

A First Look at the 2004 Schedule M-3 Reporting by Large Corporations*

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For most publicly traded and many privately held corporations with assets of \$10 million or more, the new Schedule M-3 book-tax reconciliation replaced the 4-decade-old Schedule M-1 effective December 2004. First, we review events leading to the replacement of Schedule M-1 with Schedule M-3. We then present 2004 Schedule M-3 data and other tax data for corporations filing the 2004 Form 1120, *U.S. Corporate Income Tax Return*, for the period December 2004 through June 2005 and reporting total assets of \$10 million or more on the Form 1120 Schedule L balance sheet.¹

Dissatisfaction with Schedule M-1

A Treasury report in 1999 and Treasury testimony in 2000 by Assistant Secretary (Tax Policy) Jonathan Talisman noted the growing book-tax gap from 1991 to 1997 between pretax book income on Schedule M-1 and tax net income on page 1 of Form 1120. Both the report and the testimony viewed the 1990s book-tax gap as a possible indicator of corporate tax shelter activity, but also noted the difficulty in interpreting Schedule M-1 book-tax difference data.² Mills-Plesko (2003) proposed a redesign of Schedule M-1 to increase the transparency of the corporate tax return book-tax reconciliation and to improve data interpretability.³ The Mills-Plesko (2003) Schedule M-1 recommendations are largely reflected in Schedule M-3, particularly in Part I.⁴

Schedule M-3

Exhibit I presents the 2004 Form 1120. Part I reconciles worldwide consolidated financial statement income with income per income statement of includible corporations (members of the tax return consolidation group listed on Form 851). Parts II and III reconcile income per income statement of includible corporations (“book”) with tax net income on Form 1120, page 1, line 28. Differences between book and tax are characterized as temporary or permanent.

The goal of the Schedule M-3 is greater transparency and uniform organization in book-tax data at the time of return filing so that the data may be used

to determine what returns will and will not be audited, and to determine what issues will and will not be examined on the returns selected for audit.

Part I of Schedule M-3 is important. It defines the starting point for the book-tax reconciliation for the first time in corporate tax history. On Schedule M-1, we know where the reconciliation ends (tax net income), but not where it begins (book). Schedule M-3 Part I line 11 is what Schedule M-1 line 1 should have been. Schedule M-3 Part I is one of the revisions proposed by Mills-Plesko (2003).

Parts II and III reconcile financial net income of includible corporations to taxable income reported on Form 1120, page 1, line 28. Part II generally reconciles items of income, gain, and loss. Part III deals with expense and deduction items.

Parts II and III contain four columns to identify and differentiate the book and tax aspects of each line item. Column (a) represents financial statement income or expense amounts maintained in the corporation's books and records, using the income statement source determined in Part I. Column (d) represents amounts as reflected in the tax return. For each line item, the difference between the amount shown in column (a) and the amount shown in column (d) is shown either as a temporary difference in column (b) or as a permanent difference in column (c). The clear statement of both the book and tax amounts, as well as the reconciling differences, aids the IRS in setting materiality thresholds for the reconciling differences shown.

The reporting of column (a) book income amounts and column (d) tax income amounts is optional for the first year a corporation is required to file Schedule M-3. In 2004, approximately 38 percent of the corporations with useable Schedule M-3 data (reporting approximately 56 percent of the aggregate tax after credits of such corporations) did not complete columns (a) and (d).

The detail required by Parts II and III is particularly enhanced by the differentiation of temporary and permanent differences. Temporary (timing) differences occur because tax laws require the recognition of some items of income and expense in different periods than are required for book purposes. Temporary differences originate in one period and reverse or terminate in one or more subsequent periods. Temporary differences between book and tax are questions of "when" not "if." There are four basic categories of temporary differences:

1. Income recognized in financial statements before it is taxable;
2. Income reported as taxable before it is recognized in financial statements;
3. Expenses recognized in financial statements before they are deducted on the tax return; and,
4. Expenses deductible on the tax return before they are recognized on financial statements.

By their very nature, such items involve issues regarding the correct year for the item's inclusion in income or deduction as an expense. From a tax administration standpoint, they concern the time value of money. Over the lifetime of an entity, cycle of a specific transaction, or depreciable life of an asset, temporary differences between book and tax net to zero. Purely temporary differences are generally low risk for tax administration, and important in terms of the magnitude of the difference and the time before the temporary difference turns, due to the time value of money.

In contrast to temporary differences, permanent differences are adjustments that arise as a result of fundamental permanent differences in financial and tax accounting rules. These differences result from transactions that will not reverse in subsequent periods. In financial statement reporting under GAAP, permanent differences are not considered in the FAS Number 109 computation of deferred tax assets and liabilities, but do have a direct impact on the effective tax rate. Therefore, permanent differences have the potential to substantially influence reported earnings per share computations, and, in the case of public companies, stock prices. Accordingly, permanent differences of a comparable size generally have a greater audit risk than temporary differences.

Schedule M-3's introduction of detailed reporting requirements for permanent and timing differences is another significant improvement over Schedule M-1, as well as an important enhancement to overall transparency. When examining Schedule M-1, the character of a particular book-tax difference usually was not determinable without further investigation. Often, this required contacting the taxpayer, resulting in some degree of burden to both taxpayers and the IRS. In addition, the reporting of the book and tax amounts allows the IRS to consider the relative magnitude of the differences before contacting the taxpayer.

Source of 2004 Tax Return Data

A statistical sample of tax return data is electronically-encoded annually by the Statistics of Income Division (SOI), Internal Revenue Service, for the use of the Office of Tax Analysis (OTA), U.S. Department of the Treasury, and the Joint Committee on Taxation (JCT), U.S. Congress. These data include Schedule M-1 data and beginning with 2004 include Schedule M-3 data. The annual SOI corporate file is issued to OTA and JCT in three versions in the second calendar year following the July-June tax year (in calendar 2006 for Tax Year 2004, that is, for corporate tax years ending July 2004 to June 2005). The Advance file is prepared by May 1, the Preliminary file prepared by September 1, and the Final file prepared by December 1. The Advance file contains a limited number of "placeholder" records and uses tentative weights. The Preliminary file has far fewer placeholders and uses revised weights. The Final file has no

placeholders and uses final weights. Advance file placeholder records are data from the prior tax year for a few complex returns still undergoing SOI editing and for a larger number of late returns not yet received as of the issuance of the Advance file.⁵ Preliminary file placeholder records are for late returns not received as of the issuance of the Preliminary file. Placeholder records are eliminated for the Final file. The final weights compensate for missing returns not received as of the Final file. Researchers using SOI data may report only aggregate tax data for a minimum of three taxpayers to protect taxpayer confidentiality. For statistical reasons, SOI prefers that reported aggregate data are reported for 10 or more taxpayers whenever possible.

SOI annually summarizes selected tax return data from the Final corporate file in Publication 16, *Corporate Income Tax Returns*. Corporate tax data in the 2004 Final file prepared by December 2006 will be summarized in the 2004 SOI Publication 16 published in 2007. Our tax return table values may not add and may differ from official 2004 SOI Publication 16 values (when published in 2007) both due to rounding and because we used data from the 2004 SOI Advance corporate file made available to us 7 months before the issuance of the 2004 SOI Final corporate file.⁶

Tax Net Income and Intercompany Dividends (ICD)

Form 1120, Schedule M-3, Part II, line 30, column (d) must equal Form 1120, page 1, line 28 when prepared by the corporate taxpayer. Some taxpayers improperly include U.S. intercompany dividends (ICD) in tax net income on Form 1120 page 1 line 28, the reconciliation target for Schedule M-3.⁷ The taxpayer then removes the same ICD amount as a 100 percent dividends-received deduction on line 29b so that it does not increase final income subject to tax on line 30. If the taxpayer includes ICD on Form 1120, page 1, line 28, he or she must also include it on Schedule M-3, Part II, line 30, column (d).

In general, ICD should be eliminated in determining tax net income. SOI removes all ICD amounts that it identifies in tax net income in the SOI corporate file.⁸ If the taxpayer includes ICD in tax net income on Schedule M-3, Part II, line 30, column (d) and on Form 1120, page 1, line 28, the tax net income reported on Schedule M-3, line 30, column (d) will differ (be larger than) tax net income on Form 1120, page 1, line 28 in the SOI corporate file by the amount of the ICD removed by SOI from line 28.⁹

We estimate the ICD adjustment as the (unedited) Schedule M-3, Part II, line 30 column (d) amount minus the (edited) Form 1120, page 1, line 28 (if it is a positive difference) for corporations filing a consolidated return.

Overview of Tables 1-11

We present our analysis of the 2004 Schedule M-3 data from the SOI Advance corporate file in two types of tables. Tables 1 through 6 are distributional tables. Each focuses on a population characteristic and the distributional impact of that population characteristic on aggregate amounts for selected Form 1120 tax return variables and Schedule M-3 variables. Tables 1 through 6 each present an overall analysis of the population characteristic at the top of the table and then show the effect of asset size (four or six asset classes: over \$25 billion, \$2.5 billion to \$25 billion, \$250 million to \$2.5 billion, \$50 million to \$250 million, \$25 million to \$50 million, and \$10 million to \$25 million). In Table 1, the three smaller asset classes are combined into a single \$10 million to \$250 million class because of the small number of placeholder returns (seven) in that combined class.¹⁰

Tables 7 through 11 are each an aggregate Schedule M-3, Table 7 for the total reconciled population, Tables 8 and 9 for two financial statement type populations identified in Table 4, and Tables 10 and 11 for two populations based on the reporting or nonreporting of columns A and D data identified in Table 3.

Pretax Benchmark for Schedule M-3 Differences and Sign Conventions

We calculate all book-tax difference as pretax differences, that is, as the difference between the *pretax* book (measured before Federal income tax expense), and the tax amounts (also pretax) reported on Schedule M-3. We do this so that we are always comparing pretax amounts consistent with the book-tax literature since Talisman (2000). To do this for total book tax differences reported on Part II, line 30 or Part III, line 36, we must back out Federal income tax expense from the columns (b) and (c) reconciliation differences reported by taxpayers on Part II, line 30 and Part III, line 36.

The prior literature defines the sign of a pretax book tax difference as *positive* if the book amount is *higher* than the tax amount. Schedule M-3 effectively reverses this convention by the nature of its reconciliation rules. A *negative* total difference in columns (b) and (c) of Parts II and III means that the book amount is higher.

Data Presented in Tables 1-6

In Tables 1 through 6, we present selected Form 1120 tax return variables and Schedule M-3 variables. The tax net income in the third dollar column of Panel 1 of these tables is from Form 1120, page 1, line 28 and is after SOI editing to

remove ICD. In the fourth dollar column is our estimated ICD amount. The sum of those two columns is equal (except for taxpayer errors corrected by SOI) to the tax income amount for Schedule M-3, Part II, line 30, column (d) (shown in Panel 2 of Table 3 to 6 in the fourth dollar column). The fifth dollar column in Panel 1 of Tables 1 to 6 is worldwide financial statement income from Part I, line 4. The next to last dollar column in Panel 1 of Tables 1 to 6 is book income from Part II, line 30, column (a). The last dollar column in Panel 1 of Tables 1 to 6 is Federal income tax expense calculated from Part III, lines 1 and 2. The sum of Federal income tax expense and book income is pretax book income shown in the first dollar column of Panel 2 of Tables 3 to 6. The difference between pretax book income and M-3 tax income is shown as a temporary and a permanent pretax difference in Panel 2 of Tables 3 to 6. In addition, the total pretax difference is shown as well as the positive and negative components of the temporary and permanent pretax differences. Total pretax book-tax difference under the Talisman (2000) approach is pretax book minus tax net income after removal of ICD by SOI. In our data, the Talisman (2000) pretax book-tax difference is the negative of the sum of pretax temporary and permanent differences plus the ICD amount.

Data Availability for the 2004 Schedule M-3 Population (Tables 1 and 2)

Table 1 identifies the population of tax returns on the 2004 SOI Advance corporate file potentially subject to the requirement to include the 2004 Form 1120 Schedule M-3. The first requirement is that the corporation files a Form 1120 and reports assets of \$10 million or more on Form 1120, Schedule L.¹¹ The 2004 SOI Advance file contains 33,353 records statistically representing 42,129 tax returns for corporations filing Form 1120 with total assets of \$10 million or more.¹² These 42,129 tax returns include 100 tax returns that are placeholder returns. A placeholder return is 2003 data for a record for which 2004 editing is not complete at the time the Advance file was issued.¹³ The 2004 Advance file includes 6,742 nonplaceholder returns for tax years ending November 2004 or earlier and 35,286 nonplaceholder tax returns for tax years ending December 2004 or later.

For our 2004 Schedule M-3 study, placeholder returns on the 2004 SOI Advance corporate file represent potential missing Schedule M-3 data if the tax year ends in December 2004 or later for a corporation with \$10 million or more in assets. We estimate the possible importance to our study of placeholder returns and other returns that we eliminate for lack of reconciliation as missing data by determining the tax after credits associated with those returns.

The 42,129 tax returns with which Table 1 begins (corporations on the 2004 Advance file filing Form 1120 with assets of \$10 million or more) have an aggregate tax after credits of \$186,297 million. The 35,286 nonplaceholder tax returns for tax years ending December 2004 or later on the 2004 Advance file represent approximately 86 percent of the tax after credits (\$160,647 million). The 6,742 nonplaceholder tax returns for tax years ending November 2004 or earlier represent approximately 9 percent of the tax after credits (\$16,178 million). The 100 placeholder tax returns on the Advance file represent approximately 5 percent of the tax after credits (\$9,473 million).

As we show in Table 2, if we assume all placeholders are in fact subject to Schedule M-3 (tax years ending December 2004 or later), we have nonplaceholder tax return data for 35,286 tax returns representing approximately 94 percent of the aggregate tax after credits for the 35,386 tax returns (35,286 plus 100 placeholders) on the 2004 SOI Advance file assumed potentially subject to the 2004 Schedule M-3 (\$160,647 million compared to \$160,647 million plus \$9,473 million or \$170,120).

Table 2 starts with the 35,286 nonplaceholder tax returns for tax years ending December 2004 or later and the 100 placeholder returns on the 2004 SOI Advance corporate file identified in Table 1 and identifies the population of 30,430 tax returns for which we have reconcilable Schedule M-3 data. We eliminate 2,418 returns for a lack of any Schedule M-3 reconciliation data.¹⁴ We eliminate 2,310 returns that present Schedule M-3 data but either (1) Part II, line 30 column (a) does not reconcile with Part I, line 11, or (2) Part II, line 30 columns (a), (b), and (c) do not reconcile with column (d).¹⁵ Finally, we eliminate 128 returns because Part II, line 28 and Part III, line 36 do not reconcile.¹⁶ The approximately 41 percent of corporations with assets below \$25 million account for a large proportion of the Schedule M-3 data with problems. Approximately 7 percent of the returns potentially subject to the 2004 Schedule M-3 report no Schedule M-3 data (2,418 out of 35,386). Approximately 66 percent of the nonreporters (1,601 out of 2,418) have assets below \$25 million. Approximately 7 percent of the returns potentially subject to the 2004 Schedule M-3 report Part II, line 30 data that do not reconcile (2,310 out of 35,386). Approximately 46 percent of this group (1,058 out of 2,310) have assets below \$25 million. Approximately 37 percent of the returns with Part II, line 27 reconciliation problems (47 out of 128) have assets below \$25 million.

The 30,430 tax returns that we retain from Table 2 (with Schedule M-3 data for which both Part II, line 30 and line 28 pass our reconciliation tests) have an aggregate tax after credits of \$151,405 million. The 2,418 returns eliminated for no M-3 data have an aggregate tax after credits of \$917 million. The 2,310 returns eliminated for Part II, line 30 problems have an aggregate tax after credits of \$7,918 million. The 128 returns eliminated for Part II line 28 problems have an aggregate tax after credits of \$407 million.

Summary: Assuming all placeholders are in fact subject to Schedule M-3 (tax years ending December 2004 or later), we have 35,286 nonplaceholder and 100 placeholder returns for a total of 35,386 returns assumed subject to 2004 Schedule M-3. We have out of these 35,386 returns, nonplaceholder usable Schedule M-3 data for 30,430 tax returns (86 percent of 35,386) representing approximately 89 percent of the aggregate tax after credits for the 35,386 tax returns on the 2004 SOI Advance file assumed potentially subject to the 2004 Schedule M-3 (\$151,405 million compared to \$170,120).

Reporting of Part II Columns (a) and (d) in 2004 (Table 3)

Tables 3 through 7 focus on the 30,430 tax returns in 2004 which have Schedule M-3 reconcilable data. Tables 3 through 6 address specific characteristics of the 30,430 returns. Table 7 presents aggregate Schedule M-3 data for the 30,430 returns. Tables 8 through 11 present aggregate M-3 data for subpopulations of the 30,430 returns. We determine if a corporation is a publicly-traded company based on its answer to Part I, line 3a.

Table 3 examines the reporting of book income and tax income amounts in Parts II and III columns (a) and (d). With the exception of Part II, line 30, a corporation may omit the Parts II and III columns (a) and (d) line-by-line book income and tax income amounts in the first year that Schedule M-3 is required. Of the 30,430 corporations with reconcilable Schedule M-3 data, 11,681 (38 percent) with 56 percent of tax after credits omitted this information including 1,837 of the 3,922 publicly-traded companies (47 percent). Another 15,169 (50 percent) with 37 percent of tax after credits provided reconcilable column (a) and (d) information for Parts II and III and include 1,803 public companies (46 percent). The remaining 3,581 (12 percent) with 6 percent of tax after credits provided the information, but one or more of the columns (a) and (d) in Parts II and III did not reconcile. This group includes 282 public companies (7 percent). Nonreporting of columns (a) and (d) amounts appears to increase as the asset size of the firm increases.

Financial Statement Type Reported for Part I (Table 4)

Table 4 separates the 30,430 returns by financial statement class based on the answers to Schedule M-3, Part I, lines 1a, 1b, and 1c. The four classes are: SEC 10-K, audited but not SEC 10-K, unaudited, and books and records (no financial statements or no answer to Part I line 1). The 4,195 returns (14 percent of 30,430) of corporations that file a SEC 10-K financial statement account for 70 percent of the tax after credits of the 30,430 returns with 2004 Schedule

M-3 reconcilable data, 91 percent of the ICD, 95 percent of the net aggregate temporary pretax book-tax difference, and 69 percent of the net aggregate permanent pretax book-tax difference.

