

IRS



News Release

Media Relations Office

Washington, D.C.

Tel. 202.622.4000

For Release: 9/10/02

Release No: IR-2002-98

IRS ISSUES SUMMER 2002 STATISTICS OF INCOME BULLETIN

WASHINGTON—The Internal Revenue Service today announced the release of the Summer 2002 issue of the *Statistics of Income Bulletin*. It includes articles on profits for nonfarm sole proprietorships for Tax Year 2000, non-resident alien estate tax returns for 1999, corporation income tax returns for 1999, the growth of foreign-controlled domestic corporations in 1999, capital gains and losses of individuals for 1998 and United States-source income paid to foreign persons for 1999.

The *Bulletin* contains an in-depth look at profits for nonfarm sole proprietorships for Tax Year 2000, which grew 3.3 percent to \$214.7 billion. In constant dollars, total nonfarm sole proprietorship profits increased 2.4 percent. The real estate and rental leasing sector reported the largest growth at 12.4 percent. However, the professional, scientific and technical services sector had the largest profits of any sector at \$48.1 billion, or 22.4 percent of total sole proprietorship profits. The finance and insurance sector showed the largest percentage increase in both receipts and deductions, reporting a 19.4 percent increase in receipts and a 24 percent increase in deductions.

In addition, the *Bulletin* contains articles with the following information:

- Corporate pre-tax profits grew 10.8 percent in 1999 to \$929.0 billion. Corporations that pass through reported income and deductions to shareholders showed a 28.7 percent gain to \$393.7 billion. The finance, insurance, real estate, and rental and leasing division had the largest pre-tax profit increase by division, up 24.9 percent to \$367.2 billion. Income subject to tax, called the tax base, increased along with positive net income, up 4.6 percent to \$693.7 billion. The alternative minimum tax declined 8.2 percent to \$3.1 billion.
- Net capital gains for individuals increased by almost 22 percent for Tax Year 1998, up by over \$77 billion from Tax Year 1997 amounts to \$432.2 billion. Capital gains from sales of corporate stock accounted for approximately 40 percent of total net capital gains. The next largest sources of gains were pass-through entities, representing about 29 percent, and capital gain distributions at nearly 11 percent of total net capital gains. For Tax Year 1998, the total sales price of all assets sold was approximately \$2.3 trillion. About 63 percent of all stock transactions were short-term for 1998, compared to about 60 percent for 1997.
- Foreign-controlled domestic corporations (FCDCs) grew in 1999, reporting \$2.2 trillion in total receipts, an increase of \$277.0 billion over 1998. While total receipts reported on all U.S. corporation income tax returns increased by 9.1 percent over

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the previous year, receipts of domestic corporations controlled by foreign persons increased by 14.7 percent. As a result, the share of total corporate receipts accounted for by FCDCs rose to 11.5 percent. Japan reported total receipts of \$454 billion, 21.0 percent of the FCDC total. Germany, the United Kingdom, the Netherlands and Canada accounted for 50.2 percent of the total. The collective net income (less deficit) reported by foreign-controlled domestic corporations rose to \$60.2 billion, a 48.3 percent increase from the \$40.6 billion for 1998.

- U.S. estate tax returns (Form 706NA) were filed for 126 nonresident alien decedents in 1999 and 113 in 2000. Their total gross estates rose from approximately \$60.7 million in 1999 to \$132.4 million in 2000. For both years, the highest percentage of estates was in the \$100,000-to-under-\$250,000 category. The estate tax for 1999 was nearly \$14.7 million, increasing to almost \$30.8 million in 2000.
- Charitable remainder annuity trusts held over \$9.7 billion in total assets (book value) at the end of Reporting Year 1999, a 12.2-percent increase from Reporting Year 1998. Charitable remainder unitrusts reported end-of-year total assets (book value) in excess of \$67.2 billion, a 23.8 percent increase from Reporting Year 1998.

Finally, the *Bulletin* shows that U.S.-source income paid to foreign persons increased more than 27 percent over 1998 figures to \$158.8 billion in 1999. Payments to residents of Japan and the United Kingdom were responsible for nearly 44 percent of the \$34 billion increase. Overall, residents of those countries received 35 percent of all U.S.-source income paid to foreign persons and paid 32.8 percent of all tax withheld. Interest and dividend payments continued to lead the way as the most significant types of U.S.-source income.

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

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 \$41 (\$51.25 foreign), single issues cost \$34 (\$42.50 foreign). For more information about these data, write the Director, Statistics of Income (SOI) Division, N:ADC:R:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608; call the SOI Statistical Information Services office at (202) 874-0410; or fax, (202) 874-0964. To access the Summer 2002 *Statistics of Income Bulletin*, visit the IRS Web site www.irs.gov and click on "Tax Stats" in the upper left-hand corner. From the Tax Stats page, select "SOI Bulletins" under "Statistical Publications."

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Editor's note: See attached *Statistics of Income Bulletin* order form.