and loans	95,430,920	—	800,214	1,889,378	2,520,469	3,226,869	7,572,978	3,503,567	4,498,438	3,630,960	3,422,278	7,542,622	56,823,148
Depreciable assets	275,152,143	—	9,307,973	14,650,126	15,839,121	19,306,951	44,127,997	16,819,120	19,099,943	12,995,569	11,063,769	18,635,435	93,306,138
Less: Accumulated depreciation	122,977,296	—	5,504,958	8,229,689	8,590,097	10,351,247	22,560,457	7,739,907	8,202,216	5,285,974	4,389,879	7,682,243	34,440,629
Other capital assets less reserves	25,939,874	—	437,870	1,015,650	*1,224,499	*1,716,581	3,828,662	1,571,120	1,980,679	1,426,848	1,410,665	2,071,924	9,255,379
Accounts and notes payable	316,115,765	—	5,134,632	9,185,141	12,617,341	18,118,697	61,329,858	29,927,270	24,770,233	15,932,483	11,097,143	17,004,406	116,998,563
Other current liabilities	96,245,539	—	1,353,768	2,248,639	2,847,921	3,905,152	11,013,504	4,317,483	5,030,215	3,227,435	2,767,637	4,411,753	55,122,030
Mortgages, notes, and bonds payable in one year or more	137,593,385	—	4,090,313	6,165,384	6,656,551	7,636,241	17,275,898	7,443,414	9,075,413	6,645,242	5,764,200	9,691,419	57,149,312
Net worth	289,338,721	—	1,356,632	8,515,054	13,142,260	19,051,181	48,404,405	18,038,224	21,918,676	15,448,783	12,486,418	22,022,948	111,667,402
Cost of property used for investment credit	32,428,352	240,903	1,026,205	1,652,973	1,854,954	2,352,023	5,677,255	2,424,851	2,673,544	1,641,498	1,172,641	1,974,333	9,737,173
Total receipts	2,307,612,139	29,878,216	76,520,561	116,875,042	130,377,269	177,549,060	496,344,808	185,655,699	182,123,326	108,500,662	83,290,137	133,845,372	586,651,988
Business receipts	2,250,774,641	27,468,328	75,468,328	115,141,563	128,263,481	174,580,898	488,250,036	182,168,994	178,139,143	105,916,968	81,042,643	130,059,057	563,027,120
Cost of sales and operations	1,759,718,001	22,984,140	49,008,867	79,367,590	93,019,412	133,379,177	393,453,727	150,150,207	144,496,767	84,490,891	65,690,992	104,374,977	439,301,253
Taxes paid	32,561,862	359,166	1,975,933	2,369,582	2,369,582	2,837,866	6,597,400	2,070,388	2,235,227	1,394,283	1,002,336	1,680,347	7,478,463
Interest paid	33,204,502	341,514	663,336	1,216,702	1,410,914	1,781,840	5,001,467	2,010,947	2,163,442	1,563,728	1,171,115	1,915,145	13,964,311
Depreciation	31,228,497	321,602	1,353,295	1,821,778	1,872,204	2,242,362	5,032,638	1,977,697	2,252,107	1,505,974	1,138,603	2,053,255	9,656,985
Pension, profit-sharing, stock bonus, and annuity plans	6,098,333	43,088	135,335	278,037	393,480	625,881	1,452,994	423,431	377,354	221,711	154,505	263,874	1,728,645
Employee benefit programs	8,887,855	85,954	197,339	361,789	415,837	549,340	1,609,293	585,796	577,791	391,951	368,443	574,041	3,170,281
Net income (less deficit)	42,010,706	930,970	784,883	557,135	1,408,301	2,115,825	7,150,235	3,056,995	3,851,979	2,255,371	1,972,992	3,753,625	15,742,162
Income subject to tax, total	39,499,548	482,552	669,845	1,687,663	2,216,012	2,565,566	6,828,301	2,564,368	3,095,914	1,881,963	1,429,270	2,557,396	13,520,700
Income tax, total	15,082,817	208,212	117,759	305,447	460,580	651,793	2,446,379	1,097,619	1,379,551	859,246	653,388	1,144,839	5,758,192
Additional tax for tax preferences	32,566	153	*148	—	*76	*296	1,551	958	1,566	1,069	1,318	5,877	19,555
Foreign tax credit	445,890	1,197	—	—	*253	*1,728	9,534	1,988	10,793	5,986	8,350	13,232	392,829
U.S. possessions tax credit	42,506	—	12	58	4	*541	*798	136	—	4,632	6,020	8,675	21,631
Orphan drug credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	36,059	*1,230	*15	*121	*517	*268	3,836	2,413	2,932	3,143	1,095	4,710	15,778
General business credit	2,142,183	11,859	27,599	66,569	89,583	124,518	330,907	125,237	142,477	98,779	77,621	126,631	920,402
Distributions to stockholders except in own stock	13,057,047	941,053	179,083	249,486	266,502	296,024	1,060,585	476,560	783,648	511,041	652,663	963,912	6,676,489
Finance, Insurance, and Real Estate													
Number of returns	497,366	37,211	229,567	85,732	51,047	33,847	32,468	5,721	7,541	5,542	4,013	2,478	2,193
Total assets	5,938,984,929	—	7,836,443	14,038,822	18,274,807	23,659,412	68,756,284	40,974,825	122,759,717	198,346,266	280,997,740	378,236,673	4,785,104,152
Notes and accounts receivable, net	1,894,977,902	—	832,124	1,459,988	2,108,349	2,943,515	9,541,815	8,719,142	39,939,839	75,267,978	99,601,433	99,604,285	1,554,959,433
Inventories	14,634,205	—	—	—	*5,091	*38,380	294,953	695,711	1,432,992	1,212,339	2,052,427	1,753,347	7,148,963
Cash, Government obligations and other current assets	1,343,734,164	—	2,121,390	3,214,812	3,904,000	4,605,762	13,426,917	9,472,021	34,671,055	58,090,826	81,015,188	93,131,235	1,040,080,804
Other investments and loans	2,229,570,686	—	1,319,254	2,771,537	4,124,428	5,600,140	18,908,261	10,474,107	29,127,445	45,967,238	80,288,632	158,999,424	1,871,990,221
Depreciable assets	214,286,389	—	4,565,666	6,992,198	8,504,389	10,155,498	22,798,910	9,471,598	13,770,382	12,628,226	12,723,306	14,909,860	97,766,358
Less: Accumulated depreciation	63,419,737	—	2,602,496	3,378,528	3,929,601	4,313,115	8,119,507	2,644,807	3,684,856	3,403,341	3,355,493	3,902,504	24,085,489
Other capital assets less reserves	57,441,056	—	*1,157,213	*2,344,099	*2,707,475	*3,522,669	9,180,078	3,328,848	4,265,069	3,853,237	2,981,499	3,909,009	20,191,832
Accounts and notes payable	551,545,284	—	1,671,571	2,063,203	3,155,452	4,353,431	12,743,774	6,226,106	15,784,216	20,947,975	25,864,072	446,679,675	446,679,675
Other current liabilities	3,288,836,956	—	671,687	898,816	995,646	1,203,511	5,450,781	9,654,029	62,569,727	126,302,085	189,044,578	246,073,059	2,645,953,845
Mortgages, notes, and bonds payable in one year or more	412,524,245	—	2,504,644	3,243,983	4,581,203	6,628,379	20,721,673	10,309,316	15,201,490	14,998,770	16,131,774	20,156,671	298,046,342
Net worth	901,658,317	—	239,304	5,338,983	6,440,818	7,852,201	20,396,515	10,510,901	25,065,362	31,910,075	42,407,909	63,696,447	687,819,126
Cost of property used for investment credit	20,050,294	310,252	335,962	308,621	263,143	290,154	813,860	348,710	682,521	673,300	855,076	987,880	14,180,815
Total receipts	1,033,146,416	34,797,849	16,625,920	11,637,251	10,602,118	10,113,343	26,466,212	12,972,060	27,011,367	40,448,476	42,474,446	60,220,439	739,771,365
Business receipts	431,157,290	3,005,910	14,572,337	9,161,543	7,846,330	6,965,794	18,154,930	8,475,088	13,659,199	19,858,001	14,714,464	23,071,850	291,671,103
Cost of sales and operations	213,655,427	1,097,925	2,977,803	1,758,854	2,289,261	1,275,334	6,263,503	4,175,648	6,419,922	13,691,765	7,658,037	13,272,915	152,774,339
Taxes paid	18,893,125	461,223	541,405	560,782	574,194	574,194	1,203,672	475,683	811,755	790,097	807,436	1,007,185	11,080,145
Interest paid	347,164,947	26,459,632	519,288	647,472	699,837	859,492	2,871,906	1,819,069	6,388,175	11,550,324	16,942,409	22,669,518	255,735,999
Depreciation	22,245,942	549,184	448,636	508,064	557,125	590,460	1,225,510	541,711	864,067	884,030	970,074	1,179,058	13,928,019
Pension, profit-sharing, stock bonus, and annuity plans	4,565,610	43,547	144,827	200,568	116,650	125,624	237,489	62,507	108,944	153,760	190,869	240,314	2,940,960
Employee benefit programs	5,947,521	74,045	93,863	74,311	72,287	68,004	174,696	71,901	213,703	223,055	304,534	586,622	3,990,501
Net income (less deficit)	32,677,046	1,073,937	187,050	721,160	522,584	737,641	1,178,349	492,108	1,151,271	1,216,317	970,397	2,074,806	24,513,731
Income subject to tax, total	25,257,154	813,514	516,604	865,699	791,295	895,454	1,982,543	753,507	1,377,382	1,428,478	1,318,392	1,411,878	13,102,407
Income tax, total	9,619,055	326,449	96,227	164,628	175,387	235,465	656,122	290,158	522,710	564,430	537,678	607,236	5,442,585
Additional tax for tax preferences	102,301	3,914	—	—	*71	*179	3,363	1,621	4,132	4,417	4,524	4,008	75,853
Foreign tax credit	1,595,220	64,365	—	*253	7	*59	7,370	201	4,721	11,309	5,307	6,775	1,494,855
U.S. possessions tax credit	5,934	—	3	—	—	—	90	303	502	440	—	—	4,410
Orphan drug credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	23,624	—	—	—	(1)	*101	*55	*244	807	*570	1,365	670	19,814
General business credit	1,262,908	12,676	9,791	16,757	11,382	11,742	38,116	16,898	36,538	43,068	45,039	51,291	

RETURNS OF ACTIVE CORPORATIONS

Table 6—Selected Balance Sheet, Income Statement, 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 and size of total assets are in whole 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	899,370	30,169	622,062	139,525	53,493	28,756	20,375	2,551	1,432	517	235	159	95
Total assets	307,895,160	—	19,587,043	21,912,735	18,566,601	19,879,995	41,521,354	17,823,081	22,410,391	18,012,948	17,215,052	24,837,245	86,128,715
Notes and accounts receivable, net	49,905,586	—	1,735,522	2,888,420	2,999,415	3,412,615	8,205,683	3,276,665	4,674,088	3,481,249	3,543,598	4,441,708	11,246,623
Inventories	13,839,981	—	735,705	1,013,967	1,023,726	1,047,267	2,096,664	923,553	842,549	873,494	653,968	680,678	3,948,411
Cash, Government obligations and other current assets	54,451,905	—	6,083,291	5,909,982	4,150,306	3,882,722	6,929,332	3,724,396	3,724,396	3,045,593	2,482,394	3,154,403	12,381,134
Other investments and loans	49,288,173	—	2,785,947	3,644,167	2,434,151	2,193,540	4,536,189	2,278,378	2,811,941	2,326,896	3,115,664	4,500,555	18,660,741
Depreciable assets	184,024,984	—	17,856,382	15,336,360	13,164,031	14,371,140	27,424,767	10,944,368	12,552,645	9,671,098	9,341,644	11,757,216	41,605,334
Less: Accumulated depreciation	78,062,139	—	11,143,641	8,611,562	6,946,097	7,022,864	11,926,748	4,268,769	4,800,425	3,867,822	3,867,076	3,798,817	12,118,318
Other capital assets less reserves	16,840,559	—	534,537	*867,025	*991,161	*1,235,066	2,549,551	*1,148,851	1,333,465	*1,065,203	823,841	2,098,731	4,193,130
Accounts and notes payable	65,218,663	—	3,871,185	3,727,514	4,230,681	4,400,928	9,946,068	4,448,942	4,898,203	4,092,079	3,245,439	5,019,895	17,337,750
Other current liabilities	32,125,104	—	2,982,414	3,029,501	2,079,643	2,060,838	4,526,856	1,965,476	2,457,051	1,995,104	1,937,017	2,097,273	6,993,929
Mortgages, notes, and bonds payable in one year or more	89,196,573	—	3,452,974	4,252,084	4,359,234	5,275,093	12,710,091	5,472,421	6,971,287	5,954,724	5,522,605	8,442,060	26,784,001
Net worth	84,773,772	—	4,027,324	7,698,215	5,564,459	5,853,444	9,955,755	4,442,141	6,052,613	4,463,270	4,798,460	6,649,924	25,268,168
Cost of property used for investment credit	23,590,922	142,568	2,494,547	2,104,279	1,678,773	1,888,032	3,494,615	1,600,551	1,689,332	1,635,185	1,109,371	1,359,204	4,394,466
Total receipts	490,332,811	5,621,086	100,357,477	61,872,309	46,119,665	39,196,591	63,528,968	22,640,785	27,197,369	21,064,313	17,705,829	24,709,831	60,318,588
Business receipts	458,038,533	4,821,915	97,519,522	58,550,930	44,306,270	37,643,361	59,864,279	20,650,880	24,623,900	19,062,149	16,003,988	22,611,283	52,362,056
Cost of sales and operations	170,889,613	1,284,906	23,719,488	16,526,714	17,168,680	14,534,758	25,606,733	9,566,771	12,473,550	9,020,598	7,651,696	11,968,144	21,367,574
Taxes paid	16,653,767	197,081	3,463,806	2,166,098	1,570,008	1,406,494	2,412,535	725,303	848,737	606,950	570,795	735,678	1,950,282
Interest paid	14,068,343	180,203	771,947	796,705	725,148	789,714	1,938,587	625,068	984,857	811,092	714,612	1,137,259	4,393,150
Depreciation	24,026,576	189,930	2,730,581	2,024,557	1,636,026	1,714,847	3,325,401	1,294,460	1,589,490	1,302,518	1,162,752	1,514,229	5,631,786
Pension, profit-sharing, stock bonus, and annuity plans	8,596,441	75,044	3,410,960	1,985,758	895,968	528,157	618,499	189,953	163,013	154,362	113,739	163,896	297,093
Employee benefit programs	5,218,410	68,686	838,912	621,820	414,670	382,114	627,365	282,326	317,460	328,620	248,285	254,345	833,806
Net income (less deficit)	5,464,130	194,646	416,692	1,329,574	629,783	571,138	724,992	272,747	307,671	311,546	136,951	155,857	232,533
Income subject to tax, total	13,475,735	401,168	1,956,968	1,860,661	1,222,629	955,577	1,690,484	716,251	809,385	721,723	528,424	894,776	1,717,688
Income tax, total	4,458,267	190,944	315,794	349,467	277,264	256,801	640,497	305,524	358,934	326,788	240,265	414,769	781,222
Additional tax for tax preferences	17,964	—	—	*94	*145	*150	753	517	1,673	640	1,282	1,324	11,386
Foreign tax credit	203,025	*6,083	—	*243	*245	*21	7,141	1,527	10,293	14,081	12,911	42,367	108,113
U.S. possessions tax credit	7,126	—	7	33	9	—	*1,917	1,941	—	3,219	—	—	—
Orphan drug credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	48,202	*620	*217	*50	*3,350	*2,067	7,503	4,187	6,760	4,115	5,864	5,697	7,771
General business credit	1,024,736	18,351	101,086	101,135	73,685	71,915	150,853	57,385	67,410	56,009	47,104	62,250	217,554
Distributions to stockholders except in own stock	3,126,700	313,203	358,727	289,794	135,969	102,737	250,337	104,486	191,432	83,336	140,204	238,245	918,229
Nature of Business not Allocable													
Number of returns	31,418	4,742	21,938	2,578	1,149	498	441	42	26	7	—	—	—
Total assets	3,274,753	—	416,292	417,852	424,664	348,123	835,753	278,538	349,467	*204,064	—	—	—
Notes and accounts receivable, net	618,712	—	*42,082	*71,478	*55,411	*77,921	*196,980	100,097	*57,028	*17,715	—	—	—
Inventories	419,488	—	32,723	70,780	*50,519	67,705	105,876	*26,510	*50,846	*14,529	—	—	—
Cash, Government obligations and other current assets	*508,602	—	88,518	*53,262	*76,294	*34,410	*147,701	*47,653	*19,635	*41,132	—	—	—
Other investments and loans	695,668	—	*62,153	*60,469	*121,712	*46,620	*160,728	*22,869	*100,964	*120,152	—	—	—
Depreciable assets	1,152,970	—	245,940	237,551	154,905	122,539	272,971	*49,114	*58,241	*11,710	—	—	—
Less: Accumulated depreciation	507,775	—	110,968	107,217	71,430	59,493	115,528	*18,387	*21,590	*3,160	—	—	—
Other capital assets less reserves	*194,720	—	*14,626	*20,134	*21,367	*51,423	*32,722	*21,916	*32,179	*353	—	—	—
Accounts and notes payable	989,585	—	92,838	101,485	*86,923	87,190	460,143	*75,206	*50,289	*35,510	—	—	—
Other current liabilities	175,330	—	22,533	15,625	27,658	36,136	39,318	*18,872	*10,840	*4,348	—	—	—
Mortgages, notes, and bonds payable in one year or more	865,001	—	91,572	135,537	207,883	*71,327	137,366	*46,668	*95,337	*79,311	—	—	—
Net worth	406,101	—	*2,633	*65,174	*124,217	*52,448	*111,811	*52,448	*137,624	*45,270	—	—	—
Cost of property used for investment credit	113,534	8	*8,426	30,350	*10,454	*16,029	39,288	*1,666	*6,684	*630	—	—	—
Total receipts	7,023,587	212,582	2,516,369	743,770	595,530	412,425	1,854,424	390,329	193,931	*104,227	—	—	—
Business receipts	6,558,177	171,354	2,406,567	728,325	558,148	399,627	1,640,401	*365,912	*186,896	*100,947	—	—	—
Cost of sales and operations	4,431,082	*47,700	1,568,683	438,027	342,203	257,111	1,257,421	*326,515	*113,684	*79,739	—	—	—
Taxes paid	180,426	6,454	88,194	30,312	14,914	10,922	36,038	10,665	1,980	*948	—	—	—
Interest paid	143,502	28,212	18,259	20,757	20,147	10,388	21,791	*5,105	11,138	*7,705	—	—	—
Depreciation	152,995	13,648	33,972	31,577	18,045	13,011	26,903	*7,857	*7,072	*910	—	—	—
Pension, profit-sharing, stock bonus, and annuity plans	21,476	*298	—	—	*10,773	*1,600	7,630	—	*1,032	*143	—	—	—
Employee benefit programs	41,628	*1,562	*14,571	*8,397	*2,396	*2,206	10,730	*378	*810	*578	—	—	—
Net income (less deficit)	—74,224	—	—34,819	—25,911	—11,044	—9,393	—1,416	16,862	—11,709	*—3,078	—	—	—
Income subject to tax, total	98,483	10,425	19,796	*7,032	*13,400	*13,459	31,459	*2,378	*2,233	—	—	—	—
Income tax, total	27,970	1,879	5,407	*3,259	*1,220	*3,842	10,619	*738	*1,007	—	—	—	—
Additional tax for tax preferences	*43	—	—	—	—	—	—	*20	*23	—	—	—	—
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—	—
U.S. possessions tax credit	222	—	—	—	—	—	222	—	—	—	—	—	—
Orphan drug credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	*291	—	—	—	—	—	*291	—	—	—	—	—	—
General business credit	3,866	(1)	*199	*997	*253	*459	1,834	*97	*27	—	—	—	—
Distributions to stockholders except in own stock	23,176	*6,828	*5,562	*875	*84	—	*1,939	*5,914	229	1,745	—	—	—

* 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 and the deletion of data. See text for "Explanation of terms" and "Description of the Sample and Limitations of the Data."

RETURNS OF ACTIVE CORPORATIONS

Table 7—Selected Balance Sheet, Income Statement, 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 and size of business receipts are in whole 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 \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 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 Industries													
Number of returns	3,170,743	1,237,394	686,140	212,521	338,733	615,169	468,395	344,806	271,548	111,827	61,232	50,062	10,310
Total assets	11,106,701,948	141,067,145	83,306,377	22,156,171	35,604,597	90,000,800	103,421,991	143,996,875	285,570,026	335,283,190	433,849,408	1,094,419,387	8,479,093,125
Notes and accounts receivable, net	2,842,639,825	14,957,291	9,896,790	1,868,203	3,192,299	12,373,295	15,145,889	27,677,635	74,408,676	107,382,312	138,610,210	264,277,129	2,187,807,388
Inventories	664,243,060	6,048,364	3,466,139	692,021	1,890,204	6,798,153	11,644,873	18,878,517	36,855,593	34,941,506	39,238,122	97,085,158	412,752,774
Cash, Government obligations and other current assets	1,835,212,774	25,734,011	13,675,077	5,122,842	6,936,091	17,249,667	19,900,192	27,594,562	60,041,132	77,484,993	102,050,922	220,150,726	1,285,006,570
Other investments and loans	3,158,335,938	32,265,750	20,725,143	4,963,177	6,577,430	15,799,430	16,165,432	21,671,721	42,869,692	55,168,274	88,411,364	341,316,519	2,544,667,756
Depreciable assets	2,913,301,626	53,513,771	25,088,230	9,464,792	18,960,748	48,270,026	56,626,719	70,040,930	103,885,685	84,697,482	86,698,061	207,337,801	2,202,231,151
Less: Accumulated depreciation	1,116,171,771	21,993,202	8,935,329	4,175,912	8,881,961	24,534,910	29,616,887	36,047,637	53,012,043	41,780,597	40,957,281	91,180,781	777,048,432
Other capital assets less reserves	288,014,422	20,273,022	12,034,377	2,959,566	5,279,079	9,568,740	8,850,829	9,147,833	11,919,803	9,188,784	9,844,454	24,417,639	184,803,317
Accounts and notes payable	1,607,919,477	27,486,377	17,222,146	3,263,461	6,600,769	16,815,670	23,056,397	34,746,488	62,817,660	62,903,652	62,903,652	174,836,303	1,130,561,067
Other current liabilities	3,760,174,725	8,152,628	5,030,313	1,011,354	2,110,961	6,772,288	9,445,331	18,058,756	72,240,847	133,173,946	204,121,657	479,656,465	2,828,552,809
Mortgages, notes, and bonds payable in one year or more	1,494,350,573	41,659,812	25,892,104	5,764,967	10,002,741	23,156,391	26,888,553	31,906,278	46,912,029	40,041,650	43,232,046	114,823,005	1,125,730,809
Net worth	2,884,127,290	32,056,953	15,625,259	6,984,752	9,446,942	25,441,903	29,511,897	43,435,396	82,158,986	82,193,988	93,916,466	267,109,825	2,228,301,335
Cost of property used for investment credit	267,503,928	4,797,311	2,587,616	670,832	1,538,863	4,523,719	5,868,505	7,674,496	11,518,945	9,602,905	10,090,426	22,800,295	190,627,327
Total receipts	7,860,711,226	53,083,720	17,390,732	8,875,706	26,817,883	106,774,500	172,350,302	249,170,282	434,905,777	399,102,821	436,562,900	1,016,704,946	4,992,055,977
Business receipts	6,948,481,893	33,136,000	3,468,988	6,692,294	22,974,718	97,481,077	163,810,078	237,535,724	412,619,923	370,796,020	399,133,372	922,098,186	4,311,871,513
Cost of sales and operations	4,692,505,746	12,232,506	1,663,579	2,312,021	8,256,906	37,985,150	72,666,475	127,589,163	254,927,323	253,706,324	290,478,176	688,375,444	2,954,565,186
Taxes paid	191,748,629	2,651,499	929,778	475,005	1,246,716	4,183,612	5,896,276	7,539,899	11,490,372	8,670,569	8,454,793	18,243,272	124,618,339
Interest paid	535,819,101	4,236,055	2,154,880	743,220	1,337,955	3,622,405	4,423,213	6,189,601	12,696,533	16,922,631	23,213,920	59,360,154	406,154,591
Depreciation	264,882,261	4,830,823	2,055,283	898,166	1,877,374	5,296,350	6,490,498	7,982,003	11,617,918	9,362,004	9,275,710	21,644,516	188,472,439
Pension, profit-sharing, stock bonus, and annuity plans	52,555,188	551,267	270,469	37,192	243,606	1,443,770	2,792,203	2,243,140	3,018,474	2,296,357	2,013,413	3,793,147	34,402,417
Employee benefit programs	64,547,638	385,817	197,319	47,587	140,911	608,202	1,044,387	1,535,490	2,508,583	2,367,882	2,526,613	6,262,437	47,308,227
Net income (less deficit)	232,900,596	-6,086,509	-4,481,397	-8,088,794	-7,963,318	325,281	1,830,324	3,185,225	7,393,459	7,202,037	8,109,216	24,610,497	186,331,065
Income subject to tax, total	257,054,060	4,147,587	2,343,319	542,813	1,261,455	3,694,460	4,703,620	6,272,766	10,146,101	8,891,423	9,386,934	24,253,010	185,558,158
Income tax, total	107,968,407	1,230,854	891,433	99,951	239,471	754,780	972,790	1,440,959	2,905,830	3,060,743	3,685,943	10,589,078	83,327,431
Additional tax for tax preferences	544,863	2,819	2,255	*38	*526	2,441	3,128	3,922	8,494	7,839	12,732	34,972	468,516
Foreign tax credit	21,075,296	14,285	14,253	*7	*26	989	1,193	3,122	39,087	11,576	16,666	94,622	20,893,756
U.S. possessions tax credit	1,978,578	192,134	192,026	7	101	32,980	3,208	1,979	95,461	78,726	80,049	557,489	936,551
Orphan drug credit	*105	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	1,589,048	*1,765	*1,610	—	*156	*61	*1,643	3,333	10,645	19,286	35,308	87,813	1,429,193
General business credit	19,265,475	93,122	50,484	11,016	31,622	125,388	232,359	344,454	585,143	535,383	543,196	1,220,059	15,585,921
Distributions to stockholders except in own stock	144,871,643	2,367,246	1,422,150	441,573	503,523	1,669,817	1,757,475	1,610,848	3,249,895	2,889,656	3,889,514	13,003,967	114,433,225
Agriculture, Forestry, and Fishing													
Number of returns	98,361	44,034	23,554	7,772	12,708	20,988	15,723	8,816	5,533	1,713	906	586	62
Total assets	50,699,926	8,291,637	3,566,390	1,830,680	2,894,566	7,128,278	6,882,954	5,423,990	5,836,795	3,444,986	3,036,733	4,551,440	6,103,113
Notes and accounts receivable, net	4,354,622	424,202	270,655	55,000	98,547	197,114	367,643	307,735	531,330	385,513	433,012	666,914	1,041,159
Inventories	4,648,552	162,310	37,465	24,254	100,591	327,212	328,637	452,428	644,772	352,022	414,735	743,083	1,223,353
Cash, Government obligations and other current assets	5,267,646	714,306	269,392	175,851	269,063	749,004	742,293	536,521	602,905	428,297	393,550	531,523	569,247
Other investments and loans	5,678,053	1,001,974	473,635	286,165	242,175	700,607	543,175	504,073	710,222	409,390	395,616	493,767	963,228
Depreciable assets	33,357,861	3,680,611	1,405,549	684,738	1,590,324	4,901,871	5,485,747	4,501,124	4,134,992	2,615,553	1,964,547	2,707,801	3,365,615
Less: Accumulated depreciation	18,710,465	2,038,662	735,760	385,761	917,141	2,818,915	3,277,045	2,675,030	2,348,780	1,457,302	1,090,335	1,335,642	1,668,748
Other capital assets less reserves	13,535,925	3,855,707	1,641,116	872,914	1,341,676	2,530,928	2,214,725	1,521,070	1,295,802	600,691	474,700	634,830	1,077,472
Accounts and notes payable	11,849,235	931,245	403,503	144,878	382,865	960,702	1,409,647	1,472,813	1,599,096	1,105,500	1,157,897	1,739,276	1,473,058
Other current liabilities	1,932,982	202,344	68,471	22,801	111,072	126,761	199,601	187,845	289,217	158,265	172,312	210,276	386,360
Mortgages, notes, and bonds payable in one year or more	15,879,263	2,283,337	928,562	384,633	970,141	2,299,314	2,491,655	2,155,199	2,125,925	1,211,872	707,757	1,254,867	1,349,336
Net worth	14,310,555	2,535,087	1,070,297	637,140	827,650	2,980,190	1,864,573	949,880	1,135,991	667,759	707,329	1,049,728	2,420,018
Cost of property used for investment credit	2,626,373	218,832	89,247	33,721	95,864	361,364	463,644	357,157	378,308	201,761	143,970	200,542	300,795
Total receipts	66,645,119	2,487,670	872,418	432,785	1,182,467	4,030,889	6,157,481	6,544,929	8,635,158	6,219,203	6,201,559	11,973,821	14,394,410
Business receipts	62,093,338	1,351,787	139,989	279,784	932,015	3,475,905	5,607,282	6,074,542	8,212,373	5,928,058	5,976,602	11,606,305	13,860,484
Cost of sales and operations	42,991,472	777,949	143,645	149,951	484,353	1,672,053	2,835,679	3,578,500	5,460,119	4,237,372	4,548,057	9,585,493	10,296,251
Taxes paid	1,420,825	140,362	53,946	32,137	54,279	144,336	202,972	188,127	198,718	116,078	98,346	120,057	211,827
Interest paid	2,952,198	331,648	117,252	72,026	142,370	351,969	447,335	438,221	383,315	258,140	188,622	270,011	282,936
Depreciation	3,472,979	380,109	133,025	69,653	177,431	517,000	609,844	496,177	437,277	276,577	190,927	275,766	289,303
Pension, profit-sharing, stock bonus, and annuity plans	144,333	5,337	*680	*1,953	*2,704	10,781	10,417	17,485	30,023	8,759	9,436	22,332	29,762
Employee benefit programs	266,390	21,791	12,443	4,279	5,069	17,726	36,738	16,740	28,333	39,894	54,759	120,277	63,332
Net income (less deficit)	202,5												

RETURNS OF ACTIVE CORPORATIONS

Table 7—Selected Balance Sheet, Income Statement, 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 and size of business receipts are in whole 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 \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 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	40,564	20,677	13,335	3,726	3,617	5,407	3,947	3,838	3,866	1,389	644	627	168
Total assets	209,036,474	5,783,965	4,367,355	478,744	937,766	2,039,290	2,749,561	3,949,527	8,056,138	5,665,092	6,607,300	21,638,020	152,547,680
Notes and accounts receivable, net	23,468,228	669,278	499,838	30,119	139,321	235,176	253,540	538,727	1,204,970	1,102,882	910,354	2,714,300	15,839,002
Inventories	6,588,702	68,738	39,405	14,508	15,825	32,306	67,436	80,373	280,049	122,224	231,101	735,466	4,971,008
Cash, Government obligations and other current assets	27,764,058	734,908	478,520	131,023	125,365	380,610	428,302	604,991	1,286,278	823,223	1,014,869	2,597,621	19,893,256
Other investments and loans	68,481,595	1,439,165	1,147,795	95,618	195,752	411,537	1,061,903	871,393	917,565	619,478	701,207	3,474,811	58,984,535
Depreciable assets	88,279,139	1,933,564	1,236,683	293,506	403,374	956,342	923,994	1,773,470	4,700,427	3,371,549	3,936,438	12,796,937	57,886,419
Less: Accumulated depreciation	38,773,912	1,067,361	646,539	196,301	224,521	532,065	533,169	951,673	2,492,817	1,832,429	2,047,069	6,348,464	22,968,864
Other capital assets less reserves	23,098,873	1,060,715	742,905	87,676	230,136	443,579	449,829	905,198	1,659,828	1,259,690	1,626,768	4,397,267	11,295,999
Accounts and notes payable	28,553,209	1,951,933	1,387,894	90,245	473,794	573,824	943,240	1,341,055	2,377,727	1,649,395	1,408,123	4,126,341	14,181,572
Other current liabilities	10,679,187	230,038	171,701	20,472	37,865	206,031	176,552	299,749	451,029	366,652	528,520	1,253,004	7,167,611
Mortgages, notes, and bonds payable in one year or more	52,801,935	1,764,672	1,497,462	129,791	137,419	567,956	510,389	713,744	2,054,008	1,422,547	1,760,053	5,590,649	38,417,917
Net worth	94,335,000	576,058	497,466	75,791	2,800	201,638	719,790	983,963	1,991,728	1,321,288	2,229,472	7,683,003	78,628,062
Cost of property used for investment credit	5,899,551	223,068	150,490	20,288	52,290	123,548	99,588	226,922	465,830	327,644	363,228	947,249	3,122,474
Total receipts	123,496,633	1,813,958	1,184,532	197,721	431,705	1,238,125	1,630,762	3,090,434	6,725,693	5,281,651	4,982,827	14,100,358	84,632,826
Business receipts	111,030,063	459,136	28,308	138,249	292,579	877,702	1,374,281	2,676,335	6,026,014	4,769,750	4,459,406	12,742,844	77,644,594
Cost of sales and operations	74,213,000	239,707	40,937	67,775	130,995	350,537	605,117	1,443,815	2,823,631	2,517,424	2,551,462	7,895,498	55,785,809
Taxes paid	3,893,714	77,893	51,446	7,462	18,985	48,621	53,089	98,357	259,701	182,362	190,141	554,379	2,429,170
Interest paid	7,077,300	198,122	165,925	10,061	22,136	118,116	106,717	142,722	349,066	284,820	282,259	975,453	4,620,027
Depreciation	7,656,531	195,875	105,569	41,175	49,131	109,020	114,408	222,855	555,501	426,055	421,226	1,285,309	4,326,881
Pension, profit-sharing, stock bonus, and annuity plans	848,024	6,279	1,648	2,941	11,680	11,822	1,374	6,969	16,724	17,848	20,558	51,466	714,985
Employee benefit programs	941,401	4,523	2,931	1,770	1,522	3,668	5,105	13,414	33,414	24,727	39,203	90,729	680,670
Net income (less deficit)	-353,185	-238,475	-61,948	-58,679	-117,849	-130,565	-170,336	-211,943	-316,316	-224,183	-191,336	-668,756	1,798,725
Income subject to tax, total	5,167,226	547,870	526,598	14,566	6,706	76,607	32,328	69,587	199,861	119,481	239,547	462,213	3,419,733
Income tax, total	2,381,154	276,215	270,927	3,266	2,023	22,410	9,070	22,846	74,562	51,732	107,790	218,406	1,598,122
Additional tax for tax preferences	63,083	1,807	1,457	—	349	872	1,276	1,974	4,327	3,035	5,968	13,492	30,333
Foreign tax credit	1,164,747	5,815	5,815	—	—	—	—	—	18,237	570	1,651	18,975	1,119,491
U.S. possessions tax credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Orphan drug credit	2,344	—	—	—	—	2,344	—	—	—	—	—	—	—
Research activities credit	10,026	—	—	—	—	—	—	—	—	—	—	—	—
General business credit	175,608	3,268	2,645	312	311	3,512	2,742	8,348	14,174	13,025	14,054	33,438	9,634
Distributions to stockholders except in own stock	3,057,411	62,239	60,641	1,212	987	29,117	4,148	3,588	43,882	32,933	54,007	671,957	2,155,540
Construction													
Number of returns	306,906	96,159	49,148	17,196	29,815	61,009	49,588	43,309	34,961	12,104	5,929	3,496	351
Total assets	195,272,738	10,573,658	7,924,662	871,390	1,777,405	5,706,103	7,992,125	13,266,389	23,163,480	18,827,878	18,226,770	37,286,046	60,230,288
Notes and accounts receivable, net	46,875,584	1,264,138	1,027,591	79,864	156,683	936,880	1,418,329	3,028,122	6,199,500	5,743,864	5,929,184	10,824,809	11,530,757
Inventories	28,244,404	2,350,258	1,675,720	117,305	357,219	962,622	1,695,467	2,378,247	4,397,268	3,532,820	2,984,043	5,854,832	4,088,861
Cash, Government obligations and other current assets	38,603,009	2,387,010	1,753,370	223,909	409,732	1,442,268	1,850,965	3,107,689	5,278,423	4,237,304	4,287,905	7,247,944	8,763,499
Other investments and loans	32,452,771	1,459,928	1,106,795	152,018	201,114	669,609	722,107	1,183,551	1,893,020	1,367,577	1,441,286	5,989,248	17,726,985
Depreciable assets	67,483,363	3,002,449	1,679,010	417,980	905,460	3,045,574	3,912,350	6,613,421	10,022,839	6,867,127	6,245,053	12,467,022	15,307,527
Less: Accumulated depreciation	37,136,133	1,382,846	694,232	218,382	470,232	1,841,771	2,254,076	3,962,275	5,872,520	4,063,606	3,640,693	7,268,613	6,849,733
Other capital assets less reserves	6,758,151	888,688	696,153	55,393	137,142	283,780	421,726	554,375	732,522	623,440	426,960	1,025,751	1,800,911
Accounts and notes payable	60,683,773	3,414,220	2,591,502	312,890	509,828	1,737,745	2,679,984	4,589,040	8,025,080	7,435,523	7,091,978	12,383,352	13,326,851
Other current liabilities	27,037,929	1,028,974	714,298	127,287	187,388	618,903	977,815	1,596,127	3,848,205	3,271,517	3,484,381	5,742,210	6,469,798
Mortgages, notes, and bonds payable in one year or more	35,592,423	2,751,704	2,076,804	238,594	436,306	1,218,296	1,583,066	2,210,473	3,077,537	2,264,153	1,965,070	7,651,882	12,870,241
Net worth	50,338,974	1,272,034	1,073,714	14,785	213,105	933,161	1,554,582	3,537,082	6,189,522	4,111,864	4,131,545	8,041,237	20,567,947
Cost of property used for investment credit	8,063,554	347,723	168,845	43,453	135,424	386,462	636,897	924,839	1,511,572	970,322	848,779	1,290,714	1,146,245
Total receipts	338,575,635	4,711,944	1,588,063	725,525	2,398,356	10,582,484	18,298,975	31,327,559	56,419,201	42,461,154	41,080,937	67,460,338	66,228,316
Business receipts	326,752,784	3,143,027	243,314	641,709	2,258,004	10,258,070	17,924,436	30,646,615	55,277,079	41,480,937	40,249,597	65,145,324	62,627,698
Cost of sales and operations	257,057,538	1,703,984	1,212,245	333,097	1,249,642	5,812,382	11,753,140	21,075,693	40,860,658	32,785,513	32,991,344	55,989,075	54,085,748
Taxes paid	7,312,604	230,962	105,923	25,142	99,897	378,960	577,601	918,999	1,536,929	983,162	852,196	1,066,466	767,330
Interest paid	5,990,178	309,243	201,842	36,121	71,279	217,266	294,097	474,697	727,188	592,812	492,404	1,252,307	1,630,164
Depreciation	7,118,823	303,579	137,840	47,385	118,533	395,654	540,734	847,741	1,244,439	794,097	692,028	1,193,830	1,106,721
Pension, profit-sharing, stock bonus, and annuity plans	1,541,976	37,601	31,592	1,848	4,161	28,263	38,177	123,334	326,740	209,818	219,773	279,848	278,921
Employee benefit programs	1,956,168	37,515	24,950	3,723	8,842	56,256	102,186	182,843	329,704	274,172	272,040	406,143	295,309
Net income (less deficit)	2,906,704	-284,856	-171,235	-37,949	-75,672	77,125	243,480	506,452	836,193	361,765	347,357	347,357	347,357
Income subject to tax, total	5,629,230	193,517	126,553	19,042	47,922	256,178	360,717	700,375	1,087,211	743,407	591,519	912,668	783,639
Income tax, total	1,767,756	52,407	38,124	2,975	11,308	45,048	65,570	140,645	276,093	230,947	216,973	386,561	353,511
Additional tax for tax preferences	6,647	7	—	—	—	—	—	—	—	—	—	—	—
Foreign tax credit	86,027	16	16	—	—	—	—	45	199	328	171	1,085	4,812
U.S. possessions tax credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Orphan drug credit	667	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	1,192	51	51	—	—	—	—	—	—	—	—	—	—
General business credit	383,570	7,527	3,252	1,210	3,065	14,341	24,384	43,296	87,750	60,482	43,490	67,885	34,415
Distributions to stockholders except in own stock	738,873	34,718	29,651	1,662	3,405	59,835	16,138	42,153	41,803	44,576	51,482	144,860	303,307

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 7—Selected Balance Sheet, Income Statement, 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 and size of business receipts are in whole 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 \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 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	272,050	67,621	42,355	7,897	17,369	40,606	38,809	37,940	38,245	20,757	12,983	11,787	3,300
Total assets	2,417,631,605	9,496,028	7,484,932	541,453	1,469,643	4,393,001	7,302,767	13,154,661	31,760,031	36,005,319	47,495,145	142,449,482	2,125,575,172
Notes and accounts receivable, net	501,359,041	1,291,327	1,061,267	47,432	182,628	693,104	1,517,707	3,330,750	7,886,929	9,123,199	11,785,143	33,813,584	431,917,299
Inventories	298,374,824	818,943	556,818	60,538	201,587	651,446	1,294,302	2,469,050	6,575,221	8,293,193	11,489,177	34,569,677	232,213,815
Cash, Government obligations and other current assets	187,970,935	2,551,409	2,135,405	126,156	289,848	884,989	1,315,240	2,112,287	5,244,889	5,404,802	6,583,008	18,062,710	145,811,602
Other investments and loans	546,474,271	1,462,362	1,129,897	77,595	254,870	585,830	573,915	869,535	2,301,782	2,316,404	3,091,075	11,112,734	524,160,634
Depreciable assets	1,107,973,190	3,316,643	2,259,637	343,632	713,374	2,734,956	5,116,664	8,806,781	18,810,240	20,115,738	24,618,416	68,480,472	955,973,300
Less: Accumulated depreciation	497,044,883	1,172,241	634,738	159,546	377,957	1,487,510	2,937,489	5,146,665	10,709,679	10,936,167	12,860,971	32,942,761	418,851,400
Other capital assets less reserves	122,273,550	624,404	505,551	27,371	91,483	149,060	232,129	327,308	901,159	1,004,441	1,528,307	4,795,657	112,711,084
Accounts and notes payable	454,327,878	2,658,869	1,999,051	143,191	516,627	1,130,278	1,970,477	3,464,279	8,612,814	10,541,789	13,823,545	35,447,120	376,848,708
Other current liabilities	226,627,617	874,789	710,428	43,634	120,727	355,126	782,140	1,132,013	2,805,884	3,267,748	4,501,626	13,223,205	199,685,086
Mortgages, notes, and bonds payable in one year or more	423,898,964	1,704,394	1,140,647	210,449	353,298	983,488	1,767,029	2,377,350	5,342,298	5,785,005	7,996,165	25,384,179	372,559,054
Net worth	1,025,028,491	2,613,669	2,606,643	-16,253	23,278	1,144,644	1,861,504	4,837,429	12,672,057	14,647,345	18,737,898	61,792,054	906,717,891
Cost of property used for investment credit	101,823,250	361,310	228,528	60,065	72,717	335,958	771,714	1,170,605	2,151,091	2,214,401	2,667,483	6,940,769	85,209,920
Total receipts	2,768,247,655	3,296,513	1,549,473	330,270	1,416,789	7,164,338	14,369,352	27,737,507	62,426,061	73,901,162	93,470,435	247,542,094	2,238,340,491
Business receipts	2,608,971,901	1,835,411	247,156	276,152	1,312,103	6,796,355	14,023,190	27,185,124	60,933,998	72,445,004	91,434,397	241,415,705	2,092,902,717
Cost of sales and operations	1,796,313,155	1,011,710	204,667	128,307	678,741	3,614,435	7,599,527	16,299,846	39,330,829	49,440,170	64,170,732	172,000,858	1,442,845,047
Taxes paid	80,036,255	143,078	71,412	15,754	55,912	250,148	572,435	993,399	1,921,772	1,940,312	2,339,715	5,435,336	66,440,061
Interest paid	85,039,616	184,885	115,023	12,257	57,605	171,124	293,451	469,452	1,080,900	1,260,225	1,646,508	4,803,319	75,129,852
Depreciation	109,331,680	241,627	120,466	30,308	91,124	313,713	599,825	1,012,607	2,031,755	2,123,291	2,494,481	6,781,892	93,732,488
Pension, profit-sharing, stock bonus, and annuity plans	22,607,052	13,165	6,061	*851	*6,252	35,178	72,163	166,003	440,394	511,943	546,574	1,267,555	19,554,078
Employee benefit programs	33,065,715	27,929	17,592	4,499	5,839	43,836	114,115	230,694	525,317	680,434	801,394	2,430,235	28,202,762
Net income (less deficit)	121,215,254	-664,781	-328,798	-100,225	-235,575	-411,278	-242,393	232,393	1,194,943	1,618,517	2,454,902	8,989,363	108,044,134
Income subject to tax, total	131,957,838	704,184	659,243	*10,947	33,993	240,660	323,292	778,466	2,135,936	2,379,258	3,082,028	10,158,949	112,155,064
Income tax, total	58,542,710	297,795	287,590	*1,644	8,562	67,575	64,940	170,684	663,671	870,583	1,271,224	4,558,859	50,577,379
Additional tax for tax preferences	297,407	*338	*338	—	—	*136	*205	—	135	624	996	4,349	290,625
Foreign tax credit	17,219,144	*127	*127	—	—	—	—	*87	*460	4,348	1,610	29,815	17,182,696
U.S. possessions tax credit	1,876,311	185,558	185,517	—	42	30,175	3,092	1,325	93,904	75,637	75,718	550,091	860,810
Orphan drug credit	39	—	—	—	—	—	—	—	—	—	—	—	39
Research activities credit	1,388,309	101	101	—	—	—	—	1,232	6,569	13,548	28,009	66,094	1,272,115
General business credit	7,593,003	2,707	2,230	*105	372	8,019	24,098	63,566	131,283	144,197	169,997	422,709	6,626,426
Distributions to stockholders except in own stock	45,630,537	534,311	525,876	—	*8,435	108,363	28,684	61,851	244,677	225,313	294,346	1,675,540	42,457,451
Transportation and Public Utilities													
Number of returns	128,184	54,919	31,651	10,136	13,133	21,598	16,805	14,187	11,637	4,598	2,225	1,609	605
Total assets	1,084,873,718	6,359,519	4,772,098	633,964	953,456	2,988,071	3,887,387	5,744,908	10,288,554	8,070,617	9,173,256	24,387,189	1,013,974,217
Notes and accounts receivable, net	106,426,352	691,392	511,286	100,302	79,805	392,164	549,660	1,849,890	1,623,338	1,625,163	3,677,487	9,156,772	95,156,772
Inventories	32,703,620	30,212	22,824	*1,660	*5,728	26,205	69,313	121,982	233,736	241,901	193,682	31,214,801	31,214,801
Cash, Government obligations and other current assets	64,917,013	1,157,000	913,574	86,784	156,642	446,312	644,700	1,105,065	1,608,128	1,776,548	1,418,228	3,332,852	54,028,180
Other investments and loans	130,263,801	828,445	650,691	44,216	133,537	181,052	378,754	465,537	716,647	491,284	866,779	2,470,543	123,864,761
Depreciable assets	941,591,587	4,936,743	3,338,833	612,063	985,848	3,245,286	3,543,014	5,686,081	9,663,990	7,488,641	7,425,390	19,462,454	880,139,987
Less: Accumulated depreciation	259,539,431	2,009,214	1,217,762	308,589	482,863	1,684,503	1,823,916	3,006,932	4,777,479	3,711,391	3,279,077	7,594,809	231,652,110
Other capital assets less reserves	21,931,713	125,370	156,521	32,453	26,397	175,265	205,615	232,047	519,035	408,135	461,095	989,517	18,725,633
Accounts and notes payable	118,636,103	1,129,321	823,291	121,055	184,976	585,491	824,279	1,340,311	2,606,788	2,079,294	2,327,159	4,527,986	103,215,474
Other current liabilities	76,514,082	344,307	294,829	22,114	27,364	184,848	219,796	344,050	695,938	629,904	820,845	1,686,649	71,587,746
Mortgages, notes, and bonds payable in one year or more	325,998,783	2,151,102	1,469,189	325,044	356,869	1,176,861	1,168,671	1,785,902	3,413,931	2,445,992	2,973,746	9,356,496	301,526,082
Net worth	423,937,357	755,306	498,560	33,059	223,688	511,375	909,491	1,657,689	2,629,795	2,241,819	2,250,367	6,786,705	406,194,810
Cost of property used for investment credit	72,908,099	596,204	426,269	65,401	104,535	402,534	385,275	747,216	1,377,093	1,080,777	943,990	2,356,042	65,018,967
Total receipts	725,631,232	2,873,382	1,435,686	408,551	1,029,145	3,851,288	6,335,662	10,685,566	19,088,251	16,516,032	16,367,400	32,748,295	617,165,356
Business receipts	693,105,168	1,535,289	193,571	383,039	958,679	3,644,995	6,073,205	10,291,775	18,431,300	15,901,935	15,796,921	31,363,308	590,066,441
Cost of sales and operations	373,236,459	477,550	83,030	86,159	308,361	1,173,014	2,505,322	4,974,815	8,733,796	8,451,950	9,313,207	17,772,539	319,834,265
Taxes paid	30,796,051	134,070	58,438	19,770	55,862	165,662	245,944	413,175	691,227	569,608	510,385	1,039,596	27,026,384
Interest paid	40,178,514	214,060	128,885	30,928	54,246	186,562	197,543	295,102	482,344	406,417	438,582	1,189,346	36,768,558
Depreciation	59,648,238	481,744	285,892	61,239	134,614	399,828	443,472	668,086	1,169,725	880,904	842,220	1,955,124	52,807,135
Pension, profit-sharing, stock bonus, and annuity plans	8,131,943	15,344	13,682	*312	*1,350	18,215	14,996	59,732	78,442	87,290	109,106	173,212	7,575,606
Employee benefit programs	8,222,549	14,113	10,188	*1,144	2,781	19,001	28,099	60,811	163,780	124,988	132,411	287,455	7,391,892
Net income (less deficit)	28,851,644	-328,942	-215,566	-38,124	-75,562	-23,941	-2,222	128,267	154,422	208,421	204,695	616,290	27,894,653
Income subject to tax, total	34,355,017	136,722	104,656	4,944	27,121	121,338	196,430	310,852	519,371	418,582	390,073	1,154,725	31,108,925
Income tax, total	15,579,597	44,206	38,136	743	5,328	22,085	49,329	82,913	174,131	152,312	164,430	514,605	14,375,586
Additional tax for tax preferences	23,305	*3	*2	1	—	*217	77	*22	*105	*251	*382	780	21,468
Foreign tax credit	349,260	*862	*862	—	—	—	—	2	—	—	—	3,811	344,055
U.S. possessions tax credit	43,467	40	—	—	40	—	—	—	194	—	—	—	43,233
Orphan drug credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	78,387	101	101	—	—	—	—	—	*53	—	*633	722	76,974
General business credit	6,558,579	14,925	12,507	*164	2,254	10,208	17,882	30,430	51,458	50,855	45,531	98,120	6,239,171
Distributions to stockholders except in own stock	27,505,378	86,846	68,507	*8,177	*10,163	15,687	57,139	199,305	82,859	71,269	65,162	318,873	26,608,237

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 7—Selected Balance Sheet, Income Statement, 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 and size of business receipts are in whole 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 \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 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	896,524	225,830	110,015	37,687	78,128	162,806	146,493	136,033	119,154	50,441	28,360	23,957	3,451
Total assets	899,032,645	14,425,654	8,315,082	1,948,846	4,161,726	14,460,348	21,934,995	36,621,930	65,265,074	57,538,521	60,248,861	141,138,493	487,398,770
Notes and accounts receivable, net	214,653,799	2,617,092	1,824,672	300,987	491,433	1,902,560	3,434,577	7,265,129	15,027,767	14,428,843	15,735,364	37,484,205	116,758,261
Inventories	264,789,285	2,069,435	1,676,499	407,670	985,266	4,126,801	7,278,463	12,018,836	22,824,114	20,848,295	21,718,530	48,872,279	125,032,534
Cash, Government obligations and other current assets	111,995,441	2,471,594	1,381,592	368,356	721,646	2,200,685	3,282,277	5,359,867	8,983,185	6,951,979	7,160,629	14,366,424	61,218,799
Other investments and loans	95,430,920	2,733,660	1,974,311	308,129	451,220	1,101,501	1,696,912	2,776,673	4,467,025	3,436,198	3,254,884	9,656,285	66,307,781
Depreciable assets	275,152,143	4,621,070	2,174,424	591,946	1,854,700	7,021,291	9,668,250	14,631,338	22,777,213	18,903,950	18,855,785	41,609,817	137,063,429
Less: Accumulated depreciation	122,977,296	1,844,534	757,491	250,502	836,541	3,480,187	5,292,926	7,917,302	12,548,689	10,134,278	9,630,963	19,249,479	52,878,938
Other capital assets less reserves	25,939,874	640,457	382,574	81,990	175,893	722,263	868,071	1,202,333	1,751,518	1,429,748	1,635,209	3,837,910	13,852,365
Accounts and notes payable	316,115,765	3,770,919	2,362,305	411,709	996,904	3,503,277	5,816,118	10,700,845	22,277,768	21,142,342	24,519,331	58,866,926	165,518,239
Other current liabilities	96,245,539	817,170	479,169	93,710	244,292	874,275	1,266,978	2,490,273	4,706,238	4,456,674	5,217,739	11,258,280	65,157,911
Mortgages, notes, and bonds payable in one year or more	137,593,385	3,999,734	2,699,822	318,964	980,948	3,328,126	4,612,249	6,199,759	9,341,054	7,209,891	7,193,474	18,066,921	77,642,178
Net worth	289,338,722	1,499,924	595,234	432,030	472,660	2,915,299	6,149,881	12,614,772	23,556,134	21,459,449	20,573,329	47,871,109	152,698,824
Cost of property used for investment credit	32,428,352	728,262	342,417	121,424	264,421	874,096	1,010,670	1,605,217	2,580,372	2,280,119	2,592,417	5,834,497	14,992,701
Total receipts	2,307,612,139	9,685,440	1,992,788	1,594,144	6,098,508	28,530,899	54,243,736	98,240,101	190,705,878	179,606,199	202,096,688	476,905,648	1,067,597,551
Business receipts	2,250,774,641	9,685,440	1,992,788	1,594,144	6,098,508	28,530,899	54,243,736	98,240,101	190,705,878	179,606,199	202,096,688	476,905,648	1,067,597,551
Cost of sales and operations	1,759,718,001	4,229,073	458,140	737,729	3,033,204	15,190,424	31,985,677	62,790,096	132,381,594	135,237,496	158,660,179	382,023,618	837,219,844
Taxes paid	32,561,862	353,623	101,204	56,347	196,072	921,153	1,480,199	2,306,335	3,728,452	2,693,899	2,618,724	5,940,169	12,519,308
Interest paid	33,204,502	358,035	177,149	36,478	144,409	523,895	882,970	1,295,997	2,252,204	1,930,595	2,106,911	5,103,663	18,750,231
Depreciation	31,228,497	523,825	203,569	75,320	244,936	873,410	1,192,886	1,783,331	2,734,872	2,235,367	2,206,064	4,987,466	14,711,097
Pension, profit-sharing, stock bonus, and annuity plans	6,098,333	30,106	17,483	2,153	10,470	99,730	137,780	259,028	701,172	672,731	612,978	1,047,038	2,537,770
Employee benefit programs	8,887,855	48,569	11,491	4,610	32,468	112,464	156,328	342,085	641,240	597,954	633,727	1,583,765	4,771,727
Net income (less deficit)	42,010,706	-1,015,505	-471,565	-154,613	-389,327	-329,427	373,048	1,037,234	3,299,881	-3,196,701	3,434,617	9,059,200	22,954,953
Income subject to tax, total	39,499,548	399,424	221,046	60,555	117,824	510,651	951,771	1,724,231	3,146,767	2,738,466	2,882,728	6,683,481	20,462,030
Income tax, total	15,082,817	112,732	79,222	12,624	20,886	92,906	173,454	343,182	769,117	836,418	1,039,995	2,820,629	8,894,383
Additional tax for tax preferences	32,566	274	274	—	—	—	376	45	297	189	78	670	2,942
Foreign tax credit	445,890	6,960	6,960	—	—	—	1	—	7,921	25	3,854	8,229	418,676
U.S. possessions tax credit	42,506	6,031	6,020	—	12	—	44	49	380	686	—	4,718	30,598
Orphan drug credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	36,059	1,213	1,213	—	—	—	—	—	—	—	—	—	—
General business credit	2,142,183	10,550	6,430	1,158	2,963	19,664	36,449	67,551	141,458	128,426	150,551	332,964	1,254,571
Distributions to stockholders except in own stock	13,057,047	327,501	222,733	30,735	74,033	486,322	319,360	515,747	787,331	637,888	569,443	1,683,136	7,730,320
Finance, Insurance, and Real Estate ²													
Number of returns	497,366	322,627	192,567	59,806	70,254	79,405	37,198	21,473	15,550	8,951	5,267	5,033	1,862
Total assets	5,938,984,929	60,133,927	30,590,995	12,424,364	17,118,568	35,288,245	30,938,063	42,162,294	111,497,275	185,539,418	270,459,858	681,372,915	4,521,592,934
Notes and accounts receivable, net	1,894,977,901	4,872,812	2,415,142	870,684	1,586,986	6,091,745	4,951,757	8,944,903	36,075,596	70,679,632	98,023,427	166,639,728	1,498,698,301
Inventories	14,634,205	56,627	29,994	—	26,634	42,846	62,390	226,153	212,233	561,018	1,098,240	3,864,064	8,510,634
Cash, Government obligations and other current assets	1,343,734,164	10,547,252	3,702,045	3,323,224	3,521,984	6,670,282	6,412,465	9,711,957	31,474,208	55,053,790	77,962,280	167,717,634	978,184,295
Other investments and loans	2,229,570,686	17,855,086	10,341,681	3,307,108	4,206,298	9,343,904	8,247,964	11,464,835	27,771,623	44,295,975	76,931,406	301,256,160	1,732,403,733
Depreciable assets	214,286,389	17,258,056	5,681,173	4,212,606	7,364,479	12,741,817	10,986,641	11,072,635	13,556,098	12,019,628	12,083,639	27,655,403	96,912,269
Less: Accumulated depreciation	63,419,737	6,177,970	1,639,354	1,591,745	2,946,871	5,297,104	4,297,529	3,828,792	4,348,055	3,568,358	3,573,254	7,820,315	24,508,359
Other capital assets less reserves	57,441,056	11,290,017	6,923,788	1,617,758	2,748,472	4,272,274	3,318,025	2,988,244	3,756,451	2,763,524	2,793,670	6,723,725	19,535,126
Accounts and notes payable	551,545,264	8,606,192	4,649,121	1,476,016	2,481,056	5,091,439	5,161,914	6,854,138	10,240,992	14,272,842	19,494,030	48,882,612	432,941,105
Other current liabilities	3,288,836,956	2,828,241	1,448,435	480,895	900,910	2,505,558	3,194,077	9,202,183	56,029,261	118,755,436	187,157,204	441,826,349	2,467,338,649
Mortgages, notes, and bonds payable in one year or more	412,524,245	19,045,754	11,090,346	3,058,362	4,897,046	8,944,831	9,011,652	9,602,145	13,065,536	13,990,095	15,432,069	35,297,921	288,134,243
Net worth	901,658,317	18,810,510	7,538,121	5,231,684	6,040,705	11,838,134	10,161,884	12,330,894	25,893,468	31,986,682	40,440,086	121,918,266	628,178,392
Cost of property used for investment credit	20,050,294	487,972	155,020	109,377	223,575	369,835	355,733	425,199	560,524	621,803	785,764	1,930,220	14,513,602
Total receipts	1,033,146,416	8,680,816	1,382,428	2,192,588	5,105,801	12,785,317	13,193,235	15,045,656	24,491,094	31,627,310	36,892,107	104,106,520	786,324,360
Business receipts	431,157,290	4,672,235	545,058	1,110,865	3,016,312	8,322,081	9,621,322	9,964,864	12,447,595	12,083,066	9,022,468	33,546,047	331,477,611
Cost of sales and operations	213,655,427	651,542	79,733	170,511	401,297	1,219,165	1,427,941	1,969,683	3,256,452	3,959,904	3,106,219	15,749,155	182,315,366
Taxes paid	18,893,125	829,094	245,554	197,386	386,154	752,379	685,638	685,680	845,957	764,109	768,540	1,956,976	11,604,752
Depreciation	347,164,947	1,661,726	698,259	387,573	575,894	1,314,832	1,275,236	2,048,796	5,990,848	11,250,811	17,194,930	42,917,659	263,510,110
Pension, profit-sharing, stock bonus, and annuity plans	22,245,942	889,924	243,381	243,462	403,081	850,987	679,197	691,347	875,230	860,963	957,195	2,259,571	14,181,030
Employee benefit programs	4,565,610	61,075	4,492	3,934	52,649	138,939	170,660	196,596	180,319	212,270	171,840	406,555	3,027,356
Net income (less deficit)	5,947,521	32,748	7,367	7,512	17,869	77,141	86,637	107,990	152,711	230,962	254,561	635,756	4,369,014
Income subject to tax, total	32,677,046	-1,772,624	-1,917,593	-158,875	303,845	930,928	624,005	817,798	1,415,780	1,142,853	1,264,073	5,103,426	23,150,804

RETURNS OF ACTIVE CORPORATIONS

Table 7—Selected Balance Sheet, Income Statement, 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 and size of business receipts are in whole 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 \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$2,500,000	\$2,500,000 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	899,370	382,119	204,862	66,582	110,675	218,748	158,392	78,486	41,999	11,383	4,849	2,886	508
Total assets	307,895,160	24,566,955	15,020,482	3,382,665	6,163,807	17,767,992	21,428,695	23,485,733	29,325,129	19,969,287	18,450,528	41,269,507	111,631,334
Notes and accounts receivable, net	49,905,586	2,957,242	2,149,005	383,615	424,621	1,888,073	2,617,874	3,351,545	5,534,708	4,249,248	4,124,063	8,334,633	16,848,200
Inventories	13,839,981	415,220	177,100	60,405	177,715	602,773	806,583	1,102,531	1,584,929	953,554	1,063,821	1,827,331	5,483,240
Cash, Government obligations and other current assets	54,451,905	4,924,867	2,812,901	686,128	1,425,837	4,444,753	5,158,999	5,030,434	5,514,445	3,386,724	3,207,878	6,247,866	16,535,939
Other investments and loans	49,288,173	4,977,955	3,400,017	690,131	867,808	2,769,111	2,915,127	3,526,939	4,076,059	2,167,212	1,717,381	6,882,924	20,255,464
Depreciable assets	184,024,984	14,410,373	7,065,469	2,280,835	5,064,069	13,449,475	16,841,937	16,844,037	20,106,686	13,217,878	11,522,880	22,056,632	55,575,086
Less: Accumulated depreciation	78,062,139	6,201,811	2,551,392	1,052,714	2,597,705	7,295,453	9,129,602	8,497,437	9,861,710	6,018,225	4,814,720	8,575,875	17,667,308
Other capital assets less reserves	16,840,580	1,599,017	901,676	525,345	972,904	1,131,908	1,398,305	1,267,200	1,094,209	897,540	2,004,104	6,474,373	10,757,088
Accounts and notes payable	65,218,663	4,724,894	3,148,501	562,422	1,013,971	3,158,811	4,182,238	4,948,360	6,940,277	4,605,127	4,785,991	8,639,043	23,233,923
Other current liabilities	32,125,104	1,755,535	1,094,064	199,161	462,310	1,892,841	2,613,102	2,601,780	3,391,972	2,256,650	2,226,661	4,429,374	10,757,088
Mortgages, notes, and bonds payable in one year or more	89,196,573	7,479,423	4,570,959	1,078,878	1,829,586	4,601,798	5,622,510	6,782,369	8,411,485	5,698,491	5,189,006	12,189,875	33,221,616
Net worth	84,773,772	4,046,906	1,803,106	610,885	1,632,915	4,756,249	6,259,940	6,460,628	7,971,496	5,650,586	4,816,506	11,921,270	32,891,190
Cost of property used for investment credit	23,590,922	1,822,480	1,017,833	214,609	590,037	1,659,837	2,126,172	2,197,943	2,476,426	1,900,312	1,730,928	3,284,830	6,391,993
Total receipts	490,332,811	18,812,174	6,955,753	2,926,415	8,930,006	37,856,540	57,353,793	56,012,616	65,546,271	41,856,967	34,980,742	60,455,708	117,276,000
Business receipts	458,038,533	11,953,517	1,302,933	2,427,507	8,223,076	36,029,094	55,780,967	53,847,286	63,244,068	40,001,859	33,060,717	56,705,472	107,415,554
Cost of sales and operations	170,889,613	2,979,732	4,931,971	600,464	1,884,298	8,616,723	13,793,987	15,188,195	21,632,169	15,694,071	14,792,113	26,188,892	52,103,728
Taxes paid	16,653,767	718,593	226,122	119,678	372,793	1,494,550	2,054,173	1,917,054	2,275,585	1,407,009	1,067,195	2,100,878	3,618,731
Interest paid	14,068,343	926,388	510,798	153,544	262,046	706,619	913,711	1,015,073	1,418,938	929,818	858,843	1,838,862	5,460,093
Depreciation	24,026,576	1,776,528	800,702	326,185	649,641	1,806,248	2,196,778	2,245,224	2,554,408	1,751,989	1,463,802	2,914,108	7,317,491
Pension, profit-sharing, stock bonus, and annuity plans	8,596,441	381,936	194,407	23,200	164,329	1,100,788	2,346,621	1,412,739	2,422,393	565,140	320,066	542,962	683,797
Employee benefit programs	5,218,410	195,810	108,187	21,750	65,873	273,609	462,815	574,387	626,374	390,501	368,534	793,420	1,532,960
Net income (less deficit)	5,464,130	-1,340,912	-1,102,109	-170,661	-68,143	298,894	1,082,822	624,328	795,521	762,680	541,971	1,021,478	1,677,348
Income subject to tax, total	13,475,735	929,879	427,255	136,881	365,743	1,109,686	1,710,815	1,480,285	1,419,964	966,501	711,718	1,698,028	3,448,860
Income tax, total	4,458,267	212,987	121,987	26,831	69,001	199,257	322,224	327,101	402,615	346,263	288,156	757,381	1,597,416
Additional tax for tax preferences	17,964	148	148	—	—	*139	*72	*107	*284	605	*343	2,098	13,528
Foreign tax credit	203,025	*251	*251	—	—	*870	*5	*1,784	*3,889	5,169	*3,651	11,127	176,279
U.S. possessions tax credit	7,126	493	487	7	—	—	15	567	576	1,225	4,249	—	—
Orphan drug credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	48,202	*400	*244	—	*156	*61	*1,002	*1,293	3,359	4,627	4,824	11,779	20,858
General business credit	1,024,736	41,810	21,036	5,293	15,481	46,071	96,663	98,441	111,757	88,195	64,486	141,583	335,729
Distributions to stockholders except in own stock	3,126,700	407,458	254,998	*9,769	142,690	226,983	284,926	174,997	268,325	122,966	143,353	303,587	1,194,107
Nature of Business not Allocable													
Number of returns	31,418	23,406	18,654	1,719	3,033	4,602	1,441	724	602	492	*69	82	**
Total assets	3,274,753	1,435,903	1,264,179	*44,064	127,659	229,471	305,443	187,443	377,549	222,072	*150,957	365,914	**
Notes and accounts receivable, net	618,712	169,809	137,334	*200	*32,275	*36,478	34,802	*50,237	97,986	45,793	*44,501	139,107	**
Inventories	419,488	76,635	*51,312	*5,683	*19,640	*25,941	42,284	*28,917	103,271	*36,479	*44,795	61,166	**
Cash, Government obligations and other current assets	508,603	245,664	228,279	*1,410	15,975	30,763	64,951	*25,750	48,670	22,325	*22,574	47,904	**
Other investments and loans	695,668	507,175	500,322	*2,197	*4,657	36,819	*25,574	*9,184	*15,749	*64,755	*11,728	24,682	**
Depreciable assets	1,152,970	354,059	247,453	*27,486	79,120	173,414	148,122	*112,064	113,199	97,417	*45,914	108,781	**
Less: Accumulated depreciation	507,775	98,562	58,060	*12,373	*28,130	97,401	71,136	*61,524	52,315	58,840	*20,200	47,797	**
Other capital assets less reserves	194,719	98,646	84,095	*12,015	*2,536	*18,688	*1,800	*17,954	*36,288	*4,906	*205	*9,232	**
Accounts and notes payable	989,585	298,783	256,978	*1,056	*40,749	74,104	68,500	*35,646	137,118	71,840	*87,809	215,785	**
Other current liabilities	175,330	71,229	50,918	*1,280	*19,032	*7,944	*15,270	*4,735	23,102	11,100	*12,270	29,680	**
Mortgages, notes, and bonds payable in one year or more	865,001	479,692	418,312	*20,252	*41,127	*35,722	121,330	*79,337	80,255	*13,604	*14,705	*40,356	**
Net worth	406,102	-52,541	-57,882	*-4,799	10,140	61,213	31,253	63,598	114,795	107,195	*29,935	50,653	**
Cost of property used for investment credit	113,534	11,460	8,968	*2,492	—	*10,084	*19,170	*19,398	17,729	*5,767	*13,867	16,061	**
Total receipts	7,023,587	721,825	429,591	67,108	225,127	734,919	585,305	485,913	868,170	1,633,144	*485,478	1,508,833	**
Business receipts	6,558,177	358,600	73,879	63,631	221,091	709,851	576,264	461,102	855,898	1,627,542	*472,607	1,496,312	**
Cost of sales and operations	4,431,082	161,258	37,211	*38,033	86,015	336,415	260,085	248,520	448,074	1,382,423	*344,864	1,249,443	**
Taxes paid	180,426	23,823	15,734	*1,328	6,761	27,803	24,225	18,774	32,031	14,029	*9,551	30,189	**
Interest paid	143,502	51,949	39,748	*4,231	*7,969	32,021	12,152	*9,541	11,730	8,994	*4,761	12,354	**
Depreciation	152,995	37,612	24,840	*3,709	*9,062	30,491	23,355	14,135	14,713	12,761	*7,767	12,163	**
Pension, profit-sharing, stock bonus, and annuity plans	21,476	*423	*423	—	—	*53	15	*1,254	*3,268	*10,558	*3,583	*2,323	**
Employee benefit programs	41,628	2,818	*2,169	—	*649	*4,501	*6,417	*6,525	*7,710	*4,251	*1,464	*7,942	**
Net income (less deficit)	-74,224	-97,456	-64,659	*-15,514	-17,283	-2,615	-13,646	25,881	4,170	-3,496	*4,770	8,168	**
Income subject to tax, total	98,483	32,718	32,202	*127	*390	*7,122	*3,798	*11,430	*15,291	*10,001	*13,421	*4,702	—
Income tax, total	27,970	8,900	8,812	*30	*58	*1,089	*728	*3,233	*4,642	*2,481	*5,176	*1,721	—
Additional tax for tax preferences	*43	—	—	—	—	—	—	—	—	—	—	*23	—
Foreign tax credit	—	—	—	—	—	—	—	—	—	—	—	—	—
U.S. possessions tax credit	222	—	—	—	—	—	—	—	—	140	82	—	—
Orphan drug credit	—	—	—	—	—	—	—	—	—	—	—	—	—
Research activities credit	*291	—	—	—	—	—	—	*76	—	*215	—	—	—
General business credit	3,866	*177	*177	—	—	*400	*216	*691	*493	*132	*1,180	*576	—
Distributions to stockholders except in own stock	23,176	*14,553	*14,469	—	*84	—	*1,728	*875	*4,186	*1,834	—	—	—

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

** Data were deleted to avoid disclosure of information for specific corporations and combined with data in another size class.

† Includes returns with zero receipts and receipts not reported.