Reporting of Financial Statement Restatements (Table 5)

Table 5 focuses on Schedule M-3, Part I, lines 2b and 2c which asks questions about current-year restatement of financial statements and restatements within the 5 years prior to the current year. The total population for Table 5 is the 30,430 returns with reconcilable Schedule M-3 data. The 29,120 not reporting a restatement are 96 percent of the returns but report only 79 percent of the tax after credits and only include 3,347 of the 3,922 publicly traded companies, or 85 percent. The 5 percent of returns that report restatements report 21 percent of the tax after credits and include 15 percent of the public companies.

Reporting of Book-Tax Difference by Industry (Table 6)

Table 6 separates the 30,430 returns into five industry groups: manufacturing, finance, information, utilities and transportation, and all other.¹⁷ The 30,430 returns report an aggregate book-tax difference of \$131,718 million, approximately 38 percent permanent. The 6,351 returns in manufacturing report an aggregate net pretax book-tax difference of \$98,810 million, approximately 75 percent of the total aggregate net pretax book-tax difference for the 30,430 returns. The difference is approximately 71 percent permanent. The 7,882 returns in finance report an aggregate net pretax book-tax difference of \$12,267 million, approximately 9 percent of the total aggregate net pretax book-tax difference for the 30,430 returns. The difference is approximately 60 percent permanent. The 1,772 returns in information report an aggregate net pretax book-tax difference of positive \$16,349 million, approximately 12 percent of the total aggregate net negative pretax book-tax difference for the 30,430 returns. The permanent difference component is positive \$20,879 million.

Aggregate 2004 Schedule M-3 for U.S. Corporations (Table 7)

Table 7 presents aggregate Schedule M-3 data for the 30,430 tax returns with reconcilable Schedule M-3 data. The data are present in three panels. Panel 1 provides population overview data in its first section, data for Schedule M-3,

Part I in its second section, and data reconciling Part I book with Part II tax income, and SOI tax net income in its third section.

The first data section of Panel 1 of Table 7 reports aggregate total assets (Form 1120, Schedule L), tax less credits, and tax net income (Form 1120, page 1, line 28) for the 30,430 returns, reconciles the tax net income to the tax income reported by the taxpayers on Part II, line 30, column (d), and tax exempt interest (Form 1120, Schedule K, item 9).¹⁸

The second data section of Panel 1 of Table 7 presents aggregate Schedule M-3, Part I data for the 30,430 returns. Part I, line 4 reports aggregate worldwide financial statement income of \$568,010 million. Part I lines 5 through 10 adjusts that to \$515,422 million as aggregate book income of includible corporations. Part I, line 4 aggregate worldwide income is 110 percent of line 11 aggregate book income. Part I, line 5 removes \$204,469 million (40 percent of book) for foreign entities and \$86,534 million (17 percent of book) for U.S. entities included in the financial statement consolidation but not in the tax consolidation. Part I, line 7 adds \$3,785 million (1 percent of book) for U.S. corporations not included in the financial statement consolidation but included in the tax consolidation. Part I, line 8 adds \$184,101 million (36 percent of book) as adjustments to eliminations because of lines 5 through 7, usually the recognition of dividend income and adjustment to minority interest income. The net effect of Part I, lines 5 through 8 is to remove \$103,118 million (20 percent of book). Part I, line 9 adds adjustments of \$6,136 million (1 percent of book) for the difference between financial statement year and tax return year. Part I, line 10 adds other adjustments of \$33,723 million (7 percent of book). Part I, line 10 will generally be used by corporations with insurance subsidiaries to reflect adjustments required by the use of statutory accounting for subsidiary book income. Statutory accounting for subsidiaries differs from generally accepted accounting principles (GAAP) accounting for financial statements, in particular, in the inclusion of certain intercompany dividends. Finally, Part I, line 11 includes \$11,915 million (2 percent of book) not reflected in Part I, lines 4 through 10 for corporations with only books and records.¹⁹

The third data section of Panel 1 of Table 7 reconciles aggregate Schedule M-3, Part I, line 11, book data with Part II pretax temporary and permanent book-tax differences and with SOI-reported tax net income for the 30,430 returns.

Panel 2 of Table 7 presents aggregate Schedule M-3, Part II data for the 30,430 returns. We present aggregate net taxpayer data for book income amount (column (a)), temporary difference (column (b)), permanent difference (column (c)), tax income amount (column (d)), total difference (sum of columns (b) and (c)), and the total aggregate positive and negative reported differences for columns (b) and (c) that determined the net differences. We note that the net aggregate pretax temporary and permanent book-tax difference amounts

are the net differences between relatively large aggregate positive and negative temporary and permanent amounts and that the net differences are often small in comparison. We also present the frequency with which any nonzero amount was reported on the line.

At the foot of Panel 2, we present the necessary correction of the Schedule M-3 reconciliation totals to a pretax basis (before Federal income tax expense). Mechanically, Schedule M-3 compares book income after tax with pretax tax income and includes Federal income tax expense as a book expense in Part III. For analysis, it is necessary to correct the Schedule M-3 data to a consistent pretax basis (before Federal income tax expense). This has been the approach since Talisman (2000). To do this, we back out Federal income tax expense from book income.

Part II, line 30 reports a temporary difference of \$74,502 million and a permanent difference of \$134,455 million for a net difference of \$59,953 million. Column (a) book is \$515,421 million, and column (d) tax is \$575,375 million. Tax income in column (d) is shown as \$59,953 million greater than column (a) book income. After correction to a pretax basis, pretax book income is \$707,092. The tax income of \$575,375 million is in fact less than pretax book income by \$131,717 million.

We know Federal income tax expense from Part III, lines 1 and 2 even without column (a) data. Since column (d) is zero by definition, column (a) must be the negative of the sums of columns (b) and (c).

Federal income tax expense is \$191,670 million, of which \$7,085 million are classified as temporary, and \$184,585 million are classified as permanent. Pretax book income is the sum of Federal tax expense and book income. The adjustment amounts for columns (b) and (c) must be in total the *negative* of the column (a) adjustment amount so that the adjustment has no effect on column (d) just as the original Federal tax expense had no effect on column (d). We adjust column (b) by \$7,085 million and column (c) by \$184,585 million. The result is that column (b) becomes slightly more negative and the sign of column (c) changes and becomes negative. The adjusted pretax column (b) temporary difference is \$81,587 million, and the adjusted pretax column (c) is \$50,131 million. The adjusted total pretax difference is (\$131,718) million, the difference between pretax book income of \$707,092 million and pretax tax income of \$575,375 million. Our pretax total difference benchmark is \$131,718 million. Pretax book for 2004 is \$707,092 million and is higher than tax net income of \$523,015 on Form 1120, page 1, line 28 by \$184,077 million, \$131,718 million measured by Schedule M-1 plus \$52,698 of ICD, plus \$339 million of taxpayer errors not identified here.

The pretax total difference of \$131,718 million is \$81,587 million temporary (62 percent) and \$50,131 million permanent (38 percent).

We express all total line difference as a percentage of pretax book to determine which lines contribute the most to the total difference. For example, the total aggregate net pretax book-tax difference of (\$131,717) million is (18.6) percent of pretax book. Part II, line 13 interest income contributes (\$15,053) million, or (2.1) percentage points of the net (18.6) percent.²⁰

Panel 3 of Table 7 presents aggregate Schedule M-3, Part III data for the 30,430 returns. In Part III, we have changed the sign of all data to agree with Part II. We show deductions in Part III as negative amounts. Schedule M-3, Part III shows deductions as positive amounts and changes sign for the totals carried over to Part II, line 28.²¹ The signs of the differences we show in Part III indicate the effect of that expense or deduction on the net difference between pretax book and tax income.

A few of the lines on Parts II and III account for most of the net negative difference of 18.6 percentage points of pretax book. Some lines contribute to the net negative difference of 18.6 percentage point of pretax book, and some lines offset that net negative difference. The largest net negative difference on a line with a specific description is not unexpected. Part III, line 31, depreciation, reports tax depreciation greater than book for a net effect of \$112,778 million, contributing 15.9 percentage points to the total pretax difference of 18.6 percent of pretax book. The effect of depreciation is almost all temporary.

Part II, line 12 reportable transactions, reports book higher than tax by \$44,837 million, contributing 6.3 percentage points to the total pretax difference of 18.6 percentage points of pretax book. The effect of reportable transactions is largely temporary, but, with a substantial permanent component, Part III, line 9, nonqualified stock options, reports tax deductions greater than book expense for a net effect of \$40,430, contributing 5.7 percentage points of pretax book. The effect of stock options is almost all permanent. Part III, line 16, pension and profit-sharing, reports tax deductions greater than book expense for a net effect of \$17,972 million, contributing 2.5 percentage points of total pretax difference. The effect of pensions is largely temporary.

In the other direction, Part III, line 28, other amortization or impairment writeoffs, reports book expense greater than tax for a net effect of \$50,865 million, offsetting 7.2 percentage points of total pretax difference. The effect of amortization and impairments has both substantial temporary and permanent components. Part II, line 17, inventory valuation adjustment (cost of goods sold), reports book *lower* than tax by \$45,611 million, offsetting 6.5 percentage points of the 18.6-percent pretax total. The effect of inventory adjustments is almost all temporary. Part II, line 18, Sale versus lease (for sellers and /or lessors), reports book *lower* than tax by \$29,324 million, offsetting 4.1 percentage points of the 18.6-percent pretax total. The effect of sale versus lease is almost all temporary.

Part II, line 9, U.S. partnerships, reports book *lower* than tax by \$18,861 million, offsetting 2.7 percentage points of the total pretax difference.

Note that the differences on Part II, lines 23a and 23b for asset disposition (book) and capital gain transactions (tax) are almost offsetting and reflect the structure of Schedule M-3 which separates the accounting on two separate book and tax lines.

Perhaps the most interesting line difference is that for Part II, line 26 other income (loss) items with difference with book higher than tax by \$116,892 million contributing 16.5 percentage points of the 18.6-percent pretax total. The effect of this line has approximately equal temporary and permanent components.²²

Aggregate 2004 Schedule M-3: SEC 10-K Financial Statements (Table 8)

Table 8 presents aggregate Schedule M-3 data for the 4,195 returns out of the 30,430 tax returns with reconcilable Schedule M-3 data that have SEC 10-K financial statements. These returns report a pretax difference of \$112,019 million, that is book higher than tax, 85 percent of the total difference for the 30,430. The temporary difference of \$77,512 is 95 percent of the total temporary difference for the 30,430. The permanent difference of \$34,507 million is 69 percent of the total permanent difference for the 30,430.

Aggregate 2004 Schedule M-3: Audited Financial Statements (Table 9)

Table 9 presents aggregate Schedule M-3 data for the 13,544 returns out of the 30,430 tax returns with reconcilable Schedule M-3 data that have audited financial statements that are not SEC 10-K. These returns report a pretax difference of \$34,250 million, that is book higher than tax, 26 percent of the total difference for the 30,430. The temporary difference of \$14,870 is 18 percent of the total temporary difference for the 30,430. The permanent difference of \$19,380 million is 39 percent of the total permanent difference for the 30,430.

Aggregate 2004 Schedule M-3: Columns A and D Reconcile (Table 10)

Table 10 presents aggregate Schedule M-3 data for the 15,169 returns out of the 30,430 tax returns with reconcilable Schedule M-3 data in Parts II and III columns (a) and (d). These returns report a pretax difference of \$46,322 million, that is, book higher than tax, 35 percent of the total difference for the

30,430. The temporary difference of \$3,807 is 5 percent of the total temporary difference for the 30,430. The permanent difference of \$42,515 million is 85 percent of the total permanent difference for the 30,430.

Aggregate 2004 Schedule M-3: Columns A and D Blank (Table 11)

Table 11 presents aggregate Schedule M-3 data for the 11,681 returns out of the 30,430 tax returns with reconcilable Schedule M-3 data and blank Parts II and III columns (a) and (d). These returns report a pretax difference of \$73,083 million, that is book higher than tax, 55 percent of the total difference for the 30,430. The temporary difference of \$68,006 is 83 percent of the total temporary difference for the 30,430. The permanent difference of \$5,077 million is 10 percent of the total permanent difference for the 30,430.

Review of Supporting Documentation for Selected Schedule M-3 lines

One of the authors²³ reviewed in excess of 100,000 pages of 2004 Schedule M-3 documentation for more than 100 tax returns, each reporting a positive or negative amount of more than \$10 million in absolute value on Part II, line 26, Other income (loss) items with differences; on Part III line 35, Other expense/deduction items with differences; or on Part I, lines 8 or 10, adjustments to eliminations and other adjustments. The following comments reflect that research.

Note: For 2004 and 2005, consolidated tax groups with a Form 1120 parent and insurance subsidiaries were permitted a shortcut to report all insurance subsidiary activity on Part II, line 26. That will change in 2006. Large temporary and permanent differences are reported on Part II, line 26 in 2004 as a result.

Negative and Positive Large Differences on Part II Line 26:

Some companies report positive temporary and permanent differences on Part II, line 26 as intercompany dividends. Unless these are intercompany dividends of insurance subsidiaries subject to line 26 reporting in 2004 and 2005, they should be reported on Part II, line 7. In several cases, matching dividend amounts were not reported on Part I, line 10, suggesting that the dividends were not insurance-related.

Some companies use Part I, line 8 to reverse all or substantially all financial statement eliminations, and then use Part II, line 26 to remove income

improperly included on Part I, line 11 as a result of the Part I, line 8 reversals. Part I, line 11 should be the amount of consolidated financial statement net income of includible corporations (the consolidated tax group listed on Form 851) after all appropriate eliminations.

Some companies report intercompany dividends on Part I, line 8 and report a negative permanent difference on Part II, line 26 as a reduction of those intercompany dividends subject to tax. If the dividends are foreign dividends that are intercompany dividends for financial accounting, but not for tax accounting, and if the negative adjustment reflects dividends representing previously taxed subpart F income, the adjustment should be reported on Part II, line 5.

Some companies use Part II, line 26 for “eliminations” of income without further explanation. This does not meet the standard of “separately stated and adequately described.”

Some companies report “Mark to market” on Part II, line 26. These amounts should have been reported on Part II, line 16.

Some companies use Part II, line 26 to report equity income or loss of subsidiaries. These amounts should be reported on Part II, lines 1 or 6.

Part II, line 26 was also used to report permanent positive difference totals in inventory valuation adjustments. These amounts should have been included on Part II, line 17.

Substantial temporary differences were reported as foreign exchange transaction gains/losses, as cancellation of debt income, and as royalty income. This is appropriate, but perhaps Schedule M-3 lines should be created for these items in the future.

Negative and Positive Large Differences on Part III Line 35:

Large amounts of interest expense were reported on Part III, line 35. In 2005, interest expense is specified on a separate line in Part III.

Large amounts of writeoffs were reported on Part III, line 35. If these amounts represent writeoffs or change in reserve balances, each reserve should be separately stated and adequately described. If they represent writeoffs of goodwill, they should be reported on Part III, line 26, Amortization/impairment of goodwill. If they are writeoffs of assets, they should be reported on Part III, line 28, Other amortization or impairment writeoffs.

Negative and Positive Large Differences on Part I Lines 8 and 10:

Part I, line 8 was generally used to adjust consolidation eliminations for entity income and loss removed or added on Part I, lines 5 through 7, which is appropriate. Note that 3,699 returns had entries on Part I, line 5, but only 1,736

had entries on Part I, line 8. Some companies removed foreign entity income or loss on Part I, line 5, but had no consolidation elimination adjustment on line 8. This may be appropriate if entities removed were 100-percent owned (no minority interest), carried on the cost basis (no equity income), and paid no dividends. The instructions for Part I, line 8 permit, but do not require, the reporting of zero net changes.

Part I, line 10 was generally used to report the addition of intercompany dividends, which is appropriate if the addition was required by statutory accounting for insurance subsidiaries of a Form 1120 parent. In 2004, the documentation is not always clear as to why intercompany dividends are added. In 2006, a new line 10a will separately report the addition of intercompany dividends required by statutory accounting.

Part I, line 10 was also used to report valuation adjustments, eliminations, addition of equity earnings, and the removal of income related to bankruptcy reorganization. It appears that these items should have been reported on Part I, lines 5 through 8, or within Parts II and III. In particular, the income reported on Part I, line 11 should be the share of the worldwide consolidated net income on Part I, line 4 that belongs to the includible corporations (the consolidated tax group listed on Form 851) after all appropriate consolidation eliminations. Part I, line 10 should not be used to reduce the book income on line 11 as a means of reducing the book-tax difference to be reconciled in Parts II and III.

Summary and Conclusion

For most publicly-traded and many privately-held corporations with assets of \$10 million or more, the new Schedule M-3 book-tax reconciliation replaced the 4-decade-old Schedule M-1 effective December 2004. Part I reconciles worldwide consolidated financial statement income with income per income statement of includible corporations (members of the tax return consolidation group listed on Form 851). Parts II and III reconcile income per income statement of includible corporations (“book”) with tax net income on Form 1120, page 1, line 28. Differences between book and tax are characterized as temporary or permanent. Part I is considered extremely important. For the first time, the starting point for the book-tax reconciliation is specified.

We begin our analysis with 42,129 returns for corporation filing Form 1120 for 2004 with assets of \$10 million or more. We eliminated 6,742 that have a November 2004 or earlier yearend. The remaining 35,386 include 100 placeholder returns that are potentially subject to the 2004 Schedule M-3. For the nonplaceholder 35,286, we determine that 30,430 have reconcilable Schedule M-3 data.

We estimate the possible importance to our study of placeholder records and other records that we eliminate for lack of reconciliation as missing data by

determining the tax after credits associated with those records. Assuming all placeholders are in fact subject to Schedule M-3 (tax years ending December 2004 or later), our nonplaceholder usable Schedule M-3 data for 30,430 tax returns represent approximately 89 percent of the aggregate tax after credits for the 35,386 tax returns on the 2004 SOI Advance file assumed potentially subject to the 2004.

We discuss the need to convert Schedule M-3 data to pretax differences by backing out the effects of Federal tax expense. The adjustment to a common pretax base for both book and tax is consistent with the literature since Talisman (2000). For the 30,430 returns with reconcilable Schedule M-3 data, pretax book is higher than tax income and in Schedule M-3 is reflected with a negative sign. For the 30,430 returns, Table 7 presents an aggregate net pretax total difference of \$131,718 million of which \$81,587 million are temporary (62 percent), and \$50,131 million are permanent (38 percent).

