

 News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

IRS Summer Statistics of Income Bulletin Features Corporation Returns and Nonfarm Sole Proprietorships

IR-2005-116, Oct. 4, 2005

WASHINGTON — The Internal Revenue Service today announced the release of the summer 2005 issue of the Statistics of Income Bulletin. The Bulletin is a quarterly compilation of information on various topics from federal tax returns and other documents.

The summer Bulletin contains an in-depth look at corporation returns for tax year 2002.

Corporate pretax profits reported on returns for tax year 2002 declined by 6.6 percent, to \$563.7 billion. The finance and insurance sector showed the largest decrease, down 7.9 percent to \$247.0 billion. Total income tax before credits decreased 5.1 percent to \$209.7 billion, and income tax after credits dropped 7.9 percent to \$153.6 billion. The alternative minimum tax increased 40.6 percent to \$2.5 billion.

The Bulletin also includes articles on nonfarm sole proprietorship returns for 2003, foreign-controlled domestic corporations for 2002, foreign trusts for 2002, tax-exempt bonds for 1996-2002, and the federal estate tax filing population for year-of-death 2001. They cover the following information:

- For tax year 2003, nonfarm sole proprietorship profits increased 4.2 percent to \$230.3 billion. The largest percentage increases for major industrial sectors were 13.1 percent for real estate and rental and leasing, 7.3 percent for transportation and warehousing, and 7.1 percent for professional, scientific and technical services. The wholesale trade sector, however, reported a 4.3 percent decrease, while health care and social assistance profits fell by 3.5 percent.
- Additionally, for tax year 2002, there were 61,615 domestic corporations controlled by a foreign person, about 1.2 percent of U.S. corporations. These corporations generated \$2.5 trillion of total receipts and reported \$6.4 trillion of total assets, accounting for 12.7 percent of both receipts and assets reported on all U.S. corporation income tax returns. The profits ("net income less deficit") reported by foreign-controlled domestic corporations for tax purposes were \$7.8 billion for tax year 2002.

—More—

- Tax year 2002 foreign trust statistics, reported on Forms 3520 and 3520-A, show the substantial growth of foreign investment by U.S. taxpayers during the last decade and the impact of information reporting requirement changes made in 1996. From 1990 through 2002, the number of Form 3520 returns filed reporting foreign trust transactions and certain foreign gifts rose by over 3,400 percent, while foreign trusts filing Forms 3520-A rose by more than 700 percent. The total value of property transferred, as reported on Form 3520, rose from \$273 million for 1990 to \$2,190 million for 2002. In addition, for 2002, U.S. persons reported \$311 million of distributions from foreign nongrantor trusts and \$2,305 million of foreign gifts and bequests.
- Between 1996 and 2002, state and local governmental units issued nearly \$2.1 trillion of tax-exempt bonds. Tax-exempt governmental bond volume almost doubled during the 7-year period, from \$171.7 billion issued for 1996 to \$340.1 billion for 2002. In total, more than \$1.5 trillion of tax-exempt governmental bonds were issued between 1996 and 2002. Over the same time frame, tax-exempt private activity bond issues increased 54.8 percent, from \$60.1 billion to \$93.0 billion.
- Finally, for decedents who died in 2001, estates filed 108,330 federal estate tax returns, and those estates reported \$198.8 billion in total assets. Less than half, 49,845 estates, reported net estate tax, which contributed \$20.8 billion in revenue to federal inlays. Estates reported \$57.8 billion in publicly traded stock, the largest asset for 2001 decedents. Estates also reported \$1.7 billion in family limited partnership interests.

The Bulletin also includes historical data on income, deductions, and tax reported on returns filed by individuals, corporations and unincorporated businesses, and selected historical data for estates. Statistics are also presented on tax collections, including excise taxes by type, and refunds for recent years.

For more information about these data, write the Director, Statistics of Income (SOI) Division, RAS:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608. Or, you may call the SOI Statistical Information Services office at 202-874-0410 or fax your questions to 202-874-0964 (not toll-free calls).

The Statistics of Income Bulletin is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription rate is \$53 (\$74.20 foreign); single issues cost \$39 (\$48.75 foreign). To access the summer 2005 Statistics of Income Bulletin, visit the IRS Web site at irs.gov and click on Tax Stats on the menu bar. From the Tax Stats page, select SOI Bulletins under Products, Publications, and Papers.