

# Corporation Income Tax Returns, 1997

by George Contos and Ellen Legel

**W**ithin a growing economy, corporate pre-tax profits, as reported on income tax returns for Tax Year 1997, rose compared with Tax Year 1996 [1]. Profits less losses were up by 13.5 percent to \$915.4 billion [2]. Corporate sales and other receipts increased \$1.1 trillion, while deductions increased \$1.0 trillion, underlying the growth in net income. The number of profit-reporting companies increased 2.3 percent to 2.6 million, and their reported profits rose 13.3 percent to \$1.1 trillion. However, the number of corporations reporting net losses also increased by 1.0 percent, and corporate net losses increased to \$202.4 billion, a 12.3-percent increase over the prior year.

The continued growth of 13.5 percent in net profits pushed "income subject to tax" (the tax base for income tax purposes) to \$683.8 billion, a 6.9-percent rise. This small rise was due to a 42.2-percent increase in the special deduction for dividends paid by regulated investment companies and real estate investment trusts. This special deduction for dividends is included in corporate profits but by statute is not included in corporate taxable income. As discussed below, regulated investment companies were responsible for the majority of increases in corporate profits and assets due to the strong performance during 1997 of financial assets held by such entities. "Total income tax before credits" rose 7.0 percent to \$239.4 billion as a result of the increase in "income subject to tax." "Total income tax after credits" (the amount payable to the U.S. Government) reached \$184.2 billion for 1997, a 7.9-percent increase from 1996.

## Number of Returns

The estimated number of active corporation income tax returns filed for Tax Year 1997 increased by 1.7 percent to 4,710,083 from the previous year (Figure A). This increase continues the upward trend which started in the 1950's. Returns with positive net income totaled 2,647,474, increasing 2.3 percent, while returns without net income changed only 1.0 percent, increasing to 2,062,609.

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The number of returns increased in six out of eight of the industrial divisions categorized for Statistics of Income. For the fourth consecutive year, the services division, led by business services (except advertising), showed the largest increase, gaining 35,453 returns to 1,592,854 [2]. The 2.3-percent increase was slightly less than the 3.5-percent increase reported for 1996. The finance division, led by real estate operators and lessors of buildings, also contributed considerably to the overall gain, increasing 20,791 to 744,545. For the mining and manufacturing divisions, the number of returns decreased 7.8 percent and 0.2 percent, respectively.

For those returns reporting positive net income, the mining division (particularly those businesses engaged in oil and gas field services) and the transportation division (businesses engaged in transportation services) showed decreases in the number of returns (Figure B). For returns without net income, an increase of 19,663 returns was reported, with 88.0 percent attributed to the finance, insurance, and real estate division, especially in the real estate industry group. Real estate operators and lessors of buildings and "other real estate" (which includes real estate agencies and title abstract companies) increased by 13,488 returns.

## Net Income

Pre-tax profits for Tax Year 1997 ("net income (less deficit)" in the statistics) increased by 13.5 percent over Tax Year 1996 to \$915.4 billion (Figure C), continuing a growth trend that began with 1992 (Figures D and E) [3]. This profit increase reflected continuing economic growth [1]. Classified by asset size (Table 2), the 9,017 returns of corporations with total assets of \$250 million or more (0.2 percent of the total) contributed 79.7 percent of total corporate profits.

The finance, insurance, and real estate division reported the largest percentage and dollar increase, up \$74.3 billion to \$373.5 billion [2]. Regulated investment companies were responsible for 60.3 percent of this increase, as net income (less

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Figure A

## Number and Growth Rate of Returns Filed, Tax Years 1987-1997

Tax year	Total number of returns	Percentage increase over previous year	Number of returns with net income	Percentage increase over previous year	Number of returns without net income	Percentage increase over previous year
	(1)	(2)	(3)	(4)	(5)	(6)
1987.....	3,612,133	5.4	1,995,452	4.6	1,616,681	6.3
1988.....	3,562,789	-1.4	1,908,799	-4.3	1,653,990	2.3
1989.....	3,627,863	1.8	1,921,805	0.7	1,706,058	3.1
1990.....	3,716,650	2.5	1,910,670	-0.6	1,805,980	5.9
1991.....	3,802,788	2.3	1,942,450	1.7	1,860,338	3.0
1992.....	3,869,023	1.7	2,063,593	6.2	1,805,430	-3.0
1993.....	3,964,629	2.5	2,144,534	3.9	1,820,095	0.8
1994.....	4,342,368	9.5	2,392,357	11.6	1,950,011	7.1
1995.....	4,474,167	3.0	2,455,492	2.6	2,018,675	3.5
1996.....	4,631,370	3.5	2,588,424	5.4	2,042,946	1.2
1997.....	4,710,083	1.7	2,647,474	2.3	2,062,609	1.0

NOTES: Number of returns excludes Domestic International Sales Corporations, Foreign Sales Corporations, and Interest-Charge Domestic International Sales Corporations starting with Tax Year 1988. Personal Service Corporation returns are excluded for Tax Years 1988 through 1993. Total active corporation returns is represented by total number of returns.

Figure B

## Number of Returns, by Industrial Division, Tax Years 1996-1997

Industrial division	1996				1997			
	Total number of returns	Percentage increase over 1995	Number of returns with net income	Percentage increase over 1995	Total number of returns	Percentage increase over 1996	Number of returns with net income	Percentage increase over 1996
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All industries</b> <sup>1</sup> .....	<b>4,631,370</b>	<b>3.5</b>	<b>2,588,424</b>	<b>5.4</b>	<b>4,710,083</b>	<b>1.7</b>	<b>2,647,474</b>	<b>2.3</b>
Agriculture, forestry, and fishing.....	158,963	7.8	90,012	13.5	163,114	2.6	91,984	2.2
Mining.....	35,799	1.9	18,098	-3.6	32,996	-7.8	17,281	-4.5
Construction.....	471,230	4.7	300,890	9.3	487,783	3.5	307,733	2.3
Manufacturing.....	325,689	1.9	191,254	3.1	325,045	-0.2	195,038	2.0
Transportation and public utilities.....	205,777	5.8	111,811	4.2	209,412	1.8	110,657	-1.0
Wholesale and retail trade.....	1,142,491	0.9	652,504	4.2	1,149,132	0.6	656,288	0.6
Finance, insurance, and real estate.....	723,754	5.9	341,136	7.5	744,545	2.9	344,625	1.0
Services.....	1,557,401	3.5	881,427	4.4	1,592,854	2.3	921,533	4.6

<sup>1</sup> Includes returns not allocable by industrial division.

deficit), excluding long-term capital gains, was up \$44.8 billion to \$175.8 billion. Gains for these companies were generated from higher stock prices [4]. A marked increase in profits was reported for real estate investment trusts, which increased 160.4 percent from 1996, up \$12.5 billion to \$20.3 billion [5]. Since at least 90 percent of the profits for regulated investment companies and 95 percent of

the profits for real estate investment trusts are passed through to shareholders for taxation purposes, these increased profits are not reflected in taxable income. Other large dollar increases occurred in the insurance industry in both stock life insurance companies, as well as stock property and casualty insurance companies, with increases of \$8.0 billion and \$5.0 billion, respectively.

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Figure C

## Net Income (Less Deficit) and Net Income, by Industrial Division, Tax Years 1996-1997

[Money amounts are in thousands of dollars]

Industrial division	Net income (less deficit) <sup>1</sup>				Net income <sup>1</sup>			
	1996		1997		1996		1997	
	Amount	Percentage increase over 1995	Amount	Percentage increase over 1996	Amount	Percentage increase over 1995	Amount	Percentage increase over 1996
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All industries <sup>2</sup>.....</b>	<b>806,484,990</b>	<b>12.9</b>	<b>915,396,637</b>	<b>13.5</b>	<b>986,782,683</b>	<b>12.1</b>	<b>1,117,825,239</b>	<b>13.3</b>
Agriculture, forestry, and fishing.....	2,614,131	62.9	2,673,835	2.3	6,262,057	15.9	6,310,262	0.8
Mining.....	8,152,607	47.4	9,728,562	19.3	12,112,260	29.3	14,191,366	17.2
Construction.....	17,878,460	23.7	20,522,439	14.8	25,036,702	19.3	27,816,466	11.1
Manufacturing.....	286,059,822	9.6	305,958,154	7.0	325,291,340	9.4	352,453,829	8.4
Transportation and public utilities.....	75,400,172	3.4	70,984,769	-5.9	93,129,707	6.4	95,097,536	2.1
Wholesale and retail trade.....	73,353,268	15.4	81,584,637	11.2	107,999,874	11.3	117,042,233	8.4
Finance, insurance, and real estate.....	299,149,193	16.5	373,482,032	24.8	337,822,090	14.4	413,000,341	22.3
Services.....	43,952,204	14.4	50,470,448	14.8	79,102,121	17.4	91,879,768	16.2

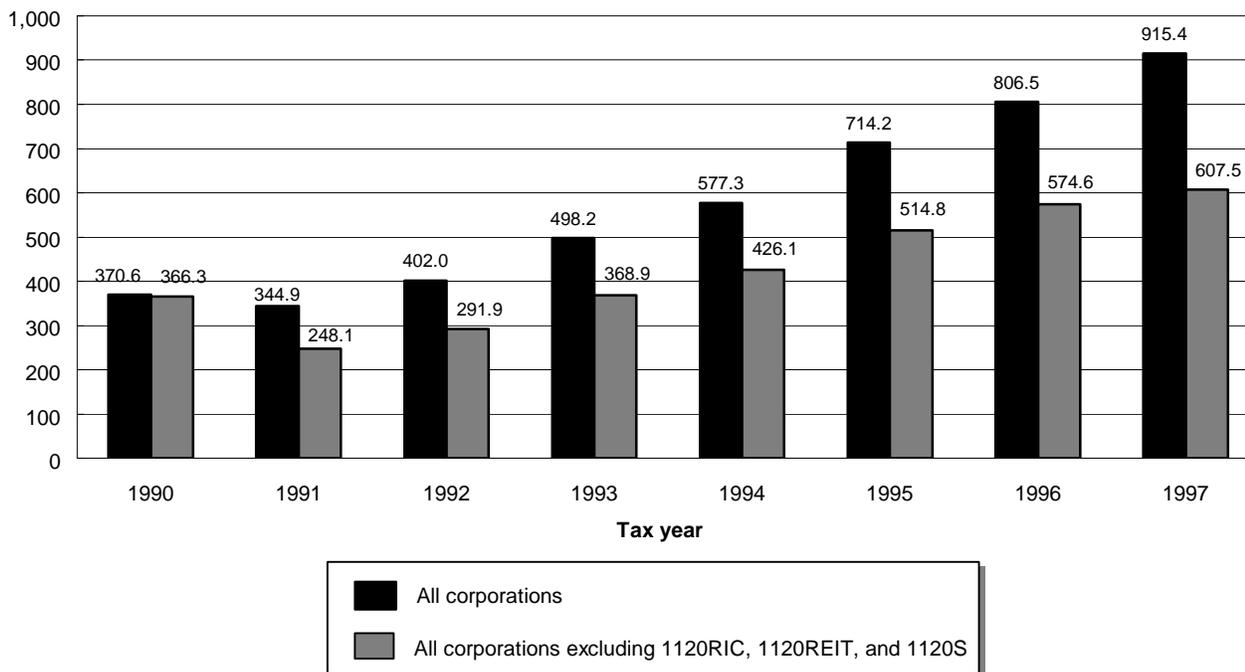
<sup>1</sup> Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and S corporations (qualifying corporations electing to be taxed through their shareholders).

<sup>2</sup> Includes net income or deficit not allocable by industrial division.