Table 8 presents aggregate Schedule M-3 data for the 4,195 returns out of the 30,430 tax returns with reconcilable Schedule M-3 data that have SEC 10-K financial statements. These returns report an aggregate net pretax difference of \$112,019 million, that is book higher than tax, 85 percent of the total difference for the 30,430. The temporary difference of \$77,512 is 95 percent of the total temporary difference for the 30,430. The permanent difference of \$34,507 million is 69 percent of the total permanent difference for the 30,430. The share of tax after credits of these firms is 70 percent.

Perhaps the most interesting line difference in Table 7 for the 30,430 returns is that for Part II, line 26 other income (loss) items with difference.²⁴ It is 89 percent of the total pretax difference with book higher than tax by \$116,892 million with approximately equal temporary and permanent components (each 44 percent approximately of the total pretax difference.) The IRS needs to investigate the supporting documentation for Part II, line 26 and determine if some items included there should have new separate lines on Schedule M-3 in future years.

Acknowledgments

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Ellen Legel is a Senior Staff Economist and Management Official with the Corporation Tax Branch of the Statistics of Income Division, Internal Revenue Service. She has been a Lead Analyst for the Corporation Tax Program and is the Senior Analyst for Schedule M-1, Schedule M-2, and Schedule M-3.

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Endnotes

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¹ The current paper repeats certain material from Boynton, DeFilippes, and Legel (2005 and 2006) and from Boynton and Wilson (2006), used with permission. Our tax return table values may not add and may differ from official 2004 SOI Publication 16 values (when published in 2007) both due to rounding and because we used data from the 2004 SOI Advance corporate file made available to us 7 months before the issuance of the 2004 SOI Final corporate file. See the discussion of the Advanced file and Final file in Source of 2004 Tax Return Data. The SOI corporate data file for year t includes all tax years ending between July of Calendar

Year t and June of Calendar Year $t+1$. Effective for all tax years ending on or after December 31, 2004, Schedule M-3 replaced Schedule M-1 for corporations filing Form 1120 and reporting total assets of \$10 million or more on Form 1120, Schedule L. Effective December 2006, for corporations with total assets of \$10 million or more, Schedule M-3 will apply to Form 1120-S for S corporation, to Form 1120-C for cooperative associations, and to Form 1120-L and Form-PC for life and property and casualty insurance companies. Effective December 2006, Schedule M-3 will also apply to Form 1065 for partnerships with total assets of \$10 million or more and certain other partnerships. Schedule M-1 continues to apply to Form 1120-F for foreign corporations with effectively connected U.S. income, to Form 1120-RIC for regulated investment companies, to Form 1120-REIT for real estate investment trusts, and to all corporations with total assets of less than \$10 million.

- ² See U.S. Department of the Treasury (1999) and Talisman (2000). See also Mills (1998) cited by Treasury (1999, page 32, note 118): “Mills finds evidence that the IRS is more likely to assert deficiencies on firms with large book-tax disparities, indicating that such disparities are correlated with aggressive tax planning.”
- ³ See Mills and Plesko (2003) for the proposed redesign of Schedule M-1. For discussions of problems in interpreting Schedule M-1 book-tax reconciliation data and problems with the related Schedule L book balance sheet data, see Boynton, Dobbins, DeFilippes, and Cooper (2002), Mills, Newberry, and Trautman (2002), Boynton, DeFilippes, Lisowsky, and Mills (2004), Boynton, DeFilippes, and Legel (2005 and 2006), and Boynton and Wilson (2006). For discussions of the problems in reconciling financial accounting income and tax income, see McGill and Outslay (2002), Hanlon (2003), McGill and Outslay (2004), Plesko (2004), and Hanlon and Shevlin (2005).
- ⁴ For a discussion of the development of Schedule M-3, see Boynton and Mills (2004).
- ⁵ Placeholder data are commonly the edited return data from the prior tax year, but may also be current-year data from the IRS Business Master File (limited return data tabulated by the IRS when the return is first received and processed) or, in the case of returns not yet received, current-year survey data collected by SOI directly from the taxpayer on a voluntary basis on a limited number of critical variables.
- ⁶ SOI Publication 16 tables have not presented Schedule M-1 data to date. Currently, it is not planned for SOI Publication 16 to present Schedule M-3 data. Prior to the publication of Boynton, DeFilippes, and Legel

(2005 and 2006), only Plesko (2002) (for 1996-1998) and Plesko-Shumofsky (2005) (for 1995-2001) presented Schedule M-1 data for the SOI Publication 16 population.

- ⁷ It is improper to include intercompany dividends in tax net income if a consolidated tax group does not contain an insurance company subsidiary. Schedule M-3 instructions recognize that consolidated tax groups containing insurance company subsidiaries may be required for book accounting (under statutory accounting rules for insurance companies), and tax accounting (under Federal income tax consolidation rules for insurance companies) to include certain intercompany dividends in book income and in tax income. See the 2004, 2005, and 2006 Form 1120 instructions for Schedule M-3, Part I, lines 10 and 11 and Part II, lines 7 and 26. In April 2006, Form 8916 was announced to supplement Schedule M-3 for certain mixed groups, including, in particular, tax consolidation groups with a Form 1120 parent and an insurance subsidiary. Form 8916 is used by mixed groups to reconcile tax net income on Schedule M-3 with taxable income on the tax return.
- ⁸ On the SOI corporate file, SOI removes all intercompany dividends (ICD) that it identifies from Form 1120 data, including from page 1, line 28 whether or not the tax consolidation group contains an insurance company subsidiary. See the discussion of the history of ICD editing by SOI for 1990-2003 tax years in Boynton, DeFilippes, and Legel (2005 and 2006). Note that changes on the SOI corporate file do not change the amounts on the tax return and do not impact IRS audits (or lack of audits) for corporate tax returns.
- ⁹ SOI also corrects certain taxpayer errors it finds on Form 1120, page 1. The observed difference between Schedule M-3, Part II, line 30, column (d) and Form 1120, page 1, line 28 on the SOI corporate file is the net effect of the SOI ICD adjustment and any other SOI error adjustments made on the SOI corporate file.
- ¹⁰ We may not report data for fewer than three taxpayers. See the discussion of placeholder returns in “Source of 2004 Tax Return Data” and “Data Availability for the 2004 Schedule M-3 Population (Tables 1 and 2).”
- ¹¹ In fact, approximately 200 companies with assets less than \$10 million voluntarily filed Schedule M-3. We do not analyze those data.
- ¹² The SOI corporate file is a statistical sample. The record for a smaller tax return (usually measured by total assets) may be weighted to represent more than one tax return. Generally, tax returns for corporations with

\$50 million or more in assets have a weight of one, that is the record represents only itself. The record for a smaller tax return generally has a weight greater than one (for example five), that is, the record represents several similar tax returns (for example, five tax returns). The total 2004 SOI Advance corporate file contains 112,928 records representing 5,614,795 corporate tax returns reporting aggregate total assets of \$59,983,334 million and aggregate tax after credits of \$218,196 million. This total includes S corporations, regulated investment trusts, and real estate investment trusts. These do not normally pay corporate income tax. Excluding S, RIC and REIT, the 2004 SOI Advance file contains 63,739 records representing 2,045,501 corporate tax returns reporting aggregate total assets of \$46,941,900 million and aggregate tax after credits of \$217,705. The 33,353 records representing 42,129 corporation tax returns filed on Form 1120 each reporting assets of \$10 million or more (2.1 percent of all corporate returns excluding S, RIC, and REIT) have aggregate total assets of \$40,137,268 million (85.5 percent of all corporate returns excluding S, RIC, and REIT) and aggregate tax after credits of \$186,297 million (85.6 percent of all corporate returns excluding S, RIC, and REIT).

- ¹³ See “Source of 2004 Tax Return Data” for a fuller discussion of the sources of placeholder data.
- ¹⁴ We tested Part I, lines 4 through 11 and Part II, lines 26 through 30 for any nonzero amount. In particular, a book amount for the tax group should be reported on Part I, line 11, and a reconciliation between that amount and tax net income should be reported on Part II, line 30.
- ¹⁵ We also eliminate a return if Schedule M-3, Part II, line 30, column (a) or column (d) is exactly zero. We do not test the reconciliation between Part II, line 30, column (d) and Form 1120, page 1, line 28. Rather, if Part II, line 30, column d, is nonzero, we treat any positive difference with page 1, line 28 for a consolidated return as the measure of the ICD removed by SOI from page 1, line 28.
- ¹⁶ Part III is designed to report expenses and deductions as positive amounts. The column sums on Part III, line 36 are then carried over to Part II, line 28 with a sign change and added on Part II in determining Part II, line 30 column amounts. We test to see if Part II, line 28 columns (b) and (c) are each the negative of those columns on Part III line 36, and if Part II, line 27 columns (b) and (c), and Part II, line 28, columns (b) and (c) each add to Part II, line 30 columns (b) and (c). In addition to the 128 returns (103 records) that we eliminate with these tests, there were an additional 139 returns that initially failed. For 119 of the returns

that initially failed our tests, we determined that the taxpayer reported expenses and deductions on Part III as negative amounts and carried those amounts to Part II, line 28 without a sign change where these amounts could appropriately be added. For aggregation purposes in Tables 6-17, we changed the sign of amounts on Part III of these 119 returns so that expenses and deductions were reported as positive amounts. For 20 of the returns that initially failed our tests, we determined that the taxpayer reported expenses and deductions on Part III as positive amounts and carried those amounts to Part II, line 28 without a sign change where the taxpayer then subtracted the Part II, line 28 column amounts to determine Part II, line 30. For aggregation purposes in Tables 6-17, we changed the sign of amounts on Part II, line 28 so that those amounts could be added.

- ¹⁷ The major SOI industry sector codes are: manufacturing 31; finance (including real estate and holding companies) 52, 53, 55; information 51; utilities and transportation 22, 48.
- ¹⁸ Tax-exempt interest is a major component of the permanent difference reported on Schedule M-3, Part II, line 13, Interest income.
- ¹⁹ The amounts on Part I, lines 4 through 10 plus the amounts entered only on line 11 (without any other entry on lines 4 through 10) do not add to line 11 because of reconciliation errors of \$1,243 present in the Part I data. Starting in 2005, all corporations are instructed to begin Part I on line 4.
- ²⁰ The source of the permanent difference of \$12,006 on line 13 is a combination of tax-exempt interest of \$10,786 million (reported in the first data section of Panel 1 of Table 6 from Form 1120, Schedule K, item 9) and hybrid securities (payments for example that are interest for book but not for tax).
- ²¹ See the discussion of Part III and Part II, line 28 in Data Availability for the 2004 Schedule M-3 Population (Tables 1 and 2).
- ²² In 2004 and 2005, corporations with a Form 1120 parent and insurance subsidiaries were permitted to report all insurance subsidiary differences on Part II, line 26 other income (loss) items with difference. This may have confounded our ability to interpret aggregate data for this line.
- ²³ The review of supporting documents was performed by Ellen Legel.
- ²⁴ In 2004 and 2005, corporations with a Form 1120 parent and insurance subsidiaries were permitted to report all insurance subsidiary differences on Part II, line 26 other income (loss) items with difference. This may have confounded our ability to interpret aggregate data for this line.

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Exhibit 1: 2004 Form 1120 Schedule M-3

SCHEDULE M-3 (Form 1120) <small>Department of the Treasury Internal Revenue Service</small>	Net Income (Loss) Reconciliation for Corporations With Total Assets of \$10 Million or More <small>▶ Attach to Form 1120. ▶ See separate instructions.</small>	<small>OMB No. 1545-0123</small> <div style="font-size: 2em; font-weight: bold; text-align: center;">2004</div>
<small>Name of corporation (common parent, if consolidated return)</small>		<small>Employer identification number</small> :

Part I Financial Information and Net Income (Loss) Reconciliation

1a Did the corporation file SEC Form 10-K for its income statement period ending with or within this tax year?
 Yes. Skip lines 1b and 1c and complete lines 2a through 11 with respect to that SEC Form 10-K.
 No. Go to line 1b.

b Did the corporation prepare a certified audited income statement for that period?
 Yes. Skip line 1c and complete lines 2a through 11 with respect to that income statement.
 No. Go to line 1c.

c Did the corporation prepare an income statement for that period?
 Yes. Complete lines 2a through 11 with respect to that income statement.
 No. Skip lines 2a through 10 and enter the corporation's net income (loss) per its books and records on line 11.

2a Enter the income statement period: Beginning ____ / ____ / ____ Ending ____ / ____ / ____

b Has the corporation's income statement been restated for the income statement period on line 2a?
 Yes. (If "Yes," attach an explanation and the amount of each item restated.)
 No.

c Has the corporation's income statement been restated for any of the five income statement periods preceeding the period on line 2a?
 Yes. (If "Yes," attach an explanation and the amount of each item restated.)
 No.

3a Is any of the corporation's voting common stock publicly traded?
 Yes.
 No. If "No," go to line 4.

b Enter the symbol of the corporation's primary U.S. publicly traded voting common stock

c Enter the nine-digit CUSIP number of the corporation's primary publicly traded voting common stock

4 Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4	
5a Net income from nonincludible foreign entities (attach schedule)	5a	()
b Net loss from nonincludible foreign entities (attach schedule and enter as a positive amount)	5b	
6a Net income from nonincludible U.S. entities (attach schedule)	6a	()
b Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount)	6b	
7a Net income of other includible corporations (attach schedule)	7a	
b Net loss of other includible corporations (attach schedule)	7b	()
8 Adjustment to eliminations of transactions between includible corporations and nonincludible entities (attach schedule)	8	
9 Adjustment to reconcile income statement period to tax year (attach schedule)	9	
10 Other adjustments to reconcile to amount on line 11 (attach schedule)	10	
11 Net income (loss) per income statement of includible corporations. Combine lines 4 through 10	11	

Exhibit 1: 2004 Form 1120 Schedule M-3 (continued)

Schedule M-3 (Form 1120) 2004	Page 2
Name of corporation (common parent, if consolidated return)	Employer identification number
Name of subsidiary (if consolidated return)	Employer identification number

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return

	(a) Income (Loss) per Income Statement (optional)	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return (optional)
Income (Loss) Items				
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed . . .				
3 Subpart F, QEF, and similar income inclusions . . .				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations . . .				
7 U.S. dividends not eliminated in tax consolidation . .				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships (attach schedule) . .				
10 Income (loss) from foreign partnerships (attach schedule) .				
11 Income (loss) from other pass-through entities (attach schedule)				
12 Items relating to reportable transactions (attach details)				
13 Interest income				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Inventory valuation adjustments				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and flow-through entities				
23b Gross capital gains from Schedule D, excluding amounts from flow-through entities				
23c Gross capital losses from Schedule D, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses				
23d Net gain/loss reported on Form 4797, line 17, excluding amounts from flow-through entities, abandonment losses, and worthless stock losses				
23e Abandonment losses				
23f Worthless stock losses (attach details)				
23g Other gain/loss on disposition of assets other than inventory				
24 Disallowed capital loss in excess of capital gains				
25 Utilization of capital loss carryforward				
26 Other income (loss) items with differences (attach schedule)				
27 Total income (loss) items. Combine lines 1 through 26				
28 Total expense/deduction items (from Part III, line 36)				
29 Other income (loss) and expense/deduction items with no differences				
30 Reconciliation totals. Combine lines 27 through 29				

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Exhibit 1: 2004 Form 1120 Schedule M-3 (continued)

Schedule M-3 (Form 1120) 2004	Page 3
Name of corporation (common parent, if consolidated return)	Employer identification number
Name of subsidiary (if consolidated return)	Employer identification number

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return—Expense/Deduction Items

	(a) Expense per Income Statement (optional)	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return (optional)
Expense/Deduction Items				
1 U.S. current income tax expense				
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Incentive stock options				
9 Nonqualified stock options				
10 Other equity-based compensation				
11 Meals and entertainment				
12 Fines and penalties				
13 Punitive damages				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation				
22 Charitable contribution carryforward used				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Section 198 environmental remediation costs				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Other expense/deduction items with differences (attach schedule)				
36 Total expense/deduction items. Combine lines 1 through 35. Enter here and on Part II, line 28				

Table 3. U.S. Corporations Subject to 2004 Schedule M-3 With Reconcilable Data By Presence of 2004 Optional Columns A and D Data
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from Final file and official SOI Publication 16 values.
 Panel 1 of 2