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

§ 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 8—Total Receipts, Net Income, Statutory Special Deductions, Income Tax, Selected Credits, and Taxpayment Items, 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 1984	August 1984	September 1984	October 1984	November 1984	December 1984	January 1985	February 1985	March 1985	April 1985	May 1985	June 1985
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Returns With and Without Net Income														
Number of returns	3,170,743	—	117,061	126,270	288,545	172,095	107,138	1,289,421	124,830	103,421	238,477	118,674	125,158	359,654
Total receipts	3,040,991	7,860,711,226	181,018,413	176,019,142	486,423,065	277,480,907	154,475,676	4,726,640,355	289,501,772	176,190,527	456,025,110	168,200,595	214,082,726	554,652,938
Net income (less deficit)	3,150,979	232,900,596	5,011,384	4,790,714	9,495,692	7,576,334	5,675,259	161,421,217	7,617,091	4,827,406	9,109,037	3,233,734	3,816,185	10,326,542
Total income tax	1,234,473	107,968,407	1,787,192	1,845,904	4,820,832	2,931,322	1,907,195	77,509,439	3,255,113	1,978,567	3,549,004	1,513,408	1,531,053	5,339,377
Returns With and Without Net Income, Other Than Forms 1120S and 1120-DISC														
Number of returns	2,456,924	—	100,396	106,521	239,418	146,432	88,325	859,681	100,519	89,369	205,708	101,314	107,671	311,569
Total receipts	2,373,346	7,433,121,212	164,516,456	164,766,954	446,052,695	255,696,632	141,724,725	4,507,811,039	273,370,688	163,685,760	434,492,543	158,124,001	202,554,291	520,325,429
Net income (less deficit)	2,441,336	215,116,542	4,135,582	4,359,146	8,315,324	6,543,561	5,239,111	152,161,466	6,730,333	4,178,943	8,250,528	2,788,639	3,374,985	9,038,926
Statutory special deductions, total	505,992	36,326,379	768,267	613,633	1,609,525	1,083,718	787,895	24,106,100	957,982	971,053	1,920,101	626,397	1,002,020	1,879,689
Net operating loss deduction	397,887	25,966,295	532,655	498,498	1,309,307	850,502	630,013	15,843,471	716,559	895,207	1,735,464	491,788	903,756	1,559,077
Total special deductions	120,883	10,360,084	235,612	115,135	300,217	233,216	157,883	8,262,629	241,423	75,846	184,636	134,609	98,264	320,612
Income subject to tax, total	1,187,534	257,021,794	4,528,968	4,782,978	12,356,482	7,427,660	4,852,456	178,888,369	7,898,433	4,943,393	9,332,632	3,949,148	4,030,505	14,030,769
Net long-term capital gain taxed at alternative rates	34,551	20,213,815	181,012	296,711	429,570	333,642	441,296	15,844,315	527,074	256,832	578,320	199,852	212,870	912,322
Income taxed at regular rates	1,186,028	236,807,979	4,347,957	4,486,267	11,926,912	7,094,018	4,411,160	163,044,054	7,371,360	4,686,561	8,754,313	3,749,296	3,817,634	13,118,447
Income tax, total	1,230,464	107,934,622	1,787,003	1,845,893	4,820,331	2,924,598	1,903,982	77,489,480	3,254,192	1,978,537	3,548,476	1,512,109	1,531,026	5,338,995
Regular and alternative tax	1,187,533	106,001,705	1,759,880	1,806,405	4,738,966	2,816,898	1,863,871	76,164,832	3,216,047	1,941,353	3,485,864	1,477,670	1,487,280	5,242,639
Personal holding company tax	2,219	7,930	*154	*123	*1,049	60	*217	5,137	*383	*12	*328	*145	*24	*297
Tax from recomputing prior-year investment credit	184,083	1,368,601	23,997	25,546	70,521	96,137	32,829	886,373	27,811	30,842	45,812	29,518	29,184	70,031
Additional tax for tax preferences	8,133	544,319	2,968	13,817	9,727	8,459	7,065	426,263	9,950	6,330	14,705	4,756	14,539	25,741
Foreign tax credit	4,837	21,075,296	55,645	66,105	250,516	165,349	59,490	19,403,417	35,893	154,639	321,891	46,021	130,365	385,966
U.S. possessions tax credit	536	1,978,578	19,134	45,718	35,694	52,010	223,296	1,332,365	32,687	8,610	46,604	35,413	19,475	127,570
Orphan drug credit	*5	*105	—	—	—	—	—	39	—	—	—	—	—	*66
Research activities credit	10,132	1,589,048	19,115	9,242	58,964	51,130	25,850	1,193,218	7,545	7,949	95,066	15,715	21,038	84,216
General business credit	802,763	19,265,475	250,374	327,316	787,591	435,839	213,422	14,684,647	442,835	215,755	570,169	214,041	236,735	886,753
Total income tax after credits ²	976,625	63,956,426	1,438,262	1,388,673	3,682,316	2,219,467	1,381,774	40,830,610	2,735,225	1,591,578	2,513,162	1,199,475	1,123,116	3,852,767
Returns With Net Income, Other Than Forms 1120S and 1120-DISC														
Number of returns	1,434,019	—	58,764	62,100	148,580	90,562	52,290	480,947	62,449	49,017	122,470	56,258	64,710	185,873
Total receipts	1,434,019	5,765,134,216	123,028,386	129,517,253	318,481,396	182,407,535	108,040,361	3,611,304,211	228,473,251	118,432,094	280,885,167	120,120,639	151,814,142	392,629,781
Net income	1,434,019	319,557,773	6,736,203	6,849,603	16,414,459	10,448,248	7,566,491	211,855,165	9,501,230	6,533,920	14,818,701	5,252,018	5,731,266	17,850,469
Statutory special deductions, total	482,369	34,326,512	634,174	604,851	1,543,348	1,059,926	766,459	22,537,747	911,095	955,465	1,871,984	614,855	989,388	1,837,220
Total special deductions	97,260	8,367,120	101,519	106,353	234,041	209,425	136,447	6,701,179	194,536	60,258	136,520	123,068	85,632	278,143
Income subject to tax, total	1,187,479	256,954,688	4,528,968	4,782,978	12,356,482	7,426,964	4,852,410	178,822,005	7,898,433	4,943,393	9,332,632	3,949,148	4,030,505	14,030,769
Net long-term capital gain taxed at alternative rates	34,545	20,208,682	181,012	296,711	429,570	333,642	441,296	15,839,182	527,074	256,832	578,320	199,852	212,870	912,322
Income taxed at regular rates	1,185,973	236,746,006	4,347,957	4,486,267	11,926,912	7,093,322	4,411,114	162,982,823	7,371,360	4,686,561	8,754,313	3,749,296	3,817,634	13,118,447
Income tax, total	1,192,571	107,685,684	1,782,587	1,841,429	4,805,280	2,912,322	1,901,704	77,336,331	3,249,434	1,974,323	3,534,536	1,506,417	1,519,364	5,321,957
Regular and alternative tax	1,187,479	105,976,052	1,759,880	1,806,405	4,738,966	2,816,703	1,863,863	76,139,380	3,216,047	1,941,353	3,485,864	1,477,670	1,487,280	5,242,639
Personal holding company tax	2,215	7,837	*154	*123	*1,035	60	*217	5,135	*383	*12	*250	*145	*24	*297
Tax from recomputing prior-year investment credit	146,863	1,192,426	20,292	23,005	56,626	88,249	30,634	787,494	23,356	27,526	34,173	24,369	20,436	56,266
Additional tax for tax preferences	7,139	507,994	2,257	11,894	8,602	7,286	6,990	403,681	9,647	6,330	13,615	4,213	11,625	22,752
Foreign tax credit	4,829	21,072,604	55,645	66,105	250,516	165,349	59,490	19,400,725	35,893	154,639	321,891	46,021	130,365	385,966
U.S. possessions tax credit	536	1,978,578	19,134	45,718	35,694	52,010	223,296	1,332,365	32,687	8,610	46,604	35,413	19,475	127,570
Orphan drug credit	*5	*105	—	—	—	—	—	39	—	—	—	—	—	*66
Research activities credit	802,724	19,260,214	250,374	327,316	787,591	435,804	213,414	14,679,429	442,835	215,755	570,169	214,041	236,735	886,753
Total income tax after credits ²	938,747	63,715,441	1,433,846	1,384,209	3,667,264	2,207,226	1,379,504	40,685,371	2,730,467	1,587,364	2,499,223	1,193,783	1,111,454	3,835,729
Estimated tax payments:														
1983 overpayments claimed as a credit	310,885	4,456,233	101,160	95,776	246,565	139,548	93,870	2,779,817	159,074	83,928	243,874	93,381	110,084	309,157
1984 estimated tax payments	499,199	53,766,516	1,171,490	1,088,133	3,019,110	1,353,781	993,055	36,133,445	1,965,197	1,056,488	2,014,709	947,285	944,031	3,079,794
Less: Refund of estimated tax payments	7,267	2,680,805	53,381	38,956	122,003	46,035	58,212	1,944,143	87,853	33,478	92,302	35,131	66,586	102,726
Payments with applications for:														
First extension of filing time	159,573	10,404,230	260,599	262,700	618,017	528,602	236,902	5,924,188	746,690	357,473	474,086	192,850	170,507	631,616
Other credits and payments, total ³	26,974	273,869	1,224	2,869	9,277	13,912	1,549	225,248	1,783	1,887	7,481	1,487	1,523	5,628
Tax due at time of filing	569,083	5,443,827	165,688	172,212	416,788	483,706	268,076	2,294,691	180,532	274,508	341,126	186,179	158,674	501,649
Tax overpayment	435,353	7,951,703	212,935	198,555	520,519	266,368	155,733	4,728,247	234,956	153,445	490,294	192,512	206,779	591,359

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, nonconventional source fuel, orphan drug, research activities, and general business credits.

⁴ Includes credit for tax paid by regulated investment companies, federal tax on special fuels and oils, and U.S. tax paid or withheld at the source (Form 1120 F only).

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

RETURNS OF ACTIVE S CORPORATIONS, FORM 1120S

Table 9—Balance Sheets, Income Statements, and Distributions to Shareholders 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	701,339	32,995	9,015	70,787	50,195	36,675	205,114	90,968	195,015	10,576
With net income	332,367	13,625	3,314	38,147	25,536	14,478	98,427	44,627	90,585	3,630
Total assets	180,173,410	9,852,593	5,804,676	16,908,184	26,445,240	8,447,475	50,954,490	32,339,166	28,500,126	921,460
Cash	17,804,462	575,350	636,382	1,940,710	2,921,862	728,672	5,438,311	2,277,602	3,203,441	82,133
Notes and accounts receivable	32,228,057	687,975	944,814	3,784,470	6,652,215	1,405,335	10,041,269	4,834,913	3,741,074	135,990
Less: Allowance for bad debts	500,594	1,997	6,661	29,922	136,955	28,638	191,296	31,048	73,450	*627
Inventories	28,925,232	689,995	173,745	3,355,419	6,017,220	133,500	17,327,001	—	1,112,517	115,834
Investments in Government obligations	1,647,468	7,243	*46,455	172,965	507,161	*56,350	273,446	439,213	134,741	*9,894
Other current assets	9,979,416	292,238	183,303	2,024,812	969,817	323,840	1,454,456	3,475,705	1,219,358	35,886
Loans to shareholders	3,736,541	267,477	205,818	447,459	404,998	125,854	802,644	715,411	722,495	44,384
Mortgage and real estate loans	3,550,380	178,133	*27,780	313,683	122,913	40,230	241,855	2,020,739	460,242	*124,805
Other investments	12,714,010	339,398	939,843	637,635	1,196,784	299,693	1,707,493	6,118,594	1,426,059	48,511
Depreciable assets	89,765,238	7,438,541	3,933,226	6,260,918	13,720,004	8,191,138	19,722,307	7,844,093	22,250,341	404,569
Less: Accumulated depreciation	41,738,240	4,184,862	2,198,239	3,474,888	7,423,887	3,795,507	9,350,699	1,963,536	9,179,869	166,754
Depletable assets	1,273,344	155,028	603,896	37,850	90,130	18,276	154,359	117,215	91,723	*4,867
Less: Accumulated depletion	345,030	52,430	161,013	18,790	14,587	8,104	54,676	*2,009	32,728	*694
Land	11,543,657	2,888,615	155,937	861,680	491,302	165,479	1,207,210	4,246,877	1,498,427	28,131
Intangible assets (amortizable)	3,257,575	59,305	25,961	69,965	379,045	339,668	929,456	568,753	876,050	9,373
Less: Accumulated amortization	1,071,326	12,751	11,642	18,339	95,071	111,215	291,307	140,356	388,532	2,112
Other assets	7,403,219	525,333	304,970	542,557	642,289	562,904	1,542,661	1,817,000	1,418,236	47,269
Total liabilities	180,173,410	9,852,593	5,804,676	16,908,184	26,445,240	8,447,475	50,954,490	32,339,166	28,500,126	921,460
Accounts payable	24,736,777	397,094	691,568	3,115,466	3,957,860	909,897	10,367,622	2,609,172	2,554,947	133,151
Mortgages, notes, and bonds payable in less than one year	26,756,287	1,868,624	1,138,266	2,893,137	2,887,310	970,678	8,218,555	5,293,757	3,336,052	149,908
Other current liabilities	14,820,084	299,389	453,803	2,322,192	2,172,679	550,818	3,790,843	2,826,558	2,378,790	25,022
Loans from shareholders	28,920,254	2,045,629	1,157,245	1,854,646	1,912,659	2,035,694	7,563,669	4,239,608	5,916,983	194,122
Mortgages, notes, and bonds payable in one year or more	45,653,407	3,725,160	1,500,371	2,962,665	3,794,745	3,044,976	8,873,674	11,208,258	10,314,844	228,714
Other liabilities	7,644,326	406,163	311,134	1,291,832	690,622	380,096	858,122	2,089,916	1,511,288	105,154
Capital stock	13,791,118	2,023,198	369,842	630,714	1,550,029	780,584	4,082,667	1,911,913	2,374,782	67,389
Paid-in or capital surplus	12,990,677	1,313,252	1,205,835	614,445	1,326,847	1,108,909	2,394,116	2,420,449	2,498,789	108,036
Retained earnings, appropriated	1,239,473	34,735	*89,205	105,731	312,524	12,618	397,144	125,661	147,933	*13,923
Retained earnings, unappropriated	17,341,907	— 138	749,081	1,219,172	6,989,229	588,903	5,731,147	588,252	1,474,529	1,733
Shareholders' undistributed taxable income previously taxed	- 7,593,986	- 1,225,751	- 1,171,726	- 173,329	- 199,542	- 171,526	- 561,930	- 876,640	- 2,153,208	- 10,332
Accumulated adjustments account	- 2,112,909	- 872,065	- 789,943	301,218	1,440,907	- 593,942	- 26,702	- 54,483	- 1,442,701	- 75,198
Other adjustments	789,941	- 46,521	202,024	14,833	168,148	14,339	117,418	175,940	151,641	* - 7,881
Less: Cost of treasury stock	2,803,958	116,175	102,029	244,538	558,776	134,568	851,853	219,194	564,543	12,281
Total receipts	385,026,843	11,946,454	5,587,855	35,692,736	60,139,449	14,586,748	189,466,690	14,488,752	51,204,331	1,913,829
Business receipts	372,732,439	11,101,143	5,095,375	34,830,479	59,046,218	13,965,863	186,966,946	11,198,154	48,809,171	1,719,091
Nonqualifying interest and dividends	2,744,626	106,752	101,439	256,077	414,702	81,189	665,339	685,007	411,867	22,254
Rents	1,675,383	65,126	17,784	121,484	92,243	91,105	347,399	458,532	478,062	*3,647
Royalties	332,388	34,710	47,509	*3,043	52,144	*828	30,364	66,503	97,287	—
Net short-term capital gain reduced by net long-term capital loss	—	—	—	—	—	—	—	—	—	—
Net long-term capital gain reduced by net short-term capital loss	58,660	*2,165	—	*706	*20,541	—	*3,943	27,705	*3,601	—
Net gain, noncapital assets	1,997,580	99,213	32,688	140,987	96,342	129,751	197,073	1,115,017	181,110	5,401
Other receipts	5,544,426	539,510	293,060	340,666	437,800	318,013	1,259,569	965,538	1,226,835	163,435
Total deductions	378,120,177	12,270,075	5,693,699	34,805,639	56,993,269	14,675,490	187,068,099	14,178,393	50,485,218	1,950,295
Cost of sales and operations	250,668,947	7,673,943	2,629,057	26,436,920	40,348,743	7,262,020	145,188,737	2,256,421	17,940,582	932,524
Compensation of officers	13,820,311	233,391	122,499	1,309,086	2,375,300	447,079	4,252,675	1,216,114	3,801,650	62,517
Repairs	2,550,884	188,365	88,998	222,862	324,713	297,468	734,586	117,731	565,372	10,787
Bad debts	904,445	13,749	37,113	55,199	161,497	46,598	333,180	113,566	139,841	*3,702
Rent paid on business property	7,851,469	344,416	93,648	252,324	666,495	382,191	3,221,372	439,082	2,416,060	35,880
Taxes paid	8,280,204	255,565	232,320	752,768	1,348,510	435,872	2,794,313	449,103	1,941,238	70,515
Interest paid	7,322,208	644,597	235,435	524,803	756,734	490,105	1,854,616	1,251,284	1,531,256	33,378
Contributions or gifts	—	—	—	—	—	—	—	—	—	—
Amortization	304,579	1,904	1,927	3,309	28,447	23,261	97,463	42,317	105,019	933
Depreciation	9,962,856	761,066	487,607	718,031	1,440,611	1,046,961	2,290,483	573,115	2,594,561	50,421
Depletion	94,622	*511	47,907	1,393	7,144	*122	36,227	*755	*488	76
Advertising	3,714,528	39,235	3,971	121,371	569,162	97,947	1,927,725	282,658	648,131	24,328
Pension, profit-sharing, stock bonus, and annuity plans	1,104,697	5,958	8,311	96,613	299,767	53,575	302,326	87,664	249,362	*1,122
Employee benefit programs	1,716,484	47,194	32,992	177,778	396,872	83,598	455,133	83,107	416,561	23,247
Net loss, noncapital assets	350,423	10,031	19,113	12,873	25,044	4,489	32,469	214,572	31,831	—
Other deductions	69,473,521	2,050,149	1,652,803	4,120,309	8,244,229	4,004,206	23,546,792	7,050,902	18,103,265	700,867
Total receipts less total deductions	6,906,667	- 323,621	- 105,845	887,097	3,146,180	- 88,742	2,398,591	310,360	719,114	- 36,467
Net income (less deficit)	6,906,667	- 323,621	- 105,845	887,097	3,146,180	- 88,742	2,398,591	310,360	719,114	- 36,467
Net income	18,706,344	638,664	582,516	1,703,253	4,259,425	780,537	5,264,858	1,973,008	3,424,708	79,375
Distributions to shareholders:										
Cash and property except in own stock	1,736,227	167,573	*36,516	206,591	354,617	63,008	418,974	172,620	314,627	*1,700
Corporation's own stock	13	—	—	—	—	—	—	13	—	—

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

† This item is reflected in the statistics for "Retained earnings, unappropriated" and "Net worth" in other tables which show these items.

NOTE: Active S Corporations filing Form 1120S returns reported "Income subject to tax" of \$32,266,000 and "Income tax" of \$33,785,000, including "Additional tax for tax preferences" of \$544,000. Net long-term capital gain reduced by net short-term capital loss are not included in computed total receipts nor net income for Tax Year 1984. Therefore, the components of total receipts do not equal the computed total receipts. Also, 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 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	12,480	12,100	11,827	220	53	309
With net income	11,383	11,038	10,819	166	***	277
Total assets	39,587,120	37,849,427	37,718,435	99,565	1,115,098	562,211
Notes and accounts receivable, net	20,396,145	19,475,130	19,392,364	61,056	547,028	338,350
Inventories	881,435	865,309	863,693	—	—	*16,126
Cash, Government obligations, and other current assets	1,538,432	1,463,536	1,461,364	2,068	24,931	43,330
Other investments and loans	10,421,549	9,866,983	9,833,334	28,714	444,615	109,951
Depreciable assets	102,821	100,124	100,090	34	—	2,697
Less: Accumulated depreciation	29,149	27,883	27,850	32	—	1,266
Accounts and notes payable	1,372,137	1,335,663	1,324,997	*10,666	*42	23,092
Other current liabilities	781,436	763,428	760,836	*1,348	1,908	16,097
Mortgages, notes, and bonds payable in one year or more	69,435	69,371	69,176	194	27	*37
Net worth	37,080,414	35,408,004	35,290,531	87,297	1,112,576	515,184
Total receipts	42,563,171	42,033,253	41,938,392	84,228	107,176	350,548
Business receipts	39,780,847	39,382,234	39,292,798	81,120	*32	328,660
Total deductions	31,747,211	31,534,489	31,484,287	50,191	6,051	146,972
Cost of sales and operations	29,295,520	29,133,723	29,097,802	*35,921	—	104,132
Taxes paid	44,605	38,967	38,467	497	4,622	970
Interest paid	83,391	81,886	81,884	(*)	635	*237
Depreciation	8,374	8,210	8,210	—	—	*164
Pension, profit-sharing, stock bonus, and annuity plans	7,314	7,272	7,272	—	—	*42
Employee benefit programs	10,353	10,348	10,328	20	3	*2
Net income (less deficit)	10,877,387	10,499,515	10,454,855	34,037	161,803	203,576
Net income	10,915,298	10,536,305	10,491,400	34,282	***	204,339
Total statutory special deductions	7,581	5,290	5,279	*8	*99	*2,192
Distributions to stockholders in cash	5,431,397	5,283,550	5,271,614	9,413	54,047	87,488

* 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.

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

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

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 MEMBERS OF CONTROLLED GROUPS, OTHER THAN FORM 1120-DISC

Table 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	316,322	5,266	5,322	23,046	39,518	14,680	86,790	36,948	49,511	77,490	62,684
Total assets	9,059,243,491	14,087,153	183,181,237	105,231,056	2,231,167,858	1,014,997,654	564,225,380	269,938,508	293,539,471	4,764,668,269	181,217,716
Total receipts	5,509,524,400	22,272,368	98,331,818	131,357,490	2,378,566,308	644,570,399	1,227,341,157	602,414,840	623,098,283	810,658,356	195,731,225
Intragroup domestic dividends received qualifying for 100 percent deduction under Code section 1561:											
Number of returns	979	*23	*5	*32	216	*39	185	137	*48	449	30
Amount	1,191,674	*7,464	*9,352	*4,226	767,947	*4,327	67,670	51,442	*16,228	253,445	77,243
Net income (less deficit)	167,955,196	429,953	941,915	324,057	111,494,623	28,573,297	20,488,551	7,750,648	12,705,138	3,771,589	1,937,930
Net income	233,910,418	820,545	5,462,521	2,707,553	129,642,598	34,325,312	26,801,819	11,627,666	15,134,874	26,649,648	7,483,909
Income tax, total	92,055,002	252,190	2,104,823	769,627	53,556,685	14,659,698	10,553,965	4,637,504	5,907,966	7,479,030	2,674,513
Distributions to stockholders except in own stock	99,415,420	132,331	2,814,369	388,799	43,888,268	26,569,087	6,243,820	2,187,978	4,052,683	17,280,220	2,096,782
Consolidated returns:											
Number of returns	80,256	992	1,978	5,202	13,955	3,770	19,790	9,877	9,865	20,397	13,321
Total assets	8,589,541,403	10,241,751	174,222,411	87,540,150	2,147,409,118	1,000,181,653	491,062,485	231,131,969	259,417,611	4,522,862,534	155,691,512
Total receipts	4,956,053,020	16,620,444	92,064,078	98,409,068	2,244,143,058	621,012,188	985,982,208	480,001,904	505,002,956	739,189,730	158,096,993
Net income (less deficit)	149,200,145	373,311	448,123	- 196,416	103,278,014	27,938,330	16,379,989	5,738,372	10,615,312	- 199,478	1,192,927
Net income	207,687,351	608,233	4,520,434	1,738,367	119,871,672	33,278,886	21,383,255	8,902,829	12,450,344	20,663,229	5,615,813
Income tax, total	83,374,141	212,652	1,683,007	521,832	49,547,270	14,309,472	8,651,977	3,658,316	4,987,397	6,288,441	2,158,439
Distributions to stockholders except in own stock	90,971,205	127,111	2,322,590	347,447	40,672,692	26,351,308	5,477,841	1,675,565	3,799,123	13,958,542	1,711,928

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

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

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

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

RETURNS OF ACTIVE CORPORATIONS, OTHER THAN FORMS 1120—DISC

Table 12—Current Year 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 Forms 1120—DISC	3,158,263	98,361	40,564	306,906	272,050	128,184	884,425	291,787	587,918	497,313	899,061
Returns with investment credit items, other than Forms 1120—DISC:											
Number of returns	1,417,345	54,982	19,742	151,598	166,332	60,932	426,870	150,919	273,861	125,531	407,522
Cost of property used for investment credit:											
Number of returns	1,411,676	54,048	19,656	151,561	165,889	60,689	424,503	150,016	272,397	124,983	406,541
Amount	267,503,928	2,626,373	5,899,551	8,063,554	101,823,250	72,908,099	32,428,352	12,730,444	19,626,134	20,050,294	23,590,922
Investment qualified for credit:											
Number of returns	1,223,134	40,267	16,805	131,510	146,428	50,961	369,433	138,332	229,109	109,025	355,594
Amount	224,600,978	1,860,891	4,873,459	5,932,690	86,890,740	65,470,814	24,595,888	9,804,634	14,739,887	16,966,735	17,921,946
Total qualified investment in 10% property:											
Number of returns	1,222,379	40,105	16,805	131,505	146,388	50,961	369,267	138,247	229,028	108,644	355,593
Amount	223,349,505	1,853,639	4,872,322	5,893,233	86,507,332	65,423,422	24,382,673	9,752,967	14,578,339	16,540,717	17,788,409
Credit from cooperative:											
Number of returns	10,911	5,558	*39	225	386	159	4,341	733	3,608	132	*29
Amount	66,101	2,481	*3	115	4,935	12,235	3,363	1,856	1,507	685	*42,235
Current year regular investment credit:											
Number of returns	1,219,400	40,881	16,798	131,014	145,980	50,918	368,493	137,902	228,599	108,450	353,725
Amount	22,721,645	188,495	476,173	597,816	8,820,858	6,567,570	2,489,860	989,786	1,494,938	1,720,362	1,851,675
Current year investment credit: ³											
Number of returns	1,219,504	40,933	16,798	131,014	145,980	50,918	368,493	137,902	228,599	108,497	353,730
Amount	23,050,176	190,870	480,471	600,297	8,980,414	6,680,757	2,500,633	997,715	1,497,781	1,742,971	1,864,559

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

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

³ Current year investment credit is the amount of regular investment credit plus business energy investment credit before the addition of any carryforward of unused regular or business energy credit from 1983 and any adjustment for tax liability limitations.

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 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 Selected Items of 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	1,234,473	30,610	11,525	116,835	119,573	42,049	351,204	135,489	214,328	188,405	370,446
Form 1120S	4,009	*136	*132	288	433	*43	1,213	704	454	757	1,007
Regular and alternative tax before credits	1,188,365	28,600	10,124	108,667	114,191	40,576	339,771	130,314	208,127	182,278	360,339
Tax from recomputing prior-year investment credit	186,179	6,946	3,615	22,428	27,875	7,814	57,769	26,964	30,525	18,046	41,591
Total income tax after—											
Nonconventional source fuel, orphan drug, research activities, and general business credits	981,605	23,325	9,246	90,503	93,143	28,177	287,129	113,852	172,136	170,699	275,802
Foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, research activities, and general business credits	980,634	23,294	9,224	90,497	92,660	28,167	286,995	113,735	172,119	170,586	275,633
Returns With and Without Net Income											
Number of returns	3,170,743	98,361	40,564	306,906	272,050	128,184	896,524	303,614	588,138	497,366	899,370
Dividends received from domestic corporations, total	21,185,391	81,482	367,328	215,724	10,178,986	785,116	1,243,298	756,730	477,974	7,710,974	591,429
Amount qualifying for 85 percent deduction	12,918,959	49,031	303,124	172,937	3,112,801	729,703	748,553	302,582	439,961	7,403,425	389,980
Amount on certain public utility stock qualifying for 59.13 percent deduction	18,956	—	*23	*528	3,015	5	1,421	*40	1,381	12,662	*1,302
Intragroup dividends qualifying for 100 percent deduction	1,192,011	*7,464	*9,352	*4,226	767,947	*4,327	67,670	51,442	*16,228	253,782	77,243
Amounts received from DISCS or former DISCS	7,040,344	24,987	53,967	37,978	6,287,440	50,946	425,242	402,429	20,228	37,619	120,516
Dividends received from foreign corporations, total	15,373,474	20,421	858,220	173,628	12,380,263	206,065	565,741	426,119	139,622	951,307	216,418
Amount qualifying for 85 percent deduction	19,197	—	*968	*353	*13,300	*104	347	237	*110	1,948	*765
Intragroup dividends qualifying for 100 percent deduction	206,912	—	220	*580	104,196	28,055	14,821	12,404	*2,417	53,861	5,180
Other foreign dividends	15,147,365	20,421	857,031	172,695	12,262,767	177,906	550,574	413,478	137,096	895,499	210,472
Constructive taxable income from related foreign corporations, total	17,575,037	*5,786	801,516	125,603	14,817,195	512,378	543,215	336,157	207,058	550,433	218,910
Includable income of Controlled Foreign Corporations	4,406,693	*1,208	127,729	50,946	3,228,832	376,614	218,273	117,551	100,722	288,608	114,484
Foreign dividend income resulting from foreign taxes deemed paid	13,168,343	*4,578	673,787	74,657	11,588,363	135,765	324,942	218,606	106,336	261,826	104,426
Net income (less deficit)	232,900,596	202,522	—353,185	2,906,704	121,215,254	28,851,644	42,010,706	24,315,585	17,605,685	32,677,046	5,464,130
Statutory special deductions, total	36,333,960	633,127	1,320,973	1,868,740	12,174,817	2,868,395	4,221,430	1,889,020	2,312,213	10,803,802	2,399,120
Net operating loss deduction	25,973,602	584,070	1,053,625	1,717,484	8,851,552	2,137,404	3,503,043	1,568,974	1,918,979	6,308,566	1,983,494
Dividends received deduction	10,279,292	48,950	267,349	151,255	3,522,230	651,495	718,195	319,853	393,233	4,495,008	415,618
Deduction for dividends paid on certain public utility stock	81,066	*106	—	—	1,036	79,495	192	192	—	*228	*8
Income subject to tax	257,054,060	1,613,829	5,167,226	5,629,230	131,957,838	34,355,017	39,499,548	17,882,574	21,536,588	25,257,154	13,475,735
Income tax, total	107,968,407	509,081	2,381,154	1,767,756	58,542,710	15,579,597	15,082,817	7,093,649	7,963,663	9,619,055	4,458,267
Regular and alternative tax	106,013,271	493,723	2,241,517	1,725,099	57,673,921	15,267,294	14,855,447	7,003,495	7,827,066	9,410,300	4,318,861
Personal holding company tax	7,930	—	77	—	*1,675	285,571	193,447	78,848	113,981	93,558	116,972
Tax from recomputing prior-year investment credit	1,382,945	13,809	75,681	35,594	567,575	23,305	32,566	10,689	21,878	102,301	17,964
Additional tax for tax preferences	544,863	1,547	63,083	86,027	17,219,144	349,260	445,890	300,712	145,177	1,595,220	203,025
Foreign tax credit	21,075,296	11,985	1,164,747	667	1,876,311	43,467	42,506	40,765	*1,691	5,934	7,126
U.S. possessions tax credit	1,978,578	—	2,344	—	39	—	—	—	—	*66	—
Orphan drug credit	—	—	—	—	39	—	—	—	—	*84	—
Nonconventional source fuel credit	69,695	—	14,068	—	36,526	17,056	1,202	*913	*289	—	—
Research activities credit	1,589,048	2,958	10,026	1,192	1,388,309	78,387	36,059	25,601	10,349	23,624	48,202
General business credit	19,265,475	121,023	175,608	383,570	7,593,003	6,558,579	2,142,183	725,515	1,412,317	1,262,908	1,024,736
Total income tax after—											
Nonconventional source fuel, orphan drug, research activities, and general business credits	87,044,085	385,100	2,181,452	1,382,994	49,524,834	8,925,575	12,903,374	6,341,620	6,540,708	8,331,614	3,385,329
Foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, research activities, and general business credits	63,990,211	373,115	1,014,361	1,296,301	30,429,379	8,532,848	12,414,978	6,000,143	6,393,840	6,730,460	3,175,178
Estimated tax payments:											
1983 overpayments claimed as a credit	4,801,242	36,284	112,371	167,486	2,225,110	521,894	832,402	398,251	431,853	549,818	353,221
1984 estimated tax payments	54,800,345	264,415	687,446	990,474	27,582,366	7,367,064	9,949,935	4,989,134	4,943,360	5,631,735	2,314,066
Less: Refund of estimated tax payments	3,147,619	8,866	44,539	145,371	1,579,348	300,112	403,764	192,676	211,088	535,796	129,822
Payments with application for extension of filing time	10,638,949	71,983	146,821	313,638	3,904,583	1,577,608	2,447,295	940,368	1,505,428	1,440,933	732,659
Credit for tax paid by regulated investment companies	8,583	*14	734	*168	2,313	2,330	720	*382	*339	2,220	*83
Credit for tax on special fuels, nonhighway gasoline, and lubricating oil	87,659	10,835	7,154	7,143	28,844	21,207	7,174	4,120	3,055	1,258	4,028
Tax from Section 1 (1120 F)	12,067	*2	*796	—	*140	*3,333	26	26	—	7,564	*127
U.S. tax paid or withheld at source (1120 F)	13,180	*4	*781	—	*3	*3,333	8	8	—	8,911	*1
Overpaid windfall profit tax	212,955	*72	28,177	*54	172,199	11,113	1,076	1,067	*8	165	*98
Tax due at time of filing	5,518,125	87,159	326,943	361,496	1,528,057	250,344	1,247,536	653,198	591,001	1,110,965	596,394
Tax overpayment	8,943,997	88,786	251,526	398,789	3,434,876	921,932	1,667,404	793,706	870,120	1,480,400	695,558
Returns of S Corporations, Form 1120S											
Number of returns	701,339	32,995	9,015	70,787	50,195	36,675	205,114	48,039	155,738	90,968	195,015
Net income:											
Number of returns	332,367	13,625	3,314	38,147	25,536	14,478	98,427	26,066	72,031	44,627	90,585
Amount	18,706,344	638,664	582,516	1,703,253	4,259,425	780,537	5,264,858	2,520,498	2,733,581	1,973,008	3,424,708
Deficit	11,799,677	962,285	688,361	816,156	1,113,245	869,280	2,866,267	772,909	2,083,360	1,662,640	2,705,594
Income subject to corporation tax	32,266	*746	—	*282	—	—	*5,451	*954	*4,497	*6,202	—
Income tax, total	33,785	*204	*926	1,372	9,253	*379	9,281	1,011	8,232	6,872	5,499
Regular and alternative tax	11,567	*22	—	*123	*5,849	—	*1,155	*171	*984	*4,417	—

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

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

² Includes "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 14—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	3,170,743	98,361	40,564	306,906	272,050	128,184	896,524	303,614	588,138	497,366	899,370
Net income (less deficit)	232,900,596	202,522	- 353,185	2,906,704	121,215,254	28,851,644	42,010,706	24,315,585	17,605,685	32,677,046	5,464,130
Returns with book net income or deficit:											
Number of returns, total	2,203,893	59,175	28,703	210,540	204,207	82,924	630,550	234,387	393,611	360,707	616,940
With book net income	1,332,112	32,458	14,886	124,999	132,245	47,462	391,479	154,650	235,106	211,181	373,413
Amount	356,081,947	2,593,117	7,626,967	7,456,265	135,051,448	56,436,384	46,122,732	26,527,796	19,504,460	83,895,981	16,783,554
With book deficit	871,781	26,717	13,817	85,541	71,962	35,463	239,071	79,737	158,504	149,526	243,527
Book net income (less deficit)	272,473,609	925,144	1,400,793	3,031,226	115,454,930	52,913,763	34,201,136	19,949,135	14,183,829	56,993,715	7,556,040
Net income (less deficit)	222,705,682	455,215	- 570,863	2,050,226	116,882,222	28,491,810	38,930,621	22,073,438	16,763,400	31,734,873	4,715,801
Provision for Federal income tax, net:											
Number of returns	858,839	19,128	8,398	81,390	88,776	25,903	262,468	107,607	153,945	148,013	222,538
Amount	88,018,002	396,012	1,392,285	1,217,189	41,397,077	19,006,173	13,095,751	5,991,300	7,083,401	7,892,387	3,606,425
Provision for Federal income tax (+):											
Number of returns	800,376	17,737	7,692	73,934	80,410	23,849	248,465	100,963	146,607	137,258	209,147
Amount	96,457,177	428,620	1,764,414	1,688,645	45,165,170	19,418,929	13,991,918	6,527,490	7,442,621	9,835,731	4,144,979
Provision for Federal income tax (-):											
Number of returns	58,463	1,391	706	7,456	8,366	2,055	14,004	6,644	7,338	10,755	13,391
Amount	- 8,439,175	- 32,608	- 372,129	- 471,457	- 3,768,093	- 412,756	- 896,167	- 536,190	- 359,220	- 1,943,344	- 538,554
Total income tax after nonconventional source fuel, orphan drug, research activities, and general business credits	85,264,751	362,479	1,932,652	1,359,385	48,841,574	8,822,593	12,663,421	6,268,071	6,374,440	7,989,990	3,274,500

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

NOTE: Returns with book net income or deficit reported an amount of foreign tax credit of \$20,955,661,000 and an amount of U.S. possessions tax credit of \$1,946,749,000. 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 CORPORATIONS, OTHER THAN FORMS 1120S and 1120-DISC

Table 15—Tax Preference Items: Number of Returns, and Tax Preference and Related Items, 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)
Number of returns of active corporations, other than Forms 1120S and 1120-DISC	2,456,924	65,365	31,549	236,119	221,855	91,509	679,311	243,748	432,180	406,345	704,046
Returns with tax preference items:											
Number of returns	24,429	651	2,533	1,155	3,744	1,153	3,536	1,712	1,822	9,395	2,243
Total assets	6,657,376,488	5,916,313	74,063,292	47,616,848	1,837,257,613	886,476,442	321,956,827	140,811,524	181,090,415	3,409,388,957	74,585,288
Business receipts	3,087,701,824	10,093,578	42,221,012	39,274,440	1,746,612,933	492,348,435	498,052,347	207,167,313	290,855,930	196,630,854	62,389,240
Bad debts	17,635,606	13,620	136,383	58,949	3,649,122	2,472,195	955,802	319,022	636,717	10,007,914	340,662
Depreciation	160,965,140	286,676	3,181,062	921,467	83,209,881	46,611,717	9,682,857	2,984,540	6,697,580	12,024,427	5,040,384
Amortization	2,141,639	2,893	20,739	10,794	1,105,763	356,606	196,466	54,388	142,073	347,600	100,743
Depletion	6,655,273	9,772	1,107,067	59,959	4,527,824	675,421	103,473	91,745	11,728	164,446	7,308
Net income	171,227,866	520,641	2,429,251	926,608	104,659,228	30,128,473	12,870,642	5,111,154	7,754,493	17,026,199	2,657,050
Regular and alternative tax before credits ³	68,769,127	183,717	832,592	293,706	42,667,738	13,036,475	5,303,922	2,139,478	3,163,571	5,418,950	1,028,860
Tax from recomputing prior-year investment credit	824,738	1,446	23,021	6,731	442,916	208,751	63,083	19,883	43,198	39,924	38,813
Additional tax for tax preferences	539,753	1,528	62,428	6,633	297,308	23,304	32,427	10,686	21,742	98,491	17,590
Additional tax for tax preferences deferred from prior years	16,042	—	2,101	568	6,120	*787	2,050	1,288	*762	4,149	269
Income tax after credits ³	36,196,946	149,793	531,028	189,829	20,231,348	6,921,413	4,239,978	1,744,015	2,495,111	3,220,177	710,173
Tax preference items:											
Accelerated depreciation on—											
Low income rental housing	66,133	*34	—	*1,035	53,586	906	1,650	*1,250	*401	6,152	*2,769
Other real property	2,022,619	14,207	18,188	17,840	1,025,911	211,711	283,710	70,004	213,705	247,180	203,657
Leased personal property	124,070	—	4,863	—	37,511	78,154	*182	*138	45	3,360	—
Amortization	402,753	—	43	5	19,867	2,656	493	386	107	379,688	—
Mining exploration and development costs	2,155,317	6,530	681,685	33,688	1,137,445	170,006	41,117	34,364	6,753	78,197	6,645
Research and experimental expenditures	6,501,939	49,570	97,965	70,643	3,500,312	653,871	491,185	194,792	295,873	1,453,805	183,161
Reserves for losses on bad debts of financial institutions	17,832	15	1,459	*91	6,358	*65	3,084	95	2,989	4,378	*2,381
Depletion	32,210	—	*1,145	*261	15,938	1,745	638	—	638	54	12,429
Capital gains	145,094	16,411	—	—	34,766	*1,753	*69,081	*233	68,848	*14,424	*8,658
Intangible drilling costs	80,930	*12	4,031	*78	*69,266	923	1,710	*1,528	*182	4,865	43
Total items of tax preference	11,548,947	86,780	809,379	123,642	5,900,960	1,121,791	892,903	302,793	589,590	2,192,103	419,743

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

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

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

³ Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, research activities, and general business credits.

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 16—Number of Returns and Selected Tax Items, by Size of Total Income Tax After Credits

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total income tax after credits are in whole dollars]

Size of total income tax after credits	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	U.S. possessions tax credit	Non-conventional source fuel credit	Research activities credit	General business credit	Income tax after credits ¹
			Total	Regular and alternative tax						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Total	2,456,924	257,021,794	107,934,622	106,001,705	21,075,296	1,978,578	69,695	1,589,048	19,265,475	63,956,426
Returns with net income	1,434,019	256,954,688	107,685,684	105,976,052	21,072,604	1,978,578	69,695	1,589,048	19,260,214	63,715,441
Returns without net income	1,022,905	67,106 ²	248,938	25,653	2,692	—	—	(³)	5,261	240,985
Returns with total income tax before credits ¹	1,230,464	257,021,619	107,934,622	106,001,705	21,075,296	1,978,578	69,695	1,589,048	19,265,475	63,956,426
Returns with total income tax after credits ¹	976,625	250,755,821	105,979,643	104,046,725	20,741,463	928,911	69,279	1,568,472	18,715,054	63,956,426
Under \$6,000	714,109	10,836,508	2,053,008	1,972,429	34,377	75,295	*74	80,153	751,162	1,111,947
\$6,000 under \$10,000	72,553	3,919,957	798,265	775,487	3,008	16,013	*463	10,381	210,597	557,805
\$10,000 under \$15,000	44,590	3,339,804	814,882	795,316	3,704	*63,722	—	6,675	193,446	547,335
\$15,000 under \$20,000	24,192	2,144,812	568,720	550,963	10,350	*9,149	*284	5,375	126,553	417,009
\$20,000 under \$25,000	16,414	1,693,483	488,383	471,651	3,301	2,824	25	5,206	107,854	369,172
\$25,000 under \$50,000	37,926	5,355,323	1,801,379	1,747,288	35,034	75,028	*477	8,922	346,907	1,335,012
\$50,000 under \$75,000	16,821	3,787,162	1,428,210	1,400,320	137,184	10,240	*595	11,893	239,629	1,028,669
\$75,000 under \$100,000	9,416	2,740,198	1,090,297	1,059,430	4,907	104,697	*60	7,202	160,349	613,082
\$100,000 under \$250,000	21,697	10,237,808	4,288,330	4,203,186	115,021	199,934	2,897	39,013	538,593	3,392,871
\$250,000 under \$500,000	8,591	9,051,056	3,952,180	3,885,460	365,171	133,121	*376	43,663	446,244	2,963,604
\$500,000 under \$1,000,000	4,730	9,398,921	4,232,329	4,147,988	249,232	79,848	*5,688	50,984	526,271	3,320,305
\$1,000,000 under \$10,000,000	4,857	48,399,581	21,804,282	21,368,191	5,457,047	159,038	8,477	301,482	3,286,731	12,591,507
\$10,000,000 under \$50,000,000	572	48,541,586	21,414,794	21,025,738	3,835,790	—	20,451	320,518	5,001,209	12,236,785
\$50,000,000 under \$100,000,000	87	21,931,041	9,613,697	9,482,998	1,495,032	—	9,798	85,550	1,827,151	6,196,167
\$100,000,000 or more	70	69,398,581	31,630,887	31,160,281	8,992,306	—	19,614	591,455	4,952,357	17,075,154

¹ Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, orphan drug, research activities, and general business credits.

² Amount was reported by life insurance companies and banks with life insurance departments taxable under special provision of the Internal Revenue Code.

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, OTHER THAN FORMS 1120S and 1120-DISC

Table 17—Increasing Research Activities 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 of active corporations, other than Forms 1120S and 1120-DISC	2,456,924	65,365	31,549	236,119	221,855	91,509	679,311	243,748	432,180	406,345	704,046
Returns with increasing research activities credit items, other than Forms 1120S and 1120-DISC											
Number of returns	16,941	84	258	214	10,718	244	2,292	1,383	906	424	2,680
Qualified research expenses, total	31,464,690	50,832	232,325	46,534	26,926,973	2,449,887	524,205	392,923	130,181	447,041	784,463
Wages for qualified services	21,352,627	34,611	147,099	28,126	18,612,367	1,246,569	365,312	267,444	97,128	326,326	590,446
Cost of supplies used	6,611,548	14,213	53,864	12,189	5,910,046	423,371	80,462	66,652	13,507	34,154	82,920
Rental or lease costs to personal property	852,720	143	15,030	3,443	654,266	80,286	18,184	11,207	6,978	25,816	55,222
65 percent of contract expenses for qualified research	2,383,797	1,818	15,555	2,639	1,642,003	567,575	51,992	42,400	9,537	54,371	47,844
65 percent of amounts paid to qualified research organizations	419,512	48	777	*138	277,111	118,824	8,284	5,252	3,032	6,374	7,956
Base period research expenses, total	23,485,308	38,863	181,141	35,666	20,572,528	1,668,393	274,904	205,161	69,078	301,391	410,973
Wages for qualified services	17,196,555	25,084	124,508	17,887	15,277,206	1,018,256	200,693	148,834	51,319	220,001	312,107
Cost of supplies used	4,186,762	12,565	37,970	4,675	3,774,857	251,434	39,374	32,799	6,496	27,379	38,345
Rental or lease costs to personal property	515,029	143	10,628	11,161	338,746	92,174	10,775	6,550	4,188	21,426	29,528
65 percent of contract expenses for qualified research	1,287,354	1,031	7,678	1,776	998,440	205,700	20,319	14,921	5,389	27,812	24,596
65 percent of amounts paid to qualified research organizations	250,647	40	357	*166	144,886	90,635	3,712	2,024	1,687	4,430	6,397
Tentative credit	1,951,509	2,890	12,252	3,703	1,594,490	176,520	49,378	36,428	12,841	32,996	79,035
Carryover of unused credit	756,810	1,046	1,580	5,143	627,011	14,642	20,758	15,463	5,295	18,223	68,332
Allowable credit	2,638,378	4,046	12,427	8,850	2,167,761	182,658	70,474	52,245	18,120	45,567	146,275
Research credit	1,589,048	2,958	10,026	1,192	1,388,309	78,387	36,059	25,601	10,349	23,624	48,202
Returns with orphan drug credit items, other than Forms 1120S and 1120-DISC											
Number of returns	7,711	37	19	127	4,944	175	973	596	376	226	1,185
Qualified clinical testing expense	26,054	—	—	—	25,773	—	—	—	—	281	—
50 percent of qualified clinical testing expense	*13,027	—	—	—	*12,887	—	—	—	—	*140	—
Orphan drug credit	*105	—	—	—	39	—	—	—	—	*66	—

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

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

² Includes "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."

INDEX TO EXPLANATION OF TERMS

	Page		Page
Accounting periods	69	Net gain (or loss), noncapital assets	91
Accounts and notes payable	69	Net income (or deficit)	93
Accounts payable	69	Net long-term capital gain taxed at alternative rate	93
Accumulated adjustments account	69	Net worth	93
Additional tax for tax preferences	69	Noncalendar year returns	94
Advertising	70	Nonconventional source fuel credit	94
Alcohol fuel credit	70	Nonqualifying interest and dividends	94
Allowance for bad debts	70	Notes and accounts receivable	94
Alternative tax	71	Number of returns	95
Amortization	71	Orphan drug credit	95
Bad debts	71	Other adjustments account	95
Book net income (or deficit)	72	Other assets	95
Business receipts	73	Other capital assets less reserves	95
Calendar year returns	74	Other current assets	95
Capital stock	74	Other current liabilities	95
Cash	74	Other deductions	95
Compensation of officers	74	Other investments	96
Consolidated returns	74	Other investments and loans	96
Constructive taxable income from		Other liabilities	96
related foreign corporations	74	Other receipts	96
Contributions or gifts	75	Overpayments claimed as a credit	97
Cost of property used for investment credit	76	Paid-in or capital surplus	97
Cost of sales and operations	76	Part-year returns	97
Cost of treasury stock	76	Payments with applications for extension of	
Credit for tax on special fuels,		filing time (Forms 7004)	97
nonhighway gasoline and lubricating oil	77	Pension, profit-sharing, stock	
Credit for tax paid by regulated		bonus, and annuity plans	97
investment companies	77	Personal holding company tax	97
Deficit	77	Provision for federal income tax	97
Depletable assets	77	Refunds of estimated tax payments	98
Depletion	77	Rent paid on business property	98
Depreciable assets	78	Rents	98
Depreciation	78	Repairs	98
Distributions to stockholders	80	Research activities credit	98
Dividends received from domestic corporations	80	Retained earnings, appropriated	98
Dividends received from foreign corporations	81	Retained earnings, unappropriated	99
Domestic international sales corporation returns	81	Returns of active corporations	99
Employee benefit programs	82	Returns of inactive corporations	99
Employee stock ownership credit	82	Returns with net income	99
Estimated tax payments	82	Returns without net income	99
Excessive net passive income tax	83	Royalties	99
Foreign tax credit	83	S corporation returns	99
General business credit	84	Shareholders' undistributed taxable	
Income subject to tax	84	income previously taxed	100
Income tax	85	Size of business receipts	100
Intangible assets	86	Size of income tax after credits	100
Interest	86	Size of total assets	100
Interest on government obligations:		Statutory special deductions	100
state and local	86	Taxable income	102
Interest paid	86	Tax due at time of filing	102
Inventories	86	Tax from recomputing prior year investment credit	102
Investment credit	86	Tax from Section 1	103
Investment credit carryover	88	Tax overpayment	103
Investment qualified for credit	88	Tax preference items	103
Investment in government obligations	88	Taxes paid	103
Jobs credit	88	Total assets and total liabilities	104
Land	89	Total deductions	104
Loans from stockholders	89	Total income tax	104
Loans to stockholders	89	Total qualified investment in 10 percent property	104
Members of controlled groups	89	Total receipts	104
Mortgage and real estate loans	89	Total receipts less total deductions	104
Mortgage, notes, and bonds payable	89	U.S. possessions tax credit	104
Net capital gains	90	Zero assets	105

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 year reports to reflect processing or tax law changes as well as clarifications of the explanations.

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, Introduction.

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. 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."

Accumulated Adjustments Account

The Subchapter S Revision Act of 1982 established this

new balance sheet account for S corporations for the most recent continuous period during which the corporation was an S corporation for taxable years beginning after December 31, 1982. The accumulated adjustments account was determined by taking into account all items of income, loss and deductions for the tax year (including nontaxable income and nondeductible losses and expenses). After the year-end income and expense adjustments were made, the account was reduced by distributions made during the tax year.

At the end of the tax year, if the corporation had a balance in its retained earnings account, the accumulated adjustments account was determined by taking into account only the taxable income and deductible losses and expenses for the current tax year.

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 (including tax from recomputing prior-year investment credit) reduced by foreign tax credit, U.S. possessions tax credit, nonconventional source fuel credit, credit for increasing research activities, orphan drug credit and general business credit. Under prior 1984 law, certain corporate tax preference items were cut back by 15 percent. The 1984 Act increased the amount of cutback to 20 percent.

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.

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 of certified pollution control facilities (special rapid write-offs in excess of what otherwise would have been a depreciation deduction under Code section 167); (3) mining exploration and development costs; (4) circulation and research and experimental expenditures; (5) 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); (6) depletion (depletion deduction in excess of the cost or other basis of the property, reduced by depletion taken in prior years); (7) 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 applied only if the alternative tax under Code section 1201 applied. (The preference item equaled the alternative tax minus the tax if alternative tax had not been used, divided by 0.46); and (8) intangible drilling costs. Tax preferences for "accelerated depreciation subject to a lease", "mining exploration and development cost", "circulation and research and experimental expenditures", and "intangible drilling costs" were not applicable to corporations other than S Corporations electing to be taxed through their shareholders 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.

In general, all corporations, other than Domestic International Sales 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. S corporations were subject to the minimum tax only on capital gains imposed by section 1374. All other items of tax preference for these corporations were divided among the stockholders and included in their income.

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. However, for corporations whose principal business activity was the printing and publishing of newspapers and periodicals or engaging in radio and television broadcasting, the statistics do not include advertising expenses incurred in the preparation of customers' advertising; if identified, these amounts were treated as part of the cost of sales and operations.

The types of expenditures covered by the advertising deduction may have varied somewhat from company to com-

pany 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.

Alcohol Fuel Credit (#)

The Windfall Profit Tax Act of 1980 contained provisions for an alcohol fuel credit. If alcohol (other than alcohol produced from petroleum, natural gas, or coal) was used as a fuel (either blended or straight) of a type suitable for use in internal combustion engines, a nonrefundable income tax credit was provided. In general, the credit was available to the blender in the case of blended fuels and to the user or retail seller in the case of straight alcohol fuels. The amount of the credit was increased from 50 cents (1983) to 60 cents (1984) per gallon for alcohol of at least 190 proof and from 37.5 cents (1983) to 45 cents (1984) per gallon for alcohol between 150 and 190 proof. No credit was available for alcohol of less than 150 proof.

The credits were generally available for alcohol sold or used after September 30, 1980, and on or before December 31, 1992. The Economic Recovery Tax Act of 1981 extended the carryforward provision of unused credits from 7 years to 15 years; the carryback provision of 3 years was not changed. The 1984 Act changed the method alcohol fuel credit was reported. The credit was computed as in prior years, but was claimed as one of the components of the general business credit under Code Section 38. As a component of the general business credit, the alcohol fuel credit was subject to the net tax liability limitation of Code Section 38.

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. The statistics for both 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. However, in some cases, the supporting schedules were not attached to the return and the amount may be understated.

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 (Code section 171)
- certain business startup costs paid or incurred (Code section 195)
- child care facilities (Code section 188)
- construction period interest and taxes on real property (except low-income housing) (Code section 189)
- forestation and reforestation expenditures (Code section 194)
- lessee's improvements to leased property, leasehold improvements (Code section 178)
- motion picture film, videotape, sound recording and books (Code section 280)
- organizational expenditures of corporations (Code section 248)
- pollution control facilities (Code section 169 limited by Code section 291)
- railroad rolling stock (Code section 184)
- railroad tunnel bores and grading (Code section 185)
- research and experimental expenditures (Code section 174)
- trademark and trade name expenditures (Code section 177).

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

On Forms 1120 prior to 1982, amortization was shown on a separate line of the income statement on page 1; however, for 1982 through 1984, amortization was shown separately only on Form 4562, Depreciation, and that amount was carried forward and included in line 26, other deductions, on page 1; Form 1120 (see Form 1120 return facsimile in section 6 of this report). Because some corporations may not have identified amortization separately on Form 4562, the statistics for "Amortization" may be understated and

"Other Deductions" may be overstated by the same amounts.

See also "Additional Tax for Tax Preferences."

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; 1.0 percent was used for taxable years beginning in 1982 and 0.6 percent for taxable years beginning after 1982.

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 a corporation's own experience.

For mutual savings banks, savings and loan associations, cooperative banks and certain stock associations, the deduction was 40 percent 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.

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 profit 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 differed 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. 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.

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 inter-

company transactions was not shown. (See "Consolidated Returns" in this section.)

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 non-consolidated 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 a 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).

Table 14, Book Net Income or Deficit and Provision for Federal Income Tax, shows the comparison between book net income and deficit, provision for Federal income tax, net income (less deficit), and total income tax after certain credits and amounts. Corporations reported "book net income or deficit" as after income tax, however, "net income (less deficit)" was reported before taxes.

The last line of Table 14 was defined, for comparison purposes, to include the sum of the regular income tax, the additional tax for tax preferences, the taxes from recomputing the prior-year investment credit, tax on excessive net passive income tax (S corporations) and tax from income from U.S. sources that were not effectively connected with the conduct of a trade or business in the U.S. (Form 1120F, Section 1), reduced by the current year's, nonconventional source fuel, research, general business, and orphan drug credits, but not by the foreign tax credit nor U.S. possessions tax credit. (This result will be called "tax net income" in the discussion that follows.)

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. 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.

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, S Corporations electing to be taxed through shareholders, 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).

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 rather than sold products, 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.

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, by condominium management and cooperative housing associations, 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 net gain or loss was allocated to the statistics for net gain or loss from sales of noncapital assets because the items were considered to include stock, commodity, or real estate transactions. Otherwise, business receipts for these companies were used as reported and included commissions and service fees.

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), Noncapital Assets."

Calendar Year Returns

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 B in section 1 shows the percentage of returns filed for each of the accounting periods covered in this report.

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 for which an election to be treated as a possessions corporation under Code section 936(e) was in effect; (4) corporations designated tax-exempt under Code section 501; and (5) Domestic International Sales Corporations (DISC's). Under prior law, 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. Starting with taxable years beginning after December 31, 1980, insurance companies were allowed to file a consolidated return which included noninsurance companies as long as the noninsurance companies had been members of the affiliated group for 5 taxable years, that is, since January 1, 1976.

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 item represented the sum of (1) "Includable Income from Controlled Foreign Corporations" identified as "Income from Controlled Foreign Corporations under Subpart F" on the Form 1120 tax form and (2) "Foreign Dividend

Income Resulting from Foreign Taxes Deemed Paid," identified as "Foreign Dividend Gross-Up (section 78)" on the Form 1120 tax form.

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;
- (3) any previously excluded subpart F income which had been withdrawn from foreign base company shipping operations; and
- (4) 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 whose insurance business was on U.S. risks (as determined under Code section 953); 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);
 - (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);

- (d) "foreign base company shipping income" (in general, income derived from use of aircraft or vessels in foreign commerce or income derived in connection with the performance of services directly related to any such aircraft or vessel); and
- (e) "foreign base company oil-related income" (in general, income from oil or gas which was extracted from oil or gas wells in the foreign country or income from oil, gas, or a primary product of oil or gas which was sold by the foreign corporation for use or consumption within such country).

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."

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 table 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 10 percent (5 percent for tax years beginning before 1982) of taxable income computed without regard to:

- (1) the deduction for contributions;

- (2) special deductions for dividends received and for dividends paid on certain preferred stock of public utilities;
- (3) any net operating loss carryback; and
- (4) any capital loss carryback to the tax year.

Also, certain additional adjustments were required in the case of life insurance companies. Charitable contributions over the 10 percent limitation could be carried forward to the next 5 tax years; however, the carryover was not allowed if it increased a net operating loss carryover.

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.

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" as a component of the general business credit.) Also included were amounts which were ultimately used in the computation of the credit by end-of-the-year shareholders of S corporations electing to be taxed through those shareholders.

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. The valuation methods the corporation used to value its inventories consisted of:

- (1) cost;
- (2) cost or market value (whichever was lower); or
- (3) any other method that was approved by the Commissioner of Internal Revenue.

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 depending on 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.

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, contributions to employee benefit programs, bad debts, compensation of officers, contributions to charitable organizations, intangible drilling costs and interest 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.

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 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

Code section 39 allowed a credit in full or in stated amounts for excise taxes on:

- (1) gasoline used on farms for farming purposes (Code section 6420);
- (2) gasoline used for nonhighway purposes or by local transit systems (Code section 6421); and
- (3) fuel not used for taxable purposes (Code section 6427).

These taxes could be applied as a credit against income tax liability or could have been, under certain conditions, 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.

Deficit

See "Net Income (or Deficit)."

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, de-

pletable 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 mines, oil and gas wells, other 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 taxable 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.

Generally, percentage depletion could not be used for oil and gas wells. However, independent producers (and royalty owners) could have used percentage depletion, provided they did not refine more than the taxpayer's depletable oil quantity of domestic crude oil in any day and that the taxpayer's average daily production of domestic natural gas does not exceed the taxpayer's depletable natural gas quantity. The depletion rate for small producers was 15 percent (for tax year 1984) for a maximum daily average of 1,000 barrels.

As explained under "Net capital gains", the cutting of timber was eligible for net long term capital gain treatment under Code section 1231. If timber depletion was used in the computation of gain (or loss), it could not be identified for the statistics. Because of taxpayer reporting variations involving the computation of gain or loss, or of gross receipts from sales (and the cost of sales and operations or depletion deduction), the depletion statistics may be incomplete for industries in which sales of cut timber or of lumber or wood products are a major source of income.

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 one 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 (#)

The Accelerated Cost Recovery System (ACRS) was enacted in the Economic Recovery Tax Act of 1981 (ERTA). Under ACRS, companies were allowed to recover the capital costs for most tangible new or used depreciable property by means of new accelerated methods, over statutory recovery periods that were unrelated to, and shorter than, the Asset Depreciation Range (ADR) property class lives prior to ERTA. Furthermore, the methods of cost recovery and the recovery periods were the same for both new and used property. Under this new system, the taxpayer merely applied a statutory percentage to the unadjusted basis of property. The percentage applied depended on the class of the property and the number of years since the property was placed in service. Salvage value was not taken into account and, if the property were sold, no deduction was allowed for the year in which the asset was disposed of.

Under the new 1984 system, the cost of eligible personal property was to be recovered over periods of 3, 5, 10, 15 or 18 years, depending on the recovery class of a particular type of property. The 3-year class included tangible depreciable property (that was covered under Code section 1245). In general, 5-year property included all section 1245 depreciable personal property that was not 3-year, 10-year, or 15-year. The 10-year class included public utility property with an ADR life of more than 18 but less than 25 years (other than 3-year class property or section 1250 property); section 1250 class property with an ADR life of 12.5 years or less. The property falling in the 15-year class was public utility property (except that regarded as 3-year property or covered under section 1250) with an ADR class life of over 25 years and section 1250 real property; not qualified for 18-year property, with ADR class life of 12.5 years or more. The new Act extended the ACRS writeoff period for buildings, other than low-income housing, that previously, qualified for 15-year writeoffs. Section 1250 property placed in service after March 15, 1984 with ADR class life of more than 12.5 year qualified for 18-year property.

In assigning public utility property to a recovery period, a company first had to take note of the fact that such property could only qualify as recovery property if the company used a normalization method of accounting in setting the rates charged to customers. Otherwise, the depreciation was determined under previous rules, using the pre-existing depreciation methods and useful lives.

Each of the five classes of depreciable personal property had its own statutory percentage for use in each year of the recovery period. For property placed in service in 1981-1984, these percentages approximated the beneficial effect of the 150-percent declining-balance method for the early years and the straight-line method for the later years. For property placed in service after March 15, 1984, the depre-

ciation percentage for 18-year real property approximated the beneficial effect of 175-percent declining-balance method with a switch to the straight-line method for the later years. A "half-year convention" was prescribed, whereby a half-year's depreciation was allowed for the year the property was placed in service, regardless of when during the year the property was actually placed in service. The half-year convention was also required in the year following the end of the recovery period, assuming the property was held for the full period.

For depreciable real property, recovery deductions had to approximate the beneficial effect of the 200-percent declining-balance method for low-income housing and the 175-percent declining-balance method for other real property for the early years, and the straight-line method, in both cases, for the later years. The basis for most property was recoverable over a 15-year period. The recovery deductions in the years of acquisition and disposition were to be based on the number of months the property was held, rather than on the half-year convention used for personal property. The full-year writeoffs for the intervening years therefore had to take into account the number of months the property was in service during the first year.

The ERTA no longer permitted the use of the retirement-replacement-betterment (RRB) method for depreciating railroad property as of January 1, 1981. Property placed in service after 1980 that would have been RRB property was to be treated as 5-year property under ACRS. During a transition period (1981-84), a special rule was provided for replacement property that would have been normally expensed under RRB. Under this rule, property placed in service in 1981 could be fully expensed, while property placed in service in 1982 through 1984 was to be recovered over 2, 3 and 4 years, respectively, using an accelerated method based on the 200-percent declining-balance method for the earlier years with a switch to the sum-of-the-years digits method for the later years. Except for property placed in service in 1981, only one-half of a year's depreciation was allowed for the year the property was placed in service, regardless of when during the year the property was placed in service.

Capitalized costs under the RRB property that had not yet been recovered through retirement as of December 31, 1980, could be recovered over a period of not less than 5 years and no more than 50 years, using a method which included the 200-percent declining-balance method for the earlier years and then the sum-of-the-years digits method at such time as that method maximized the deduction.

Unlike depreciation under prior law, special rules applied to the cost recovery of foreign property. Property used outside the United States for more than half the taxable year generally was considered a foreign asset. The cost of per-

sonal property used predominantly outside the United States was recovered using a recovery period equal to the ADR class life for the property as of January 1, 1981. For depreciable personal property for which there was no ADR midpoint life as of January 1, 1981, a 12-year recovery period was to be used. The recovery percentages were to be based on the 200-percent declining-balance method for the early years and the straight-line method for the later years. In addition, the half-year convention was not used and there was no salvage value limitation. For depreciable real property, the recovery period was 35 years, with the recovery deduction based on the 150-percent declining-balance method for the early years and the straight-line method for the later years. In addition, the half-year convention was not used and there was no salvage value limitation.

The taxpayer was also given the option to use straight-line depreciation for a given class of property, instead of the regular ACRS deduction based on the accelerated methods mentioned above, although the rules varied depending on whether the asset was personal or real property and whether it was used predominantly outside the United States. For personal property, the taxpayer could choose to use certain longer periods instead. These optional periods were:

- (1) 5 or 12 years for 3-year property,
- (2) 12 or 25 years for 5-year property,
- (3) 25 or 35 years for 10-year property, and
- (4) 35 or 45 years for 15-year property.

The half-year convention was required under this election for both the year the property was placed in service and the year following the end of the recovery period. The same recovery period then had to be used for all property in the class. Other classes of property were subject to separate elections, at the option of the taxpayer. For real property and low-income housing placed in service after March 15, 1984, the optional recovery periods when the straight-line method was elected were 18, 35, and 45 years and the election was made separately for each property. For real property and low-income housing placed in service before March 16, 1984, the optional recovery periods when the straight-line method was elected were 15, 35 and 45 years. For foreign property, the rules applicable to personal and real property were the same as those used for U.S. personal and real property, with one exception. This exception was for the optional recovery periods for real property, whereby in addition to the optional recovery periods listed above the ADR class life was also included.

ERTA repealed the additional first-year depreciation allowance for property placed in service after 1980 and replaced

it with a provision that permitted a taxpayer to treat the cost of qualifying property, Code section 179 property, as a currently deductible expense rather than as a capital expenditure. The deduction of costs for this property was allowed in the tax year the property was placed in service. Neither an ACRS deduction nor investment tax credit was allowed for the costs that were expensed. This law set an annual dollar limitation of \$5,000 for the cost that could be expensed for property placed in service in taxable years beginning in 1982 and 1983.

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 S corporations electing to be taxed through shareholders, 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. The Schedules M-1 and M-2 were abolished for the 1983 Forms 1120S. Therefore, distributions were not abstracted for these returns.

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 sec-

tion.) 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 S corporations electing to be taxed through shareholders. 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 tax bracket amount 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.

Under new provisions of the 1984 Act, corporate shareholders reduced the deduction for dividends received on debt-financed portfolio stock. The provision generally reduced the deduction for dividends received on debt-financed portfolio stock so that the deduction was available, in effect, only with respect to dividends attributable to that portion of the stock which is not debt financed. Generally, this was accomplished by determining the percentage of the cost of an investment in stock which is debt financed and by reducing the otherwise allowable dividends received deduction with respect to any dividends received on that stock by that percentage. The reduction in the amount allowable as a dividends received deduction could not exceed the amount of interest deduction allocable to the dividend.

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 S corporations electing to be taxed through shareholders.

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 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 estab-

lished 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.

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, 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) S corporations electing to be taxed through their shareholders.

The Tax Reform Act of 1984 replaced the Domestic International Sales Corporation system with the new Foreign Sales Corporation (FSC). The new Act deleted the prior law requirements for DISC returns after December 31, 1984, and the table section of this report contains the DISC data through that date. Foreign Sales Corporation data is not presented in this report. Although the Act replaced the DISC system, it did not abolish DISCs. DISCs may continue to defer tax liability to their shareholders, but the shareholders must pay interest on the deferred amounts. These new interest-deferred DISCs (also termed "interest charge DISCs") are not presented in this report.

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.

Employee Stock Ownership Credit (#)

ERTA contained revised provisions for an employee stock ownership (ESOP) tax credit. The investment-based credit for employer contributions to ESOP's for industries that were more capital-intensive was terminated at the end of 1982 and was replaced by a new credit tied to payroll. The new credit, reported on Form 8007, was designed to encourage formation of such plans in industries that were more labor-intensive and was based on the lesser of (a) the value or employer stock (or cash with which to buy such stock) contributed by the corporation to the plan each year, or (b) a specified percentage of the total compensation of those employees participating in the plan that was paid or accrued during the portion of the corporation's accounting period that fell within a given calendar year. The percentage for 1983 (and 1984) was .5; for 1985-87, it was .75. The new credit was then due to expire, on January 1, 1988. No credit was allowed regulated public utility companies, if, for example, it resulted in a reduced cost of service for rate making purposes or as shown in its regulated books of account or if it served to reduce the base to which the employer's rate of return was computed for rate making purposes. The credit allowed was limited to \$25,000 plus 85 percent of the tax in excess of \$25,000.

The 1984 Act combined the Employee Stock Ownership Credit with three business income tax credits. The investment tax, targeted jobs, alcohol fuels, and ESOP credits were combined into one general business credit and the sum of these credits equaled the current year business credit. The income tax against which this credit was applied was after reduction by foreign tax, possessions tax, orphan drug, nonconventional source fuel, and research credits. Unused credits could be carried back for use in the 3 preceding years and then, if necessary, carried over to the 15 succeeding years.

Estimated Tax Payments (#)

Corporations subject to taxation under Code sections 11, 1201(a) or subchapter L of Chapter 1 (relating to insurance companies) were required to make quarterly tax payments if the estimated tax for the taxable year was expected to be \$40 or more. Estimated tax was the excess of the income tax (estimated) imposed by Code sections 11, 1201(a), or Subchapter L of Chapter 1 (including tax from recomputing prior-year investment credit and additional tax for tax preferences) over the amount the corporation estimated as the sum of credits against tax (including foreign tax, possessions tax, nonconventional source fuel, research, orphan drug and general business credits). Also, the Tax Equity and

Fiscal Responsibility Act of 1982 increased the percentage of current year tax liability which corporations had to pay in estimated tax payment from 80 to 90 percent for taxable years beginning after 1982.

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 installment 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 the components of net estimated tax payments which include 1983 overpayments claimed as a credit, 1984 estimated tax payments, and refund of estimated tax payments.

Excessive Net Passive Income Tax

In general, under prior law (Code section 1372), an S corporation was not allowed to have passive investment income greater than 20 percent of its gross receipts unless that taxable year was the first or second year the corporation commenced the active conduct of any trade or business or the passive investment income for such taxable year was less than \$3,000.

Effective for tax years beginning in 1982, the Subchapter S Revision Act of 1982, Public Law 97-354 repealed the old 20 percent limitation on passive income for S corporations. The new law increased the limit on passive income to 25 percent for S corporations that had accumulated earnings or profits from prior subchapter C status and provided for a 46 percent tax on excessive net passive income. Passive investment income, in general, was gross receipts derived from royalties, rents, dividends, interest, annuities, or the sales or exchange of stock or securities.

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 Code 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). Also, credit was allowed for taxes deemed paid on distributions construc-

tively received from controlled foreign corporations under Code 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.

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 S Corporations electing to be taxed through shareholders even when these corporations were taxed on certain capital gains income. These corporations had to deduct from gross income any foreign taxes they paid and could not pass them on to their shareholders for their use as a foreign tax credit. The credit was also not allowed, 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, the 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 additional tax for tax preferences (minimum tax), and the Personal Holding Company tax.

Generally, four 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 or former 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. 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.)

General Business Credit (#)

The Tax Reform Act of 1984 revised and rearranged the order of many of the income tax credits. Beginning in 1984, there was a new "general business credit" consisting of the investment credit (Form 3468), jobs credit (Form 5884), alcohol fuel credit (Form 6478), and employee stock ownership plan (ESOP) credit (Form 8007). If a taxpayer claimed more than one of these credits, on their tax return, Form 3800 was to be filed with the return. The purpose of the new general business credit was to provide a uniform limitation on the amount that may be offset against tax liability and uniform rules for carrybacks and carryforwards. Each of the four credits were computed separately and then the total of these credits became the general business credit for the purpose of applying the maximum tax liability rules and the carryback and carryforward rules.

The four credits were computed the same under the 1984 Act as they were previously. However, the separate tax liability limitations and the separate rules for carrying unused credits to other years for each of these credits were eliminated. Also, a taxpayer could elect for post-1983 years not to have the alcohol fuels credit or the targeted jobs tax credit apply.

The general business credit could reduce the tax liability to the extent of 100 percent of the first \$25,000 of net tax liability and 85 percent of the net tax liability over \$25,000. When the credit exceeds the \$25,000-plus-85 percent limitation in any year, the excess is an unused business credit. An unused business credit could be carried back to the three years preceding the unused credit year and forward to the 15 years following that 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 tax 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 S corporations electing to be taxed through their shareholders; 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 S corporations electing to be taxed through their shareholders, 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 S corporations electing to be taxed through their shareholders 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 S corporation electing to be taxed through its shareholders). No net operating loss or "special deductions" were available. In addition, effective for tax years beginning in 1982, S corporations were subject to a 46 percent tax on excessive net passive income, which is described in this section.

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 (re-

duced 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 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, orphan drug, nonconventional source fuel, research, and general business credits. (This item did not apply to DISC's, which are taxable through their stockholders; see "Domestic International Sales Corporation Returns" in this section.)

Effective for taxable year beginning after December 31, 1982, the corporate tax rates were:

<u>Taxable income</u>	<u>Tax rate</u>
Under \$25,000	15 percent
\$25,000 to \$50,000	18 percent
\$50,000 to \$75,000	30 percent
\$75,000 to \$100,000	40 percent
Over \$100,000	46 percent

For corporations with net long-term capital gains, an alternative method of tax computation was advantageous 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 regular 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 personal holding company tax (described under a separate heading);

- (4) the excessive net passive income tax for S corporations (described under a separate heading);
- (5) the tax from Section 1 for Foreign Corporations (described under a separate heading);
- (6) the 28-percent tax on certain long-term capital gains of S corporations electing to be taxed through their shareholders; and
- (7) the 28-percent tax on undistributed net long-term capital gain (reduced by net short-term capital loss), and the regular 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) additional tax for tax preferences ("minimum tax");
- (4) personal holding company tax; and
- (5) tax from Section 1 (Form 1120F) for foreign corporations.

Statistics for income tax do not 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, U.S. possessions tax, orphan drug, nonconventional source fuel, research, and general business credits recomputed to take account of the carryback of unused general business credits and of unused foreign taxes, of certain future years; and
- (3) audit examinations and other enforcement activities.

Therefore, the statistics 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 and Chief Counsel of Internal Revenue*, contains income tax collection data on a fiscal year basis as opposed to the income year basis used in this publication. Publication 55 is available from the Superin-

tendent 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 under "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

Taxable interest, a component of total receipts, was received from obligations issued by the United States, its agencies, or its instrumentalities.

Also included in this item were amounts received on loans, notes, mortgages, bonds, bank deposits, and corporate bonds. The amounts shown for this item were reduced by the amortizable bond premium. 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.

Interest on Government Obligations: State and Local

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). Because of taxpayer reporting variations this item could not always be identified and therefore the state and local interest statistics may be

understated.

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 mutual life insurance companies, life insurance companies and life insurance departments of mutual savings banks were excluded from inventories and included in the statistics for "Other Current Assets." Amounts reported by nonconsolidated security and commodity brokers, dealers and exchanges, subdividers and developers, and holding and other investment companies (except bank holding companies) were excluded from inventories and included in "Other Investments." For other nonconsolidated corporations within the "Finance, Insurance, and Real Estate" industrial division and for all bank holding companies, amounts reported as inventories were excluded and included in "Other Current Assets."

See also "Cost of Sales and Operations."

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 Equity and Fiscal Responsibility Act of 1982 reduced the depreciable basis of property placed in service after December 31, 1982 by 50 percent of the regular, energy, or certified historic structure investment tax credit taken for the property. The corporation either reduced the depreciable basis of the property by one-half of the invest-

ment credit taken or made an election to take a reduced credit.

Generally, investment credit property included the following:

- (1) tangible personal property defined in Code section 48(a)(1). Tangible personal property comprised all property 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 tangible personal property;
- (2) elevators and escalators;
- (3) other tangible property, including certain real property, used as an integral part of manufacturing, production, or extraction, or used as a research facility or bulk storage facility;
- (4) livestock other than horses as long as not sold and replaced by substantially identical animals during a relatively short period of time;
- (5) certain single-purpose agricultural or horticultural structures defined in Code section 48(p);
- (6) rehabilitation expenditures for qualified 30-year buildings, 40-year buildings, and certified historic structures;
- (7) forestation and reforestation expenditures that are amortizable under Code section 194; and
- (8) petroleum storage facilities.

Property ineligible for the investment credit were:

- (1) property used for lodging, except for coin-operated machines in apartment buildings;
- (2) property used predominately 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 period of time;

- (6) amortized or depreciated 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;
- (7) property expensed under Code section 179 (certain depreciable business assets); and
- (8) certain property acquired or constructed from grants made after September 30, 1979 under any program listed in Code section 126(a) or by grants under the Energy Security Act.

Property eligible for business energy was not included in the cost of property used for investment credit. Business energy investment credit was, however, included in the investment credit amount.

Property eligible for investment credit also included "qualified progress expenditures" property the corporation elected to claim advance credits for taxable years before the qualified property was placed in service. The investment credit (before limitations) was equal to 10 percent for "investment qualified for credit" (total qualified investment in 10 percent property) for all corporate taxpayers. The investment-related ESOP credit was terminated at the end of 1982 and replaced by a payroll-related credit. See "ESOP Credit" also included in this section.

