

This report presents statistical estimates based on a stratified sample of more than 102,312 unaudited returns selected from the nearly 5.8 million active corporate returns filed for Tax Year 2010 (defined to include accounting periods ending July 2010 through June 2011).

Six sections make up this report. Section 1 provides statistics summarizing overall corporate activity for Tax Year 2010. Section 2 discusses changes in laws and regulations between this report and that for Tax Year 2009. Section 3 describes in detail the sample of income tax returns, method of estimation used and, 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 2010. It also includes data submitted on Form 1120S, *U.S. Income Tax Return for an S Corporation*, unless specifically excluded by the table. Form 1120S data are also shown separately toward the end of the section. Statistics are presented by industry, asset size, business receipts size, tax form type, accounting period ended, and other selected classifiers. Section 5 explains the terms used throughout this report and also includes the adjustments made in preparing the statistics and any limitations inherent in the data. Section 6 consists of the key corporation tax return forms.

Industries in this publication were classified according to the North American Industry Classification System (NAICS). This system replaced the Standard Industrial Classification (SIC) system used prior to 1998. Data are listed under 22 industrial sectors, 81 major industries, and 196 minor industries. Table 1 (page 19) presents selected financial data for all minor industries.

Statistics are presented primarily by major industries, sectors, return types, and specific categories. The statistics in the *2010 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, Heather Parisi, 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 2009 and 2010, which include the number of returns, total assets, total receipts, and 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 decreased approximately 0.2 percent between 2009 and 2010. In 2009, approximately 2,170,000 corporations filed tax returns electronically. In 2010, this number rose 39 percent, reaching an all-time high of 3,018,893 returns filed electronically.

Total assets reported for active corporations increased approximately 5.3 percent, from \$75.9 trillion in 2009 to \$79.9 trillion in 2010. By sector, Management of Companies (Holding Companies) experienced the largest net decrease, down 15.5 percent from \$17.9 trillion in 2009 to \$15.2 trillion in 2010. In contrast, Wholesale recorded an increase of \$488 million [1] in total assets. It also showed the largest percent change (up 22.5 percent) for Tax Year 2010.

Total receipts from operations and investments increased 5.6 percent, from \$24.8 trillion in 2009 to \$26.2 trillion in 2010. There were large decreases in investment income during the year. Interest received declined 13.3 percent, from \$1.5 trillion to \$1.3 trillion. In comparison, net capital gains rose 75.0 percent, from \$84.1 billion in 2009 to \$147.2 billion in 2010. By sector, Management of Companies (Holding Companies) experienced the largest decrease in total receipts, falling \$90.4 billion or 9.9 percent during the year.

Total deductions increased 4.2 percent, from \$23.9 trillion in 2009 to \$24.9 trillion in 2010. The cost of goods sold, a component of total deductions, also rose 9.0 percent during the year, from \$13.3 trillion to \$14.5 trillion.

Corporate **pre-tax profits**, also known as, net income (less deficit), increased 52.3 percent, from \$919 billion to \$1.4 trillion (Figure B). When excluding pass-through entities from the total, pre-tax profits increased 80.7 percent, from \$443.2 billion in 2009 to \$800.8 billion in 2010.

Income subject to tax (the tax base) grew 11.7 percent, from \$894.9 billion in 2009 to \$1.0 trillion in 2010. Total income tax before credits rose 14.3 percent, from \$313.5 billion to \$358.4 billion. Income tax also increased (up 14.4 percent) during the year,

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from \$310.1 billion to \$354.9 billion. Total income tax after credits, the amount paid to the U.S. Government, rose 8.8 percent (or \$18.0 billion), from \$205.0 billion in 2009 to \$223.0 billion in 2010.

Of the 5.8 million active corporations for Tax Year 2010, approximately 4.1 million were pass-through entities. These entities include regulated investment

companies (RICs), real estate investment trust (REITs) and S corporations [2]. Pass-through entities pay little or no Federal income tax at the corporate level. By law, they are required to pass any profits or losses to their shareholders, where they are taxed at the individual rate. Pass-through entities showed an increase in pretax profits of 16.8 percent or \$79.9 billion during 2010.

