

Section 1

Introduction

This report presents statistical estimates based on a stratified sample of more than 111,348 unaudited returns selected from the nearly 5.9 million active corporate returns filed for Tax Year 2013. This tax year includes accounting periods ending July 2013 through June 2014.

Six sections make up this report. Section 1 provides statistics summarizing overall corporate activity for Tax Year 2013. Section 2 discusses changes in laws and regulations between this report and that for Tax Year 2012. Section 3 describes, in detail, the sample of income tax returns, method of estimation used, 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 2013. 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 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.

The IRS Statistics of Income (SOI) Division classified the industries in this report 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 presents selected financial data for all minor industries.

William Rush was responsible for the overall production of this report and Sandy Jaipaul for this introduction, prepared under the direction of Marty Harris, Chief, Corporation Returns Analysis Section. Kim Doan and Maxine Li produced the table data under the direction of Kelly Luttrell, Chief, Corporation Operations Section.

The statistics are classified primarily by major industries, sectors, return types, and specific categories. The statistics in the *2013 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.

Overall Corporate Summary

Figure A presents corporation summary statistics for Tax Years 2012 and 2013. These data includes 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 for active corporations.

The number of active corporate tax returns filed increased approximately 0.8 percent between 2012 and 2013. Approximately 4,080,293 corporations filed tax returns electronically in 2012. This number rose 8 percent in 2013, reaching an all-time high of 4,404,316 returns filed electronically.

Total assets reported for active corporations increased approximately 4 percent, from \$85 trillion in 2012 to \$88 trillion in 2013. By sector, Management of Holding Companies experienced the largest net decrease, down 4.8 percent from \$15.2 trillion in 2012 to \$14.5 trillion in 2013. In contrast, the Wholesale Trade sector shows the largest percentage increase of 12.76 percent from \$2.5 trillion in 2012 to \$2.9 trillion in 2013.

Total receipts from operations and investments increased 2.7 percent, from \$29.4 trillion in 2012 to \$30.2 trillion the following year. This was driven by a 3.1-percent increase in business receipts, from \$26 trillion in 2012 to \$27 trillion in 2013. Interest received also declined 8.3 percent, from \$1.2 trillion to \$1.1 trillion. In comparison, net capital gains rose 21 percent, from \$183.2 billion in 2012 to \$222.1 billion in 2013. By sector, Real Estate experienced the largest increase in total receipts up 14.9 percent from \$372.9 billion in 2012 to \$428.3 billion in 2013. In contrast, Education recorded a decrease of 3.1 percent from \$68.2 billion in 2012 to \$66.1 billion in 2013.

Total deductions increased 2.3 percent, from \$27.7 trillion in 2012 to \$28.4 trillion in 2013. The cost of goods sold, a component of total deductions, also rose 3.4 percent during the year, from \$16.6 trillion to \$17.1 trillion.

Corporate **pretax profits**, also known as, net income (less deficit), increased 8.7 percent, from \$1.8 trillion to \$1.9 trillion (Figure B). When excluding passthrough entities from the total, pretax profits increased from \$1.1 trillion in 2012 to \$1.2 trillion in 2013. In 2013, S corporations passthrough entities reported \$381 billion in pretax profits, regulated investment companies (RICs) reported \$322 billion and REITs reported \$65 billion (Figure C).

Income subject to tax (the tax base) increased 9.5 percent, from \$1.1 trillion in 2012 to \$1.3 trillion in 2013. Total income tax before credits rose 9.7 percent, from \$403 billion to \$442 billion. Income tax also increased (up 9.6 percent) during the year, from \$399.1 billion to \$437.4 billion. Total income tax after credits, the amount paid to the U.S. Government, rose

9.5 percent (or \$25 billion), from \$268 billion in 2012 to \$293 billion in 2013.

Of the 5.9 million active corporations for Tax Year 2013, approximately 4.3 million were passthrough entities. These entities include RICs, REITs and S corporations [1]. Passthrough 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. Pretax profits for passthrough entities increased 6.3 percent (or \$46 billion) during 2013.