Generally a corporation could claim an investment credit of half of the regular investment credit for certain vessels, as specified in Code sections 46(g)(1) through (6).

Certain limitations on the credit were applicable to special classes or kinds of corporations. Code section 46(e) limited the applicability of the credit for mutual savings banks, regulated investment companies and real estate investment trusts. Also, Code section 48(k) placed limitations on figuring investment credit for movie and television films or tapes.

The income tax available for investment credit did not include the tax from recomputing prior-year investment credit, the additional tax for tax preferences, the Personal Holding Company tax, and the special capital gains tax on S corporations electing to be taxed through their shareholders. (Since these corporations were not eligible to claim the investment credit, their investment was allocated among the stockholders who then claimed the credit.)

The 1984 Act changed the method investment credit was reported. The credit was computed as in prior years, but was claimed as one of the components of the general busi-

ness credit under Code Section 38. As a component of the general business credit, the investment credit was subject to the net tax liability limitation of Code Section 38 and the carryback and carryforward rules of Code Section 39.

Investment Credit Carryover (#)

The 1984 Act provided that unexpired investment credit from each pre-1984 taxable year will be combined with other credits into the general business credit carryforward from each unused credit year to be carried to post-1983 years. The carryforward period will not exceed 15 years from the year of the original unused credit. The unused credit was applied first to the earliest of the years to which it could be carried, and then to each of the other tax years, in chronological order. Because the data in this book do not include any information from amended returns, the statistics will not reflect any changes in tax liability due to investment credit carryback.

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.

Jobs Credit (#)

The Revenue Act of 1978 created the targeted jobs credit to encourage hiring of needy youths and others who often had difficulty finding jobs. The credit was allowed to taxpayers who hired individuals from any of the following targeted groups: (1) vocational rehabilitation referrals; (2) economically disadvantaged youth; (3) Vietnam era 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 credit. Under ERTA the time period for which the targeted jobs tax credit certain was extended beyond 1981 and definitions of certain target groups were revised. Under prior law the credit was applied to wages paid or incurred before January 1, 1982; ERTA extended the credit for wages paid to eligible individuals who began work for the employer before January 1, 1983. For these

individuals, the employer could claim the credit for qualified first-year and second-year wages paid to employees attributable to service rendered in 1983 and 1984, respectively.

Prior to ERTA first-year wages qualifying for the targeted jobs credit were limited to 30 percent of the total wages paid to all employees. This rule was repealed for taxable years beginning after 1981, which resulted in the credit not being affected by wages paid to non-targeted group members.

Four changes to the definitions of targeted groups were made as outlined below:

1. The target group of youth participating in cooperative education programs was limited to those who were from an economically disadvantaged family.
2. Work incentive registrants, (previously covered by the credit for work incentive program (WIN)), were added to the target groups. Thus, those who claim a WIN credit for 1981 for first-year wages were entitled to claim a targeted jobs credit for second-year wages under the jobs credit provision. The WIN credit, available for 1981, was repealed for 1982.
3. Some Comprehensive Employee Training Act (CETA) employees were included in the target groups if they were involuntarily terminated after December 31, 1980, and began work between August 13, 1981, and December 31, 1982.
4. The exclusion of Vietnam veterans over 35 years old who would otherwise qualify for this target group was repealed.

Jobs credit wages are limited to \$6,000 for each employee. Under TEFRA, the credit was made available with respect to any eligible individual who began work before January 1, 1985. Also, TEFRA added a new targeted group consisting of economically disadvantaged youths age 16 or 17; the wages were limited (85 percent of up to \$3,000) to those paid for any 90-day period between May 1 and September 15, beginning in 1983.

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 the foreign tax, U.S. possessions tax, investment and work incentive credits (WIN) 1975-1982 were taken. If after applying those 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. The Economic Recovery Tax Act of 1981 extended the carry forward to fifteen years for credit generated after 1976.

The 1984 Act changed the method jobs credit was reported. The credit was computed as in prior years, but was claimed as one of the components of the general business credit under Code Section 38. As a component of the general business credit, the jobs credit was subject to the net tax liability limitation of Code Section 38 and carryback and carryforward rules of Code Section 39.

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." Whenever corporations included and identified land as part of depreciable assets, the amount was reclassified as land.

Loans from Stockholders

This balance sheet liability item was regarded as long-term in duration and included loans to the company from holders of the company's stock.

Loans to Stockholders

This balance sheet asset item was regarded as long-term in duration and included loans to persons who held stock in the corporation.

Members of Controlled Groups

Members of controlled groups were those corporations 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 taxable income brackets to a maximum amount in such brackets, 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 (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 company had ownership in each corporation in a given group and the smallest percent ownership was, for example, 5 percent of corporation A, that company'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.

Under prior law, two or more related life insurance companies were required to be treated as a controlled group separate from any other corporation to which they have been related. Starting with taxable years beginning after December 31, 1980, insurance companies were allowed to be included with noninsurance companies as long as the noninsurance companies had been members of the affiliated group for 5 taxable years (see "Consolidated Returns"). Domestic International Sales Corporations (DISC's) were generally members of controlled groups, however, control was defined in terms of 50 percent stock ownership.

Mortgage and Real Estate Loans

In general, mortgage and real estate loans were the total amount 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 corporation reported an uncollectible mortgage and real estate loan reserve on a separate schedule, those amounts were moved, in this report, to "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 payable in less than one year or payable in more than one year. 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. The 1984 Act decreased the long-term capital gain holding period to more than 6 months from the prior law's more than one year requirement for assets acquired after June 22, 1984. The more-than-a-year holding period will return for assets acquired after December 31, 1987. For assets purchased within this time period, any recognized gain or loss eligible for capital gain or loss treatment will qualify for long-term treatment only if the asset has been held for more than six months. If the asset was held for six months or less, the gain or loss will be short-term.

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 28 percent.

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 S corporations electing to be taxed through their shareholders. 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 12 months (six months for property acquired after June 22, 1984) 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 12 months (six months for property acquired after June 22, 1984) 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 12 months (six months for property acquired after June 22, 1984), 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 12 months (six months for property acquired after June 22, 1984); and
- (5) certain livestock.

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 Code sections 1245, 1251, 1252, and 1254, and in the case of certain mining property, by section 617.

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 Code section 1231, but also of the capital assets defined in Code 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 Code 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 Code 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 Code 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, the following 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 on the tax return in gross receipts and cost of goods sold, 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.

As explained under "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, 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. Section 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 structural 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.

ERTA contained provisions that effected the computation of gain or loss of Section 1245 and 1250 property when sold or disposed of. Gain from the sale of residential rental property that was equal to the excess of accelerated depreciation over straightline depreciation was recaptured as ordinary income. Under ERTA, treatment of the gain from disposition of nonresidential real property was unchanged if straight-line depreciation was used, that is, all gain on property held for more than one year would have been a capital gain. However, for nonresidential real property depreciated under an accelerated method, the gain was treated as ordinary income up to the amount of deduction taken and any excess was treated as a capital gain.

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 Tax Reform Act of 1984 changed the recovery period for property defined as section 1250 class property. The Act extended the recovery period from 15 to 18 years for certain realty placed in service after March 15, 1984. A further explanation of section 1250 property is contained in the Explanation of Terms section of this report under "Depreciation."

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 1252:

Under Code section 1252, net gain or loss from noncapital assets included ordinary gains from the sale or other disposition of certain types of farm lands 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:

This recapture was based on a declining annual percentage of total post-1969 deductions for 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 was the difference between gross receipts and the ordinary and necessary business deductions allowed by the Code, and reflected 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 including the net operating loss deduction 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 S 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 part of the tax base was 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 tax 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), the alternative rate (28 percent) applied to the capital gains was less than the regular rates applied to taxable income. Therefore, the capital gains, rather than taxable income, became the tax base and was used for the "Income Subject to Tax" statistics.

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;
- (5) less the cost of treasury stock;
- (6) shareholders' undistributed taxable income (Form 1120S only);

Beginning for tax year 1983, two new 1120S items were included in net worth:

- (7) accumulated adjustments account; and
- (8) other adjustments account.

Each of these items is explained under its own heading in this section.

Noncalendar Year Returns

Returns filed for a 12-month accounting period ending in other than December were included in this classification. Figure B in section 1 shows the percentage of returns filed for each of the accounting periods covered in this report.

Nonconventional Source Fuel Credit

Prior to 1980, no income tax credit was available for the production and sale of fuel derived from energy sources other than oil and conventional sources of natural gas. Congress believed that the use of fuels derived from energy sources other than oil and conventional natural gas should be encouraged by providing a tax incentive for their production and sale. Because these alternative fuels frequently compete with oil and gas, Congress believed that production incentives should be linked to the uncontrolled price of domestic oil and should phase out as that price rose to the level where efficiently produced alternative fuels could compete effectively with oil.

Generally, the credit was equal to \$3 for each 5.8 million British Thermal Units (BTU's) of energy produced from qualified sources. (One barrel of crude oil contains approximately 5.8 million BTU's.) The Crude Oil Windfall Profit Tax Act of 1980 provided a tax credit for the domestic production and sale of qualified fuels to unrelated persons. Such fuels generally had to be produced and sold after December 31, 1979, and before January 1, 2001, from facilities placed in service after December 31, 1979, and before January 1, 1990, or from wells drilled after December 31, 1979, and before January 1, 1990, on properties which began production after December 31, 1979.

The credit was available for production and sale of the following:

- (1) fuel produced from shale and tar sands;
- (2) gas produced from geopressurized brine, Devonian shale, coal seams, or a tight formation;
- (3) gas produced from biomass;
- (4) liquid, gaseous, or solid synthetic fuel (including alcohol) produced from coal (including lignite), including such fuels when used as feedstocks;
- (5) qualifying processed wood fuels; and
- (6) steam from solid agricultural byproducts (not including timber byproducts).

The tax credit was to be phased out proportionately as the annual average wellhead price for a barrel of uncon-

trolled domestic oil (the "reference price") rose, adjusted for inflation. The reference price was to be estimated by the Secretary of the Treasury and published, together with the inflation adjustment factor, by April of the year following that for which the credit was to be computed.

The credit was claimed on Form 6602, Nonconventional Source Fuel Credit, for taxable years ending after December 31, 1979. The limitation on the amount of the allowable Nonconventional Source Fuel Credit was applied to the remaining tax liability after other credits had been applied.

Nonqualifying Interest and Dividends

This was an income item for the 1120S corporation. Nonqualifying interest was taxable interest that was included in ordinary income from all sources. It did not include interest exempt from tax and interest on tax-free covenant bonds. Nonqualifying dividends were taxable dividends that were included in ordinary income and for which the individual shareholder was not entitled to an exclusion under section 116.

Notes and Accounts Receivable

In general, notes and accounts receivable were 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" (explained under a separate heading in this section). 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 S corporations for which an election was made to be taxed through shareholders 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."

Orphan Drug Credit (#)

Orphan drug credit was a credit against tax for an amount equal to 50 percent of the qualified clinical testing expenses for certain drugs for rare disease or conditions. Form 6765 is used for filing Credit for Increasing Research Activities (or for claiming the orphan drug credit). The income tax against which the credit was applied was after reduction by foreign tax and possessions tax credits.

Other Adjustments Account

The other adjustments account was maintained only by Form 1120S corporations that had retained earnings at year end. The account was adjusted for tax-exempt income and nondeductible expenses of the corporation. After these adjustments the account was reduced for distributions made during the tax year.

Other Assets

In general, other assets comprised 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 noncurrent status.

Includable were items such as deposits on contracts reported as noncurrent by the corporation, interest discounts when reported as noncurrent by the corporation, guaranty deposits, and intangible assets not subject to amortization. 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 Corporations (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, shown in tables 6 and 7 in Section 4, 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

Other current assets included assets not allocable to a specific current account in the return balance sheet, and assets specifically reported as short-term by the corporation, such as marketable securities.

Includable were prepaid expenses (unless reported as long-term), nontrade receivables, coupons and dividends receivable, 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 banks, credit agencies, insurance companies, insurance agents, brokers, real estate operators, lessors, condominium management and cooperative housing associations. Also, inventories for all bank holding companies were included.

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. Examples of other current liabilities were taxes accrued or payable (unless reported as long-term), accrued employee accounts such as for payrolls and contributions to benefit plans (unless reported as long-term), dividends payable, overdrafts, accrued interest or rent, and deposits and withdrawable shares of banking and savings institutions.

For construction corporations, amounts for 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 (unless reported as cost of goods or salaries and wages); delivery, freight, and shipping expenses; sales discounts; travel and entertainment expenses; utility expenses not re-

ported as part of the cost of goods sold; and similar items.

The second category included amortization of financial items, amortization of intangible drilling costs, unrealized profit on current-year installment sales, direct pensions (paid by a company to an individual but not to pension plans), employee welfare (but not payments to welfare or benefit plans), moving expenses (for employees), partnership net losses, and patronage dividends paid. 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 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 would have been included in the statistics for "Other Investments."

Also includable in other investments 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 and developers.

Other Investments and Loans

This item, shown in tables 6, 7 and 10 in Section 4, is the sum 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 the 1983 overpayment the corporation specifically requested to be credited to the 1984 year's estimated tax, in lieu of requesting a refund in 1983. The credit is reflected in the amount shown as estimated tax payments in table 8.

Paid-In or Capital Surplus

This balance sheet item comprised additions to the corporation's capital from sources other than earnings. These sources included 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 B 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 (Form 7004)

These statistics were derived from the income tax returns rather than from the application for extension of time to file, Form 7004. For tax years ending after December 31, 1982, the automatic extension of time to file a corporate tax return was extended from 3 months to 6 months. Form 7005 previously used for the additional extension of 3 months was obsolete.

Requesting the extension of time to file the return did not postpone the payment of tax. When an extension was filed on Form 7004, the full amount of tax liability was due. (Table 8 shows the amount of tax paid for returns with net income other than Forms 1120-S and 1120-DISC when the corporation filed Form 7004.)

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.

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 50 percent of their "undistributed Personal Holding Company income."

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 50 percent tax was imposed on the taxable income (specifically 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" 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.

Beginning with 1983 Income Year, if the corporation identified the amount of Federal income tax as current and deferred amounts, the entire amount was used for the statistics. Prior to 1983 Income Year, only the current amount was used.

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.

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.

Research Activities Credit

The Economic Recovery Tax Act of 1981 set forth provisions for a nonrefundable income tax credit of 25 percent for qualifying expenses incurred after June 30, 1981, and before January 1, 1986, for increased activity in research. This credit applied whether the expense was deducted or capitalized. It was limited to 25 percent of the "incremental" amount of research expense, over the average expenditures during a specified base period. For the first two years of the credit, its base period was either the first preceding year or the first two preceding years. When the credit was fully implemented, the base period was the three prior taxable years. The base period research expenses could never comprise less than half of the qualified research expenses for the tax year for which the credit was computed. In the case of a short taxable year, research expenditures were annualized.

Two types of research were considered to be qualified for his credit: The first type consisted of the expenses incurred for the taxpayer's own wages and supplies for research, plus certain other charges for the use of research equipment. The other type consisted of the expenses paid to qualified organizations, such as colleges and other tax-exempt organizations, for basic research. The taxpayer was allowed a credit for 65 percent of this latter type of expense. Research in the social sciences or humanities, and research funded by another person, by a grant, or by a government agency were ineligible for the credit.

Controlled groups and other businesses under common control were treated as a single taxpayer for credit purposes. Each member of the group was limited to its proportionate share of the increase in the expenses generating the credit. S corporations electing to be taxed through their shareholders had to apportion the credit among shareholders.

All research credits paid or incurred in the United States were to be allocated or apportioned to United States source income for a two-year period, effective for the first taxable year beginning after the date of enactment. Corporations were also allowed an increased deduction subject to limitations for contributions of certain research and experimental property to educational institutions.

Table 17 provides data on the research credit.

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, contingencies for extraordinary losses and general loss reserves. Specifically excluded were the reserves for bad debts, for depreciation, for depletion, and for amortization, which are shown separately in this report. Unrealized profits were included in other liabilities. Unearned income, if not current, was included in other liabilities.

Retained Earnings, Unappropriated

Retained earnings, unappropriated, consisted of the retained earnings and profits of the corporation less any reserves (These reserves are shown in the statistics as "Retained Earnings, Appropriated"). Included were undistributed earnings (income or profits) and undivided earnings (income or profits). Also included for railroads were funded debt retired through income and surplus, and additions to property through income and surplus. 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 S corporations electing to be taxed through their shareholders, 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 shareholders. (See "Shareholders' 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 including tax-exempt interest.

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 (Code Sec. 6012(a)(2)). 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 whose 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."

S Corporation Returns

Form 1120S, U.S. Small Business Corporation Income Tax Return, was filed by corporations electing to be taxed through shareholders under section 1372 of the Code. The Subchapter S Revision Act of 1982 extensively revised the laws for S corporations (previously referred as "Small Business Corporations") with tax years beginning after December 31, 1982.

To qualify as an S corporation, a firm had to be a domestic corporation which was not a member of an affiliated group (as defined by Code section 1504) and did not:

- (1) have more than 35 shareholders (effective for tax years beginning after 1982); or
- (2) have as a shareholder a person (other than an estate and other than a trust) who was not an individual; or

- (3) have a nonresident alien as a shareholder; or
- (4) have more than one class of stock; or
- (5) for each of three consecutive tax years, have both Subchapter C earnings and profits, and gross receipts more than 25 percent of which are derived from passive investment income as defined in Section 1362(d)(3)(D).

Net income of S 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 S corporation was generally not taxed. However, an existing corporation that elected (under Code section 1372) to become an S corporation was subject to a special tax for the first 3 taxable years of the election. On the other hand, a new corporation which had been in existence for less than 4 years and which was an electing S 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) 28 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 S corporation); or (3) the tax rates applied to net income. Foreign tax credit, U.S. possessions tax credit, orphan drug credit, nonconventional source fuel credit, research credit and general business credit were not available to the corporation to reduce this tax (although the cost of investment credit property was allocated to shareholders for their use in computing the credits). Also, see "Excessive Net Passive Income Tax."

The Subchapter S Revision Act of 1982 provides for partnership-type treatment for income, loss, expenses and other tax items of an S corporation. The corporation's ordinary income is passed through (deemed distributed) as one amount. Generally, each shareholder's share of the income (loss) and expenses of the corporation is passed through pro-rata on a per-share, daily basis.

The corporation no longer pays dividends from its current earnings and profits. Dividends are only paid from prior year earnings (retained earnings).

Shareholders' Undistributed Taxable Income Previously Taxed

Stockholders' undistributed taxable income previously

taxed is now referred as shareholders' undistributed taxable income previously taxed, and this change is reflected in Table 9 for 1984. This end-of-year balance sheet item was the accumulated taxable income, i.e., net income (or deficit), earned by S corporations since they had first elected to be taxed through their shareholders, to the extent that it had not yet been distributed to the shareholders. Taxable income, whether distributed or not to the shareholders, was taxable to the shareholders in the year earned so that later distributions from this account were nontaxable. (See "S Corporation Returns.") This item is reflected in the statistics for "Retained Earnings, Unappropriated" and "Net Worth" in those tables which show these items.

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 (#)

This classification is based on the net amount of income tax liability after deducting the foreign tax, possessions tax, orphan drug, nonconventional source fuel, research, and general business credits. It included the regular tax and alternative tax, personal holding company tax, tax from recomputing prior-year investment credit, additional tax for tax preferences, excessive net passive income tax, and tax from Section 1 (Form 1120F).

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."

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 and for dividends paid on certain preferred stock of public utilities. 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 S corporations for which an election was made to be taxed through shareholders, 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 (for losses incurred before 1976) and to 15 years (for losses incurred for 1976 and thereafter).

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.

- (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 limited to the percentage of the dividend determined by computing the product of (a) 85 percent, and (b) 100 percent minus the average indebtedness percentage. The average indebtedness percentage is obtained by dividing the (a) average amount of portfolio indebtedness with respect to stock during the base period, by (b) the corporations average amount of the adjusted basis of stock during the same period.

- (3) 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.

- (4) A deduction equal to 100 percent of certain

intragroup dividends allowed members of controlled groups not electing to file consolidated returns, but sharing instead, one \$25,000 amount in each of the four income tax brackets under Code section 1561.

(5) 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.

(6) A deduction equal to about 59.13 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.

(7) 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 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.

Taxable Income

See "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, possessions tax, orphan drug, nonconventional source fuel, research, and general business credits. For this purpose, the income tax included tax from recomputing prior-year investment credit, additional tax for tax preferences, tax on undistributed Personal Holding Company income, Tax from Section 1 (tax on income from U.S. sources not effectively connected with a U.S. trade or business), and excess net passive income tax. 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 and refunds on estimated tax; (d) credit for taxes on special fuels, nonhighway gasoline, and lubricating oil; (e) U.S. income tax paid or withheld at source (for Form 1120F returns); and (f) overpaid windfall profit tax.

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 not later than 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 tax credits or the carryback of certain capital losses, may affect the final tax liability and the tax due.

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.

The Economic Recovery Tax Act of 1981 changed the recapture rules for when eligible property was disposed of. Under prior law, if property with a useful life of 7 years was not held for the full 7-year period, some and maybe all of the credit was recaptured. If the property was disposed of within the sixth or seventh year, one-third of the credit was recaptured; if disposed of within the fourth or fifth, two-thirds of the credit was recaptured; if disposed of within three years, all of the credit was recaptured. Under the new law, for investment credit property placed in service after 1980, a new "2-percent" recapture rule applied. As stated above, a 6-percent investment credit was applied to 3-year property and a 10-percent credit for other property. Under the Act, the regular credit was computed upon early disposition by allowing a 2 percent credit for each year the property was held. Therefore, no recapture was required for eligible 5-year, 10-year, or 15-year recovery property held for at least 5 years or for eligible 3-year property held for at least 3 years.

Unless otherwise indicated, tax from recomputing prior-year investment credit is included in the statistics for "Income Tax" in this report.

See "Investment Credit" in this section.

Tax from Section 1 (Form 1120F)

Income from U.S. sources that was not effectively connected with the conduct of a trade or business in the United States was subject to a 30 percent tax rate, however, in certain cases it was taxed at a lower rate due to a tax treaty. This income included, in general:

- (1) interest, dividends, rents, royalties, salaries, wages, premiums, annuities, compensation and other fixed or determinable periodic income;
- (2) gains from disposal of timber, coal or domestic iron ore;
- (3) gains from sale or exchange of patents, copyrights, and other intangible property; and
- (4) bonds or other evidences of debts.

See also "Income Tax."

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, additional tax for tax preferences, tax on undistributed Personal Holding Company income, and tax from Section 1 (Form 1120F), (tax on income from

U.S. sources not effectively connected with a U.S. trade or business). Tax overpayment was also after reduction by the foreign tax, possessions tax, nonconventional source fuel, research, orphan drug, and general business 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 and refunds on estimated tax; (d) credit for taxes on special fuels, nonhighway gasoline, and lubricating oil, and (e) U.S. income tax paid or withheld at the source (for Form 1120F returns) and (f) overpaid windfall profits tax.

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 tax credits, or the carryback of certain capital losses, may affect the final tax liability and the tax overpayment.

Since Domestic International Sales Corporations (DISC's) were not taxable, 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.

Also, see "Tax Due at Time of Filing."

Tax Preference Items (#)

See "Additional Tax for Tax Preferences."

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 sales and operation 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 profit taxes paid to foreign countries or U.S. possessions were also deductible unless claimed as a credit against income tax. However, S corporations electing to be taxed through their shareholders 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 shareholders 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.

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.

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 re-

ceipts under \$500,000, total deductions represents only investment expenses; business expenses were excluded by law. (See also "Total Receipts.")

Total Income Tax

See "Income Tax."

Total Qualified Investment in 10 Percent Property

See "Investment Credit."

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. (See also "Total Deductions.")

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.

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, and Wake Island, but not the Virgin Islands), the Tax Reform Act of 1976 added, under Code section 936, a tax credit—the U.S. possessions tax credit. Under Code section 936, the U.S. possessions tax credit was equal to the U.S. tax on the corporations' income from sources within a possession in which the corporations actively conducted a trade or 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 60 percent of its gross income from the active conduct of a trade or business within a U.S. possession. (The percentage is increased to 65% for tax years beginning after 1984.). "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.

For additional information regarding the possessions tax credit, see *Operation and Effect of the Possessions Corporation System of Taxation*, Fourth Report, issued by the Department of the Treasury as required by the Tax Reform Act of 1976.

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). See also "Size of Total Assets"

[REDACTED]

Contents

Form 1120 (1984)

U.S. Corporation income tax return, 108

Form 1120-A (1984)

U.S. Short-Form Corporation income tax return, 110

Schedule D, Form 1120 (1984)

Capital gains and losses, 116

Form 1120F (1984)

U.S. Income tax return of foreign corporation, 117

Form 1120L (1984)

U.S. Life insurance company income tax return, 124

Form 1120-DISC (1984)

Domestic International Sales Corporation return, 132

Form 1120M (1984)

U.S. Mutual insurance company income tax return, 139

Form 1120S (1984)

U.S. Income tax return for an S corporation, 145

Schedule D, Form 1120S (1984)

Capital gains and losses, 153

Form 3468 (1984)

Computation of investment credit, 154

Form 3800 (1984)

General business credit, 156

Form 4562 (1984)

Depreciation and Amortization, 157

Form 6765 (1984)

Credit for increasing research activities, 160

1120 U.S. Corporation Income Tax Return

Form 1120 (1984) Department of the Treasury Internal Revenue Service

For calendar 1984 or tax year beginning 1984, ending 1984

OMB No. 1545-0123

1984

Use IRS label. Otherwise, please print or type.

Name _____

Number and street _____

City or town, State, and ZIP code _____

Employer identification number _____

Date incorporated _____

Total assets (see Specific Instructions) \$ _____

Check box if there has been a change in address from the previous year ☐

Gross Income

1 (a) Gross receipts or sales (b) Less returns and allowances Balance 1(c) _____

2 Cost of goods sold and/or operations (Schedule A) _____

3 Gross profit (line 1(c) less line 2) _____

4 Dividends (Schedule C) _____

5 Interest _____

6 Gross rents _____

7 Gross royalties _____

8 Capital gain net income (attach separate Schedule D) _____

9 Net gain or (loss) from Form 4797, line 14(a), Part II (attach Form 4797) _____

10 Other income (see instructions—attach schedule) _____

11 TOTAL income—Add lines 3 through 10 and enter here _____

Deductions

12 Compensation of officers (Schedule E) _____

13 (a) Salaries and wages (b) Less jobs credit Balance 13(c) _____

14 Repairs _____

15 Bad debts (Schedule F if reserve method is used) _____

16 Rents _____

17 Taxes _____

18 Interest _____

19 Contributions (see instructions for 10% limitation) _____

20 Depreciation (attach Form 4562) _____

21 Less depreciation claimed in Schedule A and elsewhere on return 21(a) _____ 21(b) _____

22 Depletion _____

23 Advertising _____

24 Pension, profit-sharing, etc. plans _____

25 Employee benefit programs _____

26 Other deductions (attach schedule) _____

27 TOTAL deductions—Add lines 12 through 26 and enter here _____

28 Taxable income before net operating loss deduction and special deductions (line 11 less line 27) _____

29 Less: (a) Net operating loss deduction (see instructions) 29(a) _____

(b) Special deductions (Schedule C) 29(b) _____ 29(c) _____

30 Taxable income (line 28 less line 29(c)) _____

31 TOTAL TAX (Schedule J) _____

Tax

32 Payments:

(a) 1983 overpayment allowed as a credit _____

(b) 1984 estimated tax payments _____

(c) Less 1984 refund applied for on Form 4466 _____

(d) Tax deposited with Form 7004 _____

(e) Credit from regulated investment companies (attach Form 2439) _____

(f) Credit for Federal tax on gasoline and special fuels (attach Form 4136) _____

33 Enter any PENALTY for underpayment of estimated tax—check ☐ if Form 2220 is attached _____

34 TAX DUE—If the total of lines 31 and 33 is larger than line 32, enter AMOUNT OWED _____

35 OVERPAYMENT—If line 32 is larger than the total of lines 31 and 33, enter AMOUNT OVERPAID _____

36 Enter amount of line 35 you want: Credited to 1985 estimated tax _____ Refunded _____ 36

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 preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

Preparer's signature _____ Date _____ Check if self-employed ☐ Preparer's social security number _____

Firm's name (or yours, if self-employed) and address _____ E.I. No. _____ ZIP code _____

Form 1120 (1984)

Page 2

Schedule A Cost of Goods Sold and/or Operations
(See instructions for line 2, page 1)

1 Inventory at beginning of year.	1
2 Purchases	2
3 Cost of labor	3
4 Other costs (attach schedule).	4
5 Total—Add lines 1 through 4	5
6 Inventory at end of year.	6
7 Cost of goods sold and/or operations—Line 5 less line 6. Enter here and on line 2, page 1	7

- 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)
- (iv) ☐ Other (Specify method used and attach explanation) _____
- (b) Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐
- (c) If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 8(c) _____
- (d) If you are engaged in manufacturing, did you value your inventory using the full absorption method (Regulations section 1.471-11)? ☐ Yes ☐ No
- (e) Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
- If "Yes," attach explanation.

Schedule C Dividends and Special Deductions
(See instructions for Schedule C)

	(A) Dividends received	(B) %	(C) Special deductions: multiply (A) x (B)
1 Domestic corporations subject to 85% deduction (other than debt-financed stock)		85	
2 Debt-financed stock of domestic corporations (section 246A)		see instructions	
3 Certain preferred stock of public utilities		59.13	
4 Foreign corporations subject to 85% deduction		85	
5 Wholly-owned foreign subsidiaries subject to 100% deduction (section 245(b))		100	
6 Total—Add lines 1 through 5. See instructions for limitation		100	
7 Affiliated groups subject to the 100% deduction (section 243(a)(3))			
8 Other dividends from foreign corporations not included in lines 4 and 5			
9 Income from controlled foreign corporations under subpart F (attach Forms 5471)			
10 Foreign dividend gross-up (section 78)			
11 DISC or former DISC dividends not included in line 1 and/or 2 (section 246(d))			
12 Other dividends			
13 Deduction for dividends paid on certain preferred stock of public utilities (see instructions)			
14 Total dividends—Add lines 1 through 12. Enter here and on line 4, page 1			
15 Total deductions—Add lines 6, 7 and 13. Enter here and on line 29(b), page 1			

Schedule E Compensation of Officers (See instructions for line 12, page 1)

Complete Schedule E only if total receipts (line 1(a), plus lines 4 through 10, of page 1, Form 1120) are \$150,000 or more.

1. Name of officer	2. Social security number	3. Percent of time devoted to business	Percent of corporation stock owned		6. Amount of compensation
			4. Common	5. Preferred	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	

Total compensation of officers—Enter here and on line 12, page 1

Schedule F Bad Debts—Reserve Method (See instructions for line 15, page 1)

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		
1979						
1980						
1981						
1982						
1983						
1984						

Schedule J Tax Computation

(See instructions)

1 Check if you are a member of a controlled group (see sections 1561 and 1563) ☐

2 If line 1 is checked, 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) 4(a)

(b) Possessions tax credit (attach Form 5735) (b)

(c) Orphan drug credit (attach Form 6765) (c)

(d) Credit for fuel produced from a nonconventional source (see instructions) (d)

(e) Research credit (attach Form 6765) (e)

(f) General business credit. Enter here and check which forms are attached ☐ Form 3800 ☐ Form 3468 ☐ Form 5884 ☐ Form 6478 ☐ Form 8007 (f)

5 Total—Add lines 4(a) through 4(f) 5

6 Line 3 less line 5 6

7 Personal holding company tax (attach Schedule PH (Form 1120)) 7

8 Tax from recomputing prior-year investment credit (attach Form 4255) 8

9 Minimum tax on tax preference items (see instructions—attach Form 4626) 9

10 Total tax—Add lines 6 through 9. Enter here and on line 31, page 1 10

Additional Information (See instruction F)

H Did the corporation claim a deduction for expenses connected with:

(1) Entertainment facility (boat, resort, ranch, etc.)? Yes No

(2) Living accommodations (except employees on business)? Yes No

(3) Employees attending conventions or meetings outside the North American area? (See section 274(h)) Yes No

(4) Employees' families at conventions or meetings? If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h)) Yes No

(5) Employee or family vacations not reported on Form W-2? Yes No

I (1) Did the corporation 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).) If "Yes," attach a schedule showing: (a) name, address, and identifying number; (b) percentage owned; (c) taxable income or (loss) before NOL and special deductions (e.g., if a Form 1120: from Form 1120, line 28, page 1) of such corporation for the tax year ending with or within your tax year; (d) highest amount owed by the corporation to such corporation during the year; and (e) highest amount owed to the corporation by such corporation during the year. Yes No

(2) Did any individual, partnership, corporation, estate or trust at the end of the tax year own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete (a) through (e). Yes No

(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 instructions) (Note: If "Yes," the corporation may have to file Form 5472.) If "Yes," enter owner's country.

(d) Enter highest amount owed by the corporation to such owner during the year.

(e) Enter highest amount owed to the corporation by such owner during the year.

(Note: For purposes of (1) and (2), "highest amount owed" includes loans and accounts receivable/payable.)

J Refer to the list in the instructions and state the principal: Business activity Product or service

K Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 5471 for each such corporation.

L At any time during the tax year, did the corporation 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 F for exceptions and filing requirements for form TD F 90-22.1.) If "Yes," write the name of the foreign country.

M Was the corporation the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A or 926.

N During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's 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, Affiliations Schedule, for each subsidiary.

O During this tax year did the corporation maintain any part of its accounting/tax records on a computerized system?

P Check method of accounting: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify)

Schedule L Balance Sheets

Assets	Beginning of tax year		End of tax year	
	(A)	(B)	(C)	(D)
1 Cash				
2 Trade notes and accounts receivable				
(a) Less allowance for bad debts				
3 Inventories				
4 Federal and State government obligations				
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 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 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 Loans from stockholders				
19 Mortgages, 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

Do not complete this schedule if the total assets on line 14, column (D), of Schedule L are less than \$25,000.

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)		(b) Contributions carryover \$	
(a) Depreciation \$		9 Total of lines 7 and 8	
(b) Contributions carryover \$		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, Schedule L)

Do not complete this schedule if the total assets on line 14, column (D), of Schedule L are less than \$25,000.

1 Balance at beginning of year		5 Distributions: (a) Cash (b) Stock (c) Property	
2 Net income per books		6 Other decreases (itemize)	
3 Other increases (itemize)		7 Total of lines 5 and 6	
4 Total of lines 1, 2, and 3		8 Balance at end of year (line 4 less line 7)	

Form 1120-A **U.S. Short-Form Corporation Income Tax Return** **1234**
 OMB No. 1545-0890
1984

Department of the Treasury Internal Revenue Service
 For calendar 1984 or tax year beginning _____, 1984, ending _____, 19____
 For Paperwork Reduction Act Notice, see page 1 of the instructions.

See instructions for list of principal business:
 A Activity _____
 B Product or service _____
 C Code _____

Use IRS label. Otherwise, please type or machine print:
 Name _____
 Number and street _____
 City or town, State, and ZIP code _____

D Employer identification number (EIN) _____
 E Date incorporated _____
 F Total assets (see Specific Instructions) \$ _____

G Check method of accounting: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____
 H Check box if there has been a change in address from the previous year ☐

Gross Income	1 (a) Gross receipts or sales	(b) Less returns and allowances	Balance	1(c)
	2 Cost of goods sold and/or operations (see instructions)			2
	3 Gross profit (line 1(c) less line 2)			3
	4 Domestic corporation dividends subject to the 85% deduction			4
	5 Interest			5
	6 Gross rents			6
	7 Gross royalties			7
	8 Capital gain net income (attach separate Schedule D (Form 1120))			8
	9 Net gain or (loss) from Form 4797, line 14(a), Part II (attach Form 4797)			9
	10 Other income (see instructions)			10
	11 TOTAL income—Add lines 3 through 10			11
Deductions	12 Compensation of officers (see instructions)			12
	13 (a) Salaries and wages	(b) Less jobs credit	Balance	13(c)
	14 Repairs			14
	15 Bad debts (If reserve method is used, answer Question K on page 2)			15
	16 Rents			16
	17 Taxes			17
	18 Interest			18
	19 Contributions (see instructions for 10% limitation)			19
	20 Depreciation (attach Form 4562)	20		
	21 Less depreciation claimed elsewhere on return	21(a)		21(b)
	22 Other deductions (attach schedule)			22
23 TOTAL deductions—Add lines 12 through 22			23	
24 Taxable income before net operating loss deduction and special deductions (line 11 less line 23)			24	
25 Less: (a) Net operating loss deduction (see instructions)	25(a)			
(b) Special deductions (see instructions)	25(b)		25(c)	
26 Taxable income (line 24 less line 25(c))			26	
Tax	27 TOTAL TAX (from Part I, line 6 on page 2)			27
	28 Payments:			
	(a) 1983 overpayment allowed as a credit			
	(b) 1984 estimated tax payments			
	(c) Less 1984 refund applied for on Form 4466			
	(d) Tax deposited with Form 7004			
	(e) Credit from regulated investment companies (attach Form 2439)			
	(f) Credit for Federal tax on gasoline and special fuels (attach Form 4136)			
	29 Enter any PENALTY for underpayment of estimated tax—Check <input type="checkbox"/> if Form 2220 is attached			29
	30 TAX DUE—If the total of lines 27 and 29 is larger than line 28, enter AMOUNT OWED			30
	31 OVERPAYMENT—If line 28 is larger than the total of lines 27 and 29, enter AMOUNT OVERPAID			31
32 Enter amount of line 31 you want: Credited to 1985 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>			32	

Please Sign Here
 Signature of officer _____ Date _____ Title _____
 Preparer's signature _____ Date _____ Check if self-employed ☐ Preparer's social security number _____
 Firm's name (or yours, if self-employed) and address _____ E.I. No. _____
 ZIP code _____

Form 1120-A (1984) **Part I Tax Computation (See Instructions)** Page 2 Enter EIN _____

1 Income tax (see instructions to figure the tax, enter lesser of this tax or alternative tax from Schedule D). Check if from Schedule D ☐ _____
 2 General business credit. Check if from ☐ Form 3800 ☐ Form 3468 ☐ Form 5884 ☐ Form 6478 ☐ Form 8007. _____
 3 Line 1 less line 2. _____
 4 Tax from recomputing prior-year investment credit (attach Form 4255) _____
 5 Minimum tax on tax preference items (see instructions—attach Form 4626) _____
 6 Total tax—Add lines 3 through 5. Enter here and on line 27, page 1. _____

Additional Information (See instruction F)

I Was a deduction taken for expenses connected with:
 (1) An entertainment facility (boat, resort, ranch, etc.)? Yes ☐ No ☐
 (2) Employees' families at conventions or meetings? Yes ☐ No ☐
 J Did any individual, partnership, estate or trust at the end of the tax year own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," complete (1) and (2). Yes ☐ No ☐
 (1) Attach a schedule showing name, address, and identifying number.
 (2) Enter "highest amount owed" include loans and accounts receivable payable:
 (a) Enter highest amount owed by the corporation to such owner during the year _____
 (b) Enter highest amount owed to the corporation by such owner during the year _____
 K If the reserve method is used for bad debts, complete (1) and (2) for the current year:
 (1) Amount added to the reserve account: _____
 (a) Current year's provision _____
 (b) Recoveries _____
 (2) Amount charged against the reserve account _____
 L If an amount for cost of goods sold and/or operations is entered on line 2, page 1, complete (1) and (2):
 (1) Purchases _____
 (2) Other costs (attach schedule) _____
 M 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 F for filing requirements for form TD F 90-22.1.) Yes ☐ No ☐
 If "Yes," write in the name of the foreign country _____
 N During this tax year was any part of your accounting/tax records maintained on a computerized system? Yes ☐ No ☐
 O Enter amount of cash distributions and the book value of property (other than cash) distributions made in this tax year: _____

Part II Balance Sheets

	(A) Beginning of tax year	(B) End of tax year
Assets		
1 Cash		
2 Trade notes and accounts receivable		
(a) Less allowance for bad debts		
3 Inventories		
4 Federal and State government obligations		
5 Other current assets (attach schedule)		
6 Loans to stockholders:		
7 Mortgage and real estate loans		
8 Depreciable, depletable, and intangible assets		
(a) Less accumulated depreciation, depletion, and amortization		
9 Land (net of any amortization)		
10 Other assets (attach schedule)		
11 Total assets		
Liabilities and Stockholders' Equity		
12 Accounts payable		
13 Other current liabilities (attach schedule)		
14 Loans from stockholders		
15 Mortgages, notes, bonds payable		
16 Other liabilities (attach schedule)		
17 Capital stock (Preferred and Common stock)		
18 Paid-in or capital surplus		
19 Retained earnings		
20 Less cost of treasury stock		
21 Total liabilities and stockholders' equity		

Part III Reconciliation of Income Per Books With Income Per Return (See Instructions)

1 Enter net income per books	5 Income recorded on books this year not included in this return (itemize)
2 Federal income tax	6 Deductions in this tax return not charged against book income this year (itemize)
3 Income subject to tax not recorded on books this year (itemize)	7 Income (line 24, page 1). Enter the sum of lines 1, 2, 3, and 4 less the sum of lines 5 and 6
4 Expenses recorded on books this year not deducted in this return (itemize)	

1984



Instructions for Forms 1120 and 1120-A

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Changes You Should Note

New Form 1120-A

For tax years beginning after 1983 besides Form 1120, U.S. Corporation Income Tax Return, there is a new tax form that certain small U.S. corporations may file—Form 1120-A, U.S. Short-Form Corporation Income Tax Return. Form 1120-A may be filed by those corporations which meet the requirements noted under General Instruction B on page 2. All corporate filers (except those who must use one of the Special Returns noted under General Instruction B) can use Form 1120 if they want to, but would probably save time if they are able to use Form 1120-A.

To make it easier for us to process Form 1120-A, we ask all filers to please:

1. Keep all entries inside the entry boxes;
2. Not use dollar signs; and
3. If possible, type or machine print all entries on the tax return.

Increase in Corporate Tax Rates

For tax years beginning after 1983, a corporation with taxable income over \$1,000,000, besides paying its regular tax, will pay an additional tax equal to the lesser of: 5% of its taxable income that exceeds \$1,000,000, or \$20,250.

Changes in Tax Credits

For tax years beginning after 1983, there is a new tax credit called the general business credit. This credit results from the merging together of four tax credits that were already available to taxpayers. They are the investment credit (Form 3468), jobs credit (Form 5884), alcohol fuel credit (Form 6478), and the employee stock ownership plan credit (Form 8007). These credits are separately figured (on the forms already noted) and then combined into the general business credit on Form 3800, General Business Credit. This combined credit is then subjected to a single limitation as to the amount that may be used to reduce the tax for this tax year. See section 38.

Besides revising section 38, the Tax Reform Act of 1984 (Public Law 98-369) has also reordered, renumbered and revised many of the other tax credits. See sections 471 through 475 of Public Law 98-369.

Reduced Holding Period for Long-Term Capital Gains

The holding period for property acquired after June 22, 1984, to qualify for long-

term capital gain and loss treatment, has been reduced from more than one year to more than 6 months.

Reduction in Tax Preference Items

Corporations may be required to reduce the tax deduction they take for the following tax preference items by 15%:

1. Depletion of iron ore and coal (including lignite);
2. Section 1250 capital gain (the reduction changes to 20% for dispositions after December 31, 1984);
3. Amortizable basis of pollution control facilities (the reduction changes to 20% for property placed in service after December 31, 1984);
4. Intangible drilling, and exploration and development costs (the reduction changes to 20% for expenditures after December 31, 1984); and
5. Bad debt deductions for financial institutions (the reduction changes to 20% for tax years beginning after December 31, 1984).

Recovery of Tax Benefit Items

For tax years ending after 1983, if a corporation receives a refund after 1983 of an amount it had claimed as a tax deduction in an earlier tax year, the refund, to the extent it did not reduce income subject to tax in the year deducted, will not be included in gross income in the tax year of recovery (see section 111).

Dividends-Received Deduction Reduced

Dividends on debt-financed stock (acquired after July 18, 1984) that would otherwise qualify for the 85% dividends-received deduction are now reduced by a percentage that is related to the amount of debt incurred to acquire the stock. For more information, see section 246A.

Timing Change in Deducting Accrued Expenses

Generally, an accrual basis taxpayer can deduct accrued expenses in the tax year that all events have occurred that determine the liability and the amount of the liability can be figured with reasonable accuracy. However, generally after July 18, 1984, all the events that establish liability for the amount are treated as occurring only when economic performance takes place. There are exceptions for recurring items. See section 461(h).

Rule of 78's Not an Acceptable Method of Figuring Interest

Taxpayers are reminded that generally, the Rule of 78's is not an acceptable method for computing interest income and expense. Anyone using the Rule of 78's should see Revenue Procedures 84-27, 84-28, 84-29 and 84-30, (which are in Cumulative Bulletin 1984-1) to change their method.

Additional Tax Changes

Besides the changes noted above, Publication 553, Highlights of 1984 Tax Changes, provides information on a number of other tax changes which could affect corporations, such as: Limits on depreciation and investment credit for "passenger automobiles"; Expensing the removal cost of barriers to the elderly and handicapped; Denial of business deductions related to "Golden Parachute" agreements; New limits on accrued vacation pay; Definition of affiliated group; Deferred payments under a rental or service agreement; Expenses related to a short-sale of stock; Business start-up expenses; Depreciation, and Low interest and interest-free loans.

Voluntary Contributions to Reduce the Public Debt

Quite often inquiries are received about how voluntary contributions to reduce the public debt may be made. A corporation may contribute by enclosing a separate check, payable to "Bureau of the Public Debt," with the tax return. These amounts are tax-deductible, subject to the rules and limitations for charitable contributions. Please keep the contribution to reduce the public debt separate from any amount payable with the tax return. Tax remittances should be made payable to "Internal Revenue Service."

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

General Instructions

Note: In addition to those publications listed throughout these instructions, taxpayers may wish to get: Publication 534, Depreciation; Publication 535, Business Expenses; and Publication 542, Tax Information on Corporations.

A. Purpose of Form

In general, Form 1120 and Form 1120-A are used to report income, gains, losses, deductions, and credits of U.S. corporations.

B. Filing Form 1120 and Form 1120-A

Who Must File

The organizations listed below must file Form 1120, unless they can file Form 1120-A. **(Note: If an organization more nearly resembles a corporation than a partnership or trust, it will be considered an association taxed as a corporation.)**

- Domestic corporations, whether or not they have 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.

Who May File Form 1120-A

Form 1120-A may be filed by a corporation if it meets all of the following requirements:

- Its gross receipts (line 1(a) on page 1) must be under \$250,000;
- Its total income (line 11 on page 1) must be under \$250,000;
- Its total assets (line 11, column (B), Part II on page 2) must be under \$250,000;
- It does not have any ownership in a foreign corporation;
- It does not have foreign shareholders who own, directly or indirectly, 50% or more of its stock;
- It is not a member of a controlled group of corporations (sections 1561 and 1563);
- It is not a personal holding company (sections 541 through 547);
- It is not a consolidated corporate return filer;
- It is not a corporation undergoing a dissolution or liquidation;
- It is not filing its final tax return;
- Its only dividend income is from domestic corporations (none of which represent debt-financed securities), and those dividends qualify for the 85% deduction;
- It has no non-refundable tax credits other than the general business credit, which is the sum of the investment credit, jobs credit, alcohol fuel credit, and employee stock ownership plan credit; and
- It is not required to file a special tax return as stated below under Special Returns for Certain Organizations.

Special Returns for Certain Organizations

Certain organizations, listed below, may have to file special returns.

- Foreign corporations other than life and mutual insurance companies filing Forms 1120L and 1120M: File Form 1120F.
- Life insurance companies (section 801): File Form 1120L.
- Mutual insurance companies (section 821): File Form 1120M.

- Farmers' cooperatives (section 1381): File Form 990-C.
- Exempt organizations with unrelated trade or business income: File Form 990-T.
- S corporations (section 1361): File Form 1120S.
- Domestic International Sales Corporations (section 992): File Form 1120-DISC.
- Political organizations (section 527): File Form 1120-POL.
- Homeowners associations (section 528): File Form 1120-H.

When to File

In general, a corporation must file its income tax return by the 15th day of the 3d month after the end of the tax year. A new corporation filing a short period return must generally file by the 15th day of the 3d month after the short period ends. A corporation that has dissolved must generally file by the 15th day of the 3d month after the date it dissolved.

Extension.—File Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request an automatic 6-month extension of time to file.

Period covered.—File the 1984 return for calendar year 1984 and fiscal years that begin in 1984 and end in 1985. For a fiscal year, fill in the tax year space at the top of the form.

Final return.—If the corporation ceases to exist, write "Final return" at the top of the form.

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 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 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.

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 a corporate officer filled in the corporate tax return, the Paid Preparer's space under "Signature of officer" should remain blank. If someone prepares the tax return and does not charge the corporation, that person should not sign the return. Certain others who prepare the tax return should not sign. For example, a regular, full time employee of the corporation such as a clerk, secretary, etc. does not have to sign.

Generally, anyone who is paid to prepare the tax return must sign it and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer 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 the tax return to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, for more details.

C. Figuring and Paying the Tax

1. Accounting

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.)

Generally, corporations engaged in farming operations must use the accrual method of accounting. See section 447 for exceptions.

Unless the law specifically permits otherwise, the corporation may change the method of accounting used to report taxable 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. Also see Publication 538, Accounting Periods and Methods.

Change in accounting period.—Before changing an accounting period, the Commissioner's approval must be obtained (Regulations section 1.442-1) by filing Form 1128, Application for Change in Accounting Period. Also see Publication 538.

2. Rounding Off To Whole-Dollar Amounts

The corporation may show the money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

3. Depositary Method of Tax Payment

The corporation must pay the tax due in full when the return is filed but no later than 2½ months after the end of the tax year.

Deposit corporation income tax payments (and estimated tax payments) with a Federal Tax Deposit Coupon (Form 8109). Make these tax deposits with either a financial institution qualified as a Depositary for Federal taxes or the Federal Reserve Bank or Branch servicing the geographic area where the corporation is located. Do not submit deposits directly to an IRS office, otherwise the corporation may be subject to a 5% Federal Tax Deposit penalty. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions contained in the coupon book (Form 8109) for more information.

To get more deposit forms, use the reorder form (Form 8109A) provided in the coupon book.

For more information concerning deposits, see Publication 583, Information for Business Taxpayers.

4. Estimated Tax

A corporation must make estimated tax payments if it can expect its estimated tax (income tax minus credits) to be \$40 or more. Use Form 1120-W, Corporation Estimated Tax, as a worksheet to compute estimated tax. Use the Payment Coupons (Forms 8109) in making deposits of estimated tax.

If the corporation overpaid estimated tax, it may be able to get a "quick refund" by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least \$500. To apply, file Form 4466 within 2½ months after the end of the tax year and before the corporation files its tax return.

D. Penalties

Avoid penalties and interest by correctly filing and paying the tax when due. The corporation may have to pay the following penalties unless it can show that failure to file or to pay was due to reasonable cause and not willful neglect: (These penalties are in addition to the interest charge on unpaid tax that is figured at a rate that is determined under section 6621.)

- A corporation that fails to file its tax return when due (including any extensions of time for filing) may be subject to a penalty of 5% a month or fraction of 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.) The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

- 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.)
- A corporation that fails to pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty, the amount of estimated tax payments required by a corporation is 90%. See sections 6655(b)(1) and (d)(3).

Underpaid estimated tax.—If the corporation underpaid estimated tax, attach Form 2220, Underpayment of Estimated Tax by Corporations, to show how the corporation figured the penalty or which exceptions the corporation believes it meets. Also be sure to check the box on line 33, Form 1120 or line 29, Form 1120-A. If the corporation owes a penalty, enter the amount of the penalty on this line.

Penalty for overstated tax deposits.—If deposits are overstated, the corporation may be subject to a penalty. See section 6656(b).

E. Other Forms, Returns, Schedules, and Statements That May Be Required

1. Forms.

The corporation may have to file any of the following:

Forms W-2 and W-3. Wage and Tax Statement; and Transmittal of Income and Tax Statements.

Form W-2P. Statement for Recipients of Periodic Annuities, Pensions, Retired Pay, or IRA Payments.

Form 966. Corporate Dissolution or Liquidation.

Form 1096. Annual Summary and Transmittal of U.S. Information Returns. (For transmitting Form 1099R information, use Form W-3 G, Transmittal of Certain Information Returns.)

Form 1098. Mortgage Interest Statement. This form is used to report the receipt from any individual of \$600 or more of mortgage interest in the course of the corporation's trade or business for any calendar year after 1984.

Forms 1099-A, B, DIV, INT, MISC, OID, PATR, and R. Information returns for reporting abandonments, acquisitions through foreclosure, proceeds from brokers and barter exchange transactions, certain dividends and distributions, interest income, payments for certain fishing boat crew members, medical and dental health care payments, direct sales of consumer goods for resale, miscellaneous income payments, nonemployee compensation, original issue discount, patronage dividends, and total distributions from profit-sharing plans, retirement plans, and individual retirement arrangements. Also use these returns to report amounts that were received as a nominee on behalf of another person.

Note: Every corporation must file information returns if it makes payments of rents, commissions, or other fixed or determinable income (see section 6041) totaling \$600 or more to any one person in the course of its trade or business during the calendar year.

Form 5452. Corporate Report of Nontaxable Dividends.

Form 5498. Individual Retirement Arrangement Information, is to be used to provide IRS with contribution information on individual retirement accounts and simplified employee pension.

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.

Form 8264. Application for Registration of a Tax Shelter. Used by tax shelter organizers to register tax shelters with the IRS, for the purpose of receiving a tax shelter registration number.

Form 8271. Investor Reporting of Tax Shelter Registration Number. Used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number. Form 8271 must be attached to any tax return (including an application for tentative refund (Form 1139) and an amended return (Form 1120X)) on which a deduction, credit, loss, or other tax benefit attributable to a tax shelter, is taken.

Form 8300. Report of Cash Payments Over \$10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than \$10,000 in cash or foreign currency after 1984 in one transaction (or a series of related transactions).

2. Consolidated Return.

The parent corporation of an affiliated group of corporations 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, Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return.

File supporting statements for each corporation included in the consolidated return. Use columns to show the following, both before and after adjustments:

- Items of gross income and deductions.
- A computation of taxable income.
- Balance sheets as of the beginning and end of the tax year.
- A reconciliation of retained earnings.
- A reconciliation of income per books with income per return.

Attach consolidated balance sheets and a reconciliation of consolidated retained earnings.

3. Real Estate Investment Trusts.

Attach the appropriate schedules to Form 1120. See sections 856 through 860 for special rules.

4. Statements.

Stock ownership in foreign corporations.—Attach the required statement to Form 1120 if the corporation owned 5% or more in value of the outstanding stock of a foreign personal holding company. See section 551(c).

A corporation that controls a foreign corporation, or that is a 10%-or-more shareholder of a controlled foreign corporation, or acquires, disposes or owns 5% or more ownership in the outstanding stock of a foreign corporation, may have to file Form 5471, Information Return with Respect to a Foreign Corporation.

A domestic corporation or a foreign corporation that is engaged in a trade or business in the United States and is controlled by a foreign person may have to file Form 5472, Information Return of a Foreign Owned Corporation.

Transfers to a corporation controlled by the transferor.—If a person receives stock or securities of a corporation in exchange for property, and no gain or loss is recognized under section 351, the person (transferor) and the transferee must attach to Form 1120 the information required by Regulations section 1.351-3.

Corporations that liquidate within one calendar month under section 333.—These corporations must attach to Form 1120 a computation of accumulated earnings and profits, including all items of income and expense accrued up to the date the transfer of all property is completed. Use the format in Rev. Proc. 75-17, 1975-1 C.B. 677.

5. Amended Return.

Use Form 1120X, Amended U.S. Corporation Income Tax Return, to correct any error in a previously filed Form 1120 or Form 1120-A.

6. Financial Statements.

Do not complete Schedules M-1 and M-2 (Form 1120 only) if the corporation's total assets at the end of the tax year (line 14, column (D) of Schedule L, Form 1120) are less than \$25,000.

A corporation that files Form 1120-A must complete all applicable lines of the return including Part III, Reconciliation of Income Per Books with Income Per Return. The less-than \$25,000 assets exception noted in the previous paragraph does not apply to Form 1120-A.

7. Attachments.

Attach Form 4136, Computation of Credit for Federal Tax on Gasoline and Special Fuels, after page 4, Form 1120 or page 2, Form 1120-A. Attach schedules in alphabetical order and other forms in numerical order after the Form 4136.

If more space is needed on the forms or schedules, attach separate sheets indicating at the top of each attachment the form number or schedule letter of the form or schedule being continued. Also, show the same information called for on the form in the same order as on the printed forms. Be sure to show totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and

forms. Also, put the corporation's name and employer identification number (EIN) on each sheet.

F. Additional Information

Be sure to answer questions H through P on page 3, Form 1120, or questions I through O on page 2, Form 1120-A. The instructions that follow are keyed to these questions.

1. Question I(2)(c), Form 1120 only. 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 the owner's country of residence. For all others, it is the country where incorporated, organized, created, or administered.

2. Question L, Form 1120, and Question M, Form 1120-A

Foreign financial accounts.—Check the Yes box if either a, or b., below, applies to the corporation; otherwise, check the No box:

- a. At any time during the year the corporation had an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country; AND
- b. The combined value of the accounts was more than \$5,000 at any time during the year; AND
- c. The account was NOT with a U.S. military banking facility operated by a U.S. financial institution.

b. The corporation owns more than 50% of the stock in any corporation that would answer the question "Yes" based on item a. above.

Get Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, to see if the corporation is 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 Yes is checked for this question, file form TD F 90-22.1 by June 30, 1985, with the Department of the Treasury at the address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with the IRS.

Form TD F 90-22.1 may be obtained from many IRS offices.

Also, if Yes is checked for this question, write the name of the foreign country or countries. Attach a separate sheet if more space is needed.

Specific Instructions

Employer identification number. If the employer identification number (EIN) on the label is wrong or if the corporation did not receive a label, enter the correct number at the top of the return. Also, file Form 1120-A should enter their EIN at the top of page 2 of the return.

A corporation that does not have an EIN should apply for one on Form SS-4, Application for Employer Identification

Number. This form may be obtained from most IRS and Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120 or Form 1120-A is mailed. If the EIN has not been received by the filing time for the corporation return, write "Applied for" in the space for the EIN.

For more information concerning an EIN, see Publication 583.

Total Assets. Enter the total assets of the corporation. If there are no assets at the end of the tax year, enter the total assets of the beginning of the tax year.

Gross Income

Line 1

Gross receipts

Enter gross receipts or sales from all business operations except those that must be reported in lines 4 through 10. For reporting advance payments and long-term contracts, see Regulations sections 1.451-3 and 1.451-5.

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 the following for the current year and the 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.

Line 2

Cost of goods sold and/or operations

Both Form 1120 and Form 1120-A filers must enter their cost of goods sold and/or operations on line 2, page 1, of their respective forms. However, a Form 1120 filer must also complete Schedule A on page 2 of the form.

While there is not a similar schedule on Form 1120-A to compute this entry, the following worksheet is provided to help in figuring this amount.

Note: If a corporation is using either Schedule A, Form 1120 or the following worksheet to figure cost of operations, where inventories are not an income-determining factor, it should do so by entering a zero on lines 1 and 6 of the schedule or worksheet.

Worksheet

1. Inventory at start of year (enter here and on page 2, line 3, Column (A), Part II, Form 1120-A)
2. Purchases (enter here and on page 2, item L(1), Form 1120-A)
3. Cost of labor (enter here and include in total on page 2, item L(2), Form 1120-A)
4. Other costs (enter here and include in total on page 2, item L(2), Form 1120-A)
5. Subtotal—Add lines 1 through 4
6. Inventory at end of year (enter here and on page 2, line 3, Column (B), Part II, Form 1120-A)
7. Total—Line 5 less line 6 (enter here and on page 1, line 2, Form 1120-A)

Inventory valuation methods. Inventories can be valued at: 1. cost; 2. cost or market value (whichever is lower); or 3. any other method that is approved by the Commissioner of Internal Revenue and that conforms to the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. Such change should be made by filing Form 3115. For more information about the change, see Regulations section 1.446-1(e)(3) and Rev. Proc. 80-51, 1980-2 C.B. 818.

In line 8(a) of Schedule A, Form 1120 only, check the method(s) used for valuing inventories. 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 more requirements, see Regulations section 1.471-4.

Inventory may be valued below cost when the merchandise is 1. unsalable at normal prices or 2. unusable in the normal way because the goods are "subnormal" (that is because of damage, imperfections, shop wear, etc.) within the meaning of Regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price minus direct cost of disposition (but not less than scrap value) if such a price can be established. See Regulations section 1.471-2(c) for more requirements.

If this is the first year the "Last-in First-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method provided in section 472, attach Form 970, Application to Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO box in line 8(b) of Schedule A, Form 1120 only. Enter the amount or percent of total closing inventories covered under section 472 in line 8(c). Estimates are acceptable.

If the corporation changed or extended its inventory method to LIFO and had to "writeup" its opening inventory to cost in the year of election, report the effect of this writeup as income (line 10, page 1) proportionately over a 3-year period that begins in the tax year you made this election. (Section 472(d).)

Full absorption method of inventory costing. For a corporation engaged in manufacturing or production operations, use the full absorption method of inventory costing. If the corporation is not using the full absorption method, it must change to it. Under this method, both direct and certain indirect production costs are included for inventory valuation purposes. Change to full absorption by filing Form 3115. For more details, see: Rev. Proc. 75-40, 1975-2 C.B. 571; Regulations section 1.471-11; and Rev. Rul. 81-272, 1981-2 C.B. 116.

Line 4 Dividends

Form 1120-A filers.—Because Form 1120-A can be filed by corporations that only received dividends from domestic corporations (which are not from debt-financed stock) which qualify for the 85% dividends received deduction, they should enter the total of those dividends on line 4, page 1, Form 1120-A.

Form 1120 filers.—See the instructions for Schedule C, Form 1120.

Line 5 Interest

Enter interest on U.S. obligations and on loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest income against interest expense.

Line 6 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.

Line 8 Capital gain net income

Every sale or exchange of a capital asset must be reported in detail on Schedule D (Form 1120), Capital Gains and Losses, even though no gain or loss is indicated.

If the net long-term capital gain is more than the net short-term capital loss, or if there is only a net long-term capital gain, compute the alternative tax to see if it produces a smaller tax.

Line 9 Net gain or (loss)

Enter the net gain or loss from Form 4797, Supplemental Schedule of Gains and Losses, line 14(a), Part II.

Line 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 prior years under the specific charge-off method; the amount of credit for alcohol used as fuel (determined without regard to the limitation based on tax) that was entered on Form 6478, Credit for Alcohol Used as Fuel; 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, explain what it is in parentheses on line 10.

Deductions

Limitations on deductions.—

1. Transactions between related taxpayers. Generally for tax years beginning after December 31, 1983, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See section 267 for limitation on deductions for unpaid expenses and interest.

2. Limitation on deductions for tax preference items. Corporations may be required to reduce deductions for the following tax preference items by 15%:

a) Depletion of iron ore and coal (including lignite);

b) Section 1250 capital gain (the reduction changes to 20% for dispositions after December 31, 1984);

c) Amortizable basis of pollution control facilities (the reduction changes to 20% for property placed in service after December 31, 1984);

d) Intangible drilling, and exploration and development costs (the reduction changes to 20% for expenditures after December 31, 1984); and

e) Bad debt deductions for financial institutions (the reduction changes to 20% for tax years beginning after December 31, 1984).

3. Real property construction period interest and taxes. For construction started after 1982, no deduction (except as allowed under section 189(d)) shall be allowed for real property construction period interest and taxes. See section 189.

4. Golden parachute payments. A portion of the payments made by a corporation to key personnel that exceeds their usual compensation may not be deductible. This occurs when the corporation has an agreement (golden parachute) with these key employees to pay them these excessive amounts if control of the corporation changes. See section 280G.

Line 12 Compensation of officers

Besides entering the total officer's compensation on line 12, Form 1120 filers must complete Schedule E on page 2 if their total receipts (line 1(a), plus lines 4 through 10, of page 1, Form 1120) are \$150,000 or more.

Complete Schedule E, columns 1 through 6, for all officers. The corporation determines who is an officer under the laws of the State where incorporated.

In a consolidated return, each member of an affiliated group must furnish this information.

Line 13 Salaries and wages

Enter on line 13(a) the amount of total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deducted elsewhere on the return, such as contributions to a simplified employee pension.

Enter on line 13(b) the amount of jobs credit from Form 5884, Jobs Credit (and WIN Credit Carryover).

Line 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.

Line 15 Bad debts

Bad debts may be treated either:

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. (See section 166.)

Financial institutions should see section 291 for the limitation on the amount that may be deducted.

Use Form 3115 to apply for a change in the method of computing bad debts.

Line 17 Taxes

Enter taxes paid or accrued during the tax year, but do not include the following:

1. Federal income taxes;
2. Foreign or U.S. possession income taxes if a tax credit is claimed; or
3. Taxes not imposed on the corporation.

See section 164(d) for apportionment of taxes on real property between seller and purchaser.

Line 18 Interest

Note: See new section 1277 for rules on the deferral of the interest deduction that is allocable to accrued market discount on bonds acquired after July 18, 1984, and new section 1282 for rules on the deferral of the interest deduction that is allocable to the accrued discount on certain short-term obligations acquired after July 18, 1984.

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 can deduct the amounts paid or credited to the accounts of depositors as dividends, interest, or earnings. (See section 591.)

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years following the current tax year. For example, a cash basis calendar year taxpayer, who in 1984 prepaid interest allocable to any period after 1984, can deduct only the amount allocable to 1984. Please see Publication 545, Interest Expense.

Generally, the interest and carrying charges on straddles cannot be deducted and must be capitalized. See section 263(g).

Line 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) and any unused contributions carried over from prior years.

The total amount claimed may not be more than 10% of taxable income (line 30, Form 1120 or line 26, Form 1120-A) computed without regard to the following:

1. Any deduction for contributions;
2. The special deductions in line 29(b), Form 1120 or line 25(b), Form 1120-A;
3. Deductions allowed under sections 249 and 250;
4. Any net operating loss carryback to the tax year under section 172; and
5. Any capital loss carryback to the tax year under section 1212(a)(1).

Charitable contributions over the 10% limitation may not be deducted for the tax year but may be carried over to the next 5 tax 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 by the 15th day of the 3d month after the end of the tax year if the contributions are authorized by the board of directors 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.

If a contribution is in property other than money, attach a schedule describing the kind of property contributed and the method used in determining its fair market value.

Also, a corporation must keep records, as required by the regulations for section 170, for all of its charitable contributions.

Note: To take a deduction for non-cash contributions, other than publicly traded securities, after December 31, 1984, a closely held corporation (other than S corporations) or a personal service corporation (other than S corporations) must get a qualified appraisal if the claimed value of the donated property exceeded \$5,000 (\$10,000 for closely held stock). The qualified appraisal (Form 8283, Non-Cash Charitable Contributions—Appraisal Summary), as well as such other information that will be prescribed in regulations to be issued by the Treasury Department, must be submitted with the tax return.

If the corporation made a "qualified conservation contribution" under section 170(h), also include the fair market value of the underlying property before and after the donation, the type of legal interest contributed, and describe the conservation purpose furthered by the donation.

If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property. For a charitable contribution of property, the corporation must reduce the contribution by the sum of:

1. The ordinary income, short-term capital gain that would have resulted if the property were sold at its fair market value; 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 (except stock that is donated after July 18, 1984, for which market quotations are readily available—see section 170(e)(5)) to or for the use of certain private foundations. (See section 170(e) and Regulations section 1.170A-4.)

For special rules for contributions of inventory and other property to certain organizations, see section 170(e)(3) and Regulations section 1.170A-4A.

Charitable contributions of scientific property used for research. A corporation (other than a personal holding company or a service organization) can receive a larger deduction for contributing scientific property used for research to an institution of higher education. For further information, see section 170(e).

Line 20 Depreciation

Besides depreciation, include in line 20 the part of the cost (up to \$5,000) that the corporation elected to expense of certain recovery property placed in service during tax year 1984. See the instructions for Form 4562, Depreciation and Amortization.

Line 22, Form 1120 only Depletion

See sections 613 and 613A for percentage depletion rates applicable to natural deposits. Also, see section 291 for the limitation on the depletion deduction for iron ore and coal (including lignite).

Attach Form T (Timber), Forest Industries Schedules, if a deduction for depletion of timber is taken.

Line 24, Form 1120 only Pension, profit-sharing, etc., plans

Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. There are penalties for failure to timely file these forms.

Form 5500.—Complete this form for each plan with 100 or more participants.

Form 5500-C or 5500-R.—Complete the applicable form for each plan with fewer than 100 participants.

Line 25, Form 1120 only Employee benefit programs

Enter the amount of contributions to employee benefit programs (for example, 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 1242 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.

Line 26, Form 1120 and Line 22, Form 1120-A Other deductions

Include in this line the deduction taken for amortization of pollution control facilities, organization expenses, etc. See Form 4562.

For tax years beginning after July 18, 1984, a corporation may deduct dividends it pays in cash on stock held by an employee stock ownership plan or tax credit employee stock ownership plan, that the corporation

maintains. However, a deduction may only be taken if, according to the plan, the dividends are:

1. Paid in cash directly to the plan participants; or
2. Paid to the plan, which distributes them in cash to the plan participants no later than 90 days after the end of the plan year in which the dividends are paid. (See section 404(k)).

Generally, a deduction may not be taken for the amount of any item or part thereof allocable to a class of exempt income. (See section 265(2) for exceptions.)

Generally, a corporation can deduct all ordinary and necessary travel and entertainment expenses paid or incurred in its trade or business. However, it cannot deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered entertainment, amusement, or recreation. (Note: The corporation may be able to deduct the expense if the amount is treated as compensation and reported on Form W-2 for an employee or on Form 1099-MISC for an independent contractor.) See **Publication 463**, Travel, Entertainment, and Gift Expenses, for more details.

Note: Do not deduct penalties imposed on corporations such as those included in General Instruction D.

Form 1120-A filers.—These filers should also include on line 22 of Form 1120-A the expenses described above for lines 22, 24, and 25 of Form 1120 and any other deductible expense not discussed above.

Line 28, Form 1120 and Line 24, Form 1120-A

Taxable income before NOL deduction and special deductions

Special "at risk" rules under section 465 generally apply to personal holding companies and personal service corporations (as determined under section 269A(b)(1), but using a 5% shareholder test) 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, Form 1120 or line 24, Form 1120-A. 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)(4), (5), and (6).

Personal service corporations. Adjust the amount on this line for section 465(d) losses. These losses are limited to the amount for which such corporation is "at risk" for each separate activity at the close of the tax year. A corporation involved in more than one activity that incurs a loss for the year, should report each loss separately and file **Form 6198**, Computation of Deductible Loss From an Activity Described in Section 465(c), for each "at risk" activity.

If the corporation sells or otherwise disposes of an asset or its interest (either total or partial) in an activity to which the "at risk" rules apply, determine the net profit or loss from the activity by combining the gain or loss on the sale or disposition with the profit or loss from the activity. If the corporation has a net loss, it may be limited because of the "at risk" rule.

Treat any loss from an activity not allowed for the tax year as a deduction allocable to the activity in the next tax year.

Personal holding companies. For the amount to enter on line 28, Form 1120 only, see Schedule PH (Form 1120). Computation of U.S. Personal Holding Company Tax, Specific Instructions for Line 1, regarding section 465 losses.

Line 29(a), Form 1120 and Line 25(a), Form 1120-A

Net operating loss deduction

The "net operating loss deduction" is the amount of the net operating loss carryovers and carrybacks that can be deducted in the tax year. See section 172(e). If this deduction is taken, explain its computation on an attached schedule.

Generally, a corporation may carry a net operating loss back to each of the 3 years preceding the year of the loss and carry it over to each of the 15 years following the year of the loss. A corporation may carry back 10 years the part of the net operating loss attributable to a product liability loss. (See section 172(b)(1)(i).) There is also an available election to carry a net operating loss over to just each of the 15 years following the year of the loss. The election may be made by attaching a statement to a return that is filed on time (including extensions). The election is irrevocable.

After applying the net operating loss to the first tax year to which it may be carried, the portion of the loss the corporation may carry to each of the remaining tax years is the excess, if any, of the loss over the sum of the modified taxable income for each of the prior tax years to which the corporation may carry the loss. (See section 172(b).)

If there is a carryback of a net operating loss, net capital loss, an unused investment credit, unused jobs credit, unused research credit, unused alcohol fuel credit, unused employee stock ownership plan credit, or for tax years beginning after 1983, an unused general business credit, file **Form 1139**, Corporation Application for Tentative Refund, within 12 months after the close of the tax year for a "quick refund" of taxes. (See section 6411.)

See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers. Also see **Publication 536**, Net Operating Losses and the At-Risk Limits.

Line 29(b), Form 1120 and Line 25(b), Form 1120-A

Special deductions

Form 1120 filers.—See the instructions for Line 6, Column (C) under Schedule C, Form 1120 only.

Form 1120-A filers.—Generally, enter 85% of line 4, page 1 on line 25(b). However, this deduction may not be more than 85% of line 24, page 1. For this purpose, compute line 24 without regard to any adjustment under section 1059, and without regard to any capital loss carryback to the tax year under section 1212(a)(1).

In a year in which a net operating loss occurs, this 85% limitation does not apply even if the loss is created by the dividends-received deduction. (See sections 172(d) and 246(b)).

Line 32(e), Form 1120 and Line 28(e), Form 1120-A

Credit for overpaid windfall profit tax

A corporation that has overpaid its windfall profit tax may claim a credit on its income tax return. Use **Form 6249**, Computation of Overpaid Windfall Profit Tax, to figure the credit. Include the amount of the credit in the total for this line. Write in the margin, next to the entry on this line, the amount of the credit and identify it as "Overpaid Windfall Profit Tax."

Schedule C, Form 1120 only

Dividends and Special Deductions

Line 1, Column (A)

Enter dividends (except those received on debt-financed stock acquired after July 18, 1984—see section 246A and Line 2, Column (A)) that are received from domestic corporations subject to income tax and that 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 and after 1984, certain dividends of Federal Home Loan Banks (see section 246(a)(2)).

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, Column (C). 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. Do not treat them as dividends.

Line 2, Column (A)

Enter dividends on debt-financed stock (acquired after July 18, 1984) that are received from domestic corporations subject to income tax and that would otherwise be subject to the 85% dividends-received deduction under section 243(a)(1). Generally, debt-financed stock is stock that the corporation acquired, and, in doing so, incurred a debt (for example, it borrowed money to buy the stock). See the instructions for Lines 1, 2, 3, 4, 5, Column (C), below, as well as section 246A to figure the dividends-received deduction for this stock.

Line 3, Column (A)

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.

Line 4, Column (A)

Enter dividends that are received from foreign corporations and that qualify for the 85% deduction provided in section 245(a).

Line 5, Column (A)

Enter dividends that are received from wholly-owned foreign subsidiaries and 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 tax 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.

Lines 1, 2, 3, 4, 5, Column (C)

Dividends received on debt-financed stock that are reported on Line 2, Column (A) are not entitled to the full 85% dividends received deduction. Instead, the 85% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 246A. A schedule showing how the dividends-received deduction on debt-financed stock (amount on Line 2, Column (C)) was figured, must be attached to Form 1120.

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 the dividend:

1. Is paid out of the corporation's accumulated DISC income or previously taxed income, or
2. Is a deemed distribution under section 995 (b)(1).

In general, no dividends-received deduction will be allowed on any share of stock:

1. That is disposed of if the corporation held it 15 days or less (45 days or less for shares of stock acquired after July 18, 1984), or
2. To the extent the corporation is under an obligation to make related payments for substantially similar or related property.

