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IRS Issues Spring 2005 Statistics of Income Bulletin

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WASHINGTON — The Internal Revenue Service today announced the release of the Spring 2005 issue of the Statistics of Income Bulletin. For the first time, the Bulletin takes a detailed look at taxable real estate investment trust (REIT) subsidiaries.

The Spring Bulletin also includes a detailed look at high-income individual income tax returns for Tax Year 2002, S corporation returns for 2002, a gender comparison of sole proprietorships, and international boycott reports for 2001 and 2002.

Of the 130,076,443 individual income tax returns filed for Tax Year 2002, there were 2,414,128 returns reporting adjusted gross income of \$200,000 or more, and 2,464,515 with expanded income of \$200,000 or more.

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

- A total of nearly 3.2 million S corporation returns were filed for Tax Year 2002, an increase of 5.6 percent from Tax Year 2001. S corporations continue to be the single most popular corporate entity choice representing 59.8 percent of all corporate entities. The number of shareholders for S corporations increased to nearly 5.7 million, up 5.8 percent from the previous year. Total net income (less deficit) reported by S corporations decreased to \$183.5 billion for Tax Year 2002 from \$187.7 billion reported for Tax Year 2001. Nearly two-thirds, 62.0 percent of all S corporations, reported positive total net income. Total assets increased \$133.7 billion, to \$2,016.7 billion, for Tax Year 2002. Less than half of 1.0 percent of all S corporations reported Federal tax liability, for a total tax liability of \$368.2 million.
- The Real Estate Investment Trust (REIT) Modernization Act of 1999 provided for the creation of taxable REIT subsidiaries (TRSs), corporations which could be 100-percent owned by REITs. This article provides data on TRS income, finances, and tax remittances collected from the first year of TRS tax returns. In 2001, 480 firms elected to be TRSs. Of these, a total of 404 TRSs filed corporate income tax returns, reporting total gross income of \$8.1 billion and total assets of \$19.4 billion, and remitting \$85.4 million in total taxes. Some 154 of these TRSs were newly created entities, while the other 250 were preexisting companies that elected conversion to TRS status. Although TRSs tend to be highly leveraged, with 31 percent of those that reported Schedule L data showing negative book

equity, loans from shareholders (including parent REITs) account for only 3.3 percent of total TRS debt.

- The Ribicoff amendment to the Tax Reform Act of 1976 requires U.S. persons to report operations in, with, or related to countries known to participate in unsanctioned boycotts to the Internal Revenue Service. Although the majority of Forms 5713 are filed to report these operations, taxpayers must also report certain types of requests and agreements to participate in an unsanctioned boycott and any resulting loss of tax benefits. After declining for more than a decade, the number of filers receiving boycott requests has remained relatively constant since Tax Year 2000. The number of requests reported has varied more from year to year, but, as of Tax Year 2002, remains significantly less than the numbers reported in the early nineties. Likewise, the number of U.S. persons reporting boycott agreements and the number of agreements continues its historical decline. The amount of tax consequences, however, increased for Tax Year 2002.
- The final Bulletin article gives a look at one of the small business datasets — 1985-2000 U.S. sole proprietorship data provided by Statistics of Income — and shows that women-owned businesses grew faster than those owned by men in terms of number and net income during 1985-2000. Male-owned businesses were larger and more disparate in terms of business earnings. Gender segregation is apparent in specific business activities, but less so across six broad industries.

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. In addition, this issue presents the annual individual income tax return statistics by state for returns filed for Tax Year 2003. 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 Spring 2005 Statistics of Income Bulletin, visit IRS.gov at www.irs.gov and click on “Tax Stats” in the upper left-hand corner. From the Tax Stats page, select “SOI Bulletins” under “Products, Publications, & Papers.”

Links:

- SOI Bulletins — <http://www.irs.gov/taxstats/article/0,,id=117514,00.html>
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