

This report presents statistical estimates based on a stratified sample of more than 102,700 unaudited returns selected from the nearly 5.8 million active corporate returns filed for Tax Year 2009 (defined to include accounting periods ending July 2009 through June 2010).

The report is divided into 6 sections. Section 1 provides statistics summarizing overall corporate activity for Tax Year 2009. Section 2 discusses changes in laws and regulations between this report and that for Tax Year 2008. Section 3 describes in detail the sample of income tax returns upon which the statistics are based, as well as the method of estimation used, the sampling variability of the data, and other limitations. Section 4 presents tables containing detailed statistics on assets, liabilities, receipts, deductions, net income, income tax liability, tax credits, and other financial data for 2009. This section also includes data on Form 1120S returns, unless specifically excluded by table. Form 1120S data are also shown separately toward the end of the section. These statistics are presented by industry, asset size, business receipts size, tax form type, accounting period ended, and other selected classifiers. Section 5 contains detailed explanations of the terms used in this report. In most instances, the explanations include definitions of terms used, as well as adjustments made in preparing the statistics and any limitations inherent in the data. Section 6 consists of the key corporation tax return forms.

The industry classification used in this report is based on the North American Industry Classification System (NAICS), which replaced the Standard Industrial Classification (SIC) system used in years prior to 1998. For this Statistics of Income report, the data are listed under 22 industrial sectors, 81 major industries, and 196 minor industries. Table 1 which begins on page 19, presents selected financial data for all minor industries.

The statistics in this publication present data primarily by major industries, sectors, return types, and specific categories. The statistics in the *2009 Corporation Source Book of Statistics of Income* differ from this report by providing data by minor industry and size of total assets for balance sheet, income statement, tax, and selected other items.

William Rush, Kimberly Stockton and Caitlin Bokulic were responsible for the overall production of the report, which was prepared under the direction of Marty Harris, Chief, Corporation Returns Analysis Section. Melissa Schottler, Kathleen Walker, Kim Doan and Maxine Li produced the table data in this report under the direction of Kelly Luttrell, Chief, Corporation Operations Section.

Overall Corporate Summary

Figure A presents corporation summary statistics for Tax Years 2008 and 2009 for number of returns, total assets, total receipts, net income (less deficit), income subject to tax, total income tax before credits, and total income tax after credits.

The number of active corporate tax returns filed for Tax Year 2009 decreased by approximately 0.3 percent over the previous tax year. In Tax Year 2008, approximately 1,713,000 corporations filed their taxes electronically. The number of electronically filed corporate returns reached an all-time high of 2,170,000 for Tax Year 2009, an increase of 27 percent.

The **total assets** reported for active corporations decreased approximately 1.1 percent from Tax Year 2008 to \$75.9 trillion. The largest net decrease was in the Construction sector, which decreased from \$763 billion to \$679.2 billion, or 10.9 percent. The largest percent change of 32.4 percent was in the Educational Service Sector, which recorded an increase in total assets of \$12.8 million [1].

The **total receipts** from operations and investments decreased from \$28.6 trillion to \$24.8 trillion, a decrease of 13.4 percent. There were also large decreases in investment income. Interest received decreased from \$2.1 trillion to \$1.5 trillion, a reduction of 29.0 percent. Likewise, net capital gains decreased from \$131.3 billion to \$84.1 billion, a reduction of 35.0 percent. The Manufacturing sector experienced the largest decrease in total receipts, falling \$1.7 trillion, or 20.4 percent.

Overall **total deductions** dropped from \$27.7 trillion to \$23.9 trillion, a decrease of 13.7 percent. Cost of goods sold, a component of total deductions decreased from \$16.1 trillion to \$13.3 trillion in 2009, a decrease of 17.4 percent.

Corporate **pre-tax profits**, also known as, net income (less deficit), decreased by 6.6 percent, from \$984.3 billion to \$919 billion (Figure B). When excluding pass-through entities from the total, pre-tax profits increased from \$388.7 billion to \$443.2 billion, an increase of 30.8 percent.

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Income subject to tax (the tax base), shrank from \$978.2 billion in 2008 to \$894.9 billion in 2009, a decrease of 8.5 percent. Total income tax before credits decreased \$342.4 billion to \$313.5 billion, a decrease of 8.4 percent. Income tax decreased 21.6 percent from Tax Year 2008 to 2009, a decrease from \$339.7 billion to \$310.1 billion. Total income tax after credits, the amount paid to the U.S. Government, decreased by \$23.5 billion or 10.3 percent from \$228.5 billion to \$205.0 billion.