Figure D

## Corporate Profits, Tax Years 1990-1997<sup>1</sup>

Billions of dollars



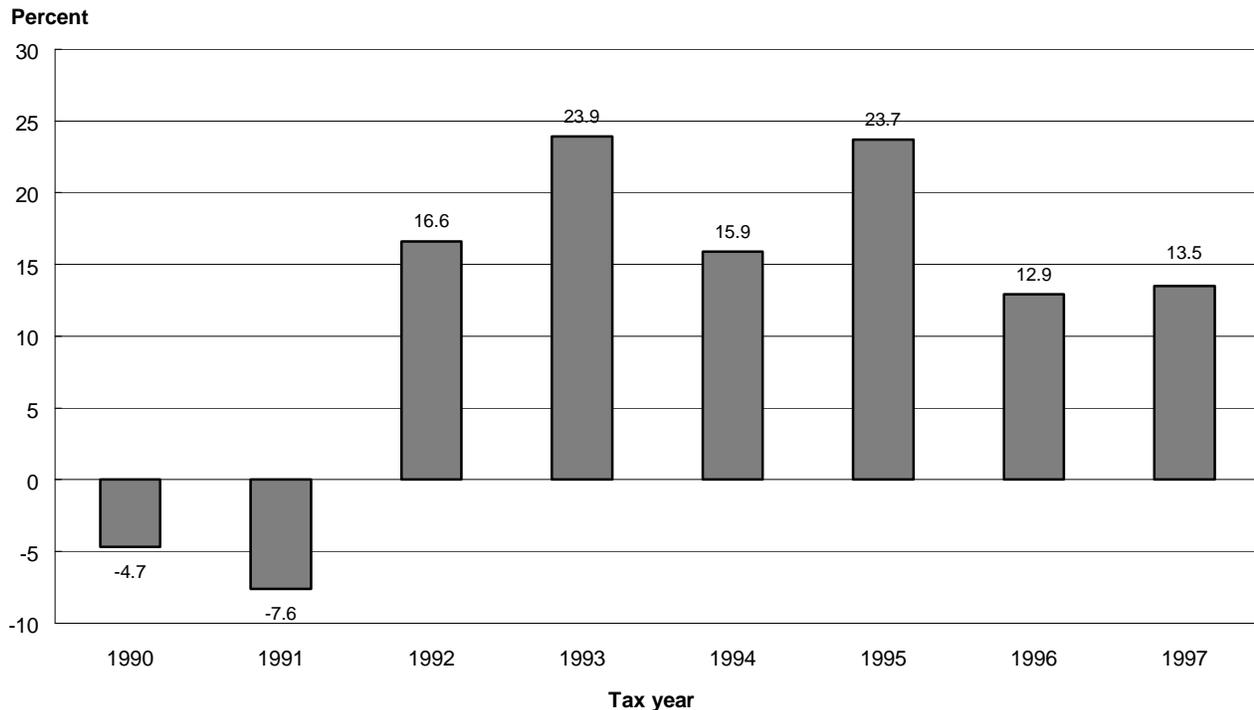
<sup>1</sup> Corporate profits can be found in Table 1 as "net income (less deficit)."

NOTES: Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and S corporations (qualifying corporations electing to be taxed through their shareholders). Personal Service Corporation returns are excluded for Tax Years 1990 through 1993.

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Figure E

## Growth of Corporate Profits, Tax Years 1990-1997<sup>1</sup>



<sup>1</sup> Corporate profits can be found in Table 1 as "net income (less deficit)."

NOTES: Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and S corporations (qualifying corporations electing to be taxed through their shareholders). Personal Service Corporation returns are excluded for Tax Years 1990 through 1993.

The division with the next largest dollar increase in profits was manufacturing, with profits of \$306.0 billion, up \$19.9 billion. The most significant gains were for the industrial group including radio, television, and communication equipment; electronic components and accessories; and electrical equipment, with a \$7.4-billion increase to \$38.6 billion. Profits for manufacturers of soaps, cleaners, and toilet goods; and drug manufacturers also increased for a total of \$6.3 billion to \$37.5 billion.

Profits for wholesale and retail trade were up by 11.2 percent to \$81.6 billion, compared with the previous year's 15.4-percent increase. The greatest gains were in retail trade, up by 13.9 percent to \$45.7 billion, caused primarily by increased consumer expenditures [6]. These, in turn, were at least partly fueled by continued moderation in short-term interest rates, a decline in long-term rates, and continued growth in household wealth which also helped gener-

ate 33.5-percent and \$1.3-billion increases in the profits of eating and drinking places to \$5.1 billion. Retail businesses primarily engaged in selling apparel and accessories and those engaged in selling general merchandise also experienced large profit gains, as their net income (less deficit) increased \$1.0 billion to \$3.6 billion and \$0.7 billion to \$10.9 billion, respectively.

Wholesale trade showed a 7.7-percent increase in profits from 1996. The industrial groups with the largest increases were machinery, equipment, and supplies; and motor vehicles and auto equipment. Wholesalers of machinery, equipment, and supplies increased 34.6 percent, up \$1.7 billion to \$6.6 billion; and motor vehicles and auto equipment increased 35.7 percent, up \$0.6 billion to \$2.2 billion. After gaining in 1996, distributors of petroleum and petroleum products fell 41.8 percent, from \$3.3 billion to \$1.9 billion.

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The growth in profits for the transportation and public utilities division decreased by 5.9 percent after the 20- to 30-percent profit increases of the early 1990's. Although 1997 profits decreased slightly, there were conflicting movements within the division. Profits for telephone, telegraph, and other communication services tumbled from \$27.8 billion to \$21.0 billion, a 24.6-percent drop. Profits reported by gas production and distribution firms also declined 88.4 percent, from \$3.7 billion to \$0.4 billion. The sharp decreases were due to the large number of deficit returns filed for these industrial groups. However, companies classified in the air transportation industrial group showed a sharp increase in profits, which rose 73.2 percent, from \$4.0 billion to \$6.9 billion.

The profits for the services division continued to increase as in the past 2 years, rising 14.8 percent to \$50.5 billion. This jump followed increases of 8.0 percent and 14.4 percent for 1995 and 1996, respectively. Business services (except advertising) saw the greatest gains, with profits increasing from \$17.8 billion to \$22.8 billion. Other gainers were amusement and recreation services, except motion pictures (\$2.6 billion to \$4.6 billion); and hotels and other lodging places (\$2.0 billion to \$3.7 billion). Profits decreased for hospitals (\$2.7 billion to \$0.5 billion); nursing and personal care facilities (\$1.2 billion to \$0.5 billion); and advertising (\$1.8 billion to \$1.3 billion).

### Receipts

Total receipts, defined as the sum of business receipts from sales and operations and investment income, increased by \$1.1 trillion to \$16.6 trillion (Table 1)[3]. The growth rate increased slightly for 1997, from the 6.8-percent increase reported for 1996 to a 7.0-percent increase for this year. In 1997, giant returns (in the largest asset category with total assets of \$250 million or more) accounted for 56.3 percent of all total receipts, even though these returns comprised 0.2 percent of the total number of all returns. This percentage is consistent with percentages reported by Statistics of Income for the early 1990's as well.

For Tax Year 1997, all industrial divisions, except agriculture, forestry, and fishing, reported an increase in total receipts. The finance, insurance, and real estate division showed the largest increase, in both total receipts (\$304.4 billion) and net income (\$74.3

billion) [2]. Total receipts of life insurance companies increased \$98.0 billion; bank holding companies \$57.2 billion; and regulated investment companies \$53.7 billion. Manufacturing, which historically makes up the largest part of total receipts, accounted for \$5.2 trillion of the total receipts for 1997, followed closely by wholesale and retail trade, with \$4.7 trillion. Within manufacturing, motor vehicles and equipment reported the largest gains, increasing \$53.1 billion to \$545.1 billion. Radio, television, and communication equipment manufacturers showed the next largest increase, \$24.5 billion, to \$111.3 billion. In the wholesale and retail trade division, receipts of the following industrial groups rose significantly: retail general merchandise stores, \$47.0 billion, to \$394.6 billion; wholesale groceries and related products, \$28.5 billion, to \$300.9 billion; and wholesale electrical goods, \$20.0 billion, to \$255.7 billion.

Business receipts, the largest component of total receipts, totaled \$14.5 trillion for Tax Year 1997. The amount was an increase of 5.9 percent over 1996, reflecting a decrease from the previous year's growth rate of 6.8 percent [7]. All divisions, except agriculture, forestry, and fishing, showed growth consistent with total receipts.

**The finance, insurance, and real estate division showed the largest increase, in both total receipts (\$304.4 billion) and net income (\$74.3 billion).**

The growth rate of taxable interest income increased between 1996 and 1997, 9.9 percent for 1997 compared to only 4.5 percent for 1996. Although the finance, insurance, and real estate industrial division reported the largest dollar gain, \$83.7 billion, manufacturers experienced a larger percentage gain, 14.0

percent, increasing \$14.1 billion to \$114.7 billion. Within manufacturing, the largest gains were for motor vehicles and equipment, up 10.2 percent to \$30.2 billion; "other electrical equipment" (which includes lighting fixtures and transformers), up 15.4 percent to \$16.0 billion; and petroleum refining (including integrated), up 15.6 percent to \$14.4 billion. In the finance division, real estate investment trusts experienced the largest percentage gain, 222.1 per-

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cent to \$17.0 billion, while bank holding companies had the largest monetary gain, \$24.5 billion, which brought taxable interest income to \$331.1 billion.

The 4.9-percent increase in tax-exempt interest (State and local Government obligations) to \$46.9 billion was primarily attributed to regulated investment companies in the finance division (Table 2). Of the \$1.8-billion increase in this division, regulated investment companies increased \$2.3 billion. However, mutual property and casualty insurance companies, as well as stock life insurance companies, decreased a total of \$1.2 billion. Net short-term capital gains (reduced by net long-term capital losses) increased by 93.6 percent to \$69.5 billion after falling 10.4 percent for 1996, compared to a 1995 increase of 264.5 percent. The increase was concentrated among regulated investment companies, accounting for 84.9 percent of the total. Likewise, net long-term capital gains (reduced by net short-term capital losses) continued to grow, increasing 35.0 percent to \$101.5 billion (this excludes the gains reported by regulated investment companies, which were not tabulated). The largest dollar gain of \$7.0 billion and percentage change of 133.4 percent were in the public utilities division, led by telephone, telegraph, and other communication services, increasing 324.2 percent, and radio and television broadcasting, increasing 135.2 percent. Long-term gain reported by these companies increased by \$4.9 billion. Gains in the manufacturing division increased \$6.5 billion, with the majority reported by manufacturers of soaps and cleaning goods, and firms manufacturing electronic components and accessories. Other contributors were both stock and mutual life insurance companies, gaining \$4.7 billion to \$12.8 billion.

Dividends received from foreign corporations (those incorporated overseas) increased from the previous year, as well as dividends received from domestic corporations (those incorporated in the United States). Dividends from foreign corporations grew 10.3 percent to \$51.0 billion, and dividends from

**The largest deduction item, "cost of goods sold," increased \$0.4 trillion to \$9.1 trillion and comprised 58.0 percent of total deductions.**

domestic corporations grew 17.4 percent to \$19.1 billion. Rental receipts (other than those reported as "business receipts" by certain manufacturers and real estate companies) grew only slightly, 7.1 percent from \$91.4 billion to \$97.9 billion, but royalties increased 20.5 percent from \$65.1 billion to \$78.5 billion. Large gains in royalties were reported by manufacturers of radio, television, and communication equipment, 249.1 percent (up \$3.0 billion to \$4.2 billion); motor vehicles and equipment, 139.7 percent (up \$3.0 billion to \$5.1 billion); and office, computing, and accounting machines, 16.7 percent (up \$1.9 billion to \$13.3 billion).

### Deductions

Total deductions increased \$1.0 trillion, or 6.6 percent for 1997, to \$15.7 trillion [3]. The largest deduction item, "cost of goods sold," increased \$0.4 trillion to \$9.1 trillion and comprised 58.0 percent of total deductions. This was the largest dollar increase among all the deduction items for 1997. As would be expected, manufacturing accounted for more of the increase in cost of goods sold than any other division, with \$3.2 trillion for 1997, up \$0.1 trillion from 1996 [2]. Among manufacturers, motor vehicles and equipment accounted for most of the increase, \$0.34 trillion, to \$0.37 trillion. Amortization showed the largest percent increase among deduction items, growing to \$0.06 trillion, an 18.3-percent increase from 1996.