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 2009 and 2010

(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)
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
2010							
Total.....	5,813,725	79,904,747,127	26,198,522,973	1,356,495,792	1,022,175,060	358,414,397	222,968,658
Zero assets.....	1,000,659	-	393,467,198	23,799,857	15,068,101	5,260,295	4,788,546
\$1 under \$500,000.....	3,879,895	373,921,373	1,756,539,037	74,976,488	6,166,532	1,226,931	1,178,387
\$500,000 under \$1,000,000.....	365,722	256,654,268	594,642,041	18,685,933	3,230,721	779,281	740,901
\$1,000,000 under \$5,000,000.....	405,124	853,599,297	1,680,646,351	38,552,260	10,274,495	3,110,536	2,970,288
\$5,000,000 under \$10,000,000.....	67,448	472,346,165	870,244,635	18,470,067	6,889,980	2,266,878	2,162,542
\$10,000,000 under \$25,000,000.....	43,465	669,559,543	1,145,150,241	21,755,463	10,312,426	3,552,152	3,357,580
\$25,000,000 under \$50,000,000.....	16,344	571,609,486	776,034,870	15,927,840	9,899,584	3,435,142	3,174,579
\$50,000,000 under \$100,000,000.....	10,627	753,153,212	744,021,396	17,544,901	12,955,065	4,491,514	4,150,208
\$100,000,000 under \$250,000,000.....	9,856	1,584,104,964	995,219,042	27,013,822	23,640,308	8,236,183	7,143,417
\$250,000,000 under \$500,000,000.....	5,270	1,912,080,043	945,798,406	36,854,424	29,056,720	10,261,515	8,731,767
\$500,000,000 under \$2,500,000,000.....	6,542	7,526,432,129	2,955,474,439	142,117,566	109,072,251	38,403,453	30,769,718
\$2,500,000,000 or more.....	2,772	64,931,286,649	13,341,285,318	920,797,171	785,608,878	277,390,518	153,800,727

[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 2009 and 2010**

[Money amounts are in thousands of dollars]

Industrial sector	Pre-tax Profits [1],[2]			
	2009	2010	Difference	Percentage Change
	(1)	(2)	(3)	(4)
All industries	918,953,413	1,356,495,792	437,542,379	47.61%
Agriculture, forestry, fishing, and hunting.....	1,371,793	4,442,376	3,070,583	223.84%
Mining.....	8,879,260	35,239,378	26,360,118	296.87%
Utilities.....	-3,580,990	981,647	4,562,637	127.41%
Construction.....	15,557,288	17,229,199	1,671,911	10.75%
Manufacturing.....	300,585,906	447,190,736	146,604,830	48.77%
Wholesale and retail trade.....	143,312,385	188,966,799	45,654,414	31.86%
Wholesale trade.....	64,621,912	101,838,056	37,216,144	57.59%
Retail trade.....	78,690,575	87,128,743	8,438,168	10.72%
Wholesale and retail trade not allocable.....	-102	*99	201	197.06%
Transportation and warehousing.....	5,878,577	19,629,759	13,751,182	233.92%
Information.....	46,707,585	68,082,140	21,374,555	45.76%
Finance and insurance.....	330,140,794	353,416,293	23,275,499	7.05%
Real estate and rental and leasing.....	6,662,217	30,578,757	23,916,540	358.99%
Professional, scientific, and technical services.....	40,237,495	50,937,913	10,700,418	26.59%
Management of companies (holding companies).....	-45,704,645	57,193,112	102,897,757	225.14%
Administrative and support, and waste management and remediation services.....	11,944,492	19,363,718	7,419,226	62.11%
Educational services.....	5,761,297	6,618,785	857,488	14.88%
Health care and social assistance.....	37,315,716	37,095,537	-220,179	-0.59%
Arts, entertainment, and recreation.....	1,583,688	1,921,498	337,810	21.33%
Accommodation and food services.....	7,377,643	11,213,879	3,836,236	52.00%
Other services.....	4,952,582	6,396,054	1,443,472	29.15%
Not allocable.....	*-29,672	*-1,887	27,785	93.64%

* Estimate should be used with caution because of the small number of sample returns on which it is based.

[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 \$20.1 trillion, an increase of 5.8 percent from 2009 to 2010. Income subject to tax increased 11.8 percent, from \$894.4 billion to \$1.0 trillion; while total income tax after credits increased 8.8 percent, from \$205.0 billion in 2009 to \$223.0 billion in 2010. Excluding pass-through entities [3], approximately 800,000 corporations reported net income for 2010. Of these, 58.4 percent had a tax liability, compared to 14.4 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 total returns, but 81.3 percent of total assets (Figure A). These 2,772 returns for 2010 accounted for 50.9

percent of the total receipts; 67.9 percent of net income (less deficit); 76.9 percent of income subject to tax; 88.5 percent of total income tax before credits; and 69.0 percent of total income tax after credits. Approximately 46.2 percent of all returns with net income and total assets greater than \$2.5 billion had a tax liability for 2010. Excluding pass-through entities, this percentage increased to 89.2 percent.