Of the 5.8 million active corporations for Tax Year 2009, approximately 4.1 million were pass-through entities. These pass-through entities include: regulated investment companies (RICs), real estate investment trust (REITs) and S corporations [2]. These entities pay little or no Federal income tax at the corporate level. Instead, they are required by law to pass any profits or losses to their shareholders, where they are taxed at the individual rate. Pass-through entities showed a decrease in pretax profits of 20.1 percent or \$119.8 billion during 2009.

Figure A. --Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax Before Credits, Total Income Tax After Credits, by Size of Total Assets, Tax Years 2008 and 2009

(All figures are estimates based on samples--money amounts are in thousands of dollars and size of total assets are in whole dollars)

Year and size of total assets	Number of returns	Total assets	Total receipts	Net income (less deficit) [1]	Income subject to tax [2]	Total income tax before credits [3]	Total income tax after credits [4]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2008							
Total.....	5,847,221	76,799,143,905	28,589,771,221	984,342,037	978,152,640	342,380,874	228,522,752
Zero assets.....	1,018,193	-	414,392,604	-56,034,859	13,372,615	4,566,580	3,869,521
\$1 under \$500,000.....	3,857,014	386,755,782	1,887,020,613	72,034,206	7,413,676	1,438,909	1,406,292
\$500,000 under \$1,000,000.....	379,165	266,298,395	647,987,277	15,695,452	3,777,723	925,796	889,230
\$1,000,000 under \$5,000,000.....	425,523	904,463,356	1,901,621,923	35,013,523	12,785,010	3,917,946	3,782,846
\$5,000,000 under \$10,000,000.....	69,873	484,420,349	955,888,408	13,324,477	7,845,619	2,664,062	2,569,279
\$10,000,000 under \$25,000,000.....	45,781	707,506,699	1,283,009,748	17,400,322	11,898,352	4,087,687	3,893,161
\$25,000,000 under \$50,000,000.....	16,928	593,044,185	857,522,956	13,763,958	10,343,012	3,580,869	3,366,340
\$50,000,000 under \$100,000,000.....	10,899	771,190,115	801,650,331	11,566,452	12,766,442	4,456,892	4,099,804
\$100,000,000 under \$250,000,000.....	9,903	1,578,763,807	1,096,062,135	20,636,563	23,043,201	8,183,736	7,444,825
\$250,000,000 under \$500,000,000.....	5,125	1,847,844,726	962,600,459	30,604,975	30,685,008	10,824,675	9,179,637
\$500,000,000 under \$2,500,000,000...	6,235	7,017,405,281	3,162,833,808	139,801,079	107,714,630	38,094,550	31,934,897
\$2,500,000,000 or more.....	2,582	62,241,451,211	14,619,180,959	670,535,888	736,507,352	259,639,171	156,086,921
2009							
Total.....	5,824,545	75,965,019,409	24,772,531,137	918,953,413	894,850,255	313,464,460	204,995,622
Zero assets.....	994,788	-	447,152,272	33,115,892	45,444,229	15,828,263	13,839,827
\$1 under \$500,000.....	3,889,921	375,361,001	1,717,680,635	65,341,768	6,280,017	1,139,696	1,088,201
\$500,000 under \$1,000,000.....	370,940	260,582,744	576,662,988	13,130,283	3,273,469	775,404	734,254
\$1,000,000 under \$5,000,000.....	409,100	867,428,626	1,706,916,678	27,165,772	11,116,234	3,154,905	3,042,897
\$5,000,000 under \$10,000,000.....	67,655	471,963,089	851,829,266	9,933,923	6,206,239	2,088,647	2,002,226
\$10,000,000 under \$25,000,000.....	42,016	647,860,693	1,048,295,114	14,253,228	9,865,465	3,400,714	3,237,222
\$25,000,000 under \$50,000,000.....	15,965	560,423,177	723,251,528	4,750,386	8,968,021	3,101,501	2,883,171
\$50,000,000 under \$100,000,000.....	10,398	737,471,326	691,981,529	5,439,102	12,208,736	4,257,076	3,925,114
\$100,000,000 under \$250,000,000.....	9,651	1,547,193,276	915,709,462	16,803,572	20,444,964	7,170,448	6,429,727
\$250,000,000 under \$500,000,000.....	5,120	1,852,957,407	882,848,142	14,228,970	24,838,282	8,748,596	7,491,953
\$500,000,000 under \$2,500,000,000...	6,386	7,181,228,635	2,708,327,325	80,772,564	91,989,958	32,514,819	26,347,220
\$2,500,000,000 or more.....	2,604	61,462,549,435	12,501,876,197	634,017,953	654,214,641	231,284,389	133,973,809