The only decline in deductions originated from "net loss, non-capital assets," which fell 19.8 percent, from \$25.9 billion in 1996 to \$20.8 billion in 1997. The 44.2-percent decline came from the finance, insurance, and real estate division, where net loss fell by \$5.8 billion. Chiefly responsible for the drop were banks, mutual savings banks, bank holding companies, and savings and loan associations. Net loss, non-capital assets for these industries declined \$3.9 billion, or 51.3 percent.

The interest paid deduction (which includes not only interest on corporate indebtedness, but also interest paid to depositors by banks and savings institutions) continued to increase. Growth rebounded in 1997 to 12.4 percent compared to only 3.5 percent in 1996, but was not as large as the 21.9-percent rate in 1995. The total interest paid deduction for 1997 was \$866.5 billion, an increase of \$95.6 billion. The finance division accounted for 64.2

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percent of the rise, a gain of \$61.4 billion, to \$501.1 billion. The largest dollar gain was attributed to bank holding companies growing \$22.5 billion to \$197.3 billion. Also of note was the \$18.9-billion increase in the industry group of security brokers, dealers, and flotation companies.

Depreciation continued to increase, as it has every year since 1991. For 1997, the depreciation deduction rose to \$513.1 billion, an increase of 8.3 percent. As in previous years, manufacturers were responsible for nearly half of the increase.

### Assets

In 1997, total assets grew 15.3 percent, from \$28.6 trillion to \$33.0 trillion, a rate of growth considerably higher than the 1996 rate of 10.1 percent [2]. The largest percentage gains among asset categories were for "other investments," which grew 24.2 percent, and "intangible assets," which posted a 20.9-percent increase over 1996. The strong increase in "other investments" can be largely attributed to the rising stock prices and an overall noteworthy year for the equity markets. During 1997, all three major stock price indexes shattered previous records [6]. "Other investments" generally included stocks, bonds, treasury stocks reported as assets, and all other long-term, non-government securities, or securities which could not be categorized as short or long term. No asset category decreased in 1997. The smallest increase among asset accounts (both percentage and dollar-wise) came in "U.S. Government obligations," which increased 0.3 percent, or \$4.6 billion, to \$1,343 billion.

The division with the largest dollar increase was finance, insurance, and real estate, where total assets grew by \$3.5 trillion, or 20.4 percent, to \$20.9 trillion, compared to 1996. Almost one-third of this increase was accounted for by regulated investment companies, which posted a \$1.0-trillion increase in "other investments," to \$3.9 trillion. Reflecting the increase in "other investments," total assets for these companies increased by \$1.1 trillion, a 29.5-percent increase, to \$4.9 trillion. Most of the increase in both the total assets and "other investments" of regulated investment companies can be attributed to the strong gains that stock prices posted during 1997 [4]. The finance, insurance, and real estate division, with \$20.9 trillion in total assets, accounted for over 60 percent of corporate total assets for 1997. Within this division, bank holding companies and regulated invest-

ment companies led the way with \$5.8 trillion and \$4.9 trillion in total assets, respectively. The industry group with the largest percentage increase in total assets was real estate investment trusts, which saw their total assets nearly double, from \$220.6 billion for 1996, to \$391.7 billion for 1997. For the industrial group real estate investment trusts, mortgage and real estate loans and "other investments" were the asset components that primarily contributed to the total assets increase. Mortgage and real estate loans increased \$62.8 billion to \$144.9 billion, and "other investments" increased \$46.9 billion to \$99.8 billion.

Manufacturers also continued to show strong growth in total assets in 1997. Total assets of manufacturers grew 10.0 percent, increasing \$541.1 billion to \$5,966 billion. Strong growth in 1997 followed similar growth in 1996 and 1995, when manufacturers' total assets increased by 9.8 and 9.2 percent, respectively. Manufacturers of other electrical equipment experienced the largest dollar increase in total assets in the manufacturing division, \$117.3 billion, a 30.0-percent increase, to \$509.1 billion.

The largest dollar and percentage increases in the asset accounts were posted by "other investments" that grew by \$2.1 trillion, a 24.2-percent increase. As in 1996, "other investments" were the largest single component of total assets for a total of \$10.8 trillion (Table 2). "Other investments" accounted for 32.6 percent of total assets for 1997, compared to \$8.7 trillion, or 30.2 percent, for 1996.

By far, the largest increase in "other investments" was in the finance, insurance, and real estate division, where the \$1.9-trillion, 29.5-percent increase dwarfed growth in other divisions. "Other investments" in the finance, insurance, and real estate division, which reached \$8.3 trillion in 1997, accounted for 77.0

percent of total "other investments." As already noted, the largest portion of the increase in the division could be traced to regulated investment companies, whose "other investments" increased \$1.0 trillion,

**Most of the increase in both the total assets and "other investments" of regulated investment companies can be attributed to the strong gains that stock prices posted during 1997.**

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or 34.9 percent. “Other investments” held by regulated investment companies totaled \$3.9 trillion in 1997. The transportation and public utilities and wholesale divisions also shared strong increases. “Other investments” for the transportation and public utilities division increased \$70.4 billion to \$435.4 billion, a 19.3-percent increase, and the wholesale trade division grew 13.9 percent to \$108.6 billion. The manufacturing division, which together with the finance division account for 90.3 percent of all “other investments,” grew \$94.1 billion to \$1,431.9 billion, a modest 7.0-percent increase compared to the 14.0-percent increase realized in 1996.

The 20.9-percent, \$193.4-billion growth in total intangible assets for 1997 continued a growth trend which started with 1992. The division with the largest dollar increase was manufacturing, for which there was a \$71.2-billion increase to \$505.3 billion. The finance, insurance, and real estate division and transportation and public utilities division also shared strong increases, however. Intangible assets for the finance division grew to \$128.2 billion, a \$37.7-billion, 41.7-percent increase, and in the transportation and public utilities division reached \$201.1 billion, a \$23.9-billion increase.

In 1997, no asset account posted an overall decrease. The smallest increase was realized in U.S. Government obligations, where the 1997 total of \$1.3 trillion represented a \$4.6-billion, or 0.34-percent, increase from 1996. Increases in the finance, insurance, and real estate division were offset by decreases in several divisions. The finance, insurance, and real estate division’s holdings saw a 3.8-percent increase, which translated into a \$47.9-billion rise to \$1.3 trillion. Holdings of U.S. Government obligations increased in the banking and credit agencies, other than banks major industries but dropped in the security, commodity brokers and services major industry.

### Liabilities and Stockholders’ Equity

Total corporate indebtedness reached \$33.0 trillion for 1997, a 15.3-percent increase over the 1996 total of \$28.6 trillion [2]. The \$13.1 trillion of total short-term debt (accounts payable, mortgages, notes and bonds payable in less than 1 year, and “other current liabilities”) represented an increase of 16.7 percent. Of the three components of short-term debt, the largest increase was for “other current liabilities,”

which grew \$1.4 trillion, or 20.2 percent, to \$8.4 trillion. The increase was most pronounced for finance, insurance, and real estate, where the total grew to \$7.3 trillion, a \$1.4-trillion increase. Almost half of the increase in this division was accounted for by bank holding companies that, like banks and savings and loan associations, report their deposits and withdrawable shares as “other current liabilities.”

The largest dollar increase among the liability accounts was the \$421.1-billion, 11.5-percent growth in long-term “mortgages, notes, and bonds payable in 1 year or more” to \$4.1 trillion. Finance, insurance, and real estate showed the largest dollar increase, growing by \$0.2 trillion to \$1.4 trillion. Bank holding companies accounted for almost half of this increase. The large increase in long-term mortgages, notes, and bonds payable in 1 year or more helped push total long-term debt (the sum of long-term mortgages, notes, and bonds payable in 1 year or more, loans from stockholders, and “other liabilities”) to \$8.5 trillion, an 8.3-percent increase over the \$7.9 trillion recorded for 1996. The strong growth in long-term corporate debt, fueled by long-term interest rates that remained very low, led to an increase in growth of interest income and interest paid deductions [6].

The largest increase among equity accounts was the nearly \$825.8-billion increase in additional paid-in capital. For 1997, capital surplus totaled \$7.3 trillion, a 12.9-percent increase from 1996. Most of the growth in capital surplus was attributed to the finance, insurance, and real estate division, where capital surplus grew from \$4.3 trillion in 1996 to \$4.8 trillion. Regulated investment companies accounted for almost half of this growth. The capital stock account also showed strong growth, 29.5 percent, a \$672.3-billion increase. Almost all of the growth was reported in the finance division and more specifically in the regulated investment companies that posted a \$628.1-billion, 43.9-percent increase.

### Income Tax and Credits

Reflecting the increase in positive net income, income subject to tax (the base on which the regular corporation income tax was computed) grew to \$683.8 billion, a \$44.0-billion, or 6.9-percent increase from 1996 [2]. Over 70 percent of the income subject to tax increase was accounted for by returns of corporations with \$250 million or more in assets. For most returns, income subject to tax equaled positive net

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income minus certain “statutory special deductions” [8]. Positive net income for 1997 was \$1,117.8 billion, an increase of \$131.0 billion, or 13.3 percent. This resulted in a record corporation income tax (before reduction by credits) for a second consecutive year of \$239.4 billion, an increase of 7.0 percent, or \$15.7 billion [9].

Total statutory special deductions increased 30.9 percent to \$283.6 billion for 1997. Approximately two-thirds of this total and 80 percent of the current year’s increase were accounted for by the deductions for dividends paid by regulated investment companies and real estate investment trusts. As discussed earlier in this article, both types of companies are required to distribute most of their net income to shareholders for taxation, and the deductions were designed to accomplish this.

More than one-fifth of total deductions was accounted for by the \$60.4-billion net operating loss deduction (NOLD), up by \$5.3 billion from 1996. The NOLD has been rising in recent years because rising profits have allowed many companies with positive net income to deduct much of their accumulated NOL carryovers. In general, “net operating loss deductions” were the net deficits shown in the prior years’ statistics (excluding those of S corporations whose deficits were allocated to their shareholders in the year they occurred), augmented by “unused” portions of the deductions for intercorporate dividends received and for dividends paid on certain preferred stock of public utilities. The increase in the NOLD for 1997 was most pronounced among manufacturers, where the NOLD increased from \$16.8 billion to \$18.5 billion, a 10.5-percent rise.

Income tax liability for 1997 was reduced by tax credits. The principal credits were the foreign tax, U.S. possessions tax, nonconventional source fuel, general business, and prior-year minimum tax credits. Income tax for 1997 of \$235.3 billion reflected an increase of \$15.6 billion, or 7.1 percent, over the prior year. The large dollar increase could be traced to the manufacturing division, where income tax increased by \$6.7 billion to \$100.3 billion. Increases throughout the manufacturing division helped push income tax before credits up by 7.0 percent, but the largest single increase was for electronic components and accessories, where the \$1.2-billion increase to \$7.3 billion accounted for 20.1 percent of the growth in manufacturers’ income tax.

By far, the largest credit was the foreign tax credit, which grew by 4.9 percent, from \$40.2 billion to \$42.2 billion. In the manufacturing division, the credit grew by \$1.1 billion to \$30.3 billion. Among manufacturers, the “other electrical equipment” group showed the largest increase, growing by 42.3 percent, or \$0.5 billion, to \$1.6 billion. Overall, manufacturers accounted for 71.8 percent of the foreign tax credit claimed.

The U.S. possessions tax credit decreased 11.0 percent from \$3.1 billion to \$2.7 billion for 1997. No new companies are allowed to claim the credit for tax years beginning after December 1995, and special

phaseout rules gradually reduce the amount that existing credit users may claim each year. The credit is to be completely eliminated after 2005. The credit has been decreasing every year since 1993, with the exception of a slight increase in 1996 [10].

**Income tax for 1997 of \$235.3 billion reflected an increase of \$15.6 billion, or 7.1 percent, over the prior year.**

Historically, the majority of this credit has been claimed by manufacturers, mostly by pharmaceuticals, which accounted for 95.0 percent of the total claimed.