Line 6, Column (C)

Limitation on dividends-received deduction. Line 6 of Column (C) may not be more than 85% of the difference between line 28, page 1, Form 1120, and Line 7 of Column (C). For this purpose, compute line 28 (Form 1120) without regard to any adjustment under section 1059, and without regard to any capital loss carryback to the tax year under section 1212(a)(1).

In a year in which a net operating loss occurs, this 85% limitation does not apply even if the loss is created by the dividends-received deduction. (See sections 172(d) and 246(b).)

For a small business investment company, the dividends-received deduction of 100% included in Line 6 of Column (C) is not subject to the overall 85% limitation.

Financial institutions should see section 596 for the special limitation on the dividends-received deduction.

Line 7, Columns (A) and (C)

Enter only those dividends that are subject to the elective provisions of section 243(b) and that 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.

Line 8, Column (A)

Enter foreign dividends not reportable on Lines 4 and 5 of Column (A). Exclude distributions of amounts constructively taxed in the current year or in prior years under subpart F (sections 951 through 964).

Line 9, Column (A)

Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported on Schedule J, Form(s) 5471.

Line 10, Column (A)

Include gross-up for taxes deemed paid under sections 902 and 960.

Line 11, Column (A)

Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85% deduction.

Line 12, Column (A)

Include the following:

1. Dividends (other than capital gain dividends and exempt interest dividends) that are received from regulated investment companies and that are not subject to the 85% deduction.
2. Dividends from tax-exempt organizations.
3. Dividends (other than capital gain dividends) received from a real estate investment trust which, for the tax year of the trust in which the dividends are paid, qualify under sections 856 through 860.
4. 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.
5. Any other taxable dividend income not properly reported above (including distributions under section 934(e)(3) or 936(h)(4)). If patronage dividends or per-unit retain allocations are included in Schedule C, Line 12, Column (A), identify the total of these amounts in a schedule attached to Form 1120.

Line 13, Column (C)

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 tax year, or
2. Taxable income computed without regard to this deduction.

In a year in which a net operating loss occurs, compute the deduction without regard to section 247(a)(1)(B). (See section 172(d).)

Tax Computation

A corporation that files Form 1120-A or Form 1120 will compute its tax on its taxable income as follows (members of a

controlled group should see the instructions below for Lines 1 and 2 under heading B.):

If its taxable income (line 30, Form 1120, or line 26, Form 1120-A) on page 1 is:		Its tax is	
Over—	But not over—		Of the amount over—
0	\$25,000	15%	0
\$25,000	50,000	\$3,750 + 18%	\$25,000
50,000	75,000	8,250 + 30%	50,000
75,000	100,000	15,750 + 40%	75,000
100,000	.....	25,750 + 46%	100,000

Additional Tax. For tax years beginning after December 31, 1983, if a corporation's taxable income exceeds \$1,000,000, the total tax imposed under section 11 (see the table above) is increased by the lesser of: 5% of the excess over \$1,000,000, or \$20,250.

Alternative Tax. If the alternative tax does not apply, enter on line 1, Part I, Form 1120-A, or line 3, Schedule J, Form 1120, the amount computed above. If the alternative tax applies, see Schedule D (Form 1120).

(Personal holding companies—see instructions for line 7, Schedule J, Form 1120 before figuring tax. **Note:** Generally, personal holding companies that qualify as regulated investment companies are taxed at the highest corporate rate (46%) on their undistributed taxable income (see section 852).)

A. Form 1120-A, Part I, Page 2 Line 2

General business credit. This credit is made up of the sum of the following credits:

Investment credit. If the corporation invested in certain types of trade or business property, or qualified energy property, it may be able to take the investment credit, or the energy investment credit, or both credits. Use **Form 3468**, Computation of Investment Credit, to figure these credits.

Jobs credit. The jobs credit, if elected, is allowed for hiring members of targeted groups during the tax year. See **Form 5884**, Jobs Credit (and WIN Carryover), for definitions, special rules, and limitations. Also see **Publication 906**, Jobs and Research Credits.

Do not take an expense deduction for the part 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 the tax (section 38(c))).

Any WIN credit carryover is claimed with the jobs credit. See the instructions for Form 5884 for more information.

Alcohol fuel credit. A corporation may be able to take a credit for alcohol used as fuel. Use **Form 6478**, Credit for Alcohol Used As Fuel, to figure the credit.

Employee stock ownership plan credit. Corporations may take a tax credit equal to the value of employer stock (or the amount of cash used to buy stock) that they contribute to a tax credit employee stock ownership plan (ESOP). See **Form 8007**, Credit for Employee Stock Ownership Plan, for definitions, limitations and the computation of the credit.

Form 3800. Enter on the appropriate line of the corporate tax return the amount of the credit from **Form 3800**, General Business Credit, and check the boxes indicating which forms are attached to the return. If the corporation is claiming only one of the above credits, DO NOT complete Form 3800. Instead, check the appropriate box and attach the form for which the credit is being taken.

Line 4

Tax from recomputing prior-year investment credit. If property is disposed of or ceases to be qualified property before the end of the life-years used in computing the regular or energy investment credit, there may be a recapture of the credit. See **Form 4255**, Recapture of Investment Credit.

Line 5

Minimum tax. Attach **Form 4626**, Computation of Minimum Tax-Corporations, if the corporation has tax preference items in excess of \$10,000, OR if there is any minimum tax liability deferred from a prior tax year.

B. Form 1120, Schedule J

Lines 1 and 2

Members of a controlled group. as defined in section 1563, are entitled to only one \$25,000 amount in each taxable income bracket.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the \$25,000 amount in each taxable income bracket apportioned to that member. There are other requirements as well. See Regulations section 1.1561-3(b) for them and for the time and manner of making the consent.

Note: Members of a controlled group of corporations are treated as one corporation for purposes of figuring the applicability of the additional tax that must be paid by corporations with taxable income in excess of \$1,000,000. If the additional tax applies, each member of the controlled group will pay that tax based on the portion of the \$25,000 amount that is used in each taxable income bracket to reduce that member's tax. (See section 1561(a).) Each member of the group must attach to its tax return a schedule that shows the taxable income of the entire group as well as how its portion of the additional tax was figured.

Equal Apportionment Plan. If no apportionment plan is adopted, the members of the controlled group must divide the \$25,000 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 apportionment plan. Therefore, corporation A is entitled to \$12,500 (one-half of \$25,000) in each taxable income bracket. Corporation B is also 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 in each taxable income bracket as they wish. There is no need for consistency between taxable income brackets. Any

member of the controlled group may be entitled to all, some, or none of the \$25,000 in a taxable income bracket. (But the total amount for all members of the controlled group cannot be more than \$25,000 in any taxable income bracket.) Each member of a controlled group must compute the tax as follows:

Note: If the alternative tax applies, do the following:

1. Complete lines 1 and 2 of Schedule J;
2. On line 1 below, instead of entering amount from line 30, page 1, Form 1120, enter amount from line 14, Schedule D;
3. Complete lines 2 through 16 below; and
4. Enter amount from line 16 below on line 15 of Schedule D and complete balance of Schedule D.

1. Enter taxable income (line 30, page 1, Form 1120)
2. Enter line 1 or the corporation's portion of the first \$25,000 taxable income bracket, whichever is less
3. Subtract line 2 from line 1
4. Enter line 3 or the corporation's portion of the second \$25,000 taxable income bracket, whichever is less
5. Subtract line 4 from line 3
6. Enter line 5 or the corporation's portion of the third \$25,000 taxable income bracket, whichever is less
7. Subtract line 6 from line 5
8. Enter line 7 or the corporation's portion of the fourth \$25,000 taxable income bracket, whichever is less
9. Subtract line 8 from line 7
10. 15% of line 2
11. 18% of line 4
12. 30% of line 6
13. 40% of line 8
14. 46% of line 9
15. If the taxable income of the controlled group exceeds \$1,000,000, enter the portion of the lesser of: 5% of the excess over \$1,000,000, or \$20,250, that this member must pay
16. Total of lines 10 through 15. Enter this amount on line 3 of Form 1120, Schedule J

Line 3

Bank Holding Companies. Section 6158 provides that a bank holding company may elect to pay in installments the tax attributable to the sale of certain assets whose divestiture is certified by the Board of Governors of the Federal Reserve System. If the bank holding company

chooses this election, 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, 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.

Mutual savings bank 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 3 of Schedule J, Form 1120. Attach Form 1120L as a schedule and identify it as such.

Line 4(a)

Foreign tax credit. See **Form 1118**, Computation of Foreign Tax Credit-Corporations, for an explanation of when a corporation can take this credit for payment of income tax to a foreign country.

Line 4(b)

Possessions tax credit. See **Form 5712**, Election to be treated as a Possessions Corporation Under Section 936, for rules on how to elect to claim the possessions tax credit (section 936). Compute the credit on **Form 5735**, Computation of Possessions Corporation Tax Credit Allowed Under Section 936.

Line 4(c)

Orphan drug credit. See section 28 and **Form 6765**, Credit for Increasing Research Activities (or for claiming the orphan drug credit), for an explanation of when a corporation can take this credit as well as how it is figured.

Line 4(d)

Credit for fuel produced from a nonconventional source. A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 29 contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit.

Line 4(e)

Research credit. Amounts paid or incurred before January 1, 1986, for increasing qualified research expenses in carrying on a trade or business are allowed as a credit. Use **Form 6765**, to figure the credit.

Line 4(f)

General business credit. See the earlier instructions for Line 2 under the heading, **Tax Computation.**

Line 7

Personal holding company tax. A corporation is taxed as a personal holding company under section 542 if:

- At least 60% of its adjusted ordinary gross income, defined in section 543(b)(2), for the tax year is personal holding company income as defined in section 543(a), and
- At any time during the last half of the tax year more than 50% in value of its outstanding stock is owned, directly or indirectly, by not more than 5 individuals.

Use **Schedule PH (Form 1120)**, Computation of U.S. Personal Holding Company Tax, to figure this tax.

Note: Generally, personal holding companies that qualify as regulated investment companies are taxed at the highest corporate rate (46%) on their undistributed taxable income (see section 852).

Line 8

Tax from recomputing prior-year investment credit. See the earlier instructions for Line 4, under the heading **Tax Computation.**

Line 9

Minimum Tax. See the earlier instructions for Line 5, under the heading **Tax Computation.**

Line 10

Real estate investment trust excise tax. An excise tax is imposed on certain real estate investment trust taxable income not distributed during the tax year (section 4981). Attach a copy of the tax computation and include the amount of tax in the total

for line 10, Schedule J, Form 1120. Write in the margin, next to the entry on line 10, the amount of the tax and identify it as "section 4981 tax."

Schedule M-2 (Form 1120 only)
Unappropriated Retained Earnings

Line 5

Distributions under the 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.

IMPORTANT—Fill in all applicable lines and schedules. If you need more space, see instruction B8(e).

Schedule A.—Cost of Goods Sold and/or Operations (See Instructions)Form 1120F (1984)**Schedule C.—Dividends and Special Deductions (See Instructions)**

Schedule E.—Compensation of Officers (See Instructions) Complete Schedule E only if your total receipts (line 1(a) plus lines 4 through 10, of Section II, page 3) are \$150,000 or more.

Schedule F.—Bad Debts—Reserve Method (See Instructions)

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		
1979						
1980						
1981						
1982						
1983						
1984						

1	Check if you are a member of a controlled group (see sections 1561 and 1563)	<input type="checkbox"/>		
2	If line 1 is checked, 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	<input type="checkbox"/>	3	
4	(a) Foreign tax credit (attach Form 1118)	4(a)		
	(b) Orphan drug credit (attach Form 6765)	4(b)		
	(c) Credit for fuel produced from a nonconventional source (see instructions)	4(c)		
	(d) Research credit (attach Form 6765)	4(d)		
	(e) General business credit. Enter here and check which forms are attached			
	<input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 3468 <input type="checkbox"/> Form 5884			
	<input type="checkbox"/> Form 6475 <input type="checkbox"/> Form 8007	4(e)		
5	Total—Add lines 4(a) through 4(e)		5	
6	Subtract line 5 from line 3		6	
7	Tax from recomputing prior-year investment credit (attach Form 4255)		7	
8	Total tax—Add lines 6 and 7. Enter here and on line 2, page 1		8	

[illegible]

(1) Business code number _____

(2) Principal business activity _____

(3) Principal product or service _____

- (1) Entertainment facility (boat, resort, ranch, etc.)?
- (2) Living accommodations (except for employees on business)?
- (3) Employees attending conventions or meetings outside the North American area? (See section 274(h).)
- (4) Employees' families at conventions or meetings?
If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h).)
- (5) Employee or family vacations not reported on Form W-2?

0 During the tax year was any part of your accounting /tax records maintained on a computerized system?

P Check method of accounting: (1) ☐ Cash (2) ☐ Accrual
(3) ☐ Other (specify) ☐

[illegible]

ASSETS		(A)	(B)	(C)	(D)
1	Cash				
2	Trade notes and accounts receivable				
	(a) Less allowance for bad debts				
3	Inventories				
4	Federal and State government obligations				
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	Mtges., notes, bonds payable in less than 1 year				
17	Other current liabilities (attach schedule)				
18	Loans from stockholders				
19	Mtges., 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				

1	Net income on 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)	
5	Expenses recorded on books this year not deducted in this return (itemize)		(a)	Depreciation	\$
(a)	Depreciation	\$	(b)	Contributions carryover	\$
(b)	Contributions carryover	\$			
			9	Total of lines 7 and 8	
6	Total of lines 1 through 5		10	Income (line 29, page 3) — line 6 less line 9	

1 Balance at beginning of year		5 Distributions: (a) Cash	
2 Net income on books		(b) Stock	
3 Other increases (itemize)		(c) Property	
		6 Other decreases (itemize)	
		7 Total of lines 5 and 6	
4 Total of lines 1, 2, and 3		8 Balance at end of year (line 4 less line 7)	

1984



Instructions for Form 1120F

U.S. Income Tax Return of a Foreign Corporation

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Changes You Should Note:

The Tax Reform Act of 1984 made significant changes to the tax law. Some are listed below.

A. New tax on large corporations

For tax years beginning after 1983, if a corporation (or controlled group of which that corporation is a member) has taxable income of more than \$1,000,000, the corporation (or group) must pay an additional tax of the lesser of:

- 1) 5% of its taxable income over \$1,000,000, or
- 2) \$20,250.

B. New General Business Credit Encompasses Four Existing Credits

For tax years beginning after 1983, the new general business credit encompasses the investment credit (Form 3468), the jobs credit (Form 5884), the alcohol fuel credit (Form 6478) and the employee stock ownership plan credit (Form 8007). Code section 38 merged these four credits and made them subject to a single limitation—the general business credit. The credits are computed separately on each form and carried to Form 3800, General Business Credit, to figure the amount used to reduce your income tax.

C. Reduction on Tax Preference Items

Corporations may be required to reduce their tax preference items by 15%; see instruction 2 under "Deductions."

D. Reduced Holding Period for Long-Term Capital Gains

The holding period for property acquired after June 22, 1984, to qualify for long-term capital gain and loss treatment, has been reduced from more than one year to more than 6 months.

E. Recovery of Tax Benefit Items

For tax years ending after December 31, 1983, if a corporation receives a refund after 1983 of an amount it had claimed as a tax deduction in an earlier tax year, the refund, to the extent it did not reduce income subject to tax in the year deducted, will not be included in gross income in the tax year of recovery (see section 111).

F. Dividends-Received Deduction Reduced

Dividends on debt-financed stock (acquired after July 18, 1984) that would otherwise qualify for the 85% dividends-received deduction are only allowed a portion of that deduction. The 85% deduction is now reduced by a percentage that is related to the amount of debt incurred to acquire the stock. For more information, see section 246A.

G. Timing Change in Deducting Accrued Expenses

Generally, an accrual basis taxpayer can deduct accrued expenses in the tax year that all events have occurred that determine the liability and the amount of the liability can be figured with reasonable accuracy. However, in most cases after July 18, 1984, all the events that establish liability for the amount are treated as occurring only when economic performance takes place. There are exceptions for recurring items; see section 461(h).

H. Rule of 78's Not an Acceptable Method of Figuring Interest

Taxpayers are reminded that, generally, the Rule of 78's is not an acceptable method for computing interest income and expense. Anyone using the Rule of 78's should see Revenue Procedures 84-27, 84-28, 84-29, and 84-30, (which are in Cumulative Bulletin 1984-1) to change their method.

I. Interest Received on Certain Portfolio Obligations No Longer Taxable

Portfolio interest on certain obligations issued after July 18, 1984, is no longer taxed. The interest must be not effectively connected with the corporation's U.S. trade or business.

J. Additional Tax Changes

Besides the changes noted above, Publication 553, Highlights of 1984 Tax Changes, provides information on a number of corporations.

Paperwork Reduction Act Notice

We ask for the information to carry out the Internal Revenue laws of the United States. The information is used to ensure that taxpayers are complying with these laws and to allow us to figure and collect the correct amount of tax. You are required to give us this information.

General Instructions

Note: In addition to those publications listed throughout these instructions, taxpayers may wish to get: Publication 534, Depreciation; Publication 535, Business Expenses; and Publication 542, Tax Information on Corporations.

A. Purpose of Form

Form 1120F is used to report a foreign corporation's income, deductions, credits, and tax in the United States. If a refund is due, Form 1120F may be used to claim it.

B. Filing the Return

1. Who Files Form 1120F.—Except for corporations described in instruction B2, every foreign corporation must file this form

if, during the tax year, it did any of the following:

- Had income from any U.S. source.
- Engaged in a trade or business in the U.S., whether or not it had income from that trade or business.
- Had tax preference items, as described in section 57, that affect the corporation's computation of its unrelated business income.
- Overpaid income tax that it wants refunded.

The foreign corporation must file Form 1120F even if its income is tax-exempt under an income tax treaty or Code section.

The Mexican or Canadian branch of a U.S. mutual life insurance company must file Form 1120F on the same basis as a foreign corporation if the U.S. company elects to exclude the branch's income and expenses from its own gross income (section 819A).

A receiver, assignee, or trustee in dissolution or bankruptcy must file Form 1120F if that person has or holds title to virtually all of a foreign corporation's property or business. Form 1120F is due whether or not the property or business is being operated.

An agent in the U.S. must file the return if the foreign corporation has no office or place of business in the U.S. when the return is due.

Consolidated returns.—In general, a foreign corporation filing Form 1120F cannot belong to an affiliated group of corporations that files a consolidated return. An exception is made for some Canadian and Mexican subsidiary corporations that are maintained solely to own and operate property under Canadian or Mexican law.

2. Who Does Not File Form 1120F.—A foreign corporation does not need to file Form 1120F in any of the following cases:

- It did not engage in a trade or business in the U.S. during the year, and its full U.S. tax was withheld at the source. In cases of overwithholding, see instruction D.
- It is a beneficiary of an estate or trust that engaged in a trade or business in the U.S., but it would not itself need to file otherwise.
- It files Form 1120L, U.S. Life Insurance Company Income Tax Return, as a foreign life insurance company or Form 1120M, U.S. Mutual Insurance Company Income Tax Return, as a foreign mutual insurance company.

3. Foreign Governments.—Foreign governments are generally not taxed on investment income from U.S. sources. Income from certain "commercial activities," however, is taxable. For rules, definitions, and examples, please see section 892 and regulations section 1.892-1.

4. Dispositions of U.S. Real Property Interest by a Foreign Corporation.—A foreign corporation that disposes of its U.S. real property interest must treat the gain or loss as income that is effectively connected with a U.S. trade or business, even if the corporation is not otherwise engaged in a

U.S. trade or business. This income must be reported in Section II of Form 1120F and must be reflected on Schedule D (Form 1120), Capital Gains and Losses.

If you have had income tax withheld on Form 8288 because you disposed of an interest in U.S. real property, include the amount withheld from that form as part of line 6(g), page 1.

U.S. real property interest.—Generally, U.S. real property interest is an interest in real property located in the United States.

See section 897 for further details. Also, see section 6039C for reporting requirements for certain information returns concerning ownership of U.S. real property interests.

5. When to File.—Corporations that do not maintain an office or place of business in the U.S. have until the 15th day of the 6th month after the end of their tax year to file Form 1120F. They may use Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request an automatic 6-month extension of time to file. However, this extension does not extend the time for payment of tax.

Corporations that maintain an office or place of business in the U.S. have until the 15th day of the 3rd month after the end of their tax year to file Form 1120F.

If these corporations elect under regulations section 1.6081-2(a) an automatic 3-month extension of time to file, they are not to use Form 7004. If a 6-month extension is anticipated, these corporations should file Form 7004 by the 15th day of the 3rd month following the close of the tax year. However, this extension does not extend the time for payment of tax.

Period covered.—File the 1984 return for calendar year 1984 and fiscal years that began in 1984 and end in 1985. If the return is for a fiscal year, fill in the tax year space at the top of the form.

Change in accounting period.—To change the corporation's accounting period, see regulations section 1.442-1 and Form 1128, Application for Change in Accounting Period.

Final return.—If the corporation ceased to exist during the tax year, write "Final return" at the top of the form.

6. Address.—The address used on the Return should be the location of the books and records used in the preparation of the return. For foreign corporations engaged in a trade or business in the United States, this address will generally be an address in the United States.

7. Where to File.—File Form 1120F with the Internal Revenue Service Center, Philadelphia, PA 19255.

8. Other Forms, Schedules, and Statements That May Be Required.—

(a) **Forms.** The corporation may also have to file other forms. A partial list includes:

Form 5471.—Information Return with Respect to a Foreign Corporation. This form is filed by certain officers, directors, or U.S. shareholders of a foreign personal holding company. The company's undistributed income must be reported as dividend income in the gross income of its U.S. shareholders, as described in section 551. See sections 189 and 280 for limits on certain deductions.

Page 2

Form 5472.—Information Return of a Foreign Owned Corporation. A foreign corporation that is engaged in a trade or business in the United States and is controlled by a foreign person may have to file Form 5472.

Form 1042S.—Income Subject to Withholding Under Chapter 3, Internal Revenue Code. This form is used to report income payments which are subject to withholding and the amount of tax withheld.

Form 1042.—U.S. Annual Return of Income Tax to be Paid at Source. This form is used to report withholding tax and to transmit Form 1042S.

Form 1096.—Annual Summary and Transmittal of U.S. Information Returns. (For transmitting Form 1099R information, use Form W-36, Transmittal of Certain Information Returns.)

Form 1098.—Mortgage Interest Statement. This form is used to report the receipt from any individual of \$500 or more of mortgage interest in the course of the corporation's trade or business for any calendar year after 1984.

Forms 1099-DIV, INT, MISC, and R.—Some of the information returns that must be filed to report certain payments, such as dividends and interest. For more information, see Form 1096 and its instructions.

Schedule PH (Form 1120).—Computation of U.S. Personal Holding Company Income. Attach to Form 1120F if the foreign corporation is a personal holding company described in section 542, but not a foreign personal holding company described in section 552.

Form 4626.—Computation of Minimum Tax—Corporations. Attach to Form 1120F if the corporation has either more than \$10,000 in tax preference items (whether or not it has minimum tax) or minimum tax liability deferred from an earlier year.

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.

Form 8264.—Application for Registration of a Tax Shelter. Used by tax shelter organizers to register tax shelters with the IRS, for the purpose of receiving a tax shelter registration number.

Form 8271.—Investor Reporting of Tax Shelter Registration Number. Used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number. Form 8271 must be attached to any tax return (including an application for tentative refund (Form 1139 and an amended return) on which a deduction, credit, loss, or other tax benefit attributable to a tax shelter is taken.

Form 8300.—Report of Cash Payments Over \$10,000 Received in a Trade or Business. Generally, this form is used to report the receipt of more than \$10,000 in cash or foreign currency after 1984 in one transaction (or in a series of related

transactions). However, transactions that take place entirely outside the U.S. are not reportable.

(b) Statements.

Tax treaty statement.—If the tax on any of the corporation's gross income is limited by a tax treaty between the U.S. and the country under whose laws the corporation is organized, attach a statement to Form 1120F. The statement should show:

- The amounts of tax withheld;
- The names and post office addresses of withholding agents; and
- Enough information to show how the corporation qualifies under the treaty for a lower tax rate or a tax exemption.

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 regulations section 1.351-3.

Statement in place of schedules.—If the foreign corporation has no gross income for the tax year, do not complete the Form 1120F schedules. Instead, attach a statement to the return showing what types and amounts of income are excluded from gross income.

(c) Amended return.

To correct an error in a Form 1120F already filed, file an amended Form 1120F and write "Amended" across the top.

(d) Attachments.

If more space is needed on the forms or schedules, attach separate sheets and show the same information in the same order as on the printed forms. Be sure to show totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Also, put the corporation's employer identification number (EIN) on each sheet.

9. 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 a corporate officer filled in Form 1120F, the Paid Preparer's space under the "Signature of officer" should remain blank. If someone prepares Form 1120F and does not charge the corporation, 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.

Generally, anyone who is paid to prepare Form 1120F must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer 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 1120F to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should be familiar with their responsibilities. See **Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns**, for more details.

C. Figuring and Paying the Tax

1. 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 otherwise, the corporation may change from the method of accounting it used to report taxable 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**. Also see **Publication 538, Accounting Periods and Methods**.

2. Gross Income and Tax Rates.—For purposes of **Form 1120F**, a foreign corporation is taxed only on its gross income. That includes only:

- Gross income that is derived from sources in the U.S. and that is not effectively connected with the conduct of a trade or business in the U.S. This income is taxed at 30% or a lower treaty rate. Use Section I, page 2, **Form 1120F** to report this income and figure the tax on it.
- Gross income, from any source, that is effectively connected with the conduct of a trade or business in the U.S. This income is taxed at regular corporate tax rates. Use Section II, page 3, **Form 1120F** to report this income and figure the tax on it.

To determine the source of income, follow sections 861 through 864 and the related regulations, except as tax treaties provide otherwise.

Election to treat real property income as effectively connected income.—If a foreign corporation has income from real property in the U.S. or from an interest in such property, the corporation may elect to treat the income as effectively connected with the conduct of a trade or business in the U.S. Income affected by such an election includes:

- Rents or royalties from mines, wells, or other natural deposits; and
- Gain described in section 631(b) or (c).

To make the election, attach a statement that you are making it when you file **Form 1120F** for the first year involved. That year and each year the election continues, use Section II to figure the tax on this income. Also attach a schedule each year, as described in regulations section 1.882-2, concerning the property or the interest in the property.

3. Paying the Tax.

A. Foreign corporations with no office or place of business in the U.S. must pay the tax due in full when they file their tax return, but not later than the 15th day of the 6th month after the end of the tax year. The tax may be paid by check or money order, payable to the Internal Revenue Service, and sent to the Internal Revenue Service Center, Philadelphia, PA 19255.

Note: Write the corporation's employer identification number on all payments.

B. Foreign corporations with an office or place of business in the U.S. must pay the

tax due in full when they file their tax return, but not later than the 15th day of the 3d month after the end of the tax year. Remember to write the corporation's employer identification number on all payments.

Also, foreign corporations with an office or place of business in the U.S. must deposit their income tax payments (and estimated tax payments) with a Federal Tax Deposit Payment Coupon (**Form 8109**). Make these tax deposits with a financial institution qualified as a Depository for Federal taxes or the Federal Reserve Bank or Branch servicing the geographic area where the corporation is located. Do not submit deposits directly to an IRS office, otherwise the corporation may be subject to a 5% Federal Tax Deposit (FTD) penalty. Records of deposits will be sent to the IRS for crediting to the corporation's account. See the instructions contained in the coupon book for more information.

There will no longer be periodic mailouts of FTD forms. To get more deposit forms, use the reorder form (**Form 8109A**) provided in the coupon book. If the corporation does not have these coupons it should contact an IRS district office.

For more information concerning deposits, see **Publication 583, Information for Business Taxpayers**.

4. Estimated Tax.—A corporation must make estimated tax payments if it can expect its estimated tax (income tax minus credits) to be \$40 or more. Use **Form 1120-W (WORKSHEET)**, Corporation Estimated Tax, as a worksheet to compute estimated tax. Use the FTD coupons in making deposits of estimated tax.

If the corporation overpaid estimated tax, it may be able to get a "quick refund" by filing **Form 4466**, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be both: (1) at least 10% of expected income tax liability, and (2) at least \$500. To apply, file **Form 4466** within 2½ months after the end of the tax year and before **Form 1120F** is filed.

D. Claim for Refund

If a foreign corporation has only income that is not effectively connected with the conduct of a trade or business in the U.S. and **Form 1120F** is being used as a claim for refund, include all income from sources in the U.S., even though all tax on it was paid at the source.

If the refund results from withholding tax at the source, attach a statement to **Form 1120F**. The statement should show:

- The amounts of tax withheld;
- The names and post office addresses of withholding agents;
- The name in which the tax was withheld, if different from the taxpayer's name; and
- If applicable, enough information to show that the taxpayer was entitled to a reduced tax rate under a treaty, as explained above in instruction B(8)(b).

E. Penalties
Avoid penalties and interest by filing correctly and paying the tax when due. The corporation may have to pay the following penalties unless it can show that not filing or not paying was due to reasonable cause

and not willful neglect. (These penalties are in addition to the interest charge on unpaid tax at a rate established under section 6621.)

• A corporation that does not file its tax return when due (including any extensions of time for filing) may be subject to a penalty of 5% a month or fraction of 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.) The minimum penalty for failure to file a tax return within 60 days of the due date (including extensions) is the lesser of the underpayment of tax or \$100.

• A corporation that does not 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.)

• A corporation that does not pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty the amount of estimated tax payments required by a corporation is 90%. See sections 6655(b)(1) and (d)(3).

If the corporation underpaid estimated tax, attach **Form 2220**, Underpayment of Estimated Tax by Corporations, to show how the corporation figured the penalty or which exceptions the corporation believes it meets.

If there is tax due on line 8, page 1, include the penalty in the total. If there is a refund due, subtract the penalty from the overpayment on line 9, page 1.

Penalty for Overstated Tax Deposits.—If deposits are overstated, the corporation may be subject to a penalty. See section 6656(b).

F. Rounding Off

Money items may be shown on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 to 99 cents to the next higher dollar.

G. Credit for Overpaid Windfall Profit Tax

A corporation that has overpaid its windfall profit tax may claim a credit on its income tax return. Use **Form 6249**, Computation of Overpaid Windfall Profit Tax, to figure the credit. See **Form 6249** for rules and instructions. Include the amount of the credit in the total for line 6(e), page 1, **Form 1120F** and enter the amount of credit in the margin next to line 6(e) and identify it as "overpaid windfall profit tax."

Specific Instructions

Section I.—Income From U.S. Sources That Is Not Effectively Connected with the Conduct of a Trade or Business in the U.S.

Any gross income of this kind that a foreign corporation has is taxed at 30% or a lower treaty rate. No deductions are allowed against this income. (Section 881.) A corporation created or organized in Guam is not considered a foreign corporation for purposes of the tax imposed by section 881.

This income includes the following, to the extent it is not effectively connected with the conduct of a trade or business in the U.S.

1. Interest (other than original issue discount as defined in section 1232(b)), dividends, rents, royalties, salaries, wages, premiums, annuities, compensation, and other fixed or determinable periodic income.

However, certain portfolio interest is not taxable for obligations issued after July 18, 1984. See section 881(c) for more details. For new rules regarding income received after September 16, 1984, on original issue discount on obligations issued after March 31, 1972, see section 881(a)(3).

2. Gains described in section 631(b) or (c) from disposal of timber, coal, or domestic iron ore with a retained economic interest.

3. Gains from the sale or exchange of patents, copyrights, and other intangible property described in section 881(a)(4); and

4. For rules regarding bonds or other evidences of indebtedness, see section 881(a)(3) as it existed before amendment by the Tax Reform Act of 1984.

Section II.—Income Effectively Connected with the Conduct of a Trade or Business in the U.S.

Foreign corporations engaged in a trade or business in the U.S. are taxed at regular corporate rates on all the following income:

1. Income, gain, or loss from U.S. sources derived in the conduct of the trade or business.

2. Limited categories of foreign source income.

3. Certain fixed or determinable periodic income from U.S. sources, gain or loss from U.S. sources from the sale or exchange of capital assets if:

- The income, gain or loss is from assets used in, or held for use in, the conduct of the corporation's trade or business, or
- The activities of the corporation's trade or business were a material factor in the realization of the income, gain, or loss.

For more information, see section 864(c). Gains on disposition of stock in a DISC or former DISC and distributions from accumulated DISC income, including deemed distributions, are treated as coming from a trade or business conducted through a permanent establishment in the U.S.

A foreign corporation not engaged in a trade or business in the U.S. will not report income in Section II unless it:

- Elects to treat real property income as effectively connected income; or
- Was created or organized in a U.S. possession, and receives interest on U.S. obligations. In that case, the interest is treated as effectively connected income
- Has gain or loss from disposition of interest in U.S. real property

Gross Income

(Numbered to correspond with the line numbers on page 3 of the return.)

In lines 1 through 10, enter gross income (regardless of source) that is effectively connected with the conduct of a trade or business within the U.S.

Page 4

1. Gross receipts.—Enter gross receipts or sales from all business operations except those that must be reported in lines 4 through 10. For reporting advance payments and long-term contracts, see regulations sections 1.451-3 and 1.451-5.

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) percent 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.—See instructions for Schedule C.

5. Interest.—Enter interest on U.S. obligations and loans, notes, mortgages, bonds, bank deposits, corporate bonds, tax refunds, etc.

Do not offset interest income against interest expense.

6. 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.

8. Capital gain net income.—Every sale or exchange of a capital asset must be reported in detail in Schedule D (**Form 1120**), Capital Gains and Losses, even though no gain or loss is indicated.

If the net long-term capital gain is more than the net short-term capital loss, or if there is only a net long-term capital gain, compute the alternative tax on separate Schedule D (**Form 1120**) to see if it produces a smaller tax.

9. Net gain or (loss).—Enter the net gain or loss from line 14(a), Part II, **Form 4797**, Supplemental Schedule of Gains and Losses.

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 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, explain what it is 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.

Limitations on deductions.

1. Transactions between related taxpayers. Generally, for tax years beginning after December 31, 1983, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party.

See section 267 for limitation on deductions for unpaid expenses and interest.

2. Tax preference items. Corporations may be required to reduce the following tax preference items by 15%:

- a) Depletion of iron ore and coal (including lignite);
- b) Section 1250 capital gain (the reduction changes to 20% for dispositions after December 31, 1984);
- c) Amortizable basis of pollution control facilities (the reduction changes to 20% for property placed in service after December 31, 1984);
- d) Intangible drilling, and exploration and development costs (the reduction changes to 20% for expenditures after December 31, 1984); and
- e) Bad debt deductions for financial institutions (the reduction changes to 20% for tax years beginning after December 31, 1984).

3. Real property construction period interest and taxes. For tax years beginning after December 31, 1982, for construction started after that date, no deduction (except as allowed under section 189) shall be allowed for real property construction period interest and taxes.

4. Golden parachute payments. A portion of the payments made by a corporation to key personnel that exceeds their usual compensation may not be deductible. This occurs when the corporation has an agreement (golden parachute) with these key employees to pay them these excessive amounts if control of the corporation changes. See section 280G.

12. Compensation of officers.—Enter on line 12 the total compensation of officers. Complete Schedule E only if your total receipts (line 14) plus lines 4 through 10, of Section II, page 3, are \$150,000 or more. Complete Schedule E for all officers.

13. Salaries and wages.—Enter on line 13(a) the total salaries and wages paid or incurred for the tax year. Do not include salaries and wages deducted elsewhere on the return, such as contributions to a Simplified Employee Pension, which are deducted on line 25.

Enter on line 13(b) the amount of jobs credit from **Form 5884**, Jobs Credit (and WIN Credit Carryover), determined without regard to the limitation on tax.

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.

15. Bad debts.—Bad debts may be treated in either of two ways: (1) as a deduction for specific 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.) Financial institutions should see section 291 for the limitation on the amount that they may deduct.

Use **Form 3115** to apply for a change in the method of computing bad debts.

17. Taxes.—Enter taxes paid or accrued during the tax 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.

See section 906(b)(1) for rules concerning certain foreign taxes imposed on income from U.S. sources that may not be deducted.

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).)

Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years after the current tax year. For example, a cash basis taxpayer, who in 1984 prepaid interest allocable to any period after 1984, can only deduct the amount allocable to 1984. Please see Publication 545, Interest Expense.

Generally, the interest and carrying charges as to straddles cannot be deducted and must be capitalized. See section 263(g).

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) and any unused contributions carried over from earlier years.

The total amount claimed may not exceed 10% of taxable income (line 31) computed without regard to the following: (1) any deduction for contributions, (2) the special deductions in line 30(b), (3) the deductions allowed under sections 249 and 250, (4) any net operating loss carryback to the tax year under section 172, and (5) any capital loss carryback to the tax year under section 1212(a)(1).

Charitable contributions over the 10% limitation may not be deducted for the tax year but may be carried over to the next 5 tax 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 tax year if the contributions are authorized by the board of directors 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.

If a contribution is in property other than money, attach a schedule describing the kind of property contributed and the method used in determining its fair market value.

Note: To take a deduction for non-cash contributions, other than publicly traded securities, after December 31, 1984, a closely held corporation (other than S corporations) or a personal service corporation (other than S corporations) must get a qualified appraisal if the claimed value of the donated property exceeded \$5,000 (\$10,000 for closely held stock). The qualified appraisal (Form 8283, Non-Cash Charitable Contributions Appraisal Summary) as well as such other information that will be prescribed in regulations to be issued by the Treasury Department must be submitted with the tax return.

If you made a "qualified conservation contribution" under section 170(h), also include the fair market value of the underlying property before and after the donation, the type of legal interest contributed, and describe the conservation purpose furthered by the donation.

If a contribution carryover is included, show the amount and how it was determined.

Special rule for contributions of certain property.—For a charitable contribution of property, reduce the contribution 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. (See section 170(e) and regulations section 1.170A-4.)

For special rules regarding the contribution of inventory and other property to certain organizations, see section 170(e)(3) and regulations section 1.170A-4A.

A corporation (other than a personal holding company or a service organization) can receive a larger deduction for contributing scientific property used for research to an institution of higher education. For further information, see section 170(e).

20. Depreciation.—Besides depreciation, include in line 20 the part of the cost (up to \$5,000) the corporation elected to expense for certain recovery property placed in service during tax year 1984. See the instructions for Form 4562, Depreciation and Amortization.

23. Depletion.—See section 613 and 613A for percentage depletion rates applicable to natural deposits.

Attach Form T, (Timber), Forest Industries Schedules, if a deduction for depletion of timber is claimed.

25. Pension, profit-sharing, etc. plans.—Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. Section 6652(f) provides penalties for failure to timely file these forms.

Form 5500.—Complete this form for each plan with 100 or more participants.

Form 5500-C or 5500-R.—Complete the applicable form for each plan with fewer than 100 participants.

26. Employee benefit programs.—Enter the amount of contributions to employee benefit programs (for example, insurance, health and welfare programs) that are not an incidental part of a pension, profit-sharing, etc., plan included on line 25. Also include contributions to a qualified group legal services plan. Section 120 imposes certain rules on an employer which will permit employees (including spouse and

dependents) to exclude from income employer contributions to a qualified group legal services plan.

27. Other deductions.—Generally, a deduction may be taken for any amount allocable to a class of exempt income including income exempt by tax treaty. Items directly attributable to wholly exempt income must be allocated to taxable income.

If an item is indirectly attributable both to taxable income and exempt income, allocate a reasonable portion of the item to each class of income. Make the allocation in light of all the facts involved.

Attach a statement showing (1) each class of exempt income and (2) the expense items allocated to each class. Show separately the amount allocated by apportionment.

For tax years beginning after July 18, 1984, a corporation may deduct dividends it pays in cash on stock held by an employee stock ownership plan that the corporation maintains. However, a deduction may only be taken if the dividends are:

1. Paid directly in cash to the plan participants; or
2. Paid to the plan, which distributes them in cash to the plan participants, no later than 90 days after the end of the plan year in which the dividends are paid. (See section 404(k).)

Generally, deduct all ordinary and necessary travel and entertainment expenses paid or incurred in your trade or business. However, do not deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered entertainment, amusement, or recreation. (Note: You may be able to deduct the expense if the amount is treated as compensation and reported on Form W-2, Wage and Tax Statement, for an employee or Form 1099-MISC, Statement for Recipients of Miscellaneous Income, for an independent contractor.) See Publication 463, Travel, Entertainment, and Gift Expenses, for more details.

Note: Do not deduct penalties imposed on corporations such as those included in General Instruction E.

29. Taxable income before NOL deduction and special deductions.—Special "at risk" rules under section 465 generally apply to personal services corporations and personal holding companies (as determined under section 269A(b)(1), but using a 5% test) 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 29. 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)(4), (5), and (6).

Personal Services.—Adjust the amount on line 29 for section 465(d) losses. These losses are limited to the amount for which such corporation is at risk for each separate activity at the close of the tax year.

A corporation involved in more than one activity that incurs a loss for the year, should report each loss separately and file Form 6198, Computation of Deductible Loss From an Activity Described in Section 465(c), for each "at risk" activity.

Page 5

If the corporation sells or otherwise disposes of an asset, or its interest (either total or partial) in an activity to which the "at risk" rules apply, determine the net profit or loss from the activity by combining the gain or loss on the sale or disposition with the profit or loss from the activity. If the corporation has a net loss, it may be limited because of the at risk rules.

Treat any loss from an activity not allowed for the tax year as a deduction allocable to the activity in the next tax year.

Personal holding companies.—For the amount to be entered on line 29 of Form 1120F, see the Specific Instructions for line 1 of Schedule PH (Form 1120) regarding section 465 losses.

30(a). Net operating loss deduction.—The net operating loss deduction is the sum of the net operating loss carryovers and carrybacks to the tax year. (Section 172(a).)

Generally, a corporation may carry a net operating loss back to each of 3 years before the year of the loss and a carryover to each of the 15 years after the year of loss. The corporation may carry back 10 years the part of the net operating loss attributable to a product liability loss. (See section 172(b)(1)(I).) There is also an available election to carry a net operating loss over to just each of the 15 years following the year of the loss. The election may be made by attaching a statement to a timely filed return, including extensions. The election is irrevocable. After applying the net operating loss to the first tax year to which it may be carried, the part of the loss you may carry to each of the remaining tax years is any excess of loss over the sum of the taxable income for each of the earlier tax years to which the corporation may carry the loss. (Section 172(b).)

If there is a carryback of a net operating loss, a net capital loss, an unused investment credit, an unused research credit, an unused alcohol fuel credit, an unused employee stock ownership plan credit, or for years beginning after 1983, an unused general business credit, file Form 1139, Corporation Application For Tentative Refund, within 12 months after the end of the tax year for a quick refund of tax. (Section 6411.)

See section 172 for special rules, limitations, and definitions pertaining to net operating loss carrybacks and carryovers. Also see Publication 536, Net Operating Losses and the At-Risk Limits.

30(b). Special deductions.—See instructions for Schedule C.

Schedule A—Cost of Goods Sold and/or Operations

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, that conforms to the applicable regulations cited below.

Taxpayers using erroneous valuation methods should file Form 3115 to change to a method permitted for Federal income tax purposes. For further details, see regulations section 1.446-1(e)(3) and Rev. Proc. 80-51, 1980-2 C.B. 818.

Page 6

Line 8.—In Part 8(a), check the method(s) used for valuing inventories. Under losses of cost or market, market generally applies to normal market conditions when a current bid price prevails 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 more requirements, see regulations 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 regulations 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) if such a price can be established. See regulations section 1.471-2(c) for more requirements.

If this is the first year the "Last-in-First-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method, provided in section 472, attach Form 970, Application to Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO box in line 8(b). Enter the amount or percent of total closing inventories covered under section 472 in line 8(c). Estimates are acceptable.

If the corporation changed or extended its inventory method to LIFO and had to "step up" opening inventory to cost in the year of election, report the effect of this writeup as income (as appropriate in Section I, line 9, page 2, and Section II, line 10, page 3), proportionately over a 3-year period that begins in the tax year the election was first made. (See section 472(d).)

Full absorption method of inventory costing.—For a corporation engaged in manufacturing or production operations, use the full absorption method of inventory costing. If the corporation is not using the full absorption method of inventory costing, it must change to it. Under this method both direct and certain indirect production costs are included for inventory value purposes. Change to full absorption by filing Form 3115. For more details, see Rev. Proc. 75-40, 1975-2 C.B. 571 and regulations section 1.471-11; and Rev. Rul. 81-272, 1981-2 C.B. 116.

Schedule C—Dividends and Special Deductions

(Line references are to the lines in Schedule C.)

Column A Instructions:

1. Enter dividends received from domestic corporations subject to income tax and the 85% deduction under section 243(a)(1) and after 1984, certain dividends received from Federal Home Loan Banks (section 246(a)(2)). 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. Do not treat them as dividends.

Do not enter on this line any dividends received on "debt-financed" stock acquired after July 18, 1984.

2. Enter dividends that would have been eligible for the 85% deduction except that they are from "debt-financed" stock acquired after July 18, 1984. "Debt-financed" stock is stock that the corporation incurred a debt in acquiring.

3. 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.

4. Enter dividends that are received from foreign corporations and that qualify for the 85% deduction provided in section 245(a).

7. Enter all other dividends received from foreign corporations that do not qualify for a dividends-received deduction.

8. If the corporation claims the foreign tax credit, the tax that is deemed paid under section 902(a) (relating to credit for a corporate stockholder in a foreign corporation) must be treated as a dividend received from the foreign corporation. (See section 906(b)(4).)

9. Enter taxable distributions from a DISC or former DISC that are designated as not being eligible for the 85% deduction. See sections 246(d), 995(b), and 996(a)(3).

10. 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 tax 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 (including distributions under section 934(e)(3) or 936(h)(4)).

Column B, Line 2 Instructions:

The proper amount of deduction for dividends from "debt-financed" stock acquired after July 18, 1984, is only a portion of the 85% deduction. This portion is determined by multiplying 85% times the difference between 100% and the "average indebtedness percentage." For definitions, rules, and certain exceptions, please see section 246A.

Attach a schedule showing how you have computed the amount of allowable deduction for each share or block of shares that were "debt-financed."

Column C Instructions:

Exclusion of certain dividends.—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 (45 days or less for stock acquired after July 18, 1984), 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).

5. Limitation on dividends received deduction.—Line 5 may not be more than 85% of line 29, page 3. For this purpose compute line 29, page 3, without regard to any adjustment under section 1059 and any capital loss carryback to the tax year under section 1212(a)(1).

In a year in which a net operating loss occurs, this 85% limit does not apply even if the loss is created by the dividends received deduction. (See sections 172(d) and 246(b).)

6. Deduction for dividends paid on certain preferred stock of public utilities.—Section 247 allows public utilities a deduction of 30.435% of either: (1) dividends paid on their preferred stock during the tax year, or (2) taxable income computed without regard to this deduction, whichever is less. In a year in which a net operating loss occurs, compute the deduction without regard to section 247(a)(1)(B). (See section 172(d).)

Schedule J—Tax Computation

A corporation that is not a member of a controlled group (these members should see lines 1 and 2 below) will compute the tax on its taxable income as follows:

Enter on line 31, page 3, Form 1120F:	Enter on Schedule J, line 3:	Of the amount over—
Over—	But not over—	
0	\$25,000	0
\$25,000	50,000	\$3,750 + 18%
50,000	75,000	8,250 + 30%
75,000	100,000	15,750 + 40%
100,000	-----	25,750 + 46%
Additional tax	-----	see instructions below

Additional Tax.—If the corporation has taxable income of more than \$1,000,000, an additional tax is imposed on the corporation. The tax is the lesser of: 1) 5% of the taxable income over \$1,000,000; or 2) \$20,250.

If the alternative tax does not apply, enter on line 3 of Schedule J, the amount computed above. If the alternative tax applies, see Schedule D (Form 1120).

(Personal holding companies—see Schedule PH (Form 1120) before completing Schedule J.)

Lines 1 and 2.—Members of a controlled group, as defined in section 1563, are entitled to only one \$25,000 amount in each taxable income bracket.

When a controlled group adopts or later amends an apportionment plan, each member must attach to its tax return a copy of its consent to this plan. The copy (or an attached statement) must show the part of the \$25,000 amount in each taxable income bracket apportioned to that member. There are other requirements as well. See regulations section 1.1561-3(b) for these requirements and 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. Corporation B is also 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 as they wish. There is no need for consistency among taxable income brackets. Any member of the controlled group may be entitled to all, some, or none of the \$25,000 amount in a taxable income bracket. (But the total amount for all members of the controlled group cannot be more than \$25,000 in any taxable income bracket.) Each member of a controlled group must figure the tax as follows:

Note: If the alternative tax applies, corporations should do the following:

- 1) Complete lines 1 and 2 of Schedule J.
- 2) On line 1 below, instead of entering amount from line 31, page 3, Form 1120F, enter amount from line 15, Schedule D, Form 1120.
- 3) Complete lines 2 through 16 below, and
- 4) Enter the amount from line 16 below on line 15 of Schedule D and complete balance of Schedule D.

1. Enter taxable income (line 31, page 3) -----
2. Enter line 1 or the corporation's portion of the first \$25,000 taxable income bracket, whichever is less -----
3. Subtract line 2 from line 1 -----
4. Enter line 3 or the corporation's portion of the second \$25,000 taxable income bracket, whichever is less -----
5. Subtract line 4 from line 3 -----
6. Enter line 5 or the corporation's portion of the third \$25,000 taxable income bracket, whichever is less -----
7. Subtract line 6 from line 5 -----
8. Enter line 7 or the corporation's portion of the fourth \$25,000 taxable income bracket, whichever is less -----
9. Subtract line 8 from line 7 -----
10. 15% of line 2 -----
11. 18% of line 4 -----
12. 30% of line 6 -----
13. 40% of line 8 -----
14. 46% of line 9 -----
15. Additional tax -----
16. Total of lines 10 through 15. Enter this amount on line 3 of Schedule J -----

Additional tax (line 15).—If the corporation is a member of a controlled group and the controlled group has taxable income of more than \$1,000,000, an additional tax is imposed on the corporation. The tax is the lesser of: 1) 5% of the taxable income of the controlled group over \$1,000,000; or 2) \$20,250. The corporation pays its additional tax based on its share of each taxable income bracket, and enters this amount on line 15.

Line 4(a). Foreign tax credit.—A foreign corporation engaged in a trade or business within the U.S. can take a credit for income, war profits, and excess profits taxes paid, accrued, or deemed paid to any foreign country or U.S. possession during the tax year. This credit applies to income effectively connected with the conduct of a trade or business within the U.S. For further details, see sections 901, 902, 906, and Form 1118, Computation of Foreign Tax Credit—Corporations.

Line 4(b) Orphan drug credit.—See section 28 and Form 6765, Credit for Increasing Research Activities (or for claiming the orphan drug credit), for an explanation of when a corporation can take this credit as well as how it is figured.

Line 4(c). Credit for fuel produced from a nonconventional source.—A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 29 contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit.

Line 4(d). Research credit.—Amounts paid or incurred before January 1, 1986, for increasing qualified research expenses in carrying on a trade or business are allowed as a credit. Use Form 6765, Credit for Increasing Research Activities, to figure the credit.

Line 4(e) General business credit.—See Form 3800, General Business Credit, for rules that apply when claiming this credit, which encompasses the investment credit (Form 3468), the jobs credit (Form 5584), the alcohol fuel credit (Form 6478), and the employee stock ownership plan credit (Form 8007).

Line 4(f). Alcohol fuel credit.—The corporation may be able to take a credit for alcohol used as fuel. This applies to straight alcohol sold at retail or used as fuel in the trade or business. It also applies to an alcohol mixture sold or used as fuel in the trade or business. Use Form 6478, Credit for Alcohol Used as Fuel, to figure the credit.

Line 7. Tax from recomputing a prior year investment credit.—If property is disposed of or ceases to be qualified property before the end of the life-years category used in computing the regular or energy investment credit, there may be a recapture of the investment credit. (See Form 4255, Recapture of Investment Credit.)

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System authorized by the Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify enterprises by type of activity in which they are engaged.

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(a), 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 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."

If, as its principal business activity, the corporation (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010-3998) under "Manufacturing."

Agriculture, Forestry, and Fishing Code 0400 Agricultural production 0600 Agricultural services (except veterinary), forestry, fishing, hunting, and trapping Mining Code 1010 Iron ores 1020 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: 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 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 2081 Meat 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 manufacturers Textile mill products: 2228 Weaving mills and textile finishing 2250 Knitting mills 2258 Other textile mill products Apparel and other textile products: 2315 Men's and boys' clothing 2345 Women's and children's clothing 2388 Other apparel and accessories 2390 Miscellaneous fabricated textile products Lumber and wood products: 2415 Lumber, sawmills, and planing mills 2430 Millwork, plywood, and related products 2498 Other wood products, including wood buildings and mobile homes Furniture and fixtures: 2500 Furniture and fixtures Paper and allied products: 2623 Pulp, paper, and board mills 2699 Other paper products Printing and publishing: 2710 Newspapers 2720 Periodicals 2735 Books, greeting cards and miscellaneous 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, 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 integrated) 2996 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 Stones, clay, and glass products: 3225 Glass products 3240 Cement, hydraulic 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: 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 and related machinery 3540 Metalworking machinery 3550 Special industry machinery 3560 General industrial machinery 3570 Office, computing, and accounting machines 3598 Other machinery except electrical Electrical and electronic equipment: 3630 Household appliances 3665 Radio, television, and communication equipment 3670 Electronic components and accessories 3698 Other electrical equipment Motor vehicles and equipment 3710 Motor vehicles and equipment Transportation equipment, except motor vehicles: 3725 Aircraft, guided missiles and parts 3730 Ship and boat building and repairing 3798 Other transportation equipment, except motor vehicles Instruments and related products: 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 and Public Utilities Code 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 Miscellaneous transportation services Communications: 4823 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 Communication 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 and supplies 5098 Other durable goods Non-durable: 5110 Paper and paper products 5129 Drugs, drug paraphernalia, 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. non-durable goods Retail Trade Building materials, garden supplies, and mobile home dealers: 5220 Building materials dealers 5251 Hardware stores 5265 Garden supplies and mobile home dealers 5300 General merchandise stores Food 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 retail stores 	Finance, Insurance, and Real Estate Code 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 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 fire, marine and certain fire or flood insurance companies 6359 Other insurance companies 6411 Insurance agents, brokers, and service Real estate: 6511 Real estate operators 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, except bank holding companies: 6742 Regulated investment companies 6743 Real estate investment trusts 6744 Small business investment companies 6749 Other holding and 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; miscellaneous repair services: 7500 Auto repair and services 7600 Misc. repair services Amusement and recreation 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 8911 Architectural and engineering services 8930 Accounting, auditing and bookkeeping 8980 Miscellaneous services (including veterinarians)
---	--	--	--

Form **1120L****U.S. Life Insurance Company Income Tax Return**

OMB No 1545-0128

1984Department of the Treasury
Internal Revenue ServiceFor calendar 1984, or tax year beginning 1984, and ending 1984
▶ For Paperwork Reduction Act Notice, see page 1 of the instructions.

Name		A. Employer identification number	
Number and street		B. Date incorporated	
City or town, State, and ZIP code		C. Check box if this is a consolidated return	
E. Check box if address changed from previous year		D. Check box if non-life insurance companies are included	

1	Life insurance company taxable income (LICIT)—(Schedule A, line 22)	1
2	Limitation on noninsurance losses (Schedule P, line 9)	2
3	Amount subtracted from policyholder surplus account (enter the smaller of Schedule N, line 1 or line 3)	3
4	Total taxable income—Add lines 1, 2 and 3; however, the total may not be less than line 3	4
5	Check if you are a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/> If checked, see instructions and enter your share of the \$25,000 amount in each taxable income bracket: (a) \$ (b) \$ (c) \$ (d) \$	
6	Income tax (see instructions to figure the tax). If you use the alternative tax, check this box <input type="checkbox"/> and enter the tax from your attached schedule	6
7	(a) Foreign tax credit (attach Form 1118) 7(a) (b) Other credits (see instructions) 7(b) (c) General business credit. Check if from: <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 3468 <input type="checkbox"/> Form 5884 <input type="checkbox"/> Form 6478 <input type="checkbox"/> Form 8007 7(c)	
8	Add lines 7(a) through 7(c)	8
9	Balance of tax (subtract line 8 from line 6)	9
10	Foreign corporations—tax on income not connected with U.S. business (see Tax Computation Instructions)	10
11	Increase in tax from refuguring an earlier year investment credit (attach Form 4255)	11
12	Minimum tax on tax preference items (see instructions—attach Form 4626)	12
13	Total tax (add lines 9 through 12)	13
14	(a) Overpayment from 1983 allowed as a credit 14(a) (b) 1984 estimated tax payments 14(b) (c) Less refund of 1984 estimated tax applied for on Form 4466 14(c) (d) Tax deposited with Form 7004 14(d) (e) Credit from regulated investment companies (attach Form 2439) 14(e) (f) Federal tax on gasoline and special fuels (attach Form 4136) 14(f) (g) U.S. income tax paid or withheld at source 14(g) (h) Other payment (see instructions) 14(h) (i) Total refundable credits (combine lines 14(a) through 14(h)) 14(i)	
15	Enter any PENALTY for underpayment of estimated tax—Check <input type="checkbox"/> If Form 2220 is attached	15
16	TAX DUE—If the total of lines 13 and 15 is larger than line 14(i), enter AMOUNT OWED	16
17	OVERPAYMENT—If line 14(i) is larger than the total of lines 13 and 15, enter AMOUNT OVERPAID	17
18	Enter amount of line 17 you want: Credited to 1985 estimated tax ▶ \$ Refunded ▶	18

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	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

Form **1120L** (1984)

Form 1120L (1984)

Page **2****SCHEDULE A Life Insurance Company Taxable Income (LICIT)**

1	(a) Gross premiums, etc.	(b) Less return premiums, etc.	Balance ▶
2	Decrease in reserves (Schedule B, line 12)		
3	10% of any decrease in reserves under section 807(f)(1)(B)(ii)		
4	Investment income (Schedule C, line 8)		
5	Net capital gain (line 10, Schedule D (Form 1120))		
6	Other amounts (attach schedule)		
7	Life insurance company gross income (add lines 1 through 6)		
8	Death benefits, etc.		
9	Increase in reserves (Schedule B, line 13)		
10	10% of any increase in reserves under section 807(f)(1)(B)(i)		
11	Policyholder dividends (Schedule E, line 7)		
12	Assumption by another person of liabilities under insurance, etc., contracts		
13	Reimbursable dividends		
14	Other deductions (attach schedule—see instructions)		
15	Dividends-received deduction (Schedule G, column 3, line 12—see instructions for limitation and attach schedule if applicable, enter here and on Schedule M, line 2(c))		
16	Operations loss deduction (attach schedule)		
17	Total deductions (add lines 8 through 16)		
18	Gain or (loss) from operations (subtract line 17 from line 7), enter here and, if a gain, on Schedule H, line 1		
19	Small life insurance company deduction (Schedule H, line 12)		
20	Special life insurance company deduction (Schedule J, line 5)		
21	Add lines 19 and 20		
22	LICIT (line 18 less line 21), enter here and on page 1, line 1		

SCHEDULE B Increase Or (Decrease) In Reserves (Section 807)

	1. Beginning of tax year	2. End of tax year
1	Life insurance reserves (section 807(c)(1))	
2	Unearned premiums and unpaid losses (section 807(c)(2))	
3	Supplementary contracts (section 807(c)(3))	
4	Dividend accumulations and other amounts (section 807(c)(4))	
5	Advance premiums (section 807(c)(5))	
6	Special contingency reserves (section 807(c)(6))	
7	Total (add lines 1 through 6 in both columns)	
8	Policyholders' share of tax-exempt interest (Schedule C, line 9 times Schedule K, line 26)	
9	Line 7, column 1, less line 8	
10	Excess ownership differential adjustment (Schedule E, line 8)	
11	Line 9 less line 10	
12	If line 7, column 1, is larger than line 11, enter the difference here and on Schedule A, line 2	
13	If line 11 is larger than line 7, column 1, enter the difference here and on Schedule A, line 9	

SCHEDULE C Gross Investment Income (Section 812(d))

1	Interest (excluding tax-exempt interest)
2	Dividend income (Schedule G, column 1, line 12)
3	Gross rents
4	Gross royalties
5	Leases, terminations, etc.
6	Excess of net-short term capital gain over net long-term capital loss (line 9, Schedule D (Form 1120))
7	Gross income from trade or business other than insurance (attach schedule)
8	Investment income (add lines 1 through 7), enter here and on Schedule A, line 4
9	Tax-exempt interest, enter here and on Schedule K, line 5 and on Schedule M, line 2(d)
10	Add line 8 and line 9
11	Subsidiaries 100% dividends (sections 805(a)(4)(C) and (D))
12	Gross investment income (line 10 less line 11), enter here and on Schedule K, line 1

SCHEDULE E Policyholder Dividends (Section 808)

1	Amounts paid or accrued	
2	Excess interest	
3	Premium adjustments	
4	Experience-rated refunds	
5	Total (add lines 1 through 4)	
6	Differential earning amount for mutual company only (Schedule F, line 15)	
7	Deductible policyholder dividends (line 5 minus line 6, but not less than zero), enter here and on Schedule A, line 11 and Schedule K, line 10.	
8	Excess ownership differential adjustment (excess, if any, of line 6 over line 5), enter here and on Schedule B, line 10.	
9	Deductible percentage (line 7 divided by line 5)	

SCHEDULE F Differential Earnings Amount—Mutual Companies Only (Section 809)

	1. End of preceding tax year	2. End of this tax year
1	Annual statement surplus and capital	
2	Nonadmitted financial assets (attach schedule)	
3	Excess of statutory reserves over tax reserves on section 807(c) items	
4	Deficiency reserves	
5	Mandatory securities valuation reserve	
6	Other voluntary reserves	
7	50% of the amount of any provision for policyholder dividends payable in the next tax year	
8	(a) Subtotal (add lines 1 through 7)	
	(b) Adjustment for equity allocable to noncontiguous Western Hemisphere countries and other adjustments	
	(c) Total of lines 8(a) and 8(b), both columns	
9	Total of line 8(c), columns 1 and 2	
10	Tentative average equity base—Enter 50% of line 9.	
11	Other adjustments	
12	Total of line 10 and line 11	
13	High surplus adjustment (section 809 (i))—attach schedule	
14	Average equity base (line 12 less line 13)	
15	Differential earnings amount (line 14 times .078 (differential earnings rate), enter here and on line 6, Schedule E	x .078

SCHEDULE G Dividend Income And Dividends-Received Deduction (See Instructions)

	1. Gross taxable dividends	2. Deduction rate	3. Deduction (column 1 times column 2)
Dividends subject to proration			
1	Certain domestic corporations	.85	
2	Certain debt-financed stock	see instructions	
3	Certain public utility corporations	.5913	
4	Certain foreign corporations	.85	
5	Certain foreign corporations	1.00	
6	Certain affiliated company dividends	1.00	
7	Gross dividends-received deduction (add lines 1 through 6 of column 3)		
8	Company share percentage (Schedule K, line 25)		
9	Prorated amount (line 7 times line 8)		
Dividends not subject to proration			
10	Affiliated company dividends	see instructions	
11	Other corporate dividends		
12	Total (add lines 1 through 11 in column 1 and lines 9 and 10 in column 3)—Enter the amount from line 12, column 1 on Schedule C, line 2, and enter the amount from line 12, column 3 on Schedule A, line 15		

SCHEDULE H Small Life Insurance Company Deduction (Section 806 (b))—If assets (Schedule O, Part I) are \$500,000,000 or more, complete lines 1 through 5 and enter zero on line 12 and on Schedule A, line 19. (See instructions)

1	Gain from operations (Schedule A, line 18)	
2	(a) Noninsurance income	(b) less
	noninsurance deductions	(c) Balance
3	(a) Line 1 less line 2	
	(b) Adjustments (attach schedule)	
	(c) Tentative LICIT (Total of lines 3(a) and 3(b))	
4	Controlled group tentative LICIT (Schedule I, line 8)	
5	Combined tentative LICIT (line 3(c) plus line 4). Enter here and on Schedule J, line 1. If \$15,000,000 or more, omit lines 6 through 11. Enter zero on line 12, and line 19, Schedule A.	
6	Small life insurance company deduction before adjustment (line 5 times .6, but not more than \$1,800,000)	x .6
7	Maximum statutory amount	3,000,000
8	Subtract line 7 from line 5, but not less than zero	
9	Reduction rate (15%)—Line 8 times .15, but not over \$1,800,000.	x .15
10	Tentative small life insurance company deduction (line 6 less line 9), enter here and on line 2, Schedule J	
11	Taxpayer's share (line 3(c) divided by the sum of line 3(c) and Schedule I, column 1, line 8)	
12	Allowable small life insurance company deduction (line 11 times line 10), enter here and on Schedule A, line 19	

SCHEDULE I Controlled Group Information—(See Instructions)

Company	Tentative LICIT	
	1. Income	2. (Loss)
1		
2		
3		
4		
5		
6	Total—Add lines 1 through 5 in both columns	
7	Enter amount from (Loss) column	
8	Net controlled group tentative LICIT (line 6 less line 7). Enter here and on line 4, Schedule H	

SCHEDULE J Special Life Insurance Company Deduction (Section 806(a))

1	Combined tentative LICIT (Schedule H, line 5)	
2	Tentative small life insurance company deduction (Schedule H, line 10)	
3	Line 1 less line 2	
4	Tentative special life insurance company deduction (line 3 times .20 (taxable income adjustment rate))	x .20
5	Taxpayer's share of special deduction (line 4 times Schedule H, line 11), enter here and on Schedule A, line 20	

SCHEDULE K Company/Policyholder Share Percentage (Section 812)—Part I (See Instructions)

1	Gross investment income (Schedule C, line 12)	
2	Policy interest (Schedule L, line 5)	
3	Line 1 less line 2	
4	Life insurance company gross income	
5	Tax-exempt interest (Schedule C, line 9)	
6	Add lines 4 and 5	
7	Increase in reserves	
8	Line 6 less line 7	
9	Investment income ratio (line 3 divided by line 8)	
10	Deductible policyholder dividends (Schedule E, line 7)	
11	Deductible excess interest (Schedule L, line 2)	
12	Deductible dividends on employee pension funds	
13	Deductible dividends on deferred annuities	
14	Deductible premium and mortality charges for contracts paying excess interest	
15	Add lines 11 through 14	
16	Line 10 less line 15	
17	Investment portion of dividends (line 9 times line 16)	
18	Policy interest (Schedule L, line 5)	
19	Policyholder share amount (add lines 17 and 18)	

Form 1120L (1984)

Page 5

SCHEDULE K Part II

20	Gross investment income (line 1)	
21	Net investment income (line 20 times .9)	X .9
22	Policyholder share amount (line 19)	
23	Company share of net investment income (line 21 less line 22)	
24	Total share percentage	100%
25	Company share percentage (line 23 divided by line 21), enter here and on Schedule G, line B	
26	Policyholders' share percentage (line 24 less line 25)	

SCHEDULE L Policy Interest (Section 812(b)(2))

1	Required interest on reserves under sections 807(c)(1),(3),(4),(5) and (6)—attach schedule	
2	Deductible excess interest (Schedule E, line 2 times Schedule E, line 9) enter here and on Schedule K, line 11	
3	Deductible amounts credited to employee pension funds	
4	Deductible amounts credited to deferred annuities	
5	Total policy interest (add lines 1 through 4), enter here and on lines 2 and 18 of Schedule K	

SCHEDULE M Shareholders' Surplus Account (Section 815(c))

1	(a) Balance at the beginning of the tax year.	
	(b) Transfers under pre-1984 section 815(d)(1) and (4) for preceding year	
	(c) Balance at the beginning of the tax year (add lines 1(a) and 1(b))	
2	(a) LICTI (Page 1, sum of lines 1 and 2, but not less than zero)	
	(b) Special deductions allowed by sections 806(a) and 806(b) (Schedule A, line 21)	
	(c) Dividends-received deduction (Schedule A, line 15)	
	(d) Tax-exempt interest (Schedule C, line 9)	
3	Total (add lines 1(c) through 2(d))	
4	Tax liability for year without regard to section 815 (figure the tax on line 2(a) as if line 2(a) were taxable income)	
5	Line 3 less line 4 (do not enter less than zero)	
6	Direct or indirect distributions in the tax year (not more than line 5)	
7	Balance at the end of the tax year (line 5 less line 6)	

SCHEDULE N Policyholders' Surplus Account (Section 815(d))

1	Balance at the beginning of the tax year.	
2	(a) Direct or indirect distributions that are more than Schedule M, line 5	
	(b) Tax increase on line 2(a)	
	(c) Subtractions under pre-1984 sections 815(d)(1) and (4) (see instructions)	
	(d) Tax increase on line 2(c)	
	(e) Subtraction required under pre-1984 section 815(d)(2) due to termination	
3	Total—Add lines 2(a) through 2(e), but not more than line 1	
4	Balance at the end of the tax year (line 1 less line 3)	

SCHEDULE O Total Assets And Total Insurance Liabilities**Part I—Total Assets (Section 806(b)(3)(C))**

	As of Close of Tax Year
1	Real property
2	Stocks
3	Proportionate share of partnership assets
4	Other assets (attach schedule)
5	Total assets of controlled groups
6	Total (add lines 1 through 5)

Form 1120L (1984)

Page 6

SCHEDULE O Total Assets And Total Insurance Liabilities—continued**PART II—Total Insurance Liabilities (Section 813(a)(4)(B))**

Item	1. Section	2. Description of item	3. Liabilities at close of tax year
1	816(c)(1)	Reserve for life policies and contracts	
2	816(c)(2)	Reserve for accident and health policies	
3	807(c)(3)	Supplementary contracts without life contingencies	
4	816(c)(2)	Policy and contract claims, life	
5	816(c)(3)	Policy and contract claims, accident and health	
6	807(c)(4)	Policyholders' dividend and coupon accumulations	
7	807(c)(5)	Premiums and annuity considerations received in advance	
		Less: Discount	
8	807(c)(5)	Liability for premium and other deposit funds	
9		Miscellaneous insurance liabilities, not included above:	
	807(c)(6)	(a) Special contingency reserves for group life, health and accident insurance.	
	807(c)(3)	(b) Amounts held at interest under insurance, annuity or deposit administration contracts or pension trust side funds	
	807(c)(3)	(c) Funds held to provide for future conversion of policies or contracts	
	816(c)(3)	(d) Amounts held pending issue of contracts supplementary to insurance or annuity contracts	
		(e) Other insurance liability or adjustments:	
		(i) Reserves for mortality fluctuations	
		(ii) Liability for insurance or annuity benefits for employees and agents	
	816(c)(3)	(f) Other items (please describe):	
10		Total	

SCHEDULE P Limitation On Noninsurance Losses (Section 806(c)(3)(C))

1	Noninsurance income (attach schedule)	
2	Noninsurance deductions (attach schedule)	
3	Noninsurance operations loss deductions	
4	Add line 2 and line 3	
5	Noninsurance loss (line 4 less line 1). If line 1 is greater than line 4, omit lines 5 through 8, and enter zero on line 9	
6	Enter 35% of line 5	
7	Enter 35% of Schedule A, line 22 less any noninsurance loss included in Schedule A	
8	Enter the lesser of line 6 or line 7	
9	Line 5 less line 8—Enter here and on page 1, line 2	

F. Check if you are a:

- Kind of company:

Kind of company:

- ☐ Stock

☐ Mutual

Principal business

☐ Life insurance

- ☐ Health and accident insurance

- (2) ☐ Fraternal or assessment association

- (3) ☐ Burial or other insurance company

G. Enter the percentage that the total of your life insurance reserves (section 816(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 (section 816(c))

9.

Attach a schedule of your computation.

- H. Do you have any variable annuity contracts outstanding?**

- 1. (1)** 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))?

If "Yes," attach a schedule showing:

- (a) Name, address, and identifying number:

- (b) Percentage owned; and

- (c) Taxable income or (loss) before NOL or special deductions from line 28, page 1, Form 1120 (or line 24, page 1, Form 1120-A) of that corporation for the tax year ending with or within your tax year.

- (2) Did any individual, partnership, corporation, estate, or trust, at the end of the tax 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—

- (a) Name, address, and identifying number

- (b) Percentage owned

- (c) If the owner of that voting stock was a person other than a U.S. person (see instructions), check "Yes" and show owner's country ►

(Note: If question I(2)(c) is checked "Yes," the corporation may have to file Form 5472.)

Yes	No
-----	----

1. Di

- J. Did you claim a deduction for:**

- (1) Entertainment facility (boat, resort, ranch, etc.)?

- (2) Living accommodations (except for employees on business)?**

- (3) Employees attending conventions or meetings outside the North American area?** (See section 274(h).)

- (4) Employees' families at conventions or meetings?
If "Yes," were any of these conventions or meetings outside the North American area?

- (5) Employee or family vacations not reported on Form W-2?

- K.** Were you a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957, and the instructions.)

If "Yes," attach Form 5471 for each corporation.

- L.** 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 the instructions for exceptions and filing requirements for Form TD F 90-22.1.)

If "Yes," write the name of the foreign country

- M.** Were you ever 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? (See instructions.)
If "Yes," you may be required to file Forms 926, 3520, or 3520A.

- N.** During the tax year did you maintain any of your accounting/tax records on a computerized system?

- 0. Check method of accounting:**

- (1) ☐ Accrual

- (2) ☐ Other (Specify)

Yes	No
-----	----

1. Di

SCHEDULE R Reconciliation (See instructions)**SCHEDULE S Compensation of Officers (See instructions)**

1984

Department of the Treasury
Internal Revenue Service

Instructions for Form 1120L

U.S. Life Insurance Company Income Tax Return

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Changes You Should Note
Tax Reform Act of 1984

The "Tax Reform Act of 1984" (Act) has made changes in the following areas:

- Repealed the law regarding the taxing of life insurance companies and replaced it with new sections 801 through 818.
- Elimination of graduated tax rate benefits for corporations with taxable income in excess of \$1,000,000, effective for tax years beginning after December 31, 1983.
- Limitation on the amount of the 85% dividends-received deduction for debt-financed portfolio stock.
- Cutback in the deduction for certain corporate tax preference items from 15% to 20%.
- Creation of a general business credit, and the re-ordering of tax credits.
- Decrease in the holding period for assets acquired after June 22, 1984, from more than one year to more than six months in order to qualify for long-term capital gain or loss treatment.
- Increase in the holding period for stock acquired after July 18, 1984, from 16 days to 46 days in order to qualify for a dividends received deduction.
- The all events test as it pertains to certain liabilities not incurred before economic performance (section 461(h)).

For more information on these and other changes, see Publication 553, Highlights of 1984 Tax Changes.

Elections Under the Act

The new life insurance provisions of the Act also allow life insurance companies (if applicable) to make the following elections:

- Election by a member of a controlled group, which does not file a consolidated return, not to include a loss from operations in the determination of the special life insurance company deduction. See section 805(d)(4) and Temporary Regulations section 5h.4.
- Election by issuers of nonannuity contracts to determine prevailing State assumed interest rate as of the beginning of the calendar year preceding the calendar year that the contract was issued. See section 807(d)(4)(C) and Temporary Regulations section 5h.4.
- Election in the case of a loss from operations, to forgo the entire carryback period. See section 810(b)(3) and Temporary Regulations section 5h.4.