	Returns		Public		Total Assets		Tax Alter Credits		Tax Net Income		Estimated ICD		Worldwide Income		Book Income (Part II Ln 30A)		Fed Tax Expense	
	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%
2004 Advanced (8,14,20)	30,430	100	3,922	100	32,544,249	100	151,405	100	523,015	100	52,698	100	568,010	100	515,421	100	191,670	100
A & D Recon																		
A/D Reconcile	15,169	50	1,803	46	10,448,839	32	56,251	37	164,441	31	17,133	33	192,238	34	155,044	30	72,796	38
A/D Problems	3,581	12	282	7	1,962,365	6	9,783	6	35,866	7	1,566	3	42,605	8	38,163	7	11,423	6
A/D Blank	11,681	38	1,837	47	20,133,045	62	85,371	56	322,708	62	33,999	65	333,167	59	322,214	63	107,451	56
a >= \$25 B or More	150	0	118	3	22,389,613	69	71,768	47	321,075	61	38,129	72	350,840	62	329,605	64	87,810	46
A/D Reconcile	51	0	38	1	5,830,829	18	22,145	15	77,767	15	11,535	22	101,854	18	74,985	15	27,542	14
A/D Problems	13	0	9	0	1,139,450	4	4,093	3	27,518	5	748	1	29,156	5	25,209	5	4,485	2
A/D Blank	86	0	71	2	15,419,335	47	45,529	30	215,790	41	25,849	49	219,830	39	229,411	45	55,783	29
b >= \$2.5B < \$25 B	810	3	497	13	5,781,523	18	40,374	27	126,457	24	10,041	19	137,463	24	124,763	24	54,945	29
A/D Reconcile	353	1	207	5	2,481,116	8	15,907	11	51,596	10	3,155	6	48,941	9	46,171	9	22,408	12
A/D Problems	62	0	34	1	432,054	1	2,378	2	732	0	460	1	5,373	1	6,145	1	3,604	2
A/D Blank	395	1	256	7	2,868,353	9	22,069	15	74,130	14	6,426	12	83,150	15	72,446	14	28,933	15
c >= \$250M < \$2.5B	4,303	14	1,583	40	3,072,159	9	26,599	18	64,675	12	4,093	8	72,867	13	55,129	11	35,680	19
A/D Reconcile	2,077	7	740	19	1,474,109	5	11,729	8	27,412	5	2,220	4	34,805	6	28,109	5	15,992	8
A/D Problems	335	1	90	2	254,884	1	2,140	1	7,073	1	275	1	8,201	1	6,472	1	2,310	1
A/D Blank	1,890	6	753	19	1,343,166	4	12,730	8	30,189	6	1,597	3	29,862	5	20,542	4	17,377	9
d >= \$ 50M < \$250M	7,943	26	1,100	28	926,136	3	8,191	5	12,142	2	308	1	9,515	2	9,347	2	8,840	5
A/D Reconcile	4,075	13	522	13	473,625	1	4,133	3	7,741	1	198	0	5,722	1	6,033	1	4,510	2
A/D Problems	775	3	78	2	86,857	0	668	0	390	0	4	0	465	0	451	0	597	0
A/D Blank	3,092	10	501	13	365,653	1	3,389	2	4,010	1	107	0	3,328	1	2,863	1	3,733	2
e >= \$ 25M < \$ 50M	5,436	18	302	8	191,025	1	2,227	1	824	0	103	0	-944	0	-1,006	0	2,242	1
A/D Reconcile	2,792	9	149	4	98,031	0	1,163	1	669	0	13	0	818	0	89	0	1,183	1
A/D Problems	641	2	27	1	22,183	0	204	0	239	0	78	0	-617	0	140	0	167	0
A/D Blank	2,003	7	126	3	70,811	0	859	1	-83	0	12	0	-1,145	0	-1,235	0	892	0
f >= \$ 10M < \$ 25M	11,789	39	322	8	183,794	1	2,245	1	-2,158	0	24	0	-1,732	0	-2,417	0	2,153	1
A/D Reconcile	5,820	19	147	4	91,130	0	1,172	1	-744	0	13	0	98	0	-344	0	1,161	1
A/D Problems	1,754	6	45	1	26,937	0	299	0	-86	0	3	0	27	0	-260	0	259	0
A/D Blank	4,215	14	130	3	65,727	0	775	1	-1,328	0	9	0	-1,858	0	-1,813	0	733	0

Table 4. U.S. Corporations Subject to 2004 Schedule M-3 With Reconcilable Data by Financial Statement Type
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.
 Panel 1 of 2

	Returns		Public		Total Assets		Tax After Credits		Tax Net Income		Estimated ICD		Worldwide Income		Book Income (Part II Ln 30A)		Fed Tax Expense	
	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %
2004 Advanced (8,14,20)	30,430	100	3,922	100	32,544,249	100	151,405	100	523,015	100	52,698	100	568,010	100	515,421	100	191,670	100
All	4,195	14	3,673	94	22,287,327	68	105,533	70	394,570	75	48,046	91	440,912	78	414,124	80	140,256	73
a SEC 10-K	13,544	45	173	4	5,695,533	18	29,139	19	85,211	16	1,610	3	82,209	14	87,786	17	33,234	17
b Audited	7,715	25	68	2	2,818,895	9	10,955	7	31,670	6	779	1	41,150	7	-558	0	11,944	6
c Unaudited	4,978	16	8	0	1,742,493	5	5,778	4	11,563	2	2,263	4	3,738	1	14,088	3	6,236	3
d Books/Rec	150	0	118	3	22,389,613	69	71,768	47	321,075	61	38,129	72	350,840	62	329,605	64	87,810	46
a >= \$25 B or More	116	0	*	*	16,780,079	52	59,825	40	275,706	53	37,404	71	288,075	51	297,682	58	74,038	39
b Audited	19	0	*	*	3,309,566	10	8,725	6	35,138	7	216	0	32,085	6	43,637	8	9,911	5
c Unaudited	9	0	*	*	1,529,565	5	2,668	2	10,009	2	12	0	28,739	5	-11,533	-2	2,869	1
d Books/Rec	6	0	*	*	770,413	2	560	0	221	0	497	1	1,941	0	-182	0	992	1
b >= \$2.5B < \$25 B	810	3	497	13	5,781,523	18	40,374	27	126,457	24	10,041	19	137,463	24	124,763	24	54,945	29
a SEC 10-K	514	2	*	*	3,890,354	12	31,028	20	95,592	18	7,860	15	117,813	21	94,891	18	44,734	23
b Audited	127	0	*	*	756,786	2	4,848	3	12,551	2	646	1	12,907	2	12,310	2	5,787	3
c Unaudited	95	0	*	*	613,440	2	2,523	2	11,821	2	435	1	4,934	1	5,962	1	3,341	2
d Books/Rec	75	0	*	*	520,942	2	1,976	1	6,494	1	1,100	2	1,809	0	11,599	2	1,083	1
c >= \$250M < \$2.5B	4,303	14	1,583	40	3,072,159	9	26,599	18	64,675	12	4,093	8	72,867	13	55,129	11	35,680	19
a SEC 10-K	1,745	6	1,529	39	1,442,075	4	13,250	9	27,769	5	2,701	5	39,133	7	26,052	5	19,835	10
b Audited	1,611	5	31	1	974,043	3	8,513	6	24,873	5	591	1	25,110	4	21,929	4	10,071	5
c Unaudited	560	2	23	1	391,475	1	3,128	2	8,517	2	239	0	8,907	2	6,696	1	3,167	2
d Books/Rec	386	1	0	0	264,566	1	1,709	1	3,516	1	563	1	-283	0	452	0	2,607	1
a SEC 10-K	7,943	26	1,100	28	926,136	3	8,191	5	12,142	2	308	1	9,515	2	9,347	2	8,840	5
b Audited	4,195	14	987	25	157,550	0	1,303	1	-2,471	0	77	0	-2,082	0	-2,346	0	1,502	1
c Unaudited	1,568	5	20	1	172,290	1	1,332	1	905	0	69	0	-850	0	-996	0	1,344	1
d Books/Rec	1,020	3	4	0	114,330	0	785	1	1,360	0	12	0	298	0	-1,006	0	838	0
e >= \$ 25M < \$ 50M	5,436	18	302	8	191,025	1	2,227	1	824	0	103	0	-944	0	-1,006	0	2,242	1
a SEC 10-K	317	1	266	7	11,371	0	84	0	-1,267	0	0	0	-1,608	0	-1,368	0	96	0
b Audited	2,693	9	25	1	95,099	0	1,260	1	1,368	0	3	0	746	0	265	0	1,321	1
c Unaudited	1,452	5	8	0	50,798	0	562	0	391	0	21	0	-208	0	-385	0	478	0
d Books/Rec	974	3	3	0	33,768	0	321	0	333	0	79	0	126	0	472	0	347	0
f >= \$ 10M < \$ 25M	11,789	39	322	8	183,794	1	2,245	1	-2,158	1	24	0	-1,732	0	-2,417	0	2,153	1
a SEC 10-K	343	1	292	7	5,898	0	43	0	-758	0	4	0	-419	0	-797	0	50	0
b Audited	4,899	16	22	1	78,083	0	1,022	1	-1,066	0	4	0	-788	0	-1,522	0	988	1
c Unaudited	4,032	13	8	0	61,328	0	751	0	27	0	0	0	-372	0	-302	0	745	0
d Books/Rec	2,515	8	0	0	38,485	0	428	0	-360	0	12	0	-153	0	205	0	370	0

Table 5. U.S. Corporations Subject to 2004 Schedule M-3 With Reconcilable Data by Financial Statement Restatements
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.
 Panel 1 of 2

	Returns		Public		Total Assets		Tax After Credits		Tax Net Income		Estimated ICD		Worldwide Income		Book Income (Part II Ln 30A)		Fed Tax Expense	
	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%	Sum	%
2004 Advanced (8/14, 20)	30,430	100	3,922	100	32,544,249	100	151,405	100	523,015	100	52,698	100	568,010	100	515,421	100	191,670	100
Restatements																		
No Restatement	29,120	96	3,347	85	26,315,984	81	119,990	79	403,194	77	49,045	93	428,628	75	419,030	81	150,287	78
Restate Prior 5 Yrs only	1,150	4	475	12	5,724,441	18	29,736	20	113,878	22	2,976	6	127,549	22	87,092	17	36,849	19
Current Year Restate	161	1	100	3	503,824	2	1,678	1	5,943	1	677	1	11,833	2	9,299	2	4,535	2
a >= \$25 B or More																		
No Restatement	111	0	84	2	22,389,613	69	71,768	47	321,075	61	38,129	72	350,840	62	329,605	64	87,810	46
Restate Prior 5 Yrs only	33	0	28	1	17,523,064	54	50,713	33	214,983	41	36,927	70	225,512	40	248,383	48	60,284	31
Current Year Restate	6	0	6	0	4,564,190	14	20,892	14	103,452	20	1,202	2	116,510	21	75,128	15	25,133	13
b >= \$2.5B -< \$25 B																		
All	810	3	497	13	5,781,523	18	40,374	27	126,457	24	10,041	19	137,463	24	124,763	24	54,945	29
No Restatement	698	2	401	10	4,795,149	15	33,233	22	115,987	22	8,255	16	124,989	22	111,118	22	45,518	24
Restate Prior 5 Yrs only	100	0	82	2	838,859	3	6,193	4	8,761	2	1,133	2	10,925	2	11,922	2	8,062	4
Current Year Restate	13	0	13	0	146,515	0	949	1	1,709	0	653	1	1,549	0	1,724	0	1,365	1
c >= \$250M -< \$2.5B																		
All	4,303	14	1,583	40	3,072,159	9	26,599	18	64,675	12	4,093	8	72,867	13	55,129	11	35,680	19
No Restatement	3,898	13	1,313	33	2,751,552	8	23,906	16	61,419	12	3,430	7	70,828	12	53,744	10	31,915	17
Restate Prior 5 Yrs only	344	1	221	6	272,529	1	2,177	1	1,644	0	638	1	603	0	-74	0	3,036	2
Current Year Restate	60	0	49	1	48,077	0	516	0	1,612	0	25	0	1,436	0	1,459	0	729	0
d >= \$ 50M -< \$250M																		
All	7,943	26	1,100	28	926,136	3	8,191	5	12,142	2	308	1	9,515	2	9,347	2	8,840	5
No Restatement	7,592	25	983	25	880,915	3	7,763	5	11,889	2	306	1	9,555	2	8,805	2	8,243	4
Restate Prior 5 Yrs only	307	1	101	3	39,389	0	384	0	248	0	2	0	-104	0	510	0	560	0
Current Year Restate	44	0	17	0	5,831	0	44	0	5	0	0	0	64	0	33	0	36	0
e >= \$ 25M -< \$ 50M																		
All	5,436	18	302	8	191,025	1	2,227	1	824	0	103	0	944	0	-1,006	0	2,242	1
No Restatement	5,276	17	269	7	185,426	1	2,169	1	868	0	103	0	754	0	-810	0	2,197	1
Restate Prior 5 Yrs only	139	0	23	1	4,833	0	55	0	-43	0	0	0	-162	0	-185	0	36	0
Current Year Restate	20	0	10	0	766	0	3	0	-20	0	0	0	-28	0	-11	0	9	0
f >= \$ 10M -< \$ 25M																		
All	11,789	39	322	8	183,794	1	2,245	1	2,158	0	24	0	-1,732	0	-2,417	0	2,153	1
No Restatement	11,545	38	297	8	179,878	1	2,206	1	-1,971	0	24	0	-1,503	0	-2,210	0	2,129	1
Restate Prior 5 Yrs only	227	1	20	1	3,640	0	37	0	-183	0	0	0	-223	0	-208	0	21	0
Current Year Restate	17	0	4	0	276	0	3	0	-3	0	0	0	-5	0	1	0	3	0

Table 6. U.S. Corporations Subject to 2004 Schedule M-3 With Reconcilable Data by Industry
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.
 Panel 1 of 2

	Returns		Public		Total Assets		Tax-At-Risk		Tax Net		Estimated ICD		Worldwide Income		Book Income		Fed Tax Expense	
	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %	Sum	Col %
All	30,430	100	3,922	100	32,544,249	100	151,405	100	52,698	100	515,421	100	191,670	100	60,319	31	25,367	13
SOI Div Cd																		
a. Manufacturing	6,351	21	1,095	28	7,269,591	22	48,615	32	232,670	44	11,475	22	255,828	45	282,629	55	60,319	31
b. Finance	7,882	26	861	22	7,321,844	22	21,488	14	58,740	11	2,476	5	61,620	11	47,931	9	25,367	13
c. Information	1,772	6	372	9	1,900,420	6	8,937	6	10,208	2	13,623	26	3,980	-1	-3,544	-1	11,025	6
d. Utilities/Transpo	976	3	174	4	1,574,761	5	6,600	4	4,568	1	2,706	5	44,940	8	2,006	0	10,861	6
e. All Other	13,450	44	1,418	36	14,477,653	44	65,764	43	216,741	41	22,474	43	209,602	37	186,399	36	84,097	44
a >= \$25 B or More	150	0	118	3	22,388,613	69	71,768	47	321,075	61	38,129	72	350,840	62	329,605	64	87,810	46
a. Manufacturing	38	0	30	1	4,803,038	15	26,018	17	162,728	31	3,913	7	170,166	30	216,311	42	26,270	14
b. Finance	30	0	15	0	5,057,784	16	9,219	6	36,173	7	728	1	36,922	7	27,729	5	11,273	6
c. Information	15	0	*	*	1,150,614	4	3,740	2	12,429	2	13,298	25	-2,331	0	-2,702	-1	4,727	2
d. Utilities/Transpo	19	0	*	*	800,199	2	2,965	2	3,687	1	1,436	3	36,660	6	-446	0	6,148	3
e. All Other	48	0	42	1	10,577,978	33	29,826	20	106,058	20	18,754	36	109,423	19	88,112	17	39,391	21
b >= \$2.5B < \$5 B	810	3	497	13	5,781,523	18	40,374	27	126,457	24	10,041	19	137,463	24	124,763	24	54,945	29
a. Manufacturing	214	1	138	4	1,505,111	5	13,044	9	50,737	10	5,438	10	66,916	12	54,184	11	21,173	11
b. Finance	163	1	68	2	1,227,563	4	5,105	3	13,688	3	1,105	2	12,738	2	12,662	2	6,652	3
c. Information	62	0	*	*	473,960	1	3,223	2	3,812	1	59	0	499	0	3,072	1	3,548	2
d. Utilities/Transpo	67	0	*	*	601,398	2	2,066	1	-793	0	1,205	2	3,255	1	-601	0	2,414	1
e. All Other	284	1	190	5	1,973,491	6	16,935	11	59,016	11	2,235	4	54,055	10	55,502	11	21,158	11
c >= \$250M < \$2.5B	4,303	14	1,583	40	3,072,159	9	26,599	18	64,975	12	4,093	8	72,867	13	55,129	11	35,680	19
a. Manufacturing	921	3	387	10	691,658	2	6,107	4	17,587	3	1,985	4	18,975	3	12,751	2	8,983	5
b. Finance	986	3	270	7	689,707	2	4,677	3	10,293	2	523	1	14,480	3	6,692	2	5,330	3
c. Information	252	1	136	3	204,939	1	1,332	1	-4,479	-1	265	1	-1,021	0	-2,793	-1	2,180	1
d. Utilities/Transpo	166	1	70	2	137,026	0	1,129	1	1,073	0	65	0	3,845	1	2,155	0	1,729	1
e. All Other	1,978	7	721	18	1,346,829	4	13,355	9	40,201	8	1,294	2	36,568	6	33,324	6	17,458	9
d >= \$50M < \$250M	7,943	26	1,100	28	926,136	3	8,191	5	12,142	2	308	1	9,515	2	9,347	2	8,840	5
a. Manufacturing	1,663	5	348	9	191,611	1	2,378	2	2,930	1	119	0	1,487	0	948	0	2,776	1
b. Finance	2,139	7	319	8	247,127	1	1,537	1	1,123	0	35	0	584	0	848	0	1,249	1
c. Information	415	1	113	3	48,131	0	365	0	-646	0	0	0	-79	0	-71	0	306	0
d. Utilities/Transpo	214	1	22	1	24,470	0	280	0	507	0	0	0	739	0	660	0	381	0
e. All Other	3,512	12	299	8	414,796	1	3,631	2	8,228	2	154	0	6,784	1	6,963	1	4,129	2
e >= \$25M < \$50M	5,436	18	302	8	191,025	1	2,227	1	824	0	103	0	944	0	-1,006	0	2,242	1
a. Manufacturing	1,141	4	92	2	40,310	0	583	0	37	0	15	0	-178	0	-266	0	609	0
b. Finance	1,508	5	97	2	52,920	0	433	0	-768	0	78	0	-2,209	0	-1,728	0	410	0
c. Information	356	1	30	1	11,708	0	140	0	-103	0	0	0	118	0	173	0	108	0
d. Utilities/Transpo	173	1	6	0	6,180	0	89	0	123	0	0	0	118	0	920	0	961	1
e. All Other	2,277	7	77	2	79,908	0	972	1	1,540	0	9	0	-1,732	0	-2,417	0	1,153	1
f >= \$10M < \$25M	11,789	39	322	8	183,794	1	2,245	0	2,476	0	4	0	-1,538	0	-1,298	0	509	0
a. Manufacturing	2,373	8	102	3	37,853	0	476	0	-1,350	0	4	0	-894	0	-1,276	0	454	0
b. Finance	3,025	10	93	2	46,742	0	517	0	-1,766	0	8	0	-894	0	-887	0	109	0
c. Information	683	2	34	1	11,068	0	136	0	-801	0	5	0	323	0	65	0	82	0
d. Utilities/Transpo	347	1	4	0	5,488	0	71	0	62	0	0	0	323	0	65	0	82	0
e. All Other	5,351	18	89	2	82,632	0	1,045	1	1,698	0	7	0	1,324	0	979	0	1,000	0

Table 6. U.S. Corporations Subject to 2004 Schedule M-3 With Reconcilable Data by Industry
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.
 Panel 2 of 2