The general business credit also increased for 1997, by \$0.9 billion, to \$5.1 billion. The majority of this credit was claimed by manufacturers, with \$2.7 billion, or over half of the total. Manufacturers also accounted for most of the growth, with a \$0.4-billion increase over 1997. The general business credit included: the investment credit (that is the sum of the rehabilitation credit, the energy credit, and the reforestation credit); the work opportunity credit; the credit for alcohol used as a fuel; the credit for increasing research activities; the low-income housing credit; the enhanced oil recovery credit; the disabled access credit; the renewable electricity production credit; the Indian employment credit; the credit for Social Security and Medicare taxes paid on certain employee tips; the “orphan drug credit”; the credit for contributions to selected community development corporations; the welfare to work credit; and the trans-Alaskan pipeline credit. The purpose of combining these credits into the general business credit

## Corporation Income Tax Returns, 1997

was to provide a single combined limitation on these component credits and to establish uniform rules for the carryback and carryforward to other years of unused amounts in excess of this limitation [11]. The amount of each of the current year's components of the general business credit was computed separately [12]. The empowerment zone employment (EZE) credit was computed separately after the general business credit was calculated. The amount of the EZE credit was then added to the general business credit, and the combined amount was taken against the income tax.

Corporations without a current-year "alternative minimum tax" (AMT) liability that reported AMT in prior years generally could elect to take a credit against a portion of regular income tax liability for the previously paid AMT. A corporation's potential credit was limited to the excess of its current year regular income tax over its current-year "tentative"

AMT. The credit for prior-year AMT declined by \$0.5 billion to \$4.1 billion. Most of the decline took place in the manufacturing division, where a \$0.4-billion drop occurred.

For purposes of the statistics, total income tax before and after credits includes income tax, Personal Holding Company tax, recapture of investment credit, recapture of low-income housing credits, recapture of qualified electric vehicle credit, recapture of Indian employment credit, AMT, other taxes unique to specific types of corporations, and certain statutory tax adjustments. AMT was the largest of these additional taxes, at \$3.9 billion for 1997.

Total income tax after credits, the amount payable to the Federal Government, increased 7.9 percent to \$184.2 billion for 1997 (Figure F). This rate of increase has decreased for 2 years in a row from 15.4 percent in 1995 to 9.1 percent in 1996. Returns of corporations with \$250 million or more in total

Figure F

### Statutory Special Deductions, Income Subject to Tax, Selected Tax, and Tax Credit Items, Tax Years 1996-1997

[Money amounts are in thousands of dollars]

Item	1996	1997	Percentage increase
	(1)	(2)	(3)
<b>Statutory special deductions, total</b> .....	<b>216,694,936</b>	<b>283,617,064</b>	<b>30.9</b>
Net operating loss deduction.....	55,094,513	60,396,894	9.6
Dividends received deduction.....	19,726,930	23,043,548	16.8
Public utility dividends paid deduction.....	70,577	51,983	-26.3
Deduction for dividends paid by regulated investment companies and real estate investment trusts.....	140,466,886	199,804,800	42.2
<b>Income subject to tax</b> .....	<b>639,839,995</b>	<b>683,792,847</b>	<b>6.9</b>
<b>Total income tax before credits</b> <sup>1</sup> .....	<b>223,712,985</b>	<b>239,394,206</b>	<b>7.0</b>
Income tax.....	219,756,610	235,325,362	7.1
Personal Holding Company tax <sup>2</sup> .....	11,790	13,641	15.7
Tax from recapture of investment and low-income housing credits <sup>2,3</sup> .....	21,332	5,313	-75.1
Alternative minimum tax <sup>2</sup> .....	3,848,966	3,917,084	1.8
<b>Tax credits, total</b> <sup>4</sup> .....	<b>53,092,040</b>	<b>55,218,213</b>	<b>4.0</b>
Foreign tax credit.....	40,243,751	42,199,558	4.9
U.S. possessions tax credit.....	3,059,299	2,722,179	-11.0
Nonconventional source fuel credit.....	887,374	1,083,331	22.1
General business credit.....	4,228,030	5,086,368	20.3
Prior-year minimum tax credit.....	4,673,199	4,125,990	-11.7
<b>Total income tax after credits</b> .....	<b>170,620,945</b>	<b>184,175,993</b>	<b>7.9</b>

<sup>1</sup> Includes certain other taxes, not shown separately.

<sup>2</sup> For purposes of the statistics, this tax is included in both total income tax before credits and total income tax after credits. By law, tax credits could offset only income tax.

<sup>3</sup> Amounts for recapture taxes include recapture taxes from the Low-Income Housing Credit and the Investment Credit, whereas the published Source Book amounts include only recapture taxes from the Investment Credit, which is the larger of the two.

<sup>4</sup> Includes certain other credits, not shown separately.

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

## Corporation Income Tax Returns, 1997

assets accounted for 81.7 percent of total income tax before credits and 77.9 percent of total income tax after credits.

### Summary

Corporate pre-tax profits, as reported on income tax returns for 1997, increased 13.5 percent to \$915.4 billion. The number of returns with positive net income increased 2.3 percent. Positive net income rose 13.3 percent to a record \$1.1 trillion, while negative net income (i.e., net losses) increased 12.3 percent to \$0.2 trillion. Profits of the 9,017 returns of corporations reporting \$250 million or more in assets accounted for 79.7 percent of the total.

Income subject to tax, the tax base, increased along with positive net income, pushing the 1997 total to \$683.8 billion, up \$44.0 billion from 1996. This led to a 7.0-percent increase in total income tax before credits to \$239.4 billion. Total income tax after credits, the amount payable to the U. S. Government, increased 7.9 percent to \$184.2 billion.

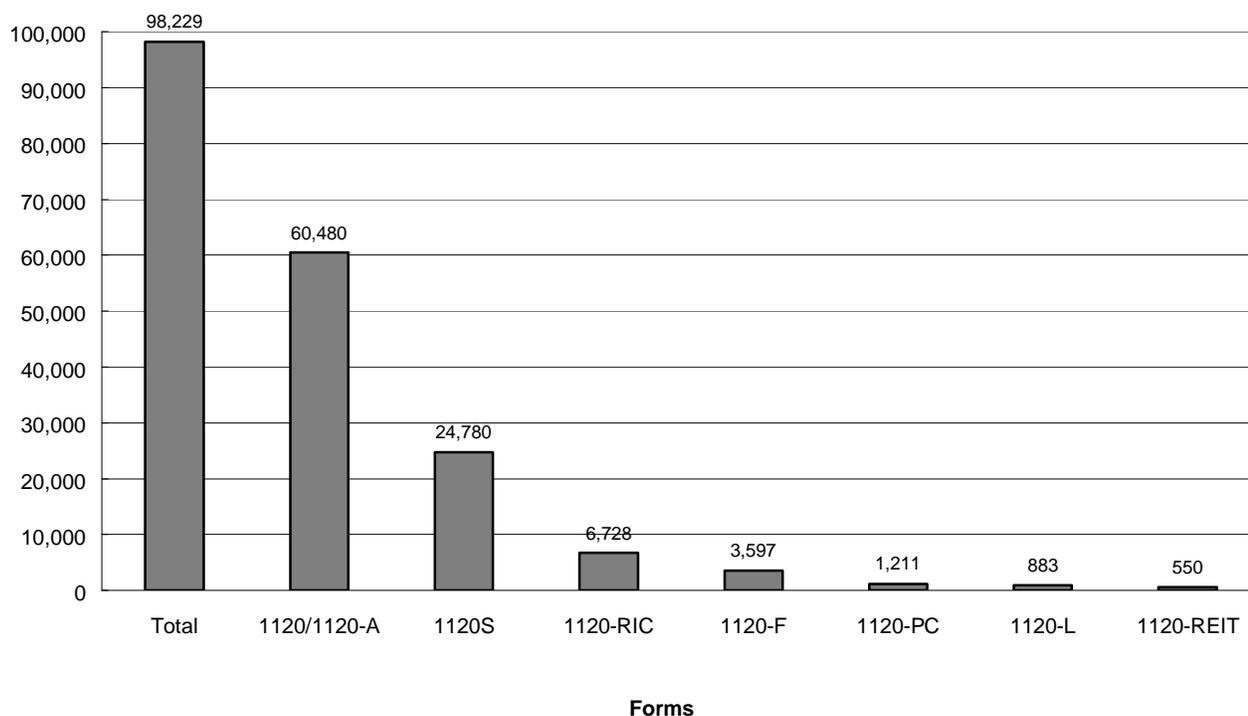
### Data Sources and Limitations

Estimates for Tax Year 1997 are based on a sample of corporation income tax returns with accounting periods ending July 1997 through June 1998 that posted to the Internal Revenue Service Business Master File from the beginning of July 1997 through the end of June 1999. These returns represent domestic corporations filing Form 1120 or 1120-A (short form); foreign corporations with income “effectively connected” with a U.S. business filing Form 1120-F; life insurance companies filing Form 1120-L; property and casualty insurance companies filing Form 1120-PC; S corporations filing Form 1120S; regulated investment companies filing Form 1120-RIC; and real estate investment trusts filing Form 1120-REIT. The 1987 revisions to the Standard Industrial Classification are not reflected in the industry statistics.

A stratified probability sample was used to produce the statistics. A sample of 98,229 corporation income tax returns was drawn from a total population

Figure G

**Number of Returns Selected from the Business Master File (BMF) for the 1997 Corporate Sample**



# Corporation Income Tax Returns, 1997

Figure H

## Coefficients of Variation for Total Assets, Business Receipts, Total Income Tax Before Credits, and Total Income Tax After Credits, by Industrial Division, Tax Year 1997

Industrial division	Total assets	Business receipts	Total income tax before credits	Total income tax after credits
	(1)	(2)	(3)	(4)
<b>All Industries</b> <sup>1</sup> .....	<b>0.01</b>	<b>0.18</b>	<b>0.09</b>	<b>0.12</b>
Agriculture, forestry, and fishing.....	1.18	3.07	3.60	3.85
Mining .....	0.31	1.21	0.72	1.06
Construction.....	0.55	1.04	1.92	1.97
Manufacturing.....	0.05	0.22	0.09	0.15
Transportation and public utilities.....	0.08	0.55	0.15	0.17
Wholesale and retail trade.....	0.16	0.38	0.35	0.38
Finance, insurance, and real estate.....	0.01	0.37	0.23	0.27
Services.....	0.22	0.91	0.53	0.63

<sup>1</sup> Includes returns not allocable by industrial division.

of 5,102,854 (Figure G). Based on the 93,562 active corporation returns in the sample, the population estimate of active corporation returns was 4,710,083. The sample was selected after administrative processing was complete, but before any audit examinations, and was stratified based on combinations of net income and total assets at rates ranging from 0.25 percent to 100 percent.

Because the estimates are based on a sample, they are subject to sampling error. Coefficients of variation (CV's) are used to measure the magnitude of this sampling error. The CV is defined in the section on sampling variability in the "SOI Sampling Methodology and Data Limitations" appendix of this publication. Figure H presents the CV's for total assets, business receipts, total income tax before credits, and total income tax after credits by industrial division. The smaller the CV, the more reliable the estimate is judged to be.

### Notes and References

- [1] The growth rate in the gross domestic product (GDP) for 1997 was 6.2 percent (in current dollars). See the U.S. Bureau of Economic Analysis, *Survey of Current Business*, May 1998.
- [2] Numbers used in this article were extracted from the *Source Books of Statistics of Income—Corporation Income Tax Returns* for 1996 and 1997.

- [3] Starting with Tax Year 1987, statistics for net income or deficit and for receipts and deductions of S corporations are limited to those derived "from a trade or business." Investment or portfolio income (or loss), such as from interest, dividends, rents, royalties, and gain (loss) from sales of investment property, and the deductions related to this income are not included in the corporation totals. Therefore, the overall statistics for receipts, deductions, and net income or deficit are slightly understated; it is estimated that total net income (less deficit), alone, is understated by \$32.1 billion as a result (see Wittman, Susan M., "S Corporation Returns, 1997," *Statistics of Income Bulletin*, Spring 2000, Volume 19, Number 4).

Net income (or deficit) and receipts also exclude regulated investment company net long-term capital gains, which were not tabulated.

