

IRS News Release

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IRS Issues Summer 2003 Statistics of Income Bulletin

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WASHINGTON —The Internal Revenue Service today announced the release of the Summer 2003 issue of the Statistics of Income Bulletin. It includes articles on sole proprietorship returns, corporation income tax returns, foreign-controlled domestic corporations, sales of capital assets reports on individual income tax returns, U.S. possessions corporation returns and foreign recipients of U.S. income.

The Bulletin contains an in-depth look at nonfarm sole proprietorship profits, which increased 1.2 percent for Tax Year 2001 to \$217.4 billion. The largest percentage increase in profits for a major industrial sector was 7.8 percent for transportation and warehousing. Health care and social assistance had the largest dollar increase (\$2.8 billion) and second largest percentage increase, with 7.6 percent.

In addition, the Bulletin contains the following articles:

- Corporate pre-tax profits for 2000 remained near 1999 levels, decreasing slightly from \$929.0 billion for 1999 to \$927.5 billion for 2000, or 0.2 percent. Despite this leveling off, there was an increase in profits reported by corporations with positive net income. Corporations also claimed more tax credits for 2000, but the amount payable to the U.S. Government still grew from \$193.0 billion for 1999 to \$204.0 billion for 2000, an increase of 5.7 percent.
- Foreign-controlled domestic corporations (FCDC's) in the United States reported \$2.6 trillion of total receipts for 2000, an increase of \$444.5 billion over 1999. Two industrial sectors, manufacturing and wholesale trade, generated more than 67 percent of the total receipts. Manufacturers produced \$1.2 trillion, while wholesalers accounted for an additional \$0.6 trillion. Japan produced 20.3 percent of the FCDC total with \$529.8 billion. The United Kingdom was second with 14.0 percent, followed by Germany with 12.8 percent and the Netherlands with 12.7 percent.

- Net capital gains increased to \$530.7 billion for Tax Year 1999 – up more than 22 percent over the previous year. Taxpayers reported 182.4 million transactions, an increase of more than 28 percent. More than 57 percent of these transactions were corporate stock sales. The total sales price for all assets increased by more than 54 percent to approximately \$3.6 trillion over the previous year’s amount.
- For 1997 and 1999, the number of corporations claiming a possessions tax credit and the total amount of the credit continued to decline. U.S. possessions corporations reported \$2.8 billion and \$1.6 billion of possessions tax credits for 1997 and 1999, respectively. As in prior years, the majority of claims are from corporations located in Puerto Rico. Drug manufacturers reported the bulk of the possessions tax credit, claiming \$1.6 billion and \$866 million for 1997 and 1999, respectively.
- The final Bulletin article shows that United States-source income payments to “foreign persons” totaled \$139.7 billion in 2000. This represents a decrease of 12 percent from 1999. Tax withheld on U.S.-source income payments fell 38.4 percent, to \$2.3 billion, while the effective U.S. tax rate on payments made to foreign recipients (U.S. tax withheld divided by total U.S.-source income) fell from 2.3 percent to 1.6 percent for Tax Year 2000. Meanwhile, the total number of payments reported on Form 1042S rose to an all-time high of 2.53 million. Nearly 88 percent (\$122.3 billion) of all income paid to foreign persons came from interest payments, an increase of 18.5 percent.

The Bulletin 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 \$53 (\$74.20 foreign), single issues cost \$39 (\$48.75 foreign). 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; call the SOI Statistical Information Services office at (202) 874-0410; or fax, (202) 874-0964. To access the Summer 2003 Statistics of Income Bulletin, visit the IRS Website 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.”