[1]Includes taxable income before net operating loss deduction and special deductions.

[2]Includes taxable income less net operating loss deduction and special deductions.

[3] The amount for total income tax before credits includes the following: income tax, personal holding company tax, recapture and other taxes, alternative minimum tax, excess net passive income tax (Form 1120S), branch tax (Form 1120-F), tax from Parts II, III, IV, and sections 856 & 857 (Form 1120-REIT), tax from Schedule J, line 2b (Form 1120-RIC), tax from page 1, line 5 (Form 1120-PC), and adjustments to income tax, and to total tax, which may or may not be shown separately.

[4]Credits include foreign tax, credit to holders of tax credit bonds, qualified electric vehicle, general business, and prior year minimum tax. Credits may or may not be shown separately.

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Figure B.-- Corporate Pretax Profits by North American Industry Classification System (NAICS) Sector, Tax Years 2008 and 2009

[Money amounts are in thousands of dollars]

Industrial sector	Pre-tax Profits [1],[2]			
	2008	2009	Difference	Percentage Change
	(1)	(2)	(3)	(4)
All industries	984,342,037	918,953,413	-65,388,624	-6.64%
Agriculture, forestry, fishing, and hunting.....	797,400	1,371,793	574,393	72.03%
Mining.....	49,623,083	8,879,260	-40,743,823	-82.11%
Utilities.....	6,519,453	-3,580,990	-10,100,443	-154.93%
Construction.....	26,617,383	15,557,288	-11,060,095	-41.55%
Manufacturing.....	396,595,721	300,585,906	-96,009,815	-24.21%
Wholesale and retail trade.....	137,427,787	143,312,385	5,884,700	4.28%
Wholesale trade.....	79,137,385	64,621,912	-14,515,473	-18.34%
Retail trade.....	58,290,402	78,690,575	20,400,173	35.00%
Wholesale and retail trade not allocable.....	-199	-102	97	-48.74%
Transportation and warehousing.....	12,639,284	5,878,577	-6,760,707	-53.49%
Information.....	55,770,265	46,707,585	-9,062,680	-16.25%
Finance and insurance.....	158,541,501	330,140,794	171,599,293	108.24%
Real estate and rental and leasing.....	18,992,947	6,662,217	-12,330,730	-64.92%
Professional, scientific, and technical services.....	35,881,845	40,237,495	4,355,650	12.14%
Management of companies (holding companies).....	18,954,841	-45,704,645	-64,659,486	-341.12%
Administrative and support, and waste management and remediation services.....	15,776,146	11,944,492	-3,831,654	-24.29%
Educational services.....	3,075,643	5,761,297	2,685,654	87.32%
Health care and social assistance.....	30,158,021	37,315,716	7,157,695	23.73%
Arts, entertainment, and recreation.....	2,183,692	1,583,688	-600,004	-27.48%
Accommodation and food services.....	10,811,816	7,377,643	-3,434,173	-31.76%
Other services.....	4,009,713	4,952,582	942,869	23.51%
Not allocable.....	-34,305	-29,672	4,633	-13.51%

[1] Pretax profits are net income (less deficit) in the statistics.

[2] Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and portfolio income (including capital gains) for S corporations (qualifying corporations electing to be taxed through their shareholders).

NOTE: Detail may not add to totals because of rounding.

The remaining 1.7 million corporate returns reported total receipts of \$19.0 trillion, a decrease of 13.2 percent from 2008 to 2009. Income subject to tax decreased from \$976.7 billion to \$894.4 billion, an 8.4 percent decrease; while total income tax after credits decreased 10.0 percent from \$227.8 billion to \$205.0 billion. Excluding the pass-through entities [3], approximately 0.79 million corporations reported net income for Tax Year 2009 and 60.8 percent of those corporations had a tax liability, compared to 15.2 percent of all corporations with net income.