- Election not to have its reserves recomputed for the first tax year beginning after 1983. See Act section 216(c)(1) and Temporary Regulations section 5h.4.
- Election to use adjusted statutory reserves, generally, for certain contracts issued after 1983, but before 1989, if it made an election under Act section 216(c)(1) and meets certain other requirements. See Act section 216(c)(2) and Temporary Regulations section 5h.4.
- Election to treat individual noncancelable accident and health contracts as cancellable. See Act section 217(i) and Temporary Regulations section 5h.4.
- Election regarding the treatment of losses from certain guaranteed interest contracts. See Act section 217(i)(2)(B) and Temporary Regulations section 5h.4.
- Election by a domestic mutual insurance company, which has a contiguous country life insurance branch, to exclude from its taxable income items that are separately accounted for under section 814(c). See section 814(g).
- Election by a domestic stock life insurance company, which has a contiguous country life insurance branch as described in section 814(b) (without regard to the mutual requirement in section 814(b)(3)) to transfer the assets of such branch to a foreign corporation organized under the laws of the contiguous country without applying section 367 or 1491. See section 814(h).
- Election on or before September 15, 1985, by any life insurance company to treat items described in section 818(f)(1) as properly apportioned or allocated among items of gross income. See section 818(f).
- Election that allows a life insurance company to treat income on the transfer or deemed transfer of an installment obligation as not related to its insurance business. See section 453B(e).

Voluntary Contributions to Reduce the Public Debt

Quite often inquiries are received about how voluntary contributions to reduce the public debt may be made. A corporation may contribute by enclosing a separate check, payable to "Bureau of the Public Debt," with the tax return. These amounts are tax deductible, subject to the rules and limitations for charitable contributions. Please keep the contribution to reduce the public debt separate from any amount payable with the tax return. Tax remittances should be made payable to "Internal Revenue Service."

General Instructions

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws, and to allow us to figure and collect the right amount of tax. You are required to give us this information.**Purpose of Form.**—Life insurance companies use Form 1120L to report income and expenses and to figure any tax that may be due.**Who must file Form 1120L.**—Every domestic life insurance company and every foreign corporation carrying on an insurance business within the U.S. (if its U.S. business would qualify as a life insurance company) must file a return on Form 1120L. However, this is true only for insurance companies:

- Which are engaged in the business of issuing life insurance and annuity contracts either separately or combined with health and accident insurance, or noncancelable contracts of health and accident insurance, if
- Its life insurance reserves as defined in section 816(b), plus unearned premiums and unpaid losses (whether or not ascertained) on noncancelable life, health, or accident policies not included in life insurance reserves, make up more than 50% of its total reserves as defined in section 816(c), adjusted in each case for policy loans as required by section 816(d).

The term "insurance company" means any company more than half of the business of which during the tax year is the issuing of insurance or annuity contracts or the reinsuring of risks underwritten by insurance companies.

Guaranteed renewable life, health, and accident insurance that the company cannot cancel but under which the company reserves the right to adjust premium rates by classes, according to experience under the kind of policy involved are treated as noncancelable.

Also, for purposes of determining if an insurance company is a life insurance company, amounts set aside and held at interest to satisfy obligations under contracts which do not contain permanent guarantees with respect to life, accident, or health contingencies should not be included in life insurance reserves or any of the other insurance reserves that are required by law.

A burial or funeral benefit insurance company that directly manufactures funeral supplies or performs funeral services is taxable under section 821 or section 831 and should file Form 1120M, U.S. Mutual Insurance Company Income Tax Return, Form 1120, U.S. Corporation Income Tax Return, or Form 1120-A, U.S. Short-Form Corporation Income Tax Return.

If a receiver, trustee in bankruptcy, or assignee has possession of, or holds title to, all or substantially all of a corporation's property or business whether or not it is being operated, that person must make a return in the same manner and form as would be required were the corporation to make its own return.

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	Holtsville, 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 31107
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, foreign countries and U.S. possessions	Philadelphia, PA 19255

If all the books and records are kept in the managing corporation's principal office, the separate returns of a group of corporations may be filed with the service center where the managing corporation files its return.

When to file.—In general, a corporation must file Form 1120L by the 15th day of the 3d month after its tax year ends. A new corporation filing a short period return must generally file by the 15th day of the 3d month after the short period ends. A corporation that has dissolved must generally file by the 15th day of the 3d month after the date it dissolved.**Extension of time for filing.**—Use Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request an automatic 6-month extension if you need more time to file Form 1120L.**Period covered.**—File the 1984 return for calendar year 1984 and fiscal years that begin in 1984. If the corporation ceased to exist in 1984, write "FINAL RETURN" at the top of the form.**Accounting methods.**—You must file the return using the accrual method of accounting or, to the extent permitted under regulations, a combination of the accrual method with any other method, except the cash receipts and disbursements method.

Unless the law specifically permits, you cannot change the method of accounting used to report income in earlier years (for income as a whole or for any material item) unless you first get IRS consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—You may show money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.**Percentage computations.**—In figuring the policyholders' and company's share percentage, carry out the computation to enough decimal places to ensure substantial accuracy and to eliminate any significant error in the resulting tax.**Pension, profit-sharing, etc., plans.**—If you are an employer who maintains a pension, profit-sharing, or other funded deferred compensation plan whether or not it is qualified under the Internal Revenue Code and whether or not you claim a deduction for the current tax year, generally you are required to file one of the forms described below. Section 6652(f) provides penalties for not filing these forms on time.**Form 5500, Annual Return/Report of Employee Benefit Plan.**—Complete this form for each plan with 100 or more participants.**Form 5500-C, Return/Report of Employee Benefit Plan, or Form 5500-R, Registration Statement of Employee Benefit Plan.**—Complete the applicable form for each plan with fewer than 100 participants.**Transfers to corporation controlled by transferor.**—If a person receives stock or securities of a corporation in exchange for property, and does not have a gain or loss that is recognized under section 351, the transferor and the transferee must attach the information required by Regulations section 1.351-3.**Other Forms Needed.**—In addition to Form 1120L, you may need to file one or more information returns.**Forms W-2 and W-3, Wage and Tax Statement; and Transmittal of Income and Tax Statements.****Form W-2P, Statement for Recipients of Periodic Annuities, Pensions, Retired Pay, or IRA Payments.****Form 966, Corporate Dissolution or Liquidation.****Form 1096, Annual Summary and Transmittal of U.S. Information Returns.** (For transmitting Form 1099 information, use Form W-3G, Transmittal of Certain Information Returns.)**Forms 1099-A, B, DIV, INT, MISC, OID, PATR, and R.** Information returns for reporting abandonments, acquisitions through foreclosure, proceeds from brokers and barter exchange transactions, certain dividends and distributions, interest income, medical and health care payments, direct sales of consumer goods for resale, miscellaneous income payments, nonemployee compensation, original issue discount, patronage dividends, and total distributions from profit-sharing plans, retirement plans, and individual retirement arrangements. Also use these returns to report amounts that were received as a nominee on behalf of another person.**Note: Every corporation must file information returns if it makes payments of rents, commissions, or other fixed or determinable income (see section 6041) totaling \$600 or more to any one person in the course of its trade or business during the calendar year.****Form 5492, Corporate Report of Nontaxable Dividends.****Form 5498, Individual Retirement Arrangement Information.** is to be used to provide IRS with contribution information on individual retirement accounts and simplified employee pension plans.**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.**Form 8264, Application for Registration of a Tax Shelter.** is used by tax shelter organizers to register tax shelters with the IRS, for the purpose of receiving a tax shelter registration number.**Form 8271, Investor Reporting of Tax Shelter Registration Number.** is used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number. Form 8271 must be attached to any tax return (including an application for tentative refund (Form 1139) and an amended return (Form 1120X)) on which a deduction, credit, loss, or other tax benefit attributable to a tax shelter, is taken.**Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business.** generally is used to report the receipt of more than \$10,000 in cash or foreign currency after 1984 in one transaction (or a series of related transactions).**Consolidated returns.**—If an affiliated group of corporations includes one or more domestic insurance companies taxed under section 801 or 821, the common parent may elect to treat those companies as includible corporations. The insurance companies must have been members of the group for the 5 tax years immediately preceding the tax year for which the election is made. See section 1504(c)(2) and Regulations section 1.1502-47(d)(12).**Note: If an election under section 1504(c)(2) is in effect for an affiliated group for the tax year, all items of members of the group which are not life insurance companies are not to be taken into account in figuring the tentative life insurance company taxable income of those members which are life insurance companies.****Penalties.**—Avoid penalties and interest by correctly filing and paying the tax when due.

1. A corporation that does not file its tax return by the due date, including any extensions of time for filing, may be subject to a penalty of 5% a month or a fraction of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is charged on the net amount due under section 6651(a)(1). The minimum penalty for failure to file a tax return within 60 days of the due date (including extensions) is the lesser of the underpayment of tax or \$100.

Since Regulations section 1.6012-2(c) requires that the NAIC Annual Statement be filed as part of the return, a penalty may be imposed under section 6651(a)(1) for not including the annual statement when filing the return.

2. A corporation that does not pay the tax when due may be subject to a penalty of 1/4% a month or fraction of a month, up to a maximum of 25%, for each month the tax is not paid. The penalty is charged on the net amount due under 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 determined under section 6621.

3. A corporation that does not pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty, the amount of estimated tax payments required by a corporation is 90%, but see the instructions (later) for "Line 15. Penalty for underpayment of estimated tax", and section 6655.

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.

Paid Preparer's Information.—If your corporate officer filled in Form 1120L, the Paid Preparer's Use Only area should remain blank. If someone prepares Form 1120L and does not charge the corporation, that person should not fill in the Paid Preparer's Use Only area. Certain others who prepare Form 1120L should not fill in the Paid Preparer's Use Only area. For example, a regular, full time employee of the corporation such as clerk, secretary, etc., does not have to sign.

Generally, anyone who is paid to prepare Form 1120L must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

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 1120L to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should know their responsibilities. Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, lists some of the preparers' other responsibilities and penalties for which they may be liable. The publication also contains the regulations that govern their work.

Sales and Exchanges of Life Insurance Company Property

Capital assets.—Each item of property a corporation holds (whether or not connected with its business) is a capital asset, except as provided in section 1221. However, section 818(b)(2) modifies section 1221 so that gains or losses from the sale or exchange of depreciable assets of any business (other than an insurance business) that the life insurance company carries on will be treated as gains or losses from the sale or exchange of capital assets.

Complete Schedule D (Form 1120), Capital Gains and Losses, according to its instructions. Enter the excess of net short-term capital gain over the net long-term capital loss from line 9, Schedule D (Form 1120) on line 6, Schedule C, Form 1120L. Enter the net capital gain from line 10, Schedule D (Form

1120) on line 5, Schedule A, Form 1120L. Attach Schedule D (Form 1120) to Form 1120L.

Assets used in a trade or business and involuntary conversions.—Use Form 4797, Supplemental Schedule of Gains and Losses, to report sales and exchanges of assets used in a trade or business, and involuntary conversions.

Section 818(b) provides that in applying section 1231(a), property used in a trade or business includes only (1) property used in carrying on an insurance business that is real property held for more than 1 year (more than 6 months for property acquired after June 22, 1984), or depreciable property held for more than 1 year (more than 6 months for property acquired after June 22, 1984) and (2) timber, coal, and domestic iron ore to which section 631 applies. The term does not include inventoriable property, property held primarily for sale to customers, or certain copyrights, literary, musical or artistic compositions, letters, or memoranda, and similar property.

Special rules for section 818(c) property.—See section 818(c) and related regulations for how to limit the gain from the sale or exchange of any section 818(c) property.

Foreign Life Insurance Companies.—A foreign life insurance company that sells a U.S. real property interest must file Form 1120L and Schedule D (Form 1120) to report the sale. Gain or loss from the sale of a U.S. real property interest is considered effectively connected with the conduct of a U.S. business, even though the foreign life insurance company does not carry on any insurance business in the U.S. and is not otherwise required to file a U.S. income tax return.

Specific Instructions

Box A. Employer identification number.—Enter the corporation's employer identification number (EIN).

If the corporation does not have an EIN, apply for one on Form SS-4, Application for Employer Identification Number. You can get this form at most IRS or Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center where you send Form 1120L. If you have not received the EIN by the time to file Form 1120L, write "Applied for" in the space for the EIN.

SCHEDULE A—Life Insurance Company Taxable Income (Section 801(b))

Income

Line 1(a).—Enter the gross premiums and other consideration (including advance premiums, deposits, fees, assessments, consideration from assuming liabilities under contracts not issued by the company and dividends to policyholders reimbursable to the taxpayer by a reinsurer for reinsured policies) on insurance and annuity contracts. Also, line 1(a) should include any amount treated as received under section 808(e).

Line 1(b).—Enter return premiums, and premiums and other consideration for indemnity reinsurance. Except for premiums or other consideration returned to another life insurance company from indemnity reinsurance, you cannot include amounts returned when they are not fixed in the contract but depend on the company's experience or the management's discretion. But treat as return premiums amounts retained or refunded due to policy cancellations or to incorrectly figured premiums. Then subtract line 1(b) from line 1(a) and enter the result in the column on the right.

Line 3. 10% of net decrease in reserves.—Enter 10% of any decrease in reserves required under section 807(f). If section 807(f)(2) applies, the balance must be included in income in the last tax year the company was qualified to file Form 1120L.

Line 6. Other amounts.—Enter the total other income not otherwise included above if the items are includible in gross income and include any accrual of discount under section 811(b). Include all gains from Form 4797. See the earlier instructions under **Assets used in a trade or business and involuntary conversions**. Exclude all gains that are, or are considered to be, from the sale or exchange of capital assets. Also, attach an itemized schedule of all items.

Deductions

Line 8. Death benefits, etc.—Enter all claims and benefits accrued and losses incurred (whether or not ascertained) during the year on insurance and annuity contracts. Losses incurred (whether or not ascertained) means a reasonable estimate of losses incurred but not reported, and losses reported, but the amount cannot be determined by the end of the year.

Line 10. 10% of increase in reserves.—Enter 10% of any increase in reserves required under section 807(f)(1)(B)(i).

Line 12. Assumption by another person of liabilities under insurance, etc., contracts.—Enter the consideration (other than consideration from indemnity reinsurance) from the assumption by another person of liabilities under insurance and annuity contracts (including supplementary contracts).

Line 13. Reimbursable dividends.—Enter the amount of policyholder dividends which are paid or accrued by another insurance company for policies the taxpayer has reinsured, and are reimbursable by the taxpayer under the terms of the reinsurance contract.

Line 14. Other deductions.—Enter the total of all other deductions (including the amortization of premiums under section 811(b)) not already included in lines 8 through 13.

Also, include the total amount of noninsurance business (defined in section 806(c)(3)) deductions on line 14. Attach an itemized schedule of all items. Noninsurance business deductions (section 806(c)(3)) should be segregated from other deductions.

If you claim a deduction for depreciation, attach Form 4562, Depreciation and Amortization, Attach Form T (Timber), Forest Industries Schedule, if you claim a deduction for timber depletion.

Limitations on deductions

1. Transactions between related taxpayers. Generally, for tax years beginning after December 31, 1983, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See section 267 for limitation on deductions for unpaid expenses and interest.

2. Limitation on deductions for tax preference items. Corporations may be required to reduce deductions for the following tax preference items by 15%:

- a) Depletion of iron ore and coal (including lignite);
- b) Section 1250 capital gain (the reduction changes to 20% for dispositions after December 31, 1984);
- c) Amortizable basis of pollution control facilities (the reduction changes to 20% for property placed in service after December 31, 1984);
- d) Intangible drilling, and exploration and development costs (the reduction changes to 20% for expenditures after December 31, 1984); and
- e) Bad debt deductions for financial institutions (the reduction changes to 20% for tax years beginning after December 31, 1984).

3. Real property construction period interest and taxes. For construction started after 1982, no deduction (except as allowed under section 199(d)) shall be allowed for real property construction period interest and taxes. See section 189.

4. Golden parachute payments. A portion of the payments made by a corporation to key personnel that exceeds their usual compensation may not be deductible. This occurs when the corporation has an agreement (golden parachute) with these key employees to pay them these excessive amounts if control of the corporation changes. See section 280G.

Exceptions

Include all items allowable as deductions in figuring taxable income except:

- (a) Interest.—No deduction is allowed under section 163 for interest on the items described in section 807(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 if the other provisions of section 166 apply.
- (c) Contributions.—Attach a schedule showing the name of each organization and the amount for a contribution made in property other than money. Describe the kind of property contributed and the method used in determining its fair market value. If you include a contribution carryover, show the amount and how it was determined. A corporation must keep records, as required by the regulations for section 170, for all of its charitable contributions.

If you made a qualified conservation contribution under section 170(h), include the fair market value of the underlying property before and after the donation. Describe the conservation purpose furthered by your donation and the type of legal interest contributed.

Charitable contributions over the 10% limitation set forth in section 170(b)(2) as modified by section 805(b)(3) may not be deducted for the tax year but may be carried over to the next 5 tax years.

Companies on the accrual basis may elect to deduct contributions paid by the 15th day of the 3d month after the end of the tax year if the board of directors authorizes the contribution during the tax year. Attach to the return a declaration, signed by an officer, stating that the resolution authorizing the contribution was adopted by the board of directors during the tax year. Also attach a copy of the resolution.

For a charitable contribution of property, you must reduce the contribution by the sum of:

- The ordinary income, short-term capital gain that would have resulted if the property were sold at its fair market value, and
- 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 (except stock that is donated after July 18, 1984, for which market quotations are readily available—see section 170(e)(5)) to or for the use of certain private foundations. (See section 170(e) and Regulations section 1.170A-4.)

For special rules for contributions of inventory and other ordinary income property to certain organizations, and contribution of scientific property used for research, see section 170(e).

For a charitable contribution deduction for property sold 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.

Note: To take a deduction for non-cash contributions, other than publicly traded securities, after December 31, 1984, a closely held corporation (other than S corporations) or a personal service corporation (other than S corporations) must get a qualified appraisal if the claimed value of the donated property exceeds \$5,000 (\$10,000 for closely held stock). The qualified appraisal (Form 8283, Non-Cash Charitable Contributions Appraisal Summary), as well as such other information that will be prescribed in regulations to be issued by the Treasury Department, must be submitted with the tax return.

(d) Amortizable bond premiums.—No deduction is allowed under section 171. However, see section 811(b) for the rules relating to amortizable bond premiums.

(e) Net operating loss deduction.—The deduction under section 172 is not allowed because an operations loss deduction is allowed. See line 16.

Line 15. Dividends-received deduction.—Enter the amount from Schedule G, column 3, line 12. Also, see the instructions for Schedule G.

Line 16. Operations loss deduction.—This deduction determined under section 810 is similar to the net operating loss deduction provided by section 172.

The operations loss deduction is the total of the operations loss carryovers and carrybacks to the tax year. See section 810(a).

Generally, you may carry a loss from operations back to each of the 3 years preceding the year of the loss and carry it over to each of the 15 years following the year of the loss. Or you may make an irrevocable election to carry the loss only to each of the 15 years after the loss year. See section 810(b). If the company is a new company for the loss year, the carryover is for 18 years. For the definition of a new company, see section 810(e). After you apply the loss from operations to the first tax year to which it may be carried, the part of the loss you may carry to each of the remaining tax years is the amount by which the loss is more than the sum of the offsets for each of the earlier tax years to which the loss may be carried.

Offset means the increase in the operations loss deduction for the tax year that reduces the life insurance company taxable income (figured without regard to section 804(2) and (3)) for the year to zero. See section 810(d).

To determine the loss from operations subtract line 7 from the allowable deductions. But:

- No operations loss deduction is allowed.
- You must figure 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) without regard to section 246(b), as modified by section 805(a)(4).

See section 844 for special loss carryover rules for 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.

Note: New section 810 will be treated as a continuation of section 812 (as in effect before the enactment of the Tax Reform Act of 1984).

SCHEDULE B—Increase or (Decrease) in Reserves (Section 807)

Section 807 requires life insurance companies to determine whether certain reserves decreased or increased for the tax year. A decrease will be treated as includible in gross income and an increase will be treated as a deduction from gross income. Generally, the net increase or net decrease in reserves is figured by comparing the closing balance for reserves to the opening balance for reserves, with the closing balance of the reserves becoming the opening balance for the following year. Also, in figuring the net increase or net decrease in reserves, the closing balance of the reserve items is reduced by the policyholders' share of tax-exempt interest and the excess ownership differential adjustment.

For rules dealing with the method of computing reserves for purposes of determining income, see section 807(d). For rules dealing with the method of computing reserves on contracts where interest is guaranteed beyond the end of the tax year, see section 811(d). Also, see section 216 of the Act for information on reserves computed on a new basis (fresh start) and section 217 (f) of the Act for information on the treatment of certain assessment life insurance companies.

Note: If the basis for determining the amount of any item referred to in section 807(c) (life insurance reserves, etc.) at the end of the tax year differs from the basis for the determination at the beginning of the tax year, you must figure the amount at the end of the tax year on the old basis, and the amount at the beginning of the next tax year on the new basis. See section 807(f).

SCHEDULE C—Gross Investment Income

Line 1. Interest.—Enter interest (excluding tax-exempt interest) from all sources during the tax year. Decrease the gross interest reported by the amortization of premium and increase it by the accrual of discount (except market discount) for the tax year on bonds, notes, debentures, or other evidences of indebtedness. Determine these amounts by:

- The method regularly used, if reasonable, or
- Regulations prescribed by the Secretary of the Treasury.

Also, see section 811(b). Attach a statement showing the method and computation used.

Line 3. Gross rents.—Enter the gross rents received for property. Deduct expenses such as repairs, taxes, and depreciation on line 14, Schedule A, and attach a segregated schedule of these amounts.

Line 4. Gross royalties.—Enter gross royalties. If you take a deduction for depletion, report it on line 14, Schedule A.

Line 5. Leases, terminations, etc.—Enter the gross income from entering into (or changing or ending) any lease, mortgage, or other instrument or agreement from which the life insurance company earns interest, rents, or royalties.

Line 7. Gross income from trade or business other than insurance business.—Enter the gross income from any 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. Attach a segregated schedule.

Include section 1245, section 1250, and other gains from Form 4797. See the earlier instructions under **Assets used in a trade or business and involuntary conversions.**

Line 9. Tax-exempt interest.—Enter the total amount of tax-exempt interest income attributable to this tax year.

Line 11. Subsidiaries 100% dividends.—Enter the total amount of dividends described in sections 805(a)(4)(C) and (D).

SCHEDULE E—Policyholder Dividends (Section 808)

A policyholder dividend includes any amount paid, or accrued (including an increase in benefits) where the amount is not fixed in the contract but depends on the company's experience or the management's discretion plus any excess interest, premium adjustments, and experience-rated refunds. Generally, the deduction for policyholder dividends is the amount actually paid or accrued during the tax year. A mutual company must reduce this amount by the differential earnings amount (defined in section 809).

Also, for purposes of figuring this deduction, any policyholder dividend which increases the cash surrender value of the contract or other benefit payable under the contract or reduces the premium that

otherwise has to be paid, is treated as paid to the policyholder and returned by the policyholder to the company as a premium and should be included on line 1.

SCHEDULE F—Differential Earnings Amount (Section 809)

Section 809 requires mutual life insurance companies to reduce certain deductions (policyholder dividends, and certain reserve deductions) by the differential earnings amount. See section 809 for definitions, computational information, transitional rules and other adjustments. Also, see section 217(j) of the Act for rules on the reduction in equity base for a mutual successor of a fraternal benefit society.

SCHEDULE G—Dividend Income and Dividends-Received Deduction Gross Taxable Dividends

Line 1, column 1.—Enter dividends received (except those received on debt-financed stock acquired after July 18, 1984—see section 246A) from domestic corporations subject to income tax that qualify for the 85% deduction under section 243(a)(1).

So-called dividends or earnings received from mutual savings banks, money market certificates, 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 that qualifies for the 85% deduction.

Line 2, column 1.—Enter dividends on debt-financed stock (acquired after July 18, 1984) that are received from domestic corporations subject to income tax and that would otherwise be subject to the 85% dividends-received deduction under section 243(a)(1). Generally, debt-financed stock is stock that the corporation acquired, and, in doing so, incurred a debt (for example, it borrowed money to buy the stock). See section 246A for more information.

Line 3, column 1.—Enter dividends received on the preferred stock of a public utility subject to income tax that is allowed the deduction under section 247 for dividends paid.

Line 4, column 1.—Enter dividends received from foreign corporations that qualify for the 85% deduction under section 245(a).

Line 5, column 1.—Enter dividends received from wholly-owned foreign subsidiaries that qualify for the 100% deduction under section 245(b) to the extent they are distributed out of tax-exempt interest or out of dividends which do not qualify as 100% dividends.

Line 6, column 1.—Enter dividends that qualify for the 100% dividends-received deduction under section 243(a)(3) that are subject to the elective provisions of section 243(b) and section 805(a)(4)(D) to the extent they are distributed out of tax-exempt interest or out of dividends which do not qualify as 100% dividends.

Line 10, column 1.—Enter dividends which qualify for the 100% dividends-received deduction and that are not reported on line 5 or 6 because they were not distributed out of tax-exempt interest or out of dividends which do not qualify as 100% dividends.

NOTE: Certain dividends received by a foreign corporation are not subject to proration. See section 805(a)(4)(D) and attach a schedule of your computation.

Line 11, column 1.—Enter the total of other dividends received and attach a schedule showing separately:

- Foreign dividends not reportable on lines 4, 5 and 10. (Exclude distributions of amounts constructively taxed in the current year or earlier years under Subpart F.)
- Income constructively received from controlled foreign corporations under Subpart F. This should equal the total amounts reported in Schedule J of Form(s) 5471, Information Return with Respect to Foreign Corporations.
- Gross-up of dividends for taxes considered paid under sections 902 and 960.
- Dividends (other than capital gain 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 tax year of the trust in which the dividends are paid, qualifies under sections 856 through 860.
- Dividends not eligible for the dividends-received deduction because of the stock's holding period or an obligation to make corresponding payments on similar stock.
- Any other taxable dividend income not properly reported above (including distributions under sections 934(e)(3) or 936(h)(4)).

Lines 1 through 6, column 3.—Dividends received on debt-financed stock that are reported on line 2, column 1) are not entitled to the full 85% dividends-received deduction. Instead, the 85% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 246A. A schedule showing how the dividends-received deduction on debt-financed stock (amount on line 2, column 3) was figured must be attached to Form 1120L.

In general, no dividends-received deduction will be allowed on any share of stock:

1. That is disposed of if the corporation held it 15 days or less (45 days or less for shares of stock acquired after July 18, 1984), or
2. To the extent the corporation is under an obligation to make related payments for substantially similar or related property.

Line 7, column 3.—Limitation on dividends-received deduction. The dividends-received deduction is limited to 85% of line 2, page 1 plus line 7, Schedule A, less the total of lines 8 through 14 of Schedule A (that is 85% of life insurance company taxable income (as modified by section 806(c)(3)(C)) figured without regard to the special life insurance deduction, and the small life insurance company deduction (section 806); the operations loss deduction (section 810); the dividends-received deductions (sections 243(a)(1), 244(a), and 245); and any capital loss carryback to this tax year (section 1212(a)(1)).

For a member of an electing controlled group, the 85% limitation also applies to any amount by which line 7, Schedule A is more than the total of lines 8 through 14 of Schedule A. But qualifying dividends received from the same group are not subject to the 85% limitation.

In a year in which there is a loss from operations, the 85% limitation does not apply even if the loss is created by the dividends-received deduction. (See sections 172(d) and 245(b).)

SCHEDULE H—Small Life Insurance Company Deduction (Section 806(b))

To qualify for this deduction a life insurance company must have less than \$15,000,000 of tentative life insurance company taxable income and it must have less than \$500,000,000 in assets (which should include assets of all members of a controlled group as defined in section 806(d)(3), whether or not they are life insurance companies). Schedule H is used to figure this deduction, but see sections 804 and 806 of the Code and sections 217(c), (h), (k), (l), and (m) of the Act for computation of the deduction as well as special and transitional rules.

SCHEDULE I—Controlled Group Information (Section 806(d))

In computing the small life insurance company deduction and the special life insurance company deduction, all life insurance companies who are members of a controlled group are treated as one company and the amount of the deduction that the group is entitled to must be allocated to the life insurance company members of the group in proportion to their respective tentative life insurance company taxable income.

For more information on controlled groups see section 806 of the Code and sections 217(c), (h), (k), (l), and (m) of the Act.

Note: In cases where a life insurance company makes an election under 806(d)(4), affected members of the controlled group must exclude the loss from operations of the electing life insurance company in computing the special life insurance company deduction. Attach a separate computation in lieu of Schedule J. Consolidated taxable income of the group that includes the life insurance company that made the 806(d)(4) election also must be adjusted as provided in section 806(d)(4)(B).

SCHEDULE J—Special Life Insurance Company Deduction (Section 806(a))

Life insurance companies are also allowed a deduction for any tax year equal to 20% of the excess of tentative life insurance company taxable income for the tax year over the small life insurance company deduction (if any). See sections 804 and 806 of the Code; sections 217(c), (h), (k), (l), and (m) of the Act; and, if a controlled group, Schedule I.

SCHEDULE K—Company/Policyholder Share Percentage (Section 812)

Schedule K provides for the computation of the company's share percentage for purposes of section 805(a)(4) and the policyholders' share percentage for purposes of section 807. See section 812 for details.

SCHEDULE L—Policy Interest (Section 812(b)(2))

To calculate the company and policyholder share percentage (Schedule K), it is necessary to figure the total amount of policy interest for the tax year. See section 812(b)(2), and the "Note" in Schedule K.

SCHEDULE M—Shareholders' Surplus Account (Section 815(c))

Section 815(c)(1) provides that each stock life insurance company (whether domestic or foreign), which has on December 31, 1983, a policyholders' surplus account, will continue to maintain a shareholders' surplus account. This schedule calculates the addition made to the shareholders' surplus account as well as the account's year end balance as stated in sections 815(c) and 815(f). Subtract from this account any amount treated under section 815 as a distribution to shareholders. Treat any distribution to shareholders as made first out of this account.

SCHEDULE N—Policyholders' Surplus Account (Section 815(d))

Section 815(d)(1) provides that every stock life insurance company (whether domestic or foreign) that has an existing policyholders' surplus account on December 31, 1983, will continue to keep the account. For tax years beginning after December 31, 1983, no additions can be made to this account, but it must be decreased by the subtractions in section 815(d)(3) (line 3 of Schedule N).

Line 2(a).—Enter any direct or indirect distributions to shareholders that are more than the amount on Schedule M, line 5.

Line 2(b).—(1) Subtract the taxpayer's tax rate from 100%. (2) Divide the distributions on line 2(a) by the difference. (3) Subtract line 2(a) from the result of step (2). Enter the amount you get on line 2(b).

Line 2(c).—(1) Determine the total amounts to be subtracted from the policyholders' surplus account under sections 815(d)(1) and 815(d)(4) as they were in effect before the enactment of the Tax Reform Act of 1984. Do this only after you have made the subtractions on lines 2(a) and (b).

(2) Add 100% to the taxpayer's tax rate. For example, if the tax rate is 46%, the result is 146%.

(3) Divide the result of step (1), line 2(c), by the result of step (2), line 2(c). Enter the result on line 2(c). You must also add the amount on line 2(c) to the shareholders' surplus account at the beginning of the next tax year.

Line 2(d).—Subtract the result of step (3), line 2(c), from the result of step (1), line 2(c). Enter the result on line 2(d). This is the tax on the amount on line 2(c).

Line 2(e).—Section 815(f) states that the provisions of section 815(d)(5) as in effect before the enactment of the Tax Reform Act of 1984 are applicable to any balance in this account as of December 31, 1983. At that time section 815(d)(5) stated that if any addition 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 the policyholders' surplus account at the time the addition was made. You must reduce the account before any subtraction. If the account has been adjusted under section 815(d)(5)

and the balance at the end of the preceding tax year is different from the balance at the beginning of this year, attach a schedule showing the adjustments.

Line 3.—Enter the total of lines 2(a) through 2(e) on line 3, but not more than line 1, and also enter this amount on page 1, line 3 (as all direct and indirect distributions from the policyholders' surplus account are taxed under section 801).

SCHEDULE O—Total Assets (Section 806(b)(3)(C)) and Total Insurance Liabilities (Section 813(a)(4)(B))

Part I—Total Assets

Note: All filers must complete Part I of Schedule O.

Definition.—Assets means all assets of the company.

Valuation.—Use the fair market value for real property and stocks. Use the adjusted basis for determining gain on sale or other disposition for other assets. Determine this adjusted basis under section 1011, and related sections, without regard to section 818(c).

Interest in a partnership or trust is not treated as an asset of the company, but the company is treated as actually owning its proportionate share of the assets held by the partnership or trust.

Part II—Total Insurance Liabilities

Note: All insurance companies required to file Form 1120L attach this schedule.

Foreign insurance companies must maintain a certain surplus of U.S. assets over their U.S. insurance liabilities. That minimum surplus is determined by multiplying their U.S. insurance liabilities by a percentage proclaimed by the Secretary of the Treasury. The Secretary determines the percentage from data supplied by domestic insurance companies in Schedule O, Part II. See section 813(a).

Total insurance liabilities means the sum of the total reserves as defined in section 816(c), plus the items referred to in paragraphs (3), (4), (5), and (6) of section 807(c), to the extent not included in total reserves, at the end of the tax year.

Enter each item of total insurance liabilities on the appropriate line. Enter on line 9(f) any other amounts included in the definition of total insurance liabilities, but not described on this schedule.

Foreign insurance companies should report total insurance liabilities and section 806(b)(3)(C) assets for their U.S. business only.

SCHEDULE P—Limitation on Noninsurance Losses (Section 806(c)(3)(C))

Section 806(c)(3)(C) references section 1503(c) and that section states that in figuring life insurance company taxable income any loss from noninsurance business is limited to the lesser of 35% of the loss or 35% of life insurance company taxable income (less any noninsurance loss included in Schedule A). Schedule P computes any excess loss which must be added back to taxable income on page 1, line 2, Form 1120L. For more information on the computation of the allowable loss deduction as well as the applicable carryback provisions, see section 1503(c).

Tax Computations **Instructions—Page 1,** **Lines 4-18**

General.—Section 801(a)(1) provides a tax on life insurance company taxable income figured at the rates in section 11.

Line 4. Total taxable income.—Generally, this is the total of lines 1, 2, and 3 of page 1. However, if lines 1 and 2 total less than zero, the amount entered on line 4 may not be less than the amount on line 3.

Line 5. Taxable income bracket.—Generally, corporations are entitled to one \$25,000 amount in each taxable income bracket (as defined in section 1563) must share the \$25,000 amount in each taxable income bracket.

Unless you elect an unequal apportionment plan, you as members of a controlled group will divide each taxable income bracket amount equally. But you may elect to divide the amounts in any way you choose.

If you adopt or amend an apportionment plan, each of you as a member of a controlled group must attach to your tax return a copy of your consent to the plan. The consent should show the amount of each taxable income bracket for that member, and other data. See Regulations section 1.1561-3(b) for the time and manner of making the election.

As a member of a controlled group you should enter your share of the taxable income bracket on lines 5(a), (b), (c), and (d) and figure your tax using the schedule below. Instead of the instructions for line 6.

Note: If you are a member of a controlled group and the alternative tax applies, see section 818(e) before computing the tax.

1. Enter the taxable income (line 4, page 1)

2. Enter line 1 above or your share of the first \$25,000 taxable income bracket, whichever is less

3. Subtract line 2 from line 1

4. Enter line 3 or your share of the second \$25,000 taxable income bracket, whichever is less

5. Subtract line 4 from line 3

6. Enter line 5 or your share of the third \$25,000 taxable income bracket, whichever is less

7. Subtract line 6 from line 5

8. Enter line 7 or your share of the fourth \$25,000 taxable income bracket, whichever is less

9. Subtract line 8 from line 7

10. 15% of line 2

11. 18% of line 4

12. 30% of line 6

13. 40% of line 8

14. 46% of line 9

15. If the taxable income of the controlled group exceeds \$1,000,000, enter the portion of the lesser of: 5% of the excess over \$1,000,000; or \$20,250, that this member must pay

16. Add lines 10 through 15. Enter here and on line 6, page 1

SCHEDULE Q—Additional Information Required (The letters in these instructions correspond with questions on Form 1120L, Schedule Q.)

L. U.S. person.—This means: a citizen or resident of the United States; a domestic partnership, a domestic corporation, or any estate or trust (except as defined in section 7701(a)(3)).

Owner's country, for individuals, is their country of residence. For all others, it is the country where incorporated, organized, created, or administered.

K. Stock ownership in foreign corporations.—Attach the required statement if the company owned 5% or more in value of the outstanding stock of a foreign personal holding company. See section 951(c).

If you control a foreign corporation or are 10% or more shareholder of a controlled foreign corporation, you must report your own 5% or more ownership in the outstanding stock of a foreign corporation, you may be required to file Form(s) 5471, Information Return with Respect to Foreign Corporations.

M. Foreign financial accounts.—Check the "Yes" box 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; and
- The combined value of the accounts was more than \$5,000 at any time during the year; AND
- The account was NOT with a U.S. military banking facility operated by a U.S. financial institution; OR
- You own more than 50% of the stock in any corporation that owns one or more foreign bank accounts.

Otherwise, check the "No" box.

Get Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, to see if you are considered to have an interest in signature or other authority over a bank account, securities account, or other financial account in a foreign country.

If you checked "Yes," file this form by June 30, 1985, with the Department of the Treasury at the address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with the IRS.

Form TD F 90-22.1 can be obtained from many IRS offices.

N. Foreign trusts.—Check the "Yes" box if you were a grantor of, or a transferor to, a foreign trust that existed during the tax year.

SCHEDULE R—Reconciliation

All filers of Form 1120L must attach a schedule which reconciles their NAIC Annual Statement and their Form 1120L.

SCHEDULE S—Compensation of Officers

Attach a schedule for all officers using the following columns: 1. Name of officer; 2. Social security number; 3. Percentage of time devoted to business; 4. Amount of compensation.

This information must be submitted by each member of an affiliated group included in a consolidated return.

Line 6. Income tax **Note:** In computing the tax, if the total of lines 1 and 2 on page 1 is less than zero, it should not be combined with any amount on line 3. Instead, the tax is figured on the amount on line 3, page 1.

On line 4 if:	Enter on line 6:	Of the amount over—
Over—	But not over—	
0—	\$25,000	0
\$25,000	50,000	\$3,750 + 18%
50,000	75,000	8,250 + 30%
75,000	100,000	15,750 + 40%
100,000	-----	25,750 + 46%

Additional Tax.—For tax years beginning after December 31, 1983, if a corporation's taxable income exceeds \$1,000,000, the total tax imposed under section 11 (see the table above) is increased by the lesser of: 5% of the excess over \$1,000,000; or \$20,250.

Alternative tax.—Figure the alternative tax as stated in section 801(a)(2). Enter the lesser of the alternative tax or the regular tax on line 6, page 1. Form 1120L, if the alternative tax is less than the regular tax, will show the amount on line 6, page 1, and attach a schedule showing your computation.

Line 7(a). Foreign tax credit—Use Form 1118. Corporation of Foreign Tax Credit—Corporations, to figure the credit.

Line 7(b). Other credits. Possessions Election to be Treated as a Possession Corporation Under Section 936, to claim this tax credit. Figure the credit on Form 5735, Computation of Possessions Corporation Tax Credit Under Section 936, and include the credit in line 7(b). Write the amount of the credit and identify it as a section 936 credit on the line next to the entry space. Attach Forms 5712 and 5735 to your return.

Credit for the production of nonconventional source fuel credit.—If the corporation can claim a credit for the fuels, include it on this line. See section 29 for a definition of qualified fuels, provisions for the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit.

Credit for increasing research activities.—If the corporation is engaged in qualified research activities, see Form 6765, Credit for Increasing Research Activities, for how to claim the credit. Write the amount of the credit on the dotted line next to the entry on line 7(b) and identify it as a section 30 credit. Attach Form 6765 to your return.

Orphan drug credit.—See section 28 and Form 6765, Credit for Increasing Research Activities (or for claiming the orphan drug credit), for how to claim the credit, as well as how the corporation can take this credit as well as how it is figured.

Line 7(c). General business credit.—This credit is made up of the sum of the following credits:

- Investment Credit. If your corporation invested in certain types of depreciable property, you may be able to claim a credit. See Form 3468, Investment Credit, for more information. Figure this credit.

Page 7

Jobs credit. The credit, if elected, is allowed for hiring members of certain targeted groups during the tax year. See Form 5884, Jobs Credit, for more information. Also see Publication 906, Jobs and Research Credits.

Do not take a deduction for that part of the credit that is not used or incurred that is equal to the jobs credit determined without the limitation based on tax (section 38(c)). Members of a controlled group or a business under common control with other businesses, see section 280C.

Attach a schedule to Form 1120L to show how and where you reduced the salary and wage deductions. Show in this schedule the otherwise allowable deductions before the reduction and the net amount actually deducted. Identify the line number, schedule, and page number of Form 1120L that you used to figure the credit. If the reduction of salaries and wages is less than the jobs credit on Form 5884, explain the difference.

Alcohol fuel credit. A corporation may be able to take a credit for alcohol used as fuel. See Form 6478, Credit for Alcohol Used as Fuel, to figure the credit.

Employee stock ownership plan credit. Corporations may take a tax credit equal to the value of employer stock that they contribute to a tax credit employee stock ownership plan (ESOP). See Form 8007, Credit for Employee Stock Ownership Plan, for definitions, limitations and the computation of the credit.

Form 3800. Enter on line 7(c), page 1, the amount of the credit from Form 3800, General Business Credit, and check the boxes indicating which forms are claiming only one of the above credits. DO NOT complete Form 3800. Instead, check the appropriate box and attach the form for which the credit is being taken.

Line 10. Foreign corporations.—A foreign corporation carrying on an insurance business within the U.S. is taxable the same as a domestic insurance company on its income effectively connected with the conduct of its trade or business within the U.S. See sections 842 and 897. Income from sources outside the U.S. from U.S. business is treated as effectively connected with U.S. business if the corporation has a permanent establishment in the U.S. For sections 854(c) and 897.

Generally, any other U.S. source income received by a foreign corporation not effectively connected with the conduct of a business within the U.S. is taxed at 30% (or lower treaty rate). (Note: Interest received from certain portfolio debt investments which were issued after July 18, 1984, is no longer

subject to the tax.) See section 887. If you have a schedule showing the kind and amount of income, tax rate (30% or lower treaty rate), and amount of tax.

When the surplus, foreign life insurance contract holder in the U.S. is less than the adjusted minimum, section 813 requires an adjustment. When this minimum surplus adjustment applies, the tax imposed by section 881 is reduced under the tax credit rules. Attach a statement showing how you figured the reduction of section 881 tax. Enter the net tax imposed by section 881 on line 10, page 1.

Line 11. Increase in tax from refunding an earlier year investment credit.—If you figure the regular or energy investment credit, before the end of the useful life you use to dispose of property, or it ceases to qualify, you must refigure the credit. If the credit is more than the refunded credit, you must increase the tax by the excess in the year you disposed of the property. Use Form 4253, Recapture of Investment Credit, to figure the tax increase.

You cannot subtract the tax increase from refunding an earlier year investment credit from the current year's investment credit.

Line 12. Minimum tax.—Attach Form 4626, Computation of Minimum Tax—Corporations, if tax preference items are more than \$10,000 even if there is no minimum tax. OR if any minimum tax is determined from an earlier tax year to this year, if you are a member of a controlled group, you must attach Form 4626 if your share of the minimum tax is more than your share of the \$10,000 exclusion.

Some tax preference items are: accelerated depreciation on real property (including RPS); amortization of research and development expenditures; amortization of certified pollution control facilities; reserve for losses on bad debts of financial institutions; depletion; and capital gains.

Line 14(b). Estimated tax.—You must make estimated tax payments if you can expect your estimated tax (income tax less credits) to be \$40 or more. You may use Form 1120-W (WORKSHEET), Corporation Estimated Tax, as a worksheet to figure estimated tax.

Line 14(c). Refund of estimated tax.—You may file Form 4466, Corporate Application for Quick Refund of Overpayment of Estimated Tax, for a quick refund if an overpayment of estimated tax is (1) at least 10% of \$500. You must attach Form 1120L to the refund claim, and file it after the tax year ends and before you file Form 1120L.

Line 14(d). Other payments.—Overpaid Federal income tax. Enter on line 14(d) the amount of overpaid Federal income tax from Form 6249, Computation of Overpaid Federal Income Tax. See the instructions for that form for more information.

Line 15. Penalty for underpayment of estimated tax.—If the corporation underpaid its estimated tax, attach Form 2220, Underpayment of Estimated Tax by Corporations, to show how the corporation figured the penalty or which exception the corporation believes it meets. Also, be sure to check the box on line 15, page 1, Form 1120L. If the corporation owes a penalty, enter the amount on line 15.

Note: No addition to the tax will be made under section 6655 for failure by a corporation to pay estimated tax for any underpayment of an installment of tax. The corporation should file Form 1120, 1984, to the extent that:

- The underpayment was created or increased by any provision of Subtitle A of the Code; and
- The underpayment is paid in full or on or before the last date prescribed for payment of the tax for the year 1984.

Line 16. Tax due.—You must pay the tax due in full by the 15th day of the 3d month after the tax year ends.

Special election.—If a taxpayer made an election under section 816, to pay the tax that is required from the repeal of section 820 in three installments, then the final installment must be paid by March 15, 1985. See section 256(c) of the Tax Equity and Fiscal Responsibility Act.

On page 1, line 16, TAX DUE, enter the total amount that is due, including the amount of the third installment on your election. In the margin, next to the entry on line 16, write in "special election."

Note: If you file Form 7004, figure your tentative tax using only the tax that is not attributable to income from the repeal of section 820. However, your payments of tax by March 15, 1985, must include at least 90% of your regular tax, plus the amount of the tax due to the repeal of section 820.

Depository tax payment.—Deposit corporation income tax payments and estimated tax payments may be made by depositing with either a financial institution qualifying as a depository for Federal taxes or the Federal Reserve Bank or Branch serving the area where the corporation is located. Do not submit deposits directly to an IRS office, otherwise you may be subject to a 5% Federal Tax Deposit penalty. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions concerning the coupon deposit forms. To get the coupon deposit forms, use the reorder form (Form 8109A) contained in the coupon book.

Form **1120-DISC****Domestic International Sales Corporation Return**

OMB No. 1545-0124

1984Department of the Treasury
Internal Revenue Service

(Please Type or Print)

Note: This form is filed only for that portion of your tax year that begins in 1984 and ends on or before December 31, 1984. See Tax Highlights on page 1 of the instructions before completing the form.

For calendar year 1984 or other tax year beginning 1984 and ending 1984

A Date of DISC election	Name	C Employer identification number
	Number and street	
B Business code number (See page 8 of instructions)	City or town, State, and ZIP code	D Date incorporated
		E Enter total assets from line 3, column (B), Schedule L (see specific instructions)

F (1) Did any corporation, individual, partnership, trust or estate at the end of your tax year own, directly or indirectly, 50% or more of your voting stock?
If "Yes," complete the following schedule (see specific instructions).

Name	Identifying number	Address	Per-centage of voting stock owned	Total assets (Corporations only)	Foreign owner
					Yes No

(2) Enter the following for any corporation listed in F(1) that will report the DISC's income:

Tax year of first corporation	IRS Service Center where filed
Tax year of second corporation	IRS Service Center where filed

G Check the appropriate box to indicate any inter-company pricing rules that were applied to 25% or more of total receipts (line 1 below):

☐ 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 If Used (Section 994) (See Separate Schedule P (Form 1120-DISC))

Taxable Income

1 Enter amount from Schedule B, line 4, column E	1
2 Cost of goods sold and/or operations (Schedule A, line 7)	2
3 Total income (subtract line 2 from line 1)	3
4 Enter amount from Schedule E, line 3	4
5 Taxable income before net operating loss deduction and dividends received deduction (subtract line 4 from line 3)	5
6 a Net operating loss deduction (see instructions—attach schedule)	6a
b Dividends received deduction from line 6, Schedule C	6b
c Add lines 6a and 6b	6c
7 Taxable income (subtract line 6c from line 5)	7

8 Refund of U.S. tax on gasoline and special fuels (attach Form 4136) (see instructions)

8

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 preparer has any knowledge.

Signature of officer	Date	Title
Preparer's signature	Date	Check if self-employed <input type="checkbox"/>
Firm's name (or yours, if self-employed) and address	E.I. No.	Preparer's social security no.
	ZIP code	

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Form **1120-DISC** (1984)

Form 1120-DISC (1984)

Page **2****SCHEDULE A—Cost of Goods Sold and/or Operations (See page 4 of Instructions.)**

Reflect ACTUAL purchases from a related supplier at the transfer price determined under the inter-company pricing rules of section 994, if used. See separate Schedule P (Form 1120-DISC).

1 Inventory at the beginning of the year	1
2 Purchases	2
3 Cost of labor	3
4 Other costs (attach schedule)	4
5 Total (add lines 1 through 4)	5
6 Inventory at the end of the year	6
7 Cost of goods sold and/or operations (subtract line 6 from line 5)—Enter here and on line 2, page 1	7

- 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)
- (iv) ☐ Other (Specify method used and attach explanation) ▶
- b** Check if the LIFO inventory method was adopted this tax year for any goods. If checked, attach Form 970.
- c** If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. **8c** _____
- d** Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation. ☐ Yes ☐ No

SCHEDULE B—Gross Income (See page 4 of Instructions.)

A. Type of receipts	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				
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 12, Schedule C)				
f Interest on producer's loans				
g Other interest (attach schedule)				
h Capital gain net income (attach Schedule D (Form 1120))				
i Net gain or (loss) from Part II, Form 4797 (attach Form 4797; see instructions)				
j Total				
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 13, Schedule C)				
f Other (see instructions—attach schedule)				
g Total				
4 Total —Enter amount in column E on line 1, page 1				

SCHEDULE C.—Dividends and Special Deductions (See page 5 of instructions.)

	A. Dividends received	B. %	C. Special deductions: (multiply A x B)
1 Domestic corporations subject to 85% deduction		85	
2 Debt-financed stock of domestic corporations (section 246A)		see instructions	
3 Certain preferred stock of public utilities		59.13	
4 Foreign corporations subject to 85% deduction		85	
5 Wholly-owned foreign subsidiaries subject to 100% deduction (section 245(b))		100	
6 Total—Add lines 1 through 5, Column C. See instructions for limitation. Enter here and on line 6b, page 1			
7 Other dividends from foreign corporations not included in lines 4 and 5			
8 Income from controlled foreign corporations under subpart F (attach Form 5471)			
9 DISC or former DISC dividend is not included in line 1 and/or 2 (section 246(d))			
10 Other dividends			
11 Total dividends (add amounts on lines 1 through 10, Column A)			
12 Qualified dividends—Enter here and on line 2e, Column D, Schedule B			
13 Nonqualified dividends (subtract line 12 from line 11) and enter on line 3e, Column D, Schedule B			

SCHEDULE E.—Deductions (See page 6 of instructions.)

1 Export promotion expenses:	2 Other expenses not deducted on line 1:
a Market studies	a Bad debts (Schedule F if reserve method is used)
b Advertising	b Taxes
c Depreciation (attach Form 4562)	c Interest
d Salaries and wages	d Contributions (not over 10% of line 7, page 1, adjusted per instructions)
e Rents	e Freight
f Sales commissions	f Freight insurance
g Warehousing	g Other (list)
h Freight (excluding insurance—see instructions)	
i Compensation of officers	
j Repairs (see instructions)	
k Pension, profit-sharing, etc. plans (see instructions)	
l Employee benefit programs	
m Other (list):	
n Total (add lines 1a through 1m)	h Total (add lines 2a through 2g)
	3 Total deductions (add lines 1n and 2h)—Enter here and on line 4, 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	
1979					
1980					
1981					
1982					
1983					
1984					

SCHEDULE J.—Deemed and Actual Distributions to Shareholders for the Tax Year (See page 6 of instructions.)

Part I.—Deemed Distributions Under Section 995(b)(1)			1
1	Enter taxable income from line 7, page 1		2
2	Enter income as specified in instructions for Part I, line 2 (attach schedule)		3
3	Adjusted taxable income (subtract line 2 from line 1)(enter here and on line 1, Part II)		4
4	Enter amount from line 22, Part II, Schedule J		5
5	Subtract line 4 from line 3		6
6	Enter 50% of line 5		7
7	Enter 57.5% of line 5		

(Schedule J, Part I, continued on page 4.)

Part I.—Deemed Distributions Under Section 995(b)(1)—Continued

8 International boycott income (section 995(b)(1)(F)(ii)) (see instructions)	8
9 Illegal bribes and other payments (section 995(b)(1)(F)(iii)) (see instructions)	9
10 Total of lines 2, 4, 6, 8, and 9	10
11 Total of lines 2, 4, 7, 8, and 9	11
12 Earnings and profit for the year (see instructions—attach schedule)	12
13 Enter smaller of line 10 or 12	13
14 Enter smaller of line 11 or 12	14
15 Foreign investment attributable to producer's loans (see instructions—attach schedule):	15a
(a) Computation of amount to be added in line 16 below	15b
(b) Computation of amount to be added in line 17 below	16
16 Add lines 13 and 15(a)	17
17 Add lines 14 and 15(b)	18
18 Enter percentage of stock owned by shareholders that are not corporations	19
19 Enter percentage of stock owned by shareholders that are corporations	20
20 Multiply line 16 by line 18 (see instructions)	21
21 Multiply line 17 by line 19 (see instructions)	22
22 Total deemed distributions under section 995(b)(1)—Add lines 20 and 21	

Part II.—Taxable Income Attributable To Base Period Export Gross Receipts (Section 995(b)(1)(E))

1 Adjusted taxable income (from line 3, Part I)	1
2 Larger of: (a) 365 divided by the number of days in your tax year, or (b) 1 (one)	2
3 Annualized adjusted taxable income (line 1 times line 2)	3
4 Annualized adjusted taxable income of all other DISCs in your controlled group (see instructions for exceptions)	4
5 Line 3 plus line 4 (if \$100,000 or less, see instructions)	5
6 Tax years beginning in 1977, 1978, 1979, and 1980 (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)
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)	6g
7 Enter the smaller of: (a) 1,461 divided by the number of days in your base period, or (b) 1 (one)	7
8 Line 6g times line 7	8
9 Adjustment factor	9
10 Adjusted base period export gross receipts (line 8 times line 9)	10
11 Additions to adjusted base period export gross receipts:	
a Adjusted base period export gross receipts of all other DISCs in your controlled group	11a
b Other additions (attach schedule—see instructions)	11b
c Total additions (line 11a plus line 11b)	11c
12 Line 10 plus line 11c	12
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 1c, 2a, 2b, 2c, and 2d)	13a
b 50% of qualified export receipts on line 13a attributable to military property	13b
c Export gross receipts (subtract line 13b from line 13a)	13c
14 Annualized export gross receipts (line 2 times line 13c)	14
15 Annualized export gross receipts of all other DISCs in your controlled group	15
16 Line 14 plus line 15	16
17 Enter the smaller of: (a) line 12 divided by line 16, or (b) 1 (one)	17
18 Line 5 times line 17	18
19 Small DISC phaseout:	
a Enter the greater of (a) \$150,000 less line 5 (but not more than \$50,000) or (b) zero	19a
b Line 19a times 2 (two)	19b
20 Subtract line 19b from line 18 (enter zero if less than zero)	20
21 Line 1 divided by line 5	21
22 Taxable income—Section 995(b)(1)(E)—(Line 20 times line 21. Enter here and on line 4, Part I)	22

Form 1120-DISC (1984)

Page 5

Part III.—Deemed Distributions Under Section 995(b)(2)

1 Annual installment of distribution attributable to revocation of election in an earlier year	1	
2 Annual installment of distribution attributable to not qualifying as a DISC in an earlier year	2	
3 Total deemed distributions under section 995(b)(2) (add line 1 and line 2)	3	

Part IV.—Actual Distributions

1 Distributions to meet qualification requirements under section 992(c) (attach computation)	1	
2 Other actual distributions	2	
3 Total (add line 1 and line 2)	3	
4 Amount on line 3 treated as distributed from:		
a Previously taxed income	4a	
b Accumulated DISC income (including DISC income of the current year)	4b	
c Other earnings and profits	4c	
d Other	4d	

Additional Information

H Did you claim a deduction for expenses connected with:	Yes	No
(1) Entertainment facility (boat, resort, ranch, etc.)?		
(2) Living accommodations (except employees on business)?		
(3) Employees attending conventions or meetings outside the North American area? (See section 274(h).)		
(4) Employees' families at conventions or meetings?		
If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h).)		
(5) Employee or family vacations not reported on Form W-2?		
I Refer to page 8 of the instructions and state the main:		
Business activity ▶		
Product or service ▶		
J Were you a U.S. shareholder of any controlled foreign corporation?		
(See sections 951 and 957.) If "Yes," attach Form 5471 for each corporation.		
K (1) Did 95% or more of your gross receipts for the tax year consist of qualified export receipts (defined in section 993(a))?		
(2) If the answer to K(1) is "No," did you make a pro rata distribution of property as defined in section 992(c)?		
L Did you have more than one class of stock at any time during the tax year?		
M Was the par or stated value of your stock at least \$2,500 on each day of the tax year (for a new corporation, on the last day for making an election and for each later day)?		
N Are you a member of a controlled group that includes other DISCs? (If "Yes," complete (1) and (2) below.)		
(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 2 and 3 of Part I of Schedule N. (See specific instructions for Schedule N (Form 1120-DISC)).		
Name ▶ E.I.N. ▶		
O Did you have your own bank account?		
P Did you keep separate books and records?		
Q At any time during the tax year, did you have an interest in or signature or other authority over a bank account, securities account, or other financial account in a foreign country? (See instructions for exceptions and filing requirements for form TD F 90-22.1.)		
If "Yes," write the name of the foreign country ▶		
R Were you the grantor of, or transferor to, a foreign trust that 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		
S During this tax year did the corporation maintain any part of its accounting/tax records on a computerized system?		
T (1) Do you or any member of your controlled group (as defined in section 993(a)(3)) have operations in or related to any country (or with the government, a company, or a national of that country) associated in carrying out the boycott of Israel that is on the list kept by the Secretary of the Treasury under section 999(a)(3)?		
(2) Did you or any member of the controlled group of which you are a member have operations in any nonlisted country, that you know or have reason to know requires participation in or cooperation with an international boycott against Israel?		
(3) Did you or any member of the controlled group of which you are a member have operations in any country, that you know or have reason to know requires participation in or cooperation with an international boycott other than the boycott of Israel?		
If you answered "Yes" to any of the questions in T, see instructions and Form 5713, International Boycott Report.		

Form 1120-DISC (1984)

Page 6

SCHEDULE L.—Balance Sheets

	(A) Beginning of the tax year	(B) End of the tax 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 (section 996(f)(2))		
12 Accumulated DISC income (see instructions)		
13 Subtract 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 on books		6 Income recorded on books this year and 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 Add lines 6 and 7	
4 Expenses recorded on books this year and not deducted in this return (itemize)		9 Income (line 7, page 1) (line 5 less line 8)	
5 Add 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 section 992(c)	
2 Increases (itemize)		6 Other decreases (itemize)	
3 Add lines 1 and 2		7 Add 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 section 992(c)	
3 Other increases (itemize)		7 Other decreases (itemize)	
4 Add lines 1, 2, and 3		8 Add 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 section 992(c)	
2 Increases (itemize)		7 Distributions upon disqualification (sec. 995(b)(2))	
3 Add lines 1 and 2		8 Other decreases (itemize)	
4 Deficit in earnings and profits		9 Add lines 4 through 8	
5 Redemptions under section 996(d)		10 Balance at end of year (line 3 less line 9)	

1984



Instructions for Form 1120-DISC

Domestic International Sales Corporation Return

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Voluntary Contributions to Reduce the Public Debt

Quite often inquiries are received about how voluntary contributions to reduce the public debt may be made. A domestic international sales corporation may contribute by enclosing a separate check payable to "Bureau of the Public Debt," with Form 1120-DISC. These amounts are tax-deductible, subject to the rules and limitations for charitable contributions.

Tax Law Changes

Changes That Affect the 1984 DISC Return

1) All DISC tax years beginning before 1-1-85, that would otherwise include 1-1-85, end on 12-31-84. For example, a DISC tax year beginning 7-1-84, that would ordinarily end 6-30-85, ends on 12-31-84 and the DISC files the 1984 Form 1120-DISC for this short period. If the corporation continues to exist after 12-31-84, it will file a different return for the period beginning 1-1-85 to 6-30-85, or the ending date of any other tax period it adopts for 1985. See changes below that affect tax periods beginning after 12-31-84.

2) Generally, accumulated DISC income derived by a DISC before 1-1-85 is exempt from tax upon actual distribution (treated as previously taxed income on Schedule L, page 6). To qualify, the accumulated DISC income cannot have been distributed before 1-1-85. Also, the DISC or former DISC making the distributions after 12-31-84 must have been a DISC on 12-31-84. Note: Any accumulated DISC income that was subject to tax under section 995(b)(2) because of a revocation or disqualification does not qualify for the exemption.

3) The requirement that the DISC's adjusted basis of its qualified assets be at least 95% of the adjusted basis of all its assets does not apply for all DISC tax years ending 12-31-84. Note: This requirement will apply to the interest charge DISC for tax periods beginning after 12-31-84.

4) Shareholders are allowed to elect a 10-year installment treatment for qualified transitional distributions. See Instructions for Shareholders for Schedule K (Form 1120-DISC).

Changes That Affect Tax Periods Beginning After 12-31-84

1) Effective for transactions after 12-31-84, the DISC provisions are revised to provide for Interest Charge DISCs. In addition, new sections 921-927 were added which provide for Foreign Sales Corporations (FSC). An existing DISC or regular domestic corporation or new domestic corporation must make an election to become an Interest Charge DISC. The election is made on Form 4876A, Election To Be Treated as an Interest Charge DISC. The qualification requirements to be an Interest Charge DISC are the same as to be a DISC except the tax year of the interest charge DISC must be the same tax year as its principal shareholder. See the Instructions for Form 4876A for details. The FSC provisions only apply to foreign corporations. An existing foreign corporation or new foreign corporation must elect to be a FSC. The election is made on IRS Form 8279, Election To Be Treated as a FSC or Small FSC. The qualification requirements to be a FSC are contained in the Instructions for Form 8279.

After a valid election is filed, the interest charge DISC will file Form 1120-IC-DISC, Interest Charge Domestic International Sales Corporation Return, and the FSC will file Form 1120-FSC, Foreign Sales Corporation Income Tax Return. These forms will be available in early 1985.

General Instructions

A. Purpose of Form

Form 1120-DISC is an information return filed by domestic international sales corporations—DISCs—and former DISCs.

B. What is a DISC

A DISC is a domestic corporation that has elected to be treated as a DISC and meets certain conditions regarding its income and assets. Generally, a DISC is not taxed on its income. Shareholders of a DISC are taxed on part of its income, unless the income is actually distributed.

To be a DISC, a corporation must be organized under the laws of a State or the District of Columbia and meet the following tests:

- Its election to be treated as a DISC is in effect for the tax year.
- At least 95% of its gross receipts during the tax year are qualified export receipts.
- Except for tax years ending on 12-31-84, at the end of the tax year, the adjusted basis of its qualified export assets is at least 95% of the sum of the adjusted basis of all its assets.

- It has one class of stock, and its outstanding stock has a par value of at least \$2,500 on each day of the tax year (or, for a new corporation, on the last day to elect DISC treatment for the year and on each later day).

- On each day of the tax year it has its own bank account and keeps separate books and records.

See section 992 and the related regulations for details and Instruction D for definitions.

1. **DISC elections end on 12-31-84.**—DISC status for all corporations ends on 12-31-84. If the corporation wants to be an Interest Charge DISC or FSC after 12-31-84, it must make a new election. See Tax Law Changes for Tax Periods Beginning After 12-31-84 for details regarding the elections.

2. **Distribution to meet qualification requirements.**—A DISC that does not meet the gross receipts test or qualified export asset test (not applicable to tax years ending 12-31-84) during the tax year will still be considered to have met them if, after the year ends, the DISC makes a pro rata property distribution to its shareholders and specifies at the time that this is a distribution to meet the qualification requirements.

If the DISC did not meet the gross receipts test, the distribution equals the part of its taxable income attributable to gross receipts that are not qualified export gross receipts. If it did not meet the qualified export asset test where applicable, the distribution equals the fair market value of the assets that are not qualified export assets on the last day of the tax year. If the DISC did not meet either test, the distribution equals the sum of both amounts. Regulations section 1.992-3 explains how to figure the distribution.

"Interest" on late distribution.—If the DISC makes this distribution after the date Form 1120-DISC is due, an interest charge must be paid to the IRS service center where you filed the form. The charge is 4 1/4% of the distribution times the number of tax years that begin after the tax year to which the distribution relates until the date the DISC paid the distribution.

If you must pay this interest charge, send the payment to the service center within 30 days of making the distribution. On the payment write the DISC's name, address, and employer identification number; the tax year involved; and a statement that the payment represents the interest charge under regulations section 1.992-3(c)(4).

3. **Ineligible organizations.**—The following organizations are not eligible for DISC treatment. File the return indicated instead of Form 1120-DISC.

- Tax-exempt organization (section 501): File the appropriate return in the Form 990 series.
- Personal holding companies (section 542): File Form 1120 with Schedule PH (Form 1120).
- Financial institution affected by section 581 or 593: File Form 1120.

- Life, mutual, or other insurance companies (subchapter L): File Form 1120L, 1120M, or 1120.
- Regulated investment company (section 851(a)): File Form 1120.
- An S corporation (section 1361(a)): File Form 1120S.

C. Filing Form 1120-DISC

1. **Who Files Form 1120-DISC.**—You must file Form 1120-DISC if your corporation elected, by filing Form 4876, to be treated as a DISC.

If the corporation is a former DISC, you must file Form 1120-DISC for it, in addition to any other return required. A former DISC is a corporation that was a DISC in an earlier year but did not meet the terms of being a DISC during its 1984 tax year; and at the beginning of the year, it had undistributed income that was previously taxed or accumulated DISC income. (See section 992 and the related regulations.)

In regard to a former DISC, you need not complete the items for figuring taxable income, but you must complete Schedules J, L, and M of Form 1120-DISC and Schedule K (Form 1120-DISC). Write "Former DISC" across the top of the return.

2. **When to File.**—File Form 1120-DISC by the 15th day of the 9th month after the tax year ends. No extensions are granted.

Period covered.—File the 1984 return for calendar year 1984 and fiscal years that begin in 1984 and end on or before 12-31-84. If the return is for a fiscal year, fill in the tax year space at the top of the form.

If the DISC's tax year began in 1983, use the 1983 Form 1120-DISC.

Amended return.—To correct any error in a Form 1120-DISC already filed, file an amended Form 1120-DISC and write "Amended" across the top.

Change in tax year.—To change your tax year, file Form 1128, Application for Change in Accounting Period.

Final return.—If the corporation ceased to exist during 1984 (before 12-31-84), write "Final return" across the top of the form.

3. Where to File.—

If the main 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	Holtsville, 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

Page 2

Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
District of Columbia, Delaware, Maryland, Pennsylvania	Philadelphia, PA 19255

If the DISC is one of a group of DISCs controlled by a common parent, file with the service center where the common parent files.

A group of corporations in several service center regions may file their separate returns with the service center for the main office of the managing corporation that keeps all the books and records.

4. **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-DISC, the Paid Preparer's space under 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 a clerk or secretary 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 Use Only area of the return.

The preparer required to sign the return MUST:

- Complete the required preparer information.
- 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.

Tax return preparers should be familiar with their responsibilities. See Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, for more details.

5. Other Returns and Statements That May Be Required.—

a. **Financial statements.**—The balance sheets must agree with your books and records. Reconcile any differences.

b. **Stock in foreign corporation.**—If, on the last day of your tax year, you owned at least 5% in value of a foreign personal holding company's outstanding stock, attach a statement showing the foreign company's gross income, deductions, credits, taxable income, and undistributed foreign personal holding company income.

If you controlled a foreign corporation or owned at least 10% of the shares in a controlled foreign corporation, you may have to file Form 5471, Information Return With Respect to a Foreign Corporation.

c. Forms 1042 and 1042S.

File Form 1042, U.S. Annual Return of Income Tax to be Paid at Source (Under Chapter 3, IRC), and Form 1042S, Income Subject to Withholding under Chapter 3, Internal Revenue Code, to report tax withheld from amounts paid to nonresident aliens and foreign corporations (sections 1441 through 1443 and 1461). In addition, please inform your shareholders who are nonresident alien individuals or foreign corporations, trusts, or estates that if they have gains from disposing of stock in the DISC or former DISC, or distributions from accumulated DISC income, including deemed distributions, they should treat these amounts as effectively connected with the conduct of a trade or business through a permanent establishment in the U.S.

D. Definitions

1. **The following definitions are based on section 993.**

a. **Qualified export receipts**, in general, are any of the following:

- (1) Gross receipts from selling, exchanging, or otherwise disposing of export property.
- (2) Gross receipts from renting export property that the lessee uses outside the U.S.
- (3) Gross receipts from supporting services related to any qualified sale, exchange, rental, or other disposition of export property by the corporation.
- (4) Gross receipts, if there is a gain, from selling, exchanging, or otherwise disposing of qualified export assets that are not export property.
- (5) Dividends or amounts includible in gross income under section 951 regarding 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 on construction projects outside the U.S.
- (8) Gross receipts for managerial services performed for an unrelated DISC.

For more information, see regulations section 1.993-1.

b. **Qualified export assets** are any of the following:

- (1) Export property.
- (2) Assets used mainly in performing the engineering or architectural services listed under qualified export receipts, item 7, or managerial services that further the production of qualified export receipts, items (1), (2), (3) and (7) above; or assets used mainly in assembling, servicing, handling, selling, leasing, packaging, transporting, or storing of export property.
- (3) Accounts receivable produced by transactions listed under qualified export receipts, items (1)-(4), (7), or (8).

- (4) Temporary investments, such as money and bank deposits, in an amount reasonable to meet the corporation's needs for working capital.
- (5) Obligations related to a producer's loan.
- (6) A related foreign export corporation's stock or securities that the DISC holds.
- (7) Certain obligations that are issued or insured by the U.S. Export-Import Bank or the Foreign Credit Insurance Association and that the DISC acquires from the Bank, the Association, or the person who sold or bought the goods from which the obligations arose.
- (8) Certain obligations, held by the DISC, that were issued by a domestic corporation organized to finance export property sales under an agreement with the Export-Import Bank, by which the corporation makes export loans that the Bank guarantees.
- (9) Other deposits in the U.S. used to acquire qualified export assets within the time provided by regulations section 1.993-2(j).

Regulations section 1.993-2 gives more information.

c. Export property must meet all the following terms. It is:

- (1) Made, grown, or extracted in the U.S. by someone other than a DISC.
- (2) Neither excluded under section 993(c)(2) nor declared in short supply under section 993(c)(3).
- (3) Held mainly for sale or rent in the ordinary course of trade or business, by or to a DISC for direct use, consumption, or disposition outside the U.S.
- (4) Not more than 50% of its fair market value is attributable to articles imported into the U.S.
- (5) Neither sold nor leased by or to another DISC that, immediately before or after the transaction, either belongs to the same controlled group (defined in section 993(a)(3)) as your DISC or is related to your DISC in a way that would result in losses being denied under section 267.

See regulations section 1.993-3 for details.

d. A producer's loan must meet all the following terms:

- (1) Satisfy sections 993(d)(2) and (3) limiting loans the DISC makes to any one borrower.
- (2) Not raise the unpaid balance due the DISC on all its producer's loans above the level of accumulated income it had at the start of the month in which it made the loan.
- (3) Be indicated by written evidence of debt, such as a note, that has a stated maturity date no more than 5 years after the date of the loan.
- (4) Be made to a person in the U.S. in the trade or business of making, growing, or extracting export property.
- (5) Be designated as a producer's loan when made.

For more information, see regulations section 1.993-4.

e. A related foreign export corporation of any of the following kinds can pay dividends and interest to the DISC without loss of DISC status. The DISC's investment must be related to exports from the U.S.

(1) A foreign international sales corporation is a related foreign export corporation if:

- (i) The DISC directly owns more than 50% of the total voting power of the foreign corporation's stock.
- (ii) For the tax year that ends with your DISC's tax year or ends within it, at least 95% of the foreign corporation's gross receipts consists of the qualified export receipts described in items (1)-(4) of definition a above and interest on the qualified export assets listed in items (3) and (4) of definition b above, and
- (iii) The adjusted basis of the qualified export assets that are listed in items (1)-(4) of definition b above and that the foreign corporation held at the end of the tax year is at least 95% of the adjusted basis of all assets it held then:

(2) A real property holding company is a related foreign export corporation if:

- (i) The DISC directly owns more than 50% of the total voting power of the foreign corporation's stock, and
- (ii) Applicable foreign law forbids the DISC to hold title to real property; the foreign corporation's sole function is to hold the title; and only the DISC uses the property, under lease or otherwise.

(3) An associated foreign corporation is a related foreign export corporation if:

- (i) The DISC or a controlled group of corporations to which the DISC belongs owns less than 10% of the total voting power of the foreign corporation's stock (section 1563 defines a controlled group in this sense, and sections 1563(d) and (e) define ownership), and
- (ii) The DISC's ownership of the foreign corporation's stock or securities reasonably furthers transactions that lead to qualified export receipts for the DISC.

See regulations section 1.993-5 for more information about related foreign export corporations.

f. Gross receipts are the DISC's total receipts from (1) selling or renting property that the corporation holds for sale or rental in the course of its trade or business and (2) all other sources. For commissions on selling or renting property, include gross receipts from selling or renting the property on which the commissions arose. Regulations section 1.993-6 gives more information.

g. United States, as used in these instructions, includes Puerto Rico and U.S. possessions, as well as the 50 States and the District of Columbia.

2. Inter-company pricing rules (section 994).—If a related person described in section 482 sells export property to the DISC, use inter-company pricing rules to figure taxable income for the DISC and the seller. These rules generally do not permit the related person to price at a loss. There must be a written agreement for the inter-company pricing rules to apply. Under inter-company pricing, the DISC's taxable income from the sale (regardless of the price actually charged) is the greatest of:

- (a) 4% of qualified export receipts on the DISC's sale of the property plus 10% of the DISC's export promotion expenses attributable to the receipts,
- (b) 50% of the DISC's and the seller's combined taxable income from qualified export receipts on the property, derived from the DISC's selling it plus 10% of the DISC's export promotion expenses attributable to the receipts, or
- (c) taxable income based on the sale price actually charged, as long as it accurately reflects taxable income without evading taxes.

Schedule P (Form 1120-DISC). Computation of Inter-company Transfer Price or Commission, explains inter-company pricing in more detail.

3. Export promotion expenses (section 994(c)).—These expenses are incurred to help distribute or sell export property for use or distribution outside the U.S. These expenses do not include income tax, but do include 50% of the cost of shipping the property on U.S.-owned and operated aircraft or ships if the law and regulations do not require that it be shipped on them.

E. Penalties

Avoid penalties by filing accurate returns on time with complete information. The DISC may have to pay the following penalties unless it can show that it had reasonable cause for not giving information or not filing a return:

- \$100 for each instance of not giving information, up to \$25,000 during the calendar year;
- \$1,000 for not filing a return.

Specific Instructions

Accounting methods.—Compute taxable income by the accounting method regularly used to keep the DISC's books and records. The method used must clearly reflect taxable income. (See section 446.)

A member of a controlled group must avoid using an accounting method that would distort any group member's income, including its own. For example, a DISC acts as a commission agent for property sales by a related corporation that uses the accrual method and pays the DISC its commission more than 2 months after the sale. The DISC, then, should not use the cash method of accounting, because it materially distorts the income of the DISC.

Unless the law specifically permits otherwise, the DISC may change from the accounting method it used to report taxable 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.

Rounding Off.—You may show the money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents, and increase any amount from 50 cents through 99 cents to the next higher dollar.