2004 Advanced (8.14.20)	Pretax Book			Pretax Temp			Pretax Perm			Tax Income (Part II Ln 30D)			Total Pretax Diff			Negative Pretax			Positive Pretax			
	Sum	%	Col	Sum	%	Col	Sum	%	Col	Sum	%	Col	Sum	%	Col	Sum	%	Col	Sum	%	Col	
																						Diff
All	707,092	100	-81,587	100	-50,131	100	575,374	100	-131,718	100	-674,451	100	592,864	100	-327,974	100	277,843	100				
SOI Div Cd																						
a. Manufacturing	342,948	49	-29,093	36	-69,716	139	244,139	42	-98,810	75	-249,879	37	220,785	37	-187,704	57	117,987	42				
b. Finance	73,298	10	-4,897	6	-7,371	15	61,031	11	-12,267	9	-71,979	11	67,082	11	-26,946	8	19,575	7				
c. Information	7,481	1	-4,531	6	20,879	42	23,829	4	16,349	12	-79,487	12	74,938	13	-26,649	8	47,428	17				
d. Utilities/Transpo	12,888	2	-3,093	4	-2,415	5	7,359	1	-5,908	4	-77,038	11	73,949	12	-19,804	6	17,389	6				
e. All Other	270,496	38	-39,973	49	8,492	-17	299,016	42	-31,481	24	-196,088	29	156,115	26	-66,971	20	75,464	27				
a >= \$25 B or More	417,415	59	-28,755	35	-28,472	59	389,188	62	-58,227	44	-352,865	52	324,111	55	-182,753	56	153,281	55				
a. Manufacturing	242,581	34	-18,797	23	-57,143	114	166,641	29	-75,940	58	-158,593	24	139,795	24	-125,719	38	68,576	25				
b. Finance	39,003	6	1,011	-1	-3,121	6	36,893	6	-2,109	2	27,705	4	28,717	5	-10,004	3	6,883	2				
c. Information	2,026	0	-2,676	3	26,377	53	25,727	4	23,701	18	-38,543	6	35,866	6	-7,874	2	34,251	12				
d. Utilities/Transpo	5,703	1	4,324	-5	-4,903	10	5,123	1	-579	0	-38,872	6	43,195	7	-9,515	3	4,612	2				
e. All Other	128,103	18	-12,616	15	9,317	-19	124,804	22	-3,299	3	-89,153	13	76,537	13	-29,640	9	38,958	14				
b >= \$25B < \$25 B	179,708	25	-34,340	42	-8,961	18	136,407	24	-43,301	33	-183,496	27	149,156	25	-87,404	27	78,443	28				
a. Manufacturing	75,357	11	-8,986	11	-10,196	20	66,175	10	-19,182	15	-53,775	8	44,789	8	-40,954	12	30,758	11				
b. Finance	19,318	3	-3,002	4	-1,527	3	14,788	3	-4,529	3	-19,436	3	16,434	3	-7,663	2	6,136	2				
c. Information	6,560	1	-1,730	2	-962	2	3,868	1	-2,692	2	-24,585	4	22,855	4	-10,195	3	9,233	3				
d. Utilities/Transpo	1,813	0	-3,757	5	2,352	-5	408	0	-1,405	1	-27,041	4	23,284	4	-8,908	3	11,260	4				
e. All Other	76,660	11	-16,865	21	1,372	-3	61,167	11	-15,493	12	-58,659	9	41,794	7	-19,684	6	21,057	8				
c >= \$250M < \$2.5B	80,809	13	-13,212	16	-9,020	18	68,577	12	-22,232	17	-25,703	14	79,929	13	-42,787	13	33,767	12				
a. Manufacturing	21,734	3	-993	1	-1,165	2	19,576	3	-2,156	2	-35,143	4	24,711	4	-16,041	5	14,876	5				
b. Finance	15,022	2	-2,691	3	-1,673	3	10,658	2	-4,364	3	-14,891	2	12,200	2	-5,520	2	3,847	1				
c. Information	613	0	269	0	-3,870	8	-4,214	-1	3,602	3	-11,556	2	11,825	2	-6,744	2	2,873	1				
d. Utilities/Transpo	3,884	1	-2,859	4	113	0	1,138	0	-2,746	2	-9,134	1	6,295	1	-1,149	0	1,262	0				
e. All Other	50,782	7	-6,938	9	-2,424	5	41,420	7	-9,362	7	-31,836	5	24,898	4	-13,332	4	10,909	4				
a. Manufacturing	18,187	3	-3,529	4	-2,214	4	12,444	2	-5,744	4	-30,151	4	26,622	4	-11,124	3	8,910	3				
b. Finance	3,723	1	50	0	-724	1	3,049	1	-674	1	-8,327	1	8,378	1	-3,824	1	3,100	1				
c. Information	2,097	0	-294	0	-650	1	1,152	0	-944	1	-5,639	1	5,345	1	-2,266	1	1,615	1				
d. Utilities/Transpo	1,040	0	-496	1	-37	0	507	0	-533	0	-1,305	0	809	0	-176	0	139	0				
e. All Other	11,092	2	-2,674	3	-35	0	8,362	1	-2,710	2	-11,293	2	8,619	1	-3,350	1	3,315	1				
e >= \$ 25M < \$ 50M	1,236	0	553	1	219	0	902	0	-334	0	-7,466	1	6,912	1	-1,381	0	1,600	1				
a. Manufacturing	343	0	228	0	68	0	47	0	296	0	-1,881	0	1,632	0	-422	0	354	0				
b. Finance	-1,318	0	-364	0	255	-1	-699	0	619	0	-2,036	0	2,421	0	-279	0	534	0				
c. Information	50	0	-218	0	60	0	-107	0	-158	0	-620	0	402	0	-106	0	166	0				
d. Utilities/Transpo	281	0	-190	0	30	0	121	0	-160	0	-418	0	228	0	-31	0	61	0				
e. All Other	1,881	0	-281	0	-68	0	1,541	0	-339	0	-2,510	0	2,229	0	-542	0	484	0				
f >= \$ 10M < \$ 25M	-263	0	-1,197	1	-683	1	-2,144	0	-1,880	1	-7,331	1	6,193	1	-2,626	1	1,842	1				
a. Manufacturing	-789	0	-140	0	-420	1	-1,349	0	-560	0	-1,620	0	1,480	0	-743	0	323	0				
b. Finance	-822	0	-286	0	-664	1	-1,762	0	-939	1	-2,252	0	1,966	0	-1,214	0	560	0				
c. Information	-778	0	-60	0	41	0	-796	0	-19	0	-576	0	517	0	-121	0	162	0				
d. Utilities/Transpo	147	0	-115	0	30	0	62	0	-85	0	-248	0	133	0	-25	0	55	0				
e. All Other	1,979	0	-597	1	319	-1	1,701	0	-278	0	-2,636	0	2,039	0	-422	0	742	0				

Table 7. Aggregate 2004 Schedule M-3 Data for U.S. Corporations With Reconcilable Data
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.

Panel 2 of 3										
Part II INCOME ITEMS										
	Col A	Col B	Col C	Col D	Tot Diff	%PTB	Neg B	Pos B	Neg C	Pos C
01 Income (loss) from equity method foreign corps	5,531.7	-4,529.7	-5,369.1		-9,898.8	-1.4%	-4,752.1	222.4	-7,268.4	1,899.3
02 Gross foreign dividends not previously taxed	1,072	8,080.4	11,469.6	14,614.3	15,225.8	2.2%	-2,502.3	6,058.5	-7,515.1	18,984.7
03 Subpart F, QEF, and similar income inclusions	1,060		28,549.6	9,063.3	34,095.7	4.8%	-20.0	8,969.6	-35.9	25,986.0
04 Section 78 gross-up	855	925.3	26,002.9	8,838.0	26,928.2	3.8%	0.0	925.3	-0.3	26,003.2
05 Gross foreign distributions previously taxed	214	2,546.1	-5,065.8	-12,577.7	-193.4	-2.5%	-5,155.1	89.3	-12,740.3	162.6
06 Income (loss) from equity method U.S. corps	1,694	31,806.0	-9,743.9	-32,432.8	-42,176.7	-6.0%	-12,054.1	2,310.2	-37,974.2	5,541.5
07 U.S. dividends not eliminated in tax consoldn	5,382	26,293.7	3,392.8	13,686.2	17,059.9	2.4%	-3,224.1	6,616.9	-25,058.1	38,724.3
08 Minority interest for includible corporations	560	-335.4	64.3	633.0	697.3	0.1%	-93.0	157.4	-327.0	960.0
09 Income (loss) from U.S. partnerships	6,151	20,157.5	10,874.7	7,986.3	29,670.3	2.7%	-23,108.4	33,983.0	-3,250.0	11,236.3
10 Income (loss) from foreign partnerships	532	1,493.4	1,636.2	2,770.2	1,543.3	0.2%	-2,398.2	4,034.4	-750.5	657.5
11 Income (loss) from other pass-through entities	934	582.2	-1,500.7	-1,127.7	-1,869.7	-0.3%	-2,239.9	739.1	-593.5	224.5
12 Items relating to reportable transactions	400	2,387.9	-35,650.2	-6,858.1	-44,836.6	-6.3%	-36,705.2	1,055.0	-10,173.1	986.7
13 Interest income	17,292	296,019.9	-3,047.4	-12,006.0	247,837.1	-2.1%	-11,267.2	8,219.8	-12,979.7	973.7
14 Total accrual to cash adjustment	958	100.4	163.9	5.4	-1,363.9	0.0%	-302.7	466.6	-9.9	15.3
15 Hedging transactions	703	-6,578.1	-241.5	-203.1	-5,127.4	-0.1%	-7,798.9	7,557.4	-394.1	191.0
16 Mark-to-market income (loss)	857	7,250.3	842.4	-858.9	-2,749.4	0.0%	-4,615.2	5,457.6	-1,008.3	149.4
17 Inventory valuation adjustments	10,512	-1,763,841.3	46,850.5	-1,239.4	45,611.1	6.5%	-15,243.0	62,093.4	-3,600.7	2,361.2
18 Sale versus lease (for sellers and/or lessors)	328	4,677.4	-1,749.6	15,425.8	29,323.7	4.1%	-947.5	32,020.7	-1,769.7	20.2
19 Section 481(a) adjustments	2,081		28.6	-378.6	-511.9	-0.1%	-4,626.0	4,085.6	-35.0	63.6
20 Unearned/deferred revenue	3,447	38,519.3	330.5	95.3	37,141.0	0.1%	-6,973.6	7,304.2	-161.4	256.7
21 Income recognition from long-term contracts	402	12,779.9	-22.4	20.6	11,477.4	0.0%	-536.0	513.6	-1.8	22.4
22 Original issue discount & oth imputed interest	442	896.8	124.4	-59.5	741.1	0.0%	-2,379.6	2,504.0	-183.2	123.6
23a Inc slmt disposn of asst other than inventory	14,162	20,718.9	-47,936.2	-7,684.6	-55,600.8	-7.9%	-60,937.6	13,001.5	-9,846.1	2,181.4
23b Gross cap gains Sch D, excldng flow-thru entit	4,261		46,533.7	9,698.4	56,232.0	8.0%	-470.3	47,003.9	-427.6	10,126.0
23c Gross cap losses Sch D, excldng flow-thru entit	2,108		-14,335.5	-1,603.5	-6,401.3	-2.3%	-15,186.5	850.9	-2,355.6	752.0
23d Net gain/loss reported on Form 4797, line 17	15,121		25,250.5	1,549.6	9,182.5	3.8%	-15,424.0	40,674.5	-598.7	2,148.3
23e Abandonment losses	740		-2,757.7	-434.0	-1,524.0	-0.5%	-3,193.1	435.4	-455.5	21.5
23f Worthless stock losses	239		-1,169.8	-5,684.4	-4,897.0	-1.0%	-1,195.8	26.0	-5,668.4	4.0
23g Oth gn/loss on dispstn of asst oth than invntry	2,140		2,942.9	642.2	2,015.9	0.5%	-729.6	3,672.5	-68.3	710.5
24 Disallowed capital loss in excess of captl gns	1,575		13,612.3	3,507.6	7,074.4	2.4%	-56.1	13,668.3	-93.1	3,600.7
25 Utilization of capital loss carryforward	1,388		-5,746.5	-2,521.4	-3,155.4	-1.2%	-5,783.2	36.7	-2,521.5	0.1
26 Other income (loss) items with differences	14,497	1,015,960.7	-58,383.5	1,220,265.9	-116,891.9	-16.5%	-107,092.2	48,708.7	-84,291.2	25,782.9
** SUBTOT			6,252.1	-51,685.1	-139,213.0	-6.4%	-356,810.5	363,062.6	-232,156.2	180,471.2
** Amount to Reconcile			-6,187.5	-982.7	-168,826.7	-0.1%	-11.6	516.5	-1,055.3	72.6
27 Total income items (combine lines 1 thru 26)	27,584	-281,140.0	6,757.0	-52,667.7	-305,039.8	-6.5%	-356,822.1	363,579.1	-233,211.5	180,543.8
28 Total exp/ded items (from Part III line 36)	29,712	-1,210,065.5	-80,836.9	186,738.5	-1,162,577.4					
** Exp/Ded before Fed Tax Expense										
29 Other inc and exp items with no differences	17,857	1,685,039.8		1,684,843.3			-85,769.9	229,258.7	-94,585.8	96,738.8
** SUBTOT										
** Amount to Reconcile			183,894.2	134,070.8	184,070.8	0.0%	-447.9	26.2	-176.7	560.4
30 Reconciliation totals (combine lines 27-29)	30,430	321,587.0	-421.8	383.7	358,148.3					
>> Reverse federal income tax expense		191,670.4	-7,085.0	134,454.5	575,374.5					
>> Pretax book income and M-3 differences		707,091.6	-81,586.6	-50,130.9	576,374.5	-131,717.5	-18.6%	-674,450.6	-327,973.9	277,842.9
>> Percent of Pretax book		100.0%	-11.5%	-7.1%	81.4%	-16.6%	-9.5%	83.8%	-46.4%	39.3%

Table 7. Aggregate 2004 Schedule M-3 Data for U.S. Corporations with Reconcilable Data
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.

	Panel 3 of 3										
Part III EXPENSE ITEMS (sign matches Part II)	Freq	Col A	Col B	Col C	Col D	Tot Diff	%PTB	Neg B	Pos B	Neg C	Pos C
01 U.S. current income tax expense	21,819	-74,494.5	6,743.7	170,644.9		177,388.7	25.1%	-522.2	7,266.0	-15,952.1	186,597.0
02 U.S. deferred income tax expense	9,701	-7,934.4	341.2	13,940.5		14,281.7	2.0%	-3,025.2	3,366.4	-29,138.6	43,079.1
03 State and local current income tax expense	16,855	-10,013.0	986.2	-649.0	-9,934.4	337.1	0.0%	-4,217.0	5,203.2	-2,878.1	2,229.1
04 State and local deferred income tax expense	4,967	-144.5	-405.7	42.9		-362.8	-0.1%	-2,942.5	2,536.8	-1,394.0	1,436.9
05 Foreign current income tax expense (other than WH)	1,342	-3,291.2	620.4	14,967.8	-272.2	15,588.2	2.2%	-224.6	845.0	-803.5	15,771.3
06 Foreign deferred income tax expense	281	-103.4	-107.9	190.3		82.4	0.0%	-234.3	126.4	-753.8	944.1
07 Foreign withholding taxes	924	-661.2	-158.3	2,474.8	-200.5	2,316.5	0.3%	-220.8	62.5	-209.3	2,684.1
08 Incentive stock options	1,448		-379.1	-5,924.7	-3,117.8	-6,303.8	-0.9%	-764.1	385.0	-6,161.4	236.7
09 Nonqualified stock options	3,078	-1,948.4	-1,692.0	-38,737.9	-17,045.4	-40,430.0	-5.7%	-4,823.6	3,131.6	-39,061.9	324.0
10 Other equity-based compensation	1,921	-5,251.7	1,691.0	-4,544.1	-6,631.7	-2,853.1	-0.4%	-2,138.2	3,829.2	-5,306.7	762.6
11 Meals and entertainment	25,384	-6,585.8	17.1	5,637.0	-3,763.9	5,654.1	0.8%	-14.4	31.5	-21.5	5,658.5
12 Fines and penalties	8,037	-948.6	75.4	2,084.4	-93.8	2,159.8	0.3%	-1.2	76.6	-31.0	2,115.4
13 Punitive damages	68	-54.8	991.4	26.3	-4.4	1,017.7	0.1%	-7.6	999.0	0.0	26.3
14 Parachute payments	47	-20.1	6.7	103.6	-5.7	110.3	0.0%	-6.6	13.3	0.0	112.8
15 Compensation with section 162(m) limitation	776	-3,433.8	37.9	1,187.3	-3,607.4	1,225.2	0.2%	-22.4	60.3	-30.3	1,217.6
16 Pension and profit-sharing	10,189	-22,284.8	-16,505.2	-1,466.8	-27,560.3	-17,972.0	-2.5%	-26,725.4	10,220.1	-1,631.0	164.2
17 Other post-retirement benefits	7,473	-12,619.7	3,594.7	-1,808.3	-10,406.0	1,786.4	0.3%	-4,519.8	8,114.5	-1,828.6	20.3
18 Deferred compensation	5,925	-23,100.9	4,135.5	-189.5	-21,119.6	3,946.0	0.6%	-3,138.2	7,273.8	-470.5	281.0
19 Charitable contribution of cash and tangible prop	12,645	-3,112.2	110.0	-999.8	-3,566.5	-889.7	-0.1%	-271.2	381.2	-1,066.9	67.2
20 Charitable contribution of intangible property	316	-137.5	-48.4	-78.1	-170.3	-126.5	0.0%	-53.4	5.0	-80.2	2.1
21 Charitable contribution limitation	8,219		1,150.8	526.6	725.5	1,677.4	0.2%	-77.0	1,227.7	-2.8	529.4
22 Charitable contribution carryforward used	2,204		-667.0	-201.8	-234.3	-868.8	-0.1%	-673.4	6.5	-202.0	0.3
23 Curr yr acqstn/reorgntzn invest banking fees	130	-52.7	-77.1	23.9	-80.0	-53.2	0.0%	-125.0	47.8	-80.5	104.5
24 Curr yr acqstn/reorgntzn legal+acctg fees	501	-511.6	97.5	375.8	-318.1	473.2	0.1%	-139.4	236.9	-21.5	397.2
25 Curr yr acqstn/reorgntzn other costs	536	-1,059.2	414.9	191.4	-691.8	606.3	0.1%	-734.4	1,149.3	-415.0	606.4
26 Amortization/impairment of goodwill	5,414	-9,042.5	-11,107.4	9,179.0	-8,708.4	-1,928.3	-0.3%	-15,501.9	4,394.6	-1,270.4	10,449.5
27 Amortization of acqstn reorg.start-up costs	3,985	-1,175.9	-450.9	181.4	-1,649.6	-269.5	0.0%	-1,814.5	1,363.6	-93.0	274.4
28 Other amortization or impairment write-offs	12,930	-33,365.5	31,065.8	19,799.2	-24,259.1	50,865.0	7.2%	-18,026.2	49,092.2	-2,409.3	22,208.5
29 Sec 198 environmental remediation costs	197	-183.5	379.1	-0.6	-202.4	378.5	0.1%	-288.8	667.9	-1.3	0.7
30 Depletion	857	-4,193.3	2,098.6	-2,123.3	-4,526.2	-24.7	0.0%	-2,729.3	4,828.0	-2,216.7	93.3
31 Depreciation	26,444	-112,574.6	-113,162.3	384.4	-164,418.0	-112,777.9	-15.9%	-130,438.3	17,277.0	-191.7	576.1
32 Bad debt expense	18,403	-25,844.7	-6,903.4	-731.1	-28,487.6	-7,634.5	-1.1%	-16,813.5	9,910.1	-883.0	151.9
33 Corporate owned life insurance premiums	5,731	-126.2	-18.5	-356.6	-156.8	-375.1	-0.1%	-1,067.7	86.2	-814.7	458.1
34 Purchase versus lease	481	-684.4	-634.0	-82.3	-1,286.5	-716.3	-0.1%	-1,226.7	592.7	-82.7	0.4
35 Other expense/deductn items with differences	24,814	-845,230.1	17,012.0	2,462.7	-820,096.0	19,474.7	2.8%	-77,944.5	94,956.6	-24,148.3	26,611.0
** SUBTOT		-1,210,184.8	-80,747.3	186,530.4	-1,161,877.3	105,763.1	15.0%	-320,513.4	239,766.1	-139,661.6	326,192.1
** Amount to Reconcile		-2,890.8	-89.6	207.9	-4,310.4	118.4	0.0%	-214.6	125.0	-14.9	222.8
36 Tot exp/ded items (combine 1-35 also on P.28)	29,709	-1,213,075.6	-80,836.9	186,738.4	-1,166,187.7	105,901.5	15.0%	-320,728.0	239,891.1	-139,676.5	326,414.9
>> Reverse federal income tax expense		82,428.9	-7,065.0	-184,585.4	-1,161,670.4	-27.1%	3,547.4	-10,632.4	45,090.7	-229,676.1	
>> Part III expense items before tax expense		-1,130,646.7	-87,921.9	2,153.0	-1,166,187.7	-85,768.9	-12.1%	-317,180.6	229,258.7	-94,585.8	96,738.8