The number of returns with total assets of \$2.5 billion or more represented only 0.04 percent of the total number of returns, but 81.0 percent of total assets (Figure A). These 2,604 returns for 2009 accounted for 50.5 percent of the total receipts; 69.0 percent of net income (less deficit); 73.1 percent of income subject to tax; 73.8 percent of total income tax before credits; and 65.4 percent of total income tax after credits. Approximately 46.6 percent of all returns with net income and total assets greater than \$2.5 billion had a tax liability for 2009. Excluding pass-through entities, this percentage increased to 89.3 percent.

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Activities Covered

The estimates in this report encompass corporate business activities in the United States, as well as certain foreign activities as reported on returns of domestic corporations, and foreign corporations with U.S. business activities. The term domestic corporation refers to companies incorporated in the United States, but does not necessarily imply that all their activities are domestic. For instance, data for a U.S. corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries and, to a certain extent, their undistributed earnings. The effect of foreign activity on the statistics varies by type of industry and by size of assets [4]. For foreign corporations (defined as those incorporated abroad) engaged in trade or business in the United States, only income that was considered effectively connected with the conduct of a trade or business in the United States was included in the statistics; any investment income from U.S. sources was excluded from the data. Most foreign corporations are concentrated in the "Finance and Insurance" and "Real Estate and Rental and Leasing" sectors. Other foreign corporations, incorporated abroad and not engaged in trade or business in the U.S., were liable for tax only on investment income from U.S. sources, and these returns were excluded from this report.

Section 6012 of the Internal Revenue Code requires that all corporations in existence at any time during the tax year file returns, regardless of whether they had income or not. This applied to active and inactive domestic corporations, unless they were expressly exempt from filing, as well as to active foreign corporations with insufficient taxes withheld at the source to satisfy their U.S. tax liability on income earned in the United States. However, inactive corporations have been excluded from these statistics. See Section 3 for more information on the

sample.

In addition to legally defined corporations, the Internal Revenue Code recognized many types of businesses as corporations including: joint stock companies and unincorporated associations (such as business trusts, savings and loan associations, certain partnerships, mutual savings banks, and cooperative banks). These organizations possess characteristics typical of the corporate form, such as continuity of life, centralization of management apart from ownership, limited liability of owners, and transferability of shares of capital ownership.

Time Period Employed

The estimates in this report are based on data from returns with accounting periods that coincided with the calendar year and returns with accounting periods that were for noncalendar years ending during the span of months July 2009 through June 2010. This span, in effect, defines the tax year in such a way that the noncalendar year accounting periods are centered at the calendar year ended in December.

There are 12 accounting periods covered in this report. Code section 441 specified that, in general, a taxpayer's accounting period ends on the last day of the month. There is a span of 23 months between the first-included accounting period, which began on August 1, 2008, and closed on July 31, 2009, and the end of the last-included accounting period, which began on July 1, 2009, and closed on June 30, 2010.

This report, therefore, shows income received or expenses incurred during any or all of the months in the 23-month span. For balance sheet items, the report shows a corporation's position only at the end of its accounting period. Corporations were required by Code section 441 to file returns for the accounting period customarily used in keeping their books.

Figure C. -- Pretax profits and Pretax profits with certain inclusions for All Corporations, Regulated Investment Companies, and S Corporations, Tax Years 2008 and 2009

[Money amounts are in thousands of dollars]

Item	Tax Year	All Corporations	Regulated Investment Companies	S Corporations
Pretax profits [1].....	2009	918,953,413	230,934,026	220,889,166
	2008	984,342,037	310,028,820	240,026,386
Pretax profits with certain inclusions [2].....	2009	976,748,817	237,152,270	272,466,326
	2008	1,136,462,357	385,084,989	317,090,537

[1] Pretax profits are net income (less deficit) in the statistics.

[2] The inclusions to pre-tax profits are: net long-term capital gain reduced by net short-term capital loss for regulated investment companies and investment, rental, and portfolio income (including capital gains) for S corporations. The amounts listed under "All Corporations" include both aforementioned items.