Attachments.—If you need more space, attach separate sheets to the back of Form 1120-DISC. Attach Form 4136, Computation of Credit for Federal Tax on

Gasoline and Special Fuels after page 6. Form 1120-DISC. Attach schedules in alphabetical order and other forms in numerical order after the Form 4136. Be sure to put the DISC's name and employer identification number (EIN) on each sheet.

Page 1

Employer Identification Number.—Enter the DISC's employer identification number (EIN). If the DISC does not have an EIN, it should apply for one on Form SS-4. Application for Employer Identification Number. You can get this form at most IRS or Social Security Administration offices. Send Form SS-4 to the same Internal Revenue Service Center to which you send Form 1120-DISC. If you have not received the EIN by the time for filing Form 1120-DISC, write "Applied for" in the space for the EIN.

Question E.—Total assets.—Enter the total assets of the DISC. If there are no assets at the end of the tax year, enter the assets as of the beginning of the tax year.

Question F.—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 corporation, partnership, trust, or estate, check 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.

Lines 1 through 8

A DISC must figure its taxable income although it does not pay most taxes. Of the taxes imposed by sections 1 through 1564, a DISC is subject only to the tax imposed by sections 1491 through 1494 on certain transfers to avoid tax. A DISC is exempt from corporate income tax, minimum tax on tax preference items, and accumulated earnings tax.

A DISC and its shareholders are not entitled to the possessions corporation tax credit (section 936). Also, a DISC cannot claim the investment tax credit, the jobs credit, employee stock ownership plan credit, research credit, alcohol fuel credit, general business credit, and credit for fuel produced from a nonconventional source, and these credits do not pass through to shareholders of a DISC.

2. Cost of goods sold and/or operations.—See Instructions for Schedule A.

6a. Net operating loss deduction.—The "net operating loss deduction" is the sum of the net operating loss carryovers and carrybacks to the tax year. (Section 172(a).)

Your 1984 net operating loss is the excess of allowable deductions over gross income before your net operating loss deduction for other years is subtracted. In addition, you would figure your dividends received deduction on Schedule C without regard to the 85% limitation in section 246(b). See section 172 and related regulations for additional information.

A deficit in earnings and profits is chargeable in the following order:

- (1) First, to any other earnings and profits;
- (2) Second, to any accumulated DISC income; and
- (3) Finally, to previously taxed income. Do not apply any deficit in earnings and profits against accumulated DISC income that, as a result of the corporation's revoking its election to be treated as a DISC (or other disqualification), is deemed distributed to the shareholders. (See section 995(b)(2)(A).)

7. Taxable income.—If you use either the gross receipts method or combined taxable income method to compute the DISC's taxable income attributable to any transactions involving products or product lines, attach Schedule P (Form 1120-DISC). Show in detail the DISC's taxable income attributable to each such transaction or group of transactions.

8. Refund of U.S. tax on gasoline and special fuels.—Enter the credit from Form 4136. Also, if the DISC is a producer of domestic crude oil and overpaid the windfall profit tax, include the overpayment from Form 6249, Computation of Overpaid Windfall Profit Tax, in the total on line 8. Also enter the overpayment separately in the margin beside line 8 and identify it as "Overpaid windfall profit tax." Attach Form 6249 to Form 1120-DISC.

Schedule A.—Cost of Goods Sold and/or Operations

If you use inter-company pricing rules, reflect in Schedule A actual purchases from a related supplier. See General Instruction D2 and use the transfer price you compute in Part II of Schedule P (Form 1120-DISC).

If the DISC acts as another person's commission agent on a sale, do not enter any amount in Schedule A for the sale. See Schedule P (Form 1120-DISC).

Cost of operations.—If the entry on line 2, page 1, of Form 1120-DISC is for the cost of operations, complete Schedule A even if inventories are not used.

Valuation methods.—Your inventories can be valued at: 1. cost; 2. cost or market value (whichever is lower); or 3. any other method that is approved by the Commissioner of Internal Revenue and that conforms to the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. Such changes should be made by filing Form 3115. For more information about the change, see regulations section 1.446-1(e)(3) and Rev. Proc. 80-51, 1980-2 C.B. 818.

In line 8a, check the method(s) used for valuing inventories. Under "lower of cost or market," market generally applies to normal market conditions when 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 more requirements, see regulations section 1.471-4.

Inventories may be valued below cost when the merchandise is 1. unsalable at normal prices or 2. unusable in the normal way because the goods are "subnormal" (that is, because of damage, imperfections, shop wear, etc.) within the meaning of regulations section 1.471-2(c). Such goods may be valued at a current bona fide selling price minus direct cost of disposition (but not less than scrap value) if you can establish such a price. See regulations section 1.471-2(c) for more requirements.

In (iv) of 8a indicate whether you used a method of inventory valuation other than those described in 8a (i) through (iii). Attach a statement describing the method used.

If this is the first year the "last-in first-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method, provided in section 472, attach Form 970, Application to Use LIFO Inventory Method, or a statement with the information required by Form 970. Also check the LIFO box in line 8b. In line 8c enter the amount or percent of total closing inventories covered under section 472. Estimates are acceptable.

If the DISC changed or extended its inventory method to LIFO and had to "writeup" its opening inventory to cost in the year of election, report the effect of this writeup as income (line 3f, Schedule B) proportionately over a 3-year period that begins in the tax year the DISC made its election. (See section 472(d).)

Schedule B.—Gross Income
(Numbered to correspond to line numbers in Schedule B.)

If an income item falls in two or more categories, report each part 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 2g and the nonqualified interest on an attached schedule for line 3f.

For gain from selling qualified export assets, you will need to attach a separate schedule in addition to the forms required for lines 2h and 2i.

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.

Commissions: Special Rule.—If the DISC received commissions on selling or renting property or furnishing services, list in column B the gross receipts from the sales, rentals, or services on which the commissions arose; and in column C, list the commissions earned. In column D report receipts from non-commissioned sales or rentals of property or furnishing of services, as well as all other receipts.

For purposes of completing line 1a and line 1b, related purchasers are members of the same controlled group (as defined in section 993(a)(3)) as the DISC. All other purchasers are unrelated.

A qualified export sale or lease must meet a use test and a destination test in order to qualify.

The use requirement applies at the time of sale or lease. If the property is used predominantly outside the U.S., and the sale or lease is not for ultimate use in the U.S., it is a qualified export sale or lease. Otherwise, if a reasonable person would believe that the property will be used in the U.S., the sale or lease is not a qualified export sale or lease.

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, and the receipts would not be qualified export receipts.

Destination test.—Regardless of where title or risk of loss shifts from the seller or lessor, the property must be delivered under one of the following conditions:

- Within the U.S. to a carrier or freight forwarder for ultimate delivery outside the U.S. to a buyer or lessee.
- Within the U.S. to a buyer or lessee who, within 1 year of the sale or lease, delivers it outside the U.S. or delivers it to another person for ultimate delivery outside the U.S.
- Within or outside the U.S. to a DISC that is not a member of the same controlled group (as defined in section 993(a)(3)) as the DISC that is making the sale or lease.
- Outside the U.S. by means of the seller's delivery vehicle (ship, plane, etc.).
- Outside the U.S. to a buyer or lessee at a storage or assembly site if the property was previously shipped from the U.S. by the DISC.
- 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 (c) 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).

Line-by-Line Instructions

Qualified export receipts to be entered in line 1 are received from the sale of property, such as inventory, that is produced in the U.S. for direct use, consumption, or disposition outside the U.S. These sales are qualified export sales.

1a.—Enter the DISC's qualified export receipts from export property sold to foreign, unrelated buyers for delivery outside the U.S. Do not include amounts entered on line 1b.

1b.—Enter the DISC's qualified export receipts from export property sold for delivery outside the U.S. to (i) a related foreign entity for resale to a foreign, unrelated buyer or (ii) an unrelated buyer when a related foreign entity acts as commission agent.

2a.—Enter the gross amount received from leasing or subleasing export property to unrelated persons for use outside the U.S.

Receipts from leasing export property may qualify in some years and not in others, depending on where the lessee uses the property. Enter only receipts that qualify during the tax year. (Use Schedule E to deduct expenses such as repairs, interest, taxes, and depreciation.)

2b.—A service connected to a sale or lease is related to it if the service is usually furnished with that type of sale or lease in the trade or business where it took place. A service is subsidiary if it is less important than the sale or lease.

2c.—Include receipts from engineering or architectural services on foreign construction projects abroad or proposed for location abroad. These services include feasibility studies, design and engineering, and general supervision of construction, but do not include services connected with exploring for minerals.

2d.—Include receipts for export management services provided to unrelated DISCs.

2f.—Include interest received on any loan that qualifies as a producer's loan.

2g.—Enter interest on any qualified export asset other than interest on producer's loans.

For example, include interest on accounts receivable from 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.

2h.—On Schedule D (Form 1120) report in detail every sale or exchange of a capital asset, even if there is no gain or loss.

In addition to Schedule D (Form 1120), attach a separate schedule computing gain from the sale of qualified export assets.

2i.—Enter the net gain or loss from line 14(a), Part II, Form 4797.

In addition to Form 4797, attach a separate schedule computing gain from the sale of qualified export assets.

3b.—Enter receipts from selling products subsidized under a U.S. program if they have been designated as excluded receipts.

3c.—Enter receipts from selling or leasing property or services for use by any part of the U.S. Government if law or regulations require U.S. products or services to be used.

3d.—Enter receipts from a DISC that belongs to the same controlled group (defined in section 993(a)(3)).

3f.—Include in an attached schedule any nonqualified gross receipts not reported on lines 3a through 3e. Do not offset an income item against a similar expense item.

Schedule C.—Dividends and Special Deductions

(Numbered to correspond to line numbers in Schedule C.)

Column A

1. Enter dividends received (except those received on debt-financed stock—see line 2 instruction below) from domestic corporations for which you can take the 85% deduction under section 243(a)(1). Include taxable distributions from a DISC or former DISC if they are eligible for this deduction.

For dividends from a regulated investment company, see section 854 for the amount subject to the 85% deduction.

So-called dividends or earnings from mutual savings banks, etc., are really interest. Report them in Schedule B, not in Schedule C.

2. Enter dividends on debt-financed stock (acquired after July 18, 1984) that are received from domestic corporations subject to income tax and that would otherwise be subject to the 85% dividends-received deduction under section 243(a)(1). Generally, debt-financed stock is stock that the corporation acquired, and in doing so, incurred a debt (for example, it borrowed money to buy the stock). See the instructions for Column C, below, as well as section 246A to figure the dividends-received deduction for this stock.

3. 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.

4. Enter dividends received from foreign corporations for which you can take the 85% deduction in section 245(a).

5. Enter dividends you can deduct that you received from wholly-owned foreign subsidiaries.

7. Enter foreign dividends that are not reportable on lines 4 and 5. Exclude distributions of amounts constructively taxed under subpart F for your 1984 tax year or in earlier years.

8. Include income constructively received from controlled foreign corporations under subpart F. This amount should equal the total of amounts reported on Schedule J of Form(s) 5471.

9. Enter taxable distributions from a DISC or former DISC that are not eligible for the 85% dividends-received deduction. See sections 246(d), 995(b), and 996(a)(3).

10. Include: dividends, except capital gain dividends, from regulated investment companies that are not subject to the 85% deduction; dividends from tax-exempt organizations; dividends, except capital gain dividends, from a real estate investment trust that, for the trust's tax year 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 for similar stock; and other taxable dividend income not reported above.

12. Enter qualified dividends from the DISC's investment in a related foreign export corporation (defined in General Instruction D1e). Include income constructively received from controlled foreign corporations under subpart F. Generally, the investment will be in stock or securities of the DISC's foreign selling subsidiary that qualifies as a foreign international sales corporation.

Column C

Multiply the dividends received that are entered in lines 1-5, Column A, by the percentages shown in lines 1-5, Column B. Enter the result in lines 1-5, Column C.

Dividends received on debt-financed stock that are reported on line 2, Column A, are not entitled to the full 85% dividends received deduction. Instead, the 85% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 246A. A schedule showing how the dividends-received deduction (amount on line 2, Column C) was figured, must be attached to Form 1120-DISC.

In general, no dividends-received deduction will be allowed on any share of stock:

1. That is disposed of if the corporation held it 15 days or less (45 days or less for shares of stock acquired after July 18, 1984), or

2. To the extent the corporation is under an obligation to make related payments for substantially similar or related property.

No deduction is allowed for dividends received from another DISC or former DISC if the dividend is paid from accumulated DISC income or previously taxed income or if it is a deemed distribution under section 995(b)(1).

Line 6.—Line 6 of Schedule C may not exceed 85% of line 6, page 1. For this purpose, figure line 6, page 1, without regard to any adjustment under section 1059, and without regard to any capital loss carryover to the tax year under section 1212(a)(1).

In a year when a net operating loss occurs, this 85% limit does not apply even if the dividends-received deduction creates the loss.

Schedule E.—Deductions

(Numbered to correspond to line numbers in Schedule E.)

1.—Enter export promotion expenses on lines 1a through 1m. Export promotion expenses are a DISC's ordinary and necessary expenses paid or incurred to obtain qualified export receipts. Do not include income taxes. Any part of an expense not incurred to obtain qualified export receipts should be entered in lines 2a through 2g.

1c.—Attach Form 4562, Depreciation and Amortization, if you deduct depreciation. Enter on line 1c the depreciation not claimed on Schedule A or elsewhere on the return.

1h.—Enter half the freight expenses (except insurance) for shipping export property aboard U.S. flag ships and U.S.

owned and operated aircraft, unless the law required you to use U.S. ships or aircraft.

1i.—Attach a schedule showing the name, social security number and amount of compensation paid to all officers.

An officer is a person, such as a regular officer or chairman of the board, who is elected or appointed to office or is designated as an officer in the corporation's charter or bylaws.

1j.—Enter the cost of incidental repairs, such as labor and supplies, that do not add to the property's value or appreciably prolong its life.

1k.—If the DISC has any kind of funded deferred compensation plan, such as a pension or profit-sharing plan, file one of the forms described below.

There are penalties for failure to file these forms on time.

Form 5500.—Complete this form for each plan with 100 or more participants.

Form 5500-C or 5500-R.—Complete the applicable form for each plan with fewer than 100 participants.

1l.—Enter your contributions to employee benefit programs, such as insurance or health and welfare programs, that are not an incidental part of a plan included on line 1k. Also include contributions to a qualified group-term life insurance plan. Section 120 gives certain rules that the DISC must follow for its employees (including spouses and dependents) to be able to exclude from their income the DISC's contributions to the legal services plan.

1m.—Enter any other deduction not claimed above. Include amortization expense from Form 4562.

2a.—You may treat bad debts in either of two ways: (i) as a deduction for specific debts that become worthless, in whole or in part, or (ii) as a deduction for a reasonable addition to a reserve for bad debts. (See section 166.)

When applying to change the way you figure bad debts, file Form 3115.

2b.—Enter taxes paid or accrued during the tax year. See section 164(d) for apportioning real property tax between seller and buyer.

2c.—Do not include interest on debts incurred or continued to buy or carry obligations on which the interest is wholly exempt from income tax. (See section 265.)

Section 267 limits deductions for unpaid expenses and interest in transactions between related taxpayers. Section 461(g) limits a cash basis taxpayer's deduction for prepaid interest.

2d.—Enter contributions or gifts paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c). Include any unused contributions carried over from earlier years.

The DISC may claim up to 10% of modified adjusted taxable income as contributions. The limit is 10% of the amount on line 7, page 1, before taking the dividends-received deduction (line 6b, page 1), premiums paid on bond repurchases (section 249), or payments made to the National Railroad Passenger Corporation (section 250); and before figuring carrybacks to the 1984 tax year for net

operating loss (section 172) or capital loss (section 1212(a)(1)). Do not deduct charitable contributions above the 10% limit for the 1984 tax year.

A corporation on the accrual basis may elect to deduct contributions paid by the 15th day of the 3rd month after the tax year ends, if the board of directors authorized the contributions during the tax year. Attach both of the following to the return: a declaration, signed by an officer, stating that the board of directors adopted the resolution authorizing the contributions during the tax year, and a copy of the resolution.

If a contribution is made in property other than money, attach a schedule describing the kind contributed and what method was used to determine the fair market value.

If you include a contribution carryover, show the amount and how you figured it.

Special rules for contributions of certain property.—To report contributed property, reduce its value by the ordinary income that would have resulted if the property were sold at its fair market value. Some contributions must also be reduced by 60.87% of the long-term capital gain that would have resulted from a sale at fair market value. These are contributions of: (1) tangible personal property to an organization for use in a way unrelated to the basis of its exemption, or (2) property (except stock that is donated after July 18, 1984, for which market quotations are readily available—see section 170(e)(5)) to or for use by certain private foundations. (Section 170(e).)

Section 170(e)(3) gives special rules about contributing inventory or other ordinary income property to certain organizations. Also see regulations section 1.170-4A.

2e.—Enter the freight expense not deducted on line 1h as an export promotion expense.

2g.—Do not deduct any amount allocable to exempt income. Items directly attributable to wholly exempt income must be allocated to that income, and items directly attributable to any class of taxable income must be allocated to that income. If an item is indirectly attributable to both taxable and exempt income, allocate a reasonable proportion 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 apportioned amounts separately.

Schedule J.—Deemed and Actual Distributions to Shareholders for the Tax Year

(Numbered to correspond to line numbers in Schedule J.)

Part I.—Deemed distributions under section 995(b)(1)

Line 2.—Enter on line 2 the total income that is defined in a, b, c, and d below. Attach a schedule showing each item of income separately and the computation of items b, c, and d as explained below.

a. Gross interest derived during the tax year from producer's loans (section 995(b)(1)(A)).

b. Gain recognized on the sale or exchange of property (section 995(b)(1)(B)).—Show the computation of

the gain. Include only limited gain on qualified export assets that the DISC acquired by transactions in which gain was not recognized. Report the same amount of the DISC's gain that the transferor did not recognize on the earlier transfer.

c. Gain recognized on the sale or exchange of property (section 995(b)(1)(C)).—Show the computation of the gain. Do not include any gain included in the computation of b above. Include only the amount of the DISC's gain that the transferor did not recognize on the earlier transfer and that would have been treated as ordinary income if the property had been sold or exchanged rather than transferred to the DISC. Do not include gain on sale or exchange of the DISC's stock in trade or other property that either would be included in inventory if on hand at the end of the tax year or is held primarily for sale in the normal course of business.

d. Fifty percent of taxable income attributable to military property (section 995(b)(1)(D)).—Show the computation of this income. To figure taxable income attributable to military property, use the gross income attributable to military property for the year and the deductions properly allocated to that income. Military property is defined in section 38 of the International Security Assistance and Arms Export Control Act of 1976 (22 USC 2778) and related regulations (22 CFR 121.01).

Lines 6 and 7.—Effective for tax years beginning after December 31, 1982, section 291(a)(4) modifies the provisions of section 995(b)(1)(F)(i) by substituting 57.5% for 50% for shareholders that are corporations. The 50% is still used in figuring the deemed distributions of shareholders that are individuals, partnerships, estates and trusts.

If a corporation only has one type of shareholder, for example only has shareholders that are corporations, it would complete lines 7, 8, 9, 11, 12, 14, 15b, 17, 19, 21, and 22 (and enter zero on lines 6, 10, 13, 15a, 16, 18, and 20).

Line 8. A DISC is deemed to distribute any income that resulted from cooperating with an international boycott (section 995(b)(1)(F)(ii)). See Form 5713, International Boycott Report, to compute this deemed distribution and to learn reporting requirements about any DISC with operations related to a boycotting country.

Line 9. A DISC is deemed to distribute the amount of any illegal payments, such as bribes or kickbacks, that it pays, directly or indirectly, to government officials, employees, or agents (section 995(b)(1)(F)(iii)).

Line 12. Attach a computation showing the earnings and profits for the tax year.

Generally, the allowance for depreciation (and any amortization) is the amount that would be allowable if the DISC had used the straight line method of depreciation for each tax year beginning after June 30, 1972. See section 312(k)(2) for exceptions.

Line 15a.—To figure the amount for line 15a, attach a computation showing: (1) the DISC's foreign investment in producer's loans during the tax year; (2) accumulated earnings and profits (including earnings and profits for the 1984 tax year) less the amount on line 13, Part I; and (3)

accumulated DISC income. Enter the least of these amounts (but not less than zero) on line 15a.

Line 15b.—To figure the amount for line 15b, attach a computation showing: (1) the DISC's foreign investment in producer's loans during the year; (2) accumulated earnings and profits (including earnings and profits for the 1984 tax year) less the amount on line 14, Part I; and (3) accumulated DISC income. Enter the least of these amounts (but not less than zero) on line 15b.

Foreign investment in producer's loans is the least of:

- (1) The net increase in foreign assets by members of the controlled group (defined in section 993(a)(3)) to which the DISC belongs.
- (2) The actual foreign investment by the group's domestic members.
- (3) The DISC's outstanding producer's loans to members of the controlled group.

"Net increase in foreign assets" and "actual foreign investment" are defined in sections 995(d)(2) and (3).

Line 20.—Allocate the line 20 amount to shareholders that are individuals, partnerships, trusts, and estates.

Line 21.—Allocate the line 21 amount to shareholders that are corporations.

Part II.—Taxable income attributable to base period export gross receipts

The DISC is deemed to distribute taxable income attributable to base period gross receipts. Complete Part II to arrive at this amount. For the DISC's 1984 tax year, the base period consists of the DISC's tax years that began in 1977, 1978, 1979, and 1980. For the DISC's 1983 tax year, the base period consists of the DISC's tax years 1976 through 1979. If the DISC's latest tax year began in 1983, use the 1983 Form 1120-DISC.

2. If your tax year included February 29, 1984, use 366, instead of 365, for purposes of the computation in line 2.

4. If any other DISCs belong to your controlled group, include their total annualized income for the latest tax year ending with or within your 1984 tax year. Do not include taxable losses.

5. If this amount is \$100,000 or less, skip to line 22; enter zero there and on line 4, Part I.

6. Column C.—Generally, if export property does not qualify under section 993(c)(2) as giving rise to export gross receipts in your 1984 year, exclude gross receipts on that property in computing export gross receipts for the base period.

However, if the property qualifies under section 603(b)(2) of the Tax Reduction Act of 1975, you must increase export gross receipts for the base period. To make the increase, see section 1101(g)(5) of the Tax Reform Act of 1976.

For transactions on a commission basis, enter gross receipts, not just commissions.

11b. Add to export gross receipts for the base period if either of the following is true: (1) stock ownership in the DISC is separated, during the base period, from ownership in the underlying trade or business that produced the export gross receipts; or (2) any 5% or more shareholder

owned at least 5% of another DISC's stock in a base period year. See sections 995(e)(9) and (10).

15. Include the export gross receipts annualized for all DISCs in your controlled group. Annualize the receipts for the DISC's latest tax year that ended with or within your 1984 year.

Part III.—Deemed distributions under section 995(b)(2)

If the corporation is a former DISC or if it revoked DISC status for 1984, each shareholder is deemed to have received a distribution taxable as a dividend. The deemed distribution equals the shareholder's prorated share of the DISC's income accumulated during the years just before DISC status ended. The shareholder will be deemed to receive the distribution in equal parts on the last day of the corporation's tax year for the shorter of the following periods after DISC status ended:

- 10 tax years
- Twice the number of years 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 tax year.

Additional Information

Question Q.—Check the Yes box if either (1) or (2) below applies to you. Otherwise check the No box.

(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; AND

- The combined value of the accounts was more than \$5,000 at any time during the year; AND
- The account was NOT with a U.S. military banking facility operated by a U.S. financial institution.

(2) The DISC owns more than 50% of the stock in any corporation that would answer the question Yes based on item (1) above.

Get Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, 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 question Q, is checked Yes, file form TD F 90-22.1 by June 30, 1985, with the Department of the Treasury at the address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with the IRS.

You can get form TD F 90-22.1 from many IRS offices.

Also, if question Q is checked Yes, write the name of the foreign country or countries. Attach a separate sheet if you need more space.

Question T.—File Form 5713 if the DISC or any member of its controlled group (defined in section 993(a)) has operations in or related to a boycotting country (or with

the government, a company, or a national of that country). A DISC that cooperates with an international boycott is also deemed to distribute part of its income. See Form 5713 for more information.

Schedule L—Balance Sheets

Line 12.—If the corporation was a qualified DISC as of December 31, 1984, the accumulated DISC income (line 12 of Schedule L for tax year ending December 31, 1984) will generally be treated as previously taxed income (exempt from tax) when distributed to DISC shareholders after

December 31, 1984. **Exception:** The exemption does not apply to distributions of accumulated DISC income of a DISC or former DISC that was made taxable under section 995(b)(2) because of a prior revocation of the DISC election or disqualification of the DISC.

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

Complete and attach a separate Schedule P (Form 1120-DISC) for each transaction or group of transactions to which you apply the inter-company pricing rules of section 994(a)(1) and (2). (Please see General Instruction D2.)

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System authorized by Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify establishments. However, certain activities such as manufacturing do not apply to a DISC.

TRANSPORTATION, COMMUNICATION, ELECTRIC, GAS, AND SANITARY SERVICES		Code	Code
		Non-durable	Durable
Code		5110 Paper and paper products	5600 Apparel and accessory stores
Transportation:		5129 Drugs, drug propensities, and drugs	5700 Furniture and home furnishings stores
4400 Water transportation		5130 Sundries	5800 Eating and drinking places
4700 Other transportation services		5140 Apparel, piece goods, and notions	
		5140 Groceries and related products	Miscellaneous retail stores:
Electric, gas, and sanitary services:		5150 Farm-product raw materials	5912 Drug stores and proprietary stores
4910 Electric services		5160 Chemicals and allied products	5921 Liquor stores
4920 Gas production and distribution		5170 Petroleum and petroleum products	5993 Other miscellaneous retail stores
4930 Combination utility services		5180 Alcoholic beverages	
		5190 Miscellaneous nondurable goods	FINANCE, INSURANCE, AND REAL ESTATE
			Credit agencies other than banks:
			6199 Other credit agencies
WHOLESALE TRADE			SERVICES
Durable		Building materials, hardware, garden supply, and mobile home dealers:	Business services:
5008 Machinery, equipment, and supplies		5220 Building materials dealers	7389 Export management services
5010 Motor vehicles and automotive equipment		5251 Hardware stores	Auto repair and services; miscellaneous repair services:
5020 Furniture and home furnishings		5265 Garden supplies and mobile home dealers	7500 Lease or rental of motor vehicles
5030 Lumber and construction materials			Amusement and recreation services:
5040 Sporting, recreational, photographic, and hobby goods, toys, and supplies		3308 General merchandise stores	7812 Motion picture production, distribution, and services
5050 Metals and minerals, except petroleum and scrap		5410 Grocery stores	
5060 Electrical goods		5490 Other food stores	Other services:
5070 Hardware, plumbing and heating equipment		Automotive dealers and service stations:	8911 Architectural and engineering services
5098 Other durable goods		5515 Motor vehicle dealers	8930 Accounting, auditing, and bookkeeping
		5541 Gasoline service stations	8980 Miscellaneous services
		5598 Other automotive dealers	

1120M Form Department of the Treasury Internal Revenue Service		U.S. Mutual Insurance Company Income Tax Return For calendar 1984, or tax year beginning 1984, and ending 1984, and ending 1984 For Paperwork Reduction Act Notice, see page 1 of the instructions.		OMB No. 1545-0566 1984	
Name _____ Number and street _____ City or town, State, and ZIP code _____		A. Employer identification number _____ B. Date incorporated _____ C. Check if this is a consolidated return <input type="checkbox"/>			
D. Check if address changed from previous year <input type="checkbox"/>					
Part I Taxable Income and Tax Computation					
1 Taxable investment income or (loss)—Part II, line 23. If less than \$6,000, see instructions for line 11		1			
2 Statutory underwriting income or (loss)—Part III, line 36		2			
3 Amounts subtracted from the Protection Against Loss Account—Schedule E, line 4(f)		3			
4 Total (combine 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). If less than \$12,000, see instructions for line 8		6			
7 (a) Check if you are a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/> If checked, see instructions and enter your share of the \$25,000 in each taxable income bracket: (i) \$ _____ (ii) \$ _____ (iii) \$ _____ (iv) \$ _____ (b) Income tax—see instructions to figure the tax		7(b)			
8 Special computation (see instructions)		8			
9 Enter amount reciprocal must include (see instructions)		9			
10 Total (line 7(b) or line 8, whichever applies, plus line 9)		10			
11 Alternative tax for certain small companies (see instructions)		11			
12 Income tax—Enter the smallest of line 10, line 11 (if it applies), or the alternative tax from Schedule D (Form 1120). Check box <input type="checkbox"/> if tax is from Schedule D (Form 1120)		12			
13 Tax credits—(a) Foreign tax credit (attach Form 1118)		13(a)			
(b) General business credit. Check if from <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form 3468 <input type="checkbox"/> Form 5884 <input type="checkbox"/> Form 6478		13(b)			
(c) Other credits (see instructions)		13(c)			
(d) Total credits (add lines 13(a) through 13(c))		13(d)			
14 Subtract line 13(d) from line 12		14			
15 Foreign corporations—Tax on income not connected with U.S. business (see instructions)		15			
16 Increase in tax from refuguring an earlier year investment credit (attach Form 4255)		16			
17 Minimum tax on tax preference items (see instructions—attach Form 4626)		17			
18 Total tax (add lines 14 through 17)		18			
19 Credits and payments:					
(a) 1983 overpayment allowed as a credit		19(a)			
(b) 1984 estimated tax payments		19(b)			
(c) Less 1984 refund applied for on Form 4466		19(c)			
(d) Tax deposited with Form 7004		19(d)			
(e) Credit by reciprocal for tax paid by attorney-in-fact under section 826(e)		19(e)			
(f) Other refundable credits and payments (see instructions)		19(f)			
(g) Total credits and payments		19(g)			
20 Enter any PENALTY for underpayment of estimated tax—Check <input type="checkbox"/> if Form 2220 is attached		20			
21 TAX DUE—If the total of lines 18 and 20 is larger than line 19(g), enter AMOUNT OWED		21			
22 OVERPAYMENT—If line 19(g) is larger than the total of lines 18 and 20, enter AMOUNT OVERPAID		22			
23 Enter amount of line 22 you want: Credited to 1985 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 preparer has any knowledge.					
Please Sign Here Signature of officer _____ Date _____ Title _____ Preparer's signature _____ 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 _____					

Form 1120M (1984)

Form 1120M (1984)

Page 2

Part II Taxable Investment Income or (Loss)—Section 822		1. Interest received	2. Amortization of premium	3. Balance (Column 1 minus column 2)
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 (from Schedule B, line 7)				
3 Gross rents				
4 Gross royalties				
5 Gross income from trade or business other than insurance business and from Form 4797. (Include sections 1245, 1250, etc. gains for investment assets only.)				
6 Leases, etc.				
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 Taxes				
11 Real estate expenses				
12 Depreciation (attach Form 4562—see instructions for line 12)				
13 Depletion				
14 Trade or business deductions as provided in section 822(c)(8) (attach schedule)				
15 Interest paid or accrued				
16 Other capital losses (from Schedule C, line 12, column g)				
17 Total (add lines 10 through 16)				
18 Interest wholly exempt from tax (from line 1(a), column 3)				
19 Investment expenses (attach schedule—see instructions for line 19)				
20 Total deductions (add lines 17 through 19)				
21 Subtract line 20 from line 9				
22 Dividends-received deduction (from Schedule B, line 14—see Schedule B instructions for limitation)				
23 Taxable investment income or (loss) (subtract line 22 from line 21). Enter here and on Part I, line 1				

SCHEDULE A.—Invested Assets Book Values (Complete only if you claim a deduction for general expenses allocated to investment income.)		
	1. Beginning of tax year	2. End of tax 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.		
8 Bank deposits bearing interest		
9 Other interest-bearing assets (attach schedule)		
10 Total (add lines 1 through 9)		
11 Add columns 1 and 2, line 10		
12 Mean of the invested assets for the tax year (enter one-half of line 11)		
13 1/4 of 1% of line 12 (multiply line 12 by .0025)		
14 Income base (subtract line 17, Part II from line 9, Part II)		
15 3 3/4% of line 12 (multiply line 12 by .0375)		
16 Subtract line 15 from line 14 (but do not enter less than zero)		
17 25% of line 16 (multiply line 16 by .25)		
18 Limitation on deduction for investment expenses (add lines 13 and 17)		

SCHEDULE B.—Dividends (See instructions.)	
Income	Deductions
1 Certain domestic corporations	8 85% of line 1
2 Certain debt-financed stock	9 Line 2 deduction—see instructions
3 Certain public utility corporations	10 59.13% of line 3
4 Certain foreign corporations	11 85% (see instr. for 100%) of line 4
5 Certain affiliated groups	12 Total (see instructions for 85% limitation)
6 Other corporations (attach schedule)	13 100% of line 5
7 Total (add lines 1 through 6)	14 Total (add lines 12 and 13)

Form 1120M (1984)

Page 3

Part III Statutory Underwriting Income or (Loss)—Section 823

Gross Income	1	Investment income—Section 832(b)(2):	
	(a)	Interest	
	(b)	Dividends (from Schedule B, line 7)	
	(c)	Rents	
	2	Premiums earned—Section 832(b)(4)	
	3	(a) Net gain from sale or other disposition of capital assets—Section 832(b)(1)(B) (attach Schedule D (Form 1120))	
	(b)	Ordinary gain from attached Form 4797 (include all sections 1245, 1250, etc. gains)	
	4	Other income—Section 832(b)(1)(C) (attach schedule)	
	5	Decrease in subscriber amounts—Section 823(b)(2)(B)	
	6	Gross income (add lines 1 through 5)	
Deductions	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	Other capital losses—(from Schedule C, line 12, column g)	
	13	Worthless agency balances and bills receivable—Section 832(c)(6)	
	14	Interest excluded under section 103—Section 832(c)(7)	
	15	Depreciation—Section 832(c)(8) (attach Form 4562)	
	16	Depletion—Section 832(c)(8)	
	17	Contributions—Section 832(c)(9) (see instructions for limitation)	
	18	Dividends paid or declared to policyholders—Section 832(c)(11)	
	19	Increase in subscriber accounts—Section 823(b)(2)(A)	
	20	Pension, profit-sharing, etc. plans—Section 832(c)(10) (see instructions)	
	21	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 B, line 14—see Schedule B instructions for limitation)	
	26	Total deductions (add lines 23 and 25)	
	27	Subtract line 26 from line 6	
	28	Taxable investment income or (loss) (from Part II, line 23)	
	29	Subtract line 28 from line 27 (if a loss, skip line 30 and enter the loss on line 31.)	
30	(a) Limitation	\$1,100,000.00	
	(b) Amount from Part II, line 7		
	(c) Premiums (see instructions)		
	(d) Total (add lines 30(b) and 30(c)). If \$500,000 or less, skip line 30(e) and enter \$6,000 (but not more than line 29) on line 30(f)		
	(e) Subtract line 30(d) from line 30(a). If less than zero, enter zero on line 30(f)		
	(f) 1% of line 30(e) (multiply line 30(e) by .01). Do not enter more than line 29		
31	Underwriting gain or (loss)—subtract line 30(f) from line 29		
Protection Against Loss Deduction	32	1% of line 11 (multiply line 11 by .01)	
	33	25% of underwriting gain on line 31 (multiply gain on line 31 by .25). If line 31 is zero or a loss, skip lines 34(a) through 34(e) and enter a zero on line 34(f)	
	34	Concentrated risks:	
	(a)	Premiums earned (Part III, line 2)	
	(b)	Amount of line 34(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 line 34(b) by line 34(a)	%
	(d)	Limitation	40%
	(e)	Premium percentage that exceeds 40% (subtract 34(d) from 34(c))	%
	(f)	Multiply line 31 (if a gain) by line 34(e)	
	35	Protection against loss deduction (add lines 32, 33, and 34(f)). Enter here and in Schedule E, line 2.	
36	Statutory underwriting income or (loss) (combine lines 31 and 35). Enter here and in Part I, line 2		

Form 1120M (1984)

Page 4

SCHEDULE C.—Other Capital Losses (See Instructions.) (Capital assets sold or exchanged to meet abnormal insurance losses and to pay dividends and similar distributions to policyholders.)

1	Dividends and similar distributions paid to policyholders	
2	Losses paid	
3	Expenses paid	
4	Total (add lines 1, 2, and 3)	
5	Interest received (Part II, line 1(d), column 3, adjusted to cash method if on accrual method)	
6	Dividends received (Schedule B, line 7, adjusted to cash method if on accrual method)	
7	Lines 3 through 6 of Part II (adjusted to cash method if on accrual method)	
8	Net premiums received (adjusted to cash method if on accrual method)	
9	Total (add lines 5 through 8)	
10	Limitation on gross receipts from sales of capital assets (subtract line 9 from line 4, but not less than zero)	
a.	Description of capital asset	
b.	Date acquired	
c.	Gross sales price	
d.	Cost or other basis	
e.	Expense of sale	
f.	Depreciation allowed (or allowable)	
g.	Loss (col. d plus col. e less the sum of cols. c and f)	
11		
12	Totals—column c must not be more than line 10. (Enter column g in Part II, line 16, and Part III, line 12)	

SCHEDULE E.—Protection Against Loss Account

1	Balance at beginning of year	
2	Addition (from Part III, line 35)	
3	Total (add lines 1 and 2)	
4	Subtractions (attach computation of any items (lines 4(a) through 4(e)) that apply):	
(a)	Section 824(d)(1)(A)	
(b)	Section 824(d)(1)(B)	
(c)	Section 824(d)(1)(C)	
(d)	Section 824(d)(1)(D)	
(e)	Section 824(d)(1)(E)	
(f)	Total (add lines 4(a) through 4(e)). Enter here and on page 1, line 3	
5	Balance at end of year (subtract line 4(f) from line 3)	

SCHEDULE F.—Compensation of Officers (See Instructions for information to be attached.)**SCHEDULE G.—Additional Information Required**

E.	Did you at the end of this 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
F.	Were you a U.S. shareholder of any controlled foreign corporation (see sections 951 and 957)? (If "Yes," attach Form 5471.)	Yes	No
G.	Did you claim a deduction for expenses connected with:	Yes	No
(1)	Entertainment facility (boat, resort, ranch, etc.)?		
(2)	Living accommodations (except employees on business)?		
(3)	Employees attending conventions or meetings outside the North American area? (See section 274(h).)		
H.	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 the instructions for exceptions and filing requirements for form TD F 90-22.1.)	Yes	No
I.	Were you the grantor of, or transferor to, a foreign trust that 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.)	Yes	No
J.	During the tax year did you maintain any part of your accounting/tax records on a computerized system?	Yes	No
K.	Check method of accounting:		
(1)	Cash	(2)	Accrual
(3)	Other (Specify) ▶		

1984



Instructions for Form 1120M

U.S. Mutual Insurance Company Income Tax Return

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Changes You Should Note

A. Increase in Corporate Tax Rates.—For tax years beginning after 1983, a corporation with taxable income over \$1,000,000, besides paying its regular tax, will pay an additional tax equal to the lesser of: 5% of its taxable income that exceeds \$1,000,000, or \$20,250.

B. Changes in Tax Credits.—For tax years beginning after 1983, there is a new credit called the general business credit. This credit results from the merging together of tax credits that were already available to taxpayers. They are the investment credit (Form 3468), jobs credit (Form 5884), and alcohol fuel credit (Form 6478). These credits are separately figured (on the forms noted) and then combined into the general business credit on Form 3800, General Business Credit. This combined credit is then subjected to a single limitation as to the amount that may be used to reduce the tax for this tax year. See section 38.

C. Reduced Holding Period for Long-Term Capital Gains.—The holding period for property acquired after June 22, 1984, to qualify for long-term capital gain and loss treatment, has been reduced from more than one year to more than 6 months.

D. Reduction in Tax Preference Items.—Corporations may be required, under section 291, to reduce the deduction they take for the following tax preference items by 15%:

- 1) Depletion of iron ore and coal (including lignite);
- 2) Section 1250 capital gain (the reduction changes to 20% for dispositions after December 31, 1984);
- 3) Amortizable basis of pollution control facilities (the reduction changes to 20% for property placed in service after December 31, 1984);
- 4) Intangible drilling and exploration and development costs (the reduction changes to 20% for expenditures after December 31, 1984); and
- 5) Bad debt deductions for financial institutions (the reduction changes to 20% for tax years beginning after December 31, 1984).

E. Recovery of Tax Benefit Items.—For tax years ending after 1983, if a corporation receives a refund after 1983 of an amount it had claimed as a tax deduction in an earlier tax year, the refund, to the extent it did not reduce income subject to tax in the year deducted, will not be included in gross income in the tax year of recovery. See section 111.

F. Dividends-Received Deduction Reduced.—Dividends on debt-financed stock (acquired after July 18, 1984) that would otherwise qualify for the 85%

dividends-received deduction, are now reduced by a percentage that is related to the amount of debt incurred to acquire the stock. For more information, see section 246A.

G. Timing Change in Deducting Accrued Expenses.—Generally, an accrual basis taxpayer can deduct accrued expenses in the tax year that all events have occurred that determine the liability, and the amount of liability can be figured with reasonable accuracy. However, generally, after July 18, 1984, all the events that establish liability for the amount are treated as occurring only when economic performance takes place. There are exceptions for recurring items. See section 461(h).

H. Rule of 78's Not an Acceptable Method of Figuring Interest.—Taxpayers are reminded that, generally, the Rule of 78's is not an acceptable method for computing interest income and expense. Anyone using the Rule of 78's should see Revenue Procedures 84-27, 84-28, 84-29, and 84-30 (which are in Cumulative Bulletin 1984-1), to charge their method.

I. Additional Tax Changes.—Besides the changes noted above, Publication 553, Highlights of 1984 Tax Changes, provides information on a number of other tax changes which could affect corporations, such as:

- Limits on depreciation and investment credit for "passenger automobiles";
- Expensing the removal cost of barriers to the elderly and handicapped;
- Denial of business deductions related to "Golden Parachute" contracts;
- New limits on accrued vacation pay;
- Deferred payments under rental or service agreements;
- Expenses of a short-sale of stock;
- Payments in lieu of dividends;
- Depreciation, and
- Low-interest and interest-free loans.

Voluntary Contributions to Reduce the Public Debt

Quite often inquiries are received about how voluntary contributions to reduce the public debt may be made. A corporation may contribute by enclosing a separate check, payable to "Bureau of the Public Debt," with the tax return. These amounts are tax-deductible, subject to the rules and limitations for charitable contributions. Please keep the contribution to reduce the public debt separate from any amount payable with the tax return. Tax remittances should be made payable to "Internal Revenue Service."

General Instructions

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and so that we can figure and collect the right amount of tax. You are required to give us this information.

Purpose of Form.—This form is used to report the income and expenses of a mutual insurance company and to figure any tax that may be due.

Who must file Form 1120M.—Every domestic mutual insurance company (other than a life insurance company subject to a tax under section 801 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 its U.S. business would qualify as a mutual insurance company subject to tax under section 821) uses Form 1120M to report income and deductions.

Exceptions.—For a mutual insurance company that is:

- Exempt under section 501(c)(15), file Form 990, Return of Organization Exempt from Income Tax.
- Subject to tax under section 821, and disposes of its insurance business and reserves or otherwise ceases to be taxed under section 821, but continues its corporate existence while winding up and liquidating its affairs, file Form 1120, U.S. Corporation Income Tax Return.

When to file.—In general, a corporation must file Form 1120M by the 15th day of the 3d month after the end of the tax year. A new corporation filing a short period return must generally file by the 15th day of the 3d month after the short period ends. A corporation that has dissolved must generally file by the 15th day of the 3d month after the date it dissolved.

Extension.—File Form 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request an automatic 6-month extension of time to file Form 1120M. However, this automatic extension does not extend the time for payment of the tax.

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 Illinois, 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, foreign countries and U.S. possessions	Philadelphia, PA 19255

The separate income tax returns of a group of corporations may be filed with the service center for the principal office of the managing corporation that keeps all the books and records.

Penalties.—Avoid penalties and interest by correctly filing and paying the tax when due.

(1) A corporation that does not file its tax return by the due date (including any extensions of time for filing) may be subject to a penalty of 5% a month or fraction of a month, up to a maximum of 25%, for each month the return is not filed. The penalty is imposed under section 6651(a)(1) on the net amount due. The minimum penalty for failure to file a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

Note: Since Regulations section 1.6012-2(c) requires that the NAIC annual statement be filed as part of the return, a penalty may be charged under section 6651(a)(1) for not including the NAIC annual statement when filing the return.

(2) A corporation that does not 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 under section 6651(a)(2) on the net amount due.

These penalties will not be imposed if the corporation can show that not filing or not paying 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 determined under section 6621.

(3) A corporation that does not pay the proper estimated tax when due may be subject to an underpayment penalty for the period of underpayment. To avoid the estimated tax penalty the amount of estimated tax payments required by a corporation is 90%. See sections 6655(b)(1) and (d)(3).

Penalty for overstated tax deposits.—If you overstate your deposits, you may be subject to a penalty. See section 6656(b).

Accounting methods.—Figure taxable income by the method of accounting regularly used in keeping the corporation's books and records. The method adopted must clearly reflect taxable income. (See section 446.)

Unless the law specifically permits, you cannot change the method of accounting used to report income in earlier years (for

Page 2

income as a whole or for any material item) unless you first get consent on Form 3115, Application for Change in Accounting Method.

Rounding off to whole-dollar amounts.—You may show money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents and increase any amount from 50 cents through 99 cents to the next higher dollar.

Attachments.—If you need more space on forms or schedules, attach separate sheets and use the same arrangement as on the printed forms. Show the totals on the printed forms. Be sure to put the taxpayer's name, employer identification number, and the form number or schedule letter on the top of these separate sheets.

Signatures.—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.

Paid preparer's information.—If your corporate officer filed in Form 1120M, the Paid Preparer's Use Only area should remain blank. If someone prepares Form 1120M and does not charge the corporation, that person should not fill in this area. Certain others who prepare Form 1120M should not fill in this area. For example, a regular, full-time employee of the corporation, such as a clerk or secretary, does not have to fill in the Paid Preparer's Use Only area.

Generally, anyone who is paid to prepare Form 1120M must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

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), and
- Give a copy of Form 1120M to the taxpayer in addition to the copy filed with IRS.

Tax return preparers should know their responsibilities. Publication 1045, Information and Order Blanks for Preparers of Federal Income Tax Returns, lists some of the preparers' other responsibilities and penalties for which they may be liable. The publication also contains the regulations that govern their work.

Other forms needed.—In addition to Form 1120M, you may need to file one or more of the following information forms. Other forms you may need are listed in the instructions.

Forms W-2 and W-3.—Wage and Tax Statement; and Transmittal of Income and Tax Statement.

Form W-2P.—Statement for Recipients of Periodic Annuities, Pensions, Retired Pay, or IRA Payments.

Form 1096.—Annual Summary and Transmittal of U.S. Information Returns.

Form 1098.—Mortgage Interest Statement. This form is used to report the receipt from any individual of \$600 or more

of mortgage interest in the course of your trade or business for any calendar year after 1984.

Form 5452.—Corporate Report of Nontaxable Dividends.

Form 966.—Information return regarding dissolution or liquidation.

Forms 1099-A, DIV, INT, B, MISC, OID, PATR and R.—Information returns for reporting abandonments, acquisitions through foreclosure, dividends, interest income, proceeds from broker and barter exchange transactions, medical and health care payments, miscellaneous income payments, non-employee compensation, original issue discount, patronage dividends, and total distributions from profit-sharing and individual retirement arrangements. Also use these returns to report nominees' information for amounts that were received on behalf of another person.

Caution: Every corporation must file information returns if it makes payments of rents, commissions, or other fixed or determinable income (see section 6041) totaling \$600 or more to any one person in the course of its trade or business during the calendar year.

Form 5498.—Individual Retirement Arrangement Information. This form is to be used to provide IRS with contribution information on individual retirement accounts and simplified employee pension plans.

Form 5471.—Information Return with Respect to a Foreign Corporation. A corporation that controls a foreign corporation, or that is a 10%-or-more shareholder of a controlled foreign corporation, or acquires, disposes or owns 5% or more ownership in the outstanding stock of a foreign corporation, may have to file Form 5471.

Form 5472.—Information Return of a Foreign Owned Corporation. A domestic corporation or a foreign corporation that is engaged in a trade or business in the United States and is controlled by a foreign person may have to file Form 5472.

Form 5713.—International Boycott Report. 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 figure loss of the following items: foreign tax credit, deferral of earnings of a controlled foreign corporation, and DISC benefits.

Form 8264.—Application for Registration of a Tax Shelter. Used by tax shelter organizers to register tax shelters with the IRS, for the purpose of receiving a tax shelter registration number.

Form 8271.—Investor Reporting of Tax Shelter Registration Number. Used by taxpayers who have acquired an interest in a tax shelter, which is required to be registered, to report the tax shelter's registration number. Form 8271 must be attached to any tax return (including an application for tentative refund (Form 1139) and an amended return (Form 1120X)) on which a deduction, credit, loss, or other tax benefit attributable to a tax shelter, is taken.

Form 8300.—Report of Cash Payments Over \$10,000 Received in a Trade or Business. Generally, this form is used to

report the receipt of more than \$10,000 in cash or foreign currency after 1984 in one transaction (or a series of related transactions).

Note: Mutual insurance companies should include the NAIC annual statement with their income tax returns. Those that do not may be subject to a penalty. See *Penalties* above.

Consolidated returns.—If an affiliated group of corporations includes one or more domestic insurance companies taxed under section 801 or 821, the common parent may elect to treat those companies as includible corporations. The insurance companies must have been members of the group for the 5 tax years immediately preceding the tax year for which the election is made. See section 1504(c)(2) and Regulations section 1.1502-4(f)(1)(2).

The parent corporation of an affiliated group of corporations 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, Authorization and Consent of Subsidiary Corporation to be Included in a Consolidated Income Tax Return.

File supporting statements for each corporation included in the consolidated return. Use columns to show the following, both before and after adjustments:

- Items of gross income and deductions.
- A computation of taxable income.
- Balance sheets as of the beginning and end of the tax year.
- A reconciliation of retained earnings.
- A reconciliation of income per books with income per return.

Attach consolidated balance sheets and a reconciliation of consolidated retained earnings.

Specific Instructions

Name, address, and employer identification number.—Enter the employer identification number (EIN) of the corporation.

Corporations that do not have an EIN should apply for one on Form SS-4, Application for Employer Identification Number, available from most IRS and Social Security Administration offices. 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 the EIN if it is not received by the time Form 1120M is filed.

Period covered.—This return is for tax years beginning in 1984. If the return is for a fiscal year, fill in the dates it began and ended at the top of page 1, Form 1120M. If the corporation ceased to exist in 1984, write "FINAL RETURN" at the top of the form.

Part I—Taxable Income and Tax Computation

Mutual Insurance Company

Taxable Income

Line 5

Unused loss deduction.—The deduction is the total of the unused loss carryovers and carrybacks to the tax year.

Unused loss.—Unused loss for any tax year is the amount by which the sum of the statutory underwriting loss and the investment loss is more than the sum of:

- (1) The taxable investment income,
- (2) The statutory underwriting income, and
- (3) The amount section 824(d) requires to be subtracted from the protection against loss account.

You may carry back the unused loss for a loss year beginning after 1975 to each of the 3 tax years before the loss year, and carry it over to each of the 15 years after the loss year; or you may irrevocably elect only to carry the unused loss over to each of the 15 years after the loss year. After you apply the loss to the first year, the part of the loss you may carry to each of the remaining tax years is the amount by which the loss is more than the sum of the offsets (as defined in section 825(f)) for each of the earlier tax years to which you may carry the loss.

Limitations.—You may not carry an unused loss:

- (1) To or from any tax year for which the insurance company is not subject to the tax under section 821(a); or
- (2) To any tax year if, between the loss year and that tax year, there is an intervening tax year for which the insurance company was not subject to the tax under section 821(a).

See section 844 for special carryover loss rules for an insurance company that has changed its form of organization or kind of insurance business.

Tax Computation

Line 7(a)

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) must share the \$25,000 amount in each taxable income bracket.

Unless you elect an unequal apportionment plan, each of you as members of a controlled group will divide each taxable income bracket amount equally. But you may elect to divide the amounts in any way you choose.

If you adopt or amend an apportionment plan, each of you as a member of the controlled group must attach to your tax return a copy of your consent to the plan. The consent should show the amount of each taxable income bracket for that member, and other data. See section 1561 for the time and manner of making the election.

As a member of a controlled group, you should enter your share of the taxable income bracket on lines 7(a)(i), (ii), (iii), and (iv) and figure your tax using the schedule below, instead of the instructions for line 7(b).

Note: If the alternative tax on capital gains applies: (1) On line 1 below, enter amount from line 14, Schedule D (Form 1120), Capital Gains and Losses; (2) complete lines 2 through 16 below; and (3) enter partial tax from line 16 below on line 15, Schedule D (Form 1120) and complete the balance of Schedule D (Form 1120). Enter the alternative tax on line 12, Part I, Form 1120M, and check the box on that line.

1	Enter taxable income (line 6, page 1)	
2	Enter the smaller of line 1 or your share of the first \$25,000 taxable income bracket	
3	Subtract line 2 from line 1	
4	Enter the smaller of line 3 or your share of the second \$25,000 taxable income bracket	
5	Subtract line 4 from line 3	
6	Enter the smaller of line 5 or your share of the third \$25,000 taxable income bracket	
7	Subtract line 6 from line 5	
8	Enter the smaller of line 7 or your share of the fourth \$25,000 taxable income bracket	
9	Subtract line 8 from line 7	
10	15% of line 2	
11	18% of line 4	
12	30% of line 6	
13	40% of line 8	
14	46% of line 9	
15	If the taxable income of the controlled group exceeds \$1,000,000, enter the portion of the lesser of: 5% of the excess over \$1,000,000, or \$20,250, that this member must pay.	
16	Add lines 10 through 15. Enter here and on line 7(b), page 1, Form 1120M.	

Line 7(b)

If you are not a member of a controlled group, figure your income tax as follows: If the amount on line 6 is:

Over—	But not over—	Enter on line 7(b)—	Of the amount over—
0	\$25,000	15%	0
\$25,000	50,000	\$3,750 + 18%	\$25,000
50,000	75,000	8,250 + 30%	50,000
75,000	100,000	15,750 + 40%	75,000
100,000	—	23,750 + 46%	100,000

Additional tax.—For tax years beginning after December 31, 1983, if a corporation's taxable income exceeds \$1,000,000, the total tax imposed under section 11 (see table above) is increased by the lesser of: 5% of the excess over \$1,000,000, or \$20,250.

Members of a controlled group of corporations are treated as one corporation for purposes of figuring any additional tax they must pay because their taxable income exceeds \$1,000,000. If the group is liable for the additional tax, each member must pay the tax based on the portion of the \$25,000 amount it uses in each tax bracket to reduce its tax. See section 1561(a). Each member of the group must attach to its tax return a schedule that shows the taxable income of the entire group as well as how its portion of the additional tax was figured.

Line 8

Special Computation.—Section 821(a)(2) limits the income tax of a mutual insurance company whose taxable income is less than \$12,000. If line 6 is less than \$12,000, subtract \$6,000 from line 6 and multiply the result by 30%.

Line 9

Amount a reciprocal must include.—If you are a reciprocal underwriter and want to elect to be subject to the limitation in section 825(b), see section 825(a) and the related regulations for the required statement.

If the mutual insurance company's taxable income is \$100,000 or more before including the section 825(a) amount, make no entry. If the taxable income is less than \$100,000 before including the section 825(a) amount, you must figure the tax on the section 825(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 the section 825(a) amount. Of the \$40,000, \$5,000 was taxed at 30% (the third taxable income bracket), \$25,000 was taxed at 40% (the fourth taxable income bracket), and \$10,000 was taxed at 46%.

You must multiply each amount by the appropriate percentage so that the section 825(a) amount is taxed at the highest rate specified in section 11(b). Therefore, multiply the \$5,000 by 16% (46% minus 30%) and multiply the \$25,000 by 6% (46% minus 40%). Do not adjust the \$10,000 since it was already taxed at 46%.

If you 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 how you figured the tax. Enter the total on line 9.

Line 11

Alternative tax for certain small companies.—Section 821(c) provides an alternative tax for mutual insurance companies whose gross amount reported on Part II, line 7, plus premiums, is over \$150,000 but not over \$500,000. See the instructions for Part II, line 30, for a definition of premiums.

Section 821(c)(1)(B) limits the income tax of these companies if taxable investment income (line 1) is less than \$6,000. If line 1 is less than \$6,000, subtract \$3,000 from line 1 and multiply the result by 30%. Enter the limitation on line 4 of the alternative tax schedule below.

Any company subject to tax under section 821(c) may elect to be subject to the tax under section 821(a). See section 821(d) and the related regulations for how to elect to include statutory underwriting income or loss.

Caution: A company cannot use this alternative tax if it has a balance in its protection against loss account when the tax year begins or if it has an election in effect under section 821(d) to be taxed under section 821(a).

Figure the alternative tax using the following schedule:

(a)	Amount from Part II, line 7	
(b)	Premiums	
(c)	Total (add (a) and (b)). If \$250,000 or more, enter \$250,000.	\$150,000.00
(d)	Subtract limitation	
(e)	Balance (Do not enter less than zero)	
2	Divide line 1(e) by \$100,000	
3	Tax—see instructions for line 7 to figure tax using amount in Part I, line 1, instead of Part I, line 6	
4	Enter the limitation if the section 821(c)(1)(B) special computation applies. Otherwise, enter the amount from line 3, above	
5	Multiply the smaller of line 3 or line 4 by line 2. Enter here and on Part I, line 11	

Page 4

Line 12

Income tax.—Enter the smallest of line 10, line 11 if it applies, or the alternative tax from Schedule D (Form 1120) figured on the amount on line 6. Check the box on line 12 if the alternative tax from Schedule D (Form 1120) applies.

Line 13(a)

Foreign tax credit.—See Form 1118, Computation of Foreign Tax Credit—Corporations, for rules on this credit.

Line 13(b)

General business credit.—This credit is made up of the sum of the following credits:

Investment credit.—If your corporation invested in certain types of trade or business property, or qualified energy property, you may be able to take the investment credit or the energy investment credit. See Form 3468, Computation of Investment Credit, to figure the credit for investment in certain types of property. Also see Publication 572, Investment Credit.

Jobs credit.—Employers may elect to take a jobs credit for hiring members of certain targeted groups. See Form 5884, Jobs Credit (and WIN Credit Carryover), for definitions, special rules, and limitations. Also see Publication 906, Jobs and Research Credits.

Do not deduct the part of the wages or salaries paid or incurred that is equal to the jobs credit (determined without regard to the limitation based on tax (section 38(e))). See the instructions for Form 5884 for more information.

Attach a schedule to Form 1120M to show how and where you reduced the salary and wage deduction(s). Show 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 on which you made a reduction. If the salary and wage reduction is less than the credit on Form 5884, explain the difference.

Alcohol fuel credit.—A corporation may be able to take a credit for alcohol used as a fuel. Use Form 6478, Credit for Alcohol Used as Fuel, to figure the credit, and include the amount in line 13(b).

Line 13(c)

Possessions corporation tax credit.—See Form 5712, Election to be Treated as a Possessions Corporation Under Section 936, for rules on how to claim this credit. Figure the credit on Form 5735, Computation of Possessions Corporation Tax Credit Under Section 936, and include the credit in line 13(c). Write the amount of the credit on the dotted line next to the entry on line 13(c), and identify it as a section 936 credit. Attach Forms 5712 and 5735 to your return.

Credit for the production of nonconventional source fuel.—A credit is allowed for the sale of qualified fuels produced from a nonconventional source. Section 29 contains a definition of qualified fuels, provisions for figuring the credit, and other special rules. Attach a separate schedule to the return showing the computation of the credit and include the

amount in line 13(c). Also, in the margin next to the entry, write the name and the amount of the credit.

Credit for increasing research activities.—If you engage in qualified research activities, you may be able to claim a credit for certain expenses incurred after June 30, 1981, and before January 1, 1986. See Form 6765, Credit for Increasing Research Activities, for more information. Write the amount of the credit on the dotted line next to the entry on line 13(c) and identify it as a section 30 credit. Attach Form 6765 to your return.

Line 15

Foreign corporations.—A foreign corporation carrying on an insurance business in the U.S. is taxable the same as a domestic insurance company on its income effectively connected with the conduct of a business in the U.S. See section 842.

Generally, any other U.S. source income received by a foreign corporation not effectively connected with the conduct of a business in the U.S. is taxed at 30% (or lower treaty rate). (Note: Interest received from certain portfolio debt investments, which were issued after July 18, 1984, is no longer subject to the tax.) See section 881 for rules and exceptions. If you have this income, attach a schedule showing the kind and amount of income, tax rate (30% or lower treaty rate), and amount of tax. Enter the section 881 tax on line 15.

Line 16

Increase in tax from refiguring an earlier year investment credit.—If property is disposed of or ceases to qualify before the end of the life-year category used in figuring the regular or energy investment credit, there may be a recapture of the credit. See Form 4255, Recapture of Investment Credit.

Line 17

Minimum tax on tax preference items.—Attach Form 4626, Computation of Minimum Tax—Corporations, if items of tax preference exceed \$10,000. OR if you have any minimum tax liability deferred from an earlier tax year to this year.

Line 19(b)

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 (WORKSHEET), Corporation Estimated Tax, may be used as a worksheet to figure estimated tax.

Line 19(c)

Refund of estimated tax.—If there was an overpayment of estimated tax, you may file Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax. The overpayment must be at least 10% of your expected income tax liability AND at least \$500. This application must be made within 24 months after the end of the tax year and before Form 1120M is filed.

Line 19(e)

Credit by reciprocal for tax paid by attorney-in-fact.—See section 826(e) and the related regulations.

Line 19(f)

Other refundable credits and payments.—You 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. Attach Form 4136, Computation of Credit for Federal Tax on Gasoline and Special Fuels, to Form 1120M if you claim this credit.

Include on line 19(f) any of the tax on line 15 that was withheld at the U.S. source and attach a schedule showing how the amount was figured.

If the company overpaid the crude oil windfall profit tax, include on line 19(f) the overpayment from Form 6249, Computation Of Overpaid Windfall Profit Tax. Also, attach Form 6249 to Form 1120M if you claim this credit. See the instructions for Form 6249 for more information.

Include on line 19(f) any credit from a regulated investment company. Attach Form 2439, Notice to Shareholders of Undistributed Long-Term Capital Gain, to Form 1120M if you claim this credit.

Line 20

Penalty for underpayment of estimated tax.—If the corporation underpaid its estimated tax, attach Form 2220, Underpayment of Estimated Tax by Corporations, to show how the corporation figured the penalty or which exceptions the corporation believes it meets. Also, be sure to check the box on line 20, Form 1120M. If the corporation owes a penalty, enter the amount on line 20.

Line 21

Tax due.—The balance of tax due must be paid in full by the 15th day of the 30 month after the end of the tax year.

Deposit corporation income tax payments and estimated tax payments with a Federal Tax Deposit Coupon (Form 8109). Make these tax deposits with either a financial institution qualified as a depository for Federal taxes or the Federal Reserve Bank or Branch servicing the geographic area where the corporation is located. Do not submit deposits directly to an IRS office, otherwise the corporation may be subject to a 5% Federal Tax Deposit penalty. Records of deposits will be sent to the IRS for crediting to the corporation's account. See the instructions contained in the coupon book for more information.

To get more deposit forms, use the order form (Form 8109A) contained in the coupon book.

Notes: If you overstate your deposits, you may be subject to a penalty. See section 6656(b).

Part II.—Taxable Investment Income or (Loss)

Income

Line 1

Interest.—Enter interest received or accrued from all sources during the tax year. Decrease the gross interest reported by the amortization of premiums for the tax year on bonds, notes, debentures, or other evidences of indebtedness. Determine the amortization by the method regularly used, if reasonable, or under the regulations. Attach a statement showing the method and computation.

Line 3

Gross rents.—Enter gross rents for property. Deduct expenses such as repairs, interest, taxes, and depreciation on the proper lines for deductions in Part II.

Line 4

Gross royalties.—Enter gross royalties. If you take a deduction for depletion, report it in Part II, line 13.

Line 5

Gross income from business other than insurance business.—Enter the gross income from any 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, section 1250 (as modified by section 291), and other gains from Form 4797, Supplemental Schedule of Gains and Losses, on investment assets only.

Line 6

Leases, etc.—Enter gross income from entering into (or changing or ending) any lease, mortgage, or other instrument or agreement from which the mutual insurance company earns interest, dividends, rents, or royalties.

Line 8

Net gain from sale or exchange of capital assets.—Report sales or exchanges of capital assets on Schedule D (Form 1120) but see Schedule C (Form 1120M). You must report every sale or exchange of a capital asset in detail, even if there is no gain or loss.

For companies taxable under section 821, losses from sales or exchanges of capital assets are allowed up to the gains from sales or exchanges. This does not include losses from capital assets sold or exchanged to get funds to meet abnormal insurance losses and to pay dividends and similar distributions to policyholders.

The net capital loss for these companies is the amount by which losses for the year from sales or exchanges of capital assets are more than the gains from these sales or exchanges plus the smaller of:

- (1) Taxable investment income (figured without gains or losses from sales or exchanges of capital assets); or
- (2) Losses from capital assets sold or exchanged to get funds to meet abnormal insurance losses and pay dividends and similar distributions to policyholders.

You may carry a net capital loss back 3 years and forward 5 years as a short-term capital loss. Section 1212(a)(1) limits the capital loss carryback.

For more information on gains and losses from sales or exchanges of property, see the instructions for Schedule D (Form 1120) and Publication 544, Sales and Other Dispositions of Assets.

Deductions

Items not deductible.—Generally, a deduction may not be taken for the amount of any item or part thereof that is allocable to a class of exempt income. See section 265(2) for exceptions.

(1) Transactions between related taxpayers. Generally, for tax years beginning after December 31, 1983, an accrual basis taxpayer may only deduct business expenses and interest owed to a related party in the year the payment is included in the income of the related party. See section 267 for the limitation on deductions for unpaid expenses and interest.

(2) Tax preference items. Corporations may be required to reduce the following tax preference items by 15%:

- a) Depletion of iron ore and coal (including lignite);
- b) Section 1250 capital gain (the reduction changes to 20% for dispositions after December 31, 1984);
- c) Amortization basis of pollution control facilities (the reduction changes to 20% for property placed in service after December 31, 1984);
- d) Intangible drilling, and exploration and development costs (the reduction changes to 20% for expenditures after December 31, 1984); and
- e) Bad debt deductions for financial institutions (the reduction changes to 20% for tax years beginning after December 31, 1984).

(3) Real property construction period interest and taxes. For tax years beginning after December 31, 1982, for construction started after that date, no deduction (except as allowed under section 189) shall be allowed for real property construction period interest and taxes.

(4) Golden parachute payments. A portion of the payments made by a corporation to key personnel that exceeds their usual compensation may not be deductible. This occurs when the corporation has an agreement (golden parachute) with these key employees to pay them these excessive amounts if control of the corporation changes. See section 280G.

Notes: The deductions on lines 10, 11, and 12 for real estate the company owns and occupies are limited to an amount that bears the same ratio to the total deductions (figured without 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.

Line 10

Taxes.—Enter taxes paid or accrued only on real estate the company owns as provided in section 164.

Line 11

Real estate expenses.—Enter all ordinary and necessary building expenses, such as fire insurance, heat, light, and labor. Also enter the cost of incidental repairs that neither materially add to the property's value nor appreciably prolong its life but keep it in an ordinary efficient operating condition. 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 spent on foreclosed property before the property is held for rent.

Page 5

Line 12

Depreciation.—You can deduct only the depreciation on the property to the extent it is used for producing the income specified in section 822(b). Besides depreciation, include in line 12 the part of the cost (up to \$5,000) you elect to expense for certain recovery property placed in service during this tax year. See the instructions for Form 4562, Depreciation and Amortization.

Line 13

Depletion.—See sections 613 and 613A for percentage depletion rates for natural deposits and section 291 for the limitation of this deduction.

Attach Form T (Timber), Forest Industries Schedules, if a deduction is claimed for depletion of timber.

Line 14

Trade or business deductions.—Enter total deductions for any business income included in the mutual insurance company's gross investment income under section 822(b)(2). (Do not include deductions for any insurance business.) Do not include losses from sales or exchanges of capital assets, or property used in the business, or from the compulsory or involuntary conversion of property used in the trade or business.

Line 15

Interest paid or accrued.—Enter interest paid or accrued during the tax year, except on indebtedness incurred or continued to purchase or carry obligations on which the interest income is wholly tax-exempt.

See section 267 for the limitation on deductions for unpaid expenses and interest in transactions between related taxpayers.

Generally, the interest and carrying charges on straddles must be capitalized. See section 263(g).

Notes: See new section 1277 for rules on the deferral of the interest deduction that is allocable to accrued market discount on bonds acquired after July 18, 1984, and new section 1282 for rules on the deferral of the interest deduction that is allocable to the accrued discount on certain short-term obligations acquired after July 18, 1984.

Line 16

Other capital losses.—See instructions for Schedule C.

Line 18

Interest wholly exempt from tax.—Enter the interest income that is wholly tax-exempt under section 103.

Line 19

Investment expenses.—Enter expenses that are properly chargeable as investment expenses. If you allocate general expenses to investment expenses, the total deduction cannot be more than Schedule A, line 18. Attach a schedule showing the kind and amount of the items and group the minor items into one amount. See the Regulations under section 822(c)(2).

Line 22

Dividends-received deduction.—See instructions for Schedule B.

Page 6

The 85% limitation on the dividends-received deduction does not apply for any year in which there is a loss from taxable investment income.

Part III.—Statutory Underwriting Income or (Loss)

Income

Line 1

Investment income.—Add the interest, dividends, and rents due and accrued at the end of the current tax year to the interest, dividends, and rents received during the tax year. Deduct all interest, dividends, and rents due and accrued at the end of the preceding tax year.

Line 2

Premiums earned.—Deduct return premiums and premiums paid for reinsurance from the gross premiums written on insurance contracts during the year. To this result add unearned premiums on outstanding business at the end of the preceding tax year and deduct unearned premiums on outstanding business at the end of this tax year.

Line 3(a)

Net gain from sale or exchange of capital assets.—See instructions for Part II, line 8.

Line 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.

Line 5

Decrease in subscriber accounts.—Enter the decrease for the tax year in savings credited to subscriber accounts of an interinsurer or reciprocal underwriter. See the instructions for Part III, line 19, for savings credited to subscriber accounts.

Deductions

Line 8

Rents.—Enter rent paid or accrued for business property in which the company has no equity.

Line 9

Interest paid or accrued.—See instructions for Part II, line 15.

Line 10

Taxes.—Enter taxes paid or accrued during the tax year. Do not include Federal income tax; foreign or U.S. possession income taxes if you are claiming a foreign tax credit; or taxes not imposed upon the corporation.

See section 164(d) for how to divide real estate taxes between seller and buyer.

Line 11

Losses incurred on insurance contracts.—To losses paid during the tax year, add salvage and reinsurance recoverable outstanding when the preceding tax year ended. From these losses, deduct salvage and reinsurance recoverable outstanding at the end of this tax year. Add to this result all unpaid losses

outstanding at the end of this tax year and deduct unpaid losses outstanding when the preceding tax year ended.

Line 12

Other capital losses.—See instructions for Schedule C.

Line 13

Worthless agency balances and bills receivable.—Enter agency balances and bills receivable that became worthless during the tax year.

Line 14

Interest wholly exempt from tax.—See instructions for Part II, line 18.

Line 15

Depreciation.—See instructions for Part II, line 12.

Line 16

Depletion.—See instructions for Part II, line 13.

Line 17

Contributions.—Enter contributions or gifts paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c) and any unused contributions carried over from earlier years.

Corporations on the accrual basis may elect to deduct contributions paid by the 15th day of the 3d month after the tax year ends if the board of directors authorizes the contributions during the tax year.

You must 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.

You cannot deduct more than 10% of Part III, line 24, figured without any deduction for contributions.

You cannot deduct charitable contributions over the 10% limitation for the tax year but you can carry the excess over to the next 5 tax years.

Attach a schedule showing the name of each organization and the amount for a contribution of property other than money. Describe the kind of property contributed and the method used in determining its fair market value. If you include a contribution carryover, show the amount and how it was determined. Also, a corporation must keep records, as required by the regulations for section 170, for all of its charitable contributions.

Notes: To take a deduction for non-cash contributions, other than publicly traded securities, after December 31, 1984, a closely held corporation may have to file Form 8283, Non-Cash Charitable Contributions Appraisal Summary.

If you made a qualified conservation contribution under section 170(h), include the fair market value of the underlying property before and after the donation. Describe the conservation purpose further by your donation and type of legal interest contributed.

For a charitable contribution of property, you must reduce the contribution by the sum of:

- (1) The ordinary income, short-term capital gain, that would have resulted if the property were sold at its fair market value, 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 for use by an exempt organization for a purpose or function unrelated to the basis for its exemption, and (b) contributions of any property (except stock that is donated after July 18, 1984, for which market quotations are readily available—see section 170(e)(5)) to or for the use of certain private foundations. (See section 170(e) and Regulations section 1.170A-4.)

For special rules for contributions of inventory and other ordinary income property to certain organizations, and contributions of scientific property used for research, see section 170(e) and Regulations section 1.170A-4A.

For a charitable contribution deduction for property sold 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.

Line 19

Increase in subscriber accounts.—A mutual insurance company that is an interinsurer or reciprocal underwriter may deduct the increase in savings credited to subscriber accounts for the tax year.

Savings credited to subscriber accounts means the surplus credited to the individual accounts of subscribers by March 15, 1985. This is true only if the company would be required to pay this amount promptly to a subscriber if the subscriber ended the contract when the company's tax year ends. The company must notify the subscriber as required by Regulations section 1.823-6(c)(2)(v). The subscriber must treat any savings credited to the subscriber's account as a dividend paid or declared.

Line 20

Pension, profit-sharing, etc. plans.—Employers who maintain a pension, profit-sharing, or other funded deferred compensation plan whether or not it is qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms described below. Section 6652(f) imposes a penalty for not filing these forms on time.

Form 5500.—Annual Return/Report of Employee Benefit Plan.—For each plan with 100 or more participants.

Form 5500-C.—Return/Report of Employee Benefit Plan, or Form 5500-R, Registration Statement of Employee Benefit Plan.—Complete the applicable form for each plan with fewer than 100 participants.

Line 21

Employee benefit programs.—Enter your 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 on line 20. Also include contributions to a qualified group legal services plan. Section 120 provides certain rules for an employer that will permit employees (including spouses and dependents) to exclude from their income employer contributions to a qualified group legal services plan.

Line 25

Dividends-received deduction.—See instructions for Schedule B.

The 85% limitation on the dividends-received deduction does not apply to any year in which there is a loss from statutory underwriting income.

Line 30

Special deductions.—If Part II, line 7, (other than capital gains) and premiums (as defined below) add up to less than \$1,100,000, you may take an additional deduction for determining statutory underwriting income or loss under section 823(a) for the tax year.

Premiums means the total premiums and other consideration provided in the insurance contract without deduction for commissions, return premiums, reinsurance, dividends to policyholders, dividends left on deposit with the company, discounts on premiums paid in advance, interest applied to reduce premiums (whether or not it must be credited to reduce premiums under the terms of the contracts) or any similar item.

The term includes advance premiums, premiums deferred and uncollected, premiums due and unpaid, deposits, fees, assessments, and consideration for assuming liabilities under contracts not issued by the taxpayer (such as a payment or transfer of property in an assumption reinsurance transaction). It does not include amounts received from other insurance companies for losses paid under reinsurance contracts. See Regulations section 1.821-4(a)(1)(ii).

Protection Against Loss Deduction

Under section 824 you can deduct 1% of the losses incurred plus 25% of the underwriting gain for the tax year. If the concentrated windstorm premium percentage for the tax year is more than 40%, you can also deduct an amount obtained by multiplying the percentage that is more than 40% times the underwriting gain for the year.