- [4] *The Mutual Fund Fact Book*, The Investment Company Institute, 1998. See online at [http://www.ici.org/facts\\_figures/factbook98\\_toc.html](http://www.ici.org/facts_figures/factbook98_toc.html).
- [5] *REITS Go Mainstream in 1997*, January 22, 1998. See online at <http://www.nareit.com/press/pr012298.htm>.
- [6] *Economic Report of the President*, 1998. See online at <http://www.gpo.ucop.edu/catalog/erp.ct.html>.

## Corporation Income Tax Returns, 1997

- [7] Since interest is the principal operating income of banking and savings institutions, total receipts more accurately represent receipts for the finance division. Substituting total receipts for finance companies, business receipts increased 6.7 percent to \$15.9 trillion for 1997, slightly up from 6.6 percent for 1996.
- [8] For 1997, statutory special deductions included the following: net operating loss deduction (NOLD); the various dividends received deductions; the deductions for dividends paid on certain preferred stock of public utilities; the deduction for dividends paid by regulated investment companies and real estate investment trusts; the special deduction for taxes paid by real estate investment trusts allowed under section 857; and the special deduction allowed small life insurance companies.
- [9] The statistics for statutory special deductions include the unused portions of deductions reported by corporations that had no positive income subject to tax, either because they had

no positive net income or because their deductions were sufficient to completely offset their net income. In addition, the relationship between net income and income subject to tax was defined differently for life insurance businesses and real estate investment trusts. Therefore, the net income shown in the statistics (which also includes the net income of S corporations, which do not bear entity-level income taxes), minus statutory special deductions, will not yield the statistics shown for income subject to tax.

- [10] *Source Books of Statistics of Income—Corporation Income Tax Returns for 1993—1997.*
- [11] Because the empowerment zone employment credit can offset 25 percent of the alternative minimum tax liability, the limitation varies from the other general business credits.
- [12] Since the limitation applies to the total, the sum of the current year's components is generally larger than the actual credit claimed.

SOURCE: IRS, Statistics of Income Bulletin, Summer 2000, Publication 1136 (Rev. 8-2000).

# Corporation Income Tax Returns, 1997

**Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size <sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item, industrial division	Total <sup>1</sup>	Size of total assets				
		Zero assets <sup>2</sup>	\$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)
<b>ALL INDUSTRIES <sup>3</sup></b>						
Number of returns.....	4,710,083	307,594	2,430,785	744,661	456,592	312,191
Total assets.....	33,029,652,126	--	73,543,332	120,996,350	162,093,930	219,605,797
Net worth.....	11,353,013,694	--	-17,532,936	16,531,080	41,929,666	63,697,767
Total receipts <sup>4</sup> .....	16,609,707,302	354,673,657	515,720,884	424,951,652	441,725,598	493,050,374
Business receipts.....	14,460,928,695	238,595,537	504,955,715	415,876,138	431,447,163	478,541,986
Interest paid.....	866,474,183	78,208,544	3,254,009	3,947,617	4,612,169	5,883,638
Net income (less deficit) <sup>4</sup> .....	915,396,637	12,008,702	13,641,947	8,009,111	9,890,987	10,611,644
Total income tax before credits <sup>5</sup> .....	239,394,206	5,465,942	539,155	668,668	965,546	1,307,097
Total Income tax after credits <sup>5</sup> .....	184,175,993	4,796,277	532,663	652,723	945,346	1,271,539
<b>AGRICULTURE, FORESTRY, AND FISHING</b>						
Number of returns.....	163,114	11,109	67,295	28,803	23,684	16,884
Total assets.....	91,984,030	--	2,154,094	4,697,268	8,417,568	11,838,323
Net worth.....	32,990,807	--	-1,006,888	790,290	3,293,224	5,110,657
Total receipts <sup>4</sup> .....	117,387,555	1,102,951	10,058,548	9,061,150	12,897,245	12,742,382
Business receipts.....	107,930,422	814,747	9,514,817	8,349,910	11,393,815	11,468,351
Interest paid.....	2,978,589	47,278	128,547	232,830	330,200	368,930
Net income (less deficit) <sup>4</sup> .....	2,673,835	33,906	148,682	124,365	446,584	466,449
Total income tax before credits <sup>5</sup> .....	659,642	21,392	8,520	15,669	34,077	48,387
Total Income tax after credits <sup>5</sup> .....	599,082	20,882	8,515	15,667	33,376	47,343
<b>MINING</b>						
Number of returns.....	32,996	2,639	15,231	4,055	3,239	2,560
Total assets.....	324,294,826	--	564,558	705,097	1,161,094	1,781,879
Net worth.....	165,095,652	--	-531,611	126,576	352,943	999,467
Total receipts <sup>4</sup> .....	150,318,264	2,400,702	1,677,435	1,714,696	1,892,159	2,785,599
Business receipts.....	134,379,404	2,114,468	980,542	1,651,061	1,721,609	2,649,803
Interest paid.....	6,768,047	147,557	15,204	17,751	43,420	50,216
Net income (less deficit) <sup>4</sup> .....	9,728,562	-51,775	69,932	30,795	67,053	230,787
Total income tax before credits <sup>5</sup> .....	3,141,128	36,185	4,093	*3,367	*9,609	9,554
Total Income tax after credits <sup>5</sup> .....	2,019,716	16,352	4,023	*3,317	*9,609	9,548
<b>CONSTRUCTION</b>						
Number of returns.....	487,783	31,785	242,956	79,709	48,954	37,165
Total assets.....	314,551,349	--	7,031,794	13,030,989	17,528,257	26,207,888
Net worth.....	99,144,660	--	-847,602	2,526,035	5,876,139	8,463,948
Total receipts <sup>4</sup> .....	779,014,473	7,517,732	66,925,941	56,275,954	58,883,281	70,822,835
Business receipts.....	768,122,399	7,258,363	66,623,113	55,758,224	58,438,866	70,128,959
Interest paid.....	5,949,039	43,502	358,423	431,290	452,080	598,068
Net income (less deficit) <sup>4</sup> .....	20,522,439	21,824	2,426,456	1,207,080	1,487,730	1,628,459
Total income tax before credits <sup>5</sup> .....	2,953,440	30,954	46,749	85,798	130,158	175,737
Total Income tax after credits <sup>5</sup> .....	2,817,961	30,538	46,616	84,527	127,441	172,725
<b>MANUFACTURING</b>						
Number of returns.....	325,045	17,974	120,579	40,099	39,086	33,794
Total assets.....	5,966,306,398	--	3,882,368	6,794,699	14,151,925	24,135,375
Net worth.....	2,110,695,629	--	-2,175,140	980,739	3,387,776	7,295,354
Total receipts <sup>4</sup> .....	5,177,663,770	67,295,081	18,520,882	21,600,408	41,524,530	60,635,008
Business receipts.....	4,794,291,330	62,393,312	18,287,124	21,328,088	40,711,565	59,806,696
Interest paid.....	175,064,011	2,667,728	201,059	254,631	449,029	701,920
Net income (less deficit) <sup>4</sup> .....	305,958,154	2,418,189	24,761	227,602	966,852	1,453,034
Total income tax before credits <sup>5</sup> .....	101,849,787	1,402,478	14,779	49,242	88,766	186,325
Total Income tax after credits <sup>5</sup> .....	64,307,381	1,084,592	14,754	46,970	86,308	179,521

Footnotes at end of table.

# Corporation Income Tax Returns, 1997

**Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size 1--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item, industrial division	Total <sup>1</sup>	Size of total assets				
		Zero assets <sup>2</sup>	\$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)
<b>TRANSPORTATION AND PUBLIC UTILITIES</b>						
Number of returns.....	209,412	13,606	113,680	29,721	19,574	12,148
Total assets.....	2,219,019,293	--	3,698,757	4,942,526	6,936,556	8,605,076
Net worth.....	762,083,589	--	-600,504	187,506	1,105,064	1,857,666
Total receipts <sup>4</sup> .....	1,330,726,431	35,665,123	35,710,381	16,924,921	19,345,833	21,858,969
Business receipts.....	1,247,593,251	33,373,649	35,062,035	16,583,898	18,732,732	21,283,712
Interest paid.....	69,385,093	2,152,428	195,539	229,493	349,446	342,850
Net income (less deficit) <sup>4</sup> .....	70,984,769	1,540,205	230,000	325,976	696,310	205,836
Total income tax before credits <sup>5</sup> .....	28,506,843	870,856	33,587	28,923	90,924	76,857
Total Income tax after credits <sup>5</sup> .....	25,582,369	763,880	33,515	28,525	89,994	74,625
<b>WHOLESALE AND RETAIL TRADE</b>						
Number of returns.....	1,149,132	71,262	496,747	222,586	135,443	91,774
Total assets.....	1,947,931,949	--	18,708,944	36,790,268	48,051,171	64,762,358
Net worth.....	613,532,103	--	-5,962,085	5,304,800	14,842,032	22,032,582
Total receipts <sup>4</sup> .....	4,703,816,853	82,906,400	116,315,832	153,544,024	174,230,498	208,876,685
Business receipts.....	4,588,802,594	73,310,521	114,648,628	151,847,839	172,031,020	206,150,058
Interest paid.....	65,839,595	7,671,112	703,807	1,083,329	1,330,747	1,760,099
Net income (less deficit) <sup>4</sup> .....	81,584,637	-49,971	779,319	1,715,990	2,098,229	3,063,243
Total income tax before credits <sup>5</sup> .....	23,871,953	291,502	94,081	152,950	221,207	365,268
Total Income tax after credits <sup>5</sup> .....	21,959,617	211,697	92,865	146,039	212,917	354,099
<b>FINANCE, INSURANCE, AND REAL ESTATE</b>						
Number of returns.....	744,545	47,832	320,011	121,119	88,987	65,009
Total assets.....	20,905,619,903	--	9,587,212	19,858,482	31,528,061	45,390,617
Net worth.....	7,155,654,580	--	-5,246,015	-864,389	6,501,498	7,337,633
Total receipts <sup>4</sup> .....	2,711,269,836	124,083,297	32,712,139	19,571,863	20,729,941	23,811,114
Business receipts.....	1,282,307,615	29,154,946	31,046,859	17,548,069	18,660,391	21,069,255
Interest paid.....	501,112,985	64,574,689	467,110	573,578	633,230	862,832
Net income (less deficit) <sup>4</sup> .....	373,482,032	7,643,985	1,458,834	589,052	851,511	1,105,971
Total income tax before credits <sup>5</sup> .....	63,604,700	2,433,802	65,606	106,680	164,222	166,709
Total Income tax after credits <sup>5</sup> .....	54,777,098	2,318,711	63,749	105,217	160,079	163,012
<b>SERVICES</b>						
Number of returns.....	1,592,854	110,656	1,051,120	217,894	97,187	52,722
Total assets.....	1,259,381,543	--	27,870,577	34,070,712	34,166,956	36,782,538
Net worth.....	413,665,895	--	-1,107,030	7,421,478	6,543,506	10,498,800
Total receipts <sup>4</sup> .....	1,638,587,903	33,698,841	233,744,429	145,745,010	112,030,654	91,512,123
Business receipts.....	1,536,597,024	30,175,530	228,737,300	142,295,432	109,572,076	85,985,151
Interest paid.....	39,371,150	904,248	1,181,368	1,124,715	1,022,679	1,198,723
Net income (less deficit) <sup>4</sup> .....	50,470,448	465,624	8,512,139	3,781,079	3,271,889	2,453,063
Total income tax before credits <sup>5</sup> .....	14,804,587	378,267	271,723	225,634	226,181	277,466
Total Income tax after credits <sup>5</sup> .....	12,110,639	349,118	268,608	222,055	225,219	269,872

Footnotes at end of table.