The remaining 1.6 million non-passthrough corporate returns reported total receipts of \$23 trillion, an increase of 1.8 percent from 2012 to 2013. Approximately 819,000 reported

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 2012 and 2013

[All figures are estimates based on samples—money amounts are in thousands of dollars and size of total assets is 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)
2012							
Total	5,840,821	84,952,035,514	29,403,675,461	1,774,273,534	1,149,799,988	402,962,750	267,854,131
Zero assets.....	1,092,269	-	518,069,880	17,365,933	16,712,295	5,795,629	4,787,841
\$1 under \$500,000	3,798,006	379,972,918	1,874,070,635	104,873,969	7,195,585	1,498,967	1,433,205
\$500,000 under \$1,000,000	371,090	261,222,540	660,123,812	27,344,951	3,521,011	844,368	785,116
\$1,000,000 under \$5,000,000	408,910	866,460,014	1,794,011,575	63,921,372	11,869,694	3,601,610	3,432,452
\$5,000,000 under \$10,000,000	68,684	483,680,326	949,870,774	26,518,697	7,556,977	2,549,678	2,437,850
\$10,000,000 under \$25,000,000	46,934	726,057,661	1,308,661,231	35,665,616	12,704,824	4,376,716	4,106,800
\$25,000,000 under \$50,000,000	17,876	624,834,325	887,048,148	26,155,991	11,351,559	3,921,446	3,690,098
\$50,000,000 under \$100,000,000	11,316	805,565,691	849,594,891	24,603,754	14,208,452	4,951,005	4,595,414
\$100,000,000 under \$250,000,000	10,234	1,635,912,309	1,138,352,553	40,966,889	25,864,245	9,070,340	8,190,184
\$250,000,000 under \$500,000,000	5,430	1,949,087,782	951,512,596	27,557,140	29,767,115	10,445,714	9,296,929
\$500,000,000 under \$2,500,000,000	7,020	8,090,772,207	3,365,371,040	186,181,281	122,526,008	43,230,473	36,757,405
\$2,500,000,000 or more	3,051	69,128,469,740	15,106,988,326	1,193,117,941	886,522,222	312,676,805	188,340,837
2013							
Total	5,887,804	88,213,707,424	30,191,736,006	1,928,855,261	1,258,482,675	441,849,495	293,357,284
Zero assets.....	1,095,574	-	526,609,311	46,339,692	43,388,307	15,082,686	11,044,109
\$1 under \$500,000	3,825,213	382,821,811	1,895,521,859	108,248,115	6,980,623	1,417,761	1,364,483
\$500,000 under \$1,000,000	374,436	264,062,822	665,161,927	26,506,655	4,099,716	1,073,323	1,034,747
\$1,000,000 under \$5,000,000	415,997	881,341,198	1,835,320,490	59,080,137	11,476,405	3,513,758	3,375,866
\$5,000,000 under \$10,000,000	70,737	497,392,099	967,158,527	27,034,405	7,736,898	2,611,039	2,502,470
\$10,000,000 under \$25,000,000	48,639	754,754,989	1,363,521,280	38,318,620	12,949,051	4,454,065	4,235,701
\$25,000,000 under \$50,000,000	19,031	667,498,267	937,233,411	25,877,183	12,133,170	4,201,395	3,917,716
\$50,000,000 under \$100,000,000	11,674	827,951,675	878,208,035	24,204,745	14,510,457	5,040,539	4,665,954
\$100,000,000 under \$250,000,000	10,344	1,651,799,161	1,174,473,555	37,339,670	25,249,527	8,846,610	8,047,099
\$250,000,000 under \$500,000,000	5,580	2,005,350,425	976,660,669	42,170,650	29,331,977	10,282,727	9,039,943
\$500,000,000 under \$2,500,000,000	7,312	8,573,686,007	3,437,261,846	208,362,846	133,541,402	47,087,042	39,321,204
\$2,500,000,000 or more	3,266	71,707,048,968	15,534,605,094	1,285,372,544	957,085,142	338,238,551	204,807,992

[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] Includes income tax, personal holding company tax, all recapture and other taxes, alternative minimum tax; excess net passive income tax (Form 1120S); branch tax (Form 1120-F); taxes from Parts II, III, and IV, and sections 856 & 857 (Form 1120-REIT); tax from Schedule J, line 3b (Form 1120-RIC); tax from page 1, line 5 (Form 1120-PC); and adjustments to income tax and total tax.