Also, see the instructions for Schedule E.

SCHEDULE B.—Dividends Dividend Income

Line 1

Certain domestic corporations.—Enter dividends received from domestic corporations (except those received on debt-financed stock acquired after July 18, 1984—see line 2 below and section 245A) subject to income tax that qualify for 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.

See section 854 for the amount of dividends received from a regulated investment company that qualify for the 85% deduction.

Line 2

Certain debt-financed stock.—Enter dividends on debt-financed stock (acquired after July 18, 1984) that are received from domestic corporations subject to income tax and that would otherwise be subject to the 85% dividends-received deduction under section 243(a)(1). Generally, debt-financed stock is stock that the corporation acquired and in doing so, incurred a debt (for example, it borrowed money to buy the stock). See the instructions for Line 9, under the heading Dividends-Received Deduction, as well as section 246A to figure the dividends-received deduction for this stock.

Line 3

Certain public utility corporations.—Enter dividends received by the mutual insurance company on the preferred stock of a public utility. This applies only if the public utility is subject to income tax and the dividends qualify for the section 247 deduction (by the public utility) for dividends paid.

Line 4

Certain foreign corporations.—Enter dividends received by the mutual insurance company from foreign corporations that qualify for the 85% deduction in section 245(a).

Enter dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction in section 245(b).

In general, this deduction applies to dividends paid out of the earnings and profits of a foreign corporation for a tax year during which all its outstanding stock is owned (directly or indirectly) by the domestic corporation receiving the dividends and all its gross income from all sources is effectively connected with the conduct of a U.S. business.

Attach a schedule showing how the amount on line 4 was computed.

Line 5

Certain affiliated groups.—Enter only those dividends that are subject to section 243(b).

Line 6

Other corporations.—Attach a schedule showing separately:

- (1) Foreign dividends not reportable on line 4. Do not include distributions of amounts constructively taxed in the current year or in earlier years under subpart F.
- (2) Income constructively received from controlled foreign corporations under subpart F. (This amount should equal the total reported in Schedule J of Form(s) 5471.)
- (3) Gross-up of dividends for taxes considered paid under sections 902 and 960.
- (4) Dividends (other than capital gain dividends) received from regulated investment companies that do not qualify for the 85% deduction.

- (5) Dividends from tax-exempt organizations.

- (6) Dividends (other than capital gain and exempt-interest dividends) received from a real estate investment trust that, for the tax year of the trust in which the dividends are paid, qualify under sections 856 through 860.

- (7) Dividends not eligible for a dividends-received deduction because of the holding period of the stock or an obligation to make corresponding payments on similar stock.

- (8) Any other taxable dividend income not properly reported above (including distributions under sections 934(e)(3) or 936(h)(4)).

Dividends-Received Deduction

Line 9

Dividends received from debt-financed stock.—Dividends received on debt-financed stock that are reported on line 2, Schedule B are not entitled to the full 85% dividends received deduction. Instead, the 85% deduction is reduced by a percentage that is related to the amount of debt incurred to acquire the stock. See section 246A. A schedule showing how the dividends-received deduction on debt-financed stock (amount on line 9, Schedule B) was figured, must be attached to the corporate tax return.

Line 11

Dividends received from certain foreign corporations.—Enter 85% of dividends received from certain foreign corporations described in section 245(a).

Enter 100% of the company's share of dividends received from wholly-owned foreign subsidiaries that are eligible for the 100% deduction in section 245(b).

If both types of dividends are included in the line 11 amount, attach a schedule showing how the amount was figured.

See section 245 for qualifications and limitations on these deductions.

Line 12

Total.—This total is subject to the 85% limitation under section 246(b) as follows:

- Part II.—The line 12 total cannot be more than 85% of the difference of Part II, line 21 and Schedule B, line 13.
- Part III.—The line 12 total cannot be more than 85% of the difference of Part III, line 24 and Schedule B, line 13.

Line 13

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 that elect to take the 100% deduction are limited to one \$25,000 amount in each taxable income bracket. That amount must be apportioned among the members of the controlled group. See section 243(b) for qualifications and restrictions on this deduction.

SCHEDULE C.—Other Capital Losses

Capital assets are considered sold or exchanged to provide funds to meet abnormal insurance losses and to pay dividends and make similar distributions to policyholders to the extent that the gross receipts from their sale or exchange are not more than the amount by which the sum of dividends and similar distributions paid to policyholders, losses paid, and expenses paid for the tax year is more than the total of line 9, Schedule C.

Total gross receipts from sales of capital assets (line 12, column c) must not be more than line 10. If necessary you may report part of the gross receipts from a particular sale of a capital asset in this schedule and the rest on Schedule D (Form 1120). Otherwise, do not show on Schedule D (Form 1120) sales reported in this schedule.

Enter other capital losses (line 12, column g) on Part II, line 16, and Part III, line 12.

SCHEDULE E.—Protection Against Loss Account

Section 824(b) requires each insurance company subject to tax under section 821(a) to establish and maintain a protection against loss account.

You must add the protection against loss deduction from Part III, line 35, to this account.

See section 824(d) for subtractions from this account. You must include these subtractions in the mutual insurance company taxable income. Attach a separate schedule showing the computation of any subtraction.

SCHEDULE F.—Compensation of Officers

Attach a schedule for all officers using the following columns:

- (1) Name of officer.
- (2) Social security number.
- (3) Percent of time devoted to business, and
- (4) Amount of compensation.

This information must also be submitted by each member of an affiliated group included in a consolidated return.

SCHEDULE G.—Additional Information Required

Question H.—Foreign financial accounts and foreign trusts.—Check the "Yes" box if either (1) or (2) below applies to you. Otherwise, check the "No" box.

(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: AND

- The combined value of the accounts was more than \$5,000 at any time during the year; AND
- The account was NOT 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 would answer the question "Yes" based on item (1) above.

Get form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, 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 H, file form TD F 90-22.1 by June 30, 1985, with the Department of the Treasury at the address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with the IRS. You can get form TD F 90-22.1 from many IRS offices.

If you checked "Yes" to Question H, write the name of the foreign country or countries. Attach a separate sheet if you need more space.

Form **1120S**
Department of the Treasury
Internal Revenue Service

U.S. Income Tax Return for an S Corporation

For calendar 1984 or tax year beginning 1984, ending 19

OMB No. 1545-0130

1984

For Paperwork Reduction Act Notice, see page 1 of the instructions.

A Date of election as an S corporation

B Business Code No. (see Specific Instructions)

Use label, Other, or type, please print or type.

Name

Number and street

City or town, State, and ZIP code

C Employer identification number

D Date incorporated

E Total assets (see Specific Instructions)

\$

F Check box if there has been a change in address from the previous year

Income	1	Gross receipts or sales	1c	
	2	Cost of goods sold and/or operations (Schedule A, line 7)	2	
	3	Gross profit (subtract line 2 from line 1c)	3	
	4	Nonqualifying interest and nonqualifying dividends	4	
	5	Gross rents	5	
	6	Gross royalties	6	
	7	Net gain or (loss) from Form 4797, line 14(a), Part II	7	
	8	Other income (see instructions—attach schedule)	8	
9		TOTAL income (loss)—Combine lines 3 through 8 and enter here	9	
Deductions	10	Compensation of officers	10	
	11	Salaries and wages	11c	
	12	Repairs	12	
	13	Bad debts (see instructions)	13	
	14	Rents	14	
	15	Taxes	15	
	16a	Total deductible interest expense not claimed elsewhere on return (see instructions)	16c	
	16b	Interest expense required to be passed through to shareholders on Schedules K and K-1, lines 15a(2) and 15a(3)	16c	
	17a	Depreciation from Form 4562 (attach Form 4562)	17c	
	17b	Depreciation claimed on Schedule A and elsewhere on return	17c	
	18	Depletion (Do not deduct oil and gas depletion. See instructions.)	18	
	19	Advertising	19	
	20	Pension, profit-sharing, etc. plans	20	
	21	Employee benefit programs	21	
	22	Other deductions (attach schedule)	22	
23	TOTAL deductions—Add lines 10 through 22 and enter here	23		
24	Ordinary income (loss)—Subtract line 23 from line 9	24		
Tax	25a	Excess net passive income tax (attach schedule)	25c	
	25b	Tax from Schedule D (Form 1120S), Part IV	25c	
	25c	Add lines 25a and 25b	25c	
	26a	Payments:	26c	
	26b	Tax deposited with Form 7004	26c	
	26c	Credit for Federal tax on gasoline and special fuels (attach Form 4136)	26c	
	26d	Add lines 26a and 26b	26c	
	27	TAX DUE (subtract line 26c from line 25c). See instructions for Paying the Tax.	27	
28	OVERPAYMENT (subtract line 25c from line 26c)	28		

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	Date	Check if self-employed <input type="checkbox"/>
Firm's name (or yours, if self-employed) and address	E I No <input type="checkbox"/>	Preparer's social security number
	ZIP code	

Form **1120S** (1984)

Form 1120S (1984)

Page **2**

Schedule A Cost of Goods Sold and/or Operations (See instructions for Schedule A)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Other costs (attach schedule)	4	
5	Total—Add lines 1 through 4	5	
6	Inventory at end of year	6	
7	Cost of goods sold and/or operations—Subtract line 6 from line 5. Enter here and on line 2, page 1.	7	

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)
- (iv) ☐ Other (Specify method used and attach explanation) _____

(b) Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐

(c) If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **(8(c))**

(d) If you are engaged in manufacturing, did you value your inventory using the full absorption method (Regulations section 1.471-11)? ☐ Yes ☐ No

(e) Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No
If "Yes," attach explanation.

Additional Information Required

G 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 G(3) and G(4), "highest amount owed" includes loans and accounts receivable/payable.)

H Refer to the listing of Business Activity Codes and state your principal Business activity _____ Product or service _____

I Were you a member of a controlled group subject to the provisions of section 1561? ☐ Yes ☐ No

J Did you claim a deduction for expenses connected with:

- (1) Entertainment facilities (boat, resort, ranch, etc.)?
- (2) Living accommodations (except for employees on business)?
- (3) Employees attending conventions or meetings outside the North American area? (See section 274(h).)
- (4) Employees' families at conventions or meetings?

If "Yes," were any of these conventions or meetings outside the North American area? (See section 274(h).) ☐ Yes ☐ No

(5) Employee or family vacations not reported on Form W-2?

K 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 instructions for exceptions and filing requirements for form TD F 90-22.1.) ☐ Yes ☐ No
If "Yes," write the name of the foreign country _____

L 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.

M During this tax year did you maintain any part of your accounting/tax records on a computerized system? ☐ Yes ☐ No

N Check method of accounting: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) _____

O Check this box if the S corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter. ☐

Form 1120S (1984)

Page 3

Schedule K Shareholders' Share of Income, Credits, Deductions, etc. (See instructions.)

a. Distributive share items		b. Total amount	
Income (Losses) and Deductions			
1	Ordinary income (loss) (page 1, line 24) *	1	
2	Dividends qualifying for the exclusion	2	
3	Net short-term capital gain (loss) (Schedule D (Form 1120S))	3	
4	Net long-term capital gain (loss) (Schedule D (Form 1120S))	4	
5	Net gain (loss) from involuntary conversions due to casualty or theft	5	
6	Other net gain (loss) under section 1231	6	
7	Other income (loss) (attach schedule)	7	
8	Charitable contributions: 50% 30% 20%	8	
9	Expense deduction for recovery property (section 179 expense)	9	
10	Other (attach schedule)	10	

Credits

11 Jobs credit *	11		
12 Credit for alcohol used as fuel *	12		
13 Other (see instructions) *	13		

Tax Preference Items

14 a Accelerated depreciation on nonrecovery real property or 15 (or 18)-year real property	14a		
b Accelerated depreciation on leased personal property or leased recovery property other than 15 (or 18)-year real property	14b		
c Depletion (other than oil and gas)	14c		
d (1) Gross income from oil, gas, or geothermal properties	14d(1)		
(2) Gross deductions allocable to oil, gas, or geothermal properties	14d(2)		
e (1) Qualified Investment income included in line 1	14e(1)		
(2) Qualified Investment expenses included in line 1	14e(2)		
f Other (attach schedule)	14f		

Investment Interest

15 a (1) Investment debts incurred before 12-17-59	15a(1)		
(2) Investment debts incurred before 9-11-75 but after 12-16-69	15a(2)		
(3) Investment debts incurred after 9-10-75	15a(3)		
b (1) Investment income included in line 1	15b(1)		
(2) Investment expenses included in line 1	15b(2)		
c (1) Income from "net lease property"	15c(1)		
(2) Expenses from "net lease property"	15c(2)		
d Excess of net long-term capital gain over net short-term capital loss from investment property	15d		

Foreign Taxes

16 a Type of income			
b Name of foreign country or U.S. possession			
c Total gross income from sources outside the U.S. (attach schedule)	16c		
d Total applicable deductions and losses (attach schedule)	16d		
e Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	16e		
f Reduction in taxes available for credit (attach schedule)	16f		
g Other (attach schedule)	16g		

Other Items

17 Total dividend distributions paid from accumulated earnings and profits contained in retained earnings (lines 23 and 24 of Schedule L)	17		
18 Total property distributions (including cash) other than dividend distributions reported on line 17	18		
19 Other items and amounts not included in lines 1 through 18 that are required to be reported separately to shareholders (attach schedule)			

* You are not required to complete lines 1, 9, 11, 12 and 13. Completion of these lines is optional because the amounts which would appear in column b appear elsewhere on Form 1120S or on other IRS forms or schedules which are attached to Form 1120S.

Form 1120S (1984)

Page 4

Schedule L Balance Sheets

Assets	Beginning of tax year		End of tax year	
	(A)	(B)	(C)	(D)
1 Cash				
2 Trade notes and accounts receivable				
(a) Less allowance for bad debts				
3 Inventories				
4 Federal and State government obligations				
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 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 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach schedule)				
18 Loans from shareholders				
19 Mortgages, 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 (see instructions)				
25 Shareholders' undistributed taxable income previously taxed				
26 Accumulated adjustments account				
27 Other adjustments account				
28 Less cost of treasury stock				
29 Total liabilities and shareholders' equity				

Schedule M Reconciliation of Shareholders' Undistributed Taxable Income Previously Taxed, Accumulated Adjustments Account, and Other Adjustments Account, lines 25, 26, and 27 above (see instructions).

	Shareholders' undistributed taxable income previously taxed	Accumulated adjustments account	Other adjustments account
1 Balance at beginning of year			
2 Ordinary income from page 1, line 24			
3 Other additions			
4 Total of lines 1, 2, and 3			
5 Distributions other than dividend distributions			
6 Loss from page 1, line 24			
7 Other reductions			
8 Add lines 5, 6, and 7			
9 Balance at end of tax year—Line 4 less line 8			

1984

Department of the Treasury
Internal Revenue Service

Instructions for Form 1120S

U.S. Income Tax Return for an S Corporation

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Paperwork Reduction Act
Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Tax Law Changes

The following major tax provisions were added by the Tax Reform Act of 1984 (Public Law 98-369, hereafter referred to as the Act):

1) Tax Shelters. If the corporation is a tax shelter, is involved in a tax shelter, or is considered to be the organizer of a tax shelter, or is a pass-thru entity of tax shelter benefits, there are new reporting requirements under section 6111 for both the corporation and its shareholders.

See Form 8264, Application for Registration of a Tax Shelter, and Form 8271, Investor Reporting of Tax Shelter Registration Number, and their related instructions for information the corporation must report to IRS and information it must provide to shareholders to enable them to comply with this new law. The corporation is also required to maintain a list of investors if it is the organizer and seller of a potentially abusive tax shelter. See section 6112.

2) Schedule K-1 To Be Furnished to Shareholders. Section 6037(b) requires Schedule K-1 information as required by regulations be furnished to shareholders on or before the day on which Form 1120S is to be filed. Section 6678(a)(3) provides for a \$50 penalty for each statement not so furnished. These provisions are effective for tax years beginning after December 31, 1984.

3) Reduced Holding Period for Long-Term Capital Gains. The holding period for property acquired after June 22, 1984, to qualify for long term capital gain and loss treatment, has been reduced from more than one year to more than 6 months.

4) Recovery of Tax Benefit Items. For tax years ending after December 31, 1983, if a corporation receives a refund after 1983 of an amount it had claimed as a tax deduction in an earlier tax year, the refund, to the extent it did not reduce income subject to tax in the year deducted, will not be included in gross income in the tax year of recovery (see section 111).

5) Timing Change in Deducting Accrued Expenses. Generally, an accrual basis taxpayer can deduct accrued expenses in the tax year that all events have occurred that determine the liability and the amount of the liability can be figured with reasonable accuracy. However, generally

after July 18, 1984, all the events that establish liability for the amount are treated as occurring only when economic performance takes place. There are exceptions for recurring items. See section 461(h).

6) Noncash Charitable Contributions. If the corporation makes a noncash charitable contribution of property after December 31, 1984, for which the claimed value of the property exceeds \$5,000 (\$10,000 for property which is nonpublicly traded stock), even though the amount allocated to each shareholder is \$5,000 or less, the corporation must comply with certain appraisal and reporting requirements. See instructions for line 8 of Schedule K and Schedule K-1 for more information.

7) Section 1251. This section has been repealed (gain on disposition of property used in farming where farm losses offset nonfarm income).

8) Technical Corrections. The Act made many technical corrections to tax law affecting the S corporations. These corrections include changes involving: adjustments to shareholders' basis in stock for section 48(q) adjustments made to investment credit property; treatment of discharge of indebtedness; treatment of inactive subsidiaries; adjustments to earnings and profits for section 47 recapture tax; accounting treatment in case of terminations of S status; tax year requirements for existing S corporations; computation of the accumulated adjustments account; and application of the debt restoration rules.

Generally these changes are effective for tax years beginning after December 31, 1982. Some of the changes will require the corporation to amend its 1983 Form 1120S and 1983 Schedules K-1 furnished to shareholders.

See Publication 589, Tax Information on S Corporations, and sections 48, 108, 267, 318, 465, 1361, 1362, 1363, 1367, 1368, 1371, 1375, and 1378 for more information on the above changes as well as other technical changes made by the Act.

9) Rule of 78's Not an Acceptable Method of Figuring Interest. Taxpayers are reminded that generally the Rule of 78's is not an acceptable method for computing interest income and expense. Anyone using the Rule of 78's should see Revenue Procedures 84-27, 84-28, 84-29 and 84-30, (which are in Cumulative Bulletin 1984-1) to change from the Rule of 78's to an acceptable method. See Publication 545, Interest Expense, for additional information.

10) Additional Tax Changes. Besides the items noted above, other changes have been made including:

a. Depreciation, including limits on depreciation and investment credit for

"passenger automobiles" (see Publication 534, Depreciation);
b. Denial of business deductions related to "golden parachute" agreements (see Publication 542, Tax Information on Corporations); and
c. Imputed interest on low interest and interest-free loans (see Publication 553, Highlights of 1984 Tax Changes).

Voluntary Contributions to
Reduce the Public Debt

Quite often inquiries are received about how voluntary contributions to reduce the public debt may be made. A corporation may contribute by enclosing a separate check, payable to "Bureau of the Public Debt" with the tax return. Please keep the contribution to reduce the public debt separate from any amount payable with the tax return. Tax remittances should be made payable to "Internal Revenue Service."

General Instructions
Purpose of Form

Form 1120S is used instead of Form 1120 if a domestic corporation has filed Form 2553, Election by a Small Business Corporation, to be an S corporation and its election is in effect. Do not file your first Form 1120S until you have been notified by the IRS that your election is accepted and the tax year it will take effect.

If you need more information, get Publication 589.

Filing Form 1120S

Who Must File

You must file Form 1120S if: you elected by filing Form 2553 to be taxed as an S corporation; IRS accepted your election; and if the election remains in effect.

End of Election

Once the election is made, it stays in effect for all years until it is terminated. During the 5 years after the tax year the election has been terminated, the corporation can make another election on Form 2553 only if the Commissioner consents. See section 1362(g), and related regulations.

The election ends automatically in any of the following cases:

- The corporation is no longer a small business corporation as defined in section 1361(b). The ending of an election in this manner is effective as of the day on which the corporation ceases to be a small business corporation. See sections 1362(d)(2) and 1362(e) for more information.
- If, for each of three consecutive tax years, the corporation has both subchapter C earnings and profits, and gross receipts more than 25% of which are derived from passive investment income as defined in section 1362(d)(3)(D), the election shall terminate on the first day of the first tax year beginning after the third consecutive tax year. The corporation must pay a tax for each year it has excess net passive income. See specific instructions for line 25a for details on how to figure the tax.
- When an existing S corporation (section 1378(c)(1)) has a more than 50% change in ownership and has not adopted a

permitted tax year as defined in section 1378(b) for any tax year following the year it has more than 50% change in ownership. See section 1378(c) for details.

The election may be revoked if shareholders who collectively own a majority of the stock in the corporation consent to a revocation. So long as the specified date is on or after the date of consent to the revocation, the revocation is effective as of the specified date. If no date is specified, the revocation is effective as of the beginning of a tax year if it is made on or before the 15th day of the 3rd month of such tax year. If no date is specified and the revocation is made after the 15th day of the 3rd month, it is not effective until the beginning of the following tax year. See section 1362(d)(1) for more information.

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, Application for Automatic Extension of Time to File Corporation Income Tax Return, to request an automatic 6-month extension of time to file Form 1120S.

Period To Be Covered
by 1984 Return

File the 1984 return for calendar year 1984 and fiscal years beginning in 1984 and ending in 1985. If the return is for a fiscal year, fill in the tax year spaces on the form.

Note: Form 1120S for 1984 may also be used if: (1) the corporation has a tax year of less than 12 months that begins and ends in 1985; and (2) the 1985 Form 1120S is not available by the time the corporation is required to file its return. However, the corporation must show its 1985 tax year on the 1984 Form 1120S and incorporate any tax law changes that are effective for tax years beginning after December 31, 1984.

Final Return

If the corporation ceases to exist, write "FINAL RETURN" at the top of the form.

Amended Return

To correct an error in a Form 1120S already filed, file an amended Form 1120S and write "AMENDED" across the top. If the amended return results in a change to income, or a change in the distribution of any income or other information provided to shareholders, an amended Schedule K-1 (Form 1120S) must also be filed with the amended Form 1120S and given to each shareholder. Write "AMENDED" across the top of the corrected Schedule K-1.

Designation of Tax Matters
Person (TMP)

An S corporation may designate an individual shareholder as the TMP for a specific corporate tax year by attaching a statement to the return that:

- Identifies by name, address, and taxpayer identification number the corporation and the individual shareholder designated as the TMP, and
- Declares that the attached statement is a designation of a TMP for the tax year

which the return relates (an S corporation may not designate a TMP for any tax year other than the year for which the return is being filed), and

- Is signed by a corporate officer authorized to sign the corporation's return.

Where to File

Caution: Be sure that the corporation return is mailed to the ZIP code shown below. Do not use the zip codes listed in the instructions for other tax returns such as the instructions for Forms 1120 and 1120-A.

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
00544-4444

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Andover, MA
05544-4444

Alabama, Florida, Georgia, Mississippi, South Carolina

Atlanta, GA
31144-4444

Michigan, Ohio

Cincinnati, OH
45944-4444

Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas

Austin, TX
73344-4444

Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming

Ogden, UT
84244-4444

Illinois, Iowa, Missouri, Wisconsin

Kansas City, MO
64944-4444

California, Hawaii

Fresno, CA
93844-4444

Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia

Memphis, TN
37544-4444

Delaware, District of Columbia, Maryland, Pennsylvania

Philadelphia, PA
19244-4444

Accounting Methods

Figure ordinary 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 income. (See section 446.)

Unless the law specifically states otherwise, 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. Also see Publication 538, Accounting Periods and Methods.

Rounding Off to
Whole-Dollar Amounts

You may show the money items on the return and accompanying schedules as whole-dollar amounts. To do so, drop any amount less than 50 cents, and increase any amount from 50 cents through 99 cents to the next higher dollar.

Change in Accounting Period

To change an accounting period, see regulations section 1.442-1 and Form 1128, Application for Change in Accounting Period. Also see Publication 538.

Paying the Tax

The corporation must pay the tax due (line 27, page 1) in full within 2½ months after the end of the tax year.

Deposit corporation income tax payments with a Federal Tax Deposit Coupon (Form 8109). Make these tax deposits with either a financial institution qualified as a Depository for Federal taxes or the Federal Reserve Bank or Branch servicing the geographic area where the corporation is located. Do not submit deposits directly to an IRS office, otherwise the corporation may be subject to a 5% penalty. Records of deposits will be sent to IRS for crediting to the corporation's account. See the instructions contained in the coupon book (Form 8109) for more information. There will no longer be periodic mailouts of Federal Tax Deposit forms. To get more deposit forms, use the reorder form (Form 8109A) provided in the coupon book.

For additional information concerning deposits, see Publication 583, Information for Business Taxpayers.

Penalties

a. Form 1120S is required to be filed by sections 6037 and 6012. A corporation that does not file its tax return by the due date, including any extensions, may have to pay a penalty of 5% a month, or fraction of 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. See section 6651(a)(1).) The minimum penalty for not filing a tax return within 60 days of the due date for filing (including extensions) is the lesser of the underpayment of tax or \$100.

b. A corporation that does not pay the tax when due may have to pay 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. See section 6651(a)(2).)

These penalties will not be imposed if the corporation can show that not filing or not paying was due to reasonable cause and not willful neglect.

The penalties are in addition to the interest charge imposed on unpaid tax at a rate under section 6621.

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 Form 5471, Information Return with Respect to a Foreign Corporation.

Net Operating Loss and Other Deductions

An S corporation may not take the deduction for net operating losses provided by section 172 and the special deductions in sections 241 through 250 (except section 248).

The corporation's net operating loss is allowed as a deduction from the shareholders' gross income. (Section 1366.)

Attachments

Attach **Form 4136**, Computation of Credit for Federal Tax on Gasoline and Special Fuels, after page 4, **Form 1120S**. Attach schedules in alphabetical order and other forms in numerical order.

If you need more space on the forms or schedules, attach separate sheets and show the same information in the same order as on the printed forms. But show your totals on the printed forms. Please use sheets that are the same size as the forms and schedules. Attach these separate sheets after all the schedules and forms. Be sure to put the taxpayer's name and employer identification number (EIN) on each sheet.

Unresolved Tax Problems

IRS has a Problem Resolution Program for taxpayers who have been unable to resolve their problems with IRS. If the corporation has a tax problem it has been unable to resolve through normal channels, write to the corporation's local IRS District Director or call the corporation's local IRS office and ask for Problem Resolution Assistance. This office will take responsibility for your problem and ensure that it receives proper attention. Although the Problem Resolution Office cannot change the tax law or make technical decisions, it can frequently clear up misunderstandings that resulted from previous contacts.

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 Paid Preparer's 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, secretary, etc. does not have to sign.

In general, anyone paid to prepare **Form 1120S** must sign the return and fill in the other blanks in the Paid Preparer's Use Only area of the return.

The preparer required to sign the return MUST:

- Complete the required preparer information.
- Sign, 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. See **Publication 1045**, *Information and Order Blanks for Preparers of Federal Income Tax Returns*, for more details.

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 regulations section 1.351-3.

Information Returns That May be Required

Form 966, Corporate Dissolution or Liquidation.

Form 1096, Annual Summary and Transmittal of U.S. Information Returns.

Form 1098, Mortgage Interest Statement. This form is used to report the receipt from any individual of \$600 or more of mortgage interest in the course of the corporation's trade or business for any calendar year after 1984.

Forms 1099-A, B, DIV, INT, MISC, OID, PATR and R. You may have to file these information returns to report abandonments and acquisitions through foreclosure, proceeds from brokers and barter exchange transactions, certain dividends, interest payments, 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 dividends paid by the corporation. Only distributions from accumulated earnings and profits are classified as dividends. These dividends qualify for the dividend exclusion under section 116. Do not issue **Form 1099-DIV** for dividends received by the corporation that are allocated to shareholders on line 2 of Schedule K-1 (**Form 1120S**).

Note: Every corporation must file information returns if it makes payments of rents, commissions, or other fixed or determinable income (see section 6041) totaling \$600 or more to any one person in the course of its trade or business during the calendar year.

Form 5713, International Boycott Report, is for use by 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 deferral of earnings of a controlled foreign corporation, and DISC benefits.

Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business. This form is used to report the receipt of more than \$10,000 in cash or foreign currency after 1984 in one transaction (or a series of related transactions).

Windfall Profit Tax. Notify each shareholder of any income tax deduction for windfall profit tax on **Form 6248**, Annual Information Return of Windfall Profit Tax. Include on the statement attached for line 21 of Schedule K-1 the shareholder's share of windfall profit tax. The individual shareholder figures his or her overpaid windfall profit tax on **Form 6249**, Computation of Overpaid Windfall

Profit Tax.

Specific Instructions

Employer Identification Number. If the employer identification number (EIN) on the label is wrong or if you did not receive a label, write the correct number at the top of the return.

A corporation that does not have an EIN should apply for one on **Form SS-4**. Application for Employer Identification Number. Obtain this form at most IRS or Social Security Administration offices. Send **Form SS-4** to the same Internal Revenue Service Center to which **Form 1120S** is mailed. If the EIN has not been received by the filing time for **Form 1120S**, write "Applied for" in the space for the EIN. See **Publication 583** for additional information.

Business Code No.—See "Codes for Principal Business Activity" at the end of these instructions.

Total Assets. Enter the total assets of the corporation. If there are no assets at the end of the tax year, enter the total assets as of the beginning of the tax year.

Gross Income

Caution: Do not include investment interest expense on debts incurred after December 16, 1969, in figuring the amounts to enter on lines 1 through 8. Report this amount on lines 16a and 16b of page 1. This amount is passed through to the shareholders on Schedule K and K-1. See the instructions for lines 15a(2) and (3) of Schedules K and K-1. Property held for investment, including property subject to a net lease, includes all investments held for producing taxable income or gain. It does not include property used in the corporation's trade or business.

Note: Do not include any income that is tax-exempt in lines 1 through 8, or any nondeductible expenses in lines 10 through 22. Enter this income and expense in line 26 or 27 of Schedule L. Also, see instructions for line 19 of Schedule K and line 21 of Schedule K-1.

A corporation that receives any exempt income other than interest, or holds any property or engages in an activity that produces exempt income, must attach to its return an itemized statement showing the amount of each type of exempt income and the expenses allocated to each type.

Line 1

Gross receipts

Enter gross receipts or sales from all business operations except those you report on lines 4 through 8.

For reporting advance payments and long-term contracts, see regulations sections 1.451-3 and 1.451-5.

If you use the installment method, enter on line 1c 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.

Line 2

Cost of goods sold and/or operations

See the instructions for Schedule A.

Line 4

Enter the total nonqualifying interest and the total nonqualifying dividends. See **Publication 550**, *Investment Income and Expenses*, for additional information.

Nonqualifying interest

Nonqualifying interest is taxable interest that is included in ordinary income from all sources. It does not include interest exempt from tax and interest on tax-free covenant bonds.

Nonqualifying dividends

Nonqualifying dividends are taxable dividends that are included in ordinary income and for which the individual shareholder is not entitled to an exclusion under section 116. These dividends come from the following:

- Foreign corporations, including a controlled foreign corporation.
- Exempt organizations (charitable, fraternal, etc.) and exempt farmers' cooperative organizations.
- Regulated investment companies (including Money Market Funds) and real estate investment trusts, unless the companies have told you how much of the dividends qualify for the exclusion or as capital gain dividends.

Qualifying dividends are taxable dividends received from domestic corporations not listed above. They are passed through to the shareholders on Schedules K and K-1, line 2. See section 116 for more information.

Line 5

Gross rents

Enter the gross amount you received for renting property. Enter expenses attributable to rental income on the proper deduction lines (10-22).

The corporation may be limited in the amount of deductions for renting a vacation home if a shareholder uses the property for personal purposes. (See section 280A).

Before deducting any interest expense, see the instructions for lines 16a-c and lines 15c (1) and (2) of Schedules K and K-1 to determine if the interest on rental property is investment interest.

Line 8

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, the amount of credit for alcohol used as a fuel that was figured on **Form 6478**, Credit for Alcohol Used as Fuel, and refunds of taxes deducted in earlier years. Do not include those items requiring separate computations by shareholders that must be reported on Schedule K. (See the instructions for Schedules K and K-1.) 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 8. A separate schedule need not be attached to the return in this case.

Line 2

See the instructions for Schedule A.

Deductions

Limitations on deductions

1. Transactions between related taxpayers.—See section 267 for rules on treatment of losses, expenses, and interest on transactions between related taxpayers.

2. Limitation on deductions for tax preference items.—If the S corporation was a C corporation for any of the three immediately preceding years, it may be required to reduce deductions for the following tax preference items by 15%:

- a) Depletion of iron ore and coal (including lignite);
- b) Section 1250 capital gain (the reduction changes to 20% for dispositions after December 31, 1984);
- c) Amortizable basis of pollution control facilities (the reduction changes to 20% for property placed in service after December 31, 1984); and
- d) Intangible drilling, and exploration and development cost (this reduction changes to 20% for expenditures after December 31, 1984).

This provision is effective for tax years beginning after 1982. See sections 1363(b)(4) and 291 for more information. 3. See section 58(c) regarding qualified expenditures under sections 173, 174(a), 263(c), 616(a), and 617. These expenditures are passed through separately to shareholders to allow them the write-off option under section 58(c). See instructions for line 19 of Schedule K.

Line 10

Compensation of officers

Enter on line 10 the total compensation of all officers.

Line 11

Salaries and wages

Enter on line 11a 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 11b the applicable jobs credit from **Form 5884**, Jobs Credit (and WIN Credit Carryover). See Instructions for **Form 5884** for more information.

If a shareholder or a member of the family of one or more shareholders of the corporation renders services or furnishes capital to the corporation for which reasonable compensation is not paid, the IRS may make adjustments in the items taken into account by such individuals and the value of such services or capital. See section 1366(e).

Line 12

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. New buildings, machinery, or permanent improvements that increase the value of the property are not deductible. They are chargeable to capital accounts and may be depreciated or amortized.

Do not include section 179 expense items. Report this amount on **Form 4562**, Depreciation and Amortization, Part I, Section A and on Schedule K, line 9, and each shareholder's share on line 9 of Schedule K-1.

Line 13

Bad debts

You may treat bad debts in either of two ways: (a) as a deduction for specific 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.)

If the corporation uses the reserve method, attach a schedule for 1984 that separately lists:

1. Trade notes and accounts receivable outstanding at the end of the year;
2. Sales on account;
3. Amount added to reserve—current-year's provision;
4. Amount added to reserve—recoveries;
5. Amount charged against reserve; and
6. Reserve for bad debts at end of year.

An S corporation may choose either method on its first return in which it takes a bad debt deduction. It must use that method for following years unless it receives permission to change. However, if the corporation is changing from the specific charge-off method (section 166(a)) to the reserve method (section 166(c)), see Revenue Procedure 82-19, 1982-1 C.B.463. Apply on **Form 3115** if you want to change the method of figuring bad debts.

Line 15

Taxes

Enter taxes paid or incurred on business property for carrying on a trade or business, if not reflected in cost of goods sold. Federal import duties and Federal excise and stamp taxes are deductible only if paid or incurred in carrying on the trade or business of the corporation. Taxes incurred in the production or collection of income, or for the management, conservation, or maintenance of property held for the production of income may be considered to be deductible only under section 212. These are not deductible on line 15; they are reported separately on Schedules K and K-1, line 10.

Do not deduct taxes assessed against local benefits that increase the value of the property assessed (such as for paving, etc.). Federal income taxes, estate, inheritance, legacy, succession, and gift taxes, or taxes reported elsewhere, such as in Schedule A. Do not deduct section 901 foreign taxes. These taxes are reported separately to shareholders on line 16 of Schedules K and K-1.

See section 189(b) for information on amortizing real property construction period taxes.

Lines 16a-16c

Caution: Include on lines 16a and 16b interest expense on indebtedness incurred after 12/16/69 to purchase or carry property held for investment (including net lease property). Also include interest expense not incurred in the trade or business of the corporation required to be reported on line 10 of Schedules K and K-1. Property held for investment includes all investments held for producing taxable income or gain. It does not generally include property held in a trade or business. See the instructions for Schedules K and K-1, line 15b for a description of investment income. See the instructions for Schedules K and K-1, line 15c to determine if rental property is investment property.

For more information, see section 163(d) and Form 4952, Investment Interest Expense Deduction.

Line 16a

Enter interest on all indebtedness incurred for the operation of the corporation that is deductible by either the corporation or the shareholders (that is not claimed elsewhere on the return).

Generally, both accrual and cash basis corporations must deduct prepaid interest payments over the period of the prepayment instead of when actually paid. (See section 461(g).)

Do not include on line 16a:

- Amounts claimed elsewhere on the return such as on Schedule A.
- Amounts paid or accrued during the year for real property construction period interest. See section 189 for more information.

The interest and carrying charges on straddle positions established after June 23, 1981, can no longer be deducted. Instead, capitalize these amounts. See section 263(g) for exceptions.

Line 16b

See Caution under Lines 16a–16c above before completing line 16b. The line 16b amount is entered on lines 15a(2) and 15a(3) of Schedule K.

Line 17

Depreciation

Enter depreciation expense from Form 4562. Enter amortization expense from Form 4562 on line 22.

Do not include any expense deduction for recovery property (section 179) on this line. This amount is not deductible by the corporation. Instead, it is passed through to the shareholders on line 9 of Schedules K and K-1.

Line 18

Depletion

Do not report depletion deductions for oil and gas properties on this line. Each shareholder figures depletion on these properties under section 613A(c)(13). See the Instructions for line 19 of Schedule K for information on oil and gas depletion that must be supplied to the shareholders by the corporation.

Line 20

Pension, profit-sharing, etc., plans

Employers who maintain a pension, profit sharing, or other funded deferred compensation plan whether or not qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year, generally are required to file one of the forms listed below. Employers who maintain a section 401(j) type plan in which employees or shareholder-employees are participants may not maintain a simplified employee pension plan (section 408(k)).

There are penalties for failure to file these forms on time.

Form 5500. Annual Return/Report of Employee Benefit Plan (With 100 or more participants).

Form 5500-C. Return/Report of Employee Benefit Plan (With fewer than 100 participants). **Form 5500-R.** Registration Statement of Employee Benefit Plan. — Complete the applicable form for each plan with fewer than 100 participants.

Line 21

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 20.

Partnership-type rules apply for fringe benefit purposes. See section 1372 for more information and section 6(d) of Public Law 97-354 for exceptions to section 1372.

Also include the corporation's contributions to a qualified group legal services plan established for the exclusive benefit 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.

Line 22

Other deductions

Enter any other authorized deductions for which there is no line on page 1 of the return. Do not include those items requiring separate computations which must be reported on Schedules K and K-1. Do not deduct losses incurred in transactions which were not connected with the corporation's trade or business. Report these losses separately to the shareholders on Schedules K and K-1, line 10.

Do not include qualified expenditures to which an election under section 58(i) applies. See instructions for line 19 of Schedule K for details on treatment of these items.

Include in line 22 the deduction taken for amortization. See instructions for Form 4562 and sections 169, 174, 177, 188, 189, 195, etc. for more information.

In most cases, you may not take a deduction for any part of any item allocable to a class of 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 expenses incurred in the production of films, books, records, or similar property, see section 280.

Generally, the corporation can deduct all ordinary and necessary travel and entertainment expenses paid or incurred in the corporation's trade or business. However, the corporation cannot deduct an expense paid or incurred for a facility (such as a yacht or hunting lodge) that is used for an activity that is usually considered entertainment, amusement, or recreation. (The corporation may be able to deduct the expenses if the amount is treated as compensation and reported on Form W-2 for an employee or on Form 1099-MISC for an independent contractor.) See Publication 463, Travel, Entertainment, and Gift Expenses, for more details.

Line 24

Ordinary Income (loss)

This is nonseparately computed income or loss as defined in section 1366(a)(2). This income or loss is entered on line 1 of Schedule K.

Line 24 income is not used in figuring line 25a or 25b tax. See instruction for line 25a for figuring taxable income for purposes of line 25a or 25b tax.

Line 25a

If the corporation has always been a subchapter S corporation, the line 25a tax does not apply to the corporation. If the corporation has subchapter C earnings and profits at the close of its tax year, has passive investment income that is in excess of 25% of gross receipts, and has taxable income at year end, the corporation must pay a tax on the excess net passive income. Complete lines 1 through 3 of the worksheet on page 6. If line 2 is greater than line 3 and the corporation has taxable income (see taxable income instruction below), it must pay the tax. Complete a separate schedule using the format of lines 1 through 10 of the worksheet to figure the tax. Enter the tax on line 25a, page 1, Form 1120S, and attach the computation schedule to Form 1120S.

Reduce each item of passive income passed through to shareholders by its portion of tax on line 25a. See section 1366(f)(3).

Worksheet

1. Enter gross receipts for the tax year (see section 1362(d)(3)(C) for gross receipts from the sale of capital assets)*.
2. Enter passive investment income as defined in section 1362(d)(3)(D)*.
3. Enter 25% of line 1 (if line 2 is less than line 3, stop here. You are not liable for this tax.).
4. Excess passive investment income—Subtract line 3 from line 2.
5. Enter expenses directly connected with the production of income on line 2 (see section 1375(b)(2))*.
6. Net passive income—Subtract line 5 from line 2.
7. Divide amount on line 4 by amount on line 2.
8. Excess net passive income—Multiply line 6 by line 7.
9. Enter taxable income (see instruction for taxable income below).
10. Tax on excess net passive income—Enter 46% of the smaller of line 8 or 9. (Enter here and on line 25a, page 1, Form 1120S).

*Income and expenses on lines 1, 2, and 5 are from total operations for the tax year. This includes applicable income and expenses from page 1, Form 1120S, as well as those that are reported on Schedule K. See sections 1362(d)(3)(D)(ii)—(v) for exceptions regarding lines 2 and 5.

Taxable Income (line 9 of the worksheet)

Line 9 income is defined in section 1374(d). You figure this income by completing lines 1 through 28 of Form 1120, U.S. Corporation Income Tax Return. Include the Form 1120 computation with the worksheet computation you attach to Form 1120S. You do not have to attach the schedules, etc. called for on Form 1120. However, you may want to complete certain Form 1120 schedules, such as Schedule D (Form 1120) if you have capital gains or losses.

Line 25b

If net capital gain, line 10, Schedule D (Form 1120S) is \$25,000 or less, the corporation is not liable for income tax or minimum tax. If the net capital gain is more than \$25,000, see instructions for Part IV, Tax Computation of Schedule D (Form 1120S) to determine if the corporation is liable for income tax or minimum tax.

Note: Taxable income is the same for figuring line 25b tax as for figuring line 25a tax.

Line 25c

Section 1371(d) provides that an S corporation is liable for investment credit recapture attributable to credits allowed for tax years for which the corporation was not an S corporation.

Include the corporation's section 47 recapture tax in the total amount to be entered on line 25c. Write to the left of the line 25c total the amount of recapture tax and the words "section 47 tax," and attach Form 4255, Recapture of Investment Credit, to Form 1120S.

Schedule A

Cost of Goods Sold and/or Operations

Cost of Operations*

If the entry on line 2, page 1, of Form 1120S is for the cost of operations, complete Schedule A, even if inventories are not used.

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, if that method conforms to the provisions of the applicable regulations cited below.

Taxpayers using erroneous valuation methods must change to a method permitted for Federal income tax purposes. To make this change, file Form 3115. For more information, see regulations section 1.446-1(e)(3) and Rev. Proc. 80-51, 1980-2 C.B. 818.

In line 8(a), check the method(s) used for valuing inventories. Under "lower of cost or market," market generally applies to normal market conditions when 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 regulations 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 regulations 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) when the taxpayer can establish such a price. See regulations section 1.471-2(c) for additional requirements.

If this is the first year the "Last-in-First-out" (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method, as provided in section 472, attach Form 970, Application to Use LIFO Inventory Method, or a statement with Form 1120S and check the LIFO box in line 8(b). In line 8(c), enter the amount or percent (estimates may be used) of total closing inventories covered under section 472.

If you have changed or extended your inventory method to LIFO and have had to "writeup" your opening inventory to cost in the year of election, report the effect of this writeup as income (line 8, page 1) proportionately over a 3-year period that begins in the tax year you made this election. (Section 472(d).)

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. Use Form 3115 to change to full absorption. For details, see Rev. Proc. 75-40, 1975-2 C.B. 571, regulations section 1.471-11; and Rev. Rul. 81-272, 1981-2 C.B. 116.

Additional Information

Be sure to answer the questions and provide other information in items G through O. The instructions that follow are keyed to these items.

Question K

Foreign financial accounts

Check the Yes box if either 1. or 2. below applies to you. Otherwise, check the No box.

1. At any time during the year the corporation 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 applies to you:
 - The combined value of the accounts was \$5,000 or less during the whole year.
 - The accounts were with a U.S. military banking facility operated by a U.S. financial institution.
2. The corporation owns more than 50% of the stock in any corporation that would answer the question "Yes" based on item 1 above.

Get form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, to see if the corporation is 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 question K is checked Yes, file form TD F 90-22.1 by June 30, 1985, with the Department of the Treasury at the address shown on the form. Form TD F 90-22.1 is not a tax return, so do not file it with the IRS.

Form TD F 90-22.1 can be obtained from many IRS offices.

Also, if question K is checked Yes, write the name of the foreign country or countries. Attach a separate sheet if you need more space.

Schedule K and Schedule K-1

Shareholder's Share of Income, Credits, Deductions, etc.

Purpose

Schedule K is a summary schedule of all the shareholders' share of the corporation's income, deductions, credits, etc. Schedule K-1 shows each shareholder's separate share. A copy of each shareholder's K-1 is attached to the Form 1120S filed with the IRS. A copy is kept as a part of the corporation's records and each shareholder receives his or her own separate copy with attached instructions.

Be sure to give each shareholder a copy of the Shareholder's Instructions for Schedule K-1 (Form 1120S). These instructions were expanded to three pages this year and are available, separately from Schedule K-1, at most IRS offices.

General Instructions

The corporation is liable for taxes on lines 25a, b, and c, page 1, Form 1120S. Shareholders are liable for income tax on their share of the corporation's income (reduced by any taxes paid by the corporation on income) and must include their share of the income on their tax return whether or not it is distributed to them.

Unlike partnership income, S corporation income reported to shareholders on Schedule K-1 is not self-employment income and is not subject to self-employment tax.

The total distributive share items (column b) of all Schedules K-1 should equal the amount reported on the same line of Schedule K. Lines 1 through 16 of Schedule K and K-1 are the same. Other lines are not the same, but instructions will explain the differences.

Substitute forms—You do not need IRS approval to use a substitute Schedule K-1 if: (a) it is an exact facsimile of the IRS schedule (including the OMB number and the Instructions for the Shareholder attached to Schedule K-1), or (b) if it includes the OMB number, the Instructions for the Shareholder attached to Schedule K-1, contains only those lines the shareholder is required to use, the lines have the same numbers and titles and are in the same order as on the comparable IRS Schedule K-1. If you do not plan to give each shareholder a copy of the Instructions for the Shareholder, you must request approval from the IRS for your substitute Schedule K-1.

Other substitute Schedules K-1 require approval. You may apply for approval of a substitute form by writing to: Internal Revenue Service, Attention D-R-R, 1111 Constitution Avenue, NW, Washington, DC 20224.

Shareholder's Distributive Share Items

Items of income, loss, deductions, etc. are allocated to a shareholder on a daily basis, according to the number of shares of stock held by the shareholder on each day during the tax year of the corporation. See item A in the **Line-by-Line Instructions**.

A transferee shareholder (rather than the transferor) is considered to be the owner of stock on the day it is transferred.

Special rule—If a shareholder terminates his or her interest in a corporation during the tax year, the corporation, with the concurrence of all shareholders (including the one whose interest is terminated), may elect to allocate income and expenses, etc. as if the corporation's tax year consisted of 2 tax years, the first which ends on the date of the shareholder's termination. To make the election, the corporation must file a statement of election with the return for the tax year of election and attach a statement of consent signed by all shareholders. If the election is made, write "Section 1377(a)(2) Election Made" at the top of each Schedule K-1. See section 1377(a)(2) and temporary regulations section 18.1377-1 for details.

Specific Instructions

(Schedule K only)

Enter the total distributive amount for each applicable item listed.

Note: You do not have to complete certain lines on Schedule K. Completion of the lines is optional because the amounts for these lines appear elsewhere on Form 1120S or on other IRS forms or IRS schedules attached to Form 1120S. Although you do not have to complete the optional lines on Schedule K, you have to complete these lines on Schedule K-1 (Form 1120S). The optional lines are:

Line 1. Ordinary income (loss).

Line 9. Expense deduction for recovery property.

Line 11. Jobs credit.

Line 12. Credit for alcohol used as fuel.

Line 13. Other credits (If the other credits appear elsewhere on an IRS Form or Schedule).

(Schedule K-1 only)

On each Schedule K-1, enter the names, addresses, and identifying numbers of the shareholder and corporation, complete items A and B, and enter the shareholder's distributive share of each item. Effective for tax years beginning after December 31, 1984, Schedule K-1 must be prepared and given to each shareholder on or before the day on which Form 1120S is to be filed.

Line-by-Line Instructions

Note: Actual dividend distributions paid out of accumulated earnings and profits of the S corporation are not reported on Schedule K-1. However, these dividends are reported to shareholders on Form 1099-DIV. These distributions do not increase or decrease a shareholder's basis in stock.

Item A (Schedule K-1 only)

If there was no change in shareholders or in the relative interest in stock the shareholders owned during the tax year, enter the percentage of total stock owned by each shareholder during the tax year. For example, if shareholders X and Y each owned 50% for the entire tax year, enter 50% in item A for each shareholder. Each shareholder's distributive share items (lines 1—21 of Schedule K-1) are figured by multiplying the annual amount on the corresponding line of Schedule K by the percentage in A.

If there was a change in stock ownership during the tax year, each shareholder's percentage of ownership is weighted for the number of days in the tax year that stock was owned. For example, A and B each held 50% for half the tax year and A, B, and C held 40%, 40%, and 20% respectively for the remaining half of the tax year. The percentage of ownership for the year for A, B, and C is figured as follows and is then entered in item A.

	a.	b.	c. (a x b)	
	% of total stock owned	% of tax year held	% of ownership for the year	
A	50%	50%	25%	45%
B	50	50	+ 25	
C	20	50	+ 10	10%
Total				100%

If there was a change in stock ownership during the tax year, each shareholder's distributive share items (lines 1—21 of Schedule K-1) are figured on a daily basis, based on the percentage of stock held by the shareholder on each day. See section 1377(a)(1) and (2) for details.

Item B (Schedule K-1 only)

Enter the Internal Revenue Service Center address where the tax return, to which a copy of this K-1 was attached, was or will be filed. For example: Holtsville, NY 00544-4444.

Line 1

Enter ordinary income (loss) from line 24, page 1. If line 24 is a loss, enter the shareholder's full share of the loss. Enter

the loss without reference to the adjusted basis of the shareholder's stock in the corporation or the shareholder's amount at risk. Line 1 should reflect the total ordinary income (loss) from all business operations, including section 465 at risk activities and income (loss) from other activities.

If the corporation is involved in more than one business activity and has a section 465 at risk activity loss(es), the corporation must show section 465 loss(es) separately. This separate reporting is to assist the shareholder in determining the allowable loss to claim on his or her tax return.

Line 2

Enter the qualifying dividends received from other domestic corporations for which each shareholder is entitled to an exclusion under section 116. The investment companies will tell the S corporation what part, if any, of the dividends qualify for the exclusion. (See the instructions for Form 1120S, page 1, line 4.)

Line 5

Enter the gain (loss) which resulted from involuntary conversions due to casualty or theft.

Note: If there was a gain (loss) from a casualty or theft to property not used in a trade or business or used for income producing purposes, do not complete Form 4684 for this type of casualty or theft. Instead, provide each shareholder with the needed information to complete their own Form 4684 for their portion of this casualty or theft.

Line 7

Enter any other items of income or loss not included on lines 1-6, such as:

- Wagering gains and losses (section 165 (d)).
- Recoveries of bad debts, prior taxes, or delinquency amounts (section 111).
- Any gain or loss (where the corporation was a trader or dealer in section 1256 contracts or property related to such contracts. See sections 1256(f) and 1374(c)(4)).

Line 8

Enter the total amount of charitable contributions, and each amount subject to the 50%, 30%, and 20% limitations, paid by the corporation during its tax year. Attach an itemized list that separately shows the corporation's charitable contributions subject to the 50%, 30%, and 20% limitations.

Note: If the corporation makes a charitable contribution of property after December 31, 1984, for which the claimed value of the property exceeds \$5,000 even though the amount allocated to each individual shareholder is \$5,000 or less, the corporation must comply with certain appraisal and reporting requirements. See section 155 of the Tax Reform Act of 1984 and Form 8283, Non-Cash Charitable Contributions Appraisal Summary, for more information on the appraisal and reporting requirements.

If the corporation made a qualified conservation contribution under section 170(e), also include the fair market value of the underlying property before and after the donation, the type of legal interest contributed, and describe the conservation purpose furthered by the donation. Give a copy of this information to each shareholder.

If a contribution is made in property other than money, attach a schedule describing the kind of property contributed and the method used in determining its fair market value. Also, a corporation must keep records, as required by regulations for section 170, for all of its charitable contributions.

Line 9

A corporation may elect to expense part of the cost (up to \$5,000) of recovery property that qualifies for investment credit that the corporation purchased this year for use in its trade or business. The corporation may not deduct the section 179 expense, but should report the expense separately on Schedules K and K-1. Show the total section 179 expense on Schedule K, line 9, and allocate it to each shareholder on line 9 of Schedule K-1.

The corporation must specify the item(s) of section 179 property which it elects to treat as an expense and the portion of the cost of each item which is being treated as an expense. Do this on Form 4562 and on a schedule attached to Schedule K-1. Generally, any election made under section 179 may not be revoked except with the consent of the Commissioner of IRS.

Depreciation, amortization, or investment credit may not be taken on any amount for which a deduction is allowed under section 179.

See Form 4562 for more information including special limits for certain "passenger automobiles" placed in service after June 18, 1984.

Line 10

Enter any other deductions not included on lines 8 and 9, such as:

- Amounts (other than investment interest required to be reported on Schedules K and K-1, lines 15a(2) and 15a(3) and the part of Schedules K and K-1, line 15a(1) deductible under section 162), paid by the corporation that would be itemized deductions on any of the shareholder's income tax returns if they were paid directly by a shareholder for the same purpose. These amounts include, but are not limited to, expenses under section 212 for the production of income other than from the corporation's trade or business.
- Any penalty on early withdrawal of savings because the corporation withdrew funds from its time savings deposit before its maturity.
- Soil and water conservation expenditures (section 175).
- Expenditures for the removal of architectural and transportation barriers to the elderly and handicapped which the corporation has elected to treat as a current expense. Do not deduct these expenditures on page 1 of Form 1120S. See section 190.

If there was a gain (loss) from a casualty or theft to property not used in a trade or business or for income producing purposes, provide each shareholder with the needed information to complete Form 4684. Casualties and Thefts, for the casualty or theft.

Credits

Line 11

On Schedule K enter the jobs credit (from attached Form 5884) computed by the corporation. The jobs credit is computed at the corporate level. On Schedule K-1 enter each shareholder's share of the credit. See Form 5884 for definitions, special rules, limitations, and other details on the credit.

Line 12

A credit is allowed for the sale of alcohol fuel or the use of alcohol as a fuel by the corporation. The credit is figured at the corporation level and then apportioned to shareholders.

Complete and attach Form 6478 to Form 1120S.

The amount shown on this line must be included in the corporation's income, line 8, page 1, Form 1120S.

Line 13

The following credits are also figured at the corporate level and then apportioned to persons who are shareholders of the corporation in accordance with stock ownership.

- Credit for increasing research activities
- Nonconventional source fuel credit
- Unused regular investment credit from cooperatives
- Unused energy investment credit from cooperatives
- Credit for backup withholding on dividends, interest, or patronage dividends.

The credit for increasing research activities is figured by the corporation on Form 6765, Credit for Increasing Research Activities. Attach Form 6765 to Form 1120S. See Form 6765 for details about the research credit.

The nonconventional source fuel credit is figured by the corporation on a separate schedule prepared by the corporation. This computation schedule must also be attached to Form 1120S. See section 29 for computation provisions and other special rules for figuring this credit.

If the corporation is a member of a cooperative that passes an unused regular investment credit or unused energy investment credit through to its members, these credits are in turn passed through to the corporation's shareholders.

If the corporation has only one of the above 5 credits, enter the amount of the credit in the amount column of line 13 and identify the type of credit in the space to the left of the amount. If the corporation has more than one credit, enter the total credits on line 13 and identify and list the amount(s) of the credits on an attached schedule.

Tax Preference Items

Enter items of income and deductions that are tax preference items. (See Form 6251, Alternative Minimum Tax Computation, and Publication 909, Alternative Minimum Tax, for details.)

Lines 14a and 14b.

If the corporation uses the Class Life Asset Depreciation Range (CLADR) System, use the asset guideline period as the straight-line useful life to figure lines 14a and 14b. For line 14a, but not line 14b, use any

variance in useful life under section 167(m)(1) as the straight-line useful life.

Line 14a.

For property other than recovery property, enter the amount you get (never less than zero) by subtracting the depreciation that would have been allowable for the year if the corporation had used the straight-line method from the depreciation actually allowable. Figure this amount separately for each property.

For 15 (or 18)-year real property, enter the amount by which the deduction allowed under section 168(a) is more than the deduction which would have been allowable had the property been depreciated using a 15 or 18-year period and the straight-line method without salvage value.

Line 14b.

For property other than recovery property, enter the amount you get (never less than zero) by subtracting the depreciation that would have been allowable for the year if you had used the straight line method, from the depreciation actually allowable. Figure this amount separately for each property.

For recovery property other than 15 (or 18)-year real property, enter the amount by which your deduction under section 168(a) is more than the deduction allowable using the straight-line method with a half-year convention, no salvage value, and the following recovery period:

3-year property	5 years
5-year property	8 years
10-year property	15 years
15-year public utility property	22 years

Line 14c.

Do not include any depletion on oil and gas wells. The shareholders must compute their depletion deduction separately under section 613A.

In the case of mines, wells, and other natural deposits, other than oil and gas wells, enter the amount by which the deduction for depletion under section 611 (including percentage depletion for geothermal deposits), is more than the adjusted basis of such property at the end of the tax year. Figure the adjusted basis without regard to the depletion deduction and figure the excess separately for each property.

Line 14d(1).—Enter the aggregate amount of gross income (within the meaning of section 613(a)) from all oil, gas, and geothermal properties received or accrued during the tax year that was included on page 1, Form 1120S.

Line 14d(2).—Enter the amount of any deductions allocable to oil, gas, and geothermal properties reduced by the excess intangible drilling costs that were included on page 1, Form 1120S. Do not include non-productive well costs, or the amounts shown on lines 16a, 16b, 17a, and 17b, page 1, Form 1120S. Instead, use the amounts on lines 16c and 17c, page 1, Form 1120S.

Figure excess intangible drilling costs as follows: From the allowable intangible drilling and development costs (except for costs in drilling a nonproductive well),

subtract the amount that would have been allowable if the corporation had capitalized these costs and either amortized them over the 120 months that started when production began, or treated them according to any election the corporation made under section 57(d)(2).

Figure the amount for lines 14d(1) and 14d(2) separately for oil and gas properties which are not geothermal deposits and for all properties which are geothermal deposits.

Give the shareholders a schedule that shows the separate amounts that are included in the computation of the amounts on lines 14d(1) and (2).

See section 57(a)(11) for more information.

Line 14e(1). Enter the corporation's qualified investment income from all sources that was included on page 1, Form 1120S.

Qualified investment income is gross income from nonqualifying interest, nonqualifying dividends, rents, and royalties, and any amount treated as ordinary income under sections 1245, 1250, and 1254 reported on page 1, Form 1120S. Qualified investment income generally does not include income from the corporation's trade or business. However, for a shareholder who does not participate in the management of the corporation, investment income includes income from the corporation's trade or business.

Caution: The amount to be entered on this line is not the total corporate qualified investment income. It is only the qualified investment income included on page 1, Form 1120S, that is used to figure the amount on line 24, page 1, Form 1120S.

If there are any items of qualified investment income included in the amounts that are required to be passed through separately to shareholders on Schedule K-1, give each shareholder a schedule for the line on which the qualified investment income is included in the total amount for that line. Do not include any of these direct pass-through amounts on line 14e(1). The shareholder is informed in the Shareholder's Instructions for Schedule K-1, attached to Schedule K-1, to adjust the amount on line 14e(1) for any other qualified investment income included in lines 2 through 10 to determine the total investment income of the corporation.

Line 14e(2). Enter the corporation's qualified investment expenses from all sources that were included on page 1, Form 1120S. Note: Do not include the amounts shown on lines 16a, 16b, 17a, and 17b, page 1, Form 1120S. Instead, use the amounts on lines 16c and 17c, page 1, Form 1120S.

Qualified investment expenses are those expenses allowable against the production of investment income provided they are allowed in figuring a shareholder's adjusted gross income and not includible as a tax preference item. For a shareholder who does not participate in the management of the corporation, qualified investment expenses include expenses from the corporation's trade or business.

Caution: The amount entered on this line is not the total corporate qualified investment expenses. It is only the qualified investment

expenses included on page 1, Form 1120S, that are used to figure the amount on line 24, page 1, Form 1120S.

If there are any items of qualified investment expense included in the amounts that are required to be passed through separately to the shareholders on Schedule K-1, give each shareholder a schedule for the line on which the qualified investment expense is included which shows the amount of qualified investment expenses included in the total amount for that line. Do not include any of these direct pass-through amounts on line 14e(2). The shareholder is informed in the Shareholder's Instructions for Schedule K-1, attached to Schedule K-1, to adjust the amount on line 14e(2) for any other qualified investment expenses included in lines 2 through 10 to determine the total qualified investment expenses of the corporation.

Line 14f

Attach a schedule which shows each shareholder's share of:

- Amortization of certified pollution control facilities. Enter the amount by which the amortization the corporation took for 1984 is more than the depreciation deduction otherwise allowable.
- Reserves for losses on bad debts of financial institutions. Enter the corporation's share of the excess of the addition to the reserve for bad debts over the reasonable addition to the reserve for bad debts that would have been allowable if the corporation had maintained the bad debt reserve for all tax years based on actual experience.
- Any other applicable tax preference items not shown on lines 14a through 14e.

Investment Interest

Lines 15a-d

Enter the interest on investment indebtedness and items of investment income and expenses, and gains and losses from the sale or exchange of investment property.

The interest expense reported on line 15a(1) may also be included on page 1, Form 1120S, line 16c or Schedules K and K-1, line 10. However, the interest expense reported on line 15a(2) and 15a(3) must not appear as a deduction on line 16c, page 1, Form 1120S, or elsewhere on the return. The income and expenses included on lines 15b, 15c, and 15d are reported elsewhere on Form 1120S and Schedule K-1. For example, interest income included on line 15b is reported on Form 1120S, line 4.

For more information, see Form 4952, Investment Interest Expense Deduction.

Line 15a(1)

Enter investment interest expense from all sources on debts created before December 17, 1969, from a specific item of property for a specified term. Also include debts in existence after December 16, 1969, if a binding contract was in effect on that date.

Line 15a(2)

Enter investment interest expense from all sources, from a specific item of property for a specified term, and from debts incurred before September 11, 1975, but after December 16, 1969, that is included on line 16b, page 1, Form 1120S. Also include

interest on obligations incurred after September 10, 1975, but subject to a written contract or commitment in effect on September 11, 1975, that is included on line 16b, page 1, Form 1120S.

Line 15a(3)

Enter investment interest expense from all sources from obligations incurred after September 10, 1975, that is included on line 16b, page 1, Form 1120S. Do not include those obligations for which a binding contract was in effect on September 11, 1975.

Note: The corporation must have an amount on line 16b of page 1, Form 1120S, in order to have an amount shown on either line 15a(2) or 15a(3).

Line 15b(1)

Enter the corporation's investment income from all sources that was included on page 1, Form 1120S.

Investment income includes the following that are includible in gross income on page 1, Form 1120S: nonqualifying interest, nonqualifying dividends, rents from net lease property, royalties, and amounts recaptured as ordinary income from the sale or exchange of investment property subject to sections 1245, 1250, and 1254 provisions. Investment income generally does not include any amounts connected with a trade or business. See section 163(d)(3).

Caution: The amount to be entered on this line is not the total corporate investment income. It is only the investment income included on page 1, Form 1120S, that is used to figure the amount on line 24, page 1, Form 1120S.

If there are any items of investment income included in the amounts that are required to be passed through separately to the shareholders on Schedule K-1, give each shareholder a schedule for the line on which the investment income is included which shows the amount of investment income included in the total amount for that line. Do not include any of these direct pass-through amounts on line 15b(1) of Schedules K and K-1. The shareholder is told in the Shareholder's Instructions for Schedule K-1, attached to Schedule K-1, to adjust the amount on line 15b(1) for any other investment income included in line 2 through 10 to determine the total investment income for this corporation.

Line 15b(2)

Enter the corporation's investment expenses from all sources that were included on page 1, Form 1120S. Note: Do not include the amounts shown on lines 17a and 17b, page 1, Form 1120S. Instead, use the amounts in line 17c, page 1, Form 1120S.

Investment expenses are those deductions directly connected with the production of investment income. Interest is not included in investment expenses for this purpose. Depreciation is limited to the amount figured using the straight-line method. Depletion is limited to an amount based on cost. Investment expenses generally do not include any amounts connected with a trade or business. See section 163(d)(3).

Caution: The amount to be entered on this line is not the total corporate investment expenses. It is only the investment expenses included on page 1, Form 1120S, that are used to figure the amount on line 24, page 1, Form 1120S.

If there are any items of investment expense included in the amounts that are required to be passed through separately to the shareholders on Schedule K-1, give each shareholder a schedule for the line on which the investment expense is included which shows the amount of investment expenses included in the total amount for that line. Do not include any of these direct pass-through amounts on line 15b(2). The shareholder is told in the Shareholder's Instructions for Schedule K-1, attached to Schedule K-1, to adjust the amount on line 15b(2) for any other investment expenses included on lines 2 through 10 to determine the total investment expenses for this corporation.

Lines 15c(1) and (2)

Enter the corporation's income and expenses from net lease property if the expenses for each property subject to a net lease, allowable under sections 162, 163 (without any reduction for the limitations of section 163(d)), 164(a)(1) and (2), and 212, are more than the income produced by this property. Do not include the income or expenses for any property if the income exceeds the expenses.

Net lease property.—Rental income is to be considered trade or business income unless it is from net lease property. Then it is treated as investment income. Rental property is net lease property if:

- (a) The corporation (the lessor) is either guaranteed a specific return of income or guaranteed in whole or in part against loss of income; or
- (b) The corporation's 1984 deductions for the property that are allowable only because of section 162 (except rents and reimbursed amounts) are less than 15% of the rental income produced by the property. For this 15% test, the corporation may elect to: (1) treat all leased portions of a parcel of real property as subject to a single lease, and (2) exempt real property that has been in use for more than 5 years.

In figuring your section 162 deduction for purposes of (b) above, do not include depreciation, taxes, interest, etc.

For more information and the special provisions that apply to "out of pocket" expenses and rental income from property subject to a net lease, see section 163(d), Publication 550, and Form 4952.

Foreign Taxes

Lines 16a through 16g

In addition to the Instructions below, see Form 1116, Computation of Foreign Tax Credit-Individual, Fiduciary, or Nonresident Alien Individual, and the related instructions.

Line 16a

Enter the type of income earned as follows:

- Nonbusiness (section 904(d)) interest income
- Dividends from a DISC or former DISC
- All other income from sources outside the U.S. (including income from sources in U.S. possessions)

If, for the country or U.S. possession shown on line 16a, the corporation had more than one type of income, enter "More than one type" and attach a schedule for each type of income for lines 16b through 16g.

Line 16b

Enter the name of the foreign country or U.S. possession. If, for the type of income shown on line 16a, the corporation had income from or paid taxes to more than one foreign country or U.S. possession, enter "More than one foreign country or U.S. possession" and attach a schedule for each country for lines 16a and 16c through 16g.

Line 16c

Enter in U.S. dollars the total gross income from sources outside the U.S. Attach a schedule that shows each type of income as follows:

- Dividends
- Gross rents and royalties
- Foreign source capital gain net income
- Wages, salaries, and other employee compensation
- Business or profession
- Gross income from trust and estates
- Other (including interest) (specify)

Line 16d

Enter in U.S. dollars the total applicable deductions and losses. Attach a schedule that shows each type of deduction or loss as follows:

- Expenses directly allocable to business or profession
- Depreciation and depletion directly allocable to rent and royalty income
- Repairs and other expenses directly allocable to rent and royalty income
- Other expenses directly allocable to specific income items (specify)
- Pro rata share of all other deductions not directly allocable to specific items of income
- Losses from foreign sources

Line 16e

Enter in U.S. dollars the total foreign taxes (described in section 901) that were paid or accrued by the corporation to foreign countries or U.S. possessions. Attach a schedule that shows the date(s) the taxes were paid or accrued, and the amount in both foreign currency and in U.S. dollars, as follows:

- Taxes withheld at source on dividends
- Taxes withheld at source on rents and royalties
- Other foreign taxes paid or accrued

Line 16f

Enter in U.S. dollars the total reduction in taxes available for credit. Attach a schedule that shows separately the:

- Reduction for foreign mineral income
- Reduction for failure to furnish returns required under section 6038
- Reduction for taxes attributable to boycott operations (section 908)
- Reduction for foreign oil and gas extraction income (section 907(a))
- Reduction for any other items (specify)

Line 16g

Enter in U.S. dollars any items not covered in lines 16c, 16d, 16e, and 16f.

Line 17 (Schedule K-1 only)

Enter total dividends paid to shareholders from accumulated earnings and profits con-

tained in retained earnings (lines 23 and 24 of Schedule L). Report these dividends to shareholders on Form 1099-DIV. Do not report them on Schedule K-1.

Property Eligible for Investment Credit

Complete the applicable parts of Form 3468, Computation of Investment Credit, and attach it to Form 1120S. See Form 3468 and the related instructions for information on whether property is eligible for the credit, the amount that is eligible for the credit, any adjustment of basis or percentage eligible for the credit and other information.

Note: Do not include that part of the cost of property the corporation has elected to expense under section 179.

Complete the applicable parts of Schedule B of Form 3468, showing the corporation's total qualified investment in business energy property that is eligible for the credit. See Schedule B of Form 3468 and the related instructions for more information.

Lines 17a-17i (Schedule K-1 only)

Enter each shareholder's share of the corporation's investment in qualifying property that is eligible for the investment credit.

Attach to each Schedule K-1 a separate schedule that shows each shareholder's share of the corporation's investment in qualified energy property that is eligible for the credit, and where the shareholder should report it on Schedule B of Form 3468.

The corporation must reduce the basis of regular and energy credit property by half of any credit allowable for the property. The basis reduction is not required for regular investment credit property if the corporation elects to take a reduced credit. If the election is made, each shareholder must be notified by completing the appropriate line or lines of lines 17a-17i. See section 48(q) and Publication 572, Investment Credit, regarding adjustments to be made to the basis of investment credit property as well as the shareholders' adjusted basis in stock of the corporation.

Line 17i. Other.—Attach to each Schedule K-1 a separate schedule that shows each shareholder's share of nonrecovery property, new commuter and used commuter highway vehicle property, and qualified rehabilitation expenditures eligible for the credit. Show on the schedule the amount for each type of property, the line number of Form 3468 on which the amount should be reported, and any additional information that may be needed to complete Form 3468.

Property Subject to Recapture of Investment Credit

Line 18 (Schedule K-1 only)

Complete line 18 when regular or energy investment credit property is disposed of or ceases to qualify before the end of the "life-years category" or "recovery period" assigned. For more information, see Form 4255, Publication 572 and section 48(q).

The corporation itself is now liable for investment credit recapture in certain cases. See instructions for line 25c, page 1, Form 1120S, for details.

Other Items

Line 18 (Schedule K) and Line 19 (Schedule K-1)

Enter total distributions made to shareholders other than dividends reported on line 17 of Schedule K. Non-cash distributions of appreciated property are valued at fair market value. See Schedules L and M instructions for ordering rules on distributions.

Line 19 (Schedule K) and Line 21 (Schedule K-1)

Do not put an amount on these lines. Instead, enter on an attached statement the description and the amounts of the following:

- Tax-exempt income realized by the corporation. Corporations should report tax-exempt interest separately to assist shareholders that are retired in figuring the taxable portion (if any) of their social security or railroad retirement benefits.
- Non-deductible expenses incurred by the corporation.
- Taxes paid on undistributed capital gains by a regulated investment company. As a shareholder of a regulated investment company, the corporation will receive notice on Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, that the company paid tax on undistributed capital gains.
- Gross income and other information relating to oil and gas well properties that are reported to shareholders to allow them to figure the depletion deduction for oil and gas well properties. See section 613(c)(13) for details.

e. Recapture of section 179 expense deduction. Enter the amount that was originally passed through and the corporation's tax year in which it was passed through. Do not include this amount on line 8, page 1, Form 1120S.

f. Total qualified expenditures (and the period paid or incurred during the tax year) to which an election under section 58(i) applies. Do not report these expenditures as tax preference items on line 14 of Schedules K and K-1.

g. Intangible drilling costs under section 263(c). See Publication 535 to determine the amount to pass through to each shareholder.

h. Deduction and recapture of certain mining exploration expenditures paid or incurred (section 617).

i. Any information or statements the corporation is required to furnish to shareholders to allow them to comply with requirements under section 6111 (registration of tax shelters) or 6661 (substantial understatement of tax).

j. Any other information the shareholders need to prepare their tax returns.

Schedules L and M

The balance sheets must agree with your books and records. Include certificates of deposit as cash on line 1 of the Schedule L.

The following rules apply in determining the balances of lines 23 through 27 of Schedule L and amounts used in figuring lines 1 through 9 of Schedule M.

Note: Schedule M does not provide for a reconciliation of book income to tax return income. However, you may want to make your own separate reconciliation of book

income (loss) to return income (loss). Make sure that all items of income, loss, and deductions reported on page 1, Form 1120S, and on Schedule K of Form 1120S are used in figuring lines 2, 3, 5, 6 and 7 of Schedule M.

Lines 23 and 24

Generally, the retained earnings accounts contain any accumulated earnings and profits (E&P) of the corporation. If the corporation has accumulated E&P, it must maintain separate equity accounts as explained in the instructions for lines 26 and 27 below. If the accumulated E&P is subchapter C E&P (accumulated prior to the corporation becoming an S corporation) the corporation may be liable for tax imposed on excess net passive income. See instructions for line 25a, page 1, of Form 1120S for details on this tax.

Generally, the corporation's accumulated E&P will not be the same as total retained earnings (line 23 plus 24). If the corporation has accumulated E&P that is subchapter C accumulated E&P, the retained earnings and accumulated E&P will usually not be the same because of the special computation rules in section 312. If the E&P was accumulated after the corporation became an S corporation (small business corporation), section 1377 (as in effect for tax years beginning before 1-1-83) rules apply in figuring accumulated E&P.

Generally, the retained earnings accounts are only maintained if the corporation had a balance in the accounts at the start of its 1984 tax year. If there is a beginning balance for the 1984 tax year, and the accounts contain accumulated E&P, the only adjustments made to accumulated E&P are:

- (1) to reduce for dividend distributions,
- (2) adjustments for redemptions, liquidations, reorganizations, etc., and
- (3) to reduce for section 47 recapture tax for which the corporation is liable.