# Corporation Income Tax Returns, 1997

**Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size 1--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item, industrial division	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)
<b>ALL INDUSTRIES <sup>3</sup></b>							
Number of returns.....	334,659	53,352	31,765	12,734	8,732	7,998	9,017
Total assets.....	704,731,449	370,623,001	491,228,411	449,482,837	620,938,766	1,261,938,943	28,554,469,312
Net worth.....	198,141,143	112,793,513	149,027,443	163,720,279	236,359,099	552,672,754	9,835,673,887
Total receipts <sup>4</sup> .....	1,533,829,265	785,614,425	854,490,485	542,179,317	534,328,542	779,785,500	9,349,357,602
Business receipts.....	1,500,890,543	767,994,186	829,260,533	515,047,284	495,170,615	702,194,109	7,580,954,884
Interest paid.....	18,881,494	9,665,172	12,625,571	11,084,437	15,215,707	28,419,581	674,676,243
Net income (less deficit) <sup>4</sup> .....	28,327,126	16,449,151	18,137,623	14,430,213	17,516,526	36,422,219	729,951,387
Total income tax before credits <sup>5</sup> .....	5,605,231	3,172,316	4,745,949	4,477,624	5,893,829	11,049,952	195,502,897
Total Income tax after credits <sup>5</sup> .....	5,429,675	3,044,638	4,502,503	4,176,002	5,398,875	9,905,916	143,519,835
<b>AGRICULTURE, FORESTRY, AND FISHING</b>							
Number of returns.....	13,612	996	454	155	58	46	17
Total assets.....	25,413,849	6,863,451	6,675,540	5,362,388	4,145,041	6,900,582	9,515,926
Net worth.....	9,184,395	1,931,182	2,353,800	2,338,790	1,543,078	2,521,406	4,930,873
Total receipts <sup>4</sup> .....	26,521,352	9,892,288	8,106,869	5,766,889	5,391,625	9,031,714	6,814,542
Business receipts.....	23,997,890	9,268,958	7,558,798	5,401,888	5,177,791	8,608,406	6,375,051
Interest paid.....	881,175	217,137	185,348	124,830	109,397	196,789	156,126
Net income (less deficit) <sup>4</sup> .....	345,536	75,208	205,781	95,938	7,867	200,823	522,696
Total income tax before credits <sup>5</sup> .....	123,798	55,747	57,040	36,866	22,184	74,189	161,771
Total Income tax after credits <sup>5</sup> .....	118,784	52,183	55,576	35,281	21,851	71,309	118,315
<b>MINING</b>							
Number of returns.....	3,412	688	600	196	123	96	157
Total assets.....	7,098,614	4,835,582	8,843,776	6,858,238	8,906,001	16,429,732	267,110,255
Net worth.....	2,565,045	2,559,846	4,219,320	3,050,266	4,613,802	7,878,443	139,261,555
Total receipts <sup>4</sup> .....	6,883,061	3,797,765	7,576,890	4,037,375	4,947,903	8,264,596	104,340,083
Business receipts.....	6,358,223	3,474,907	6,586,729	3,398,719	4,491,163	7,291,184	93,660,997
Interest paid.....	156,381	97,649	187,567	153,252	173,680	427,058	5,298,312
Net income (less deficit) <sup>4</sup> .....	264,855	194,365	452,266	304,721	248,549	331,448	7,585,566
Total income tax before credits <sup>5</sup> .....	70,676	36,084	79,613	128,422	109,302	216,573	2,437,650
Total Income tax after credits <sup>5</sup> .....	63,714	32,586	72,960	124,326	85,954	151,144	1,446,181
<b>CONSTRUCTION</b>							
Number of returns.....	38,453	5,594	2,289	517	208	94	58
Total assets.....	79,552,912	38,009,425	33,850,551	17,632,372	14,509,804	14,603,218	52,594,139
Net worth.....	24,453,166	12,980,789	10,688,577	5,289,099	4,945,557	4,374,441	20,394,511
Total receipts <sup>4</sup> .....	191,640,654	90,288,177	74,508,671	38,473,700	27,669,457	30,591,861	65,416,211
Business receipts.....	189,564,720	89,441,430	73,583,288	37,875,306	26,955,397	29,950,758	62,543,974
Interest paid.....	1,398,920	536,866	461,348	285,638	194,469	233,925	954,510
Net income (less deficit) <sup>4</sup> .....	4,929,822	2,887,103	1,984,770	936,113	712,888	577,006	1,723,190
Total income tax before credits <sup>5</sup> .....	768,276	366,089	331,328	159,584	148,202	198,958	511,608
Total Income tax after credits <sup>5</sup> .....	729,023	354,304	319,070	154,744	144,976	185,486	468,511
<b>MANUFACTURING</b>							
Number of returns.....	47,701	11,132	7,102	2,968	1,758	1,325	1,529
Total assets.....	106,911,808	77,943,867	110,905,242	104,266,776	123,103,431	207,067,496	5,187,143,412
Net worth.....	41,533,963	33,048,730	47,503,506	45,727,712	54,514,909	88,471,148	1,790,406,932
Total receipts <sup>4</sup> .....	243,630,440	157,170,987	199,370,627	164,799,710	175,782,383	263,749,860	3,763,583,855
Business receipts.....	240,627,222	155,071,128	196,226,532	161,283,297	171,265,524	255,280,902	3,412,009,939
Interest paid.....	2,944,140	2,119,374	2,873,066	2,664,204	3,253,034	5,748,074	151,187,752
Net income (less deficit) <sup>4</sup> .....	7,821,250	5,894,643	8,177,185	5,675,505	7,100,051	12,635,537	253,563,544
Total income tax before credits <sup>5</sup> .....	1,358,039	1,018,430	1,701,534	1,756,512	2,407,175	4,499,331	87,367,174
Total Income tax after credits <sup>5</sup> .....	1,313,405	978,322	1,575,910	1,581,493	2,090,479	3,759,940	51,595,688

Footnotes at end of table.

# Corporation Income Tax Returns, 1997

**Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size 1--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item, industrial division	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)
<b>TRANSPORTATION AND PUBLIC UTILITIES</b>							
Number of returns.....	15,161	2,378	1,529	521	327	304	463
Total assets.....	31,977,712	16,543,928	23,427,529	17,990,414	22,725,521	47,562,031	2,034,609,243
Net worth.....	8,341,180	4,360,883	6,604,316	4,660,967	6,910,544	14,450,952	714,205,014
Total receipts <sup>4</sup> .....	64,928,138	27,643,273	31,389,884	21,592,471	23,373,076	37,478,986	994,815,378
Business receipts.....	63,340,080	26,748,111	30,143,249	20,405,704	22,071,061	35,371,364	924,477,657
Interest paid.....	1,074,772	466,399	731,577	547,684	704,640	1,618,967	60,971,297
Net income (less deficit) <sup>4</sup> .....	702,317	538,093	472,951	381,431	255,439	-293,319	65,929,528
Total income tax before credits <sup>5</sup> .....	304,575	159,828	259,510	233,364	252,816	698,653	25,496,950
Total Income tax after credits <sup>5</sup> .....	291,308	148,144	251,708	227,285	237,434	660,584	22,775,367
<b>WHOLESALE AND RETAIL TRADE</b>							
Number of returns.....	101,050	16,664	8,768	2,378	1,098	742	618
Total assets.....	215,915,178	115,871,819	133,044,858	81,559,199	77,023,367	116,743,928	1,039,460,858
Net worth.....	70,384,950	31,715,907	38,115,534	25,752,469	25,444,458	39,323,608	346,577,847
Total receipts <sup>4</sup> .....	737,293,974	407,209,990	421,262,294	226,236,877	192,336,883	257,753,434	1,725,849,964
Business receipts.....	727,857,592	401,697,809	415,047,437	221,878,425	188,462,203	251,904,189	1,663,966,872
Interest paid.....	5,970,504	3,349,038	3,608,331	2,206,375	2,127,568	3,233,696	32,794,990
Net income (less deficit) <sup>4</sup> .....	10,466,858	5,822,746	6,622,558	4,130,164	3,146,330	4,762,023	39,027,149
Total income tax before credits <sup>5</sup> .....	1,569,249	812,185	1,193,934	919,369	1,005,641	1,635,233	15,611,333
Total Income tax after credits <sup>5</sup> .....	1,543,004	792,297	1,154,898	875,064	971,499	1,562,538	14,042,700
<b>FINANCE, INSURANCE, AND REAL ESTATE</b>							
Number of returns.....	64,992	9,484	7,364	4,750	4,416	4,852	5,728
Total assets.....	134,855,127	66,644,647	117,609,602	172,066,053	316,476,695	768,000,653	19,223,602,755
Net worth.....	17,100,904	16,678,361	22,914,939	62,898,084	120,718,153	362,120,498	6,545,494,913
Total receipts <sup>4</sup> .....	50,800,335	22,647,662	31,287,780	29,988,275	42,334,839	92,173,990	2,221,128,603
Business receipts.....	42,902,474	18,566,051	22,685,604	17,233,485	19,454,805	39,201,778	1,004,783,898
Interest paid.....	3,039,182	1,564,492	3,037,734	3,978,493	7,299,597	14,746,046	400,336,002
Net income (less deficit) <sup>4</sup> .....	432,949	140,081	-13,168	2,972,699	4,920,779	16,782,296	336,597,044
Total income tax before credits <sup>5</sup> .....	603,038	355,852	613,124	769,268	1,202,093	2,671,622	54,452,685
Total Income tax after credits <sup>5</sup> .....	585,673	341,210	590,396	746,459	1,153,333	2,597,163	45,952,096
<b>SERVICES</b>							
Number of returns.....	50,227	6,415	3,653	1,250	745	540	447
Total assets.....	102,946,340	43,910,283	56,773,805	43,747,398	54,048,907	84,631,302	740,432,724
Net worth.....	24,567,456	9,517,815	16,617,884	14,002,893	17,668,596	33,532,257	274,402,240
Total receipts <sup>4</sup> .....	212,122,829	66,964,283	80,843,310	51,284,022	62,492,377	80,741,059	467,408,968
Business receipts.....	206,234,573	63,725,791	77,286,014	47,570,461	57,292,671	74,585,529	413,136,496
Interest paid.....	3,415,036	1,314,216	1,540,601	1,123,961	1,353,322	2,215,027	22,977,254
Net income (less deficit) <sup>4</sup> .....	3,365,989	896,912	236,410	-66,358	1,124,624	1,426,407	25,002,670
Total income tax before credits <sup>5</sup> .....	807,579	368,101	509,865	474,238	746,415	1,055,393	9,463,726
Total Income tax after credits <sup>5</sup> .....	784,764	345,592	481,985	431,349	693,349	917,752	7,120,977

\*Estimates should be used with caution because of the small number of sample returns on which they were based.

<sup>1</sup> Excludes Foreign Sales Corporations (Form 1120-FSC) and Interest-Charge Domestic International Sales Corporations (Form 1120 IC-DISC).

<sup>2</sup> Zero assets class includes returns of liquidating or dissolving corporations that disposed of all assets, final returns of merging companies whose assets were included in the returns of the acquiring corporations, part-year returns (except those of newly-incorporated businesses), and returns of foreign corporations with income "effectively connected" with a U.S. trade or business (except foreign insurance companies providing separate data for U.S. branches, assets for which are included in the appropriate size class).

<sup>3</sup> Includes returns not allocable by industrial division.

<sup>4</sup> Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and S corporations (qualifying corporations electing to be taxed through shareholders).

<sup>5</sup> For purposes of the statistics, includes not only income tax, but alternative minimum tax, tax from recapture of investment and low-income housing credits and certain other taxes. By law, only income tax could be reduced by tax credits.