Table 8. Aggregate 2004 Schedule M-3 Data for U.S. Corporations With Reconcilable Data: SEC 10-K Financial Statement
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.

Panel 3 of 3											
Part III EXPENSE ITEMS (sign matches Part II)	Freq	Col A	Col B	Col C	Col D	Tot Diff	%PTB	Neg B	Pos B	Neg C	Pos C
01 U.S. current income tax expense	3,230	-52,175.7	1,937.3	127,281.2		129,218.5	23.3%	-276.6	2,013.9	-10,711.2	137,992.3
02 U.S. deferred income tax expense	1,628	-4,765.7	1,664.7	9,373.0		11,037.7	2.0%	-346.3	2,109.9	-22,267.1	31,640.1
03 State and local current income tax expense	2,935	-5,935.5	1,349.3	-952.2	-5,869.5	397.0	0.7%	-2,730.8	4,080.1	-2,385.7	1,433.5
04 State and local deferred income tax expense	1,106	110.7	-599.9	-194.1	-794.0	-0.1%	-2,347.9	1,748.0	-1,106.3	912.2	13,634.1
05 Forgn curr income tax expense (other than WH)	611	-2,676.7	253.6	13,207.2	-1,057.7	13,460.8	2.4%	-194.1	447.7	-426.9	866.7
06 Foreign deferred income tax expense	165	-159.4	-175.4	302.0		126.6	0.0%	-221.6	46.2	-564.7	2,485.0
07 Foreign withholding taxes	400	-478.5	-168.7	2,294.0	-137.1	2,125.3	0.4%	-212.9	44.2	-191.0	2,485.0
08 Incentive stock options	1,115		-389.1	-5,632.8	-2,811.2	-6,021.9	-1.7%	-657.5	268.4	-5,811.2	1,784.0
09 Nonqualified stock options	2,193	-1,598.1	-2,069.3	-36,303.9	-16,036.4	-38,373.1	-6.9%	-4,472.7	2,403.5	-36,577.3	273.4
10 Other equity-based compensation	1,274	-4,340.3	1,591.0	-3,963.9	-2,362.8	-2,362.8	-0.4%	-1,704.3	3,295.3	-4,634.1	680.2
11 Meals and entertainment	4,013	-3,532.0	-5.0	3,435.2	-2,105.3	3,430.2	0.6%	-13.1	8.1	-19.3	3,454.5
12 Fines and penalties	1,887	-621.5	45.2	1,719.0	-13.1	1,764.2	0.3%	-0.8	46.0	-18.4	1,737.3
13 Punitive damages	29	-26.1	873.5	1.0	-0.3	874.5	0.2%	-1.5	875.0	0.0	1.0
14 Parachute payments	29	-3.7	6.8	38.2	7.5	44.9	0.0%	-6.5	13.3	0.0	38.2
15 Compensation with section 162(m) limitation	606	-2,269.6	39.3	1,158.1	-2,448.1	1,197.4	0.2%	-12.6	51.9	-30.3	1,188.5
16 Pension and profit-sharing	1,883	-14,211.7	-14,273.0	-1,407.8	-18,511.6	-15,880.8	-2.8%	-22,276.4	8,003.3	-1,527.9	120.1
17 Other post-retirement benefits	1,235	-6,905.3	2,277.8	-1,478.6	-5,307.3	799.2	0.1%	-3,841.6	6,119.4	-1,484.8	6.2
18 Deferred compensation	1,635	-14,705.6	2,338.1	-193.7	-13,468.7	2,144.4	0.4%	-2,392.1	4,730.3	-403.2	209.5
19 Charitbl contribn of cash and tangible prop	2,233	-1,939.3	29.0	-819.3	-2,305.4	-790.4	-0.7%	-221.9	250.8	-867.7	48.3
20 Charitbl contribn of intangible property	1,348	-76.0	756.8	350.9	-113.8	-111.8	0.0%	-46.9	0.4	-66.0	0.7
21 Charitbl contribn limitation	333		-426.3	-69.3	-113.3	-495.6	-0.1%	-427.6	1.3	-69.3	0.1
22 Charitbl contribn carryforward used	69	-27.9	-34.4	2.7	-42.8	-31.7	0.0%	-72.0	37.6	-55.2	57.9
23 Curr yr acqsn/reorgnzn invest banking fees	224	-380.9	63.6	273.0	-270.9	336.6	0.1%	-117.7	181.3	-12.2	285.3
24 Curr yr acqsn/reorgnzn legal-accntg fees	245	-826.7	330.4	195.6	-544.0	526.0	0.1%	-477.1	807.5	-45.7	241.3
25 Curr yr acqsn/reorgnzn other costs	1,673	-2,512.5	-8,499.1	3,233.7	-4,965.8	-5,265.4	-0.9%	-10,641.7	2,142.6	-891.1	4,224.8
26 Amortization/impairment of goodwill	1,108	-630.5	-264.5	45.0	-747.6	-219.5	0.0%	-914.9	650.4	-52.0	97.0
27 Amortization of acqsn reorg start-up costs	2,668	-23,272.7	27,856.2	18,480.6	-16,100.2	46,316.8	8.4%	-12,604.4	40,460.6	-2,216.9	20,677.4
28 Other amortization or impairment write-offs	98	-130.4	376.1	-1.2	-140.8	374.9	0.7%	-231.2	607.4	-1.3	0.1
29 Sec 198 environmental remediation costs	214	-2,039.8	1,286.0	-1,140.4	-2,547.6	145.6	0.0%	-2,106.0	3,392.0	-1,204.1	63.7
30 Depletion	4,068	-72,259.3	-74,744.6	363.1	-101,065.9	-74,381.6	-13.4%	-86,452.4	11,707.8	-118.7	481.8
31 Depreciation	3,514	-17,505.2	-3,223.0	-254.0	-19,077.7	-3,477.0	-0.6%	-9,191.5	5,968.5	-324.2	70.1
32 Bad debt expense	958	43.0	3.7	-458.0	66.8	-454.3	-0.1%	-34.0	37.7	-713.6	255.5
33 Corporate owned life insurance premiums	206	-394.4	-489.9	-65.7	-814.4	-555.7	-0.7%	-866.5	396.5	-66.0	0.3
34 Purchase versus lease	4,066	-535,349.5	-11,006.3	-3,300.0	-541,159.6	-14,036.4	-2.5%	-58,306.8	47,300.5	-18,341.5	15,311.4
35 Other expense/deduct items with differences	**	-771,596.9	-73,336.9	125,713.2	-762,026.9	52,376.3	9.4%	-224,503.1	151,166.2	-113,306.6	239,019.8
** SUBTOT		-3,883.7	-106.5	206.7	-3,883.7	100.2	0.0%	-210.5	104.0	-0.1	206.7
** Amount to Reconcile	4,185	-775,480.6	-73,443.4	125,919.9	-765,499.7	52,476.4	9.5%	-224,713.7	151,270.2	-113,306.6	239,226.5
36 Tot exp/ded items (combine 1-35 also on P2 28)	>>	56,941.5	-3,602.0	-136,654.1	-140,256.1	622.9	-25.3%	32,978.2	-4,224.9	32,978.2	-169,632.4
>> Reverse federal income tax expense											
>> Part III expense items before tax expense		-718,045.4	-77,045.4	-77,045.4	-765,498.7	-87,779.7	-11.6%	-224,090.8	147,045.4	-80,328.4	69,594.1

Table 9. Aggregate 2004 Schedule M-3 Data for U.S. Corporations With Reconcilable Data: Audited Financial Statement (Not SEC 10-K)
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.

		Panel 2 of 3										
Part II INCOME ITEMS		Freq	Col A	Col B	Col C	Col D	Tot Diff	%PTB	Neg B	Pos B	Neg C	Pos C
01	Income (loss) from equity method foreign corps	357	323.2	-230.9	-236.6	849.6	-469.5	-0.4%	-881.1	524	-382.2	143.6
02	Gross foreign dividends not previously taxed	342	1,266.4	-630.5	1,093.6	327.5	463.1	0.4%	-13.9	250.7	-58.8	1,152.3
03	Subpart F, QEF, and similar income inclusions	240	.	437.0	793.5	244.1	1,236.4	1.0%	0.0	450.8	-1.8	801.2
04	Section 78 gross-up	247	.	123.3	771.6	-26.9	894.9	0.7%	-104.8	88.0	-117.2	0.0
05	Gross foreign distributions previously taxed	51	72.1	-16.7	-98.9	-26.9	-115.6	-0.1%	-1,701.6	299.7	-4,628.3	418.0
06	Income (loss) from equity method U.S. corps	670	5,672.2	-1,401.9	-4,210.3	3,020.9	-5,612.2	-4.6%	-528.1	1,416.4	-14,780.8	856.3
07	U.S. dividends not eliminated in tax consoldtn	2,272	16,587.4	888.3	-13,924.5	3,020.9	-13,036.2	-10.8%	507.4	31.6	-11.0	494.9
08	Minority interest for includible corporations	187	-134.1	23.5	483.8	6,682.8	2,350.4	1.9%	-3,588.1	5,823.1	-787.5	902.8
09	Income (loss) from U.S. partnerships	2,436	5,442.3	2,235.0	115.4	3.4	1,135.5	0.9%	-451.2	1,583.7	-69.9	72.9
10	Income (loss) from foreign partnerships	151	25.3	1,132.4	3.1	134.0	35.1	0.0%	-168.9	244.3	-57.4	17.1
11	Income (loss) from other pass-through entities	375	194.0	75.4	-40.3	-1,323.0	-4,512.9	-3.7%	-4,566.7	448.3	-394.9	0.4
12	Items relating to reportable transactions	104	-1,114.2	-4,118.4	-394.6	-2,108.2	-1,169.1	-7.0%	-758.5	1,697.6	-2,130.1	21.9
13	Interest income	7,552	85,943.4	939.1	275.0	1,195.0	288.2	0.2%	-130.5	405.4	-1.8	15.1
14	Total accrual to cash adjustment	418	949.6	275.0	13.3	1,195.0	288.2	0.2%	-130.5	405.4	-1.8	15.1
15	Hedging transactions	260	-721.7	727.6	9.7	-787.5	737.3	0.6%	-875.8	1,603.4	-1.3	11.0
16	Mark-to-market income (loss)	353	-428.7	-37.9	5.1	-3,099.2	-32.8	0.0%	-1,413.3	1,375.4	-4.1	9.2
17	Inventory valuation adjustments	4,780	-625,669.1	44,965.9	-365.0	-635,666.4	44,600.9	36.9%	-4,028.3	48,994.2	-510.9	145.8
18	Sale versus lease (for sellers and/or lessors)	130	2,231.6	3,519.7	-1,750.4	5,100.0	1,769.3	1.5%	-276.0	3,795.7	-1,751.0	0.7
19	Section 481(a) adjustments	872	.	-333.2	-11.7	-210.7	-344.9	-0.3%	-836.9	503.7	-25.0	13.3
20	Unearned/deferred revenue	1,387	13,083.2	192.5	-8.0	13,393.9	184.5	0.2%	-810.3	1,002.8	-10.4	2.4
21	Income recognition from long-term contracts	205	6,338.1	-19.9	-0.4	5,036.6	-20.3	0.0%	-114.4	94.6	-0.6	0.2
22	Original issue discount & oth imputed interest	143	53.2	-80.2	-70.6	18.0	-150.8	-0.1%	-500.8	420.6	-87.5	16.9
23a	Inc stmt disposn of assts other than inventory	6,496	4,255.9	-1,940.1	-3,253.3	5,193.4	-5,193.4	-4.3%	-4,777.1	2,837.1	-3,577.7	324.4
23b	Gross cap gains Sch D, excldg flow-thru entit	1,734	.	3,811.3	1,705.5	3,281.2	5,516.8	4.6%	-223.7	4,035.0	-21.0	1,726.5
23c	Gross cap losses Sch D, excldg flow-thru entit	787	.	-2,495.4	-259.6	-2,085.1	-2,755.0	-2.3%	-2,806.7	311.3	-260.5	0.9
23d	Net gain/loss reported on Form 4797, line 17	7,160	.	6,830.9	236.0	1,358.5	7,067.0	5.8%	-3,647.5	10,478.5	-143.8	379.9
23e	Abandonment losses	302	.	-419.8	-27.5	-144.6	-447.3	-0.4%	-452.6	32.7	-27.5	0.0
23f	Worthless stock losses	87	.	-165.1	-116.1	-84.6	-281.2	-0.2%	-168.2	3.1	-119.2	3.0
23g	Oth gnlss on dispsn of asst oth than inventory	880	.	953.4	12.3	268.0	965.7	0.8%	-131.0	1,084.4	-26.2	38.5
24	Disallowed capital loss in excess of capt gns	564	.	671.7	1,516.2	1,643.9	2,188.0	1.8%	-34.5	706.2	0.0	1,516.2
25	Utilization of capital loss carryforward	536	.	-663.0	-118.5	-542.7	-781.4	-0.6%	-663.6	0.7	-118.5	0.0
26	Other income (loss) items with differences	6,625	195,951.1	-44,114.9	-5,964.5	184,856.8	-50,079.4	-41.4%	-53,579.8	9,464.9	-9,114.2	3,149.6
**	SUBTOT		-289,678.8	11,134.4	-26,195.9	-373,477.8	-15,061.5	-12.4%	-88,525.0	99,659.4	-39,220.9	13,025.0
**	Amount to Reconcile		-43,602.0	-5.5	0.5	14,794.2	-5.0	0.0%	-6.2	0.7	0.0	0.5
27	Total income items (combine lines 1 thru 26)	12,490	-333,280.8	11,128.9	-26,195.5	-358,663.5	-15,066.6	-12.4%	-88,531.3	99,660.2	-39,220.9	13,025.4
28	Total exp/ded items (from Part III line 36)	13,339	-206,129.5	-24,631.4	38,738.3	-196,617.4	-19,127.3	-15.6%	-57,279.2	31,380.9	-7,232.0	14,002.9
29	Other inc and exp items with no differences	7,849	592,040.9	.	.	592,040.8
**	SUBTOT		52,630.6	-13,502.5	12,542.9	36,783.9	-56.3	0.0%	-121.1	20.0	0.0	44.8
**	Amount to Reconcile		35,155.6	-101.1	44.8	49,986.4	-56.3	0.0%	-121.1	20.0	0.0	44.8
30	Reconciliation totals (combine lines 27-29)	13,544	87,786.2	-13,603.5	12,587.6	86,770.3	-34,250.1	-28.3%	-145,931.5	131,061.1	-46,452.9	27,073.1
>>	Reverse federal income tax expense		33,234.2	-1,266.9	-31,967.3	86,770.3	-34,250.1	-28.3%	-145,931.5	131,061.1	-46,452.9	27,073.1
>>	Pretax book income and M-3 differences		121,020.4	-14,870.4	-19,379.7	86,770.3	-34,250.1	-28.3%	-145,931.5	131,061.1	-46,452.9	27,073.1
>>	Percent of Pretax book		100.0%	-12.3%	-16.0%	71.7%	-28.3%	-12.0%	-102.6%	108.3%	-38.4%	22.4%

Table 9. Aggregate 2004 Schedule M-3 Data for U.S. Corporations With Reconcilable Data: Audited Financial Statement (Not SEC 10-K)
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.