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Figure D shows that calendar year returns made up 89.2 percent of the number of returns and 59.7 percent of net income (less deficit) for 2009. In addition, these returns accounted for 79.3 percent of the total assets, 75.7 percent of the total receipts, 70.2 percent of the income subject to tax, 70.5 percent of the total income tax before credits, and 64.6 percent of total income tax after credits. Corporations were usually required to file within two-and-one-half months after the close of the corporate accounting period. However, in accordance with

Code section 6081, most corporations could receive filing extensions of an additional 6 months. In addition to returns with accounting periods that spanned 12 months, the total number of active corporations includes returns with accounting periods of shorter duration. Such returns are referred to as part-year returns and were filed, for the most part, by continuing corporations changing their accounting periods, to include corporations in existence less than 12 months, merging corporations, and liquidating corporations.

Figure D. --Returns of Active Corporations: Number of Returns, Total Assets, Total Receipts, Net Income (Less Deficit), Income Subject to Tax, Total Income Tax Before Credits, and Total Income Tax After Credits, by Ending Accounting Period for Tax Year 2009

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Ending Accounting Period [1]	Number of returns	Total assets	Total receipts	Net income (less deficit) [2]	Income subject to tax [3]	Total income tax before credits [4]	Total income tax after credit [5]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total.....	5,824,538	75,965,019,409	24,772,531,137	918,953,415	894,850,255	313,464,460	204,995,622
December.....	5,194,493	60,244,012,256	18,744,778,108	548,793,522	628,599,298	220,927,492	132,509,226
Non-calendar year total.....	630,045	15,721,007,153	6,027,753,029	370,159,893	266,250,957	92,536,968	72,486,396
July.....	37,241	863,311,201	222,410,580	660,859	9,174,933	3,166,557	2,594,976
August.....	42,364	1,751,440,732	331,358,374	28,445,357	12,310,015	4,251,098	3,895,878
September.....	128,072	2,191,350,041	1,046,141,552	46,323,638	37,095,255	12,839,317	10,496,192
October.....	59,086	2,529,055,434	433,326,823	47,457,113	12,388,709	4,306,882	2,034,877
November.....	30,698	814,308,360	215,284,754	48,016,879	41,540,678	14,508,260	12,224,846
January.....	34,870	1,254,905,255	1,199,710,010	57,751,261	51,300,837	17,922,376	14,886,996
February.....	27,634	1,094,751,137	257,000,248	14,254,447	6,381,759	2,190,031	2,058,652
March.....	78,355	2,791,568,389	965,957,382	43,800,632	22,595,007	7,834,679	6,935,543
April.....	35,052	534,936,779	211,085,564	9,939,683	5,780,544	1,979,251	1,516,932
May.....	38,415	666,433,157	300,044,017	22,687,715	16,407,036	5,756,360	3,764,383
June.....	118,258	1,228,946,668	845,433,727	50,822,309	51,276,182	17,782,156	12,077,119

[1] Includes full and part-year returns.

[2] Includes taxable income before net operating loss deduction and special deductions.

[3] Includes taxable income less net operating loss deduction and special deductions.

[4] The amount of the total income tax before credits includes the following: income tax, personal holding company tax, recapture and other taxes, alternative minimum tax, excess net passive income tax (Form 1120S), branch tax (Form 1120-F), tax from Part II, III, IV, and sections 856 & 857 (Form 1120-REIT), tax from Schedule J, line 2b (Form 1120-RIC), tax from page 1, line 5 (Form 1120-PC), and adjustments to income tax, and to total tax, which may or may not be shown separately.

[5] Credits include foreign tax, credit to holders of tax credit bonds, qualified electric vehicle, general business, and prior year minimum tax. Credit may or may not be shown separately.

Notes: Detail may not add to total because of rounding. See text for "Explanation of Terms" and "Description of the Sample and Limitations of the Data."

Notes and References

[1] Excludes sectors "Wholesale and Retail Trade Not Allocable" and "Not Allocable."

[2] For more detailed information on S corporations, see Parisi, Heather, "S Corporation Returns, 2006," *Statistics of Income Bulletin*, Volume 29, Number 1, Summer 2009, pp. 92 - 100.

[3] Includes returns filed on Forms 1120, 1120-F, 1120-L and 1120-PC.

[4] For more detailed information, see Masters and Oh, "Controlled Foreign Corporations, 2002," *Statistics of Income Bulletin*, Volume 25, Number 4, Spring 2006, pp. 193-232.