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

# Corporation Income Tax Returns, 1997

**Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size <sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item	Total <sup>1</sup>	Size of total assets				
		Zero assets <sup>2</sup>	\$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)
<b>Number of returns.....</b>	<b>4,710,083</b>	<b>307,594</b>	<b>2,430,785</b>	<b>744,661</b>	<b>456,592</b>	<b>312,191</b>
<b>Total assets.....</b>	<b>33,029,652,126</b>	--	<b>73,543,332</b>	<b>120,996,350</b>	<b>162,093,930</b>	<b>219,605,797</b>
Cash.....	1,299,322,671	--	19,330,794	22,633,310	25,860,033	30,100,301
Notes and accounts receivable.....	6,631,942,847	--	6,784,239	15,611,477	25,706,435	38,269,879
Less: Allowance for bad debts.....	122,820,548	--	149,668	270,383	166,484	467,781
Inventories.....	1,114,311,184	--	7,549,683	15,649,014	22,873,293	33,859,288
Investment in U.S. Government obligations.....	1,343,494,697	--	68,854	148,877	409,370	647,146
Tax-exempt securities.....	938,749,897	--	13,741	141,210	215,732	495,083
Other current assets.....	2,386,864,393	--	3,268,433	5,817,286	8,154,667	11,109,870
Loans to stockholders.....	119,409,603	--	5,660,052	7,215,906	6,174,717	5,539,124
Mortgage and real estate loans.....	2,028,635,427	--	563,132	1,439,289	1,838,543	2,771,398
Other investments.....	10,756,027,535	--	2,635,812	5,709,698	9,933,896	14,566,250
Depreciable assets.....	6,208,236,257	--	86,778,051	95,930,054	109,971,412	140,113,642
Less: Accumulated depreciation.....	2,898,167,422	--	63,830,705	61,563,630	66,341,360	81,532,228
Depletable assets.....	177,493,362	--	456,554	345,131	378,434	706,765
Less: Accumulated depletion.....	84,251,459	--	299,066	204,605	158,078	298,041
Land.....	262,040,328	--	1,442,030	5,333,193	9,447,212	15,427,383
Intangible assets.....	1,116,983,115	--	4,076,561	6,568,449	5,396,614	6,041,491
Less: Accumulated amortization.....	206,973,912	--	2,229,225	2,421,133	1,809,273	2,407,344
Other assets.....	1,958,354,154	--	1,424,061	2,913,203	4,208,767	4,663,570
<b>Total liabilities.....</b>	<b>33,029,652,126</b>	--	<b>73,543,332</b>	<b>120,996,350</b>	<b>162,093,930</b>	<b>219,605,797</b>
Accounts payable.....	2,110,630,121	--	10,844,312	14,419,630	20,463,409	29,493,821
Mortgages, notes, and bonds payable in less than 1 year.....	2,582,166,030	--	9,663,650	12,899,251	15,299,189	20,658,297
Other current liabilities.....	8,449,740,216	--	10,866,968	12,291,827	15,193,188	18,049,169
Loans from stockholders.....	342,740,581	--	34,509,113	26,176,942	24,011,694	24,807,966
Mortgages, notes, and bonds payable in 1 year or more.....	4,072,058,514	--	19,353,365	28,730,303	36,504,503	51,569,123
Other liabilities.....	4,119,302,972	--	5,838,859	9,947,318	8,692,281	11,329,654
Net worth.....	11,353,013,694	--	-17,532,936	16,531,080	41,929,666	63,697,767
Capital stock.....	2,950,770,321	--	16,342,956	14,460,537	15,820,844	18,611,497
Paid-in or capital surplus.....	7,252,539,718	--	26,988,053	16,362,195	20,403,401	27,565,601
Retained earnings, appropriated.....	150,317,214	--	2,788,959	255,127	780,556	889,247
Retained earnings, unappropriated.....	2,742,999,149	--	-34,336,521	-5,371,333	8,545,706	14,543,560
Other retained earnings, Form 1120S.....	220,056,773	--	-25,695,701	-5,046,166	1,149,770	8,352,220
Less: Cost of treasury stock.....	1,963,669,480	--	3,620,683	4,129,280	4,770,610	6,264,358
<b>Total receipts.....</b>	<b>16,609,707,302</b>	<b>354,673,657</b>	<b>515,720,884</b>	<b>424,951,652</b>	<b>441,725,598</b>	<b>493,050,374</b>
Business receipts.....	14,460,928,695	238,595,537	504,955,715	415,876,138	431,447,163	478,541,986
Interest.....	1,140,011,267	92,499,751	521,541	729,929	1,025,369	1,238,474
Interest on State and local Government obligations.....	46,882,297	731,898	27,367	22,801	32,624	65,542
Rents.....	97,899,303	2,194,245	355,077	318,462	511,259	626,452
Royalties.....	78,519,427	799,396	96,600	62,125	47,036	167,747
Net short-term capital gain less net long-term capital loss.....	69,545,224	844,471	118,153	61,092	116,152	152,230
Net long-term capital gain less net short-term capital loss <sup>3</sup> .....	101,490,776	4,306,883	595,417	627,981	1,113,334	1,090,357
Net gain, noncapital assets.....	58,264,270	3,154,163	998,618	666,774	756,698	1,129,334
Dividends, domestic corporations.....	19,148,490	256,383	28,611	58,312	126,368	114,818
Dividends, foreign corporations.....	51,009,284	428,458	--	*4,399	*1,284	1,799
Other receipts.....	486,008,268	10,862,471	8,023,785	6,523,639	6,548,311	9,921,636

Footnotes at end of table.

# Corporation Income Tax Returns, 1997

**Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size <sup>1</sup>--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars]

Item	Total <sup>1</sup>	Size of total assets				
		Zero assets <sup>2</sup>	\$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)
<b>Total deductions.....</b>	<b>15,704,242,236</b>	<b>342,416,326</b>	<b>502,051,569</b>	<b>416,919,741</b>	<b>431,814,685</b>	<b>482,373,188</b>
Cost of goods sold.....	9,114,245,646	146,989,320	179,754,862	200,602,128	227,578,264	281,137,741
Compensation of officers.....	335,569,195	5,912,616	71,310,923	40,734,810	31,136,447	28,006,981
Salaries and wages <sup>4</sup> .....	1,485,032,982	27,576,732	72,089,154	55,541,339	57,870,892	57,916,699
Repairs.....	128,520,470	3,041,914	5,146,020	4,033,885	4,472,846	4,575,982
Bad debts.....	83,564,771	3,490,929	748,281	798,497	1,023,403	1,282,235
Rent on business property.....	265,198,976	4,755,919	24,319,964	15,999,045	13,703,086	12,283,354
Taxes paid.....	350,272,133	6,665,939	16,090,092	12,775,130	12,675,557	13,551,913
Interest paid.....	866,474,183	78,208,544	3,254,009	3,947,617	4,612,169	5,883,638
Contributions or gifts.....	8,372,161	127,983	82,865	81,611	83,956	105,293
Amortization.....	61,739,615	1,519,431	391,069	490,392	437,709	466,392
Depreciation.....	513,137,459	8,380,651	7,233,747	7,611,467	8,324,656	10,076,307
Depletion.....	10,196,566	244,334	55,188	16,300	11,706	26,810
Advertising.....	188,052,086	2,731,518	5,837,815	3,993,080	3,962,876	4,577,305
Pension, profit-sharing, stock bonus, and annuity plans.....	71,424,733	1,179,165	4,775,278	2,624,350	2,214,498	2,170,509
Employee benefit programs.....	184,290,082	2,873,386	4,179,421	3,203,447	3,590,818	4,123,383
Net loss, noncapital assets.....	20,777,750	2,799,170	346,998	229,998	255,922	424,895
Other deductions.....	2,017,373,429	45,918,777	106,435,882	64,236,645	59,859,882	55,763,753
<b>Total receipts less total deductions.....</b>	<b>905,465,066</b>	<b>12,257,331</b>	<b>13,669,315</b>	<b>8,031,911</b>	<b>9,910,913</b>	<b>10,677,186</b>
Constructive taxable income from related foreign corporations.....	56,813,868	483,269	--	--	*12,698	--
<b>Net income (less deficit), total.....</b>	<b>915,396,637</b>	<b>12,008,702</b>	<b>13,641,947</b>	<b>8,009,111</b>	<b>9,890,987</b>	<b>10,611,644</b>
Net income, total.....	1,117,825,239	26,808,115	27,940,525	17,303,465	18,307,272	20,031,595
Deficit, total.....	202,428,602	14,799,413	14,298,578	9,294,355	8,416,285	9,419,950
Net income (less deficit), Form 1120-A.....	158,998	-11,198	47,439	120,979	1,778	--
Net income (less deficit), Form 1120S.....	111,722,678	347,299	15,166,143	7,389,873	8,264,704	8,765,044
<b>Statutory special deductions, total <sup>6</sup>.....</b>	<b>283,617,064</b>	<b>7,814,804</b>	<b>2,438,000</b>	<b>1,835,609</b>	<b>1,736,065</b>	<b>1,819,648</b>
Net operating loss deduction.....	60,396,894	3,050,546	2,406,407	1,793,854	1,646,101	1,724,276
Dividends received deduction.....	23,043,548	244,942	20,087	40,108	86,152	81,979
Public utility dividends paid deduction.....	51,983	15	--	--	--	--
<b>Income subject to tax <sup>7</sup>.....</b>	<b>683,792,847</b>	<b>15,377,116</b>	<b>2,788,014</b>	<b>3,516,403</b>	<b>4,608,963</b>	<b>5,553,531</b>
<b>Total income tax before credits <sup>8</sup>.....</b>	<b>239,394,206</b>	<b>5,465,942</b>	<b>539,155</b>	<b>668,668</b>	<b>965,546</b>	<b>1,307,097</b>
Income tax.....	235,325,362	5,282,823	536,459	662,493	953,159	1,283,267
Personal Holding Company tax.....	13,641	*501	*169	*914	741	*3,606
Tax from recapture of investment and low-income housing credits..... <sup>9</sup>	5,313	--	--	*276	--	--
Alternative minimum tax.....	3,917,084	57,899	2,026	3,775	9,540	18,934
Foreign tax credit.....	42,199,558	435,769	*61	*39	*3,913	5,305
U.S. possessions tax credit.....	2,722,179	7,087	37	--	31	115
Nonconventional source fuel credit.....	1,083,331	*12,613	*70	*648	*374	--
General business credit.....	5,086,368	98,051	5,855	13,495	13,084	19,715
Prior-year minimum tax credit.....	4,125,990	116,143	*469	1,764	2,798	10,424
<b>Total income tax after credits.....<sup>10</sup></b>	<b>184,175,993</b>	<b>4,796,277</b>	<b>532,663</b>	<b>652,723</b>	<b>945,346</b>	<b>1,271,539</b>

Footnotes at end of table.