Line 25

The shareholder's undistributed taxable income previously taxed account, also called previously taxed income (PTI), is only maintained if the corporation had a balance in this account at the start of its 1984 tax year. If there is a beginning balance for the 1984 tax year, no adjustments are made to the account except to reduce the account for distributions made under sections

1375(d) and 1375(f) (as in effect before the enactment of the Subchapter S Revision Act of 1982). See Distributions instruction below for the order of distributions from the account.

Each shareholder's right to nontaxable distributions from PTI is personal and cannot be transferred to another person. The corporation is required to keep records of each shareholder's net share of PTI. See regulations section 1.1375-4(d) for more information.

Line 26

The accumulated adjustments account (AAA) is maintained by all S corporations for all tax years beginning after December 31, 1982. At the end of the tax year, if the

corporation does not have accumulated E & P, the AAA is determined by taking into account all items of income, loss, and deductions for the tax year (including nontaxable income and nondeductible losses and expenses). See section 1368. After the year-end income and expense adjustments are made, the account is reduced by distributions made during the tax year. See the Distributions instruction below for distribution rules.

Line 27

At the end of the tax year, if the corporation has accumulated E & P, the AAA is determined by taking into account the taxable income, deductible losses and expenses, and nondeductible losses and expenses for the tax year. Adjustments for nontaxable income are made to the other adjustments account as explained in the Line 27 instruction below. See section 1368. After the year-end income and expense adjustments are made, the account is reduced by distributions made during the tax year. See the Distributions instruction below for distribution rules.

The other adjustments account is maintained only by corporations that have accumulated E & P, at year end. The account is adjusted for tax-exempt income of the corporation. See section 1368. After adjusting for tax-exempt income, the account is reduced for any distributions made during the year. See the Distributions instructions below.

Distributions

Generally, property distributions (including cash) are applied to reduce balance sheet equity accounts in the following order:

- Reduce shareholders' PTI account for any section 1375(f) (as in effect before January 1, 1983) distributions. (Note: Only cash distributions made within the first 2 1/2 months of the corporation's tax year qualify as section 1375(f) distributions.)
- Reduce AAA account. If distributions during the tax year exceed the AAA at the close of the tax year, the AAA is allocated to each distribution made during the tax year.
- Reduce shareholders' PTI account for any section 1375(d) (as in effect before January 1, 1983) distributions.
- Reduce retained earnings accounts to the extent of accumulated E & P.
- Reduce the other adjustments account.
- Reduce any remaining shareholders' equity accounts.

If a section 1368(e)(3) election is made, distributions are made from the retained earnings account before the accumulated adjustments account. If the corporation has PTI and wants to make distributions from retained earnings before PTI, the election under regulations section 1.1375-4(c) must be made. In the case of either election, after all accumulated earnings and profits in the retained earnings are distributed, the above general order of distributions applies except item d is eliminated.

Codes for Principal Business Activity

These industry titles and definitions are based, in general, on the Standard Industrial Classification System authorized by Regulatory and Statistical Analysis Division, Office of Information and Regulatory Affairs, Office of Management and Budget, to classify enterprises by type of activity in which they are engaged.

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 1a, page 1) plus all other income (lines 4 through 8, page 1).

On page 2, under H, 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."

If, as its principal business activity, the corporation (1) purchases raw materials, (2) subcontracts out for labor to make a finished product from the raw materials, and (3) retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes (2010-3998) under "Manufacturing."

Agriculture, Forestry, and Fishing		Transportation and Public Utilities		Finance, Insurance, and Real Estate	
Code	Description	Code	Description	Code	Description
0400	Agricultural production	4000	Railroad transportation	6030	Mutual savings banks
0600	Agricultural services (except veterinarians), forestry, fishing, hunting, and trapping	4100	Local and interurban passenger transit	6060	Bank holding companies
		4200	Trucking and warehousing	6090	Banks, except mutual savings banks and bank holding companies
		4400	Water transportation		Credit agencies other than banks
		4500	Transportation by air	6120	Savings and loan associations
		4600	Pipe lines, except natural gas	6140	Personal credit institutions
		4700	Miscellaneous transportation services	6150	Business credit institutions
				6199	Other credit agencies
					Security, commodity brokers and services
				6210	Security brokers, dealers, and fiduciaries
				6299	Community contract brokers and dealers; security and commodity exchanges; and allied services
					Insurance
				6355	Life insurance
				6359	Mutual insurance, except life or marine and certain fire or flood insurance companies
				6411	Other insurance companies
				6411	Insurance agents, brokers, and service
					Real estate
				6511	Real estate operators and lessors of buildings
				6518	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	Other holding and investment companies except bank holding companies
					Services
				7000	Hotels and other lodging
				7200	Personal services
					Business services
				7310	Advertising
				7399	Business services, except advertising
					Auto repair; miscellaneous repair services
				7500	Auto repair and services
				7600	Misc. repair services
					Amusement and recreation
				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
				8090	Nursing and personal care facilities
				8099	Hospitals
				8271	Medical laboratories
				8299	Other medical services
				8311	Legal services
				8300	Educational services
				8300	Social services
				8600	Membership organizations
				8911	Architectural and engineering services
				8930	Accounting, auditing, and bookkeeping
				8980	Miscellaneous services (including veterinarians)

SCHEDULE D (Form 1120S)

Department of the Treasury
Internal Revenue Service

Name

Capital Gains and Losses

► Attach to your tax return.

► For Paperwork Reduction Act Notice, see page 1 of instructions for Form 1120S.

OMB No. 1545-0130

1984

Employer identification number

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less (6 months or less if acquired after 6/22/84)

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	e. Cost or other basis, plus expense of sale	f. Gain or (loss) (d less e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year (more than 6 months if acquired after 6/22/84)

5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					

Part III Summary of Schedule D Gains for Tax Computation Purposes

Note: If the corporation is liable for the excess net passive income tax (line 25a, page 1, Form 1120S), see line 10 instruction before completing line 10.

10	Net capital gain—Enter excess of net long-term capital gain (line 9) over net short-term capital loss (line 4). (If more than \$25,000, enter here and see instructions for Part IV. If \$25,000 or less, enter here and do not complete Part IV as the tax computation does not apply.)	
----	--	--

Part IV Tax Computation (See Instructions)

11	Taxable income (See instructions for line 25a, page 1, Form 1120S.)	
12	Enter tax on line 11 amount (See instructions for computation of tax.)	
13	Net capital gain from line 10	
14	\$25,000 (statutory minimum)	
15	Subtract line 14 from line 13	
16	Enter 28% of line 15	
17	Income tax on capital gains—Enter smaller of line 12 or line 16	
18	Minimum tax (See instructions—attach Form 4626)	
19	Total tax—Add lines 17 and 18. Enter here and on Form 1120S, page 1, line 25b	

Instructions

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Purpose of Schedule

Schedule D should be used by corporations to report sales or exchanges of capital assets and gains on distributions to shareholders of appreciated assets that are capital assets (hereafter referred to as distributions).

Sales, exchanges, and distributions of property other than capital assets, including property used in a trade or business, involuntary conversions (other than casualties or thefts), and gain from the disposition of interest in oil, gas, or

geothermal property, should be reported on Form 4797, Supplemental Schedule of Gains and Losses. See the instructions for Form 4797 for more information. If property is involuntarily converted because of a casualty or theft, use Form 4684, Casualties and Thefts.

Parts I and II

Generally, you should report sales and exchanges (including like-kind exchanges) even though there is no gain or loss. Report gain, but not loss, on a distribution. In Part I report the sale, exchange, or distribution of capital assets held one year or less (6 months or less if acquired after 6/22/84). In Part II report the sale, exchange, or distribution of capital assets held more than one year (more than 6 months if acquired after 6/22/84).

For more information, see Publication 544, Sales and Other Dispositions of Assets, and Publication 589, Tax Information on S Corporations.

Exchange of like-kind property.—Report the exchange of "like-kind" property on Schedule D or on Form 4797, whichever applies. Report it even though no gain or loss is recognized when you exchange business or investment property for property of "like-kind." For exceptions, see Publication 544.

If you use Schedule D, identify the property you disposed of in column a. Enter the date you acquired it in column b, and the date you exchanged it in column c. Write "like-kind exchange" in column d. Enter the cost or other basis in column e. Enter zero in column f.

Schedule D (Form 1120S) 1984

Schedule D (Form 1120S) (1984)

Special Rules for the Treatment of Certain Gains and Losses

• **Gain on distributions of appreciated property.**—Generally, gain is recognized by an S corporation on a distribution of appreciated property to shareholders in the same manner as if the property had been sold to the shareholder at its fair market value. See section 1363(e) for exceptions. Like other capital gains, it is subject to the capital gains tax and is passed through to shareholders. See section 1363(d).

• **Gain from installment sales.**—Except as explained below, if you sold property at a gain this year and will receive any payment in a later tax year, you must use the installment method to report your gain. You must file Form 6252, Computation of Installment Sale Income, to report the sale and gain as payments are received. The corporation should also use Form 6252 if it received a payment in 1984 from a sale made in an earlier year on the installment method.

If the corporation wants to elect out of the installment method, it must do the following on a timely filed return (including extensions):

- (1) Report the full amount of the sale on Schedule D (Form 1120S).
- (2) If you received a note or other obligation and are reporting it at less than face value, state that fact in the margin, enter the face amount of the note or other obligation, and give the percentage of valuation.

For additional information, get Publication 537, Installment Sales.

• **Gains and losses on section 1256 contracts and straddles.**—For information on how to report gains and losses from section 1256 contracts and straddles, see Form 6781, Gains and Losses From Section 1256 Contracts and Straddles. Traders in section 1256 contracts see sections 1374(c)(4) and 1256(f) for positions established after July 18, 1984.

• **Gain or loss on an option to buy or sell property.**—See section 1234 for the rules that apply to a purchaser or grantor of an option.

• **Gain or loss from a short sale of property.**—Report the gain or loss to the extent that the property used to close the short sale is considered a capital asset in the hands of the taxpayer. A loss from a wash sale of stock or securities or from certain transactions between related persons is not deductible. (Sections 1091 and 267.)

• **Loss from securities that are capital assets that become worthless during the year.**—Except for securities held by a bank, treat the loss as a capital loss as of the last day of the tax year. (See section 582 for the rules on the treatment of securities held by a bank.)

How to Determine the Cost or Other Basis of the Property

In determining gain or loss, the basis of property will generally be its cost (section 1012). The exceptions to the general rule are provided in sections contained in subchapters C, K, O, and P of the Code. For example, if the corporation acquired the property by dividend, liquidation of another corporation, transfer from a shareholder, reorganization, contribution or gift, bequest, bankruptcy, tax-free exchange, involuntary conversion, or wash sale of stock, see sections 301 (or 1059), 334, 362 (or 358), 1015, 1014, 372, (or 374), 1031, 1033, and 1091, respectively. Attach an explanation if you use a basis other than actual cash cost of the property.

If you are allowed a charitable contribution deduction because you sold property to a charitable organization, figure the adjusted basis for determining gain from the sale by dividing the amount realized by the fair market value and multiplying that result by the adjusted basis.

Line 8.—If the corporation has a gain from line 6(a)(1) of Form 4797, enter it on line 8. If the corporation has a gain from line 21, Section B, of Form 4684 and Form 4797 is not used, enter the line 21 gain on line 8.

If the line 8 gain is from line 21, Section B, of Form 4684, enter the gain (reduced by any capital gain tax applicable to this gain) on line 5 of Schedule K of Form 1120S. If the line 8 gain is from line 6(a)(1) of Form 4797, and it contains gain from line 21, Section B, of Form 4684 and other gain or loss under section 1231, enter the gain from Form 4684 on line 5 of Schedule K and report the portion that is gain or loss under section 1231 (reduced by any capital gains tax applicable to the gain) on line 6 of Schedule K.

Part III—Summary of Schedule D Gains

If the net long-term capital gain is more than the net short-term capital loss, there is a net capital gain. If this gain exceeds \$25,000, the corporation may be liable for an income tax on the gain. Answer the questions in the instructions for Part IV below to determine if the corporation is liable for income tax on the gain.

Line 10.—If the corporation is liable for the tax on excess net passive income (line 25a, page 1, Form 1120S), and capital gain income was included in the computation of the tax, the amount to be entered on line 10 is figured as follows:

1. Reduce the capital gain income reported on lines 1–2 and 5–8 of Schedule D by the portion of the excess net passive income attributable to such gain.

2. Refigure lines 4 and 9 of Schedule D based on the revised amounts from step 1 above.

3. Enter on line 10 the net capital gain (if any) based on revised lines 4 and 9.

See Section 1375(c)(2) for more information.

Part IV—Tax Computation

Section 1374 imposes a tax on certain capital gains of an S 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.

Note: Taxable income referred to in questions A and B below is not the income figured on line 24, page 1, of Form 1120S. See the instruction for taxable income in the instructions for line 25a, page 1, of Form 1120S.

A. Is taxable income more than \$25,000? ☐ Yes ☐ No

B. Is net capital gain (line 10, Part III, Schedule D (Form 1120S)) more than \$25,000, and more than 50% of taxable income? ☐ Yes ☐ No

C. Have you been other than an S 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 the answer to question C is "No," does any long-term capital gain at line 9, Schedule D (Form 1120S) represent gain from property described in each of items 1, 2, and 3 that follow? ☐ Yes ☐ No

1. Property was acquired during the tax year or within 36 months before the tax year;

2. Property was acquired, directly or indirectly, from a corporation that was not in existence as an S corporation during the tax year or within 36 months before the tax year up to the time of the acquisition; and

3. Property has 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 (reduced by any excess net passive income attributable to this gain). See instruction for line 10 and section 1375(c)(2). If this amount is less than the tax figured on line 12, Part IV, enter this amount on line 17, 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 1374(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.

Line 11.—See Instructions for line 25a, page 1, of Form 1120S regarding computation of taxable income for line 11 of Schedule D. Do not enter amount from line 24, page 1, Form 1120S.

Line 12.—If the tax computation is applicable, figure the regular corporate income tax below and enter this amount on line 12 of Schedule D.

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), (d), (f), and (h) below. Also, members of a controlled group are treated as one corporation for purposes of figuring the applicability of the tax on line (o) below. If the additional tax applies, each member of the group will pay that tax based on the portion of the \$25,000 amount used in each taxable income bracket.

- (a) Taxable income per attached schedule (1374(d))
- (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 smaller (members of a controlled group, see prior instructions)
- (e) Subtract line (d) from line (c)
- (f) Enter line (e) or \$25,000, whichever is smaller (members of a controlled group, see prior instructions)
- (g) Subtract line (f) from line (e)
- (h) Enter line (g) or \$25,000, whichever is smaller (members of a controlled group, see prior instructions)
- (i) Subtract line (h) from line (g)
- (j) Enter 15% of line (b)
- (k) Enter 18% of line (d)
- (l) Enter 30% of line (f)
- (m) Enter 40% of line (h)
- (n) Enter 46% of line (i)
- (o) Additional tax for large corporation—If taxable income on line (a) exceeds \$1,000,000, enter the lesser of 5% of the excess over \$1,000,000, or \$20,250. (If line (a) is \$1,000,000 or less, enter zero.)
- (p) Total—Add lines (j) through (o). Enter here and on line 12.

Note: If for any reason the computation for line 12 is made on a separate schedule, attach the schedule to Schedule D (Form 1120S).

Line 18.—S corporations are subject to the minimum tax only for the capital gains items of tax preference and only to the extent that the gains are subject to the tax imposed by section 1374. Corporations having such capital gains of more than \$10,000 must attach Form 4626 to Form 1120S.

Form **3468**Department of the Treasury
Internal Revenue Service (R)

Name(s) as shown on return

Computation of Investment Credit▶ Attach to your tax return.
▶ Schedule B (Business Energy Investment Credit) on back.

OMB No 1545-0155

1984
24

Identifying number

Part I Elections (Check the box(es) below that apply to you (See Instruction D).)

- A** I elect to increase my qualified investment to 100% for certain commuter highway vehicles under section 46(c)(6)
- B** I elect to increase my qualified investment by all qualified progress expenditures made this and all later tax years.
Enter total qualified progress expenditures included in column (4), Part II ▶
- C** I claim full credit on certain ships under section 46(g)(3) (See Instruction B for details.)

Part II Qualified Investment (See instructions for new rules on automobiles and certain property with any personal use)

1 Recovery Property	Line	(1) Class of Property	(2) Unadjusted Basis	(3) Applicable Percentage	(4) Qualified Investment (Column 2 × column 3)
Regular Percentage	(a) New Property	3-year		60	
	(b) Other			100	
	(c) Used Property	3-year		60	
	(d) Other			100	
Section 48(q) Election to Reduce Credit (instead of adjusting basis)	(e) New Property	3-year		40	
	(f) Other			80	
	(g) Used Property	3-year		40	
	(h) Other			80	

- 2** Nonrecovery property—Enter total qualified investment (See instructions for line 2) **2**
- 3** New commuter highway vehicle—Enter total qualified investment (See Instruction D(1)) **3**
- 4** Used commuter highway vehicle—Enter total qualified investment (See Instruction D(1)) **4**
- 5** Total qualified investment in 10% property—Add lines 1(a) through 1(h), 2, 3, and 4 (See instructions for special limits) **5**
- 6** Qualified rehabilitation expenditures—Enter total qualified investment for:
- a** 30-year-old buildings **6a**
- b** 40-year-old buildings **6b**
- c** Certified historic structures (You must attach NPS certification—see instructions) **6c**

Part III Tentative Regular Investment Credit

- 7** 10% of line 5 **7**
- 8** 15% of line 6a **8**
- 9** 20% of line 6b **9**
- 10** 25% of line 6c **10**
- 11** Credit from cooperatives—Enter regular investment credit from cooperatives **11**
- 12** Regular investment credit—Add lines 7 through 11 **12**
- 13** Business energy investment credit—From line 11 of Schedule B (see back of this form) **13**
- 14** Current year investment credit—Add lines 12 and 13 **14**

Note: If you have a 1984 jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), or employee stock ownership plan (ESOP) credit (Form 8007), in addition to your 1984 investment credit, you must stop here and go to new Form 3800, General Business Credit, to claim your 1984 investment credit. If you have only the investment credit (which may include business energy investment credit) or an investment credit carryforward from 1983, you may continue with lines 15 through 22 to claim your credit.

- 15** Carryforward of unused regular or business energy investment credit from 1983 **15**
- 16** Total—Add lines 14 and 15 **16**

Part IV Tax Liability Limitations

- 17** **a** Individuals—From Form 1040, enter amount from line 46 **17**
- b** Estates and trusts—From Form 1041, enter tax from line 26a, plus any section 644 tax on trusts
- c** Corporations—From Form 1120, Schedule J, enter tax from line 3 (or Form 1120-A, Part I, line 1)
- d** Other filers—Enter tax before credits from return
- 18** **a** Individuals—From Form 1040, enter credits from line 47, plus any orphan drug, nonconventional source fuel, and research credits **18**
- b** Estates and trusts—From Form 1041, enter any credits from line 27d
- c** Corporations—From Form 1120, Schedule J, enter credits from lines 4(a) through 4(e) (Form 1120-A filers, enter zero)
- d** Other filers—See instructions for line 18d
- 19** Income tax liability as adjusted (subtract line 18 from line 17) **19**
- 20** **a** Enter smaller of line 19 or \$25,000. (See instructions for line 20) **20a**
- b** If line 19 is more than \$25,000—Enter 85% of the excess. **20b**
- 21** Investment credit limitation—Add lines 20a and 20b **21**
- 22** Total allowed credit—Enter the smaller of line 16 or line 21. This is your General Business Credit for 1984. Enter here and on Form 1040, line 48; Form 1120, Schedule J, line 4(f); Form 1120-A, Part I, line 2; or the proper line of other returns **22**

For Paperwork Reduction Act Notice, see separate instructions.

Form **3468** (1984)

Form 3468 (1984)

Page **2****Schedule B—Business Energy Investment Credit**

1 Enter on lines 1(a) through 1(e) your qualified investment in business energy property that is the kind listed in the instructions for line 1, column (2).

Type of Property	Line	(1) Class of Property or Life Years	(2) Code	(3) Unadjusted Basis/Basis	(4) Applicable Percentage	(5) Qualified Investment (Column 3 × column 4)
Recovery	(a)	3-year			60	
	(b)	Other			100	
Nonrecovery	(c)	3 or more but less than 5			33 1/3	
	(d)	5 or more but less than 7			66 2/3	
	(e)	7 or more			100	

2 Total 10% energy investment property—Add lines 1(a) through 1(e), column (5) **2**

3 Enter on lines 3(a) through 3(e) the basis in qualified hydroelectric generating property. Enter nameplate capacity of the property (see instructions for line 3) ▶

Recovery	(a)	3-year			60	
	(b)	Other			100	
Nonrecovery	(c)	3 or more but less than 5			33 1/3	
	(d)	5 or more but less than 7			66 2/3	
	(e)	7 or more			100	

4 Total 11% energy investment property—Add lines 3(a) through 3(e), column (5) **4**

5 Enter on lines 5(a) through 5(e) the basis in energy property that is solar equipment, wind equipment, ocean thermal equipment, or geothermal equipment. (See instructions for line 5, column (2).)

Recovery	(a)	3-year			60	
	(b)	Other			100	
Nonrecovery	(c)	3 or more but less than 5			33 1/3	
	(d)	5 or more but less than 7			66 2/3	
	(e)	7 or more			100	

6 Total 15% energy investment property—Add lines 5(a) through 5(e), column (5) **6**7 Enter 10% of line 2 **7**8 Enter 11% of line 4 **8**9 Enter 15% of line 6 **9**10 Cooperative credit—Enter business energy investment credit from cooperatives **10**11 Tentative business energy investment credit—Add lines 7 through 10. Enter here and on line 13 of page 1 **11****Instructions for Schedule B (Form 3468)**

Energy property must meet the same requirements as regular investment credit property, except that the provisions of sections 48(a)(1) and 48(a)(3) do not apply. See Instructions for Form 3468 for definitions and rules regarding regular investment credit property.

Energy property must be acquired new. See sections 46(a)(2)(C) and 48(i)(1) through (17) for details.

See section 48(i)(17) for special rules on public utility property, and section 48(i)(11) (as amended by the Crude Oil Windfall Profit Tax Act of 1980) for special rules on property financed by Industrial Development Bonds.

Specific Instructions

One Credit Only.—If property qualifies as more than one kind of energy property, you may take only one credit for the property.

Lines 1, 3, and 5—Type of Property.—For definition of recovery and nonrecovery property, see the separate Instructions for Form 3468.

Line 1—Column (2).—Use the code letters from the following list to indicate the kind of property for which you are claiming a credit. If you enter more than one kind of property on a line, enter the code letter for each kind of property in column (2) and the code letter and dollar amount of each kind of property in the right hand margin.

The code letters are:

- a.** Biomass property
- b.** Qualified intercity buses (see section 48(i)(16)(C) for the limitation on qualified investment for intercity buses based on the increase in operating seating capacity).

Line 3.—Figure your qualified investment in hydroelectric generating property. If the installed capacity is more than 25

megawatts, the 11% energy credit is allowed for only part of the qualified investment. See section 48(i)(13)(C).

In the space provided in line 3, enter the megawatts capacity of the generator as shown on the nameplate of the generator.

Line 5—Column (2).—Use the code letters from the following list to indicate the kind of property for which you are claiming a credit. Be sure to put the code or codes on the line for the correct recovery period or life years as explained in the instructions for line 1, column (2).

- c.** Solar equipment (but not passive solar equipment)
- d.** Wind equipment
- e.** Ocean thermal equipment
- f.** Geothermal equipment

See sections 48(i)(4) and 48(i)(3)(A)(viii) and (ix) for definitions and special rules that apply to these kinds of property.

1984

Instructions for Form 3468

Computation of Investment Credit

(Section references are to the Internal Revenue Code, unless otherwise noted.)

General Instructions

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Highlights of the New Tax Law

The Tax Reform Act of 1984 revised and rearranged the order of many of the income tax credits. Beginning in 1984 there is a new "general business credit" consisting of the investment credit, jobs credit, credit for alcohol used as fuel, and employee stock ownership plan (ESOP) credit. If you have more than one of these credits for 1984 you must summarize them on new Form 3800, General Business Credit. If you have only investment credit, you do not have to file Form 3800 this year.

For property placed in service after June 18, 1984—

(1) The credit on any passenger car may not exceed \$1,000 (\$667 if you elect the reduced credit). Figure the credit by entering in column (2) no more than \$16,667 of the unadjusted basis multiplied by the percentage of business, investment, and production of income use (these limits may be adjusted for inflation for passenger cars placed in service in 1985);

(2) You may not take ANY credit on the following types of property unless more than half the use of the property during the year was business use:

- any passenger car or other transportation property,
- property of the type generally used for entertainment, recreation, or amusement, and
- computer equipment not used exclusively at a regular business establishment (office in the home must meet the requirements of section 280A(c)(1)).

When you figure this more-than-50% test, do not count use of property for investment or the production of income as business use. Once you have met the test, however, you may include investment and production of income use to arrive at your credit.

(3) Employee use of property is considered business use only if it is for the convenience of the employer and required as a condition of employment. See section 280F for more information.

A. Purpose of Form.—Use Form 3468 to claim a regular or business energy investment credit or to make certain elections. An exempt organization may also claim the credit if the property is used mainly in an unrelated trade or business whose income is taxed under section 511.

Caution: You may have to refigure the credit if you dispose of the property before the end of the property class life or life years. This also applies if you change the use of the property so that it no longer qualifies as regular or energy investment credit property. See Form 4255, Recapture of Investment Credit.



Department of the Treasury
Internal Revenue Service

This credit does not apply to a Domestic International Sales Corporation (DISC), and is not divided among DISC shareholders.

A partnership or S corporation should complete only the following lines, to figure the cost or basis of property to pass through to the individual partners or shareholders:

- the Part I elections,
- columns (2) of line 1 and the line 2 worksheet,
- lines 3, 4, and 6, and
- columns (2) and (3) for lines 1, 3, and 5 of Schedule B.

Attach the completed form to the partnership or S corporation return to show the total cost or basis that is passed through.

If you are a partner, beneficiary, shareholder in an S corporation, or lessee, use Form 3468 to figure the credit based on your share of the investment by the partnership, estate, trust, S corporation, or lessor.

For more details on investment credit, see Publication 572, Investment Credit, and regulations under sections 46 and 48.

B. How to Figure the Credit.—For recovery property, the class of property determines the percentage qualifying for investment credit. Even if you elect an alternate recovery period under section 168(b) of 5 or 12 years for 3-year property, the property is still treated as 3-year property, and the lower percentage applies.

For nonrecovery property the useful life of the property for investment credit must be the same as the useful life for depreciation or amortization.

See section 48(k) for special rules on movie and television films, and section 48(r) for special rules on sound recordings.

See section 46(e) for limitations on the investment credit for mutual savings institutions, regulated investment companies, and real estate investment trusts.

See section 48(b) for special rules on sale-leasebacks.

Generally, you may only take half of the regular credit for certain vessels. See sections 45(g)(1) through (6) for more information. If you claim the full credit, check box C in Part I of Form 3468.

C. Investment Credit Property.—Generally, you may take investment credit the first year you place qualified property in service, make qualified progress expenditures, or acquire an amortizable basis in qualified forestation or reforestation expenditures.

The property must be used in a trade or business and be either recovery property or other depreciable property with a life of 3 years or more. Enter only the business part if property is for both business and personal use. Generally, investment credit property is:

(1) Tangible personal property as defined in section 48(a)(1).

(2) Elevators and escalators.

(3) Other tangible property, including certain real property, used as an integral part of manufacturing, production, or extraction, or used as a research or bulk storage facility for fungible commodities for these activities.

(4) Livestock other than horses as long as 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 the livestock. Reduce the cost of the livestock you got by the amount you received on the disposition of the substantially identical livestock.

(5) Single-purpose agricultural or horticultural structures. See section 48(p).

(6) Rehabilitation expenditures for qualified 30-year buildings, 40-year buildings, and certified historic structures. See sections 46(b)(4) and 48(g).

(7) Forestation and reforestation expenditures amortizable under section 194. See section 48(a)(1)(F).

(8) Petroleum storage facilities (but not buildings or their structural components).

Exceptions.—Investment credit generally does not apply to property that is:

(1) Used mainly outside the U.S.

(2) Used by a tax-exempt organization (other than a section 521 farmers' cooperative) unless the property is used mainly in an unrelated trade or business.

(3) Used by governmental units and foreign persons and entities.

(4) Used for lodging or for furnishing the lodging (see section 48(a)(3) for exceptions, i.e., hotel or motel furnishings).

(5) Amortized or depreciated under sections 167(k), 184 or 188.

(6) Acquired or constructed with "excluded cost-sharing payments" from grants made after September 30, 1979, under any program listed in section 126(a) or by grants under the Energy Security Act.

(7) Expensed under section 179.

D. Elections.

(1) **Commuter Highway Vehicle.**—Employers may elect (subject to the rules of section 280F) to claim full investment credit for commuter highway vehicles which have a useful life of 3 years or more, or which are recovery property. Check box A in Part I. See section 46(c)(6).

(2) **Qualified Progress Expenditures.**—You may elect under section 46(d) to increase your qualified progress expenditures. This permits you to claim investment credit on a long-term construction project before it is completed and placed in service. Check box B in Part I. The election applies to all progress expenditure property for the tax year it is made and all later tax years. On the line between boxes B and C, enter your 1984 qualified investment (column (4) of Part II) for progress expenditures for which you made an election in any tax year.

(3) **Election for Leased Property.**—If you lease property to someone else, you may elect to treat all or part of your investment in new property as if it were made by the person who is leasing it from you. See section 48(q) and regulations for rules on making this election and special rules on leased property and the section 48(q) basis adjustment. For limitations see sections 46(e)(3) and 48(d)(6).

E. At Risk Limitation for Individuals and Closely Held Corporations.—The cost or basis of property for investment credit purposes is limited to the amount a taxpayer is at risk for the property at the close of the taxpayer's tax year. A person is generally at risk for property to the extent of the qualified loans and cash and the adjusted basis of property contributed for acquisition or construction of property.

For property placed in service after July 18, 1984 (or earlier, if you so elect), however, the cost or basis of investment credit property must be reduced by the amount of any nonqualified nonrecourse financing related to the property as of the close of the tax year in which it is placed in service. Nonqualified nonrecourse financing is generally any amount borrowed noncommercially where the borrower is protected against loss or any amount borrowed from a person who is related or who has other than a creditor interest in the business activity. See Publication 572 and sections 46(c)(8) and 465 for details.

Specific Instructions

Lines 1(a)-1(h). Recovery Property.—Enter the unadjusted basis of recovery property. Do not include any amount that was expensed under section 179(a). Recovery property is tangible personal property used in a trade or business or held for the production of income, and depreciated under the Accelerated Cost Recovery System (ACRS). See sections 46(c)(7), 168 and 280F.

You must reduce the depreciable basis of the property by one-half of the investment credit taken. Instead of adjusting the basis of the property, you may make an election to take a reduced credit. You make this election by listing the property on lines 1(e)-1(h) instead of on lines 1(a)-1(d). See Publication 572 for more details.

Line 2. Nonrecovery Property.—Compute your qualified investment using the worksheet format below. Nonrecovery property includes:

- property you elect to depreciate using a method not expressed in terms of years;
- property you elect to amortize (e.g., leasehold improvements);
- property transferred or acquired merely to bring the property under ACRS;
- property acquired in certain nonrecognition transactions;
- certain property used outside the U.S.;
- public utility property if you do not use the normalization method of accounting.

See section 168(e) for further details. Enter the amortizable basis in forestation and reforestation expenditures on line 2(c) of the worksheet. See section 48(a)(1)(F). See section 46(c)(5) for rules for certain pollution control facilities.

Lines 1(a), 1(b), 1(e), and 1(f) of form; lines 2(a), 2(b), and 2(c) of worksheet. Qualified Progress Expenditures.—Enter on the proper line the amount of qualified progress expenditures made in the tax year.

Do not take any qualified progress expenditures for the year the property is placed in service or for the year for which recapture is required for the property. The credit allowed for the year the property is

placed in service is based on the entire qualified investment reduced by the progress expenditures included as qualified investment in earlier years.

See section 46(d) for more information.

Lines 1(c), 1(d), 1(g), and 1(h) of form; lines 2(d), 2(e), and 2(f) of worksheet. Used Property Dollar Limitation.—In general, you may not take into account more than \$125,000 of the cost of used property in any one year. This does not include the basis of any property traded in unless the trade-in caused the recapture of all or part of an investment credit allowed earlier, or a reduction in an investment credit carryback or carryover. Determine the \$125,000 amount before applying the percentages based on the class of property or useful life. Enter the cost (subject to the dollar limitation) of used property placed in service during the year. Property inherited, received as a gift, or acquired from certain related persons does not qualify for the investment credit.

A husband and wife file separate returns, each may claim up to \$62,500. If one of them has no qualifying used property, the other may claim up to \$125,000.

The \$125,000 limitation applies to a partnership, S corporation, estate, or trust. The \$125,000 must be divided among the estate or trust and its beneficiaries based on the income of the estate or trust allocable to each. The \$125,000 limitation also applies to each partner, shareholder or beneficiary. Controlled corporate groups must divide the limitation among all component members. See section 48(c) and related regulations.

Lines 3 and 4. Commuter Highway Vehicle.—Enter 100% of basis in new vehicles on line 3, and 100% of cost (subject to the overall limitation) of used vehicles on line 4.

If you make the election to use the lower percentage in section 48(q)(4) instead of reducing the basis of the property, enter 80% (instead of 100%) of the cost or basis on these lines. If you elect to take a reduced credit on all the vehicles on line 3 or 4, write "48(q)(4) election property" in the margin. If your election covers only certain vehicles, attach a schedule showing the breakdown.

Lines 6a, 6b, and 6c. Rehabilitation Expenditures.—The applicable percentage for qualified rehabilitation expenditures is 100%. The additions or improvements must have a recovery period of at least 15 years. (Qualified real property placed in service after March 15, 1984, must have a recovery period of at least 18 years unless it is low-income housing.)

The increase in basis that would result from the expenditures must be decreased by 100% of the allowed credit (50% for certified historic structures). The increase in basis must be recovered by a straight line

depreciation method over a recovery period of at least 15 years. See section 212(e)(2) of the Economic Recovery Tax Act of 1981 for transitional rules and code section 48(g) for other details. The qualified investment for rehabilitation expenditures that qualify under pre-1982 rules, but not under post-1981 rules, is figured separately and entered in the total for line 5. (Identify this amount in the margin.)

If you are claiming a credit for a certified historic structure on line 6c, you must attach a copy of your request for final certification from the National Park Service (NPS Form 10-168c). (Do not do this if the line 6c credit is a flow-through from a partnership, S corporation, estate or trust because that entity will attach a copy to its return. Instead write "FROM PARTNERSHIP" (or "S CORP.," etc.) on the dotted line to the left of the entry column.)

Lines 5, 6, and 20a Limitations.—Mutual savings institutions, regulated investment companies, and real estate investment trusts are subject to special limitations for the amounts to be entered on lines 5, 6-a-c, and line 20a. See regulations section 1.46-4.

Line 11. Credit from Cooperative.—Section 1381(a) cooperative organizations may claim investment credit. If the cooperative cannot use any of the credit because of the tax liability limitation, the unused credit 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.

Patrons should enter their regular investment credit from a cooperative on line 11.

Line 15. Carryforward of Unused Credits.—If you cannot use part of the credit because of the tax liability limitations or the operation of the alternative minimum tax, you may carry it back 3 years, then forward 15 years.

If the basis of property was reduced under section 48(q), section 196 permits the writeoff of the unused credit after the 15-year carryover period (or earlier if the taxpayer dies or goes out of business). See Publication 572 for more details.

Line 18d. Other filers.—Before you can claim the investment credit against your income tax liability, you must reduce this tax liability by the credits listed below:

- Personal credits
- Foreign tax credit
- Possessions corporation tax credit
- Orphan drug credit
- Nonconventional source fuel credit
- Research credit

Line 20. Limitation.—If the tax liability on line 19 is \$25,000 or less, your investment credit is limited to that tax liability. If the tax liability is more than \$25,000, the credit is limited to \$25,000 plus 85% of the excess.

If you and your spouse file separate returns, each must use \$12,500 instead of \$25,000. But if only one has any investment, that one may use the entire \$25,000.

Controlled corporate groups (see section 38(c)(3)(B)) must divide the \$25,000 among all component members.

Estates and trusts must first determine what percentage of the total income is allocable to the estate or trust itself, then apply that same percentage to the \$25,000 amount on line 20a.

Line 2 Nonrecovery Property Worksheet	Line	(1) Life Years	(2) Basis or Cost	(3) Applicable Percentage	(4) Qualified Investment (Column 2 x Column 3)
New	(a)	3 or more/less than 5		33 1/3	
	(b)	5 or more/less than 7		66 2/3	
	(c)	7 or more		100	
Used	(d)	3 or more/less than 5		33 1/3	
	(e)	5 or more/less than 7		66 2/3	
	(f)	7 or more		100	
Total—Add lines (a) through (f) and enter on line 2 of Form 3468.					2

Form **3800**Department of the Treasury
Internal Revenue Service**General Business Credit**

▶ Attach to your tax return.

OMB No. 1545-0895

1984

35

Name(s) as shown on return

Identifying number

Part I Tentative Credit

1 Investment credit (Form 3468, line 14)	1
2 Jobs credit (Form 5884, line 7)	2
3 Credit for alcohol used as fuel (Form 6478, line 11)	3
4 Employee stock ownership plan (ESOP) credit (Form 8007, line 3)	4
5 Current year general business credit—Add lines 1 through 4	5
6 Carryforward of investment, WIN, jobs, alcohol fuel, and ESOP credits from 1983	6
7 Carryback of general business credit to 1984	7
8 Tentative general business credit—Add lines 5, 6, and 7	8

Part II Tax Liability Limitations

9 a Individuals—From Form 1040, enter amount from line 46	9	
b Corporations—From Form 1120, Schedule J, enter tax from line 3 (or Form 1120-A, Part I, line 1)		
c Other filers—Enter tax before credits from return		
10 a Individuals—From Form 1040, enter credit from line 47, plus any orphan drug, nonconventional source fuel, and research credits included on line 49	10	
b Corporations—From Form 1120, Schedule J, enter credits from lines 4(a) through 4(e) (Form 1120-A filers, enter zero)		
c Other filers—See instructions for line 10c		
11 Income tax liability as adjusted—Subtract line 10 from line 9	11	
12 a Enter smaller of line 11 or \$25,000 (See instructions for line 12)	12a	
b If line 11 is more than \$25,000—Enter 85% of the excess	12b	
13 Credit limitation—Add lines 12a and 12b	13	
14 General business credit—Enter smaller of line 8 or line 13 here and on Form 1040, line 48; Form 1120, Schedule J, line 4(f); Form 1120-A, Part I, line 2; or the proper line on other returns	14	

General Instructions

(Section references are to the Internal Revenue Code.)

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Purpose of Form.—The Tax Reform Act of 1984 revised and rearranged the order of many of the income tax credits. Beginning in 1984, there is a new "general business credit" consisting of the investment credit (Form 3468), jobs credit (Form 5884), alcohol fuel credit (Form 6478), and employee stock ownership plan (ESOP) credit (Form 8007). If you have more than one of these credits, you must summarize them here on Form 3800. If you have only one of these credits for 1984, you do not have to file Form 3800. Instead, use that particular form to claim the credit. For example, if you have only a 1984 investment credit or a carryforward of unused investment credit from 1983, you may use Form 3468 to claim your credit for 1984. You do not have to file Form 3800 in this case.

Please note that you do not have to take the jobs, alcohol fuel, or ESOP credits if you do not wish to.

For information on investment credit, see **Form 3468**, Computation of Investment Credit, or **Publication 572**, Investment Credit.

For information on jobs credit, see **Form 5884**, Jobs Credit, or **Publication 906**, Jobs and Research Credits.

For information on the alcohol fuel credit, see **Form 6478**, Credit for Alcohol Used as Fuel.

For information on the ESOP credit, see **Form 8007**, Credit for Employee Stock Ownership Plan.

Carryback and Carryforward of Unused Credit.—If you cannot use all of your 1984 general business credit because the current year general business credit on line 5 exceeds the tax liability limitation on line 13, you may carry any excess back to each of the three preceding tax years, beginning with the earliest. If you have an unused credit after carryback, it may be carried forward to each of the 15 years after the year of the credit.

Specific Instructions

Line 6.—All carryforwards of unused investment credit, jobs credit (and WIN credit carryover), alcohol fuel credit, and ESOP credit from 1983 are added together and become a business credit carryforward to 1984. However, if you have only one of these credits you may use just that particular form to claim the credit and you do not have to file Form 3800 this year.

Line 10c.—Other filers.—Before you can claim the general business credit against your income tax liability, you must reduce this tax liability by the credits listed below:

- Personal credits
- Foreign tax credit
- Possessions corporation tax credit
- Orphan drug credit
- Nonconventional source fuel credit
- Research credit

Line 12.—If your adjusted tax liability (line 11) is \$25,000 or less, your general business credit is limited to that liability. If the tax liability is more than \$25,000, your credit is limited to \$25,000 plus 85% of the excess.

If you and your spouse file separate returns, each must use \$12,500 instead of \$25,000. However, if only one has any business credit, that one may use the entire \$25,000.

Controlled corporate groups must divide the \$25,000 among all component members. See section 38(c)(3)(B).

Estates and trusts must first determine what percentage of the total income is allocable to the estate or trust itself, then apply that same percentage to the \$25,000 amount on line 12a.

See section 38(c)(3)(C) for limitations on the credit for mutual savings institutions, regulated investment companies, and real estate investment trusts.

Form **4562****Depreciation and Amortization**

OMB No. 1545-0172

1984
67Department of the Treasury
Internal Revenue Service (4)

- ▶ See separate instructions.
▶ Attach this form to your return.

Name(s) as shown on return

Identifying number

Business or activity to which this form relates

Part I Depreciation

For transportation equipment (e.g., autos), amusement/recreation property, and computer/peripheral equipment placed in service after June 18, 1984, and used 50% or less in a trade or business, the section 179 deduction is not allowed and depreciation must be taken only on line 2(h).

Section A.—Election to expense recovery property (Section 179)

A. Class of property	B. Cost	C. Expense deduction
1 Total (not more than \$5,000). (Partnerships or S corporations—see the Schedule K and Schedule K-1 Instructions of Form 1065 or 1120S)		

Section B.—Depreciation of recovery property

A. Class of property	B. Date placed in service	C. Cost or other basis	D. Recovery period	E. Method of figuring depreciation	F. Deduction
2 Accelerated Cost Recovery System (ACRS) (see instructions): For assets placed in service ONLY during taxable year beginning in 1984					
(a) 3-year property					
(b) 5-year property					
(c) 10-year property					
(d) 15-year public utility property					
(e) 15-year real property—low-income housing					
(f) 15-year real property other than low-income housing					
(g) 18-year real property					
(h) Other recovery property				S/L S/L	

3 ACRS deduction for assets placed in service prior to 1984 (see instructions)**Section C.—Depreciation of nonrecovery property**

4 Property subject to section 168(e)(2) election (see instructions)	
5 Class Life Asset Depreciation Range (CLADR) System Depreciation (see instructions)	
6 Other depreciation (see instructions)	

Section D.—Summary**7** Total (Add deductions on lines 1 through 6). Enter here and on the Depreciation line of your return (Partnerships and S corporations—DO NOT include any amounts entered on line 1.)**Part II Amortization**

A. Description of property	B. Date acquired	C. Cost or other basis	D. Code section	E. Amortization period or percentage	F. Amortization for this year

Total. Enter here and on Other Deductions or Other Expenses line of your return

See Paperwork Reduction Act Notice on page 1 of the separate instructions.

Form **4562** (1984)

1984



Instructions for Form 4562

Depreciation and Amortization

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Paperwork Reduction Act Notice

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Changes You Should Note

Part I has been revised. Taxpayers are required only to provide detail on recovery property acquired in the current taxable year.

Line 2(g) is new. This is to be used for real property that has a recovery period of 18 years.

Line 2(h) is new. This is to be used ONLY for "listed property" (e.g., automobiles, property used for purposes of entertainment, recreation or amusement, and computers) used 50% or less in a qualified business use. The cost of these assets is to be recovered over the earnings and profits life using the straight-line method. See the instructions for line 2(h).

A separate listing of non-recovery property is no longer required to be filed with IRS. All details of pre-ACRS depreciation (in general, property acquired before January 1, 1981) should be retained as part of your permanent books and records.

Tax Reform Act of 1984—The "Tax Reform Act of 1984" has made changes in the following areas:

- Limitations on ACRS deduction for automobiles. (See instructions for line 2(a).)
- Recovery deduction for passenger automobiles; property used for entertainment, recreation, or amusement; computers or peripheral equipment. (See instructions for line 2(h).)
- ACRS deduction for real property placed in service after March 15, 1984. (See instructions for line 2(g).)
- Depreciation of sound recordings, motion picture films and videotapes.
- Amortization of start-up expenditures.
- Extension of 60-month write-off for expenditures incurred before 1/1/87 relating to low-income rental housing. (Section 167(k)).
- Reduction in basis for the diesel fuel differential amount received for qualified diesel powered highway vehicles.

For more information on these and other changes, see Publication 553, Highlights of 1984 Tax Changes.

Purpose of Form

Use Form 4562 to explain this year's deduction for depreciation and amortization, and to make the election to

expense recovery property. In using this form, a taxpayer has the option of preparing and submitting either: a separate Form 4562 for each business or activity in the return, or a separate depreciation schedule for each business or activity along with one Form 4562 on which the taxpayer enters summary totals for each line of the form. If the second option is used, each separate schedule must be readily identifiable with the business or activity to which it relates.

For more information about depreciation (specifically, passenger automobiles) and the election to expense newly acquired recovery property, see Publication 534, Depreciation. For more information about amortization, see Publication 535, Business Expenses. You may be eligible to take investment credit on newly acquired depreciable property. See the instructions for Form 3468, Computation of Investment Credit, for more information.

Specific Instructions

Part I.—Depreciation

Depreciation is an amount you can deduct each year for assets, except land, you acquire to use in your business or hold to produce income. (Land is never depreciable.) Depreciation starts when you place the property in service. It ends when you take the property out of service, deduct all of your depreciable cost, or no longer use the property in your trade or business.

Any depreciation taken for "listed property" in excess of the straight-line method, will be subject to recapture in any succeeding taxable year in which the business use percentage does not exceed 50%. See section 280F. Effective for tax years beginning after December 31, 1984, no deduction regarding depreciation of "listed property" will be allowed, unless the taxpayer can substantiate such deduction with adequate contemporaneous records. See section 274(d) and Publication 534 for details on the recordkeeping requirements.

Generally, assets you place in service after December 31, 1980, are depreciated using the Accelerated Cost Recovery System (ACRS). These assets are called "recovery property." You may be able to elect to expense up to \$5,000 of certain recovery property in Section A. Show your depreciation for recovery property in Section B. If you have an asset that is nonrecovery property, show your depreciation in Section C.

Section A—Election to expense recovery property.—You may choose to expense part of the cost of recovery property that would qualify for the investment credit. To do so, you must have purchased (as defined in section 179(d)(2))

the property and placed it in service this year for use in your trade or business. If you take this deduction, the amount on which you figure your depreciation or amortization deduction and your investment tax credit must be reduced by the amount you deduct as a section 179 expense. This is because you may not depreciate, amortize, or take the investment tax credit on any amount deducted as a section 179 expense.

NOTE: Automobiles and other "listed property" placed in service after June 18, 1984, that are used 50% or less in your trade or business and property held for the production of income (section 212 property) do not qualify as section 179 property.

An estate or trust may not elect to expense recovery property. A partnership or S corporation may choose to expense and pass through to its partners or shareholders a maximum of \$5,000. Partners or shareholders add their share of the partnership or S corporation amount to any other section 179 expense they choose to take, and deduct the combined amount up to the \$5,000 (or \$2,500 for married taxpayers filing separately) limit for each taxpayer. See Publication 572, Investment Credit, and Publication 534 for more information.

Column A.—Enter the class of recovery property (that is, 3-year, 5-year, etc.) for which you make the election and a brief description of the item.

Column B.—Enter the property's cost. Include only what you paid; omit any un depreciated basis on assets you traded in. For information about basis, see Publication 551, Basis of Assets.

Column C.—Enter the part of the cost you choose to expense. You can choose to expense part of the cost of an asset and depreciate the rest of it. (Generally, you may take the investment credit for the part of the cost you do not deduct as a section 179 expense.)

For automobiles placed in service after 6/18/84, there are certain limitations. See the instructions for line 2(a).

Line 1.—Enter the Column C total, up to \$5,000 (\$2,500 for married taxpayers filing separately). Partnerships should carry the line 1 amount to Schedule K-1 (Form 1065) and Schedule K (Form 1065) (if applicable). S corporations should carry the line 1 amount to Schedule K and Schedule K-1 of Form 1120S.

Section B.—Depreciation of recovery property.

NOTE: Lines 2(a) through 2(h) should be completed for assets placed in service only during the tax year beginning in 1984.

Column A.—Two factors determine the class of property: whether the property is section 1245 or section 1250 class property; and what midpoint class life (if any) would have applied to it on January 1, 1981, if the asset depreciation range (ADR) system had been elected. The midpoint class lives are listed in the asset guideline period column of the table for depreciation in the back of Publication 534.

In each recovery class, except 15 or 18-year real property, list as one item all new and used property you placed in service in 1984. However, you must list separately:

- Property used mainly outside the United States.
- Retirement-replacement-betterment property.
- Property financed by tax-exempt obligations.
- Property not predominantly used in a qualified business use.

Attach additional sheets, if necessary.

In the 15 or 18-year real property class, group property by the depreciation method elected and the month and year you placed it in service.

Column B.—For lines 2(e), (f), (g), and (h) enter the month and year you placed it in service.

Column C.—Enter the unadjusted basis of the assets you placed in service in the same tax year. To find unadjusted basis, subtract the part of the basis you elected to amortize or expense (section 179) from the basis you use to determine gain. Do not deduct salvage value in figuring your ACRS deduction. Also, the basis of property may have to be reduced by one-half of any investment credit taken on or the differential amount received for qualified diesel powered highway vehicles. See Instructions for Form 3468, and Publication 551.

Column D.—Enter the recovery period you are using. This is usually the class of property itself (that is, 3-year, 5-year, etc.); but you may instead elect an alternate percentage figured by using the straight-line method over one of the following periods.

For—	You may choose:
3-year property	3, 5, or 12 years
5-year property	5, 12, or 25 years
10-year property	10, 25, or 35 years
15-year real property or low-income housing (before 3, 16, 84)	15, 35, or 45 years
15-year public utility property	15, 35, or 45 years
18-year real property or low-income housing	18, 35, or 45 years

Line 2(e) 15-year real property low-income housing.

Use the column for the month of taxable year placed in service											
Year	1	2	3	4	5	6	7	8	9	10	11
1st	13%	12%	11%	10%	9%	8%	7%	6%	4%	3%	1%
2nd	12%	12%	12%	12%	12%	12%	12%	13%	13%	13%	13%
3rd	10%	10%	10%	10%	11%	11%	11%	11%	11%	11%	11%
4th	9%	9%	9%	9%	9%	9%	9%	9%	10%	10%	10%

Line 2(f) 15-year real property other than low-income housing.

Use the column for the month of taxable year placed in service											
Year	1	2	3	4	5	6	7	8	9	10	11
1st	12%	11%	10%	9%	8%	7%	6%	5%	4%	3%	1%
2nd	10%	10%	11%	11%	11%	11%	11%	11%	11%	11%	12%
3rd	9%	9%	9%	9%	10%	10%	10%	10%	10%	10%	10%
4th	8%	8%	8%	8%	8%	8%	9%	9%	9%	9%	9%

Also, for certain assets (described in Column E, below) you may be required to use a specified recovery period.

Column E.—For property for which you are using the prescribed percentages (described in Section B, lines 2(a) through 2(h) below), enter "PRE." If you elect an alternate percentage, as described above in Column D instructions, enter "SL." If the asset is used mainly outside the United States, enter "FP" and see section 168(f)(2). If the asset is retirement-replacement-betterment property, enter "RRB" and see section 168(f)(3). If the asset is property financed by tax-exempt obligations, enter "TEO" and see section 168(f)(12).

Column F.—Unless you use an alternate percentage, or a special percentage required for certain types of property (as described above in Column E instructions), multiply the amount in Column C by the applicable percentage, from the line instructions below, and enter the result in Column F. For property that is not used 100% in a trade or business, or for the production of income, the recovery deduction should reflect the percentage allocated to personal use. If you use an alternate percentage, use the percentage based on the recovery period you chose. Except for 15 or 18-year real property and property requiring a special percentage (as described above), use the same alternate percentage for all property in the same class that you place in service in the same year.

If you elect an alternate percentage, do not figure depreciation by the number of months the property was in use; instead use the half-year convention. The half-year convention treats property as if it were placed in service, or retired, on the first day of the second half of the tax year. However, for 15 or 18-year real property, you can elect an alternate percentage on a property-by-property basis, and the half-year convention does not apply.

Section B, Line 2(a)—3-year property.—Includes section 1245 class property that:

- Has a midpoint class life of 4 years or less, or
- Is used for research and experimentation, or
- Is a race horse more than 2 years old when you place it in service, or any other horse that is more than 12 years old when you place it in service.

Some examples of 3-year property are: automobiles; light-duty trucks; and machinery and equipment used in connection with research and experiments.

The percentages prescribed for these assets are:

1st year	25%
2nd year	38%
3rd year	37%

Generally, the recovery deduction for any passenger automobile placed in service after June 18, 1984, will be limited. For 1984, the limitation is \$4,000 for the first taxable year in the recovery period, and \$6,000 for each succeeding taxable year. These limitations are further reduced if your business and/or investment use is less than 100%. In computing the recovery deduction, for purposes of these limitations, the section 179 deduction is treated as a recovery deduction. For the amount of limitation for property placed in service in 1985, see section 280F(d)(7). For passenger automobiles used 50% or less in a trade or business, complete line 2(h) instead of line 2(a).

Line 2(b)—5-year property.—Includes section 1245 class property that is not assigned to one of the other recovery classes.

The percentages prescribed for these assets are:

1st year	15%
2nd year	22%
3rd through 5th year	21%

Line 2(c)—10-year property.—Includes: public utility property (except 3-year property or section 1250 class property) that has a midpoint class life of more than 18 years and no more than 25 years; section 1250 class property that has a midpoint class life of 12.5 years or less (however, under a special rule for theme parks, etc., a building and its structural components shall not be treated as having a class life of 12.5 years or less by reason of any use other than the use for which that building was originally placed in service); manufactured homes; railroad tank cars; and qualified coal utilization property which would otherwise be 15-year public utility property.

The percentages prescribed for these assets are:

1st year	8%
2nd year	14%
3rd year	12%
4th through 6th year	10%
7th through 10th year	9%

Line 2(d)—15-year public utility property.—Includes public utility property (except 3-year property or 15 or 18-year real property) that has a midpoint class life of more than 25 years.

The percentages prescribed for these assets are:

1st year	5%
2nd year	10%
3rd year	9%
4th year	8%
5th and 6th year	7%
7th through 15th year	6%

Lines 2(e) and (f)—15-year real property.—Includes section 1250 class property that does not have a midpoint class life of 12.5 years or less (however, under a special rule for theme parks, etc., a building and its structural components shall not be treated as having a class life of 12.5 years or less by reason of any use other than the

use for which that building was originally placed in service). Within each line, enter property grouped by the depreciation method elected and the month and year you placed it in service.

Different percentages apply to low-income housing than to 15-year real property. The percentage to use each year depends on the month you placed the property in service during the tax year. Publication 534 gives complete percentage tables for 15-year real property. The charts on the previous page show for lines 2(e) and 2(f) the percentages prescribed for the first four years.

For qualified rehabilitated buildings, see section 48(g) and Form 3468.

Line 2(g)—18-year real property.—Generally, real property placed in service after March 15, 1984, that would have otherwise qualified as 15-year real property, and is NOT low-income housing, will be treated as 18-year real property. The percentages to be used depend on the month of your tax year in which the property was placed in service. The charts below show the percentages prescribed for the first three years.

NOTE: For property placed in service after March 15, 1984, but before June 23, 1984, use the table assuming no mid-month convention.

For property placed in service after June 22, 1984, use the table assuming the mid-month convention.

Capital improvements made to buildings placed in service prior to 1981 can qualify as recovery property. Capital improvements placed in service before March 16, 1984, will generally qualify as 15-year real property. Capital improvements placed in service after March 15, 1984, will generally qualify as 18-year real property. Such improvements are to be treated as though they were separate buildings.

Include in lines 2(f) or 2(g) only the amount of capital expenditures for improvements that were placed in service in your taxable year beginning in 1984. See section 168(f).

Line 2(h)—Other recovery property.—Include only "listed property" that is used 50% or less in a qualified business use, and was placed in service after June 18, 1984. See section 280F. Such property includes, but is not limited to:

- Passenger automobiles
- Any other property used as a means of transportation if the nature of the property lends itself to personal use (e.g., motorcycles, pick-up trucks, etc.).
- Any property of a type generally used for purposes of entertainment, recreation, or amusement.
- Computers or peripheral equipment.

Line 2(g) 18-year real property. —(no mid-month convention)

Use the column for the month of taxable year placed in service												
Year	1	2	3	4	5	6	7	8	9	10	11	12
1st	10%	9%	8%	7%	6%	6%	5%	4%	3%	2%	2%	1%
2nd	9%	9%	9%	9%	9%	9%	9%	9%	9%	10%	10%	10%
3rd	8%	8%	8%	8%	8%	8%	8%	8%	9%	9%	9%	9%

Line 2(g) 18-year real property. —(mid-month convention)

Use the column for the month of taxable year placed in service												
Year	1	2	3	4	5	6	7	8	9	10	11	12
1st	9%	9%	8%	7%	6%	5%	4%	4%	3%	2%	1%	0.4%
2nd	9%	9%	9%	9%	9%	9%	9%	9%	10%	10%	10%	
3rd	8%	8%	8%	8%	8%	8%	8%	8%	9%	9%	9%	9%

For any "listed property" used 50% or less in a qualified business use, the recovery deduction MUST be determined under the straight-line method using the half-year convention. The half-year convention does not apply to 15 or 18-year property.

In the case of
 3-year property 5 years
 5-year property 12 years
 10-year property 25 years
 18-year real property or low-income housing 40 years

The table below shows the applicable percentages prescribed for only the first three years. For complete tables, see Publication 534.

If the recovery year is	And the recovery period is (in yrs.)			
	5	12	25	40
1st	10%	4%	2%	*
2nd	20%	9%	4%	*
3rd	20%	9%	4%	*

*NOTE: At the time these instructions went to print, the percentages for 18-year real property were not available IRS will publish these percentages when available.

For passenger automobiles placed in service after June 18, 1984, the recovery deduction will be limited. For 1984, the limitation is \$4,000 for the first taxable year in the recovery period, and \$6,000 for each succeeding taxable year. These limitations are further reduced if your business or investment use is less than 100%.

As an alternative, you may elect to use the standard mileage allowance in the first year the automobile is placed in service. For more information see Publication 463.

Section B, Line 3.—Enter the amount of your ACRS deduction for recovery property placed in service prior to January 1, 1984. This amount is obtained by multiplying the applicable percentage by the unadjusted basis for each of the prior years for each class of property. DO NOT include any amounts deducted in lines 2(a) through 2(h).

For assets placed in service prior to 1984 and for which a recovery deduction was taken on a previous year's tax return, compute the current year's deduction separately, and enter the amount on line 3. No attachment is necessary.

Section C—Depreciation of nonrecovery property.—Use Section C for property you do not amortize, expense, or use ACRS to depreciate. This includes:

- Property placed in service before January 1, 1981.
- Certain public utility property, which does not meet certain normalization requirements.
- Certain property acquired from related persons.
- Property acquired in certain nonrecognition transactions; and
- Certain sound recordings, movies, and videotapes.

Section C, Line 4.—Report property on line 4 that you elect, under section 168(e)(2), to depreciate by the units-of-production method or any other method not based on a term of years. If you use the retirement-replacement-betterment method, see section 168(f)(3).

On a separate sheet, attach (1) a description of the property and what depreciation method you elect that excludes the property from ACRS, and (2) the depreciable basis (cost or other basis reduced, if applicable, by salvage value, half the investment credit, and the section 179 expense).

Enter the depreciation deduction for the property in Column F.

Section C, Line 5.—The Class Life Asset Depreciation Range (CLADR) system does not apply to recovery property placed in service after December 31, 1980.

If you previously elected the CLADR system, you must continue to use it to depreciate assets left in your vintage accounts. You must continue to meet recordkeeping requirements.

If you elect CLADR for assets that do not qualify for ACRS (see sections 168(e)(1) and (4)), attach a statement that specifies the items that still apply to those listed in Regulations section 1.167(a)-1(f)(2).

Section C, Line 6.—Other depreciation. Enter the total amount of depreciation attributable to assets acquired before January 1, 1981, (pre-ACRS), or property that cannot otherwise be depreciated under ACRS. This amount should be calculated from your permanent books and records. For a sample worksheet, see Publication 534.

Part II.—Amortization

Each year you may elect to deduct part of certain capital expenses over a fixed period. If you amortize property, the part you amortize does not qualify for the election to expense recovery property or depreciation.

Column A—Describe the property you are amortizing. Amortizable property includes—

- Pollution control facilities (section 169, limited by section 291 for corporations).
- Expenses paid before January 1, 1982, for child-care facilities (section 188).
- Amounts paid for research or experiments (section 174), or for a trademark or trade name (section 177).
- Business start-up expenditures (section 195).
- Organizational expenses for a corporation (section 248) or partnership (section 709).
- Qualified reforestation and reforestation costs (section 194).
- Construction period interest and taxes on real property (for exceptions, see section 189).
- Certain railroad property (section 185).
- Certain rehabilitation expenses of historic structures made before January 1, 1982 (section 191 (as before repeal by Public Law 97-34), section 212(e)(2)).
- Optional write-off of certain tax preferences over the period specified in section 58(i).

Column B—Enter the date you acquired or completed the property or spent the amount you are amortizing.

Column C—Enter the total amount you are amortizing. See the applicable Code section for limits on the amortizable amount.

Column D—Enter the Code section under which you amortize the property.

Attach any other information on the Code and Regulations may require in order to make a valid election. For additional information, see Publication 535.

Form **6765**Department of the Treasury
Internal Revenue Service

Name(s) as shown on return

Credit for Increasing Research Activities
(or for claiming the orphan drug credit)

▶ Attach to your tax return

OMB No. 1545-0619

1984

81

Identifying number

Part I Orphan Drug Credit

- 1 Qualified clinical testing expenses (do not include any amounts claimed as current year research expenses in 14(a) below) 1
- 2 Enter 50% of line 1 (see instructions) 2
- 3 Flow-through orphan drug credit(s) from a partnership, S corporation, estate or trust 3
- 4 Total—Add lines 2 and 3 4

Part II Tax Liability Limitation—For Figuring Orphan Drug and Research Credits

- 5 a Individuals—From Form 1040, enter amount from line 46 5
b Corporations (1120 filers)—From Form 1120, Schedule J, enter tax from line 3 5
c Other filers—Enter tax before credits from return 5
- 6 a Individuals—From Form 1040, enter any foreign tax credit from line 47 6
b Corporations (1120 filers)—From Form 1120, Schedule J, enter any credits from lines 4(a) and 4(b) 6
c Other filers—Enter any personal credits, foreign tax credit, and possessions tax credit 6
- 7 Income tax liability as adjusted (subtract line 6 from line 5) 7

Part III Allowed Orphan Drug Credit

- 8 Orphan drug credit—Enter here and on the appropriate line of your return the smaller of line 4 or line 7 8

Part IV Research Credit

- | | (a)
CURRENT TAX YEAR | (b)
BASE PERIOD |
|--|-------------------------|--------------------|
| 9 Wages for qualified services (do not include wages used in figuring the jobs credit) | 9 | |
| 10 Cost of supplies used in conducting qualified research | 10 | |
| 11 Rental or lease costs of personal property used in conducting qualified research | 11 | |
| 12 65% of contract expenses for qualified research (but see line 13 below) | 12 | |
| 13 Corporations—65% of amounts paid to qualified organizations for basic research | 13 | |
| 14 Total qualified research expenses (add lines 9 through 13 in columns (a) and (b)) | 14 | |
| 15 Subtract line 14 column (b) from line 14 column (a) | | 15 |
| 16 Limitation—Enter 50% of line 14 column (a) | | 16 |
| 17 Enter the smaller of line 15 or line 16 | | 17 |
| 18 Tentative credit—Enter 25% of line 17 | | 18 |
| 19 Carryback and carryover of unused credit(s) | | 19 |
| 20 Add lines 18 and 19 | | 20 |
| 21 Flow-through research credit(s) from a partnership, S corporation, estate or trust (including any related carryback or carryover of unused research credit(s)) | | 21 |
| 22 Total allowable research credit—Add lines 20 and 21 | | 22 |
| 23 Income tax liability as adjusted for the research credit (From line 7 above, subtract any orphan drug credit shown on line 8 and any nonconventional source fuel credit shown on your return) | | 23 |

Part V Allowed Research Credit

- 24 Corporations (1120 filers)—Enter here and on the appropriate line of your return the smaller of line 22 or line 23 24
- 25 Individuals, estates and trusts—Enter here and on the appropriate line of your return the smaller of line 22 or the amount from the formula in the instructions for line 25 (but do not enter more than line 23) 25

Instructions

(Section references are to the Internal Revenue Code, unless otherwise noted.)

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

Purpose of Form.—Use Form 6765 to figure and claim the credit for increasing the research activities of a trade or business and to claim the orphan drug credit. Complete Parts II, IV, and V to figure the research credit. Complete Parts I, II and III to figure the orphan drug credit.

You may claim an income tax credit if you increase the research activities of a

trade or business. The credit applies only to research expenditures incurred in carrying on a trade or business you are already engaged in. It does not apply to those incurred before beginning a trade or business. Generally, the research credit is 25% of the increase in qualified research expenses paid or incurred in the current tax year over base period research expenses.

If you incur qualified clinical testing expenses relating to drugs for certain rare diseases, you may elect to claim a 50% credit on these expenses instead of taking the research credit. These "orphan drug" expenses are not limited to 65% of contract expenses, as with the research credit, but there are no carryover provisions if you cannot make use of the orphan drug credit in the current year.

Even though you cannot use the same expenses to claim both the research credit and the orphan drug credit, any expenses used in computing the orphan drug credit must be included in any research credit "base period" computations in future years.

Who Must File.—Any individual, estate, trust, organization or corporation claiming a credit for increasing research activities or a credit for orphan drug expenses, or any S corporation, partnership, estate or trust that shares the credit(s) among its shareholders, partners, or beneficiaries should attach this form to its income tax return.

S corporations, partnerships, estates, and trusts that share the credit(s) on lines 4 and 22 among their shareholders, partners, or beneficiaries must show on Schedule K-1, or on an attachment to Schedule K-1, the credit for each shareholder, partner, or beneficiary.

For more details on allocation of the credit, see section 30(f)(2).

Carryback and Carryover of Unused Credit.—Any research credit that you cannot use because it is more than the adjusted tax liability figured on line 23 of Form 6765 or the tax liability computed in the formula in the instructions for line 25 of the form may be carried back to each of the 3 years before the year the unused credit originated (unused credit year), beginning with the earliest. If you have an unused credit after carryback, it may be carried forward to each of the 15 years after the unused credit year. (There are no carryback or carryover provisions for the orphan drug credit.)

Special Rules

(1) Trades or Businesses that are Under Common Control.—For a group of trades or businesses under common control (whether or not incorporated), the credit for increasing research activities and the orphan drug credit are figured as if all the organizations are one trade or business. The credit figured for the group must then be shared among the members of the group on the basis of each member's proportionate share of clinical testing expenses or each member's proportionate contribution to the increase in research expenses (line 1 or line 15 of a separate Form 6765). See section 30(f)(1).

(2) Adjustments for Certain Acquisitions and Dispositions.—If a major portion of a trade or business is acquired or disposed of, adjustments must be made to research expenses for the period before or after the acquisition or disposition. See section 30(f)(3) for details.

(3) Short Tax Year.—For any short tax year, qualified research expenses are annualized as prescribed by regulations.

Publication 906.—For more detailed information, please get Publication 906, Jobs and Research Credits.

Specific Instructions

Note: If you are a shareholder, partner, or beneficiary with a credit from two sources, such as from a sole proprietorship and a partnership, figure the credit of the proprietorship on lines 1 and 2 of Form 6765 (or lines 9 through 18 if you are claiming the research credit). Then enter the flow-through credit from the partnership on line 3 (or line 21) and complete the rest of the form to determine the credit to be entered on your tax return.

Qualified research does not include research conducted outside the United States, research in the social sciences or humanities, and research to the extent funded by any grant, contract, or otherwise by another person (or any governmental entity). See section 30 for other exceptions and special rules.

Part I.—Orphan Drug Credit

The definition of qualified clinical testing expenses closely parallels the definition of qualified research expenses, except that clinical testing expenses are not limited to 65% of any contract research expenses. Also, there are no carryback or carryover provisions for the orphan drug credit.

See section 28 for more details on claiming the orphan drug credit.

Caution: In order to claim the credit, the expenses must be for a drug that has been designated as an orphan drug under section 526 of the Federal Food, Drug, and Cosmetic Act, and related regulations.

Line 2.—You must reduce the deduction for qualified clinical testing expenses otherwise allowable on your income tax return by the amount of the credit shown on line 2. See section 280C(b) for special rules on expenses you capitalize rather than deduct, and rules for controlled groups.

Line 8.—Include the orphan drug credit on the appropriate line of your 1984 tax return. If it is not listed separately on the return, include the credit on the "other credits" or "total credits" line; then write "ORPHAN DRUG CREDIT" and the amount on the dotted line to the left of the entry amount.

Part IV.—Research Credit

Lines 9 through 13, column b.—Base period research expenses are the average of the annual qualified research expenses for the 3 years immediately before the current tax year. Newly organized businesses are treated as having been in business with no qualified research expenses during the base period before the business began.

Line 11.—See section 30(b)(2)(A) for special rules on leased property if you receive payments from anyone for the rental or lease of substantially identical property.

Line 12.—You may include 65% of any amount paid or incurred for qualified research performed on your behalf. Prepaid contract research expenses are considered to be paid in the year the research is actually done.

Line 13.—Corporations.—Contract research expenses also include 65% of any amount paid or incurred by a corporation to any qualified organization for basic research. The amount must be paid or incurred pursuant to a written research agreement between the corporation and the organization. Prepaid basic research expenses are considered to be paid in the year the research is actually done. See section 30(e) for other details.

Line 16.—Base period research expenses cannot be less than 50% of current year research expenses. This rule applies both to existing businesses and newly organized businesses.

Lines 3 and 21.—The credit(s) figured on lines 1 through 4 and on lines 9 through 22 by an S corporation, partnership, estate, or trust are apportioned to the individual shareholders, partners, or beneficiaries, respectively. This apportioned credit (and any unused credit from these entities) is entered on line 3 or line 21 of a separate Form 6765 to determine the allowed credit(s) to be entered on their tax returns.

Line 22.—Estates or trusts.—An estate or trust completes lines 9 through 22 and apportions the current year credit on line 22 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 then enters its share of the credit on line 18 of a separate Form 6765 and completes the rest of the form, as applicable, to determine its allowed credit to be claimed on Form 1041. Both forms are attached to Form 1041 for the tax year the credit is earned. The beneficiaries' share will be apportioned to the individual beneficiaries and each beneficiary determines his or her allowed credit as explained above.

Lines 24 and 25.—Claim the credit by including it in the appropriate line of your 1984 tax return. If the research credit is not listed separately on the return, include the credit on the "other credits" or "total credits" line; then write "RESEARCH CREDIT" and the amount on the dotted line to the left of the entry amount.

Line 25 Limits.—If you are an individual, estate, or trust, the credit(s) on lines 20 or 21 is limited to the current year tax liability on line 23 attributable to your interest in the proprietorship, partnership, S corporation, estate or trust generating the credit or carryover. This amount is figured separately for each business enterprise by using the following formula:

Line 23 x $\frac{\text{Taxable income attributable to your interest in the unincorporated business, 1065, 1041, or 1120S entity (line 37)}}{\text{Taxable income for the year (Form 1040, line 37)}}$

When using the formula, the result is limited to 100% of the line 23 income tax liability.

If in the current tax year you had no taxable income attributable to a particular business interest, you cannot claim any research credit this year related to that business.

User Survey

Statistics of Income — 1984 — Corporation Income Tax Returns

Please take a few moments to answer the following questions concerning this *Statistics of Income* publication. Your responses will enable us to direct our efforts to meeting the needs of our users. After indicating your responses, please fold, tape, and mail. No postage is required. Thank you for your assistance.

1. How did you obtain this publication?

- ☐ Purchased from the Government Printing Office
☐ From a public library
☐ From a university or college library
☐ Other (*specify*) _____

2. Have you ever used any other *Statistics of Income* publication?

- ☐ Yes (*specify*) _____
☐ No

3. What subject matter in the report interests you particularly?

- | | |
|---|---|
| <input type="checkbox"/> Asset size data | <input type="checkbox"/> S Corporation data |
| <input type="checkbox"/> Business receipt size data | <input type="checkbox"/> DISC data |
| <input type="checkbox"/> Minor industry detail | <input type="checkbox"/> Overall summary statistics |
| <input type="checkbox"/> Balance sheet data | |
| <input type="checkbox"/> Other (<i>specify</i>) _____ | |

4. Rank in order of importance to you the following sections of the publication.

- | | |
|----------------------------|-----------------------------|
| _____ Tables | _____ Sample description |
| _____ Changes in law | _____ Introductory material |
| _____ Explanation of terms | _____ Facsimiles of forms |

5. How would you describe the readability of the text?

- | | |
|--|--|
| <input type="checkbox"/> Too technical | <input type="checkbox"/> About right |
| <input type="checkbox"/> Not detailed enough | <input type="checkbox"/> Do not use text |

6. Have you ever used the *Corporation Source Book of Statistics of Income*?

- | | | |
|--|------------------------------|-----------------------------|
| Selected pages or complete book from IRS | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Magnetic tape ordered from National Archives | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Other use (<i>specify</i>) _____ | | |

7. What type of organization are you connected with?

- | | |
|---|---|
| <input type="checkbox"/> Federal government | <input type="checkbox"/> Consulting firm |
| <input type="checkbox"/> State or local government | <input type="checkbox"/> Accounting firm |
| <input type="checkbox"/> Trade association | <input type="checkbox"/> Other (<i>specify</i>) _____ |
| <input type="checkbox"/> University or college | |
| <input type="checkbox"/> Other nonprofit organization | |

8. What changes (additions, deletions, etc.) would you like to see in the contents or format of this publication?

9. What ZIP code do you:

live in? _____ work in? _____

10. Other comments (use other side if needed).

10. Other Comments (continued)

Fold here

Cut or Tear Along Line

Fold here

Internal Revenue Service

Washington, DC 20224



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

OFFICIAL BUSINESS
PENALTY FOR PRIVATE
USE, \$300.

BUSINESS REPLY MAIL

FIRST CLASS PERMIT NO. 12686 WASHINGTON, DC

POSTAGE WILL BE PAID BY IRS

Internal Revenue Service
Statistics of Income Division
Corporation Statistics Branch TR:S:C
1111 Constitution Avenue, N.W.
Washington, D.C. 20224



1984
Statistics
of Income

Corporation
Income Tax
Returns

Section

1

Introduction

2

Changes in Law and Regulations

3

Sample and Limitations of the Data

4

Basic Tables

•

Index to Explanation of Terms

5

Explanation of Terms

6

Forms and Instructions

•

User Survey (Form 6839)