Activities Covered

The estimates in this report include corporate business activities in the United States, certain foreign activities as reported on returns of domestic corporations, and foreign corporations with U.S. business activities. "Domestic corporations" refer to

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companies incorporated in the United States, but this does not mean 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 industry type and asset size [4]. For foreign corporations (defined as those incorporated abroad) engaged in trade or business in the United States, only that income considered effectively connected with conducting trade or business in the United States was included in the statistics; any investment income from U.S. sources was excluded. 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 (IRC) requires all corporations in existence at any time during the tax year to file returns, regardless of whether they had income. This applies to active and inactive domestic corporations, unless expressly exempt from filing, and active foreign corporations with insufficient taxes withheld at the source to satisfy their U.S. tax liability on income earned in the United States. Excluded from the statistics are inactive corporations. See Section 3 for more information on the sample.

In addition to those legally defined as corporations, the IRC recognizes businesses with

characteristics typical of the corporate form as corporations. These include continuity of life, centralization of management apart from ownership, limited liability of owners, and transferability of shares of capital ownership. Some organizations recognized as corporations include joint stock companies and unincorporated associations, such as business trusts, savings and loan associations, certain partnerships, mutual savings banks, and cooperative banks.

Time Period Employed

Estimates are based on data from returns with accounting periods for the calendar year, and returns with accounting periods for noncalendar years ending July 2010 through June 2011. This span, in effect, defines the tax year so the accounting periods for noncalendar years are centered at the calendar year ending in December.

There are 12 accounting periods covered in this report. In general, Code section 441 specifies that 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, 2009, and closed on July 31, 2010, and the end of the last-included accounting period, which began on July 1, 2010, and closed on June 30, 2011. This report 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. Code 441 requires corporations 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 2009 and 2010

[Money amounts are in thousands of dollars]

Item	Tax Year	All Corporations	Regulated Investment Companies	S Corporations
Pretax profits [1].....	2010	1,356,495,792	244,986,088	269,011,547
	2009	918,953,413	230,934,026	220,889,166
Pretax profits with certain inclusions [2].....	2010	1,458,400,146	281,808,061	334,093,927
	2009	976,748,817	237,152,270	272,466,326

[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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Calendar year returns made up 90.0 percent of all active corporate returns and 69.2 percent of net income (less deficit) for 2010 (Figure D). These returns accounted for 78.5 percent of total assets, 76.1 percent of total receipts, 74.8 percent of income subject to tax, 75.0 percent of total income tax before credits, and 70.0 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, most

corporations could receive 6-month filing extensions in accordance with Code section 6081. In addition to returns with 12-month accounting periods, the total number of active corporations includes “part-year returns,” or those with accounting periods of a shorter duration. Part-year returns were filed mainly by corporations that changed their accounting periods, existed for less than 12 months, merged or liquidated.

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 2010

(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.....	5,813,725	79,904,747,127	26,198,522,973	1,356,495,792	1,022,175,060	358,414,397	222,968,658
December.....	5,207,752	62,701,498,446	19,934,694,807	938,340,600	764,712,400	268,792,942	156,163,856
Non-calendar year total.....	605,973	17,203,248,681	6,263,828,166	418,155,192	257,462,660	89,621,455	66,804,802
July.....	37,963	836,036,586	203,975,523	17,063,256	9,476,534	3,271,820	2,691,007
August.....	44,858	1,632,410,462	337,050,144	28,143,723	11,914,172	4,108,746	3,707,235
September.....	119,684	2,440,223,915	1,058,217,779	69,264,590	45,601,875	15,828,470	12,857,098
October.....	59,774	2,815,464,738	505,464,779	58,897,246	20,637,907	7,291,112	4,661,909
November.....	27,411	950,856,437	177,541,862	11,165,174	6,447,381	2,236,312	1,687,611
January.....	33,871	1,410,674,986	1,227,087,342	59,184,504	52,097,542	18,194,862	15,818,534
February.....	26,519	984,180,777	252,993,802	14,817,063	5,709,671	1,940,132	1,807,804
March.....	75,255	3,269,514,567	1,048,103,186	68,711,079	27,219,512	9,467,880	7,713,950
April.....	34,011	561,863,307	221,952,022	11,707,103	7,893,930	2,723,012	1,966,326
May.....	33,714	826,172,412	333,329,736	28,403,705	21,270,298	7,412,777	3,532,397
June.....	112,915	1,475,850,495	898,111,990	50,797,748	49,193,838	17,146,333	10,360,932

[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.