Panel 3 of 3											
Part III EXPENSE ITEMS (sign matches Part II)	Freq	Col A	Col B	Col C	Col D	Tot Diff	%PTB	Neg B	Pos B	Neg C	Pos C
01 U.S. current income tax expense	10,022	-14,757.5	810.7	29,134.4		29,945.1	24.7%	-156.8	967.5	-2,660.5	31,794.9
02 U.S. deferred income tax expense	5,150	-3,295.6	456.2	2,833.0		3,289.1	2.7%	-441.1	897.3	-3,860.7	6,693.7
03 State and local current income tax expense	7,613	-2,495.0	118.6	118.6	-2,386.0	12.7	0.0%	-820.9	715.1	-232.9	351.4
04 State and local deferred income tax expense	2,667	-306.0	176.1	337.2		513.3	0.4%	-348.2	524.3	-98.6	435.8
05 Foreign current income tax expense (other than WH)	455	-380.7	34.3	1,515.6	-122.5	1,549.9	1.3%	-11.6	45.9	-323.2	1,838.8
06 Foreign deferred income tax expense	70	41.2	6.9	-131.2		-124.2	-0.1%	-12.6	19.5	-144.2	13.0
07 Foreign withholding taxes	296	-63.2	2.3	69.7	-31.1	72.0	0.1%	-2.3	4.7	-8.0	77.7
08 Incentive stock options	198		57.7	-34.0	-62.5	23.7	0.0%	-46.3	104.0	-75.5	41.5
09 Nonqualified stock options	584	-186.7	191.1	-945.6	-364.1	-754.5	-0.6%	-142.1	162.1	-980.1	34.4
10 Other equity-based compensation	410	-217.0	-101.9	-412.5	-779.1	-514.4	-0.4%	-286.9	165.0	-455.6	43.1
11 Meals and entertainment	11,907	-1,903.8	11.4	1,304.9	-992.8	1,316.2	1.1%	-0.1	11.5	-1.5	1,306.4
12 Fines and penalties	3,373	-82.4	24.5	61.9	-8.5	86.4	0.1%	-0.4	24.9	-8.5	70.4
13 Punitive damages	23	-0.3	11.4	0.3	-5.0	11.7	0.0%	-5.0	16.5	0.0	0.3
14 Parachute payments	8	0.0	-0.1	49.3	-0.6	49.2	0.0%	-0.1	0.0	0.0	49.3
15 Compensation with section 162(m) limitation	81	-791.8	0.8	8.7	-787.5	9.5	0.0%	-2.1	2.9	0.0	8.7
16 Pension and profit-sharing	4,684	-5,150.4	-1,793.7	-21.2	-5,926.2	-1,814.9	-1.5%	-2,908.6	1,114.9	-56.7	35.5
17 Other post-retirement benefits	3,183	-3,484.9	1,132.2	-272.5	-2,979.5	859.7	0.7%	-237.3	1,369.5	-278.1	5.6
18 Deferred compensation	2,677	-4,921.5	1,327.9	-3.6	-4,397.4	1,324.4	1.1%	-412.1	1,740.0	-84.2	50.6
19 Charitbl contribn of cash and tangible prop	5,685	-819.1	93.4	-104.1	-851.4	-10.7	0.0%	-22.5	115.9	-116.6	12.6
20 Charitbl contribn of intangible property	129	-31.5	-2.7	-10.9	136.0	-13.6	0.0%	-5.1	2.5	-12.0	1.0
21 Charitbl contribn limitation	3,649		140.3	84.4	136.0	224.7	0.2%	-10.8	151.1	-0.3	84.7
22 Charitbl contribn carryforward used	1,059		-196.2	-72.3	-97.4	-268.4	-0.2%	-197.8	1.6	-72.5	0.2
23 Curr yr acqsr/reogrzn invest banking fees	38	-7.4	-49.8	-10.8	-19.9	-60.6	-0.1%	-52.9	3.1	-23.8	12.9
24 Curr yr acqsr/reogrzn legal+accting fees	172	-41.2	-0.8	13.3	-25.9	12.5	0.0%	-16.7	15.8	-8.6	21.9
25 Curr yr acqsr/reogrzn other costs	181	-81.3	10.3	-314.0	-43.1	-303.7	-0.3%	-40.7	51.0	-361.9	47.9
26 Amortization/impairment of goodwill	2,271	-4,395.9	-1,186.7	4,246.9	-1,734.2	3,060.2	2.5%	-2,296.6	1,109.9	-79.1	4,326.0
27 Amortization of acqsrn reorg.start-up costs	1,893	-355.2	-304.2	127.4	-523.7	-176.8	-0.1%	-563.5	259.3	-11.3	138.6
28 Other amortization or impairment write-offs	5,627	-6,266.0	3,105.2	146.9	-4,675.2	3,252.1	2.7%	-2,846.5	5,951.7	-30.2	177.0
29 Sec 198 environmental remediation costs	57	-17.6	-23.6	0.6	-42.1	-23.0	0.0%	-37.3	13.8	0.0	0.6
30 Depreciation	337	-909.1	204.7	-354.4	-1,095.4	-149.7	-0.1%	-429.9	694.6	-354.4	0.0
31 Bad debt expense	12,505	-24,411.8	-26,874.7	24.1	-39,612.7	-26,850.5	-22.2%	-30,069.6	3,194.9	-23.3	47.5
32 Bad debt expense	8,694	-3,929.9	-1,824.5	14.9	-3,536.8	-1,809.6	-1.5%	-4,373.0	2,548.5	-48.0	62.9
33 Corporate owned life insurance premiums	2,829	-71.0	-31.8	62.5	-17.1	30.7	0.0%	-67.0	35.2	-81.2	143.6
34 Purchase versus lease	179	-198.3	-110.1	0.1	-216.9	-109.9	-0.1%	-220.4	110.3	0.0	0.1
35 Other expense/deductn items with differences	11,727	-126,456.5	161.5	1,270.1	-125,070.9	1,431.6	1.2%	-10,808.2	10,969.7	-3,278.9	4,549.1
** SUBTOT		-205,987.6	-24,647.5	38,737.7	-196,300.0	14,090.2	11.6%	-57,873.1	33,225.7	-13,740.3	52,478.0
** Amount to Reconcile		1,127.7	16.1	0.6	-216.8	16.7	0.0%	-3.9	20.0	-12.9	13.5
36 Tot exp/ded items (combine 1-35 also on P2 28)	13,337	-204,859.9	-24,631.4	38,736.3	-196,516.8	14,107.0	11.7%	-57,877.1	33,245.7	-13,753.2	52,491.5
>> Reverse federal income tax expense		18,053.1	-1,266.9	-31,967.3		-33,234.2	-27.5%	-57,997.9	-1,864.8	6,521.2	-38,486.6
>> Part III expense items before tax expense		-186,806.7	-25,898.3	6,771.0	-196,516.8	-19,127.3	-15.8%	-57,279.2	31,380.9	-7,232.0	14,002.9

Table 10. Aggregate 2004 Schedule M-3 data for U.S. Corporations With Reconcilable Data: Columns A and D Reconcile
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.

Panel 1 of 3

Population Overview									
Returns	15,169								
Total Assets	10,448,839.2								
Tax Less Credits	56,250.7								
Tax Net Income	164,440.6								
Estimated ICD	17,133.4								
Other SOI Adjust	-55.2								
Part II Line 30 Col A	181,518.8								
Tax Exempt Interest	3,208.2								
Part I FINANCIAL INFORMATION (\$ in millions)									
4 Worldwide consolidated net income (loss)	12,225	192,238.2	Income	-57,287.1	Neg	249,525.3	Pos	124.0%	-36.9%
5 Income(loss) fr nonincludible foreign entities	1,724	-42,455.1		-65,567.5		23,112.5		-27.4%	-42.3%
6 Income(loss) fr nonincludible U.S. entities	742	-12,765.2		-31,356.1		18,591.0		-8.2%	-20.2%
7 Income(loss) of other includible corporations	192	-47.6		-1,459.9		1,412.3		0.0%	-0.9%
8 Adjustmts to eliminatns (because of lines 5-7)	803	25,641.6		-6,544.5		32,186.1		16.5%	-4.2%
9 Adj to reconcile income stmt period to tax yr	186	2,329.3		-277.9		2,607.2		1.5%	-0.2%
10 Other adjustmts to reconcile to amt on line 11	612	-17,836.6		-51,375.5		33,538.9		-11.5%	-33.1%
11 Line 11 only (Books and Records)	2,920	8,271.2		-6,248.0		14,519.2		5.3%	-4.0%
** SUBTOTAL	.	155,375.9						100.2%	
** Amount to Reconcile	.	-331.7						-0.2%	
11 Net income per income statement of incl corps	15,169	155,044.1		-89,310.9		244,355.1		100.0%	
%Pretax Book									
** Amount to Reconcile	.	0.0						0.0%	
** Net income per Part II Line 30 Column A	.	155,044.2						68.0%	
** Reverse Federal tax expense	.	72,796.1						32.0%	
** Pretax book income	.	227,840.3						100.0%	
** Temporary difference before Fed tax expense	.	-3,807.4		-220,707.5		216,900.1		-1.7%	-96.9%
** Permanent difference before Fed tax expense	.	-42,514.5		-117,658.6		75,144.0		-18.7%	-51.6%
** Net tax income per Part II Line 30 Column D	.	181,518.8						79.7%	
** SOI removed ICD	.	-17,133.4						-7.5%	
** Other SOI adjustments	.	55.2						0.0%	
** Tax net income reported by SOI	.	164,440.6						72.2%	

Table 10. Aggregate 2004 Schedule M-3 data for U.S. Corporations With Reconcilable Data: Columns A and D Reconcile
Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.

		Panel 2 of 3									
		Col A	Col B	Col C	Col D	Tot Diff	%PTB	Neg B	Pos B	Neg C	Pos C
Part II INCOME ITEMS											
01	Income (loss) from equity method foreign corps	404	-1,083.0	-2,872.4	8,530.6	-3,955.4	-1.7%	-1,141.4	58.3	-3,622.4	750.0
02	Gross foreign dividends not previously taxed	603	4,106.2	3,638.7	6,082.7	3,547.1	1.6%	-881.3	788.7	-958.2	4,597.9
03	Subpart F, QEF, and similar income inclusions	442	1,914.9	4,168.1	6,082.7	6,083.0	2.7%	0.0	1,914.9	-15.4	4,183.5
04	Section 78 gross-up	353	1,024.4	401.0	4,237.2	4,638.2	2.0%	0.0	401.0	0.0	4,237.2
05	Gross foreign distributions previously taxed	88	-202.2	-957.7	-1,352.2	-1,159.9	-0.5%	-209.5	7.3	-1,087.1	129.3
06	Income (loss) from equity method U.S. corps	880	23,244.9	-1,746.5	-21,507.8	-23,254.3	-10.2%	-2,354.6	608.1	-25,246.4	3,738.6
07	U.S. dividends not eliminated in tax consolidn	4,035	24,860.6	1,663.1	-11,914.3	14,610.9	-4.5%	-639.4	2,302.5	-15,202.7	3,288.4
08	Minority interest for includible corporations	287	-265.5	50.9	230.7	281.6	0.1%	-18.5	69.4	-112.7	343.4
09	Income (loss) from U.S. partnerships	3,408	15,571.4	7,896.3	1,682.2	25,049.8	4.2%	-6,668.7	14,565.0	-1,493.1	3,175.3
10	Income (loss) from foreign partnerships	246	1,087.4	-47.4	1,410.2	1,040.0	0.5%	-462.7	1,550.1	-373.2	325.9
11	Income (loss) from other pass-through entities	424	559.4	-1,571.4	6.0	-1,066.0	-0.7%	-1,828.5	257.1	-96.7	102.7
12	Items relating to reportable transactions	177	2,160.0	-1,593.5	-7,552.5	-9,758.6	-4.3%	-8,733.1	568.0	-2,343.2	749.7
13	Interest income	13,069	228,986.2	-1,998.4	223,147.0	-5,783.4	-2.5%	-4,298.9	2,260.5	-3,929.3	144.3
14	Total accrual to cash adjustment	465	85.3	11.2	-1,357.1	176.8	0.1%	-145.4	311.0	-1.7	13.0
15	Hedging transactions	362	-6,047.1	-769.6	63.8	-4,977.1	-705.9	-0.3%	-2,348.3	1,578.7	-5.4
16	Mark-to-market income (loss)	396	7,795.0	-544.9	-89.1	-1,045.8	-0.3%	-1,686.5	1,141.6	-206.1	117.1
17	Inventory valuation adjustments	6,510	-1,524,807.5	4,999.1	-273.5	-1,511,112.8	2.1%	-6,952.0	11,951.1	-903.4	629.9
18	Sale versus lease (for sellers and/or lessors)	157	3,726.8	10,768.5	13.1	13,903.6	4.7%	-213.2	10,961.7	0.0	13.1
19	Section 481(a) adjustments	919	-352.0	-2.5	-376.7	-354.5	-0.2%	-2,114.8	1,762.8	-18.9	16.4
20	Unearned/deferred revenue	1,334	33,661.6	196.2	33,648.7	1.6	0.0%	-2,774.7	2,578.1	-10.4	208.6
21	Income recognition from long-term contracts	196	8,974.1	70.8	9,040.8	70.6	0.0%	-179.3	250.1	-0.3	0.1
22	Original issue discount & oth imputed interest	163	106.0	126.4	216.4	144.4	0.1%	-185.5	311.9	-12.2	30.3
23a	Inc stmt disposn of asst oth than inventory	9,114	19,904.6	-4,789.3	-19,730.1	-19,730.1	-8.7%	-20,287.9	5,347.1	-5,816.2	1,026.9
23b	Gross cap gains Sch D, excldg flow-thru entit	2,584	17,336.4	2,292.8	19,973.7	19,629.3	8.6%	-175.0	17,511.4	-6.6	2,299.5
23c	Gross cap losses Sch D, excldg flow-thru entit	1,289	-5,674.6	151.5	-5,739.8	-5,523.1	-2.4%	-6,050.4	375.7	-555.9	707.4
23d	Net gain/loss reported on Form 4797, line 17	8,644	6,862.5	820.9	7,720.8	7,683.4	3.4%	-7,619.2	14,481.7	-193.2	1,014.1
23e	Abandonment losses	345	-475.0	-13.6	-479.6	-488.6	-0.2%	-519.6	44.6	-29.0	15.3
23f	Worthless stock losses	95	-414.5	-327.2	-737.8	-741.8	-0.3%	-417.7	3.2	-327.2	0.0
23g	Oth gnlss on dispsn of asst oth than inventory	1,151	1,464.9	496.0	1,970.7	1,960.9	0.9%	-222.9	1,687.8	-8.7	504.7
24	Disallowed capital loss in excess of capt gns	784	4,563.8	1,986.6	6,549.7	6,550.5	2.9%	-1.9	4,565.7	-72.7	2,059.3
25	Utilization of capital loss carryforward	746	-2,525.4	-556.4	-3,081.0	-3,081.8	-1.4%	-2,562.0	36.6	-556.5	0.1
26	Other income (loss) items with differences	7,987	784,778.2	-6,139.6	776,589.1	-8,152.9	-3.6%	-22,518.8	16,379.2	-17,168.6	15,155.3
**	SUBTOT		-366,485.6	12,479.1	-30,727.0	-384,512.7	-8.0%	-104,171.8	116,650.9	-80,373.3	49,646.4
**	Amount to Reconcile		-15.6	28.7	46.3	36.2	0.0%	-4.3	33.0	0.0	7.5
27	Total income items (combine lines 1 thru 26)	15,169	-366,501.2	12,507.9	-30,719.5	-384,661.0	-8.0%	-104,176.1	116,683.9	-80,373.4	49,653.9
28	Total exp/ded items (from Part III line 36)	15,169	-1,057,580.9	-13,839.5	-1,012,857.3	-28,110.2	-12.3%	-116,531.3	100,216.2	-37,285.0	25,489.9
**	Exp/Ded before Fed Tax Expense										
29	Other inc and exp items with no differences	14,759	1,579,126.2								
**	SUBTOT		155,044.2								
**	Amount to Reconcile		-1,331.6	27,806.0	181,518.9	0.0	0.0%	-0.1	0.0	-0.2	0.1
30	Reconciliation totals (combine lines 27-29)	15,169	155,044.2	27,806.0	181,518.8	-0.2	0.0%	-0.1	0.0	-0.2	0.1
>>	Reverse federal income tax expense		72,796.1	-2,475.6	-70,320.5						
>>	Pretax book income and M-3 differences		227,840.3	-3,807.4	-42,514.5	-46,321.9	-20.3%	-220,707.5	216,900.1	-117,658.6	75,144.0
>>	Percent of Pretax book		100.0%	-1.7%	-18.7%	79.7%	-20.3%	-96.9%	95.2%	-51.6%	33.0%

Table 10. Aggregate 2004 Schedule M-3 data for U.S. Corporations With Reconcilable Data: Columns A and D Reconcile
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.