[4] Credits include foreign tax, U.S. possessions tax, nonconventional source fuel, qualified electric vehicle, general business, prior-year minimum tax, qualified zone academy bond, clean renewable energy bond, and gulf bond credit.

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."

Figure B. Corporate Pretax Profits by North American Industry Classification System (NAICS) Sector, Tax Years 2012 and 2013

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Industrial sector	Pretax profits [1],[2]			
	2012	2013	Difference	Percentage change
	(1)	(2)	(3)	(4)
All industries	1,774,273,535	1,928,855,261	154,581,726	8.71
Agriculture, forestry, fishing, and hunting	9,898,037	9,126,430	-771,607	-7.80
Mining	17,674,721	18,166,329	491,608	2.78
Utilities	-25,553,745	-7,270,650	18,283,095	71.55
Construction	36,071,117	45,078,658	9,007,541	24.97
Manufacturing.....	513,554,584	527,482,085	13,927,501	2.71
Wholesale and retail trade.....	260,825,374	264,053,900	3,228,526	1.24
Wholesale trade.....	136,405,658	130,947,667	-5,457,991	-4.00
Retail trade	124,419,716	133,106,233	8,686,517	6.98
Wholesale and retail trade not allocable.....	*0[1]	0	0	0
Transportation and warehousing	30,244,920	31,176,190	931,270	3.08
Information.....	74,059,398	91,694,366	17,634,968	23.81
Finance and insurance	517,429,289	564,441,431	47,012,142	9.09
Real estate and rental and leasing	44,760,621	69,788,304	25,027,683	55.91
Professional, scientific, and technical services.....	60,218,202	49,505,151	-10,713,051	-17.79
Management of companies (holding companies).....	126,888,978	159,876,023	32,987,045	26.00
Administrative and support, and waste management and remediation services	21,363,452	21,259,874	-103,578	-0.48
Educational service	3,894,444	3,041,684	-852,760	-21.90
Health care and social assistance.....	41,292,479	39,066,756	-2,225,723	-5.39
Arts, entertainment, and recreation	4,640,036	4,704,053	64,017	1.38
Accommodation and food services.....	27,967,129	28,974,194	1,007,065	3.60
Other services	9,047,855	8,690,483	-357,372	-3.95
Not allocable.....	*-3,356	0	3,356	100

* 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. No returns were classified as Wholesale and Retail Trade Not Allocable.

[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.

net income for 2013 [2]. Of these, 61 percent had a tax liability compared to 14.0 percent of all corporations with net income.

The number of returns with total assets of \$2.5 billion or more represented only 0.06 percent of total returns, but 81.3 percent of total assets (Figure A). These 3,266 returns for 2013 accounted for 51 percent of the total receipts; 67 percent of net income (less deficit); 76 percent of income subject to tax; 77 percent of total income tax before credits; and 70 percent of total income tax after credits. Approximately 44.4 percent of all returns with net income and total assets greater than \$2.5 billion had a tax liability for 2013. Excluding passthrough entities, this percentage increased to 89.0 percent for the year.

Activities Covered

The estimates 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 companies incorporated in the U.S., 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 [3]. For foreign corporations (defined as those incorporated abroad) engaged in trade or business in the U.S., only the income considered effectively connected with conducting a trade or business in the U.S. 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. The estimates exclude other foreign corporations, incorporated abroad and not engaged in trade or business in the U.S., that were liable for tax only on investment income from U.S. sources.