# Corporation Income Tax Returns, 1997

**Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size <sup>1</sup>--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is 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)
<b>Number of returns.....</b>	<b>334,659</b>	<b>53,352</b>	<b>31,765</b>	<b>12,734</b>	<b>8,732</b>	<b>7,998</b>	<b>9,017</b>
<b>Total assets.....</b>	<b>704,731,449</b>	<b>370,623,001</b>	<b>491,228,411</b>	<b>449,482,837</b>	<b>620,938,766</b>	<b>1,261,938,943</b>	<b>28,554,469,312</b>
Cash.....	76,073,855	35,654,392	41,665,814	34,813,064	40,395,641	62,410,612	910,384,854
Notes and accounts receivable.....	148,023,377	83,033,922	115,302,366	110,698,444	155,962,227	281,676,705	5,650,873,776
Less: Allowance for bad debts.....	1,970,778	1,506,733	2,919,867	2,883,431	3,918,992	6,737,827	101,828,605
Inventories.....	127,424,263	74,967,932	81,220,646	52,136,382	51,360,665	74,573,834	572,696,182
Investment in U.S. Government obligations.....	4,151,852	3,335,947	10,150,873	20,915,358	39,035,915	83,676,921	1,180,953,583
Tax-exempt securities.....	1,976,368	1,470,509	5,210,858	9,432,021	22,913,359	67,647,377	829,233,639
Other current assets.....	40,050,679	22,323,908	29,194,063	24,007,422	28,659,355	58,541,222	2,155,737,488
Loans to stockholders.....	10,799,459	3,925,066	3,893,008	1,893,540	2,184,129	3,729,576	68,395,026
Mortgage and real estate loans.....	7,039,985	3,508,371	5,474,362	9,791,783	27,663,303	70,455,491	1,898,089,770
Other investments.....	51,741,616	32,026,950	56,943,847	73,864,897	122,169,603	327,147,834	10,059,287,131
Depreciable assets.....	379,044,647	173,783,582	208,836,867	148,411,816	162,188,032	250,651,378	4,452,526,776
Less: Accumulated depreciation.....	205,143,511	91,052,949	104,021,815	71,033,114	75,174,227	107,503,277	1,970,970,607
Depletable assets.....	2,715,703	1,228,549	2,952,415	3,172,416	4,251,076	9,025,337	152,260,981
Less: Accumulated depletion.....	1,351,187	608,201	1,106,329	1,256,944	1,920,503	3,577,725	73,470,780
Land.....	41,081,545	14,778,673	16,375,148	10,464,763	10,294,317	13,846,965	123,549,100
Intangible assets.....	17,490,458	8,630,020	15,500,896	17,188,122	25,288,694	52,915,593	957,886,216
Less: Accumulated amortization.....	6,898,809	2,844,419	5,032,527	3,891,936	5,924,874	10,264,349	163,250,023
Other assets.....	12,481,927	7,967,482	11,587,785	11,758,233	15,511,047	33,723,274	1,852,114,805
<b>Total liabilities.....</b>	<b>704,731,449</b>	<b>370,623,001</b>	<b>491,228,411</b>	<b>449,482,837</b>	<b>620,938,766</b>	<b>1,261,938,943</b>	<b>28,554,469,312</b>
Accounts payable.....	101,186,111	53,409,441	66,206,610	48,324,423	54,830,213	90,351,465	1,621,100,686
Mortgages, notes, and bonds payable in less than 1 year.....	92,075,123	60,260,560	67,742,446	42,759,799	41,056,073	62,333,332	2,157,418,310
Other current liabilities.....	65,718,165	38,489,646	66,636,333	91,968,595	169,917,800	339,024,489	7,621,584,035
Loans from stockholders.....	54,923,836	17,331,578	15,094,449	8,753,823	6,474,991	8,501,576	122,154,613
Mortgages, notes, and bonds payable in 1 year or more.....	151,483,415	70,571,757	90,879,940	70,011,026	81,773,311	153,826,789	3,317,354,983
Other liabilities.....	41,203,656	17,766,506	35,641,191	23,944,892	30,527,279	55,228,538	3,879,182,798
Net worth.....	198,141,143	112,793,513	149,027,443	163,720,279	236,359,099	552,672,754	9,835,673,887
Capital stock.....	50,269,848	22,965,369	32,750,662	34,296,654	47,058,792	98,289,578	2,599,903,583
Paid-in or capital surplus.....	87,911,242	52,365,890	90,390,844	105,154,732	170,960,805	383,591,914	6,270,845,041
Retained earnings, appropriated.....	1,880,014	555,536	1,298,896	1,506,258	1,771,307	5,622,985	132,968,329
Retained earnings, unappropriated.....	23,896,032	104,512	-16,741,115	-2,463,274	6,350,489	64,902,841	2,683,568,252
Other retained earnings, Form 1120S.....	49,706,712	43,418,759	48,415,728	30,842,159	24,074,848	23,821,313	21,017,131
Less: Cost of treasury stock.....	15,522,705	6,616,552	7,087,572	5,616,249	13,857,143	23,555,878	1,872,628,449
<b>Total receipts.....</b>	<b>1,533,829,265</b>	<b>785,614,425</b>	<b>854,490,485</b>	<b>542,179,317</b>	<b>534,328,542</b>	<b>779,785,500</b>	<b>9,349,357,602</b>
Business receipts.....	1,500,890,543	767,994,186	829,260,533	515,047,284	495,170,615	702,194,109	7,580,954,884
Interest.....	4,023,286	2,366,159	4,928,942	8,532,011	16,604,600	37,567,936	969,973,268
Interest on State and local Government obligations.....	294,691	177,139	406,564	705,023	1,677,070	4,246,934	38,494,646
Rents.....	1,828,225	973,210	1,700,020	1,126,510	1,407,116	2,560,350	84,298,376
Royalties.....	574,823	296,568	508,741	673,608	910,477	2,150,824	72,231,481
Net short-term capital gain less net long-term capital loss.....	271,570	180,203	372,662	640,326	1,531,934	4,374,322	60,882,109
Net long-term capital gain less net short-term capital loss <sup>3</sup> .....	2,962,390	1,443,716	2,164,545	2,333,345	2,703,472	4,561,949	77,587,385
Net gain, noncapital assets.....	2,472,471	1,141,171	1,528,861	1,188,678	1,243,069	1,898,099	42,086,334
Dividends, domestic corporations.....	443,963	146,013	263,573	305,192	295,229	554,243	16,555,786
Dividends, foreign corporations.....	41,745	47,864	149,504	180,818	350,796	893,525	48,909,091
Other receipts.....	20,025,556	10,848,195	13,206,540	11,446,521	12,434,161	18,783,210	357,384,243

Footnotes at end of table.

# Corporation Income Tax Returns, 1997

**Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size <sup>1</sup>--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is 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)
<b>Total deductions.....</b>	<b>1,505,223,920</b>	<b>769,007,029</b>	<b>836,019,099</b>	<b>527,222,536</b>	<b>515,318,987</b>	<b>739,599,396</b>	<b>8,636,275,759</b>
Cost of goods sold.....	1,011,290,473	565,631,725	605,123,142	368,906,979	341,606,266	474,702,294	4,710,922,452
Compensation of officers.....	55,916,161	17,289,570	14,968,476	7,950,051	6,647,174	8,425,336	47,270,650
Salaries and wages <sup>4</sup> .....	144,727,367	64,178,451	69,753,311	45,137,444	47,889,746	68,986,375	773,365,471
Repairs.....	10,259,372	4,158,281	4,110,464	2,596,750	2,775,850	4,375,459	78,973,648
Bad debts.....	3,890,222	1,936,648	2,236,747	2,484,795	2,209,505	3,048,160	60,415,349
Rent on business property.....	27,742,325	9,062,358	10,480,257	6,813,401	7,125,207	10,876,027	122,038,032
Taxes paid.....	33,176,172	14,049,762	15,319,972	9,583,248	9,879,093	14,609,828	191,895,428
Interest paid.....	18,881,494	9,665,172	12,625,571	11,084,437	15,215,707	28,419,581	674,676,243
Contributions or gifts.....	292,069	119,178	186,426	157,593	187,504	350,251	6,597,432
Amortization.....	1,730,051	943,055	1,498,200	1,363,722	1,780,626	3,381,270	47,737,699
Depreciation.....	27,675,669	12,870,785	16,357,937	11,473,597	13,033,290	21,084,440	369,014,914
Depletion.....	135,569	141,955	225,103	246,126	316,692	508,598	8,268,185
Advertising.....	12,444,248	6,648,884	7,389,569	5,656,841	5,828,116	8,524,982	120,456,852
Pension, profit-sharing, stock bonus, and annuity plans.....	5,539,928	2,238,416	2,639,029	1,760,663	1,820,070	2,757,536	41,705,292
Employee benefit programs.....	12,408,315	6,084,354	7,474,652	4,970,621	5,639,904	8,633,940	121,107,842
Net loss, noncapital assets.....	1,164,162	799,111	970,686	906,282	1,204,327	1,087,280	10,588,919
Other deductions.....	137,950,323	53,189,324	64,659,556	46,129,986	52,159,909	79,828,037	1,251,241,354
<b>Total receipts less total deductions.....</b>	<b>28,605,344</b>	<b>16,607,396</b>	<b>18,471,386</b>	<b>14,956,781</b>	<b>19,009,555</b>	<b>40,186,104</b>	<b>713,081,844</b>
Constructive taxable income from related foreign corporations.....	16,473	18,894	72,801	178,454	184,042	483,049	55,364,189
<b>Net income (less deficit), total.....</b>	<b>28,327,126</b>	<b>16,449,151</b>	<b>18,137,623</b>	<b>14,430,213</b>	<b>17,516,526</b>	<b>36,422,219</b>	<b>729,951,387</b>
Net income, total.....	54,788,234	27,960,352	33,862,040	25,217,271	29,342,865	52,672,931	783,590,574
Deficit, total.....	26,461,108	11,511,201	15,724,417	10,787,059	11,826,338	16,250,713	53,639,187
Net income (less deficit), Form 1120-A.....	--	--	--	--	--	--	--
Net income (less deficit), Form 1120S.....	23,084,565	13,369,861	13,912,658	7,400,784	5,335,445	4,945,484	3,740,817
<b>Statutory special deductions, total <sup>6</sup>.....</b>	<b>4,166,477</b>	<b>1,991,490</b>	<b>3,388,578</b>	<b>3,665,449</b>	<b>6,296,311</b>	<b>15,695,534</b>	<b>232,769,099</b>
Net operating loss deduction.....	3,693,391	1,678,134	2,498,731	2,014,962	2,599,096	3,955,878	33,335,517
Dividends received deduction.....	353,710	137,124	248,386	297,269	387,057	786,249	20,360,486
Public utility dividends paid deduction.....	--	--	--	**	--	11	51,957
<b>Income subject to tax <sup>7</sup>.....</b>	<b>18,182,481</b>	<b>9,230,061</b>	<b>13,758,262</b>	<b>12,832,109</b>	<b>16,822,152</b>	<b>31,364,198</b>	<b>549,759,557</b>
<b>Total income tax before credits <sup>8</sup>.....</b>	<b>5,605,231</b>	<b>3,172,316</b>	<b>4,745,949</b>	<b>4,477,624</b>	<b>5,893,829</b>	<b>11,049,952</b>	<b>195,502,897</b>
Income tax.....	5,486,629	3,096,327	4,660,843	4,374,694	5,765,318	10,855,622	192,367,729
Personal Holding Company tax.....	2,496	*349	808	*656	1,201	37	2,162
Tax from recapture of investment and low-income housing credits <sup>9</sup> .....	*445	*162	*25	*193	13	876	3,322
Alternative minimum tax.....	112,612	69,999	86,410	96,104	125,512	199,247	3,135,027
Foreign tax credit.....	24,816	29,444	61,802	89,238	151,147	437,706	40,960,319
U.S. possessions tax credit.....	12,689	17,996	52,167	95,167	168,993	369,168	1,998,730
Nonconventional source fuel credit.....	2,023	*1,958	5,478	4,402	4,864	9,274	1,041,628
General business credit.....	49,308	29,436	57,306	47,333	85,348	172,909	4,494,530
Prior-year minimum tax credit.....	86,720	48,844	66,694	65,482	84,602	154,979	3,487,070
<b>Total income tax after credits <sup>10</sup>.....</b>	<b>5,429,675</b>	<b>3,044,638</b>	<b>4,502,503</b>	<b>4,176,002</b>	<b>5,398,875</b>	<b>9,905,916</b>	<b>143,519,835</b>

\*Estimates should be used with caution because of the small number of sample returns on which they were based.

\*\*Amount is less than \$500.

<sup>1</sup> Excludes Foreign Sales Corporations (Form 1120-FSC) and Interest-Charge Domestic International Sales Corporations (Form 1120-IC-DISC).

<sup>2</sup> Zero assets class includes returns of liquidating or dissolving corporations that had disposed of all assets, final returns of merging companies whose assets were included in the returns of the acquiring corporations, part-year returns (except those of newly-incorporated businesses), and returns of foreign corporations with income "effectively connected" with a U.S. trade or business (except foreign insurance companies providing separate data for U.S. branches, assets for which are included in the appropriate size class).

<sup>3</sup> For purposes of the statistics, gains from regulated investment companies and S corporations are excluded.

<sup>4</sup> Prior to the publication of the Source Book of Statistics of Income--1994, Corporation Income Tax Returns, data for "salaries and wages" were included in the totals for "other deductions." The figure shown here excludes amounts in the cost of goods sold, as well as amounts in certain other deductions.

<sup>5</sup> Net income of S corporations is distributed (with few exceptions) through their shareholders and is taxed as the shareholder's income. This income is not a part of the corporation's income subject to tax. Also excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies.

<sup>6</sup> Also includes deductions for dividends paid by regulated investment companies and real estate investment trusts. These deductions are not shown separately.

<sup>7</sup> See Footnote 5.

<sup>8</sup> For purposes of the statistics, all of the taxes shown below (except the income tax), plus certain others not shown, are included in total income tax before and after credits. By law, tax credits could only offset income tax.

<sup>9</sup> Amounts for recapture taxes include recapture taxes from the Low-Income Housing Credit and the Investment Credit, whereas the published Source Book amounts include only recapture taxes from the Investment Credit, which is the larger of the two.

<sup>10</sup> Amount for total income tax after credits includes certain other credits, not shown separately.

NOTE: Detail may not add to totals due to rounding.