Panel 3 of 3											
Part III EXPENSE ITEMS (sign matches Part II)	Freq	Col A	Col B	Col C	Col D	Tot Diff	%PTB	Neg B	Pos B	Neg C	Pos C
01 U.S. current income tax expense	11,490	-64,950.7	1,036.8	63,794.0	64,890.8	7,905.3	28.5%	-335.7	1,432.5	-5,330.1	69,124.1
02 U.S. deferred income tax expense	4,679	-7,795.0	1,378.8	6,526.5	7,805.3	3.5%	-562.5	1,941.3	-8,632.6	15,159.0	
03 State and local current income tax expense	10,381	-8,696.3	145.4	-327.0	-8,804.6	-201.6	-0.1%	-1,467.6	1,613.0	-1,210.0	863.0
04 State and local deferred income tax expense	2,393	-424.1	272.9	158.7	431.6	0.2%	-716.1	989.0	-463.9	622.6	
05 Foreign current income tax expense (other than WH)	649	-1,641.3	124.2	1,260.5	-246.1	1,384.7	0.6%	-55.2	179.4	-473.5	1,734.0
06 Foreign deferred income tax expense	144	-175.8	21.9	153.9	175.9	0.1%	-11.7	33.6	-219.3	373.2	
07 Foreign withholding taxes	490	-522.9	10.2	359.4	-164.2	368.7	0.2%	-31.5	41.7	-59.5	417.9
08 Incentive stock options	585	-	-150.5	-2,329.8	-2,761.6	-2,480.3	-1.1%	-292.8	142.3	-2,442.1	112.3
09 Nonqualified stock options	1,375	-1,828.0	-610.9	-13,403.6	-15,732.6	-14,014.5	-6.2%	-1,839.2	1,228.3	-13,456.2	52.7
10 Other equity-based compensation	803	-4,908.7	82.0	-1,381.8	-6,332.8	-1,299.8	-0.6%	-1,230.8	1,312.8	-1,527.5	145.7
11 Meals and entertainment	12,958	-5,929.3	15.2	2,301.7	-3,387.0	2,317.0	1.0%	-0.5	15.7	-1.0	2,302.7
12 Fines and penalties	3,835	-828.2	7.4	663.9	-91.2	671.3	0.3%	-0.6	8.0	-5.3	669.2
13 Punitive damages	38	-29.5	-6.1	25.2	-4.3	19.1	0.0%	-6.1	0.0	0.0	25.2
14 Parachute payments	16	-17.8	0.8	11.3	-5.7	12.1	0.0%	-0.3	1.1	-9.2	20.5
15 Compensation with section 162(m) limitation	400	-2,676.5	4.6	385.5	-2,310.2	390.1	0.2%	-18.0	22.6	-2.9	388.5
16 Pension and profit-sharing	7,585	-19,988.3	-3,702.0	-253.0	-23,905.1	-3,955.1	-1.7%	-7,360.6	3,658.6	-319.0	65.9
17 Other post-retirement benefits	6,020	-11,024.2	2,428.6	-355.5	-8,961.6	2,073.1	0.9%	-757.1	3,185.8	-367.3	11.7
18 Deferred compensation	2,401	-22,322.8	1,932.8	-97.7	-20,483.9	1,835.1	0.8%	-508.9	2,441.7	-213.2	115.5
19 Charitbl contribn of cash and tangible prop	10,157	-2,810.2	-11.1	-494.9	-3,310.8	-506.0	-0.2%	-93.6	82.5	-528.4	33.5
20 Charitbl contribn of intangible property	233	-128.0	-29.6	-31.4	-169.3	-61.1	0.0%	-30.5	0.8	-32.5	1.1
21 Charitbl contribn limitation	4,221	-	425.6	263.0	666.3	688.6	0.3%	-33.8	459.5	-0.3	263.3
22 Charitbl contribn carryforward used	1,181	-	-157.7	-43.8	-197.9	-201.5	-0.1%	-162.9	5.2	-43.9	0.1
23 Curr yr acqsr/reogrzn invest banking fees	66	-46.9	-17.7	5.8	-58.7	-11.9	0.0%	-27.4	9.7	-19.2	25.0
24 Curr yr acqsr/reogrzn legal+acctg fees	224	-471.6	50.0	122.9	-298.6	172.9	0.1%	-61.8	111.8	-8.8	131.8
25 Curr yr acqsr/reogrzn other costs	222	-976.5	371.5	72.8	-530.9	450.4	0.2%	-164.2	541.8	-32.4	105.3
26 Amortization/impairment of goodwill	2,424	-8,396.3	-4,986.3	5,402.4	-7,877.2	416.1	0.2%	-6,558.8	1,572.5	-300.9	5,703.4
27 Amortization of acqsrn reogr.start-up costs	1,748	-1,000.6	-363.6	68.5	-1,394.2	-295.0	-0.1%	-799.4	435.8	-23.9	92.4
28 Other amortization or impairment write-offs	7,536	-29,564.1	7,970.0	-429.1	-21,962.8	7,540.9	3.3%	-7,649.5	15,619.5	-2,066.6	1,637.5
29 Sec 198 environmental remediation costs	92	-150.6	-14.9	0.6	-167.8	-14.3	0.0%	-90.6	75.7	0.0	0.6
30 Depreciation	463	-3,510.7	822.1	-1,216.2	-3,922.5	-394.1	-0.2%	-1,082.0	1,904.1	-1,224.7	8.5
31 Bad debt expense	14,190	-97,794.7	-48,729.4	357.5	-146,125.5	-48,371.9	-21.2%	-53,934.5	5,205.1	-58.1	415.6
32 Corporate owned life insurance premiums	10,230	-24,055.9	-1,338.2	-535.8	-25,919.2	-1,874.0	-0.8%	-4,889.4	3,551.2	-597.1	61.3
33 Purchase versus lease	2,657	-70.4	20.4	-30.9	-80.6	-10.5	0.0%	-29.6	50.0	-179.9	149.1
34 Other expense/deductn items with differences	12,791	-734,288.1	29,470.4	-65.8	-1,167.5	-446.2	-0.2%	-549.3	169.0	-66.0	0.2
** Amount to Reconcile	15,169	-1,057,580.5	-13,839.5	58,525.4	-1,012,822.2	44,685.9	19.6%	-117,429.5	103,590.0	-51,247.6	109,773.0
>> Reverse federal income tax expense		72,745.7	-2,475.6	-70,320.5	-72,796.1	-32.0%	88.2	-3,373.8	13,962.6	-84,283.1	
>> Part III expense items before tax expense		-984,834.8	-16,315.1	-11,795.1	-1,012,822.2	-28,110.2	-12.3%	-116,531.3	100,216.2	-37,285.0	25,489.9

Table 11. Aggregate 2004 Schedule M-3 data for U.S. Corporations With Reconcilable Data: Columns A and D Blank
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.

		Panel 2 of 3										
		Col A	Col B	Col C	Col D	Tot Diff	%PTB	Neg B	Pos B	Neg C	Pos C	
Part II INCOME ITEMS		Freq										
01	Income (loss) from equity method foreign corps	387	0.0	-2,235.3	-2,210.4	-4,445.7	-1.0%	-2,397.7	162.4	-3,109.2	898.8	
02	Gross foreign dividends not previously taxed	364	0.0	2,841.1	6,279.1	9,120.2	2.1%	-1,419.6	4,260.7	-5,871.4	12,150.4	
03	Subpart F, QEF, and similar income inclusions	533		6,450.3	18,397.3	24,847.6	5.8%	-19.5	6,469.8	-17.8	18,415.1	
04	Section 78 gross-up	424		454.4	17,137.8	17,592.2	4.1%	0.0	454.4	-0.3	17,138.1	
05	Gross foreign distributions previously taxed	106	0.0	-4,776.9	-10,024.1	-14,801.0	-3.4%	-4,858.9	82.0	-10,056.8	32.7	
06	Income (loss) from equity method U.S. corps	613	0.0	-5,490.7	-9,618.1	-15,108.8	-3.5%	-6,791.4	1,300.7	-11,372.8	1,754.7	
07	U.S. dividends not eliminated in tax consolidn	966	0.0	1,366.8	24,973.1	26,339.9	6.1%	-2,396.7	3,763.5	-9,419.5	34,382.7	
08	Minority interest for includible corporations	227	0.0	15.1	316.5	331.5	0.1%	-64.6	79.7	-210.3	526.7	
09	Income (loss) from U.S. partnerships	2,210	0.0	4,052.1	5,459.5	9,511.6	2.2%	-14,033.3	18,085.4	-1,629.2	7,088.7	
10	Income (loss) from foreign partnerships	245	0.0	302.1	21.0	323.1	0.1%	-1,688.4	1,990.5	-300.9	322.0	
11	Income (loss) from other pass-through entities	433	0.0	88.7	-246.6	-157.9	0.0%	-387.5	476.2	-359.9	113.4	
12	Items relating to reportable transactions	159	0.0	-25,070.5	-7,412.2	-32,482.7	-7.6%	-25,446.8	376.2	-7,589.2	177.0	
13	Interest income	2,812	0.0	-1,274.8	-8,139.2	-9,414.0	-2.2%	-6,914.7	5,639.9	-8,711.0	571.8	
14	Total accrual to cash adjustment	404	0.0	20.5	-5.9	14.7	0.0%	-114.5	135.0	-8.2	2.3	
15	Hedging transactions	287	0.0	190.4	-282.2	-91.7	0.0%	-5,376.1	5,566.5	-387.9	105.7	
16	Mark-to-market income (loss)	396	0.0	1,585.9	-798.6	787.3	0.2%	-2,639.6	4,225.5	-799.0	0.4	
17	Inventory valuation adjustments	3,325	0.0	42,744.7	-497.3	42,247.4	9.8%	-6,771.6	49,516.3	-2,162.0	1,664.6	
18	Sale versus lease (for sellers and/or lessors)	150	0.0	19,719.1	-1,762.7	17,956.5	4.2%	-734.3	20,453.4	-1,769.7	7.1	
19	Section 481(a) adjustments	1,003		-209.2	22.4	-186.8	0.0%	-2,402.2	2,193.0	-14.5	37.0	
20	Unearned/deferred revenue	1,893	0.0	729.6	-98.1	631.5	0.1%	-3,842.0	4,571.5	-144.4	46.4	
21	Income recognition from long-term contracts	166	0.0	-6.9	21.1	14.3	0.0%	-258.3	251.4	-1.2	22.3	
22	Original issue discount & oth imputed interest	244	0.0	182.5	4.2	186.6	0.0%	-2,008.8	2,191.3	-87.9	92.0	
23a	Inc stmt disposn of assts other than inventory	4,159	0.0	-32,428.3	-2,773.3	-35,201.6	-8.2%	-38,633.6	6,205.3	-3,683.1	919.8	
23b	Gross cap gains Sch D, excludg flow-thru entit	1,375		25,849.9	7,108.5	32,958.4	7.7%	-261.4	26,111.3	-198.8	7,307.3	
23c	Gross cap losses Sch D, excludg flow-thru entit	640		-8,215.5	-1,492.0	-9,707.5	-2.3%	-8,677.9	462.4	-1,524.1	32.1	
23d	Net gain/loss reported on Form 4797, line 17	5,474		17,032.9	925.6	17,958.5	4.2%	-6,748.1	23,781.1	-191.9	1,117.5	
23e	Abandonment losses	337		-959.1	-54.4	-1,013.5	-0.2%	-1,349.5	390.4	-60.5	6.1	
23f	Worthless stock losses	124		-676.3	-1,285.9	-1,962.3	-0.5%	-683.0	6.6	-1,287.2	1.2	
23g	Chn g/mlss on dispsn of asst oth than inventory	839		1,418.1	187.9	1,606.0	0.4%	-408.4	1,826.6	-15.4	203.3	
24	Disallowed capital loss in excess of capt gns	628		8,783.5	1,237.7	10,021.1	2.3%	-19.7	8,803.2	-20.4	1,258.1	
25	Utilization of capital loss carryforward	533		-3,034.9	-1,900.0	-4,934.9	-1.1%	-3,035.0	0.1	-1,900.1	0.0	
26	Other income (loss) items with differences	5,221	0.0	-53,848.8	-51,604.4	-105,453.2	-24.5%	-82,487.5	28,638.6	-61,554.7	9,950.3	
**	SUBTOT		0.0	-4,399.4	-18,113.5	-22,513.0	-5.2%	-232,870.4	228,471.0	-134,469.2	116,355.7	
**	Amount to Reconcile		0.0	-5.2	65.1	59.9	0.0%	-5.6	0.4	0.0	65.1	
27	Total income items (combine lines 1 thru 26)	9,736	0.0	-4,404.6	-18,048.5	-22,453.1	-5.2%	-232,876.1	228,471.4	-134,469.2	116,420.8	
28	Total exp/ded items (from Part III line 36)	11,341	0.0	-58,605.1	115,423.8	-50,632.8	-11.8%	-182,237.5	118,922.3	-52,429.2	65,111.6	
**	Other inc and exp items with no differences	0	0.0									
**	SUBTOT		0.0	-63,009.7	97,375.4	-50,632.8	-11.8%	-182,237.5	118,922.3	-52,429.2	65,111.6	
**	Amount to Reconcile		322,214.1	-286.6	288.6	2.5	0.0%	-305.4	19.3	-168.4	456.9	
30	Reconciliation totals (combine lines 27-29)	11,681		-63,295.8	97,663.9	-50,632.8	-11.8%	-182,237.5	118,922.3	-52,429.2	65,111.6	
>>	Reverse federal income tax expense		107,451.5	-4,710.1	-102,741.4							
>>	Pretax book income and M-3 differences		429,665.6	-68,005.9	-5,077.5	356,582.2	-73.083.3	-17.0%	-415,419.0	347,413.1	-187,066.8	181,989.3
>>	Percent of Pretax book		100.0%	-15.8%	-1.2%	83.0%	-17.0%	-96.7%	80.9%	-43.5%	42.4%	

Table 11. Aggregate 2004 Schedule M-3 data for U.S. Corporations With Reconcilable Data: Columns A and D Blank
 Dollar amounts in millions. Table amounts may not add due to rounding. Advance file data. Values may differ from final file and official SOI Publication 16 values.

		Panel 3 of 3									
Part III EXPENSE ITEMS (sign matches Part II)		Col A	Col B	Col C	Col D	Tot Diff	%PTB	Neg B	Pos B	Neg C	Pos C
	Freq										
01	U.S. current income tax expense	0.0	5,145.0	96,990.1	102,135.1	23.8%	1,628.5	5,297.0	-9,402.6	106,392.7	
02	U.S. deferred income tax expense	4,125	-434.9	5,751.3	5,316.4	1.2%	-1,628.5	1,916.6	-19,032.3	24,783.6	
03	State and local current income tax expense	5,059	431.4	-141.0	290.4	0.7%	-2,581.0	3,012.4	-1,426.0	1,285.1	
04	State and local deferred income tax expense	2,183	-747.6	164.1	-583.5	-0.1%	-2,084.4	1,336.8	-622.0	786.1	
05	Forgn curr income tax expense (other than WH)	562	481.5	12,070.6	12,552.2	2.9%	-132.1	613.6	-323.7	12,394.4	
06	Foreign deferred income tax expense	118	-139.1	64.6	-74.5	0.0%	-221.6	82.6	-442.3	506.9	
07	Foreign withholding taxes	336	-170.1	2,002.5	1,832.4	0.4%	-186.3	162	-125.3	2,127.8	
08	Incentive stock options	770	-208.4	-3,257.3	-3,465.6	-0.8%	-442.0	233.6	-3,368.8	111.6	
09	Nonqualified stock options	1,498	-1,070.8	-23,932.2	-25,003.0	-5.8%	-2,889.6	1,818.8	-24,196.2	264.0	
10	Other equity-based compensation	989	1,474.2	-3,062.0	-1,587.8	-0.4%	-821.6	2,295.8	-3,629.6	567.7	
11	Meals and entertainment	10,050	0.2	3,022.5	3,022.6	0.7%	-12.4	12.6	-7.5	3,030.0	
12	Fines and penalties	3,498	67.6	1,296.8	1,364.4	0.3%	-66.1	68.1	-24.9	1,321.8	
13	Punitive damages	21	972.5	0.8	973.3	0.2%	-1.5	974.0	0.0	0.8	
14	Parachute payments	25	5.0	90.3	95.3	0.0%	-6.3	11.3	0.0	90.3	
15	Compensation with section 162(m) limitation	316	15.2	755.2	770.5	0.2%	-3.8	19.1	-3.7	758.9	
16	Pension and profit-sharing	1,904	-11,634.5	-1,005.3	-12,639.8	-2.9%	-17,835.2	6,200.6	-1,100.6	953	
17	Other post-retirement benefits	978	831.5	-1,351.2	-519.7	-0.1%	-3,595.3	4,426.8	-1,359.1	7.9	
18	Deferred compensation	3,092	0.0	2,080.3	1,982.1	0.5%	-2,456.9	4,537.1	-250.9	152.8	
19	Charitbl contribn of cash and tangible prop	1,429	126.5	-391.9	-265.4	-0.1%	-150.5	277.0	-423.3	31.4	
20	Charitbl contribn of intangible property	46	-20.8	-44.0	-64.8	0.0%	-22.9	2.2	-45.1	1.1	
21	Charitbl contribn limitation	3,251	608.1	234.5	842.6	0.2%	-42.4	650.4	-2.4	237.0	
22	Charitbl contribn carryforward used	844	-483.8	-141.6	-625.5	-0.1%	-485.0	1.1	-141.7	0.0	
23	Curr yr acqsrn/reogrzn invest banking fees	60	-58.4	20.5	-37.9	0.0%	-96.5	38.1	-56.5	77.0	
24	Curr yr acqsrn/reogrzn legal+acctg fees	240	25.2	254.4	279.6	0.1%	-74.8	100.0	-10.6	285.1	
25	Curr yr acqsrn/reogrzn other costs	258	112.9	112.8	225.7	0.1%	-454.2	567.0	-375.6	488.4	
26	Amortization/impairment of goodwill	2,511	-5,539.8	3,410.0	-2,129.8	-0.5%	-8,002.8	2,463.0	-940.5	4,350.4	
27	Amortization of acqsrn reorg start-up costs	1,871	-26.1	120.3	94.3	0.0%	-875.0	848.9	-53.7	174.1	
28	Other amortization or impairment write-offs	4,169	22,692.2	19,208.9	41,901.1	9.8%	-9,121.8	31,814.1	-329.9	19,538.8	
29	Sec 198 environmental remediation costs	89	396.1	-1.2	394.9	0.1%	-182.7	578.8	-1.3	0.1	
30	Depletion	289	1,045.8	-763.5	282.3	0.1%	-1,408.7	2,454.5	-844.8	81.3	
31	Bad debt expense	9,834	-60,434.7	25.1	-60,409.7	-14.1%	-70,960.2	10,525.5	-126.7	151.7	
32	Bad debt expense	6,714	-4,774.2	-146.5	-4,920.7	-1.1%	-10,724.9	5,950.7	-230.4	83.9	
33	Corporate owned life insurance premiums	2,530	-57.9	-303.3	-361.2	-0.1%	-73.6	15.7	-591.5	288.1	
34	Purchase versus lease	267	-185.4	-16.5	-201.9	0.0%	-587.2	401.8	-16.7	0.2	
35	Other expense/deductn items with differences	9,672	-9,032.9	4,281.9	-4,751.0	-1.1%	-45,491.9	36,461.0	-11,349.2	15,631.1	
**	SUBTOT		-58,508.2	115,221.6	56,713.3	13.2%	-183,806.0	125,297.8	-80,855.7	196,077.3	
**	Amount to Reconcile		202.2	202.2	105.4	0.0%	-210.0	113.2	-8.4	210.6	
36	Tot exp/ded items (combine 1-35 also on P2 28)	11,341	-58,605.1	115,423.8	-107,451.5	-25.0%	-1,778.5	-6,488.6	-80,864.1	196,287.9	
>>	Reverse federal income tax expense		-4,710.1	-102,741.4	-107,451.5	-25.0%	1,778.5	-6,488.6	28,435.0	-131,176.3	
>>	Part III expense items before tax expense		-63,315.2	12,682.4	-50,632.8	-17.8%	-182,237.5	118,922.3	-52,429.2	65,111.6	