IRC section 6012 requires all corporations in existence at any time during the tax year to file a tax return, 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 U.S. The statistics presented here include active domestic and foreign corporations and exclude 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

SOI based the estimates on data from returns with accounting periods for: 1) the calendar year ending December 2013, and 2) noncalendar years ending July 2013 through June 2014. 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, IRC 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, 2012, and closed on July 31, 2013, and the end of the last-included accounting period, which began on July 1, 2013, and closed on June 30, 2014. This report shows income received or expenses incurred during any or all of the months in this 23-month span. For balance sheet items, the report shows a corporation’s position only at the end of its accounting period. IRC section 441 requires corporations to file returns for the accounting period customarily used in keeping their books.

Calendar year returns made up 90.8 percent of all active corporate returns and 71.5 percent of net income (less deficit) for 2013 (Figure D). These returns accounted for 77 percent of total assets, 77.1 percent of total receipts, 74.1 percent of income subject to tax, 74.4 percent of total income tax before credits, and 69.4 percent of total income tax after credits. Corporations were usually required to file within two-and-one-half months after the corporate accounting period closed. However, most corporations could receive 6-month filing extensions in accordance with IRC 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. Mainly corporations that changed their accounting periods, existed for less than 12 months, merged, or liquidated filed part-year returns.

Figure C. Pretax Profits and Pretax Profits with Certain Inclusions for All Corporations, Regulated Investment Companies, and S Corporations, Tax Years 2012 and 2013

[Money amounts are in thousands of dollars]

Item	Tax year	All corporations	Regulated investment companies	S corporations
	(1)	(2)	(3)	(4)
Pretax profits [1]	2013	1,928,855,261	321,926,393	380,943,324
	2012	1,774,273,534	299,026,074	378,357,265
Pretax profits with certain inclusions [2]	2013	2,291,445,036	619,273,918	446,185,574
	2012	1,983,194,402	410,306,157	475,998,050

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

[2] The inclusions to pretax 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.

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 2013

[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 credits [5]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	5,887,804	88,213,707,424	30,191,736,006	1,928,855,261	1,258,482,675	441,849,495	293,357,284
December	5,343,535	67,715,954,016	23,280,468,755	1,378,364,871	932,850,304	328,525,083	203,621,655
Noncalendar year total.....	544,268	20,497,753,408	6,911,267,251	550,490,390	325,632,371	113,324,412	89,735,629
July	36,552	995,018,410	227,734,016	26,494,490	12,692,413	4,429,300	2,923,030
August	36,174	1,844,725,485	399,676,644	32,574,185	15,771,507	5,488,526	4,845,011
September	106,664	3,083,678,091	1,286,127,336	106,849,747	69,661,022	24,280,433	19,941,286
October.....	50,634	3,674,644,208	478,361,951	74,039,383	15,679,361	5,424,098	4,100,266
November.....	25,873	932,758,801	209,115,599	22,049,033	5,229,027	1,815,944	1,485,037
January.....	31,477	1,486,510,705	1,293,078,366	67,956,707	63,753,356	22,253,487	20,421,063
February	25,529	1,215,415,856	263,533,816	44,192,709	30,559,928	10,642,849	8,060,049
March.....	65,660	3,783,821,809	1,228,563,065	72,366,059	33,981,392	11,841,173	9,525,054
April	30,905	683,274,650	234,277,481	16,307,379	7,776,323	2,659,798	2,191,787
May.....	32,463	1,159,369,730	371,688,576	30,431,309	19,995,839	6,958,270	4,551,482
June.....	102,339	1,638,535,662	919,110,401	57,229,389	50,532,203	17,530,533	11,691,563

[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] Total income tax before credits includes: 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 Internal Revenue Code Parts II, III, IV, and sections 856 and 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 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] 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.

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

[3] For more detailed information, see Wenrich, Jason, "Controlled Foreign Corporations, 2010," *Statistics of Income Bulletin*, Fall 2015.